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INFLUENCE OF STRATEGIC CORPORATE RESTRUCTURING ON PERFORMANCE OF INSURANCE FIRMS IN KENYA

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ABSTRACT

The performance of insurance firms in Kenya continues dwindling, yet the industry has undergone various improvements and consolidations over the years. The total growth rate either stagnates or drop every year. This has also changed the dynamics of operations in this sector as the companies are faced with an even harder task in attaining competitive advantage. This has seen various insurance companies that were not meeting the stakeholder's expectations or experiencing huge losses seeking for other alternatives. The purpose the study was to examine the relationship between strategic corporate restructuring and performance of insurance firms in Kenya. The study was guided by the following specific research objectives: To determine the influence of diversification strategy on the performance of insurance firms in Kenya; To examine the influence of disinvestment strategy on the performance of insurance firms in Kenya; To establish the influence of divestiture strategy on the performance of insurance firms in Kenya; To assess the influence of strategic alliances strategy on the performance of insurance firms in Kenya. The study was anchored to Wieck's Model Theory of Organizing, Transaction Cost Economics and Resource Based Theory. The study adopted a descriptive research design. The study population was 319 head of departments of the insurance firms in Kenya. The unit of analysis will be insurance firm in Kenya. The study sampled 178 respondents established by Slovin's sample size determination formular. The study adopted purposive, stratified and random sampling techniques. Primary data was collected through the use of questionnaires. Quantitative and qualitative data was generated from the closed-ended and open-ended questions, respectively. Qualitative data was analyzed on thematic basis and the findings provided in a narrative form. Inferential and descriptive statistics were employed for analysis of quantitative data with the assistance of Statistical Package for Social Sciences (SPSS version 25). Descriptive statistics such as frequency distribution, mean (measure of dispersion), standard deviation, and percentages were used. Inferential data analysis was conducted by use of Pearson correlation coefficient, and multiple regression analysis. The study results were presented through use of tables and figures. Results revealed that all the strategic corporate restructuring dimensions had a positive and significant relationship with performance of insurance firms in Kenya. However, the magnitude of the influence was different for the specific strategic corporate restructuring dimensions. The disinvestment strategy had the largest effect followed by divestiture strategy then diversification strategy and finally the strategic alliances. Consequently, this study provides insurance firms managers involved in the corporate restructuring with insights of how to the appropriate corporate restructuring strategy. The key recommendations are that insurance firms should embrace corporate restructuring strategies such as diversification, disinvestment, divestiture and strategic alliances in order to attain their goals.

Keywords: Strategic Corporate Restructuring, Insurance firms, Diversification Strategy, Divestiture strategy, Strategic alliances, Performance

BACKGROUND INFORMATION

Strategic corporate restructuring is the act of re-organizing the operations of a firm in order to eliminate waste, promote efficiency, increase profitability, and ensure organizational sustainability (Mokaya, 2016). It lies in the desire of modern corporate bodies to become more competitive in the face of globalization and the liberalization of business activities among nations of the world (Mutuku, Omwenga & Iravo, 2016). The purpose of restructuring is basically to reshape structures and processes in order to make the enterprise more profitable (Oladimeji & Udojen, 2020). Corporate restructuring offers the promise of dramatic improvement in performance through streamlining processes and structures (Kahuko, 2015). Corporate restructuring derives part of its value from the opportunity. It affords the policymakers and economic managers to re-allocate resources, set new targets and measure performance in terms of cost-effectiveness, quality of service and speed in meeting market demands (Joshi, 2018).

Strategic corporate restructuring has enabled organizations to globally respond more quickly and effectively to new opportunities and unexpected pressures, thereby re-establishing their competitive advantage. Strategic corporate restructuring strategies help an organization to get the most from its workforce when the business significantly changes by developing a plan for corporate restructuring, layoffs and mergers (McKinley, Zhao & Rust, 2020). Ikhide and Alawode (2020) point out organizations must restructure to improve efficiency and sharpen their competitive edge if they hope to prosper in the fiercely competitive industry. For organization to compete and profitably survive in the local industry, they need to evaluate their performance and where possible restructure their organizations to minimize costs and increase efficiency (Asika, 2019).

Corporate restructuring is one such strategic initiative often deployed by various organizations specifically to align the internal structure of a firm to the ever changing external environment (Kanyagia, 2020). According to Harwood (2016) organization structure is the framework that defines the boundaries of the formal organization and within which the organization operates. The structure of an organization reflects how groups compete for resources, where responsibilities for profits and other performance measures lie, how information is transmitted and how decisions are made (Kamencu & Deya, 2018). According to Mangaraj and Patra (2016) restructuring is a number of actions that are chosen by firms to regain their competitive advantage. These set of actions are the result of changes in competition and or technology that lead firms to take restructuring into consideration (Kanyagia, 2020). Corporate restructuring has become one of the most important solutions for firms to enhance their survival in the most efficient and effective way in the recent past (Gatuku, 2020).

STATEMENT OF THE PROBLEM

In the past decade, the number of players in the insurance sector has increased significantly with currently 54 insurance companies offering services nationwide. However, this has changed the dynamics of operations in this sector as the companies are faced with an even harder task in attaining competitive advantage. This has seen various insurance companies that were not meeting the stakeholder's expectations or experiencing huge losses seeking for other alternatives. Some of this include; Invesco Assurance Company which was placed under receivership in Sanlam Kenya, CIC Insurance that issued profit warnings in 2018 and Standard Assurance which was placed under statutory management in 2016 (Mumo, 2017). This shows that despite the importance of the sector to the economy, it is very delicate which raises concern. This has called for strategic corporate restructuring of the insurance firms to remain competitive in a dynamic business environment.

The performance of insurance companies continues to be poor, yet the industry has undergone various improvements and consolidations over the years. The total growth rate either stagnating or dropping every year since the year 2019 (IRA, 2020). According to IRA (2021), penetration of insurance remains low at 2.8 percent in 2019 measured using gross premiums as a percentage of Gross Domestic Product. Moreover, IRA (2021) indicates that the insurance sector reported a decline in return on equity (ROE) and return on assets (ROA) to 8.29% and 1.36% from 14.36% and 2.69% respectively in the year 2020. Additionally, 31.8% of the insurance companies posted losses while 68.2% posted profits. This indicates a sector where the sustainability of insurance companies is not guaranteed, despite the various consolidations in the sector aimed at enhancing the success and performance of insurance companies. In addition, various insurance companies licensed and regulated to operate in the industry closed due to insolvency. These included Blue shield, Invesco which closed in 2008 but has since been revived, Concord Insurance (2013), Lakestar, Stallion, Access Insurance, Standard Assurance all of which closed in (2019), United Insurance Company Limited (2004) and Standard Assurance Kenya Ltd. At the same time, mergers and acquisitions have been inevitable in this Industry. All this has been attributed to a large extent on poor or struggling performance of the individual insurance firms (Developer, 2015).

Further, several empirical studies done on corporate restructuring have focused on the consequences of restructuring and firm performance. Vundla (2013), in South Africa conducted a study of the effect of organizational restructuring on the well-being of the middle managers. The aim of the research was to investigate the possible wellness factors that were affected during the exercise of organizational restructuring. Three wellness dimensions were examined these included: physical, mental and social dimensions of wellness. The finding was that restructuring process was seen as having an impact even beyond the obvious on the management team and the subordinates. Moraa, 2017, conducted a research on the effect of restructuring on insurance firms in Kenya the findings were that corporate restructuring had a positive relationship on the performance of Insurance firms in Kenya. Mokaya 2016, effects of restructuring on a performance of a company a case study of EABL the findings were that there is no noteworthy impact on profitability in the long run due to the new entrants in the market overtime.

The study sought to fill the gap in the literature on insurance firms specifically where there has been limited literature on the strategic corporate restructuring on performance of insurance firms. Owing to the fact that they all operate in different sizes, apply different strategies and they all have a niche in terms of their products. The current study therefore sought to address these gaps by answering the research question: What is the influence of strategic corporate restructuring on performance of insurance firms in Kenya?

RESEARCH OBJECTIVES

i. To determine the influence of diversification strategy on the performance of insurance firms in Kenya
ii. To examine the influence of disinvestment strategy on the performance of insurance firms in Kenya
iii. To establish the influence of divestiture strategy on the performance of insurance firms in Kenya
iv. To assess the influence of strategic alliances strategy on the performance of insurance firms in Kenya

THEORETICAL REVIEW

The transaction cost theory was proposed by Ronald Coase in 1937. More succinctly transaction costs are: search and knowledge costs, bargaining and decision costs, and policing and enforcement costs. According to transaction cost theory, the firm’s decision of mode of transacting is influenced by the minimization of the sum of production and transaction costs (Huda, et al., 2019).The transaction cost theory is considered as the most dominating theory in regards to alliances. Transaction costs exist due to the bounded rationality of actors and opportunism among actors, causing friction on markets (Albers, 2019). Actors will presumably choose the option in the spectrum of ‘market and hierarchy’ that leads to a minimization of these costs. The term hierarchy in this case refers to actors internalizing functions in the form of firms instead of using the market. While markets and hierarchies are polar opposites, alliances could be seen as something in between the spectrum (Penney & Combs, 2019). Yasuda (2018) states that transaction cost theory could be extended to explain alliances, even if it perhaps is not the only viable explanation. Transaction cost model contributes positively to the firm’s performance due to the cost-production reduction similar to the resource based theory’s idea

Transaction Cost Economics theory suggests that diversification allows organizations to get bigger market power through vertical integration and by blocking out other competitors. More precisely, Miller (2009), contended that diversified organizations reduces their prices and subsidizing their businesses thus are able to raise barriers for entry and are able to squeeze their competitors out of the market. Transaction Cost Economics (TCE) theory is useful in organization of new activities in firms which are within their boundaries and also its valuable in sharing of resources across various businesses in their own firm boundaries. This theory’s framework submits that obtaining greater market influence is possible by obstructing competitors and vertical assimilation which firms get by diversification. More explicitly, Miller (2009) contended that it is possible to reduce prices in diversified companies thus able to block new entrants or crush competitors out of the market

Conceptual Model and Hypothesis

According to Isiaka and Lasisi (2018), a conceptual framework is a research instrument that helps a researcher acquire awareness and comprehension of the topic of research, and also communicate that information. A conceptual framework can be beneficial as a tool to help a researcher make logical sense of future findings if it is well-articulated. It describes the possible links between the variables and is part of the plan for negotiation to be examined, tested, evaluated, and reformed as a result of analysis. The conceptual framework of this study had the independent variables and the dependent variable. In this study the independent variables will be diversification, disinvestment, divestiture and strategic alliances On the other hand the dependent variable is performance of insurance firms in Kenya. This is illustrated in the following conceptual model referred to as conceptual framework on Figure 1 below.

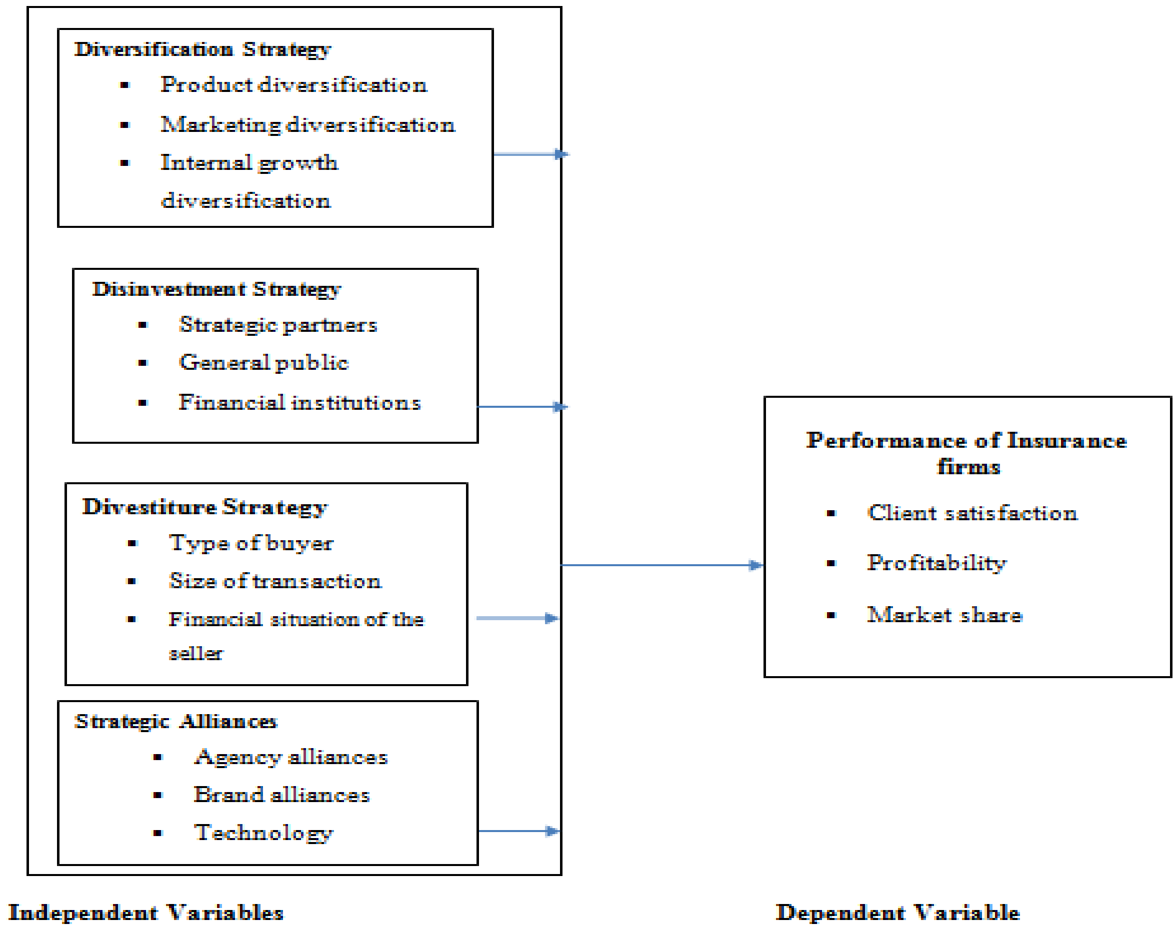

Figure 1: Conceptual Framework

EMPIRICAL REVIEW

Mwangi (2016) study sought to find the effect of diversification strategies on the commercial banks performance in Kenya. The study specific objectives were to evaluate the effect of product, market and internal growth diversification strategies on the performance of commercial banks in Kenya. The study established that Mobile and Internet banking is highly employed as a product diversification strategy. Further, addition of new product features to the existing product (pricing) and branding /rebranded most of the existing products and re-launching them into the market are key marketing strategies commercial banks in Kenya can use to enhance their performance. Among the three variables studied, the strongest relationship was exhibited between bank performance and internal growth diversification strategies.

Oladimeji and Udosen (2019) examined the effect of a diversification strategy on an organization's performance in the manufacturing sector. A quasi-experimental study with an ex-post facto research design was used for the study. The respondent population consists of thirty-one organizations listed in Nigerian Stock Exchange (NSE) for a period of 20 years (1997-2017), while the sample size is comprised of six organizations purposively selected based on their life-span and level of diversification. Three hypotheses were formulated and tested using ratio analysis, while performance was measured in terms of ROA, ROI and ROE; organization size, organization value and growth; as well as leverage and liquidity. Data was drawn from the financial reports of the selected organizations, with E-View version 9 used for the data analysis. The study revealed that diversified organizations outperform undiversified ones in terms of ROA and ROI.

Maranga et al. (2022) study focused on the product diversification and profitability of listed commercial banks in Kenya. The study used a descriptive research methodology using a census approach to examine Kenya's 11 publicly traded commercial banks. To determine the link between the studied variables, the study relied on secondary data acquired from financial reports of the aforementioned institutions. The data on the listed banks' profitability was gathered using data collecting sheets. Diagnostic tests were carried out to see if the collected data was suitable for analysis and drawing conclusions from. The study shows that product diversity, as measured by factors such as banc assurance, financial securities, real estate, and trade finance, and profitability, as measured by ROA for commercial banks listed on the Nairobi stock market, have a substantial link.

Choudhary et al.(2021) study examined the impact of disinvestment on the financial performance of twenty Central Public Sector Enterprises (CPSEs). Typical CPSEs are non-financial enterprises that operate in a variety of industries and are classified as Navratna, Miniratna, or Maharatna. The influence of disinvestment on key financial variables such as liquidity, operating efficiency, leverage, payout ratio, total size, value, and profitability of CPSEs is studied using the Wilcoxon sign rank test. The data for the analysis spans seven years and is split into two parts: three years prior to the disinvestment and three years following the disinvestment. The test's findings indicate that after disinvestment, the CPSEs' liquidity situation, dividend, value, and size all improved. Profitability, leverage, and operating efficiency of CPSEs, on the other hand, have not changed significantly

Pate and Patel (2016) study focused on the impact of disinvestment on profitability, marketability and market return of the PSUS. This study is undertaken to check the impact of disinvestment on the profitability, marketability and market return of the PSEs disinvested. Present studies examine the impact of disinvestment which took place from the year 2009-10 on the performance of Public sector enterprises in India. It was found out that NMDC all have less average growth that was before disinvestment. Average price of NHPC during the 5 quarters prior to disinvestment was Rs. 21.29 with a negative average growth rate of about 0.02 percent. The same during 5 quarters post disinvestment was around Rs.32.42 with an average growth rate of 8 percent. There is difference in sales turnover, total income and total expenses of NTPC before and after disinvestment. There is difference in sales turnover, total income, total expenses, operating profit, gross profit and net profit of NTPC before and after disinvestment. There is difference in market return of NTPC before and after disinvestment. In NTPC, post disinvestment also increased 8 times as compared to pre disinvestment period. Thus, the company's financial position improved excessively due to disinvestment.

Dordi and Weber (2019) study adopted an event study methodology, the study measures abnormal deviations in stock prices of the top 200 global oil, gas, and coal companies by proven reserves, on days of prominent divestment announcements. Events are analyzed independently and in aggregate. The results make several notable contributions. While many events experienced short-term negative abnormal returns around the event day, the effects of events were more pronounced over longer event windows following the New York Climate March, suggesting a shift in investor perception. The results also find that divestment announcements related to campaigns, pledges, and endorsements all have a significant effect over the short-term event window.

Joshi (2018) examined the disinvestment and firm performance-A Comparative Analysis of Strategic Sale vs. Public Offerings by Indian Pubic Sector Enterprises. The study analyzed two modes of disinvestment are compared and contrasted for pre and post disinvestment performance of firms on certain parameters such as valuation, financial leverage, and operating efficiency. Paper found no statistically significant difference between pre and post disinvestment valuation ratios, financial leverage, and operating efficiencies for either of the data sets, i.e., minority sales as well as strategic sales. However, results indicate that strategic sale as a mode of disinvestment improves the valuation, operating efficiency and financial leverage for the firm

Sun (2018) examined how divesture affects the performance of listed companies in Taiwan. Divestiture describes firms selling their assets, production lines, subsidiaries or other segments for either cash or securities. This study focuses on two types of divestiture activities: sell-offs and equity carve-outs. Specifically, this work employs a control group design to examine 266 sell-off and equity carve-out announcements between 1995 and 2004, and measures the short-term abnormal stock returns and long-term (5 years) operating performance using financial ratios. The analytical results show significant positive stock abnormal returns associated with divestiture announcements for listed companies in Taiwan. Furthermore, firms generally experienced enhanced performance after undertaking divestiture activities.

Techner and Paul (2020) study focused on the impact of divestitures on shareholder wealth. The study covers selloffs of publicly traded companies in Germany, Austria and Switzerland (DACH region) during the period 2002–2018. It aims to understand the overall effect of selloffs on shareholder wealth as well as the impact of important influencing factors. This study is part of capital market studies which investigate shareholder wealth effects (abnormal returns) using event study methodology. To determine the significance of abnormal returns, a standardized cross-sectional test as suggested by Boehmer *et al.* (1991) was applied. The sample consists of 393 selloffs of publicly traded companies with a deal value of at least EUR 10m. The findings confirm the overall positive impact of selloffs on shareholder wealth. The average abnormal return on the announcement day of the sample companies amounts to 1.33%. The types of buyer, the relative size of the transaction as well as the financial situation of the seller in particular seem to influence abnormal returns positively.

Brauer and Schimmer (2016) on the extending extant research on sources of divestiture gains by suggesting a novel program-based perspective on divestitures and analyzing the performance of program divestitures in comparison to single “stand-alone” divestitures. Based on event study methodology, the authors analyze the abnormal returns of 160 divestiture announcements within the global insurance industry between 1998 and 2007. In contrast to prior research which relied on ex post statistical clustering to identify transaction programs, ad hoc corporate press releases issued with the divestiture announcements are used to categorize program divestitures. Empirical results suggest that program divestitures generate higher abnormal returns than stand-alone divestitures. Further analyses into the sources for these higher gains, however, do not provide support for experience effects as significant explanatory factors. Instead, results suggest that the scheduling of divestitures significantly impacts announcement returns.

Mwamuye and Ragui (2021) examined how strategic alliances impact financial returns among Nairobi-based commercial banks. The study specifically examined how brand marketing alliances, agency alliances, innovation alliances and technology alliances affect bank performance. This study was based on Transactional Cost, Control Power and Resource Based View theories. The study utilized descriptive research design that targeted all 39 fully operational commercial banks in Nairobi. The unit of observation was the operations/ relationship manager and the finance manager across each commercial bank. The sample population consisted of 78 respondents. The study concluded that brand marketing alliances, agency alliances and technology alliances had a significant effect on profitability, while innovation alliances had an insignificant effect.

Thendu (2020) examined the influence of strategic alliances on the performance of airline carriers registered under IATA: a literature based review. Through literature based review, this paper determined influence of strategic alliances on the performance of airline carriers registered under IATA. It was found that strategic alliances come along with numerous benefits that include reduced operational costs resulting from joint purchasing, economies of scale, economies of density, larger profits from pricing on code sharing routes, marketing and branding benefits, control on barriers to entry, knowledge sharing, customer benefits and reducing level of the competition.

Vargas-Hernández (2014) study focused on a theoretical analysis of Strategic Alliances in the Mexican Insurance Market. The aim of this work is to give a perspective about the utility of the strategic alliances from the view of three theories: The resource-based theory, the industry-based theory and the institutional-based theory. The raised hypotheses were that the strategic alliances are useful to enter to the markets, growth and expand a firm. The methodology used was exploratory data analysis of the insurance sector and the top five insurance firms in 2011. It is concluded that the strategic alliances are reflected the insurance market of México having strong implications at the three levels local, industry and institutional.

RESEARCH METHODOLOGY

The study adopted a descriptive survey design to establish the influence of strategic corporate restructuring on performance of insurance firms in Kenya. The study also employed a positivism philosophy. The population of the study comprised all the head of the departments of all the insurance firms that had restructured in Kenya totalling to 10 There are 319 head of departments in the 10 insurance firms in Kenya. The head of departments had a better conceptual view of their firms concerning strategic corporate restructuring and they also understand the challenges that affect their firms' performance. The study used inferential analysis (regression analysis) to analyze data.

RESULTS AND DISCUSSION

The study used multiple regression analysis to A multiple regression analysis was conducted to investigate the joint causal relationship between the independent (strategic corporate restructuring) and dependent variables (performance of insurance firms in Kenya). In Table 1, the correlation coefficient (R) of 0.887 shows that there is a positive joint correlation between strategic corporate restructuring (diversification, disinvestment, divestiture and strategic alliances) with performance of insurance firms in Kenya. From the study findings, it is notable is notable that correlation determination of by R^2 value (0.787). The study results imply that diversification, disinvestment, divestiture and strategic alliances jointly accounted for 78.70% of the performance of insurance firms in Kenya as represented by the R^2. This therefore means that other factors not studied in this research contribute 21.30% to the performance of insurance firms in Kenya. This implies that these variables are very significant and need to be factored to enhance performance of insurance firms in Kenya

Table 1: Model Summary (Combined Effect)

R	R-Square	Adjusted R Square	Std. Error Estimate
.887	.787	.761	.14532

Further, the analysis of variance was used to examine whether the regression model was a good fit for the data. The F-critical (4,143) was 2.151 while the F-calculated was 75.382 as shown in Table 2. This shows that F-calculated was greater than the F-critical and hence linear relationship between the diversification, disinvestment, divestiture and strategic alliances. In addition, the p-value was 0.000, which was less than the significance level (0.05). Therefore, the model can be considered to be a good fit for the data and hence it is appropriate in predicting the influence of the four independent variables (diversification, disinvestment, divestiture and strategic alliances) on the dependent variable (performance of insurance firms).

Table 2: ANOVA Statistics (Combined Effect)

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	568.987	4	142.247	75.382	.000
	Residual	307.589	143	1.887		
	Total	876.576	147			

Further, the study ran the procedure of obtaining the regression coefficients, and the results were as shown on the Table 3. The coefficients or beta weights for each variable allows the researcher to relative importance comparatively of the project planning. In this study the unstandardized coefficients and standardized coefficients are given for the multiple regression equations. However, discussions are based on the unstandardized coefficients. The Multiple regression model equation would be (**$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$**) becomes: $Y = 10.987 + 0.623X_1 + 0.789X_2 + 0.715X_3 + 0.601X_4$. This indicates that performance of insurance firms = 10.987 + 0.623 (Diversification Strategy) + 0.789(Disinvestment Strategy) + 0.715(Divestiture Strategy) + 0.601(Strategic Alliances). According to the regression equation established, taking all factors into account diversification, disinvestment, divestiture and strategic alliances constant at zero, performance of insurance firms in Kenya was 10.987.

Findings in Table 3 showed that diversification strategy had coefficients of estimate which was significant basing on $\beta_1 = 0.623$ (p-value = 0.003 which is less than $\alpha = 0.05$). Also, the influence of diversification strategy is more than the influence attributed to the error and supported by the t values whereby $_{t\ cal= 3.218\ >\ t\ critical\ =1.96}$ at a 5 percent level of significance, thus we conclude that diversification strategy significantly influenced performance of insurance firms in Kenya. The study findings are in line with the findings by Samara (2017), internal growth is business expansion rate achieved by increasing production in the organization as opposed to involvements outside the organization like mergers, acquisitions and takeovers. Emmanuel, (2018), argued that brand name and the trust from customers is key to a bank and thus in achievement of internal growth, there is need of having a strategy founded on customer retention and services offered, employee fulfillment, dynamism in branch management and availability of attractive value plans for each market segment and customer profitability (Atkearney, 2015; Emmanuel, 2018; Highbeam, 2018).

In addition, the findings in Table 3 indicates that disinvestment strategy had coefficients of estimate which was significant basing on $\beta_2 = 0.789$ (p-value = 0.000 which is less than $\alpha = 0.05$). Also, the effect of disinvestment strategy is more than the effect attributed to the error and supported by the t values whereby $_{t\ cal= 3.687\ >\ t\ critical\ =1.96}$ at a 5 percent level of significance,, thus we conclude that disinvestment strategy significantly influence performance of insurance firms in Kenya. The study findings are in line with Maranga et al.,(2022 findings that disinvestment improves firm performance and overall productivity and unlocks their potential to create wealth. The insurance firms tend to suffer from operational and financial inefficiency due to severe agency problem and lack of market discipline Disinvesting firms' stake into either a strategic partner or offloading it to the general public or financial institutions, is considered as one of the effective solution to the agency problem of these firms. Sale of stake to the strategic partner is supposed to inculcate profit maximization objective in firms and offloading minority stake to the general public and/or financial institutions is supposed to bring the firm under stock market monitoring mechanism, and better analyst coverage .

Further, the findings in Table 3 indicates that divestiture strategy had coefficients of estimate which was significant basing on $\beta_3 = 0.715$ (p-value = 0.002 which is less than $\alpha = 0.05$). Also, the influence of divestiture strategy is more than the effect attributed to the error and supported by the t values whereby $_{t\ cal= 3.611\ >\ t\ critical\ =1.96}$ at a 5 percent level of significance, thus we conclude that stakeholder involvement significantly influence performance of insurance firms in Kenya. Based on Gole & Hilger (2018) divestiture that is done by company in merger & acquisition, involves sales from shares or asset belongs to business units which are different in size, starting from specific small business unit like individual product or a product line, to a big business unit like a division or subsidiary.

The findings in Table 3 indicates that strategic alliances had coefficients of estimate which was significant basing on $\beta_4 = 0.601$(p-value = 0.004 which is less than $\alpha = 0.05$). Also, the effect of strategic alliances is more than the effect attributed to the error and supported by the t values whereby $t_{cal} = 2.568 > t_{critical} = 1.96$ at a 5 percent level of significance, thus we conclude that stakeholder control significantly influence performance of insurance firms in Kenya. The study findings are in line with the findings by Ko, et al.,(2020)strategic alliances represent an important tool to ensure the knowledge advancement and the availability of complementary resources (Lubello et al., 2015).In this strategy, two or more entities agree to collaborate to achieve specific goals while remaining distinct organizations. All participating companies in a strategic alliance maintain their independence. There is no new entity established. A strategic alliance is done to achieve common goals such as cost savings, technology exchange, product creation, and market access. The concept is to pool resources and facilitate the development of innovative ideas and approaches with the shared goal of benefit sharing. Organizations can explore possibilities more quickly by forming strategic relationships. It allows a business to gain access to the other party's additional knowledge and resources. A strategic alliance should not be confused with a joint venture, where the parties can resume doing business after the period has expired. However, in the case of a strategic alliance, the parties are bound by the partnership. For example, the Maruti-Suzuki alliance in India is a strategic alliance

Table 3: Regression Coefficient Results (Combined Effect)

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**P-value.**
		B	Std. Error	B		
1	(Constant)	10.987	1.324		8.279	.000
	Diversification	.623	.199	.555	3.128	.003
	Disinvestment	.789	.168	.676	3.687	.000
	Divestiture	.715	.198	.599	3.611	.002
	Strategic Alliances	.601	.234	.525	2.568	.004

CONCLUSION

The main purpose of the study was to examine the relationship between strategic corporate restructuring and performance of insurance firms in Kenya. The results showed that diversification strategy had a positive and statistically significant influence on performance of insurance firms in Kenya. The study concluded that an increase in diversification strategy leads to improvement in performance of insurance firms in Kenya. The study results indicated that product, market and internal growth diversification enhanced performance of insurance firms in Kenya.

The study results showed that the relationship between disinvestment strategy and performance of insurance firms in Kenya was positive and significant. The results showed that disinvestment strategy had a positive and statistically significant influence on performance of insurance firms in Kenya. The study concluded that the improvement in disinvestment strategy leads to improvement performance of insurance firms in Kenya. The study results indicated that strategic partners, general public and financial institutions improved performance of insurance firms in Kenya.

The study results showed that the relationship between divestiture strategy and performance of insurance firms in Kenya was positive and significant. The results showed that divestiture strategy had a positive and statistically significant influence on performance of insurance firms in Kenya. The study concluded that the improvement in divestiture strategy leads to improvement performance of insurance firms in Kenya.

The study results indicated that the relationship between strategic alliances and performance of insurance firms in Kenya was positive and significant. The results showed that strategic alliances had a positive and statistically significant influence on performance of insurance firms in Kenya. The study concluded that the improvement in strategic alliances led to improvement performance of insurance firms in Kenya. The study results indicated that agency, brand and technology enhanced performance of insurance firms in Kenya.

RECOMMENDATIONS

The insurance firms' managers and other high-level stakeholders could apply the range of diversification strategies highlighted in expanding the scope of markets and operations of their entities in a bid to ensure improved performance. It is recommended that the restructured insurance firms that wish to achieve economies of scale and redeem their financial position in the face of downturn or decline in the product life cycle should diversify its product lines to better meet customers' demands, as well as to achieve profitability and expansion as well as increase performance.

Evidence shows significant positive divestiture in the insurance firms' involvement in divestitures thus represents good news for investors. Consequently, positive cumulative abnormal returns are associated with firm divestiture announcements, together with significant positive market reactions on the announcement day. The news frequently leaked, resulting in an advance market reaction. The evidence shows that divestiture activities can often improve firm operating performance and enhance firm value.

The management of insurance companies should embrace divestment strategy through disposing some of their assets that are not generating profits and exiting any market that is least performing. This way, the companies raise more funds and save on costs used in running less beneficial products or services.

The findings of this study showed that strategic alliance formation has a significant effect on the performance of insurance firms in Kenya. It is recommended that the management of insurance firms seek appropriate kinds of partnerships and alliances that will help enhance their own market share and growth. Secondly, it is also recommended that firms may need to reconsider reasons for engaging in strategic alliances and understand whether they will gain capabilities, knowledge, and find it easier to access new markets.

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