Journal of Finance and Accounting

The Influence of Mergers and Acquisitions on Performance of Britam Holdings Limited, Kenya

Mwobobia Rolline Miriko & Dr. Murigi Elishiba Muthoni (PhD)

ISSN: 2616-4965

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 4||Issue 3||Page 45-60||October ||2020|
Email: info@stratfordjournals.org ISSN: 2616-4965

The Influence of Mergers and Acquisitions on Performance of Britam Holdings Limited, Kenya

[*1]Mwobobia Rolline Miriko & [2]Dr. Murigi, Elishiba Muthoni (PhD).

[1]Masters Student, Kenyatta University-Department of Business Administration

[2]Lecturer, Kenyatta University-Department of Business Administration

***E-mail Address: rollin.miriko@gmail.com**

***How to cite this article*: Miriko, M. R. & Muthoni, M., E. (2020). The Influence of Mergers and Acquisitions on Performance of Britam Holdings Limited, Kenya, *Journal of Finance and Accounting*, Vol. 4(3), 45-60.**

Abstract

The global business environment within which Multinational Corporations (MNCs) operate is characterized by dynamic and complex political, economic, social, cultural, technological, and legal aspects. The entry of new firms in the Kenyan market has tightened the level of competition among MNCs, which has necessitated designing and implementing of new competitive strategies to enhance performance. This study aimed at determining the influence of mergers and acquisitions on performance of Britam holdings limited, Kenya. The study adopted a descriptive research design. The target population of the study was 887 staff at Britam holdings Ltd Nairobi. The findings of the study indicated that mergers and acquisitions have a significant positive relationship with performance of Britam holdings limited. The study recommended that multinational companies should embrace competitive strategies so as to improve performance of their companies and further research should to be carried out in other public institutions to find out if the same results can be obtained.

Keywords: *Mergers, Acquisitions, Performance, Joint Ventures, Britam*

1.1 Background of the Study

Performance of Multinational cooperation's (MNCs) differ depending on the control structures by the company. It is important for firm's to know what customers want and how they will survive competition as prerequisites for a firm's success (Joffre, 2011). While some MNCs manage subsidiaries from a central location, others allow subsidiaries to operate a full office that control their operations. For this reason, growth in profitability and market share for the different branches and subsidiaries of same company may exhibit dissimilarity depending on operation management. One of the methods some MNCs use is the method where subsidiaries are controlled by the head office, while others are managed within. In order to achieve their performance measures, MNCs adopt various competitive strategies including mergers and acquisitions, vertical and horizontal integration, and business practices. However, most MNCs have demonstrated a skewed adoption of mergers and acquisitions as a competitive strategy to improve and sustain performance.

According to Home and John (2007), merger is a situation where two or more companies amalgamate to form one organization in a legal process. Inoti, Onyuma and Muiru, (2014) argues that in merger two or more entities unite together to form one strong entity whereas acquisition organizations with enough financial resources buys the organizations that are lower than them in many aspects. In his argument Khan (2011) defined merger has the procedure where at least two organizations amalgamate to form one or more companies. Additionally, definition of acquisition and mergers are processes that entail corporate management, corporate restructuration and takeovers that transforms the shareholders of the organization, according to Roa and Kumar (2013). The purpose is to channel in regular updates on the performance of the process. From the analysis above the assessment mechanism can be created and evaluated to give the information needed for action to the management. Merger and acquisition processes may have multiple elements acting as stumbling blocks, hence regular assessment at every step provides leeway for managers to successfully execute the processes.

MNCs are called upon to rethink about the office places and factories in host Countries while controlling the generation offices from the centralized office. Diverse execution assessment frameworks suit distinctive organisations although their suitability is dependent on the style of activities. Distinctive execution measures ordered by various creators in different ways. The most consistently utilized and all-inclusive acknowledged is the division among quantitative and subjective proportions of execution. Regularly quantitative measures are perceived as dispassionately estimated.

British Holdings LTD insurance has been the life insurance market leader for 5 consecutive years by 2012. In 2011 it was controlling 25.2% of life insurance market, it was 5th largest in group life with 10% market, British American IPO Prospectus (2011). With this market share, it is an ideal company to provide useful information about the market of life insurance performance. The company has 15 Branches in Kenya with over 1000 life insurance agents. This has been among the many innovative offers to the consumers. The research focused on the head office in Nairobi, which has 887 employees.

1.2 Statement of the Problem

Competitive forces in the market expose firms to poor performance in terms of both profitability and market share. This culminates into some firms eventually closing down or reducing the number of branches and subsidiaries that they operate (Butt, 2018). One of the factors that enhance business success is possession of some advantage relative to market competitors. The cost structure of a business and ability of a business to differentiate from competitors are the most prominent sources of competitive advantage. MNCs, even face more challenges as they must cater for the needs of different clients in the different countries to remain competitive. This is what causes differences in performance of subsidiaries of the same company across different branches.

Thus, management of MNCs realize the need of Competitive strategy. The fundamental reason of competitive strategy formulation is relating a company to its environment (Porter, 1980). Johns, Scholes and Whittington (2008) argue that environment is what gives organization their means of survival and it is also the source of the most immediate layer surrounding the organization. Industry structure plays a significant role in determining the rules of the game in a competitive market in addition to helping identify a multiplicity of strategies potentially available to the firm. The role of business managers is to evaluate and choose strategies that they believe have the potential to enhance the success of a business (Casadesus-Masanell & Enric, 2009).

Previous studies have not looked at competitive strategy and performance of Multinationals Corporation at Britam Kenya, Nairobi. For example, the focus Murage's (2001) study was on the competitive strategies in the petroleum industry in Kenya. Similarly, a study by Gathoga (2013) investigated the competitive strategies that commercial banks in Kenya adopt to enhance their performance. Ombasa and Nzulwa (2018) used Porter's generic model to survey competitive strategies of real estate firms in Kenya. Further, Porter (2004) identified three generic competitive strategies that firms can adopt to enhance their competitive advantage; these include the cost leadership, differentiation, and focus. Owiye (2009), however, contends that research results based on one culture may not readily apply to other cultures unless they are supported by additional research findings. This study sought to establish competitive strategy and performance of multinational corporations at Britam holdings Limited.

1.3 Research Question

How does mergers and joint ventures adopted affect the performance of Britam holdings limited, Kenya?

1.4 Significance

The study is useful for various reasons. First, multinational corporations can apply the research results to inform critical decision-making processes in daily business operations and management. The findings enable them to make informed strategic plans that will enable them to overcome the forces of competitors and enhance their relevance to their target markets and specific needs and requirements of customers. When decisions are made using relevant data and facts, firms ensure that decisions are highly viable and reliable as per the prevailing business circumstances and requirements. In relation to the field of research and academics, data from this study could inform the academic practice by enabling them to identify gaps in literature and providing a background for future research. Findings from this study exposes areas of research that researchers may consider exploring in order to enhance understanding of the phenomenon of competitive strategies. The information can be used to reference future research activities based on competitive advantage and performance as one way of guiding interested scholars with details and further deliberations.

2.0 Literature Review

2.1 Theoretical Review

The theory that underpinned this study is the internalization theory of the MNE. Internalization hypothesis of the Multinational Enterprise (MNE) was created by Peter Buckley and Mark Casson in 1976 (Buckley & Cassons, 2009). This hypothesis expresses that there was a synchronous event of five components that prompted the quick development of internationalization of organizations on the planet after the Second World War. This hypothesis is tied in with complimenting existing elements into the business tasks for intensity.

The University of Tennessee led examination into exceptionally shared business connections. Analysts classified their examination into a sourcing plan of action known as Vested; likewise alluded to as Vested Outsourcing. Vested is a crossover sourcing plan of action in which purchasers and providers in a re-appropriating or business relationship center around shared qualities and objectives to make a course of action that is exceptionally community oriented and commonly helpful to each.

Henrik and Sandström (2013) contended that plans of action ought to be comprehended from an open frameworks viewpoint instead of being a firm-inner concern. Since developing firms don't have official authority over their encompassing system, plan of action advancement will in general require delicate power strategies with the objective of adjusting heterogeneous interests. In an investigation of shared research and outer sourcing of innovation, (Slowisnki, Hummel, Gupta, & Gilmont, 2015) also discovered that in settling on colleagues, it is imperative to ensure that the two gatherings' plans of action are integral. For instance, they found that it was critical to distinguish the esteem drivers of potential accomplices by examining their plans of action, and that it is helpful to discover accomplice firms that comprehend key parts of our own association's plan of action.

As indicated by (Bernard & Koerte, 2007) before the 1970s, most remote creation by multinationals was expected for host-nation markets. During the 1970s, new money related motivations drove MNCs to start redistributing the creation of merchandise for North American, European, and Japanese markets to assembling offices in creating nations. During the 1980s, the accessibility of universal financing enabled businesspeople to set up generation offices in creating economies, to satisfy the developing need by MNCs for seaward generation. This hypothesis organizations into this examination as in, coalition portfolios have totaled properties that are not significant (and regularly even not possible) in an individual association, however whose sway is basic for firm execution (Van & Nadolska., 2015).

In the setting to this study, the hypothesis will help in managing writing on vertical joining as a methodology to firms' aggressiveness. Testing whether item costs influence hierarchical plan requires an exogenous wellspring of value variety. Exchange arrangement gives one such source, since the level of exchange insurance clearly influences harmony costs, however it is probably not going to be impacted by firms' vertical joining choices. Under the Most Favored Nations (MFN) guideline set out in the General Agreement on Tariffs and Trade (GATT), part nations make a deal to avoid segregating among exchanging accomplices, with certain exemptions. Long haul multilateral exchange arrangements render MFN taxes less receptive to local political weight.

2.2 Empirical Review

In the global business today, acquisition and amalgamation are trending strategies among the financial institution as well as non-financial ones. Different countries such as US, India and China have unique literatures regarding the mergers and acquisitions. However, the impact of mergers and acquisitions more especially on non-financial institutions are limited in terms of experience and observations. Rashid and Naeem (2017) argue that the empirical literature for Pakistan are restrained in terms of the goals and the purview. Amalgamation of unrelated companies unlimited to either horizontal or vertical is an example of mergers and acquisitions. According to Karagiannadis (2010), the process entails the big firm amalgamating with smaller firms that control their own businesses.

Dumitrescu and Scalera (2012) argue that techniques implemented by many countries are largely difficult and keeps transforming with time. For instance, Coca cola, produces a uniform commodity which has distinctive features worldwide. On the hand, Macdonald provided more delicacies and expounded distribution channels in different places within Wall-Mart. On the side of Fiat Group, decided to re-arrange the organization and then collaborated with other entities like Procter & Gamble and Japanese multinational Sony which included other small companies that intensive experience of the market thus making venturing into new markets (Probst, Monfardini, Frideres, Bertrand, & Pedersen, 2014). The acquisition and merger techniques may face hurdles not because of a few reasons but simple because of numerous elements. The evaluation can mention on specific elements but does not mean other factors are not contributing too.

The management has responsibility to monitor the elements that hinder prosperity of merging process at every step. According to Wolf, Giordano and Yoffe (2003), informed managers need to be informed on these elements thus creating a regular evaluation system on performance by focusing integration, cultural, operational, and financial parameters to determine the results of merger. Different approaches may have bias views regarding the success of this technique but having a consolidative evaluation will solve the long-term measures of success regarding merging technique. Evaluation mechanisms are needed at every step of merging process instead installing them last.

Therefore, creating awareness of elements affecting the success of merging technique to the management, provides an approach of focusing on regular basis integration, cultural, financial and operational parameters as an evaluation mechanism of the entire process. According to Rodríguez-Sánchez, Mora-Valentín and Ortiz-de-Urbina-Criado, (2018), the biggest mistake in the merger process would be to have an unclear business strategy where the management does not have a proper laid out plan of post-merger and they walk in blindly. This proves difficult to meet the purpose of the merger. Another challenge is having a weak core business. Buckmann (2012) points out that it is important for the management to conduct an analysis of each merging organizations' core businesses and decide whether the new organization should continue with the new business or abandon the weak and less performing one.

The high failure rate is contributed by management being distracted by all the chaos going on and forgetting to deal with the core business in the process. Therefore, there may be bias views regarding the evaluation mechanisms towards prosperity of the process, hence a consolidative evaluation technique must be involved in order to give a concrete evaluation mechanism about merging process. Also, managers need to be updated about performance at every step of the process to curb the failures. Aggarwal-Gupta et al (2012) argues that the above mechanisms can be created and evaluated to provide information necessary for action by the executive. For merging and acquisition techniques to succeed or fail depends on numerous elements.

Merger is a legal process involving more than one corporation consolidating to form one entity according to the definition of (Gupta, 2012). Azhagaiah and Kumar (2011) argue that merger involves two or more companies coming together to form a strong company while in buying technique a big and a strong financial company purchases a small company. Additionally, Khan (2011) states that two or more companies closer to each other combine to form one organization. Also, Malik, Anuar, Khan and Khan (2014) describe merging and acquisition as a process that involve corporate renovation and control as well as takeovers to form a sole business entity.

Mergers and acquisitions (M&A) are getting to be acclaimed among monetary just as non-money related segments of corporate world. Writing is accessible for various nations, explicitly for India, the USA, China about mergers and obtaining. By the by, the exact writing on the impacts of mergers and acquisitions in non-budgetary area is extremely restricted. Further, the accessible investigations for Pakistan are constrained in their degree and targets (Rashid & Naeem, 2017). Conglomerate mergers can be taken a gander at as one of the approaches to consolidate and secure an association. This is a solidification of random firms, implying that it is neither vertical nor level. It includes a mix of a parent organization owning the greatest controlling offer with a few littler organizations each directing their organizations autonomously (Karagiannidis, 2010).

The systems embraced by multinationals as indicated by Dumitrescu and Scalera (2012) are very intricate, broadened and consistently evolving. Coca-Cola for instance has made a worldwide homogenous item with a universally one of a kind personalities while McDonald's presented additional menus and broadened its chain of conveyances over various areas, inside Wall-Mart. On its part, Fiat Group picked rearrangement pursued by a succession of key unions like Japanese worldwide Sony and Procter and Gamble that shaped a few vital collusions with littler firms having integral abilities and along these lines infiltrating new markets (Probst, Monfardini, Frideres, Bertrand, & Pedersen, 2014). Mergers or acquisitions succeed or fall flat not because of a couple of elements but rather because of different components. Henceforth while studies may take a gander at specific elements, they do not nullify the presence of different variables.

Administrators need to take a gander at different variables that would affect the achievement or disappointment of a merger at different stages. Sharpening administrators to these elements would be one supporter of the accomplishment of a merger. It is similarly vital to have a sufficient act the executive’s framework that would evaluate the achievement of merger through reconciliation, operational, social and budgetary measures (Wolf, Giordano, & Yoffe, 2003). While different streams may take a fanatic perspective on proportions of accomplishment, an integrative evaluation is required to guarantee the long-haul achievement of a merger. Aside from end-of-process measures, it is essential to create achievement measure at each phase of the merger procedure.

This guarantees that the merger group gets opportune data on the achievement or disappointment of a merger. In view of the audit over, the measure can be created and tried to give the survey backing to supervisors. Mergers or acquisitions succeed or fall flat not because of a couple of elements but rather because of different variables. Consequently, while studies may take a gander at specific elements, they don't refute the presence of different components. Supervisors need to take a gander at different variables that would affect the achievement or disappointment of a merger at different stages.

Sharpening supervisors to these elements would be one supporter of the accomplishment of a merger. It is similarly imperative to have a satisfactory act the executive’s framework that would evaluate the achievement of merger through coordination, operational, social, and monetary measures. As indicated by (Probst, Monfardini, Frideres, Bertrand, & Pedersen, 2014), the greatest mix-up in the merger procedure is have a vague business technique where the administration does not have an appropriate spread out arrangement of post-merger and they stroll in indiscriminately. This demonstrates hard to meet the reason for the merger. Another test is having a frail center business, Buckmann, (2012) out that it is imperative for the administration to lead an investigation of each consolidating associations' center organizations and choose whether the new association should proceed with the new business or surrender the powerless and less performing one.

The high disappointment rate is contributed by the board being diverted by all the turmoil going on and neglecting to manage the center business simultaneously. While different streams may take a factional perspective on proportions of achievement, an integrative appraisal is required to guarantee the long-haul accomplishment of a merger. Aside from end-of-process measures, it is essential to create achievement measure at each phase of the merger procedure. This will guarantee that the merger group gets convenient data on the achievement or disappointment of a merger. In view of the survey over, the measure can be created and tried to give the audit backing to directors (Aggarwal-Gupta, Kumar, & Upadhyayula, 2012). Mergers or acquisitions succeed or fall flat not because of a couple of elements but rather because of various components.

Subsequently while studies may take a gander at specific components, they don't discredit the presence of different elements. Directors need to take a gander at different variables that would affect the achievement or disappointment of a merger at different stages. Sharpening chiefs to these variables would be one supporter of the accomplishment of a merger. It is similarly imperative to have a satisfactory act the executive’s framework that would evaluate the achievement of merger through coordination, operational, social and money related measures (Woznik, 2013). While different streams may take a fanatic perspective on proportions of progress, an integrative evaluation is required to guarantee the long-haul achievement of a merger.

Aside from end-of-process measures, it is vital to create achievement measure at each phase of the merger procedure. This will guarantee that the merger group gets opportune data on the achievement or disappointment of a merger. Considering the audit over, the measure can be created and tried to give the survey backing to administrators. Mergers or acquisitions succeed or come up short not because of a couple of components but rather because of different variables. Thus, while studies may take a gander at specific variables, they don't refute the presence of different elements. Chiefs need to take a gander at different elements that would affect the achievement or disappointment of a merger at different stages. Sharpening administrators to these components would be one supporter of the achievement of a merger. It is similarly essential to have a sufficient exhibition the board framework that would evaluate the accomplishment of merger through incorporation, operational, social and money related measures (Woznik, 2013). While different streams may take a divided perspective on proportions of achievement, an integrative evaluation is required to guarantee the long-haul accomplishment of a merger.

2.3 Conceptual Framework

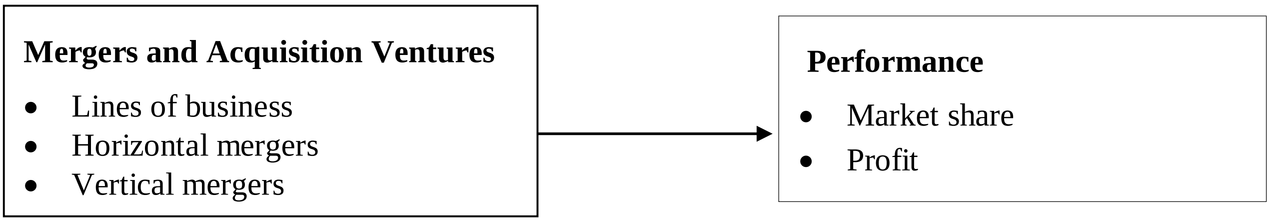

Figure 1: Conceptual Framework

Source: Author (2020)

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 4||Issue 3||Page 45-60||October ||2020|
Email: info@stratfordjournals.org ISSN: 2616-4965

3.0 Research Methodology

This research adopted descriptive research design. Descriptive design generally entails the collection of data from members of a population with respect to one or more variables (Mugenda & Mugenda, 2008). For the purposes of this study, the design enabled the researcher to study how mergers and acquisitions relates to performance of multinational corporations at Britam holdings in Nairobi, Kenya. Through the descriptive design, the researcher was able to describe and explain facts rather than predict.

Target population f or this studies 887 employees of Britam holding limited employees based at the head office in Nairobi Kenya (as identified from the Human Resource Department at Britam holdings limited Nairobi, 2017).

Table 1: Target Population

Level	Number
Senior Managers	109
Line Managers	159
Supervisors	228
Non-management staff	391
Total	887

The sample size consists of 269 respondents of whom 33 are senior managers, 48 are line managers, 69 are supervisors and 119 are non-management staff/employees based at the head office in Nairobi.

Stratified sampling technique was used to select the sample size for the study. The reason for adopting stratified sampling for this study was based on the assertion by Nouri, Feizi, Hassannejad, *et al.,* (2019) that the sampling technique produces estimates of overall population parameters with greater precision while ensuring derivation of a more representative sample from a relatively homogeneous population. The studies sample size was 269 this was guided by (Yamane, 1967).Yamane (1967) provides a classical simplified formula for calculating sample size. A 95% confidence level and p = 0.05 are assumed for the formula.

Where

S= Required sample size

X2 = the table value of Chi-Square for 1 degree of freedom at the desired confidence level =.05 =3.8416

N= The population size

P= The population proportion (assumed to be 0.50 since this would provide the maximum sample size)

d= The degree of accuracy expressed as a portion (.05) =1.96

$$S = \frac{(1.96)2 * 887 * 0.5\,(1-0.5)}{(0.005)2 * (887-1) + (1.96)2 * 0.5(1-0.5)}$$

$$= \frac{3.8416 * 887 * (0.5-0.25)}{0.0025 * 886 + 3.8416 * (.5-.25)} \qquad = \frac{3.8416 * 887 * 0.25}{2.215 + 3.8416 * 0.25}$$

$$= \frac{851.8748}{3.1754}$$

= 268.27 =**269 respondents**

Table 2: Sample size for the Study

Strata	Population	Sample Size
Senior Managers	109	33
Line Managers	159	48
Supervisors	228	69
Non-management staff	391	119
Total	887	269

The questionnaire was used as an instrument of data collection. The reason for selecting a questionnaire as an instrument of data collection is based on the nature of data that researcher is interested in, the timing of data collection, and the actual requirements of the objectives of the study. Data collection involved the distribution and collection of the questionnaire. The questionnaire was accompanied by a cover letter which described the objectives of the survey thus assuring the participants of confidentiality of the information and request them to be forwarded before deadline. As a follow up to the emailed questionnaires, the researcher made a follow up calls and also personally deliver hard copy questionnaires to the targeted audience eliciting their co-operation in completing and returning them while working closely with the human resource manager at Britam Nairobi.

Determining the content validity of research instruments was executed through subjecting the research questions in the interview guide a section of the respondents during a pilot study. Determining validity involved using Content Validity Index (C.V.I) where the C.V.I of 0.6-1.0 affirmed content validity of the research instrument (Orodho, 2003). Mugenda and Mugenda (2008) argue that measuring the reliability of the data collection instruments requires the researcher calculating Cronbach's alpha to the collected data. A coefficient of 0.70 or higher indicates that the gathered data is reliable and that is characterized by a relatively high-level internal consistency.

Data collected was screened and carefully edited to detect errors and omissions and correct them. This is necessary because it ensured that data is consistent and complete. After data coding and entry into SPSS software, it was possible to generate statistical values such percentages, frequencies, means, and standard deviations as descriptive statistics. Inferential statistics such as correlations and regressions were generated to measure the associations and relationships among the independent and dependent variables. Content analysis was used to analyse qualitative data. Presentation of data was done using tables, charts, and graphs to facilitate proper interpretation of results and eventual drawing of conclusions.

A multiple regression equation was used to model the relationship between the depended variable [Performance] and independent variables [business model, product differentiation, cost leadership and market growth strategies. The regression equation took the form:

$\boldsymbol{\gamma=\alpha + \beta_1 x_1 + \varepsilon}$

Where γ= Dependent variable [performance]

$\boldsymbol{\alpha}$=Constant i.e. the y intercept or the average response when both predictor variables are

$\mathbf{x_1}$= Independent variable 1 [mergers and acquisition].

The researcher followed all legal protocols to seek permission to collect data for this study. This research work ensured respect of respondents by treating them as autonomous persons. Everyone in the target population was given an equal chance to participate in the study by being given an equal chance of inclusion in the sample data and size. The researcher gave full disclosure of the nature of the study and no one was coerced to participate in the study. The participants were not be required to indicate their names on the questionnaires to retain abnormality of the person and the answers she/he gave. Fairness was observed in selection of firms to be included in the study.

4.0 Findings and Discussions

Out of 269 targeted participants, only 234 successfully participated in the study, leading to a response rate of 87%. Reliability analysis revealed that all items were reliable because they scored an alpha value of more than 0.7 as shown in table 3 below.

Table 3: Reliability Results

Variable	No of Items	Respondents	α=Alpha	Comment
Mergers and acquisition	5	13	0.893	Reliable
Vertical intergration	5	13	0.987	Reliable
Innovative business practices	5	13	0.974	Reliable
Organizationa perfomance	5	13	0.976	Reliable

4.1 Demographic Characteristics

Majority of the respondent (58%) indicated that they were male, while only (42%) of the respondent indicated that they were female. In terms of education level, 87% of the respondents indicated that their academic qualification was up to undergraduate level while 13% had attained According to the results, 11.7 % of the respondents were senior managers, 14.9% of the respondents were line managers, 20.9% of the respondents were Supervisors, and 52.5 %of the respondents were non-management staff.postgraduate degrees. Of these, 50% had worked with the company in a duration of more than four years with only 27% and 23% having served the company for 3-4 years and more than 2 years respectively.

4.2 Descriptive Analysis

The respondents were requested to specify the extent mergers and acquisition influence performance of Britam holding limited in Nairobi City County. Results showed that most of the respondents, 46% approved that indeed it was effective, 41% said that it was very effective, 8% said it was ineffective, somehow effective was at 5%.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 4||Issue 3||Page 45-60||October ||2020|
Email: info@stratfordjournals.org ISSN: 2616-4965

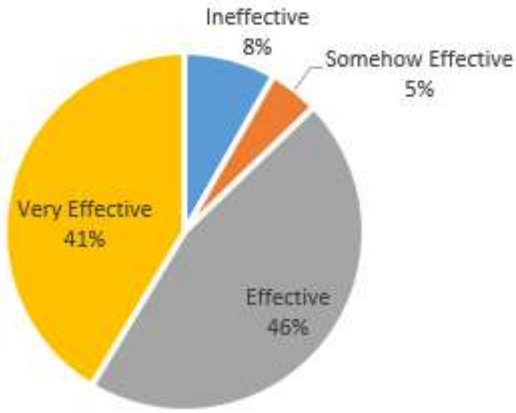

Figure 2: Mergers and Acquisition

Source: Research data (2020)

The respondents were also required to give an opinion on the statements regarding mergers and acquisition influence on performance of Britam holdings limited. The reactions were rated on a Likert scale and the results presented in Table 4.3 below. It was rated on a 5 point Likert scale ranging from; 1= strongly disagree to 5= strongly agree. The scores of ‘ strongly disagree’ and ‘disagree’ have been taken to represent a statement not agreed upon, equivalent to mean score of 0 to 2.5. The score of ‘neutral’ has been taken to represent a statement agreed upon, equivalent to a mean score of 2.6 to 3.4. The score of ‘agree’ and ‘strongly agree’ have been taken to represent a statement highly agreed upon equivalent to a mean score of 3.5 to 5.

The result in table 4.3 revealed that most of the respondents with a mean of (3.86) were in agreement with the statement that Britam collaborates with companies serving same audience to offer best services to customers. The measure of dispersion around the mean of the statements was 0.928 indicating the responses were varied. The result revealed that majority of the respondents as indicated by a mean of (3.85) agreed with the statement that Britam works with companies offering similar products to serve customers better. The standard deviation for the statement was 0.883 showing a variation. The result revealed that majority of the respondent (3.83) agreed with the statement that Britam works with other companies in the same industry to offer better services to clients.

The results were varied as shown by a standard deviation of 0.906. The result revealed that majority of the respondents as shown by a mean of (4.47) indicated that they agreed with the statement that Britam offers diverse products and readily works with other companies to offer better products to clients. The responses were varied as measured by standard deviation of 0.501. The average response for the statements on mergers and acquisition was 4.003. The findings from the study are supported by studies from Matt (2000) who intimated that mergers have strategic reasons for the business combination. This was also highlighted by Porter (1985) who states clearly that competitive advantage should be seen in terms of discrete activities a firm performs in designing, producing, marketing, delivering, and supplying its products and services. The findings agree with Owiye, (2009) that competitive strategies are vital for firms when developing their fundamental approaches to attaining competitive advantages, the size or market position intended to be achieved.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 4||Issue 3||Page 45-60||October ||2020|
Email: info@stratfordjournals.org ISSN: 2616-4965

Table 4: Descriptive Analysis for Mergers and Acquisition

Statements	5	4	3	2	1	Mean	SD
Britam collaborates with companies serving same audience to offer best services to customers.	1.5%	1.5%	36.8%	29.3%	30.8%	3.86	0.928
Britam works with companies offering similar products to serve customers better.	0.8%	2.3%	36.1%	33.1%	27.8%	3.85	0.883
Britam works with other companies in the same industry to offer better services to clients.	1.5%	1.5%	36.8%	32.3%	27.8%	3.83	0.906
Britam offers diverse products and readily works with other companies to offer better products to clients.	0.0%	0.0%	0.0%	52.6%	47.4%	4.47	0.501
Average						**4.19**	**0.745**

Source: Research data (2020)

4.3 Correlation Analysis

The results indicate that there was a strong and positive relationship (r=0.714) between mergers and acquisition and performance of Britam Holdings Limited. In addition, the researcher found the relationship to be statistically significant at 5% level (p=0.000, <0.05).

4.4 Regression Analysis

The independent variables reported R value of 0.796 indicating that there was perfect relationship between dependent variable and independent variables. The coefficient of determination also called the R^2 was 0.634. R^2 value of 0.634 means that 63.4% of the corresponding variation in performance of Britam limited can be explained or predicted by the independent variable (mergers and acquisition).

Table 5: Coefficients of Determination

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.967	0.218		9.022	0.000
	Mergers and acquisition	0.358	0.049	0.568	7.327	0.000

a) Predictors: (Constant), mergers and acquisition
b) Dependent Variable: Performance of Britam Holding Limited.

Source: Survey data (2020)

The research used a multiple regression model

$Y= \beta_0+ \beta_1X_1 +\varepsilon$……………………………………………………………………………………..(i)

Thus, the predictive equation formed in the form of:

$Y=1.967+ 0.358X_1+\varepsilon$…………………………………………………………………………..(ii)

The study found that mergers and acquisition has positively and significant effect on performance of Britam Holdings limited. This means that a unit increase in mergers and acquisition will lead to a 0.358 increase in the performance of Britam holdings limited. The P-value was 0.000 and hence the relationship was significant since the p-value was lower than 0.05. Chesbrough (2010) asserts that an item separation recognizes that organizations have diverse asset enrichments that empower them to develop explicit upper hands over contenders. Asset blessings enable firms to be diverse which lessens rivalry and makes it conceivable to achieve new sections of the market.

5.0 Conclusions

The study assessed the influence of mergers and acquisition on performance of Britam holding limited as the first objective of the study. Most respondents strongly agree that Britam collaborates with companies serving same audience to offer best services to customers. Also, the respondents agreed with the statement that Britam works with other companies in the same industry to offer better services to clients. The study findings revealed that there is positive and strong correlation between mergers and acquisitions and performance of Britam holdings with correlation results of ($r=0.714$). The regression coefficients of the study show that mergers and acquisitions has a significant influence on performance of Britam holdings limited ($\beta=0.358$, $p=0.00$; $p<0.05$). This implies that increasing levels of embracing mergers and acquisition by a unit would increase the levels of performance of Britam holdings limited. This shows that mergers and acquisition have a positive influence on performance of Britam holdings limited.

6.0 Recommendations

To ensure that state corporations have better performance of multinational corporations in the insurance industry such as Britam holdings limited they should focus more on embracing existing mergers and acquisition strategies so as to ensure that they form one strong entity with enough financial resources, to generate cost efficiency through economies of scale, to can enhance the revenue through a gain in market share and even generate tax gains. Concisely, this strategy assists the organizations in obtaining quality staff or additional skills, knowledge of the industry or sector and other business intelligence.

REFERENCES

Aggarwal–Gupta, M., Kumar, R., & Upadhyayula, R. S. (2012). Success of a merger or acquisition-a consideration of influencing factors. *International Journal of Management Practice*, *5*(3), 270-286.

Azhagaiah, R., & Kumar, T. (2011). Mergers & Acquisitions: An empirical study on the Short-term Post–Acquisition Performance of Corporate Firms in India. *International Journal of Research in Commerce, Economics & Management*,, 1, 80-104.

Bernard, B., & Koerte. (2007). *Strategic Responses to Multiple Dimensions of Lowcost-Country Competition.* Frankfurt: EMP, European Management.

Buckley, P. J., & Cassons, M. C. (2009). The internalisation theory of the multinational enterprise: A review of the progress of a research agenda after 30 years. *Journal of International Business Studies*, 1-18.

Casadesus-Masanell, R. R., & Enric, J. (2009). From Strategy to Business Models and to Tactics. *Havard Business School*, https://www.hbs.edu/faculty/Publication%20Files/10-036.pdf.

Dumitrescu, C., & Scalera, F. (2012). Strategies of multinational enterprises. *International Journal of Business and Commerce*, *1*(7), 12-27.

Gathoga, H. (2013). Competitive strategies by commercial banks in Kenya, . *Unpublished MBA Project, University of Nairobi*.

Henrik, B., & Sandström. (2013). Business model innovation from an open systems perspective:structural challenges and managerial solutions. *International Journal of Product Development.*, 8 (3/4): 274–2845.

Home, & John. (2007). *Annual Review of Communications.* Amazon.com: International Engineering Consortium.

Inoti, G. G., Onyuma, S. O., & Muiru, M. (2014). Impact of Acquisitions on the Financial Performance of the Acquiring Companies in Kenya: A Case Study of Listed Acquiring Firms at the Nairobi Securities Exchange. *Journal of Finance and Accounting*, olume 2, Issue 5, Pages: 108-115. Retrieved from @inproceedings{Inoti2014ImpactOA.

Joffre, K. (2011). Government‟s Impact on Business Environment and Strategic Management. *Journal of General Management, 19*(3), 50-59.

Johns, G., Scholes, K., & Whittington, R. (2008). *Exploring Strategy Management and cases (8th ed)*. Harlow, England: Pearson education Ltd.

Karagiannidis, S. (2010). *Mergers and acquisitions in Australia: reasons and timing* (Doctoral dissertation, Victoria University).

Khan, A. A. (2011). Merger and Acquisitions (M&As) in the Indian Banking Sector in Post Liberalization Regime. *International Journal of Contemporary Business Studies*, *2*(11), 31-45.

Malik, M. F., Anuar, M. A., Khan, S., & Khan, F. (2014). Mergers and acquisitions: A conceptual review. *International Journal of Accounting and Financial Reporting*, *4*(2), 520.

Murage, S. (2001). Competitive Strategies Adopted by Members of the Kenya Independent. *Unpublished Thesis, University of Nairobi.*

Ombasa, D. N., & Nzulwa, J. (2018). Effect Of Competitive Strategies On Firm Performance (A Case Study Of National Oil Corporation Of Kenya. *Journal of International Business, Innovation and Strategic Management*, *1*(6): 288 – 310

Owiye, P. O. (2009). Why Kenyan Firms are Failing to Compete Effectively Within the Liberalized Trading Environment in Kenya: The Case of Government Owned Sugar Firms. *Unpublished MBA Project, University of Nairobi.*

Porter (2004). The Five Competitive Forces that shape Strategy. New York:NY: Free Press.

Porter, M. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors.* New York: Free Press.

Probst, L., Monfardini, E., Frideres, L., Bertrand, & Pedersen, G. (2014). *Innovative Business Models for Global Competitiveness:New models for direct global market access in ICT.* Europe: European Eunion.

Rashid, A., & Naeem, N. (2017). Effects of mergers on corporate performance: An empirical evaluation using OLS and the empirical Bayesian methods. *Borsa Istanbul Review*, Volume 17, Issue 1, March 2017, Pages 10-24.

Roa, S., & Kumar, R. (2013). Fianacial performnce evaluation of indian commercial banks during before and after mergers. *Refffered Journal of CMR College of Engineering & Technology*, 117.

Rodríguez-Sánchez, J.-L., Mora-Valentín, E.-M., & Ortiz-de-Urbina-Criado, M. (2018). Successful Human Resources Management Factors in International Mergers and Acquisitions. *Administrative Sciences*, 1-15.

Slowisnki, G., Hummel, E., Gupta, A., & Gilmont, E. (2015). Effective Practices for Sourcing Innovation. *Research Technology Management*, 27-34.

Van, W., & Nadolska. (2015). What Drives Alliance Portfolio Benefits? The Role of Portfolio Characteristics and Coordination. *Academy of Management Proceedings* .

Wolf, A. T., Wolfe, S. B., & Giordano, M. (2003). *International waters: indicators for identifying basins at risk*. Paris, France: UNESCO.

Woznik, M. (2013). *The Impact of Merger and Acquisition Activities on Corporate Performance Measured on an Accounting and Market Base: An empirical study of the German market* (Vol. 755). GRIN Verlag.