INFLUENCE OF PARTNERSHIP APPROACH ON PROVISION OF HEALTH COVER IN KENYA: A CASE OF UAP-OLD MUTUAL, BUNGOMA-KENYA

BY

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DECLARATION

This research project is my original work and has never been presented for an award of degree in any other university or institution.

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This research project has been submitted for exanimation with our approval as university supervisors.

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DEDICATION

This research project is dedicated to my son Rabell M. Baraka for giving me strength and my parents; Levi Nabangi and Evelyne Wakoli and brothers, sisters and friends at large.

ACKNOWLEDGEMENT

I am grateful to a number of people who provided assistance throughout this research. Firstly, my supervisors; Prof. William Toili and Mr Owino Elias for their guidance which enabled me to come up with this research project. Their motivation and positive criticism enabled me to achieve set goals in my studies.

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corporations are able to expand operations and access the global market in a short time period (Pricewaterhousecooper, 2004; Sidhu, 2006; Kekic, 2006; Platt, 2008; Chand, 2009). Consolidation creates stronger players with a stronger capital base to offer better products and take more risks on behalf of clients. The insurance business involves risks, and for you as the service provider to take the risk on behalf of your client, you need to be backed by the enormous capital base. 14

A number of arguments have been proposed as to the benefits of a more integrated financial system. Herring & Santomero (1990) contend that financial conglomerates are more flexible when they encounter changing economic conditions, due to their diversity. Saunders & Walter (1994) and Vennet (2002) further claim that conglomerates are more cost-efficient, compared to specialized stand-alone institutions, because they tend to get rid of the overlapping production units (plants) and to overcome indivisibilities in technology and in the acquisition of managers with high skills. According to Elyasiani, Staikouras, & Donti-Charitos, (2010), these entities can potentially benefit from scale and scope economies, and cost complementarities because of input reusability (e.g. reuse of customer credit quality) and joint maintenance of account (Elyasiani, Staikouras, & Donti-Charitos, 2010). Further, based on portfolio theory, diversified firms can enjoy lower earnings volatility through 'coinsurance effect' (Lowellen, 1971; Boot and Schmeits, 2000). Finally, according to Stein (1997), large firms that are diversified benefit from superior resource allocation through internal markets that are effective. 15

Other scholars have advanced differing arguments. Black, Miller & Posner (1978) postulate that conglomeration of banking and non-banking enterprises give rise to risk proliferation, rather than risk reduction, and increased social costs. Second, Staikouras (2006) unveils a variety of factors such as regulatory constraints, reputation, business culture and corporate brand that may adversely impact the long-term survival of integrated bank-insurance institutions. Third, along the lines suggested by Jensen and Meckling (1976), Aggarwal and Samwick (2003) propose that managers tend to diversify their firms in order to capture private benefits such as job security, rather than achieving improved performance and a reduction in idiosyncratic risk. The adverse impact of this agency problem may counterbalance and even overwhelm the gains from diversification. Fourth, in cases of long-distance geographic diversification, such as cross-country

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ACRONYMS AND ABBREVIATIONS

HISRO	Health Insurance System Research Office
W.H.O	World Health Organization
UAP	Union des Assurance De Paris
GCC	Gulf Cooperation Council
UAE	United Arab Emirates
GL&H	Global Life and Health
CAGR	Compound Annual Growth Rate
UHC	Universal Health Coverage
M&A	Mergers and Acquisitions
NSE	Nairobi's Securities Exchange
US	United States
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund

ABSTRACT

It is becoming almost impossible to do anything alone in the ever-changing and the complexity of the world today. In the health sector, for example, new trends of diseases, high costs coupled with growing employment of complex technologies in diagnosis and treatment has made it difficult for a single organization to provide a service without engaging in partnership with other institutions. The purpose of the study was to investigate influence of partnership approach on provision of health cover in UAP-Old Mutual in Bungoma, Kenya. The study objectives were to: determine the extent to which capital base influence provision of health cover, assess how product diversification influence provision of health cover, determine the extent to which the level of partnership commitment influence provision of health cover and determine how corporate social responsibility influence provision of health cover in UAP-Old Mutual in Bungoma, Kenya. A descriptive research design was used with target population of 166 employees of UAP-Old Mutual Bungoma branch. A population census technique was used to sample 166 respondents. Data was collected using questionnaire and interview schedule guide. Data was analyzed using descriptive statistics such as frequencies and percentages, and findings presented in form of tables. Findings show that 44.0% of respondents asserted that partnership approach channel corporate assets towards their best possible use, 48.0% implied managerial operations efficiently improved and another 37.3% agreed that there is technical change, which arises through a shift in the production technology. In addition, 34.0% of the respondents agreed that UAP-Old Mutual deliver product diversification to achieve economies of scale and cost savings hence accessibility and affordability of improved quality of medical services to the people. This, in turn, adds value to the insurer in reducing the overall risk of the health insurance coverage to a larger pool of patients by 46.0%. Moreover, health insurers with large insureds base possess stronger market power hence have strong bargaining power with hospitals in negotiation with hospitals for a lower price per unit of healthcare services by majority 44.0% responses. Findings also show that 36.7% agreed that level of planning influence individual accessibility and affordability of medical services. Another 57.3% strongly agreed that partnership approach requires corporate governance system in decision making while 40.7% strongly agreed that UAP-Old Mutual requires careful attention in establishing the correct and appropriate corporate culture through modeling organizational attributes and values. The group institutionalized their CSR into the company policy and clearly communicates to its employees by 32.0% responses. Another 43.3% agreed that the group had diverse social activities as part of CSR to improve firms reputation while 35.3% of the respondents agreed that UAP-Old Mutual Group's main objective is to establish and monitor the strategic direction for the Group. This study may benefit a number of interest groups starting with the management of UAP-Old Mutual as a reference point as well as for recommendations on areas they can improve on. The study may benefit policymakers and government in drawing policies on provision of quality health care by firm's partnership approach in delivery of medical covers.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

It is becoming almost impossible to do anything alone in the ever changing and the complexity of the world today. In the health sector for example, new trends of diseases, high costs coupled with growing employment of complex technologies in diagnosis and treatment has made it difficult for a single organization to provide a service without engaging in partnership with other institutions. According to Ojha (2016) such partnerships may range from global partnerships, between multinational companies and multilateral donors to local partnerships between private physicians and government clinics. Variations amongst partners may range from private profit-making companies, not for profit organizations, governments, donor agencies, to community groups. Further, partnerships may vary in terms of financing from millions of dollars to the sharing of non-financial resources (DePamphilips, 2011). Nevertheless, a common feature in all partnerships is that both partners in it believe they have something to gain from the partnership agreement (Avulala, 2015).

In a recent study on Effects of M&As on Growth of Insurance Firms in Kenya by Avulala (2015), asserted that M&As continue to be a highly popular form of corporate development across the globe. In Sub-Saharan Africa particularly, the relative sustainability in economic growth and the demographic changes are making the insurance market attractive. With the growth of the industry in the region termed as the second-fastest in the world, the scale of opportunity is compelling. Low market penetration is giving way to rising consumer demand and new technologies (Avulala, 2015). This ongoing transformation process can be linked to several factors, such as improvements in computing and communication technology (Coeurdacier et al., 2009), changes in risk and interest rates, insurance premium deregulation, market saturation, and economic forces (Swiss Re, 1999, 2000; OECD, 2000; CEA, 2013b; Okura & Yanase, 2013) as cited by (Schradin & Hess, 2014). Therefore, many organizations facing challenges in recent times have often adopted M&As as a means of corporate growth. Although acquisitions have become popular, a mixed performance has been witnessed to a broad range of stakeholders involved.

Cummins and Weiss (2004) report that from 1990-2002 there were 2,595 M&As involving European insurers of which 1,669 resulted in a change in control. It is also believed that with liberalisation, existing firms face cross-border competition through the entry of foreign firms determined to cut into their market share. M&A activity in several countries have increased sharply since 2003. According to Cummins &Weiss (2004), over the past 15 years the European Union which implemented a series of banking and insurance directives with a view to deregulate the financial services sector and to establish a single European market in financial services. In some markets, a large number of under-capitalized companies results to increased competition around price, as opposed to service, a situation that could negatively affect consumer trust. Strict regulatory analysis and an increased level of M&A can help alleviate this problem and address the issue of price undercutting. Finding adequate reinsurance, combatting fraud and anticipating macro-economic instability are also part of the business landscape (DePamphilips, 2011).

Khalid, Said and Saeed (2012) in their study on Analyzing the technical efficiency of insurance companies in Gulf Cooperation Council (GCC) where they considered 39 insurance firms in the region, covering the 2005-2007-time period. It was observed that the insurance industry in the GCC was moderately efficient and that a big room for improvement exists. The GCC is an alliance comprising of the six Arab Gulf countries, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE), with the countries bound together by their common political, economic and social structures (Khalid, Said & Saeed, 2012). Though financial services are normally always considered the key drivers of any economic growth, the situation in the GCC was biased toward banking services. Since 2011, mergers and acquisitions within the Global Life and Health (GL&H) insurance industry acquired by Japanese have grown at a compound annual growth rate (CAGR) of approximately 42%. Based on publicly reported data, the average deal size has increased significantly from $280 million in 2011 to $781 million in the year to October 2015. Japanese insurers are making significant acquisitions in mature markets to support their international growth ambitions (Clyde & Co., 2015).

According to Athene Holding Ltd. (2015), the search for growth remains the key driver, especially for those whose domestic markets have stagnated. European insurers are now considering upcoming markets in Asia and Africa beyond their own. Further, insurers in dynamic markets, such as China and Brazil, are acquiring assets in mature stable markets to support their international growth ambitions. Regulation remains a key driver, especially in emerging markets. Raising the foreign investment cap from 26% to 49% in India has already spurred a flurry of activity with insurers increasing their share in current joint ventures (Matthew, Bosworth, & Yu, 2015). In addition, the recent regulations around C-ROSS (China Risk Oriented Solvency System), stricter bancassurance rules and Shanghai free trade zone (FTZ) are likely to usher in a wave of M&A in China (Matthew, Bosworth, & Yu, 2015). A recent example is Aviva's acquisition of Friends Life for $8.8 billion, the biggest takeover announced in 2014. Expected benefits from this transaction include an increase in Aviva's value of new business, doubling of Aviva's corporate pension assets under administration and new opportunities by serving Friends Life's £2 billion ($3 billion) of annual pensions business (Clyde & Co., 2015).

Hoffmann (2013) as cited by (Matthew, Bosworth, & Yu, 2015) reports that a number of U.S and European insurers have made acquisitions and/or forming ventures in Latin America, Southeast Asia and other emerging regions Swiss Re's acquisition of nearly 15% of SulAmérica S.A., the largest independent insurance group in Brazil, for $334 million is one example. Another recent example is Athene's purchase of Delta Lloyd's German retirement and savings products business valued at over $5.1 billion, which provides Athene with an entry point into the German marketplace (Clyde & Co., 2015). Such amalgams have become a common phenomenon in both Europe and the U.S over the last decade, with the growth rate being larger in the Euro-zone (Staikouras, 2006). As observed by The Wall Street Journal, merger activity in the healthcare industry rose 108 percent year over year in the first quarter of 2015, with health care being the busiest sector for M&A globally in the quarter and generating more than 25 percent of all U.S. M&A activity (Zall, 2016).

With the global economy indicating signs of recovery, M&A activity in the industry is expected to increase as companies seek new opportunities for growth and diversification. The search for topline growth, capital management, reduced regulatory uncertainties, and geographic and product diversification are some of the key themes resonating in the industry (Matthew, Bosworth, & Yu, 2015). In a survey report on Waves of change: revisited Insurance opportunities in Sub-Saharan Africa (2016); notes that at the moment, insurance has low penetration levels in all of the markets surveyed. On insurance premiums paid per capita, Sub-Saharan Africa significantly falls behind Thailand, India and Vietnam. However, premium growth is projected to hit 11% in Zambia and 10% in Nigeria through 2018 (Mensah, Rorbye, & Crawford, 2016). In Kenya, being the most mature insurance market to be involved in the survey, expectations are that a compounded growth rate of 6% annually will be achieved through the year 2018.

In its most general terms, a partnership is an agreement between two or more parties. However, many partnerships are more formal, requiring written agreements that specify the reciprocal rights and obligations of each party, the objectives of the partnership, and how the partnership will be managed or governed. Simply put, a partnership refers to a relationship based upon agreements, which reflects mutual responsibilities in furtherance of shared interests" (OECD, 1996). In this definition, two elements are critical: the shared interests/objectives specifications of the partnership. A common word used in partnership of two or more firms is merger- Old Mutual UAP merger. Kovachi and Halibozek (2005) define a merger as the combination of forces by two or more firms in order to operate as one. The acquiring firm and the acquired firm both dissolve their previous identities and names (Ross et.al 2003a; Gaughan, 2011).

The partnership approach of M&A is an important financial tool that helps companies to grow faster and provide returns to owners and investors (Sherman-Hart, 2006). Acquisition can either occur by purchasing the stock and/or assets of the target company. Another form of acquisition is the takeover which can be used interchangeably. A takeover is always not friendly and naturally hostile with no consideration of the will of target firms. Acquisitions are friendlier where both corporations mutually agree to become a part of one to another (Ross et. al., 2003b; Firer-Ross-Westerfield-Jordan 2004). The rationale behind partnership approach through M&A can be explained by three broad motives (Shimizu et al., 2004; Brakman et al., 2006; Buckley et al., 2007; Neary, 2009); (1) foreign market seeking motive, (2) strategic motive and (3) efficiency motive. The market seeking motive stimulates investments supported by the reasons to gain entry to foreign distribution networks and to facilitate and enhance exports (Buckley et al., 2007). The strategic motives are investments in companies so as to create the ability to reduce competition. Besides, the efficiency motive focuses on being able to develop synergies through internal technology transfer, economies of scale, and coordination of production and marketing decisions (Neary, 2009).

1.2 Statement of the Problem

Over the last three decades, market deregulation, technological progress and reduced trade barriers across national borders have acted as driving forces in product proliferation and product convergence among financial intermediaries, and internationalization of the geographic scope of financial institution activities. These phenomena have intensified the competitive challenges faced by financial firms, ushered in a colossal wave of partnership approach through mergers and acquisitions in the banking and insurance industries, and strengthened market integration and possible systemic risk in the financial service enterprise (Parsons & Mutenga, 2009). According to WHO (2013), global attention has in recent times converged on the need for countries to realize universal health coverage (UHC), whose aim is to guarantee all persons the ability to access the needed and effective healthcare without experiencing financial collapse by using services.

In an effort to move towards UHC, several least developed countries are developing revenue sources that are more sustainable, expanding pooling arrangements and adopting more efficient and sustainable purchasing strategies (HISRO, 2012; Lagomarsino *et al.* 2012; McIntyre *et al.* 2013). Their experiences represent a growing evidence of the application of mandatory (social), private and community-based health insurance in least developed countries and their possible contribution to UHC. The evidence from some countries suggests that strong political support, effective programmes, supportive context, robust public accountability mechanisms and strong technical capacity are vital to developing and implementing effective UHC-related proposals (Savedoff *et al.* 2012; Balabanova *et al.* 2013; WHO 2014). Yet, additional insights into policy processes in different policy contexts in low- and middle-income settings are needed (WHO, 2013).

Given the effort that is required to form and maintain a successful partnership, is it worth it? This is particularly true, given the prevailing mistrust that has characteristically existed between the private and public sectors in health. Three primary reasons as to why partnerships in health have become a major force in health care are: A shift in philosophy about the roles of the private and public sectors; recognition by both the public sector and private sectors of their interdependence; and a better understanding of how each party can benefit from partnership. Changing customer needs and demographic shifts (such as a burgeoning middle class with higher disposable income, and the growth of aging populations) are creating opportunities for insurance companies to expand (Clyde & Co., 2015). Organizations are established to realize certain key objectives including corporate growth and increased profitability. However, since business organizations operate in a dynamic environment the two objectives are threatened with changes in environment. One of the key strategies that organizations have adopted to enhance growth is partnership approach. The dominant rationale used to explain approach is that acquiring firms seek to grow internally and externally. A popular belief is that M&A (partners) leads to maximization of a company's growth as it improves its production and marketing operations. While the main goal of partnership approach is to improve performance, this has always not been the case (Akinbuli & Kelilume, 2013). Some firms have experienced financial losses due to M&A.

In Kenya, a large number of insurance firms have turned to M&A as key strategy towards growth and profitability. The reasons put forward for M&A in insurance sector include; to meet the increased levels of share capital, expand distribution network and market share and to benefit from best global practices among others. In recent times, the insurance firm has seen the exit of four of its anchor private equity investors and a multi-billion-shilling buyout that resonated in the country's insurance industry. These developments come on the back of UAP implementing a massive expansion drive into the region, as well as plans to list on the Nairobi's Securities Exchange (NSE), while still undertaking one of the largest real estate projects in the city. This led to acquisition and strategic partnership between UAP Holdings and Old Mutual Holdings. Despite the fact that almost every corporate statement highlights the need to grow the company's business, finding that growth, and ensuring that it is profitable and provides UHC, is proving elusive for many insurance companies. It is against this new hybrid brand of partnership approach in the insurance business that the current study sought to investigate the influence of partnership approach on provision of health cover in UAP-Old Mutual in Bungoma, Kenya.

1.3 Purpose of the Study

The purpose of this study was to investigate the influence of partnership approach on provision of health cover in UAP-Old Mutual in Bungoma, Kenya.

1.4 Objectives of the Study

The study was guided by the following objectives:

1. To determine the extent to which capital base influence provision of health cover in UAP-Old Mutual in Bungoma, Kenya.
2. To assess how product diversification influence provision of health cover in UAP-Old Mutual in Bungoma, Kenya.
3. To determine the extent to which the level of partnership commitment influence provision of health cover in UAP-Old Mutual in Bungoma, Kenya.
4. To determine how corporate social responsibility influence provision of health cover in UAP-Old Mutual in Bungoma, Kenya.

1.5 Research Questions

The study sought to answer following research questions:

1. To what extent does capital base influence provision of health cover in UAP-Old Mutual in Bungoma, Kenya?
2. How does product diversification influence provision of health cover in UAP-Old Mutual in Bungoma, Kenya?
3. What is the level of partnership commitment on provision of health cover in UAP-Old Mutual in Bungoma, Kenya?
4. How does corporate social responsibility influence provision of health cover in UAP-Old Mutual in Bungoma, Kenya?

1.6 Significance of the Study

The study on influence of partnership approach on provision of health cover in UAP-Old Mutual in Bungoma, Kenya, provides insights for policy-makers as well as practitioners in attempt to achieve universal health coverage (UHC) for all. The study might help in providing a proposal for addressing problems facing the public and solution that guarantee all persons are able to access the effective and the much-needed healthcare without experiencing financial ruin when using services (WHO, 2013). Study findings and detailed analysis, might help to bring out the latest scenarios of partnership approach and health cover provisions by not only insurance companies but other competitors such as NHIF and NSSF providing the same services. It may further help researchers in creating references for further study. The Government may experience a growing evidence of the application of partnership approach on provision of health cover hence adhere to mandatory (social), private and community-based health insurance in the least developed countries and their possible contribution to UHC.

1.7 Limitations of the Study

The current study faced challenges of literature search related to research topic as very little has been documented concerning partnership approach and health cover provision by insurance companies. Most of the literature on partnership approach and health cover provision by insurance companies was observed in developed countries which formed the basis for reviewing the current study. Time constraint was anticipated in developing this research project and this limitation was counteracted by strictly following time frame stipulated. In addition, there was a challenge on financial resources and a budget was developed based on limited resources available for this study. Additionally, the inherent 'fear of unknown' during data collection was anticipated because in Kenya people are not used to researchers and this aspect may have compromised data collected. This respondent effect was overcame by strictly adhering to research ethics on confidentiality. The participants were assured confidentiality and anonymity of their responses and the intention of the research was purely academic. Moreover, a clear account of purpose and type of access required; ensured the use of suitable language and facilitating ease of reply when requesting access and establishing credibility with the intended participants (Easterby-Smith *et al.*, 2002).

1.8 Delimitations of the Study

The study was delimited to UAP-Old Mutual Bungoma branch on the influence of partnership approach on provision of health cover. The areas exclusively covered were capital base, product diversification, partnership commitment and corporate social responsibility. The study was carried out within a six months' time period.

1.9 Basic Assumptions of the Study

The current study assumed that: There was a homogeneous structure of the UAP-Old Mutual Bungoma with other mergers especially with regard to the operations in provision of health cover. The realization of the objectives on provision of health cover is purely a function of partnership approach in the insurance sector. It was also assumed the respondents provided truthful responses for purposes of generalizing the study findings.

1.10 Definitions of Significance Terms

Capital base: Refers to amount of resources invested in the insurance companies as a pool for investment towards health cover. This means that companies are a bigger business in terms of financial resources, which gives the Merger a critical mass, and the intention is to be a leader in life, general and all other business markets within a very short time.

Corporate Social Responsibility: Refers to a set of management practices that Ensures negative impact of operations of the company on society are minimized while maximizing its positive impacts" (Pinney, 2001). This definition was adopted

Health Cover: Usually, large health insurers maintain bigger healthcare provider networks, which enable health insurers to navigate patients more efficiently on their physician networks and to improve performance.

Partnership commitment: Consolidation of insurance companies in an effort to offer better products and take more risks on behalf of clients.

Partnership approach: The acquisition of two or more companies in the same line of operations to achieve optimal results. In this case, UAP Holding Limited (UAPHL) merged with Old Mutual Holdings Limited to form a partnership approach of UAP-Old Mutual. At the same time, it brings in the financial muscle that will be instrumental in pushing UAP's expansion agenda in the near to long term future

Product diversification: Production of variety of product lines in health covers by Insurance companies

1.11 Organization of the Study

This research project was organized into five chapters namely introduction; literature review; research methodology; data analysis, presentation, interpretation and discussion, and finally the summary, conclusion and recommendation. Chapter one was the introductory chapter that sets the scene of the events on partnership approach. It includes introduction of the study, statement of the problem, purpose of the study, research objectives, and research questions, significance of the study, limitations and delimitations of the study, operational definition of significant terms and organization of the study. Chapter two presents review of relevant literature of the existing body of knowledge which helped in understanding the subject matter and also identify the knowledge gaps to be filled by the current study. In addition, theoretical framework and conceptual framework were highlighted in this chapter.

The research project also presented chapter three that discussed methodological approach that entails adoption of scientific methods for its conduct. It characterizes a precise procedure which involved various steps through which a researcher creates a relationship between the research objectives and questions. It includes research design, target population, sample size and sampling procedures, data collection instruments and their validity and reliability, data collection procedures, data analysis techniques and presentation, ethical considerations and operationalization of variables. Chapter four was data analysis, presentation, interpretation and discussion that used appropriate analysis technique (descriptive statistics) that led to correct interpretation which solved the research problem and answered research questions. Lastly, chapter five gave a meaningful summary of the study findings and brief highlight of conclusions observed in the study. It also highlighted recommendations to be used by policy makers and suggestions for further studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter exhaustively reviews and examines studies by other researchers on related literature to capital base, product diversification, partnership approach and corporate social responsibility. In addition, the synergy theory and corporate control theory were used for this study.

2.2 The Concept of Partnership Approach

An immense amount of effort is required to form and maintain a successful partnership. This may generate some reservations as to whether it is worth the effort. This is particularly true, given the prevailing mistrust that has characteristically existed between the private and public sectors in health. A significant amount of effort is required in the formation of partnerships especially where parties have a history of mistrust. Further, such an effort will only be invested if all partners have faith that the partnership is in their long-term interest and therefore worth considering for investment. The most popular reason for partnership development is financial, although not the only incentive. This might involve increasing resources (for example as direct payment for service delivery) or through reductions in cost (for example contracting for food services in a hospital.) In either case, a long or short term financial gain that will come about from the partnership is seen by each of the partners. In some cases, the financial mechanism is simple, for example in the case of a contact for food or cleaning services at a public health facility. Further, according to Matthew, Bosworth, & Yu, (2015), the continued low interest environment, along with an abundance of capital, has also prompted insurers to look for growth in international markets. In the past, insurers deployed excess capital in share buyback programs. However, a shift in sentiment has been witnessed towards a deal activity that can deliver product diversification, geographic reach, economies of scale and cost savings (Clyde & Co., 2015).

The acquisition of 37.33% of the issued ordinary shares in UAP Holding Limited (UAPHL) by Old Mutual Holdings Limited was completed in June 2015. Upon completion of this transaction, Old Mutual Group now controls 60.66% of UAPHL due to the earlier acquisition of 23.33% equity stake made by Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA). UAPHL is primarily an investment company holding strategic investments in the insurance sectors in Kenya, Uganda, Tanzania, South Sudan, Rwanda and DRC. UAPHL also holds investments in financial services companies in both Kenya and Uganda and a property portfolio in Kenya, Uganda and South Sudan through special purpose property companies. The range of services and products offered by UAPHL includes General Insurance, Medical Insurance, Life Assurance, Property Investments, Fund Management and related Financial Services such as insurance premium financing, financial advisory and securities brokerage.

The UAP-Old Mutual is currently ranked eighth in the country in terms of market share, but bringing the two businesses together elevates us to fourth position and second-largest when it comes to asset management. This means a bigger business, which gives them critical mass, and the intention is to be the leader in life, general and all their business markets within a very short time. Consolidation creates stronger players with a stronger capital base to offer better products and take more risks on behalf of clients. The first thing in this process is the emergence of strong regional players with strong balance sheets, which is good for the market because it enhances competition. When competition is enhanced, service providers have to engineer their products better and give their clients more value for money to remain profitable.

2.3 The Theory

The study on influence of partnership approach on provision of health cover in UAP-Old Mutual Bungoma, Kenya extensively exploits the synergy theory and the Corporate Control Theory.

2.3.1 The Synergy Theory

Synergistic mergers theory holds that efficiency gains are achieved by firm managers when they combine an efficient target with their business to improve the target's performance (Weston et al., 2003) as cited by (Ogada, Achoki, & Njuguna1, 2016). A complimentary between buyer's businesses and that of the target is the specific element recognized by the buyer. Thus, an even though the target is already performing well, a better performance is expected when it is combined with the buyer firm (the complementary partner). The synergetic theory implies that target firms perform well both before and after the mergers. There are three types of synergies i.e. financial, operational and managerial. According to Gaughan, (2007) operational synergy appears in the form of enhancing revenue, and reduction of cost. On the other hand, achieving financial synergy occurs when the cost of capital is reduced through the combination of the two companies. In addition, Hitt (2001) articulates that managerial synergy is realized when additional value is created through the decision makers' ability to integrate the two companies and create competitive advantage. Based on this theory, the study determined the level to which capital base influence provision of health cover in UAP-Old Mutual Bungoma, Kenya.

2.3.2 Corporate Control Theory

Corporate control theory (Jensen, 1988; Shleifer & Vishny, 1988) argues that takeover is an efficient means to reliance on inefficient managers of target companies. Underperformance of firms targeted may result because of managers pursuing their personal interests at the expense of owners "interest", or because they lack the skills and knowledge to maximize the value of the firm. If acquiring firms' managers have more capability than those of the acquired firms, they are likely improve the efficiency of the target. The theory predicts that firms that perform poorly are more likely to be acquired and that improvement in performance of targets will be achieved after the takeover. It is the expectation of the acquiring firms that they will also gain from the takeover if they are able to bring operating synergy to the post-takeover.

2.4 Empirical Review

This section reviews the existing empirical studies on influence of partnership approach on provision of health cover. The chapter covers relative studies on capital base, product diversification, level of partnership approach and corporate social responsibility.

2.4.1 Capital Base and Provision of Health Cover

The sustained environment of low interest, together with an abundance of capital, has driven insurers to look for growth in international markets. In the past, insurers deployed excess capital in share buyback programs. However, a shift in sentiment has been observed towards deal activity that can deliver product diversification, geographic reach, economies of scale and cost savings (Clyde & Co., 2015). Larger, capital-intensive insurers which view their domestic markets as less attractive are investing in emerging markets, where prospects for growth from an emerging middle class are quite appealing (Matthew, Bosworth, & Yu, 2015). Therefore, M&As have become a popular form of business investment in the corporate world (Clyde & Co., 2015). The main objective is to direct the corporate assets towards their best optimal use. It also represents immense reallocation of resources within and between economies. The trend in M&As shows that cross-border mergers and acquisitions (CBMAs) are getting more popular because corporations are able to expand operations and access the global market in a short time period (Pricewaterhousecooper, 2004; Sidhu, 2006; Kekic, 2006; Platt, 2008; Chand, 2009). Consolidation creates stronger players with a stronger capital base to offer better products and take more risks on behalf of clients. The insurance business involves risks, and for you as the service provider to take the risk on behalf of your client, you need to be backed by the enormous capital base.

A number of arguments have been proposed as to the benefits of a more integrated financial system. Herring & Santomero (1990) contend that financial conglomerates are more flexible when they encounter changing economic conditions, due to their diversity. Saunders & Walter (1994) and Vennet (2002) further claim that conglomerates are more cost-efficient, compared to specialized stand-alone institutions, because they tend to get rid of the overlapping production units (plants) and to overcome indivisibilities in technology and in the acquisition of managers with high skills. According to Elyasiani, Staikouras, & Donti-Charitos, (2010), these entities can potentially benefit from scale and scope economies, and cost complementarities because of input reusability (e.g. reuse of customer credit quality) and joint maintenance of account (Elyasiani, Staikouras, & Donti-Charitos, 2010). Further, based on portfolio theory, diversified firms can enjoy lower earnings volatility through 'coinsurance effect' (Lowellen, 1971; Boot and Schmeits, 2000). Finally, according to Stein (1997), large firms that are diversified benefit from superior resource allocation through internal markets that are effective.

Other scholars have advanced differing arguments. Black, Miller & Posner (1978) postulate that conglomeration of banking and non-banking enterprises give rise to risk proliferation, rather than risk reduction, and increased social costs. Second, Staikouras (2006) unveils a variety of factors such as regulatory constraints, reputation, business culture and corporate brand that may adversely impact the long-term survival of integrated bank-insurance institutions. Third, along the lines suggested by Jensen and Meckling (1976), Aggarwal and Samwick (2003) propose that managers tend to diversify their firms in order to capture private benefits such as job security, rather than achieving improved performance and a reduction in idiosyncratic risk. The adverse impact of this agency problem may counterbalance and even overwhelm the gains from diversification. Fourth, in cases of long-distance geographic diversification, such as cross-country mergers, the distance between the headquarters and the acquired affiliate and the complexity of the diversified organization, intensify informational asymmetry between the headquarters and the affiliates, and make the monitoring job of the managers located at the headquarters more difficult. These factors all heighten the agency problems, harm performance and increase risk (Berger, Miller, Peterson, Rajan and Stein, 2005; Acharya, Hasan and Saunders, 2006; Baele, Jonghe and Vennet 2007; Deng and Elyasiani, 2008).

Pottier (2007) examined the determinants of private debt holdings in the life insurance industry. The findings indicate that larger insurers, insurers with higher financial quality, mutual insurers, publicly traded insurers, insurers experiencing stringent regulation, and insurers with greater cash holdings dominate more in lending when it comes to the private debt market. Chen, Yao, & Yu (2007) found that active equity mutual funds managed by insurance companies underperform peer funds by over 1 percent per year. The lower returns of insurance funds do not arise due to investments that are less risky, instead insurance funds have lower risk-adjusted returns, and that when they perform poorly, their flow of funds are less sensitive to performance. Across insurance funds, those with huge advertising, established directly by insurers, using parent firms' brand names, or whose managers simultaneously manage substantial non-mutual-fund assets, are more likely to perform poorly. The authors have concluded that insurers' efforts to cross-sell mutual funds aggravate agency problems that wears fund performance down.

Krug (2009) argues that there are three areas into which efficiency gains from partnership approach of M&A. These are operational synergies, financial synergies, and managerial synergies. Operational synergies consolidate value-chain activities to create economies of scale and scope efficiencies. Financial synergies are involved in lowering the firm's systematic risk by investing in a diversified portfolio of unrelated businesses. According to Krug (2009), acquisition may help firms to originate an internal capital market, which allows the firm to get access to lower-cost capital and increase the performance due to a more efficiency in the allocation of capital among business units. Managerial synergies, on its part, involves the transfer the superior management skills of the acquiring company into the target company so as to improve its performance. The basis of this transfer is on the differential efficiency theory which holds that effectiveness of management between two firms shows some differences. The level of management efficiency of the firm being acquired increases to the level of management efficiency of the acquiring firm through partnership approach of M&A (Cleverely & Cameron, 2007).

Balk (2001) advocates this bottom-up approach and discusses four sources of productivity growth. The first source, which is widely recognized, given its early association with TFP growth by Solow (1957) is the technical change, which arises through a shift in the production technology. Secondly, is the efficiency change source, which happens as a result of the firm's ability to use its inputs more efficiently to produce its output, given the existing technology (Cummins & Xie, 2008). Thirdly, is the scale efficiency change source, whereby a firm is able to produce at levels of operations closer to the technologically optimum scale of production (Vencappa, Fenn, & Diacon, 2010). And finally, the fourth source is the output mix effect, which captures the effect of the composition of the output mix on scale efficiency. They further decompose technical change into an input bias and an output bias component so as to provide some answers as to the nature of technical change in that industry. Their results suggest that the rates of productivity growth are very low (close to zero). They further find some evidence of technical progress even though they could not attribute this to output or input technical bias in insurance production.

Cummins and Rubio-Misas (2006) carried out a study on the effects of deregulation and consolidation in the Spanish insurance industry over the period 1989-98. Their findings indicate that consolidation improved efficiency in the Spanish insurance markets, although typically, the firms were deemed not successful in achieving technical improvements (Cummins & Rubio-Misas, 2006). Malmquist estimates of productivity growth range from around 0.6 to 2.6 percent annually, and much of this was seen to be linked to technical efficiency growth rather than technical progress (Mahlberg & Url, 2003). In a comparison of total factor productivity between Germany and UK over the period, 1991-2002 find that technical efficiency gains in both countries tend to be always dominated by technological improvements (Huang & Wang, 2003). A Malmquist decomposition of TFP growth posits that for the UK, a technical efficiency decline of about 4% was offset by a 2.2% rise in technological change, leading to an overall reduction of TFP. Germany, meanwhile, enjoyed similar technical progress and coupled with technical efficiency gains of 0.5% ended up with higher TFP growth over the period (Fenn et al, 2007).

Another emerging key driver is the investment in technology for improvement of sales, customer service, and distribution efforts. Insurers are investing heavily in data analytics and predictive modeling techniques to deal with challenges in the industry of insurance such as fraud detection, policy retention, and improve underwriting and risk management (Clyde & Co. 2015). To enhance distribution, insurers are investing in additional distribution outlets, digital platforms and enhancing support and back-office functionality. According to Athene Holding Ltd. (2015), the need to invest in technology, digitization, and data analytics is another emerging driver that is helping improve sales, customer service, and distribution efforts. Therefore, with continued uncertainty in economic and regulatory environment, acquisition within the life and health insurance industry is expected to accelerate in the near future.

2.4.2 Product Diversification and Provision of Health Cover

Historically, corporate diversification has been a growth strategy that inevitably peaks and then reverses itself. The conglomerate wave in the 1960s was followed by a renewed attention given to core business during the divestitures of the 1980s. The trend of health insurance mergers currently shows that in today’s health insurance market, diversification is regarded a growth strategy. While diversification is driving the current merger trend in the health insurance industry, scholars are yet to investigate the likely effects this diversification might have on the performance of health insurers themselves. While the term “diversification” exhibits a variety of meanings, the focus will be primarily on two types of diversification: product diversification and geographic diversification. Elango, Ma, and Pope (2008) established that the extent of product diversification shares a complex and nonlinear relationship with the firms’ performance in US PC insurance industry between the period 1994-2002. Further, the findings indicated that the performance benefits associated with product diversification depend on an insurer’s degree of geographic diversification (Elango, Ma, and Pope, 2008).

Differences among the populations are the basis for diversification. This is because health insurance products exhibit similarities in coverage, methods of utilization review and managed care networks and systems. These differences are along income levels (Medicaid), working status (comprehensive for all working people), age (Medicare) and working for the federal government (Schmid & Walter, 2012). Because of the population differences, the reimbursement methods are different resulting to the diversification and as hypothesized to economies of scope in health insurance. Liebenberg & Sommer (2008) have developed and tested a model that describes insurers’ performance as a function of line-of-business diversification and other variables using a sample of property-liability insurers between 1995-2004-time period. The results indicated that insurers that not diversified perform consistently better than diversified insurers. When it comes to accounting performance, the diversification penalty is at least 1 percent of return on assets or 2 per cent of return on equity. In the current increasingly competitive business environment, product development capability is a requirement for a firm’s success in most markets (Wheelwright & Clark, 1992).

It hypothesized that the geographic diversification is probably less important since “people are people” regardless of where they are. There may be pockets of more illness in the country where only big health insurers might have exposure to these greater risks. But, the risk pooling may mitigate the levels of exposure to sickness (Goetz, et al. (2013). An added value to these health insurers might occur with geographic diversification which plays a role in reducing the overall risk of the health insurance coverage to a larger pool of patients. Ma and Elango (2008) have investigated the relationship between property-liability insurers' international operations and their risk-adjusted returns using cross-section and time-series data for the years 1992 through 2000. The findings indicate that the relationship between international operations and performance is dependent upon the degree of product diversification. Insurance companies having focused operations especially with product lines, achieve risk-adjusted performance that is higher due to the fact that they increase their exposures to international markets. However, highly diversified insurers across product lines experience declining returns with greater exposure to international markets.

Fewer studies have explored the influence of geographic diversification on firm performance, although geographic diversification is often considered in conjunction with product diversification (Elango, et al., 2008, Liebenberg & Sommer, 2008, Berger, 2000). Goetz, et al. (2013) found that for U.S. bank holding companies geographic diversification intensified agency problems, and thus hurt performance. Looking at U.S. financial intermediaries, however, Schmid and Walter (2012) found no significant diversification discount overall associated with geographic diversification. Moreover, for insurance companies and credit intermediaries they identified a diversification premium. Fiegenbaum and Thomas (1990) found greater returns for insurers that diversified across product lines, compared to firms that concentrated on either life or property lines. Tombs and Hoyt (1994) also saw a positive correlation between product diversification and profitability of insurers. Liebenberg and Sommers (2008), however, found the opposite—that property and liability insurers which diversified across lines, performed more poorly than those who did not, results which were confirmed by Cummins, et al. (2010) for both P-L and Life insurers. They concluded that strategic focus was superior to conglomeration in the insurance industry.

The relationship between diversification and firm performance is only half the story. The connection between diversification and risk-reduction is another area of scholarly interest. Risk reduction is often cited as a motivation for a firm's diversification strategy (Amihud & Lev, 1981). Bettis (1981, 1982, and 1985) sought to demonstrate a link between diversification and volatility while Bowman (1980) countered that firms could simultaneously increase profitability and reduce risk through diversification. Testing

“Bowman’s paradox,” Fiegenbaum and Thomas (1986) found mixed results. More recently, Berger, et al., (2010) also had inconclusive results when they looked at the risk-diversification for Russian banks. Hoyt and Trieschmann (1991) found that more diversified firms had lower returns and higher risk when firms operate in only one insurance market rather than many. Tombs and Hoyt (1994) found significant negative results for P-L insurers. But Berry-Stoltz et al., (2012), who also looked at P-L insurance, found little relationship between diversification and risk.

The impact of firm size is studied intensively in the finance and economics literature. Due to less cost of asymmetric information, large firms may have higher access to capital with lower cost of financing (Slovin, et al., 1992, Berger & Udell, 1995, and Beck & Demirguc-Kunt, 2006). Moreover, large firms may possess stronger market power (Bain, 1951& Barla, 2000). Larger health insurers’ pool larger customer basis and can enjoy the effects of the law of large numbers (Baranoff, Brockett & Kahanee, 2009). Usually, large health insurers maintain bigger healthcare provider networks, which enable health insurers to navigate patients more efficiently on their physician networks and to improve performance. Both Sorensen (2003) and Wu (2009) identified health insurers’ ability to channel patients among hospitals on their network. Also, health insurers with large insureds base may possess strong bargaining power in negotiation with hospitals for a lower price per unit of healthcare services.

The most widely employed marketing strategy is perhaps McCarthy’s “4 Ps” (Baker & Start, 1992). This marketing-mix involves four key variables, namely Price, Product, Place and Promotion. “P” as “Price” is generally a fee or a charge that is competitive in the market and enables a full cost recovery. “P” as “Product” refers primarily to quality (contents, brands, and water service lines) and quantity (capacity or storage) of goods and services. The latter has to meet the needs, practices, habits, beliefs, attitudes and values of stakeholders or displays an appealing idea, brand or a label that has the representation of the benefits as a result of consumption of the production in question (Martinsen, 2008). “P” as “Place” stands for administrative distribution of goods and services in the market. It includes the organisation of service providers (suppliers) and users (clients) into specific physical and social networks for easy supply of goods and services to the market and communication. “P” as “Promotion” is the most important activity of any marketing strategy. It encompasses public relations, promotional activities and advertising or publicity. Companies have been urged to employ effective means of communication in order to create or re- create awareness on their goods and services to sustain their adoption by clients (Doyle, 1992).

Pearce & Robinson (2007) highlighted the three main economic goals that defined company’s performance and guided its strategic behavior. They included survival in the market; growth and profitability. According to Doyle, (1992), the ability of a company to outperform its competition depends on whether it is able to take advantage of market activity trends; it is able to capture and protect ‘unfair share’ of markets; it is able to capture premium pricing; prudent creation and new products introduction. As generic strategies to seek long-term competitive advantage, Porter (1998) argues that a firm can use low cost leadership, differentiation strategy and the market focus strategy. A firm “sticks in the middle” if it engages in each generic strategy but fails to achieve any of them. Hence, Breene & Nunes (2005), in their research and experience with clients, could demonstrate that what distinguishes high performers from their competitors is the consistent way they construct and maintain this competitive essence.

2.4.3 Partnership Commitment and Provision of Health Cover

With the onset of the recent financial crisis, policymakers, regulators and investors have become painfully aware of the consequences of high systemic risk on financial markets and the economy as a whole. A main source of systemic risk is increased financial and/or political power of conglomerates firms, such as bank-insurance structures, the instability of which can send shock waves within and/or across industries and countries, threatening the stability of the entire financial system (Santomero & Eckles, 2000, Herring & Santomero, 1990). Specifically, with the emergence of these mega-firms, economic power in financial markets may become so concentrated that a few firms will be able to manipulate or, at least, significantly affect the entire financial sector, to the detriment of the economy. Even unintentionally, such firms may unilaterally influence the flow of capital in some certain directions with substantially undesirable impacts on specific segments of the economy.

In this context, Carey and Stulz (2005) argue that if large firms are highly interconnected, risk spillover across financial institutions may intensify. Flannery (1998) reveals that strong linkages do indeed exist among financial institutions because of strong information flows among these institutions. Elyasiani, Mansur and Pagano (2007) also demonstrate the existence of wealth-spillover effects across financial firms, confirming the findings of previous studies on spillovers caused by distress announcements (Aharony & Swary, 1983, 1996; Kaufman, 1994; Brewer & Jackson, 2002). Therefore, both buyers and targets in M&As face risk mitigation challenges with these transactions that require careful planning and execution to effectively address. One reason why deals sometimes fail relates to poor post-acquisition integration, particularly in cross-border deals where multiple cultures.

An internal mechanism which is key to the corporate governance system concerns the board structure of a firm (Yena & André, 2007). According to Jensen (1993), in addition to providing professional advice, directors of a board are appointed also to hire and compensate the CEO and replace him or her if required. In addition, following Fama & Jensen (1993), boards of directors also ratify major corporate decisions such as M&A, equity issues and investment decisions. According to Dehaene, Vuyst & Ooghe (2001), the board of directors is considered an important and frequently used supervisory mechanism for management actions. An effective and appropriate board structure therefore acts as a mitigating factor with regards to reducing agency costs (i.e. the agency problem) and thus aims at maximizing shareholder value (Yena & André, 2007).

Kenneth and Anthony Buono (2005) described three different approaches in change introduction to a company: directed change, planned change, and guided change. However, each approach is dependent on two critical factors: business complexity and socio-technical uncertainty. The first change approach mirrors a quick step based on persuasion. Further, the basis of a planned change is usually on the participation of the followers but sponsored at the top management, while as for guided change, it tends to involve all the members of the organization. Leadership plays a key role in successful enactment of change. Thomas Diefenbach (2007) describes the leader’s attitudes facing the different change strategies and how “they justify, communicate, perceive and implement their change initiatives". The author underscores the lack of communication as the main reason in the change failure.

A corporate culture can be defined as a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, and which has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (Edgar Schein ,1992). Moreover, he divides corporate culture into three levels: At the first level of Schein's model there are the organizational attributes, and includes the facilities, offices, furniture, visible rewards, the dress code, and how the persons apparently relate with each other and with the external members. Those elements of the culture are easily distinguished but hard to understand. The second level includes the espoused values. At this level, there are the company slogans, mission and, internal and personal values which within the organization are extensively expressed. This level contains the strategies, goals and philosophies of the organization. At the third level involves the organization's unspoken assumptions and values. Such are the elements of culture that are not visible and not "cognitively identified" between the members of an organization. In addition, these are cultural elements that are usually unmentionable in discussions. Many of these "unspoken rules" exist without the awareness of the membership. Corporate culture needs careful attention -establishing the correct and appropriate corporate culture is an essential process of managing an organization, (Bono & Heller, 2008). Researchers have (Bennis & Nanus 2003, Shein, 1999) argued extensively for corporate culture as the crucial factor for successful organizational development during M&As.

In the corporate world, there are differences involved "the company identity, difficulties in communication, problems in human resource, ego clashes, management style, national cultures and the inter-group conflicts" (Michelle, 2006). In order to manage the change successfully, understanding the process and implications of M&As by leaders is necessary. As we have mentioned, the cultural issue of M&A is complex and important for achieving the expected results. Gancel et al. (2002) observes that leaders neglect the cultural aspect of M&As due to a lack of awareness. It means that leaders are not conscious that cultural differences can turn out to be a real obstacle for the integration's success. Inadequate understanding prevents leaders from defining the culture of another organization as well as their own and makes them neglect the invisible aspects of culture.

2.4.4 Corporate Social Responsibility and Provision of Health Cover

Corporate Social Responsibility (CSR) is a major area of great interest within the field of business and society in general. CSR is defined as"…a set of management practices that ensure the company minimizes the negative impact of its operations on society while maximizing its positive impacts" (Pinney, 2001). On the other hand, Commission European (2001) stated as a concept where "companies integrate social and environmental concern in their business operations and in their interaction with their stakeholders on voluntary basis". The concept has increased in importance in recent years as a result of growing demand for socially responsible firms from a wide range of stakeholders globally, including customers, suppliers, employees, investors, government, community and social activists (Hinson, 2007). Investors today assess the performance of companies based on various criteria including ethical issues. It is known that ethical conduct influences the purchasing power of consumers and exerts competition in the labour market.

Various scholars have proposed several drivers or motives for firms' social engagement. Kurucz (2008) suggests four motives: (i) that firms want to gain competitive advantage, (ii) develop a reputation and legitimacy, (iii) reduce costs and risks, and (iv) achieve win-win effects through synergistic value creation. On the other hand, Graafland and van de Ven (2006) classified the motives for social responsiveness into two groups: strategic and moral. The strategic motive suggests that firms engage in CSR for reasons of making a profit, while the moral motive is the one firms feel toward society (Lenssen et al., 2011). Similarly, Hemingway and Maclagan (2004) argued that CSR practices are driven by the values and beliefs of managers. The following paragraphs discuss each motive separately.

Different arguments reveal on how firms organize and implement CSR in the developing economies. Muthuri and Gilbert (2011) found that MNEs have institutionalized their CSR into company policy, which is often not the case for local firms. However, other studies (Boehm, 2005, Amaeshi et al., 2006, Tanaya, 2012) noted that local firms in developing economies are increasingly integrating CSR into their core business functions and operations, and the relationship between business and community is deepening. Of particular significance is the fact that some of the firms in developing economies have established and integrated policies on CSR to safeguard the sustainability of the social interventions they have initiated; for example, formal structures to manage CSR practices including specific departments or foundations have been established, and there are regular allocations of budget, involvement of employees and partnerships with other organizations (e.g. NGOs) to execute CSR objectives (Phillips, 2006, Tanaya, 2012).

A study of eight active local and multinational firms in Lebanon, however, showed that firms had neither dedicated internal or external departments for CSR. Instead, the majority of these firms used existing internal departments such as marketing and public relations departments together with the firms' management, to manage social responsibility activities and programmes (Jamali & Mirshak, 2007). In the same study it was reported that the marketing department had the overall role in managing CSR issues, following guidelines provided by top management in some firms (Jamali & Mirshak, 2007). In their study, Muthuri and Gilbert (2011) reported that some firms had a dedicated CSR department while others delegated social responsiveness issues to other existing departments, particularly human resources and public relations departments in Kenya. However, firms that transferred management of social issues to other departments, e.g. public relations, responded to social needs and expectations in an ad hoc manner, suggesting that CSR was only a strategy to mitigate risks and promote the firm's reputation (Muthuri & Gilbert, 2011).

Communication of CSR practice to stakeholders is another heated issue. Some firms do it in secret, others in public. For example, in Indonesia and China it is a legal obligation to record CSR practices in the annual reports (Tanaya, 2012). These findings are, however, contrary to the results reported in Lebanon whereby local and multinational firms never communicate their CSR activities to external stakeholders and there is no systematic social reporting (Jamali & Mirshak, 2007). Instead these firms communicate CSR issues systematically to internal stakeholders, particularly employees, organisational behaviour with a positive effect on the morale and motivation of staff (Jamali & Mirshak, 2007; Chong, 2009). These findings are supported by a comparative study looking at perception, implementation and reporting of CSR practices between local firms and MNEs in Asia (Khan & Beddewela, 2008). In the same study it was found that some firms systematically reported their social responsiveness activities while others did not communicate at all, whether local or NMEs (Khan & Beddewela, 2008).

Previous studies further show that firms in the developing economies engage in diverse social activities as part of CSR. In Indonesia, for example, firms engage in disaster relief, law compliance, labour welfare and community development projects such as building schools, libraries, water supplies and wells, and sponsoring education through scholarships and health. Studies also found firms engaging in small business initiatives, including training on small business and micro-credit programmes to support community development (Frynas, 2005; Amaeshi et al., 2006; Eweje, 2006). Similar findings were revealed in many other developing countries such as Lebanon and Sri Lanka (Jamali &Mirshak, 2007; Khan and Beddewela, 2008). As such, social culture issues such as education were the priority CSR domains in the area of community development (Ite, 2004; Chapple & Moon, 2005; Muthuri & Gilbert, 2011).

A study in Nigeria and South Africa on oil and mining companies found education initiatives given high priority by MNEs (Eweje, 2006). The importance of education was pointed out by one of the mining executives in South Africa: In our corporate social responsibility areas, we have got a wide range of things. Education is very important and we have programs that go from preschools education right the way through to secondary school, to completing secondary education. We have got a number of interventions in education, technical training, and technical skills training (Eweje, 2006). In Nigeria, sports were reported as one of the areas on which local firms and MNEs focused their CSR activity (Amaeshi et al., 2006, Ojo, 2009). Environmental conservation is also a common CSR area. Increasing awareness of the consequences of environmental degradation and climate change mean that NGOs, civil society organisations and the international community are exerting pressure on companies to take responsibility for their business actions and impact on the environment and society (Moon, 2008). Muthuri and Gilbert (2011) found an increased commitment toward maintaining the natural environmental in Kenya. In Lebanon, firms gave priority to tree planting and cleaning up public areas (Jamali & Mirshak, 2007). Similarly, social engagement in the area of nature conservation was given priority by local firms in Malawi, Botswana and some Asian countries (Khan & Beddewela, 2008, Lindgreen & Swaen, 2010).

Firms may engage in more than one CSR domain and activity in order to meet several socio-economic development challenges in the host community and build their corporate image (Jamali, 2007, Chong, 2009). However, some scholars who argue for a wider focus on CSR by firms have criticised such corporate response, claiming that spreading investment into many social needs has little impact socially, economically or environmentally, and receives little appreciation from stakeholders (Phillips, 2006). Nevertheless, it is worthy noting that despite this criticism of the wide focus of firms in their CSR practices, many studies show that the large majority of firms do engage in multiple social programmes across various thematic areas, globally. For example, it was shown that a local firm acted in a socially responsible manner by investing in education, health, community support and environmental issues in Sri Lanka (Khan & Beddewela, 2008). Similarly, the multinational corporation Nigeria Shell Oil Company was reported to invest in social responsibility in the same areas, and SMEs to empower in communities where they have business operations (Ite, 2004, Eweje, 2006).

Firms that engage in CSR are likely to reduce costs and risks related to the organization's operations (Carroll & Shabana, 2010). This view emanates from understanding that the pressure and high demands of shareholders may create potential threats to the viability of a business (*ibid*). As a result, economic interests have to be served by mitigating the threats at a certain level of social performance (Kurucz, 2008). For example, firms that engage in social responsiveness reduce staff turnover through improving employees' morale (Smith, 2005). Similarly, Berman et al. (1999) contend that lack of diversity increases absenteeism by dissatisfied employees. In addition, organisations can reduce cost and risk of operations by being proactive to environmental related activities (Dechant & Altman, 1994). Being proactive to environmental issues lowers the costs of complying with present and future environmental regulations (Carroll & Shabana, 2010).

Similarly, Berman et al. (1999) further argue that CSR initiatives focused on community relations may reduce the cost and risk of operations through engaging in environmental issues. In addition, firms that invest in community relationship activities may get tax relief as well as reducing the number of regulations imposed on them (Carroll & Shabana, 2010).

2.5 Provision of Health Cover

Governments have also become more rigorous in their regulation of the private sector in a effort to ensure quality, access and controlling price. Since a country’s regulations has an effect on who can offer medical care, acceptable types of treatments, pricing, taxation, and other elements in the industry of health care, the private sector has learned to operate within the regulatory boundaries set by the government. In most countries, the private and the public sectors in health have in the past operated more or less independently. It was viewed that the private sector provided services mostly to the wealthy in any country, while on the other hand, the government served the poor who could not afford to pay for the services. However, recent evidence suggests that this view does not accurately represent reality, and that the private sector often is the primary source of treatment for the poor while the government system often provides far more services to the rich than the poor (Nancy & Estelle, 1992; Peter, 1998; Gwatkin, 2000). Medical expenses have gotten more complicated over time because there are so many different reimbursement arrangements out there now. One of the things that have complicated the process a lot is capitation arrangements.

2.6 Conceptual Framework

The conceptual framework highlights the relationship between independent and dependent variables that were considered for this particular study.

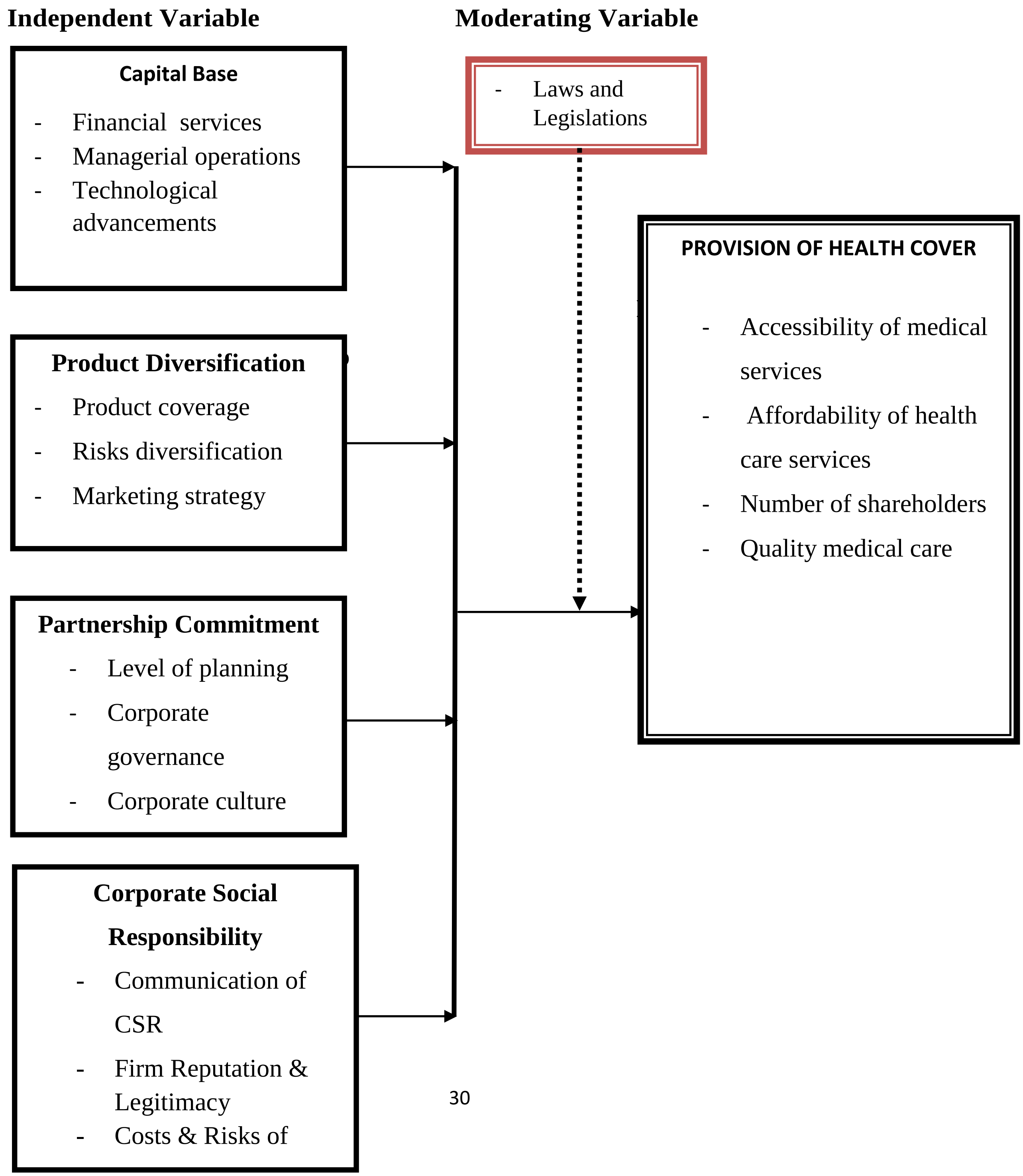

Figure 1 Conceptual Framework

2.7 Summary of Literature Review

To stay afloat and sustain its competitive advantage any organisation must continuously review its organisational strategies in line with the industry in which it operates. According to Porter (1979), competition in an industry is characterized by rivalry among existing firms, threat of substitutes, buyer bargaining power, supplier power; and entry barriers or threat to entry. With the global economy showing signs of recovery, M&A activity in the industry is expected to increase as companies seek new opportunities for growth and diversification. The search for topline growth, capital management, reduced regulatory uncertainties, and geographic and product diversification are some of the key themes resonating in the industry. The persisting low interest environment, together with an abundance of capital, has also prompted insurers to look for growth in international markets.

2.8 Knowledge Gap

Several studies have been carried out on productivity growth in the services sector, mostly at the industry and sectorial level. For insurance, however, the focus of most studies has been on measuring cost performance, with some attempting to estimate scale economies and some measure of technical progress (Cummins & Weiss, 2000). Very few studies have attempted to estimate partnership approach on provision of health cover for the insurance industry. The few studies in this area in developing economies such as Kenya, can be attributed to lack of product differentiation and the monopoly status of the life insurance industry between the period of 1950 to 2000. Cummins and Xie (2008a) examined the efficiency, productivity and scale of economies in the US PC insurance industry over the period 1993-2006. They have found that the majority of firms below median size in the industry are operating with increasing returns to scale, and the majority of firms above median size are operating with decreasing returns to scale (Cummins & Xie, 2008). The focus of this study was on financial maximization at insurers' point of view but not the beneficiary in life insurance. Medical expenses have gotten more complicated over time because there are so many different reimbursement arrangements out there now and therefore a single insurance company may not provide health cover for the aging population.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The purpose for this research was to investigate the influence partnership approach on provision health cover in UAP-Old Mutual Bungoma, Kenya. This chapter discusses the methodological approach for the study and it comprised the research design, target population, sample and sampling procedures, research instruments and their validity and reliability, data collection procedures, data analysis techniques and presentation, ethical considerations and operational definition of variables.

3.2 Research Design

The research design is the plan that draws the structure of investigation and the organization of the research project. It explains and justifies the types and methods of data collection, source of information, sampling strategy and time-cost constraints (Easterby-Smith, Thorpe & Jackson, 2008). The research design can be classified using a variety of ways, such as the methods of data collection, time dimension, researcher participation and the purpose of the study (Blumberg *et al.*, 2008). However, the most widely-used classification is the one based on the purpose of the study.

A descriptive survey research design was used in this study. Descriptive survey research design involves obtaining information about attitudes, perceptions, behaviors and values concerned with narration of facts from the respondents. These designs often employ the survey strategy and the use of questionnaires in data collection (Easterby-Smith *et al.*, 2002; Robson, 2002). According to Sekaran & Bougie, (2010) and Creswell (2008), descriptive survey research design is a type of design used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation at a given point in time. This was in line with the study purpose as it sought to investigate the influence partnership approach on provision health cover in UAP-Old Mutual Bungoma, Kenya. It also involved the use of qualitative methods such as interview schedules. Moreover, this design gave this study the advantage of collecting original data for the purpose of describing a population which is too large to observe directly hence good for the purpose of generalization (Cohen, Manion & Morrison, 2000).

3.3 Target Population

Population refers to the entire set of units from which the study data are to be used to make inferences (Kothari, 2003). Target population defines those units for which the findings of the study are meant to be generalized from (Dempsey, 2003). The target population comprised of 166 employees of UAP-Old Mutual Bungoma, Kenya.

3.4 Sample Size and Sampling Procedures

This section describes sample size and sampling procedures that was used in sampling target population.

3.4.1 Sample Size

According to Webster (1985), sample refers to finite part of a statistical population where properties are studied to gain information about the whole. The study used a census technique since the population of 166 was small and aimed to collect data that was generalized to entire population of mergers (achieve external validity). Population census was appropriate as it provides the possibility of examining small and special population groups, and acquiring information on small geographic units. Orodho (2009) and Field (2006) justifies the census approach noting that data gathered using this technique contributes towards unbiased data representing all individuals' opinion in the study population on a problem under investigation. Moreover, census provides a true measure of the population since there is limited sampling error and more detailed information about the study problem within the population (Sekaran & Bougie 2010).

3.4.2 Sampling Procedures

Sampling procedure involves how the respondents are chosen. In the census technique, employees of UAP-Old Mutual Bungoma, through their manager, were requested to take part in the study by answering the questionnaire about the study. Appointments were therefore made with each employee depending on their availability and time. Questionnaires were then delivered to each employee who was available at the time of data collection. A total of 166 employees were delivered with questionnaires.

3.5 Data Collection Instruments

An instrument refers to a measurement device. In this case, questionnaires and interview schedule guides were used in data collection. In researching human beings, no single source of information can be trusted to provide a comprehensive perspective in any study program. As a result, it was imperative to use several data collection methods to improve on reliability and validity of data collected (Smith, 1975). The use of combined data collection methods and sources such as interviews and questionnaires increase the validity and reliability of information since the strength of one approach compensates for the weakness of another approach (Cohen *et al.,* 2007).

3.5.1 Questionnaire

A question is a a set of questions where each item in the questionnaire is developed to address a specific objective in the study (Mugenda & Mugenda, 2003). The questionnaire incorporated both closed and open-ended questions in a standardized form that was uniform for all respondents. The closed/ structured questionnaire were represented on a five point likert scale; **SA=** Strongly Agreed, **A=**Agreed, **UD=**Undecided **D=**Disagreed and **SD=** Strongly Disagreed. According to Fraenkel and Wallen (2006), close ended questions enhance consistency of response across respondents. They may, however limit the breadth and depth of responses. In addition, open-ended questions were used to invite personal comments from respondents therefore "catch the authenticity, richness and depth of responses (Cohen *et al*, 2000). Oppenheim (2000) asserted that a questionnaire should be used to collect precise data that the study requires to answer the research questions in order to achieve study objectives.

3.5.2 Interview Schedule Guide

An interview schedule guide was used to obtain information that may not be revealed by any other method. The interviews were done verbally, face to face with the respondents each taking ten to fifteen minutes and responses recorded with permission from respondents. According to Mcmillan and Schumacher (2001) an interview guide is flexible and adaptable as it involves direct interaction between individuals. The study interview guide was used because it is appropriate and effective. The interview guide listed all questions asked giving room for the interviewer to write answers and the questions were related directly to the study objectives. Structured interviews are easier to analyze, are economical and provide a basis for generalization (Kothari, 2004).

3.5.3 Pilot Study

A pilot study was important in shaping research instruments. According to Kothari (2004), pilot study reveals inadequacies in the design of proposed research instruments.

The purpose of carrying out a pilot study is to find out if the instruments are appropriate, unambiguous and practical. From the pilot survey, improvements were made on the research instruments. Pilot study was carried out on 16 respondents from UAP-Old Mutual Eldoret branch, being obtained from minimum 10% of Mugenda and Mugenda (2003) of the sample size. Piloting helped to reveal validity and reliability of the instrument and located ambiguities and flaws in the questions. Lloyd (1994) asserted that "even the most carefully constructed instrument cannot guarantee to obtain a hundred per cent reliable data." It assisted the study to improving the researchers' skills of using the instruments before the main study.

3.5.4 Validity of the Research Instruments

Validity simply refers to the extent to which an instrument performs as it is designed to perform and measures what is supposed to measure. Mugenda & Mugenda (2003) define validity as the degree to which results obtained from the analysis of data actually represent the phenomena under study. The concept of validity has two aspects to it; external and content validity. External validity is the extent to which the results of a study can be generalized from a sample to targeted population. This was ensured by obtaining an appropriate and large sample size at 95 per cent level of certainty (deVaus, 2002) hence data collected and analyzed were generalized to insurance mergers.

On the other hand, content validity refers to the appropriateness of the content of an instrument. This was ensured by making questions in the interview schedule guide and questionnaire consistent to the research objectives. It was also enhanced through triangulation by use of different sources of data collection methods to increase the validity of the study. The study tools were given to supervisors from Department of Extra-Mural Studies of the University of Nairobi and experts in order to evaluate the exactness and adequacy of tool content. Their suggestions and clarifications were used to improve representation or sampling adequacy of the content being investigated which improved the instruments.

3.5.5 Reliability of the Research Instruments

Reliability refers to the degree to which a measurement insturument yields consistent results or that results obtained by a measurement and procedure can be replicated (Lash, 2001; Rothman, Greenland & Lash, 2008; Wong, Ong & Kuek, 2012). The internal consistency technique was used to calculate the reliability index. To ensure reliability of the instruments, Cronbach's alpha was used. Cronbach's alpha is a reliability coefficient that measures inter-item reliability or the degree of internal consistency/homogeneity between variables measuring one construct/concept. This coefficient was set at .80 or more and this generally indicated satisfactory internal consistency of reliability (Malhotra, 2004). An alpha (α) = 0.855 was obtained showing a higher score, hence more reliable data from the generated likert scale (Delafrooz, Paim & Khatibi, 2009). Additionally, Nunnally & Bernstein (1994) asserted that in the social sciences, acceptable reliability estimates range from .70 to .80. This coefficient will be done after a pilot study that will be conducted on 10% of the sampled population (16 items). Table 1 shows Cronbach's alpha coefficient of piloted data.

Table 1 Cronbach's alpha Correlations

		Management	Employees
Management	Correlation Coefficient	1.000	0.855
	Sig. (1-tailed)		0.153
	N	16	16
Employees	Correlation Coefficient	0.855	1.000
	Sig. (1-tailed)	0.153	.
	N	16	16

3.6 Data Collection Procedures

The researcher sought permission from the relevant authorities before distributing the questionnaire. Permission from the University of Nairobi, County Education Office of Bungoma and online application of research permit from the National Commission for Science, Technology and Innovation (NACOSTI). On data collection day, the researcher gave a brief introduction of herself and also about the research purpose to the respondents. The respondents were assured of utmost confidentiality of the information they provided.

3.7 Data Analysis Techniques and Presentation

After data collection, a master codebook was designed to ensure that all the information in the questionnaire was coded uniformly. Each data collected was checked for consistency with data obtained from questionnaire in order to eliminate misleading information that arose from misrepresentation of the questions. Descriptive method of data analysis was employed in analysis of quantitative and qualitative data. In this type of analysis, the information was processed into frequencies and percentage. The findings of the study were presented in form of tables. This technique has the advantage of easy presentations of findings in form of graphs and tables if need be (Triola, 2008). Statistical Package for Social Science (SPSS) was used to facilitate easy processing and analysis of all quantitative and almost qualitative responses obtained from the study tools.

3.8 Ethical Considerations

Access and ethics are critical aspects for the conduct of scientific research. The researcher carefully planned to ensure physical access/entry to UAP-Old Mutual Bungoma targeted for this study. Formal negotiations with management for entry into the company was sought to help gain informal acceptance from the intended participants so as to obtain relevant data (Robson, 2002). In addition, gaining permission and maintaining access created sufficient scope to address fully the research questions and objectives (Sekaran, 2000). During this research process, the researcher upheld integrity and high moral standards. This involved providing a clear account of purpose and type of access required; ensured the use of suitable language and facilitating ease of reply when requesting access and establishing credibility with the intended participants (Easterby-Smith *et al.,* 2002). This assisted the researcher to remain incorruptible in circumstances of collusion with the intended participants of the study.

Moreover, overcoming institutional concerns about granting access was highly considered. This involved minimum time consumed during tool administration, sensitivity of the research topic as purely academic but not to jeopardize institutional image and performance. The participants' information was regarded confidential where anonymity was provided by ensuring that the respondents did not indicate their names on the questionnaire (Robson, 2002; Zikmund, 2000). This led to a data protection issue related to the use of personal data. The researcher sought permission from the relevant authorities before distributing the questionnaire. Permission from the from the University of Nairobi, County Education Office of Bungoma and online application of research permit from the National Commission for Science, Technology and Innovation.

3.9 Operational Table of Variables

The summary of how the variables under study were organized as shown in Table 2

Table 2 Operational Table of Variables

STUDY OBJECTIVE	TYPE OF VARIABLE	INDICATORS	METHOD OF ANALYSIS	PRESENTATION
To determine the extent to which capital base influence provision of health cover in UAP-Old Mutual Bungoma, Kenya	**Independent:** Capital base **Dependent:** provision of health cover	Financial services Managerial operations Technology advancement Accessibility Affordability	Frequencies and percentages Frequencies and percentages	Tables
To assess how product diversification influence provision of health cover in UAP-Old Mutual Bungoma, Kenya	**Independent:** Product diversification **Dependent:** Provision of health cover	No. of shareholders Quality medical care Product coverage Risks diversification Marketing strategy Accessibility Affordability		Tables
To determine how the level of partnership commitment influence provision of health cover in UAP-Old Mutual Bungoma, Kenya	**Independent:** Partnership commitment **Dependent:** Provision of health cover	No. of shareholders Quality medical care Level of planning Corporate governance Corporate culture Accessibility Affordability No. of shareholders Quality medical care	Frequencies and percentages Frequencies and percentages	Tables
To determine how corporate social responsibility influence provision of health cover in UAP-Old Mutual Bungoma, Kenya	**Independent:** Corporate Social Resp **Dependent:** Provision of health co	CSR communication Firms reputation Costs operations Accessibility Affordability No. of shareholders Quality medical care	Frequencies and percentages	Tables

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION, AND DISCUSSIONS

4.1 Introduction

This chapter presents data analysis, presentation, interpretation of the findings in line with the study objectives as provided by the respondents in the questionnaire.

4.2 Questionnaire Return Rate

A total of 166 questionnaires dispatched to management and employees out of which 150 were duly filled and returned giving a response rate of 90.4 per cent. Table 3 shows the response return rate for the study.

Table 3 Questionnaire Return Rate

Category	Issued	Returned	Return Rate (%)
Management	4	3	75.0
Employees	162	147	90.7
Total	**166**	**150**	**90.4**

As presented in Table 3, the percentage return rate was 90.4 per cent. Nachmias and Nachmias (2009) reported that 80 to 90 per cent return rate is enough for a descriptive research study. This return rate (90.4%) was appropriate for data analysis and discussion providing simple descriptive of the variables involved. Therefore, the return rate boosted the reliability of the results since the study. Although the results may be interpreted to indicate a very good response rate, a failure of 9.6 per cent to report may be explained by lack of commitment in filling the questionnaire.

4.3 Demographic Information of the Respondents

The demographic information captured data on gender, age and working experience.

4.3.1 Gender of the Respondents

The study established gender and its influence on UAP-Old Mutual partnership approach on provision of health cover in Kenya and responses are stated in Table 4.

Table 4 Gender of the Respondents

Gender	Frequency	Percentage (%)
Male	94	62.7
Female	56	37.3
Total	**150**	**100.0**

As portrayed in Table 4, 94 (62.7%) of the respondents were male and 56 (37.3%) were female. The result shows that men were more involved in working the insurance company by over 25% as compared to their counterpart women.

4.3.2 Age of the Respondents

The study sought to determine age distribution of the respondents. This is a demographic feature that tends to influence behavior or perception of the respondents. Findings are shown in Table 5.

Table 5 Ages of the Respondents

Age	Frequency	Percentage (%)
Below 30 Yrs	44	29.3
31-40 Yrs	70	46.7
41-50 Yrs	20	13.3
>50 Yrs	16	10.7
Total	**150**	**100.0**

As portrayed in Table 5 shows that 44 (29.3%) of the respondents were below 30 years, 70 (46.7%) ranged between 31-40 years, 20 (13.3%) ranged between 41-50 years and 16 (10.7%) ranging over 56 years. The mass composition of the employees in the UAP-Old

Mutual was 70 (46.7%) ranging from 31-40 years. The lowest representation was old age over 50 years at 16 (10.7%). The mean age of the respondents from the study was 36 years. This clearly indicates that employees of UAP-Old Mutual are largely represented by youthful population.

4.3.3 Academic Qualifications of the Respondents

The researcher was interested in determining the highest academic qualifications of the respondents in UAP-Old Mutual in Bungoma. Results are shown in Table 6.

Table 6 Academic Qualifications of the Respondents

Academic	Frequency	Percentage (%)
Secondary	21	14.0
Diploma	67	44.7
Degree	49	32.7
Masters	13	8.6
Total	**150**	**100.0**

The results in Table 6 shows that 21 (14.0%) of the respondents were had secondary education, 67 (44.7%) were diploma holders and 49 (32.7%) were degree holders while 13 (8.6%) of the respondents were having masters. Majority 67 (44.7%) of the employees in UAP-Old Mutual Bungoma possessed diplomas as their highest academic qualification. It should be noted a few of the respondents had Masters level of education by 13 (8.6%) responses.

4.4 Capital Base and Provision of Health Cover

The persisting low interest environment, together with an abundance of capital, has also prompted insurers to look for growth in international markets. The study sought to establish how consolidated capital base through partnership approach influence provision of health cover in UAP-Old Mutual Bungoma on a five point likert scale:- **[SA]=**Strongly Agree, **[A]=**Agree, **[UD]=**Undecided, **[D]**=Disagree and **[SD]=**strongly Disagree under the following themes:

4.4.1 Financial Services and Provision of Health Cover

The respondents were asked to give their responses concerning the extent to which group financial services influence provision of health cover and findings are shown in Table 7.

Table 7 Financial Services and Provision of Health Cover

Financial Services	Frequency	Percentage (%)
Strongly Agree	40	26.7
Agree	66	44.0
Undecided	5	3.3
Disagree	19	12.4
Strongly Disagree	20	13.3
Total	**150**	**100.0**

Results from Table 7 shows that 40 (26.7%) of the respondents strongly agreed that channeling corporate financial assets towards partnership approach had an influence on provision of health cover, 66 (44.0%) agreed, 5 (3.3%) were undecided and 19 (12.7%) disagreed while 20 (13.3%) of the respondents strongly disagreed. Majority, 66 (44.0%) of the respondents in UAP-Old Mutual Bungoma asserted that the main objective of partnership approach to insurance company is to channel the corporate assets towards their best utilization possible. Further, it represents massive reallocation of resources within and between economies and at the same time, clients getting a feel that the Kenyan insurance market is ripe for consolidation. Consolidation creates stronger players with a stronger capital base to offer better products and take more risks on behalf of the clients. Furthermore, the business of insurance is the business of risks, and requires the service provider to take the risk on behalf of the clients, hence need to be backed by enormous capital financial base. Having a strong balance sheet will ensure that insurance companies are able to provide clients with insurance services across their entire spectrum of needs. Although not the only incentive, by far the most common reason for the development of a partnership is financial.

With enormous financial base, the company is a bigger business with increased competition within provision of health services, which gives the company critical mass and the intention to be the market leader in life, general and all our businesses within a very short time. This in turn makes provision of health covers accessible, affordable and quality medical care to the people. These study findings are similar to those by Herring & Santomero (1990) who asserted that financial conglomerates are more flexible when they encounter changing economic conditions, due to their diversity. In addition, Saunders & Walter (1994) and Vander Vennet (2002) reported that conglomerates are more cost efficient, compared to specialized stand-alone institutions, because they tend to eliminate production units (plants) that overlap and to overcome technology indivisibilities and in hiring of managers who are highly skilled. Therefore, M&As become a popular form of business investment in the corporate world (Clyde & Co., 2015).

4.4.2 Managerial Operations and Provision of Health Cover

With regard to managerial operations, respondents were asked to state their opinion on what influence does the group brings on the table in terms of managerial operations with regard to provision of health cover. Findings are shown in Table 8.

Table 8 Managerial Operations and Provision of Health Cover

Managerial Operations	**Frequency**	**Percentage (%)**
Strongly Agree	35	23.3
Agree	72	48.0
Undecided	8	5.3
Disagree	21	14.0
Strongly Disagree	14	9.4
Total	**150**	**100.0**

Findings in Table 8 show that 35 (23.7%) of the respondents strongly agreed that managerial operations are efficiently improved with UAP-Old Mutual in the provision of health service, 72 (48.0%) agreed, 8 (3.3%) were undecided and 21 (14.0%) disagreed while 14 (9.4%) of the respondents strongly disagreed. Majority, 72 (48.0%) of the respondents agreed managerial operations are efficiently improved with UAP-Old Mutual in the health service provision. This is because Old Mutual and UAP brings in strong technical expertise due to the fact that they have been in the business for a long time, and understands the Kenyan market after increasing their portfolio in the country in recent years. Moreover, Synergistic mergers theory holds that efficiency gains are achieved by firm managers when they combine an efficient target with their business to improve the target's performance (Weston et al., 2003) as cited by (Ogada, Achoki, & Njuguna1, 2016). They should perform even better when they are combined with complementary counterparts hence more accessible and affordable health covers. The inclusion into the wider UAP-Old Mutual presents prospects for skills transfer and capacity building.

The study findings are similar to those by Cleverely and Cameron (2007) who pointed out those managerial synergies involves transfer of superior management skills of the acquiring company into the target company in order to improve performance. This transfer is based on the differential efficiency theory which postulates that there are differences in the effectiveness of management between two firms. The level of management efficiency of the firm being acquired increases to the level of management efficiency of the firm acquiring it through partnership approach of M&A. On the other hand, Hitt (2001) describes managerial synergy as synergy realized when additional value is created through the decision makers' ability to integrate the two companies and create competitive advantage. However, corporate control theory according to Jensen (1988); Shleifer and Vishny (1988) argued that takeover is an efficient means to reliance inefficient managers of target companies. The reason for underperformance in target firms may either be as a result of managers pursuing their own interest at the expense of owners' interest, or because they lack the knowledge and skills to maximize firm value. Improving the efficiency of target firms can occurs if managers of acquiring firms are more capable than those of acquired firms. From this theory's prediction, firms that are performing poorly are more likely to be acquired and that the improvement in performance of targets will be achieved after a takeover.

4.4.3 Technological Advancements and Provision of Health Cover

The study sought to establish technological advancements and their influence on provision of health cover in UAP-Old Mutual Bungoma and findings are illustrated in Table 9.

Table 9 Technological Advancements and Provision of Health Cover

Technological Advancements	Frequency	Percentage (%)
Strongly Agree	56	37.3
Agree	43	28.7
Undecided	10	6.7
Disagree	29	19.3
Strongly Disagree	12	8.0
Total	**150**	**100.0**

As presented in Table 9, findings show that 56 (37.3%) of the respondents strongly agreed that there is efficiency gains from partnership approach of M&A in terms of technological advancements, 43 (28.7%) agreed, 10 (6.7%) were undecided and 29 (19.3%) disagreed while 12 (8.0%) of the respondents strongly disagreed. Majority, 56 (37.3%) of the respondents strongly agreed that there is technical change, which arises through a shift in the production technology. At the same time, technological advancement of UAP-Old Mutual helps in developing revolutionary financial services for the clients in a rapidly changing regional financial sector, so this could make health covers more accessible, affordable and quality medical care for the clients. When it comes to growing a business, it is critical to have a strategic partner who has both technical know-how and capital. These results are similar to those by Clyde and Co. (2015); Athene Holding Ltd. (2015) who asserted that another emerging key driver is the investment in technology, digitization and data analytics to improve sales, customer service and distribution efforts.

Insurers are investing heavily in data analytics and predictive modeling techniques to deal with challenges in the insurance industry, i.e., fraud detection, policy retention, etc., and improve underwriting and risk management. To enhance distribution, insurers are investing in additional distribution outlets, digital platforms and enhancing support and back-office functionality. With continued economic and regulatory uncertainty, acquisition within the life and health insurance industry is expected to accelerate in the near future. In addition, Cummins & Xie, (2008) reported that the technological efficiency change arises as a result of the firm being able to use its inputs more efficiently to produce its output, given the existing technology.

4.5 Product Diversification and Provision of Health Cover

The study was interested in determine how product diversifications influence provision of health cover in UAP-Old Mutual Bungoma under the following themes:

4.5.1 Product Coverage and Provision of Health Cover

The respondents were asked to state how product coverage influence provision of health cover in UAP-Old Mutual Bungoma and the results are indicated in Table 10.

Table 10 Product Coverage and Provision of Health Cover

Product Coverage	Frequency	Percentage (%)
Strongly Agree	40	26.7
Agree	51	34.0
Undecided	6	4.0
Disagree	29	19.3
Strongly Disagree	24	16.0
Total	**150**	**100.0**

From Table 10, findings show that 40 (26.7%) of the respondents strongly agreed that UAP-Old Mutual is a strong brand of diversified insurance business such General

Insurance, Medical Insurance, Life Assurance, Property Investments, Fund Management and related Financial Services such as insurance premium financing, financial advisory and securities brokerage, 51 (34.0%) agreed, 6 (4.0%) were undecided and 29 (19.3%) disagreed while 24 (16.0%) of the respondents strongly disagreed. Majority, 51 (34.0%) of the respondents agreed that UAP-Old Mutual deliver product diversification to achieve economies of scale and cost savings hence accessibility and affordability of improved and quality medical services to the people.

The results are in agreement with those of Clyde and Co., (2015) who found out that previously, insurers deployed excess capital in share buyback programmes. However, a shift in sentiment has been witnessed towards deal activity that can deliver product diversification, geographic reach, economies of scale and cost savings. The conglomerate wave of the 1960s was followed by a renewed focus on core business during the divestitures of the 1980s. however, the current trend of health insurance mergers indicates that in the health insurance market, diversification is considered a growth strategy. Differences among the populations are the foundations for diversification since health insurance products exhibit similarities in coverage, methods of utilization review and managed care networks and systems. These differences are along income levels (Medicaid), working status (comprehensive for all working people), age (Medicare) and working for the federal government (Schmid & Walter, 2012). Because of the population differences, the reimbursement methods are different leading to the diversification and to economies of scope in health insurance.

4.5.2 Diversification of Risks and Provision of Health Cover

An immense amount of effort is required to form and maintain a successful partnership. In fact, one might sensibly ask whether it is worth the effort. This is particularly true, given the prevailing mistrust that has characteristically existed between the private and public sectors in health. Therefore, the respondents were asked to state whether diversification of risks in UAP-Old Mutual influence provision of health cover and the results are illustrated in Table 11

Table 11 Diversification of Risks and Provision of Health Cover

Diversification of Risks	Frequency	Percentage (%)
Strongly Agree	28	18.7
Agree	69	46.0
Undecided	3	2.0
Disagree	33	22.0
Strongly Disagree	17	11.3
Total	**150**	**100.0**

As portrayed in Table 11, findings show that 28 (18.7%) of the respondents strongly agreed that UAP-Old Mutual health insurers, diversified product lines have an added value to the insurer in reducing the overall risk of the health insurance coverage to a larger pool of patients, 69 (46.0%) agreed, 3 (2.0%) were undecided and 33 (22.0%) disagreed while 17 (11.3%) of the respondents strongly disagreed. The pivotal role in partnership approach process is to improve underwriting and risk management and an overwhelming majority, 69 (46.0%) of the respondents agreed. In a country which might have pockets of more illness, health insurers that are large may be exposed to these greater risks. But, the risk of pooling may mitigate the levels of exposure to sickness (Goetz et al., 2013).

The findings are similar to those by Ma & Elango (2008) which indicated that the relationship between international operations and performance is dependent upon the degree of product diversification. Insurance companies having focused operations especially with product lines, achieve risk-adjusted performance that is higher due to the fact that they increase their exposures to international markets. However, highly diversified insurers across product lines experience declining returns with greater exposure to international markets.

4.5.3 Marketing Strategy and Provision of Health Cover

The survival in the market; growth and profitability are three main economic goals that define company's performance and guided by its strategic behaviour. The study sought to establish whether marketing strategy of UAP-Old Mutual Bungoma. Respondents were therefore asked to state their opinion on use low cost leadership, differentiation strategy and market focus strategy had an influence on competitive advantage in accessibility of health cover and the results are illustrated in Table 12.

Table 12 Marketing Strategy and Provision of Health Cover

Marketing Strategy	Frequency	Percentage (%)
Strongly Agree	36	24.0
Agree	63	42.0
Undecided	8	5.3
Disagree	30	20.0
Strongly Disagree	13	8.7
Total	**150**	**100.0**

As portrayed in Table 12, findings show that 36 (26.7%) of the respondents strongly agreed that UAP-Old Mutual use low cost leadership, differentiation strategy and market focus strategy as generic marketing strategies to seek long-term competitive advantage, 63 (44.0%) agreed, 8 (5.3%) were undecided and 30 (20.0%) disagreed while 13 (8.7%) of the respondents strongly disagreed. Moreover, health insurers with large insureds base may possess stronger market power hence have strong bargaining power with hospitals in negotiation with hospitals for a lower price per unit of healthcare services hence provision of more affordable health covers to the people as revealed by majority, 63 (44.0%) responses.

These results are echoed to early findings by Doyle (1992) which stated that the ability of a company to outperform its competition depends on ability to take advantage of market activity trends; ability to capture and protect 'unfair share' of markets; ability to capture premium pricing; prudent creation and introduction of new products. Larger health insurers' pool larger customer basis and can enjoy the effects of the law of large numbers (Baranoff, Brockett & Kahanee, 2009). Usually, large health insurers maintain bigger healthcare provider networks, which enable health insurers to navigate patients more efficiently on their physician networks and to improve performance. Furthermore, both Sorensen (2003) and Wu (2009) identified health insurers' ability to channel patients among hospitals on their network. Consequently, the performance of a company has a close link to competitive marketing strategies it adopts (Baker & Start, 1992).

4.6 Partnership Commitment and Provision of Health Cover

With the emergence of these mega-firms, economic power in financial markets may become so concentrated that a few firms will be able to manipulate or, at least, substantially affect the entire financial sector, to the detriment of the economy as a whole. The study sought to find the level of partnership commitment and provision of health cover under the following themes:

4.6.1 Level of Planning and Provision of Health Cover

The respondents were asked to state whether planning in UAP-Old Mutual influence provision of health cover and the results are depicted in Table 13.

Table 13 Level of Planning and Provision of Health Cover

Level of Planning	Frequency	Percentage (%)
Strongly Agree	23	15.3
Agree	55	36.7
Undecided	16	10.7
Disagree	41	27.3
Strongly Disagree	15	10.0
Total	**150**	**100.0**

From Table 13, findings show that 23 (15.3%) of the respondents strongly agreed that partnership approach transactions require a careful planning and execution to effectively address health services, 55 (36.7%) agreed, 16 (10.7%) were undecided and 41 (27.3%) disagreed while 15 (10.0%) of the respondents strongly disagreed. Majority, 55 (36.7%) of the respondents agreed that level of planning influence individual accessibility and affordability of medical services. The planning techniques differ from firm to firm thus leading to varying product attitude over competing brands of health insurance services. The study findings similar to those by Elyasiani, Mansur & Pagano (2007) who demonstrate the existence of both buyers and targets in M&As face risk mitigation challenges with these transactions that require careful planning and execution to effectively address medical covers. One reason why deals sometimes fail is because of poor post-acquisition integration, particularly in cross-border deals where multiple cultures.

4.6.2 Corporate Governance and Provision of Health Cover

The respondents were asked to indicate their opinion concerning corporate governance system in decision making influence provision of health cover in UAP-Old Mutual Group and the results are depicted in Table 14.

Table 14 Corporate Governance and Provision of Health Cover

Corporate Governance	Frequency	Percentage (%)
Strongly Agree	86	57.3
Agree	45	30.0
Undecided	0	0.0
Disagree	12	8.0
Strongly Disagree	7	4.7
Total	**150**	**100.0**

From Table 14, findings show that 86 (57.3%) of the respondents strongly agreed that partnership approach requires corporate governance system in decision making, 45 (30.0%) agreed, 0 (0.0%) were undecided and 12 (8.0%) disagreed while 7 (4.7%) of the respondents strongly disagreed. This result indicates that corporate governance for decision making and insurance health services walks in continuum with each other creating a composite industrial environment because more than half, 86 (57.3%) of the respondents strongly agreed. the decisions made by the directors/managers directly influence accessibility, affordability and quality of medical care of the clients. The alignment of the corporate governance structures, adoption of a new Group Operating Model and revision of the governance policies to reflect the governance framework of the combined UAP-Old Mutual Group resulted in re-focused commitment to good corporate governance, strengthening of Board and Management accountability and overall public confidence in the Group.

These findings are greatly echoed to those of Yena & Andre (2007) who reported that an internal mechanism which is central to the corporate governance system concerns the board structure of a firm. According to Jensen (1993), in addition to providing professional advice, directors of a board are appointed also to hire and compensate the CEO and replace him or her if required. In addition, following Fama & Jensen (1993), boards of directors also ratify major corporate decisions such as M&A, equity issues and investment decisions. According to Dehaene, Vuyst & Ooghe (2001), the board of directors is considered an important and frequently used supervisory mechanism for management actions. An effective and appropriate board structure therefore acts as a mitigating factor with regards to reducing agency costs (i.e. the agency problem) and thus aims at maximizing shareholder value (Yena & André, 2007).

4.6.3 Corporate Culture and Provision of Health Cover

The current study was interested in finding out how corporate culture influence provision of health cover in UAP-Old Mutual Bungoma. Respondents were asked to state their opinion on how corporate culture through modeling organizational attributes and values, influence provision of health cover. To answer this question, a five point scale was used and the results summarized as shown in Table 15.

Table 15 Corporate Culture and Provision of Health Cover

Corporate Culture	Frequency	Percentage (%)
Strongly Agree	31	20.7
Agree	60	40.0
Undecided	9	6.0
Disagree	33	22.0
Strongly Disagree	17	11.3
Total	**150**	**100.0**

Findings in Table 15 show that 31 (20.7%) of the respondents strongly agreed that UAP-Old Mutual requires careful attention in establishing the correct and appropriate corporate culture through modeling organizational attributes and values, 60 (40.0%) agreed, 9 (6.0%) were undecided and 33 (22.0%) disagreed while 17 (11.3%) of the respondents strongly disagreed. This result indicates that in order to manage the change successfully, leaders have to understand the process and implications of M&As in achieving the expected results. This is supported by an overwhelming 60 (40.0%) of the respondents agreed.

These findings are correlated to those by Gancel et al. (2002); Bono & Heller (2008) who explained that leaders neglect the cultural aspect of mergers and acquisitions due to a lack of awareness. It means that leaders are not aware that cultural differences can happen to be a real obstacle for the integration’s success. Lack of understanding prevents leaders from defining the culture of another organization as well as their own and makes them neglect the non visible aspects of culture.

4.7 Corporate Social Responsibility and Provision of Health Cover

CSR refers to set of management practices that helps a company minimize the negative impact of its operations on society while maximizing its positive impacts. The current study sought to determine how CSR influence provision of health cover in UAP-Old

Mutual Bungoma under the following themes on a scale of SA=Strongly Agree, A=Agree, UD=Undecided, D=Disagree and SD=Strongly Disagree:

4.7.1 Communication of Corporate Social Responsibility and Provision of Health Cover

The respondents were asked to state their opinion on how UAP-Old Mutual institutionalized their CSR into company policy and clearly communicate to its employees on provision of health cover and the results are shown in Table 16.

Table 16 Communication of Corporate Social Responsibility and Provision of Health Cover

Communication of CSR	Frequency	Percentage (%)
Strongly Agree	39	26.0
Agree	48	32.0
Undecided	19	12.7
Disagree	32	21.3
Strongly Disagree	12	8.0
Total	**150**	**100.0**

From Table 16, findings show that 39 (26.0%) of the respondents strongly agreed that UAP-Old Mutual has institutionalized their CSR into company policy and clearly communicates to its employees, 48 (32.0%) agreed, 19 (12.7%) were undecided and 32 (21.3%) disagreed while 15 (8.0%) of the respondents strongly disagreed. Majority, 48 (32.0%) of the respondents agreed that there are elements of formal structures to manage CSR practices including specific departments or foundations have been established, and there are regular allocations of budget, involvement of employees and partnerships with other organisations to execute CSR objectives. This is done through firms' communication of CSR to internal and external departments. These departments record and report CSR practices in the annual reports. The CSR motivates employees and other stakeholders which substantially improves delivery of health services to the clients. "As part of enhancing our customer service, we always look to programs that will positively impact our service delivery. Our businesses run a series of trainings for their teams to manage customer service." They asserted that corporate social responsibility framework in place holds them accountable to our employees, clients, shareholders and society at large; in regards to the Organization's efforts towards giving back to the communities in which they serve. This in turn helps in Promoting a better simple life in accessing affordable health services.

The study findings are similar to that of Tanaya (2012) who asserted that communication of CSR practice to stakeholders is another heated issue. Some firms do it in secret, others in public. In Indonesia and China it is a legal obligation to record CSR practices in the annual reports. These findings are, however, contrary to the results reported in Lebanon whereby local and multinational firms never communicate their CSR activities to external stakeholders and there is no systematic social reporting (Jamali & Mirshak, 2007). Instead these firms communicate CSR issues systematically to internal stakeholders, particularly employees, organisational behaviour with a positive effect on the morale and motivation of staff (Jamali & Mirshak, 2007; Chong, 2009). Furthermore, findings are supported by a comparative study looking at perception, implementation and reporting of CSR practices between local firms and MNEs in Asia (Khan & Beddewela, 2008). In the same study it was found that some firms systematically reported their social responsiveness activities while others did not communicate at all, whether local or NMEs (Khan & Beddewela, 2008).

4.7.2 Firms' Reputation and Provision of Health Cover

Majority of firms do engage in multiple social programmes across various thematic areas, globally. The respondents were asked to state their opinion on whether UAP-Old Mutual Group engage in diverse social activities as part of CSR to improve firm's reputation and its influence on provision of health and the results are illustrated in Table 17.

Table 17 Firms' Reputation and Provision of Health Cover

Firms' Reputation	Frequency	Percentage (%)
Strongly Agree	25	16.7
Agree	65	43.3
Undecided	13	8.7
Disagree	31	20.7
Strongly Disagree	16	10.6
Total	**150**	**100.0**

From Table 17, findings show that 25 (16.7%) of the respondents strongly agreed that UAP-Old Mutual engage in diverse social activities as part of CSR to improve firms reputation, 65 (43.3%) agreed, 13 (8.7%) were undecided and 31 (20.7%) disagreed while 16 (10.6%) of the respondents strongly disagreed. An overwhelming 65 (43.3%) of the respondents agreed that UAP-Old Mutual business supports various initiatives in order to build good firms' reputation and legitimacy in the insurance sector to control market share in provision of quality and affordable medical services to the clients. Respondents reported that the company engage in education as a means of developing our greatest abilities to inspire the hopes and dreams of our children; equipping them to better our nation. In addition to education, health, financial literacy, the environment and sports as other areas of CSR for the UAP-Old Mutual

These findings are supported by earlier studies by Frynas (2005); Amaeshi et al., (2006); Eweje (2006) found that firms engage in small business initiatives, including training on small business and micro-credit programmes to support community development. Similar findings were revealed in many other developing countries such as Lebanon and Sri Lanka (Jamali & Mirshak, 2007; Khan & Beddewela, 2008). As such, social culture issues such as education were the priority of CSR domains in the area of community development (Ite, 2004; Chapple & Moon, 2005; Muthuri & Gilbert, 2011).

Furthermore, in a study in Nigeria and South Africa on oil and mining companies found education initiatives given high priority by MNEs (Eweje, 2006). In Nigeria, sports were reported as one of the areas on which local firms and MNEs focused their CSR activity (Amaeshi et al., 2006, Ojo, 2009). In addition, Muthuri and Gilbert (2011) found an increased commitment toward maintaining the natural environmental in Kenya. In Lebanon, firms gave priority to tree planting and cleaning up public areas (Jamali & Mirshak, 2007). Similarly, social engagement in the area of nature conservation was given priority by local firms in Malawi, Botswana and some Asian countries (Khan & Beddewela, 2008, Lindgreen & Swaen, 2010).

4.7.3 Management of CSR Costs Operation and Provision of Health Cover

The respondents were asked to state their opinion on whether UAP-Old Mutual monitor the strategic direction for the Group in order improve CSR in management of costs operation of the business and its bearing on provision of health cover and the results are shown in Table 18.

Table 18 Management of CSR Costs Operation and Provision of Health Cover

CSR Costs operation	Frequency	Percentage (%)
Strongly Agree	30	20.0
Agree	53	35.3
Undecided	9	6.0
Disagree	37	24.7
Strongly Disagree	21	14.0
Total	**150**	**100.0**

From Table 18, findings show that 30 (20.0%) of the respondents strongly agreed that UAP-Old Mutual monitor the strategic direction for the Group in order improve CSR in management of costs operation of the business, 53 (35.3%) agreed, 9 (6.0%) were undecided and 37 (24.7%) disagreed while 21 (14.0%) of the respondents strongly disagreed. Majority, 53 (35.3%) of the respondents agreed that UAP-Old Mutual Group's main objective is to establish and monitor the strategic direction for the Group. This is done through ensuring competent management of the business; establish and oversee adequate internal control systems; monitor compliance with laws and regulations and report performance to shareholders. This in turn improves service delivery of Group in enhancing the state of individual's health hence the quality of life they live and the contribution they make to society. Thus provision of quality and affordable medical services to the clients and value the opportunity to provide support through medical camps walks or runs, fundraisers and wellness clinics.

These findings are supported by earlier studies by Jamali (2007); Chong (2009) who asserted that firms may engage in more than one CSR domain and activity in order to meet several socio-economic development challenges in the host community and build their corporate image. However, some scholars who argue for a wider focus on CSR by firms have criticized such corporate response, claiming that spreading investment into many social needs has little impact socially, economically or environmentally, and receives little appreciation from stakeholders (Phillips, 2006).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents summary of findings, conclusion, recommendations and areas for further study.

5.2 Summary of Findings

The study investigated influence of partnership approach on provision of health cover in UAP-Old Mutual Bungoma and it registered response rate of 90.4 per cent. Demographic information reveals that more than 35% of male participants compared to female counterparts took part in the study. Majority of the respondents were between 31-40 years by 46.7% responses. The mean age of the study population was 36 years. Results also indicate that 44.7% of the respondents were diploma holders.

5.2.1 Capital Base and Provision of Health Cover

The persisting low interest environment, together with an abundance of capital, has also prompted insurers to look for growth in international markets. The study sought to establish how consolidated capital base through partnership approach influence provision of health cover in UAP-Old Mutual Bungoma. On whether financial services, 26.7% of the respondents strongly agreed that channeling corporate financial assets towards partnership approach had an influence on provision of health cover, 44.0% agreed, 3.3% were undecided and 12.7% disagreed while 13.3% of the respondents strongly disagreed.

With regard to managerial operations, show that 23.7% of the respondents strongly agreed that managerial operations are efficiently improved with UAP-Old Mutual in the provision of health service, 48.0% agreed, 3.3% were undecided and 14.0% disagreed while 9.4% of the respondents strongly disagreed.

Concerning technological advancements with UAP-Old Mutual, 37.3% of the respondents strongly agreed that there are efficiency gains from partnership approach of M&A in terms of technological advancements, 28.7% agreed, 6.7% were undecided and 19.3% disagreed while 8.0% of the respondents strongly disagreed.

5.2.2 Product Diversification and Provision of Health Cover

The study investigated how UAP-Old Mutual Group's product diversification influence provision of health cover and findings show that 26.7% of the respondents strongly agreed that UAP-Old Mutual is a strong brand of diversified insurance business such General Insurance, Medical Insurance, Life Assurance, Property Investments, Fund Management and related Financial Services such as insurance premium financing, financial advisory and securities brokerage, 34.0% agreed, 4.0% were undecided and 19.3% disagreed while 16.0% of the respondents strongly disagreed.

An immense amount of effort is required to form and maintain a successful partnership. In fact, one might sensibly ask whether it is worth the effort. This is particularly true, given the prevailing mistrust that has characteristically existed between the private and public sectors in health. Findings show that 18.7% of the respondents strongly agreed that UAP-Old Mutual health insurers, diversified product lines have an added value to the insurer in reducing the overall risk of the health insurance coverage to a larger pool of patients, 46.0% agreed, 2.0% were undecided and 22.0% disagreed while 11.3% of the respondents strongly disagreed.

Furthermore, the study sought to establish whether marketing strategy of UAP-Old Mutual Bungoma influence accessibility of health cover and the results show that 26.7% of the respondents strongly agreed that UAP-Old Mutual use low cost leadership, differentiation strategy and market focus strategy as generic marketing strategies to seek long-term competitive advantage, 44.0% agreed, 5.3% were undecided and 20.0% disagreed while 8.7% of the respondents strongly disagreed.

5.2.3 Partnership Commitment and Provision of Health Cover

The third objective was to determine the extent to which partnership commitment influence provision of health cover in UAP-Old Mutual Bungoma. Concerning the level of planning in UAP-Old Mutual, findings show that 15.3% of the respondents strongly agreed that partnership approach transactions require a careful planning and execution to effectively address health services, 36.7% agreed, 10.7% were undecided and 27.3% disagreed while 10.0% of the respondents strongly disagreed.

On corporate governance, findings show that 57.3% of the respondents strongly agreed that partnership approach requires corporate governance system in decision making, 30.0% agreed, 0.0% were undecided and 8.0% disagreed while 4.7% of the respondents strongly disagreed.

Moreover, responses on corporate culture shows that 20.7% of the respondents strongly agreed that UAP-Old Mutual requires careful attention in establishing the correct and appropriate corporate culture through modeling organizational attributes and values, 40.0% agreed, 6.0% were undecided and 22.0% disagreed while 11.3% of the respondents strongly disagreed.

5.2.4 Corporate Social Responsibility and Provision of Health Cover

The last objective dealt with CSR and provision of health cover in UAP-Old Mutual Bungoma. On whether communication of CSR in UAP-Old Mutual influence provision of health cover, findings show that 26.0% of the respondents strongly agreed that UAP-Old Mutual has institutionalized their CSR into company policy and clearly communicates to its employees, 32.0% agreed, 12.7% were undecided and 21.3% disagreed while 8.0% of the respondents strongly disagreed.

The study also sought to establish whether UAP-Old Mutual enhanced firms' reputation through engagement of CSR on provision of health cover and the results show that 16.7% of the respondents strongly agreed that UAP-Old Mutual engage in diverse social activities as part of CSR to improve firms reputation, 43.3% agreed, 8.7% were undecided and 20.7% disagreed while 10.6% of the respondents strongly disagreed.

Lastly, the study sought to establish whether management of CSR Costs Operation in UAP-Old Mutual influence provision of health cover. Findings show that 20.0% of the respondents strongly agreed that UAP-Old Mutual monitor the strategic direction for the Group in order improve CSR in management of costs operation of the business, 35.3% agreed, 6.0% were undecided and 24.7% disagreed while 14.0% of the respondents strongly disagreed.

5.3 Conclusion

Based on findings, the study concludes that:

i. UAP-Old Mutual had significant level of consolidated capital base through channeling corporate financial assets, managerial operations and technological advancements that influence provision of health cover

ii. Findings reveal that strong brand of diversified insurance business significantly influence provision of health cover through use of low cost leadership, differentiation strategy and market focus strategy as common marketing strategies to seek long-term competitive advantage of the market share hence accessible and affordable quality medical services.

iii. UAP-Old Mutual had significant level of partnership commitment in planning, corporate governance system in decision making, careful attention in establishing the correct and appropriate corporate culture through modeling organizational attributes and values

iv. UAP-Old Mutual had institutionalized its CSR into company policy and clearly communicates to its employees, engage in diverse social activities as part of CSR to improve firms reputation, established management of CSR Costs Operation in monitoring the strategic direction for the Group

5.4 Recommendations

The following recommendations are made from the study:

i. UAP-Old Mutual should improve on employee motivation, managerial operations and technological advancements to deliver accessible, affordable and quality health medical services

v. Improve on diversification on strong brand of insurance business through differentiation strategy and market focus strategy to seek long-term and sustainable competitive advantage in delivering accessible and affordable quality medical services.

vi. UAP-Old Mutual should define well defined corporate culture through modeling organizational attributes and values of the Group
vii. Improve communication of CSR to the clients

5.5 Areas for Further Studies

i. Factors influencing sustainability of insurance M&As
ii. The role of corporate social responsibility of Mergers and Acquisitions on delivery of health services
iii. Factors influencing strategic positioning of M&As in promotion of health care services

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APPENDICES

Appendix I: Transmittal Letter

To Whom It May Concern

Dear Sir/Madam,

RE: COLLLECTION OF DATA FOR ACADEMIC RESAERCH PROJECT

I am a postgraduate student at the University of Nairobi pursuing a Master of Arts degree in Project Planning and Management. In partial fulfillment of this course, I'm conducting a research on ***Influence of Partnership Approach on Provision of Health Cover in UAP-Old Mutual Bungoma, Kenya***. You have been selected to assist with information for this study.

The purpose of this letter is to kindly request you to assist with the requisite information by completing all parts of the attached questionnaire. The information you will provide will be strictly for the research and will be treated with utmost confidentiality.

Thank you for your assistance and cooperation.

Naomi Purity Mutenyo
Student
University Of Nairobi

Appendix II: Partnership Approach & Provision of Health Cover Questionnaire

This questionnaire is intended to help in data collection on a Master's degree program research entitled; "*Influence of Partnership Approach on Provision of Health Cover in UAP-Old Mutual Bungoma, Kenya."* Please note that you have been identified as a potential respondent and therefore information you will provide will be treated with utmost confidentiality. Give your response by ticking where appropriate [√].

<u>SECTION A:</u> Background Information

1. What is your gender?
   Male [ ] Female [ ]

2. Give your Designation…………………………………………………………
3. Please indicate your age bracket
   < 30years [ ] 31-40 years [ ] 41-50 years [ ] Over 50 years [ ]
4. Please indicate the highest level of your academic qualification.
   Secondary [ ] Diploma [ ] Degree [ ] Post Graduate Degree [ ] Other (s)……………………………………………………………………………...
5. Indicate the working experience
   0-5 years [ ] 6-10 years [ ] 11-15 years [ ] 16 and above [ ]

<u>SECTION B:</u> Capital Base and Provision of Health Cover

Please tick what the category applicable to your section way of operations with respect to firm's capital base on five point likert scale of:- **[SA]=**Strongly Agree, **[A]=**Agree, **[UD]=**Undecided, **[D]**=Disagree and **[SD]=**strongly Disagree

NO	**Capital Base and Provision of Health Cover**	**1=SA**	**2=A**	**3=UD**	**4=D**	**5=SD**
6.	Partnership approach of UAP-Old Mutual is to channel the corporate assets (financial services) towards best possible use to improve access to medical covers					
7.	Managerial operations have significantly improved accessibility of medical covers					
8.	Use of technological advancements in UAP-Old Mutual operations improve accessibility, affordability and quality of medical covers					

9.	Adequate level resource allocation of UAP-Old Mutual improve accessibility of medical cover and are more cost efficient					
10.	UAP-Old Mutual has invested in technology to improve sales, customer service and distribution efforts to improve medical cover					

SECTION C: **Product Diversification and Provision of Health Cover**

Please tick what the category applicable to your section way of operations with respect to product diversification and provision of medical cover on five point likert scale of:- **[SA]=**Strongly Agree, **[A]=**Agree, **[UD]=**Undecided, **[D]**=Disagree and **[SD]=**strongly Disagree

NO	Product Diversification and Provision of Health Cover	1=SA	2=A	3=UD	4=D	5=SD
11.	UAP-Old Mutual is a strong brand of diversified insurance business such Medical Insurance, Life Assurance					
12.	UAP-Old Mutual deliver product diversification to achieve economies of scale					
13.	UAP-Old Mutual diversify product lines to added value to the insurer in reducing the overall risk of the health insurance coverage to a larger pool of patients					
14.	UAP-Old Mutual partnership approach process to improve underwriting and risk management					
15.	UAP-Old Mutual use low cost leadership, differentiation strategy and market focus strategy as generic marketing strategies to seek long-term competitive advantage					
16.	UAP-Old Mutual has large insureds base that possess stronger market power and bargaining power in negotiation with hospitals for a lower price per unit of healthcare services					

SECTION D: **Partnership Commitment and Provision of Health Cover**

Please tick what the category applicable to your section way of operations with respect to partnership commitment and provision of medical cover on five point likert scale of:-

[SA]=Strongly Agree, **[A]=**Agree, **[UD]=**Undecided, **[D]**=Disagree and **[SD]=**strongly Disagree

NO	**Partnership Commitment and Provision of Health Cover**	**1=SA**	**2=A**	**3=UD**	**4=D**	**5=SD**
17.	UAP-Old Mutual transactions require a careful planning and execution to effectively address health services					
18.	Planning techniques differ from firm to firm thus leading to varying product attitude over competing brands of health insurance services					
19.	UAP-Old Mutual has strong corporate governance system in decision making					
20.	UAP-Old Mutual has careful attention in establishing the correct and appropriate corporate culture through modeling organizational attributes and values					
21.	UAP-Old Mutual leaders have to understood the process and implications of mergers and acquisitions in achieving the expected results					

SECTION E: Corporate Social Responsibility and Provision of Health Cover

Please tick what the category applicable to your section way of operations with respect to Corporate Social Responsibility and provision of medical cover on five point likert scale of:- **[SA]=**Strongly Agree, **[A]=**Agree, **[UD]=**Undecided, **[D]**=Disagree and **[SD]=**strongly Disagree

NO	**Corporate Social Responsibility and Provision of Health Cover**	**1=SA**	**2=A**	**3=UD**	**4=D**	**5=SD**
22.	UAP-Old Mutual has institutionalized their CSR into company policy and clearly communicates to its employees					
23.	UAP-Old Mutual has formal structures to manage CSR practices including specific departments or foundations have been established, and there are regular allocations of budget, involvement of employees and partnerships with other organisations to execute CSR objectives					
24.	UAP-Old Mutual engage in diverse social activities as part of CSR to improve firms reputation					

25.	UAP-Old Mutual business supports various initiatives in order to build good firms' reputation and legitimacy in the insurance sector to control market share in provision of quality and affordable medical services to the clients					
26.	UAP-Old Mutual monitor the strategic direction for the Group in order improve CSR in management of costs operation of the business					
27.	UAP-Old Mutual's main objective is to establish and monitor the strategic direction for the Group					
28.	UAP-Old Mutual competently manages the business; establish and oversee adequate internal control systems; monitor compliance with laws and regulations and report performance to shareholders.					

Thank you for your contribution

Appendix III: Interview Schedule Guide

i. To what extent does capital base influence provision of health cover in UAP-Old Mutual in Bungoma, Kenya?

ii. Does UAP-Old Mutual have adequate level resource allocation in improving accessibility and affordability of medical cover?

iii. Has UAP-Old Mutual invested in technology to improve sales, customer service and distribution efforts in enhancing medical covers?

iv. How does product diversification influence provision of health cover health cover in UAP-Old Mutual in Bungoma, Kenya?

v. What is the level of partnership commitment on provision of health cover in UAP-Old Mutual in Bungoma, Kenya?

vi. How does corporate social responsibility influence provision of health cover in UAP-Old Mutual in Bungoma, Kenya?

Appendix IV: Research Permit