



UGANDA MANAGEMENT INSTITUTE

**AN ANALYSIS OF RISK MANAGEMENT STRATEGIES ON SUSTAINABILITY OF
MICRO INSURANCE COMPANIES IN UGANDA: A CASE OF MICRO CARE
HEALTH INSURANCE LIMITED**

BY

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DECLARATION

This report is the result of independent investigations and where it is indebted to the work of others, due acknowledgement has been made.

Signature:.....

Date:.....

PETRA NAJJUKA

CERTIFICATION

I certify that Petra Najjuka carried out the study and wrote this research report under my supervision. The report has been submitted for examination with my approval as the Institute supervisor.

Signed Date.....

ANACLET MUTIBA NAMANYA

DEDICATION

I dedicate this dissertation to my beloved son Christian Kirabo Chono for the valuable time I deprived him of when I was concentrating on writing this dissertation

ACKNOWLEDGEMENTS

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ABSTRACT

This study aimed at establishing the impact of risk management strategies on sustainability of Micro insurance companies. Microcare Insurance Limited was used as the case study. The study was guided by four objectives and null hypotheses that focused on the risk management strategies and its impact on sustainability. The study consisted of one hundred eight respondents who were all staff members of which eighty eight members responded.

A cross-sectional research design was adopted in which both quantitative and qualitative techniques were employed. The data was collected using a self-administered questionnaire and interview guide. A review of relevant written documents was also done to supplement the primary data. The data collected was presented in frequency counts with varying percentages calculated. Interpretations and conclusions were made according to the number of occurrences on each item.

However, despite Microcare Health Insurance Limited's efforts to integrate risk management strategies such as risk transfer, risk mitigation and risk avoidance fully into their organizational sustainability strategy, this insurance company faces many challenges such as lack of continuous training for staff, cash flow problems, policy pricing, client attrition, staffing problems, fraud and poor management information systems. The existence of such dimensional constraints makes organizational sustainability uncertain.

In light of the study findings, the researcher advanced recommendations such as following up on all the planned methods of mitigating the effect of risks, selecting appropriate control measures to each identified or foreseen risk, review and plan periodically in order to establish whether the previously selected measures are still applicable and understanding the business environment including knowledge of specific policies or failures that can affect the entire business. All these attach importance and call for concerted efforts of the government, non-governmental organizations and the general public to do everything possible that can bring about sustainable health insurance companies in Uganda.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study was intended to evaluate the impact of risk management strategies on the sustainability of Microinsurance companies, a case study of Microcare Insurance Limited. Risk management strategies are conceived as the independent variable in this study while sustainability is the dependant variable. However there is a moderating variable that affects the strength of the relationship between the independent and dependent variables.

Although the concept Microinsurance is relatively recent, there has been extensive literature on the subject. Consultative Group to Assist the Poor working group on Microinsurance (2003) defines Microinsurance concept as the protection of low-income people against specific perils in return for regular premium payments proportionate to the likelihood and cost of risk involved.

Research has shown that low-income people have a demand for insurance, especially health insurance, and are willing to pay a premium of one to two percent of their annual household income for insurance¹

¹ Dror, D. (2008). Community-based microinsurance: Innovations on the education of the poor to manage their risks, pg 13.

This chapter presents the background to the study, purpose of the study, the objectives of the study, the research questions, the hypothesis, the justification of the study, the significance of the study and the operational definition of major terms and concepts used in the study.

1.1 Background to the study

Microinsurance is important for the developing world in a very fundamental way. Today, some 60% of the world lives on less than eight U.S. dollars a day in terms of local purchasing power, that is about 4 billion people worldwide, over half of the world's population; 2.6 billion people live on less than two U.S. dollars a day. With these figures micro insurance has been recognized as a means of managing risks that are faced in everyday life by people living on low incomes. Donors of development funding have become increasingly interested in supporting these initiatives and fostering the emergence of an insurance culture amongst the low-income sector globally. By managing risks and avoiding debt, it is hoped that over time those who have micro insurance will have a means of protecting the wealth they accumulate, generating more income, and getting a fair chance to lift themselves and their families out of poverty (Consultative Group to Assist the Poor working group on Microinsurance, 2003).

In Africa, high costs run up against widespread poverty and poor health to make for limited insurance cover, high premium and limited affordability. Thus, most households are forced to pay user fees for health care which is often of substandard quality and this affects productivity which is a critical dimension of organizational sustainability. (Microinsurance centre, 2000).

In Uganda, the per capita public health expenditure does not even reach US\$5, yet healthcare is assumed to be the country's priority. In order to make up for the shortcomings of the existing system, the Ugandan Ministry of Health (MoH) introduced a regulation for Community Based Health Financing (CBHF) in 1995 in which communities are empowered to meet their health financing needs through the pooling of resources.

As a result of all that, Microcare Health Insurance Limited; a non-profit organization, was formed out of a Community Health Financing Micro-Insurance Initiative and was registered in 2000 as a limited company, which actively started recruiting clients since July 2001. The initial intention was that Microcare would work exclusively with Micro Finance Institutions to develop its client base while other healthcare financing companies focus on more affluent clients.

Microcare's health financing activities involve offering as single comprehensive health care cover package. The company also provides third party administration services for the health insurance schemes of other companies in addition to being involved in developing information systems for health insurers. In its operations, Microcare has had a strong focus on risk management as reflected in the computer system, the structure of nurses in the hospitals, the photo identification cards are all manifestations of their efforts to maintain strong controls and limit the insurance risks that they face.

A major issue for Microcare is a lack of any reserves to cover unplanned losses. This depicts a fact that there have been no clear risk management strategies in the operations of Microcare Health Insurance Limited. The company has no reinsurance, and has sustained operational losses since inception. This deficiency leaves Microcare with substantial risks and it is unlikely that the company will be able to build reserves without the assistance of a third party and this will affect the sustainability of the organization if it cannot meet its financial obligations.

In trying to build their numbers, Microcare made several accommodations to better enable clients to pay premiums. Among these, were allowing individuals to join and allowing installment payments with treatment available after the first installment. These practices created significant additional risks of clients using the services and not completing the installments, and of adverse selection. As a result the risk is technically borne by Microcare, although with no means to cover unplanned losses the de facto falls to the health care providers who play a very important role in treating Microcare clients who thereafter submit claims to Microcare Insurance Limited for payment. Failure to pay service providers claims violates insurance policies as they are stipulated in the regulators act drafted by the Uganda Insurance Commission. As a result, Microcare Insurance Limited will be blacklisted, which will cripple its financial inflow which is an important aspect in organizational sustainability.

In light with the history of micro insurance world over, the study will analyze the risk management strategies put in place to enable sustainability of micro insurance companies in Uganda.

1.2 Statement of the problem

Settling health care providers' claims is the core business of insurance worldwide. Insurance companies have adopted core risk management strategies such as: formulating risk response and control plans, information and communication systems to ease flow of information to embrace sustainability. However, irrespective of this Microcare health insurance seems to have given little attention to risk management strategies in the bid to serve their clientele. Towards the end of March 2009, eight service providers lodged a court case against Microcare Health Insurance Company demanding over 2 billion shillings which they had failed to pay in settlement of outstanding medical claims,² As a result of that, Microcare Insurance Limited was left in a state of business depression, insolvency and loss of large numbers of clients to competition hence affecting sustainability.

This study therefore comes in handy to provide an evaluation of risk management strategies applied by Microcare health insurance. Due to the evidence that these risk management issues exist and the lack of research or reporting on this area, an exploratory study is required to determine which problems actually manifest in industry, to understand what organisations believe about these standards, how they are used and how successful they are at providing adequate risk management strategies.

1.3 Purpose of the study

This purpose of this study was to find out if risk management strategies contribute towards the sustainability of Microcare Insurance Limited.

² Barbra, O. (2009). *The impact of not settling claims on Micro care Insurance Limited*, Kampala ,New Vision Publishers. Pg21.

1.4 Objectives of the study

1. To find out how risk transfer contributes to the sustainability of Microcare Insurance Limited
2. To determine how risk mitigation contributes to the sustainability of Microcare Insurance Limited.
3. To assess how risk avoidance contributes to the sustainability of Microcare Insurance Limited.
4. To find out the moderator effect of organisational perspectives on the sustainability of Microcare Insurance Limited.

1.5 Research questions

1. How does risk transfer contribute to the sustainability of Microcare Insurance Limited?
2. How can risk mitigation contribute to the sustainability of Microcare Insurance Limited?
3. Can the risk avoidance strategy affect sustainability?
4. Can the moderator effect of organisational perspectives contribute to the sustainability of Microcare Insurance Limited?

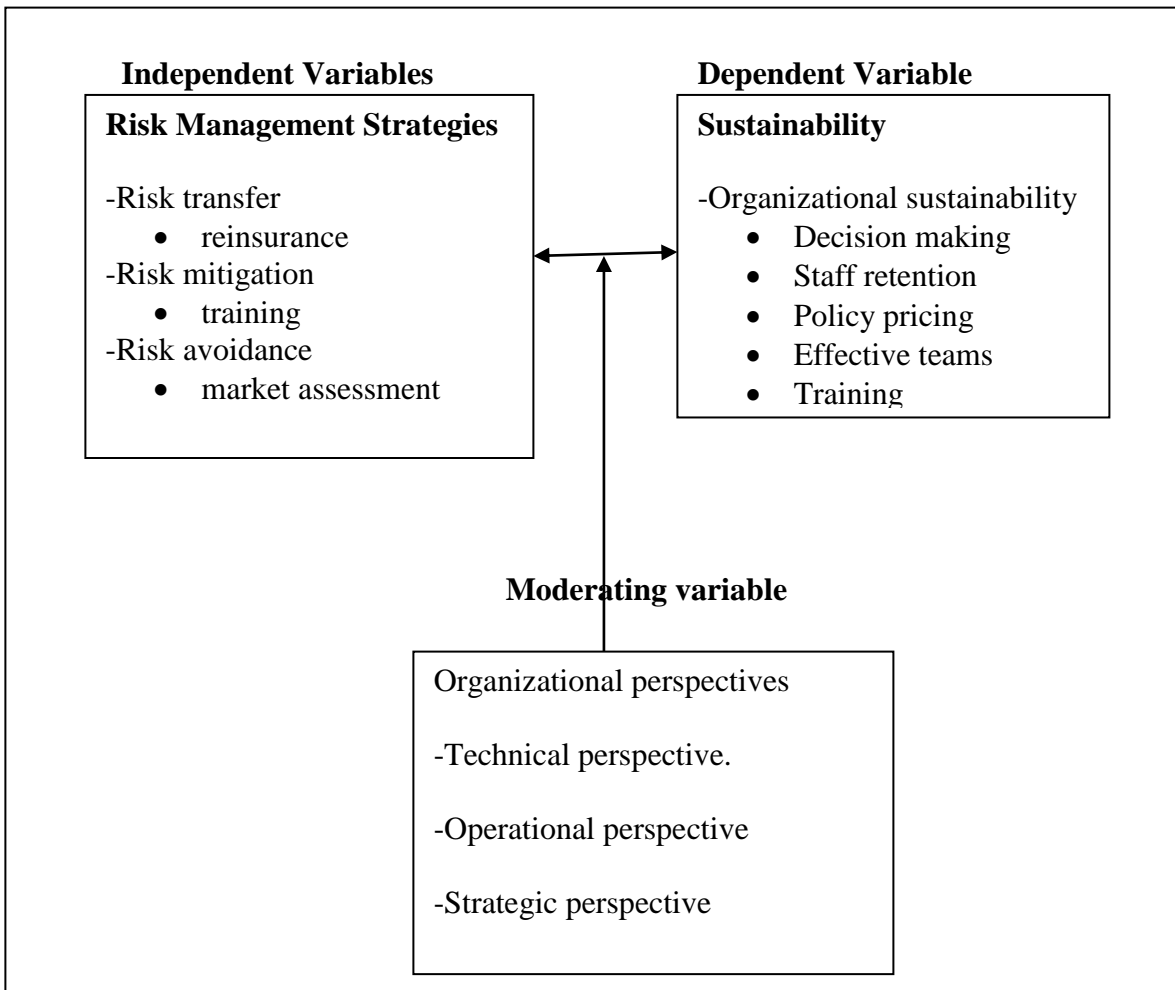
1.6 Hypotheses of the study

1. Risk transfer strategy used by Microcare Insurance Limited has not significantly contributed to the sustainability of the company.
2. Risk mitigation strategy does not contribute to sustainability of Microcare Insurance Limited.
3. Risk avoidance strategy does not affect Sustainability.

4. The moderator effect of organisational perspectives has not significantly contributed to the sustainability of Microcare Insurance Limited.

1.7 Conceptual frame work

Figure 1.1 Conceptual frame work



Source: Self developed framework, 2009

The conceptual framework in figure 1:1, explains diagrammatically that for an organisation to be sustainable, it should be able to integrate with the internal and external components in the existing environment.

The Risk management strategies have a great correlation to the sustainability of the micro insurance companies, however it should be noted that without a systematic structure failure of the strategies will be eminent.

While the basic concepts of risk management strategies and sustainability have been around for years, there is need for defining the external environment (organisational perspectives) which is the external forces that create a new strain in decision making, policy pricing and the financial flow hence affecting the strength of the existing risk management strategies on sustainability.

If not monitored closely, the strategic, operational and technical views can cause reputation risk which in turn can affect the policy pricing and the entire strategic plan which can have an impact on sustainability. Regulatory and litigation factors have also become familiar and most companies have learnt to avoid and mitigate them in order to achieve sustainability. The business risk in insurance, resides in pricing the policies and establishing policy requirements. Therefore, the organisational infrastructure/perspectives should consist of highly specialised and committed teams with effective practices and knowledge about the fundamentals of sustainability, underwriting and claims handling to control risk exposure which all contribute to organisational sustainability.

1.8 Significance of the study

The study findings are expected to be referenced to by different categories of people in various ways:

First, the study findings are hoped to provide useful information to the policy makers especially the Uganda Insurance Commission and the Ministry of Finance and Economic planning in designing appropriate guidelines that can help improve on the policies that govern and protect insurance companies in Uganda. The study findings are also hoped to provide a wide insight into the challenges that constrain the performance of Insurance companies, something which will stimulate an insight into how such solutions can be overcome and how to align risk management strategies with the sustainability of insurance companies.

The findings of the study are also expected to provide a source of up to date literature to academicians who may wish to carry out more studies on the subject matter of risk management strategies and organisational sustainability or a related field. It is thus hoped that the study findings will stimulate more research.

1.9 Justification of the study

The study was intended to evaluate the contribution of risk management strategies on the sustainability of the health insurance sector. Emphasis was put on Microcare Insurance Limited due to the recent recognised gaps in the organisational operations.

Secondly, there has been an enhanced and growing trend in health insurance. This necessitates clear and structured ways or approaches on managing risks for the organisation's continued existence. It is on the basis of the afore-listed concerns that this study becomes necessary.

1.10 Scope of study

The scope of the study was divided into the content, geographical and time scope

1.10.1 Content scope

The study sought to establish the contribution of risk management strategies and the existing gaps in the strategies on the sustainability of health insurance companies. However, focus will be put on finding out whether risk transfer, risk mitigation or risk avoidance contributes to the sustainability of an organisation.

1.10.2 Geographical scope

The study was carried out from Microcare Insurance Limited head office located along plot 23, Prince Charles drive, Kololo, because about 90% of the respondents are stationed at the head office in Kampala.

1.10.3 Time scope

The research investigations covered a period of six years (June 2002-June 2008) because the trend of events pre-supposes that there are no effective risk management strategies at Microcare insurance limited. It is in those six years that Microcare insurance has witnessed dynamic changes which may call for investigation.

1.11 Operational definitions.

In this study, some concepts were given operational definitions. It is in the interest of the study that such concepts were defined to add meaning and they include;

Health Insurance: This is the insurance against the risk of incurring medical expenses among individuals.

Insurance: This is a method of providing monetary compensation for a misfortune or loss to the insured during a stated period but becoming void upon its expiration. Premiums are paid to insurer to build up reserve funds and if event occurs, claim is paid.

Risk Management: This is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimise, monitor, and control the probability and / or impact of unfortunate events or to maximize the realization of opportunities.

Risk analysis: This refers to the appraisal of the probability and significance of identified risk events as basis for formulating strategies accept avoid or mitigate the risk.

Risk assessment: Concerns the process of establishing vulnerability identification, risk prioritization and context, threat, asset, consequence and likelihood analysis.

Risk avoidance: It is the technique of risk management that involves taking steps to remove a hazard, engage in alternative activity or otherwise end a specific exposure.

Risk Mitigation: Reducing the probability and or impact of a risk to an acceptable level.

Risk Transfer: Sharing with another party the burden of loss or benefit of gain for a risk.

Sustainability: The word sustainability is derived from the Latin *sustinere* (which means to hold up).

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 Introduction

This chapter provides a critical review of the issues that have been studied theoretically and through existing literature about risk management strategies on the sustainability of Microinsurance companies. An overview of the study objectives was also explored with the interest of finding out if risk management strategies can contribute to sustainability of Microcare insurance limited and how the existing gaps can be bridged. The literature was mainly drawn from text books, previous research and the internet.

While reviewing literature, relevant materials were drawn from several resources for the researcher that any relevant literature to the study irrespective of the place or time could still be substantial to form a basis of the study. An attempt was made to fill the gaps that may exist between the past writers and the present situations.

2.1 Understanding risk management and organizational sustainability

Risk has emerged as a dominating phenomenon, which demands effective response and management strategies. In addition, risk is a central concept underlying

virtually every business and discipline including marketing and management ³. In essence, Microcare has spent considerable time, effort, and money in developing software and a health care management system to create an effective structure for providing health care financing to the poor. The system includes nurses, selected for their basic medical knowledge, who approve all transactions by client patients. Though the implementation of this structure is a good foundation for building and formalizing a better managed team to mitigate the risk of increased, there increasing concerns regarding the sustainability of insurance companies. This study, therefore, intends to ascertain the authenticity, credibility and effectiveness of what Microcare Health Insurance has so-far been doing to ensure its continued existence and survival.

2.1.1 Financial, economic understanding of risk management

From a financial and economic perspective, shareholders (investors) do not care about the risk management initiatives of the firm. This is because the shareholders could efficiently manage the risk of their investment through portfolio diversification. In contrast, corporate risk matters to stakeholders [other than shareholders] since they tend to hold relatively undiversified claims on the stake of the firm⁴.

The criticism of the financial and economic analysis of risk is that it alone drives decisions in problem solving without considering its culture, human and social

³ Graven J.R. (2007). *The unifying framework for business scholarship and pedagogy, Risk management and insurance Review*. Pg 1.

⁴ Bradbury J.A. (1989). *The policy Implication of differing concepts of risk, Science Application International Corporation; Sage Publication, Inc*, pg 1.

aspects. In addition, many transactions in the area of risk transfer and financing between individuals and organizations imply the imposition of risk on third parties, who may not benefit, or who may even suffer severe loss from the transaction itself. It was suggested that risk management decisions must take the political, social, and ethical, as well as the technical aspects of the policy problem.

In line with this perspective, many clients on the Microcare medical scheme complained to Microcare that one of the providers inflated treatment costs, staff attitudes were noted as being very poor, and clients were forced to pay medical bills because Microcare nurses did not work on weekends. This is a situation that shows that there are of lack of controls and structure, no stakeholder involvement in decision making which all of these affect the sustainability of an organization if neglected.

2.1.2 Management science understanding of risk management

The role and need of risk management in management science was clarified by ⁵ in the following statement. “The main goal of a management science must be to enable business to take the right risk. Indeed, it must be to enable business to take greater risks by providing knowledge and understanding of alternative risks and alternative expectations; by identifying the resources and efforts needed for desired results against expectations, thereby providing means for early correction of wrong

⁵ Drucker, P. F. (1974). *Tasks Responsibilities Practices*, London: William Heinemann Limited

or inadequate decisions”. In this concept, the managers in the business are there to take risk. However, this risk taking, decision making and problem solving roles of the managers may create new risk to the firm, moreover, the efficiency of the managers depends on the accuracy of selecting alternatives in the face of the unknown to maximize the probability of achieving firm’s business objectives which is the similar challenge Microcare Insurance Limited is facing.

Although lot of effort has been expended in training on handling and managing risk, including tools and techniques (example, insurance contracts and hedging by the use of financial derivatives), on existing types of risks by other insurance companies, In a research conducted for Micro Save by McCord, the senior technical advisor Microsave in November, 2002, it was discovered that Microcare insurance was enduring its annual audit for the period ending 12/31/2001. In discussions with the on-site auditor, it was clear that the auditor had no experience with health care financing organizations and lacked experience or knowledge to adequately review the books of such an institution. Among other issues, he was unable to assess risk in order to determine the adequacy of the reserves and did not consider other particular accounting treatments for insurance premiums and claims and all this provides little benefit to the institution which affects sustainability.

2.2 Risk Management strategies and Organization Sustainability

Today’s business landscape is filled with competing views of the relationship between sustainability and governance, risk management and compliance (GRC), all being advanced with equal conviction (Bowles, 2010). Some believe that GRC

is part of a larger goal of sustainability. Others posit that sustainability is a special case of risk management. Therefore, this explored how risk management strategies of risk transfer, risk mitigation, risk avoidance contributes to organisational sustainability and how the existing gaps could be handled. In reality, the best strategy may fail because of inappropriate/inaccurate implementation. The key to any success/failure is the organizational complexity that is associated with people, technology and systems in operating the business functions.

2.2.1 Contribution of risk transfer towards organizational sustainability

In the business world, risk transfer often involves contractors' relationship with sub-contractors (Wilson, 2008). Globally, most organizations acknowledge that development of risk transfer schemes at micro level faces a number of challenges including a lack of reliable information base, social exclusion, affordability, accessibility, low levels of awareness, expansion and up scaling of pilot projects, and sustainability including addressing lower renewal rates. There is no pressing demand for enabling policy environment from the clients. Integration of risk reduction and cost-cutting measures are considered important in order to ensure viability of micro-insurance from commercial point of view to penetrate rural and isolated communities vulnerable to or affected and make insurance affordable for the poor among the victims. Low levels of market penetrations may not achieve sustainability of any risk transfer scheme.

Risk transfer means causing another party to accept the risk, typically by contract. Insurance is one type of risk transfer. Other times it may involve contract language

that transfers a risk to another party without the payment of an insurance premium. Liability among construction or other contractors is very often transferred this way. The idea behind risk transfer is that everyone is liable for his or her own negligence and not financially responsible for someone else's negligence. In order to make risk transfer legally binding, it needs to be formalized in a written contract that all parties accept. Typically, contractors use a subcontractor agreement with their subcontractors. This is a legally binding document that spells out risk management and conditions and covers matters related to work performance. The language relating to risk transfer should be spelled out explicitly⁶.

To properly appraise and integrate sustainable development, an organisation might need more information about those risks, to put it in a position to compare them with other risks. This approach to managing and assessing these risks will depend on the quality of information on these risks. However, as part of developing the risk management strategy, it is important to consider the resources required to obtaining information, as there will be a point where the cost of obtaining information exceeds the benefit.

Research has shown that the most important driving force behind the transfers of risk across sectors of the financial market has become the different risk appetites of

⁶ Tim, W. (2008). *How to manage risk through insurance and legal documentation*: Smart Business Network Inc.P.440-250-700.

the firms involved, rather than regulatory arbitrage (trying to exploit differences in regulatory regimes). A noteworthy trend of the risk transfer market is the transfer of risk from insurance companies to global reinsurance companies and specialist insurers, based primarily around the globe⁷. "Risk transfers, such as credit derivatives, can be a benefit if they are well-managed. But they are a risk to the unwary. Managed well, they can diversify a firm's risk; managed badly they will concentrate it."

Explains key findings of risk transfer as follows "It has been said that insurance companies have taken on a lot of risk using credit risk transfers. In fact, we found that some firms, including UK and overseas insurance companies, only dabbled in the market and have now left it.⁸ The most active participants appear to have developed a good understanding of the products, but care is still needed in the management of these new, innovative and complex products."

Irrespective of key findings, Microcare health insurance limited still lacks any reserves to cover unplanned losses⁹. They also have no reinsurance, and have sustained operational losses since inception. This deficiency leaves Microcare with

⁷ Anticipating Risks and Organizing Risk Regulation By Clive Briault 2010, Edited by Bridget M. Hutter London School of Economics and Political Science.

⁸ Anticipating Risks and Organizing Risk Regulation By Clive Briault 2010, Edited by Bridget M. Hutter London School of Economics and Political Science

⁹ Anticipating Risks and Organizing Risk Regulation By Clive Briault 2010, Edited by Bridget M. Hutter London School of Economics and Political Science.

substantial risk and it is unlikely that they will be able to build reserves without assistance of a third party. Microcare must develop and maintain reserves and relationships with an effective reinsurer. Without this, the institution is at risk, and all growth potential is stifled and organizational sustainability hindered.

2.2.2 Contribution of risk Mitigation towards organizational sustainability

In terms of investing in various types of financial markets, it is important to understand there is a degree of risk associated with every transaction. Since most investments which offer significant returns are more volatile in nature, it is important to assess the degree of risk involved. This allows you to project the possible impact on your overall financial stability. Engaging in risk assessment and how it affects your entire portfolio instead of just the one investment makes it possible to mitigate risk to a level that you feel comfortable living with, and can manage if the investment does not go as well as you had hoped. Mitigating or managing risk is something that just about everyone does at one time or another¹⁰.

The same basic principles hold true when it comes to operating a business. Part of any effective business planning process is to engage in risk analysis. This often involves determining what amount of revenue must be generated per period in order to keep the business profitable, and what type of strategies are necessary to minimize the chances of failing to generate that level of income. In terms of a new product launch, a company would also want to mitigate risk factors by assessing

¹⁰ Alberts, Christopher; Audrey Dorofee, Lisa Marino (March 2008). Mission Diagnostic Protocol, Version 1.0: A Risk-Based Approach for Assessing the Potential for Success.

what must be done in order to reach and attract as many consumers in the targeted market sector as possible. Doing so decreases the risk of failure, while enhancing the chance for success.

Another approach to risk management for both individuals and businesses is to evaluate the amount and type of insurance coverage that is maintained. Having the proper amount of insurance protection is one of the most important ways to mitigate risk and help to keep on solid financial ground. The right type of insurance will provide resources when the unexpected happens that will prevent a financial crisis, especially one that could threaten to undermine the entire financial base. In order to determine what type and how much insurance you need, it is a good idea to undergo a complete risk analysis that takes comprehensive look at all relevant factors, including your line of work, your general health, and your current financial status¹¹.

While the process to mitigate risk will vary somewhat from one situation to another, proper risk mitigation calls for understanding what you currently have and what needs to be done in order to maintain your status. At the very least, you want to mitigate risk levels so that you will lose no more than a minimum of your total assets in the event a business transaction or investment strategy does not work out

¹¹ Alexander, Carol and Sheedy, Elizabeth (2005). *The Professional Risk Managers' Handbook: A Comprehensive Guide to Current Theory and Best Practices*. PRMIA Publications.

as expected¹². Microcare is faced with misunderstandings when clients do not fully understand the products. This can result in client dissatisfaction, especially when clients do not completely understand how the product works and have unrealistic expectations with regard to the service they expect to receive. It is therefore important for a health insurance provider to invest in comprehensive training for all stakeholders to maintain consistency of the message.

Risk mitigation is preferably used in conjunction with other risk management strategies, since using this risk management method alone will not totally eliminate the risk and it can affect organizational sustainability at a later stage.

2.2.3 Contribution of risk avoidance towards organizational sustainability

Risk avoidance is the most effective way of managing risk. It means making a decision not to enter a new way of working because of the inherent risks. Risk Avoidance involves not performing an activity that could carry risk. An example would be not accepting premium for a person with chronic disease in order not take on the liability that comes with it.

Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed. Not entering a business to avoid the risk of loss also avoids the possibility of earning profits which affects sustainability, however risk avoidance is strictly a business

¹² Crockford, Neil (1986). An Introduction to Risk Management (2 ed.). Cambridge, UK: Woodhead-Faulkner. p. 18.

decision, and sometimes a very good strategy if construction documents are unclear, ambiguous or incomplete which on the other hand enhances sustainability¹³. Irrespective of the above, Microcare's approach to service provision is still through alliances with partner organizations over whom the company has limited control, no clear criteria for selecting partners and agreements that can adequately bind the partners. In so doing Microcare is not avoiding any risk that can damage its reputation and the quality of services that can impact on its sustainability.

While this may be a valid decision, it can be hard to take as the business drivers for changing working practices can be extremely strong especially if there is pressure from the competitors. Therefore risk avoidance may not always be a practical option for an organization's business, but it can form an important part of the overall consideration of risk. Even if an organization decides against using it, it must be making a decision basing on informed judgment.

2.3 Organizational perspectives of risk management

Several organizational perspectives of risk management strategies can have an impact on sustainability. In this study the organizational perspectives are the factors that result from the external environment (enterprise environmental factors) which cannot be controlled by any organization. However the risks that arise out of the external environment can be mitigated transferred or totally avoided. A

¹³ Institute of Risk Management/AIRMIC/ALARM (2002). A Risk Management Standard. London: Institute of Risk Management

thorough review of literature revealed at least three organizational perspectives of risk management strategies which are, technical (or experimental); operational (or process) and strategic (or policy) views and how the perspectives can impact on organizational. The following paragraphs discuss them separately.

2.3.1 Technical perspective of risk management

History suggests that corporations manage the economic consequences of certain risks (example, physical damage of properties, business interruptions, life of employees, losses of business) through purchasing insurance coverage. The function of a risk manager in the corporate hierarchy was mainly an insurance buyer for risks of the firm, which may cause loss referred to as pure or static risks,¹⁴ ¹⁵. Over time, the corporate functions became enlarged and handled several additional kinds of risks (example, finance and treasury functions) and there was no insurance coverage available for the new kinds of risk, in particular, those that have exposure on both the upside and downside (example, speculative risks). In addition, there were capacity problems in the global insurance market in particular for large risks (example, natural and man-made catastrophes) and since the capital market is bigger than the insurance market, large corporations moved to alternative ways of transferring risk (example, risk securitization).

¹⁴ Tippins, S. C. (2004). *Where is it and where does it belong*: An International Journal **6**(3): 9-11.

¹⁵ D'Arcy, S. D. (2001). *Enterprise Risk Management*: Journal of Risk Management of Korea **12**(1):201-228.

This is a hybrid product for transferring risk by using both insurance and capital markets. In line with the development of capital market related subjects, like financial engineering, which falls under the academic discipline of financial economics, developed several risk management tools example, hedging for financial risk (market, credit and liquidity). The innovation placed more emphasis on risk modeling and quantification issues rather than management perspectives. The key criticism of such a perspective of risk is that it focuses more on objective issues those can be quantified in risk management of numbers and ignores the subjective perspectives (example, drivers for human behavior such as perceptions, emotions and social values).

It is worth noting that risk management is more than insurance buying and hedging but is also a tool, concept and function to help ensure the entire business has sustainable development ¹⁶ ; ¹⁷; ¹⁸ . Indeed, models are based on assumptions and can only work on specific situations. In contrast, human judgments are based on a person's intuition, attitude, experience, and capacity. Consequently, they are

¹⁶ Dickinson, G. (2001). *Enterprise Risk Management, Its Origins and Conceptual Foundation*, Geneva Papers on Risk and Insurance Issues and Practice 26(3):360-366: World Scientific Publication Co.Pte.Limited.

¹⁷ Beck, M. (2004). *Obstacles to the Evolution of Risk Management as a Discipline, some tentative thoughts*: An International Journal 6(3):13-21. Palgrave Macmillan, a division of Macmillan Publishers Limited.

¹⁸ Acharyya, M. and Johnson, J. (2006). *Investigating the Development of Enterprise Risk Management in the Insurance Industry*, An empirical study of four major European insurers. The Geneva papers on risk and insurance, special issue-July, 55-80.

subject to bias and may not always represent the view of a specific group of experts. Irrespective of the findings and criticisms of this perspective, where risk transfer was the major concern, Microcare, tried to transfer the risk by adjusting pricing during June 2002 by about 15%, but this is unlikely to be sufficient to cover claims plus operational expenses, commissions, a reserve, and some level of surplus. Although another premium change would be unpalatable, it would be beneficial to have a professional actuarial study conducted to help Microcare properly set its premiums. The premium required to offer comprehensive coverage of Microcare expenses may in fact be too high to be affordable to the market they are trying to reach. Maintaining a product for this market may then require additional adjustments to the coverage/premium mix to embrace sustainability.

2.3.2 Operational perspective of risk management

Essentially, there are many risks in the business that cannot be quantified in risk management of numbers and their exposures are often severe. They are for example strategic risk and operational risk. In addition, there are some other risks like, reputational risk, which are not straight-forward and market traded. In addition, firms cannot transfer some of these risks either in the insurance or the capital market. In fact, there are several issues involved with them for example, confidence, trust, long risk management value, which take a long time to grow but a little while to break or damage the success of the firm. They are often invisible or hidden. They can only be managed by controlling through implementing or improving policies and procedures (or governance).

Irrespective of the above, Microcare's approach to service providers is through alliances with partner organizations over which the institution has limited control. Without clear criteria for the selection of partners and agreements that adequately bind partners to their roles, healthcare financing providers that use Microcare approach to service provision could easily have their reputation and quality of their services affected by issues within the partner organizations. Thus, it is important to develop criteria for selection partners, and to even bind those relationships with at least a memorandum of understanding if they are interested in being a sustainable organization.

Even with strong controls in place, patients will try and cheat the system. A good computer system needs to be in place that can very quickly generate data regarding policy renewals and current policies, the method of having check-in desks at the providers' facility can greatly minimize the risk of fraud, however with this system their needs to be effective supervisory controls to ensure that staffs report on time and are fully available within working hours.

2.3.3 Strategic perspective of risk management

It is understood that many of the sources of uncertainty in business lie in the intention of others example, competitors, regulators, customers and the market as a whole. In this perspective risk is viewed in a broader sense beyond technical and operational silos. For example, the identification of top risks of the business, whether technical or operational, is a essential requirement in the development of firm's corporate strategy. Moreover, the corporate strategy is a broad topic and

should consider firm's profitability, growth, solvency, and social responsibility needs,¹⁹ . Consequently, it is important to link firm's risk management initiatives in setting its corporate goals,²⁰.

Micro care has a strong focus on risk management and most issues are explained in some way relating to risk management. The computer system, the structure of nurses in hospitals, the photo identification cards are all manifestations of their efforts to maintain strong controls and limit the insurance risks that they may face.

2.4 Conclusion

While the previous studies under the topic "risk management strategies and organization sustainability" deal with risks that arise inside of the firm, the studies under this broad topic "risk management strategies and organisational perspectives" deal with the risks that arise outside of the firm, example, investment (stock market), credit and liquidity risk.

The development of risk management strategies for a business degree should take a broader view of risk in key functions, from strategic decision making to the implementation of corporate strategies. The risks associated with both internal and external environments of the firm should be aligned and integrated within the

¹⁹ Forbes, R. I. and Forbes, S. W. (1973). *The Risk Management Decision in the Total Business Setting*: The Journal of Risk and Insurance **40**(3): 389-401.

²⁰ Froot, K. A. (1994). *A Framework for Risk Management*: Harvard Business Review (November/December): 91-102.

available resources (firm's risk appetite or capacity). The policies should place emphasis on the dynamic nature of risk including their correlations and how a firm can capture the opportunity (or add value) if risk is taken sensibly. It means that the traditional single disciplinary view of risk is insufficient for developing a risk management strategies framework.

The literature suggests that the economic and the strategic perspectives of risk taken alone end up with conflicting conclusions. The interpretation of the relationship between risk and return could be a good example, where positive relationships were found in the case of financial risk and negative relationships were found in the strategic risk arena (Fiegenbaum, 1988). The modern risk management strategies must consider the application and implication of risk management in policy issues for which a broader disciplinary knowledge on risk is necessary.

Academically, risk management should consider the understanding and conclusions of both positive and normative theories of risk. Consequently, the risk management framework should include key issues of risk management under four broader knowledge-based topics, that is to say; the philosophy of risk and associated theoretical understandings, Risk and Organization, Risk and Market; and Risk and Crisis Management. In addition, three constraints that is to say, legal mandate, regulatory development and demonstration of value were found in the study.

Finally, the Corporation risk officer, whose key role is to develop and implement the risk management methodology throughout the organization proactively should possess a broad knowledge of the uncertainty associated with the business and develop techniques to balance the upside and the downside effects of risk for long term risk management sustainability.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter provides a description of the research design that was used, area of the study, sample selection methods and size, data collection methods, procedure and data analysis methods and encountered problems to the study.

3.1 Research Design

The research design that was used was a case study in which both qualitative and quantitative methods were used. The study used a case study because it is a method of investigation in which self-report data collection from samples of pre-determined interests can be done . The quantitative method was used to obtain quantifiable data while the qualitative method was used to investigate people's ideas and attitude about the risk management strategies and its impact on sustainability of Microcare Insurance Limited.

3.2 Study population

The study population consisted of the staff members of Microcare Insurance Limited. This was because such a category of people were expected to be knowledgeable about the contribution of risk management strategies on organisational sustainability. Within Microcare Insurance Limited, employees in

the legal, marketing, insurance, customer care, human resources, technical, medical and accounts departments were selected for the study.

3.3 Sampling technique

There was an official register of employees in different departments of Microcare Insurance Limited. The study, therefore, accessed this list, and then used purposive sampling technique to select the respondents within the target departments with experience in risk management. Because this research was based on qualitative methodology, the use of non-probability samples was of relevancy since the focus was on obtaining in-depth information.

Table 3.1: The selected sample size of respondents in each category

Category	Population size (N)	Sample size (n)	Sampling technique
Legal	1	1	Population
Marketing	10	9	Population
Insurance	5	5	Population
Customer care	5	5	Population
Human resources	1	1	Population
Technical	20	19	Population
Medical	65	60	Purposive sampling
Accounts	8	8	Population
Total	115	108	

Source: Self developed table following the Krege and Morgan table; cited in Amin (2003).

The selected categories were purposively selected for the study because it allows the use of statistical indices calculated on the sample to be evaluated to determine the degree to which they accurately represent the population parameters. 108 respondents were selected for the study using simple random sampling.

3.4 Data collection research instruments

The study used four categories of research instruments: a self-administered questionnaire, an interview guide, a focus group discussion guide and a review of the available written documents relevant to the study.

3.4.1 Self-administered questionnaire:

This was administered to Microcare Insurance staff. The questionnaire was made up of both structured and un-structured questions. The questionnaire contained five fixed responses that is, Strongly Agree, Agree, Impartial, Disagree, Strongly Disagree and the researcher used a 5 point Likert Scale to score the items in the questionnaire.

The scoring method was as follows:

SA	A	I	D	SD
5	4	3	2	1

The questionnaire also contained questions that required individual responses. Such questions were used to generate qualitative data. The study used a self administered questionnaire because it helped cover a large number of respondents in a relatively short time. A self administered questionnaire also helped generate reliable data and this was because respondents filled it out as they wished, without being affected by the researcher's presence.

3.4.2 Interview guide:

The researcher held interviews with managers. The study used an interview guide because it helped generate detailed data especially that probing was adequately done. Interviews also generated an immediate feedback.

3.4.3 Written documents:

A review of the existing relevant written documents was done. This included official records and reports of Microcare Insurance Limited offices, past works and minute books.

3.5 Procedure

The researcher first got a letter of introduction from the Department of Higher Degrees, Uganda Management Institute. She then proceeded to the other respondents to make appointments to start distributing questionnaires and conducting interviews immediately. Appointments were made with the selected respondents to allow them their own convenient time of participating in the study exercise.

3.6 Validity

Validity is the accuracy and meaningfulness of inferences, which are based on the research results. In other words, validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study.

The issue of validity was taken into account. White (2002) pointed out that validity is concerned with the idea that the research design fully addresses the research

objectives that have to be achieved. In the current study, validity was established through a validity test. One widely used method of measuring content validity was developed by Lawshe. It is essentially a method for gauging agreement among raters or judges regarding how essential a particular item is. Lawshe proposed that each of the subject matter expert raters on the judging panel respond to the following question for each item: "is the skill or knowledge measured by this item 'essential,' but not essential,' or 'not necessary' to the performance of the construct?" According to Lawshe if more than half the panelists indicate that an item is essential, that item has at least some content validity. Greater levels of content validity exist as larger numbers of respondents agree that a particular item is essential. Using these assumptions, Lawshe developed a formula termed the Content Validity Ratio:

$$\text{CVR} = (n_e - N/2) / (N/2)$$

CVR= Content Validity Ratio, n_e = number of respondents indicating "essential", N = total number of respondents. This formula yields values which range from +1 to -1; positive values indicate that at least half the respondents rated the item as essential. The mean CVR across items may be used as an indicator of overall test content validity.

Using the formulae above, below was the analysis

n_e = 88 (valid respondents according to the data analyzed)

N = 108 (Total number of respondents)

$$= (88-108/2) / (108/2)$$

$$= 0.185$$

Since the value of 0.185 lies between the ranges of +1 to -1 it clearly indicates that 18.5% of the respondents rated the study findings valid.

3.7 Reliability

Reliability is the measure of the degree to which a research instrument yields consistent results or data after repeated trials. Reliability in research is influenced by random error. As random error increases, reliability decreases. Reliability of scales will also be determined using the Cronbach alpha (α) as defined below:

$$\alpha = \frac{N}{N - 1} \left(1 - \frac{\sum_{i=1}^N \sigma_{Y_i}^2}{\sigma_X^2} \right)$$

Where N is the number of components, σ_X^2 is the variance of the observed total test scores, and $\sigma_{Y_i}^2$ is the variance of component i. A high coefficient implies that the items correlate highly among themselves and the accepted range is $0 > 0.5 \geq 1$.

3.8 Data Analysis

3.8.1 Quantitative data analysis

The response of the subjects were categorized in frequency counts and score tables and percentages calculated. Interpretations and conclusions depended on the number of occurrence of each item.

3.8.2 Qualitative data analysis

Field notes were written and work edited at the end of each working day to ensure accuracy in recording and consistency in information given by respondents. Themes were identified and put in coding categories. A scheme of analysis was worked out following the coding categories, using quotations and the most occurring ideas.

3.9 Encountered constraints to the study

The researcher encountered a constraint of suspicions, stiff rigidity and low chances of getting reliable data due to the competent of organizational sustainability that most organizations uneasy to release. Some respondents did not out rightly provide reliable data on the subject matter. To overcome this, the researcher moved with the letter of introduction that stipulated the purpose of the study (purely academic) as well as moving with her university student identity card for identification purposes.

The researcher also faced a constraint of low co-operation among the managers. These were people with busy schedules and thus, engaging them in an interview was not easy. To overcome this, appointments suiting their schedules were made.

3.10 Ethical consideration

The researcher first got official clearance from the Uganda Management Institute and sought consent of the respondents before interviewing them. Confidentiality of the data given was assured to all respondents, as their names were not required.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents the findings, analyses and puts forward an interpretation of its findings. The chapter comprises of descriptive and inferential statistics. The descriptive statistics include the use of frequency counts and the inferential statistics on the other hand, used the Pearson Chi –square to establish the statistical correlation of the objectives that guided the study.

Businesses today need to integrate sustainability and risk management fully into their strategy not only to minimize potential losses but also to exploit new business opportunities arising from the sustainability agenda. These may include new products and services to meet developing sustainability needs, new technologies to improve sustainability or risk performance, or new business models to access and develop emerging markets and support the creation of sustainable communities. This study therefore, tried to establish the contribution of risk transfer, risk mitigation, risk avoidance towards the effective management of potential opportunities and adverse effects the strategies and the organizational perspectives may have on the sustainability Microcare Insurance Limited.

4.1 Socio-economic characteristics of the respondents

The respondents' socio-economic characteristics were incorporated in the presentation of findings out of the belief that they influence on the productivity

level which is an element of sustainability. This was presented under the following sub-themes: gender of respondent, age, highest level of education attained and the time spent occupying the current position..

4.1.1 Gender

Gender is a dynamic and growing research field which often challenges traditional forms of knowledge production and decision making on any given subject which can have an effect on sustainability. Respondents were requested to state their gender in the self administered questionnaire. People from both genders can contribute a range of talents and breadth of experience to the work they do. This diversity is enormously valuable for the company in that it expands the potential for new ideas and innovation and thus sharpening the competitive edge. The elicited responses were presented in the table 4.1.

Table 4.1: Gender of respondents

Gender	Frequency	Percentage (%)
Male	26	29.5
Female	62	70.5
Total	88	100

Source: Primary Data

Using table 4.1 above, it can be observed that the majority of the employees involved in the study (70.5%) were females while (29.5%) were males. Despite this unequal gender proportion, the data generated on the risk management strategies did not show any significant difference on organisational sustainability on the basis of gender. It was also noted from the employee list during the sample selection

exercise that there were more females than males. This could have been due to the nature of the work roles in the health insurance industry that tend to have more female nurses than the male.

4.1.2 Age of respondents

The respondents were requested to state their age. This was based on the fact that one's age can have a significant impact on the organisational sustainability despite the levels of training. Age categories are an in-depth demographic profile that guide and lead to a better understanding of the target audience.

The elicited responses were presented in table 4.2 below.

Table 4.2: The age of respondents

Age bracket	Frequency	Percentage (%)
21-30 years	47	53.4
31-40 years	24	27.3
41-50 years	13	14.8
Over 50 years	3	3.4
Missing system	1	1.1
Total	88	100

Source: Primary Data

Referring to table 4.2 above, 53.4% were in the age bracket of 21-30 years, 27.3% between the ranges of 31-40 years, 14.8% between the ranges of 41-50 years, 3.4% were over 50 years and 1.1% did not indicate their ages. From the findings above it was difficult to determine which age group significantly contributes to the

organisational sustainability because age alone was found to be a poor predictor of individual performance.

4.1.3 Education background of respondents

Educational attainment emerges as an important element with wide differentials proved to be one of the most outcome measures considered in strengthening relationships between research, policy implementation and practice in an organisation. In the bid to ascertain the need for risk management strategies, the study tried to establish the respondents' highest level of education attained to enable the fulfillment of the employer's expectations of upholding organizational sustainability. The elicited responses on this issue are presented in table 4.3.

Table 4.3: Respondents' level of education

Level of Education	Frequency	Percentage
Degree	37	42.0
Diploma	36	40.9
Certificate	7	8.0
Others	8	9.1
Total	88	100

Source: Primary Data

The findings in table 4.3 indicate that most of the respondents (42%) in Microcare Health Insurance have a University Degree. 40.9% had attained education up to a Diploma level, 8.0% had got certificates in various disciplines while 9.1% fell under the other category. The other commonly mentioned qualification under the

any other category was short courses, tailor-made, seminars and workshop certificates.

Responses from the interviews and focus group discussions revealed that those with no formal education depended on their long-time experiences to do their work. The education and literacy levels of respondents, as pointed out in the focus group discussions, were revealed as factors that influence an individual’s way of life and the level of perception and innovativeness.

4.1.4 Duration with Microcare Health Insurance

As a way of finding out the authenticity of the existence of risk management strategies, respondents were requested to state the time they had taken occupying different positions. The elicited responses on this issue are presented in table 4.4.

Table 4.4: The duration of staff in the organization

Years	Frequency	Percentage (%)
1 year	22	25.0
2 years	26	29.5
3 years	18	20.5
Over 3 years	22	25.0
Total	88	100

Source: Primary Data

The findings in table 4.4 show that 29% of the respondents for 2 years, 25% of the respondents people had been working with Microcare for 1 year, 20% of the respondents for 3 years, 25% of the respondents for over three years. The findings

clearly indicate that the number of years that the staff had worked for Microcare Insurance Limited were sufficient enough to ascertain that risk management strategies can contribute to organisational sustainability.

Responses generated from the interview guide and focus group discussions indicated that the more the staff members kept working with Microcare Insurance Limited, the more they became familiar with implementing the risk management strategies with ease, efficiency and effectiveness.

4.2 Risk management strategies and sustainability

Formal and systematic approaches to managing risk have evolved and they are now regarded as good management practices. Effective risk management requires a strategic focus, forward thinking and active approaches to management, balance between the cost of managing risk and the anticipated benefits and contingency planning in the event that mission critical threats are realized for any organization to be sustainable.

For any organisation to become sustainable, it requires a sub-goal which identifies a short-term, measurable step within a designated period of time that is moving toward achieving a long term management goal. Rarely is adequate attention paid to the need to define proper objectives for the risk management exercise. Even if the objectives have been properly defined, they are often forgotten in the heat of market activity. This leads to failure or underperformance in the big picture which in the end hinders sustainability.

4.2.1 Contribution of risk transfer to organizational sustainability

Risk transfer emerges as an important strategy with wide differentials proved to be one of the most outcome measures considered in strengthening relationships between policy implementation and practice in an organization that brings about sustainability. In the bid to track the contribution of risk transfer to organizational sustainability, questions were posed before the respondents. The generated ideas were presented under the following themes: the presence of risk transfer in Microcare Insurance, justification for risk transfer in risk management, the implication of risk transfer to the internal organizational resilience and the contribution of risk transfer to organizational sustainability.

4.2.1.1 The presence of risk transfer in Microcare Insurance

The staff members involved in the study were first requested to state whether Microcare Insurance Limited used risk transfer as one of the risk management strategies. The generated responses were presented in table 4.5

Table 4.5: Presence of Risk transfer in Microcare Insurance Limited

Response	Frequency	Percent
Yes	57	64.77
No	11	12.5
Not decided	20	22.7
Total	88	99.97

It can be observed from table 4.5 that majority among the staff members (64.77%) acknowledged the use of risk transfer in the operations of Microcare Insurance Limited, 22.7% were not decided while 12.5% were in the negative. The existence of the 22.7% of the respondents who did not know whether risk transfer was used, had spent a short time in the organization and most of them were deployed in administration, thereby lacking the strategic level concerns of policy structuring and implementation. However, it can be ascertained from the findings that the acknowledgement of risk transfer by 64.77% was significant enough to depict the extent to which risk transfer was used in the Microcare Insurance Limited business operations.

4.2.1.2 Justification for risk transfer in Microcare Insurance limited

After ascertaining whether risk transfer existed in the Microcare Insurance Limited business operations, the study embarked on finding out its justification and operational confines with regard to different risk events. The results indicated that risk transfer helped the company concentrate on the routine operations, as risk events were handled by other Insurance Companies. Results from the interviews with the Management staff indicated that there were no confines of transferring a risk. In that regard, Microcare Insurance Limited would opt for re-insurance and co-insurance of several risk events.

4.2.1.3 The implication of risk transfer to the internal organizational resilience

Irrespective of its enormous contribution to the risk management continuum, the elicited responses indicated that risk transfer had both negative and positive

implications on to the overall sustainability of an organization. The responses generated on this aspect were presented in figure 4.1

Figure 4.1: Implication of Risk Transfer on Organisational resilience

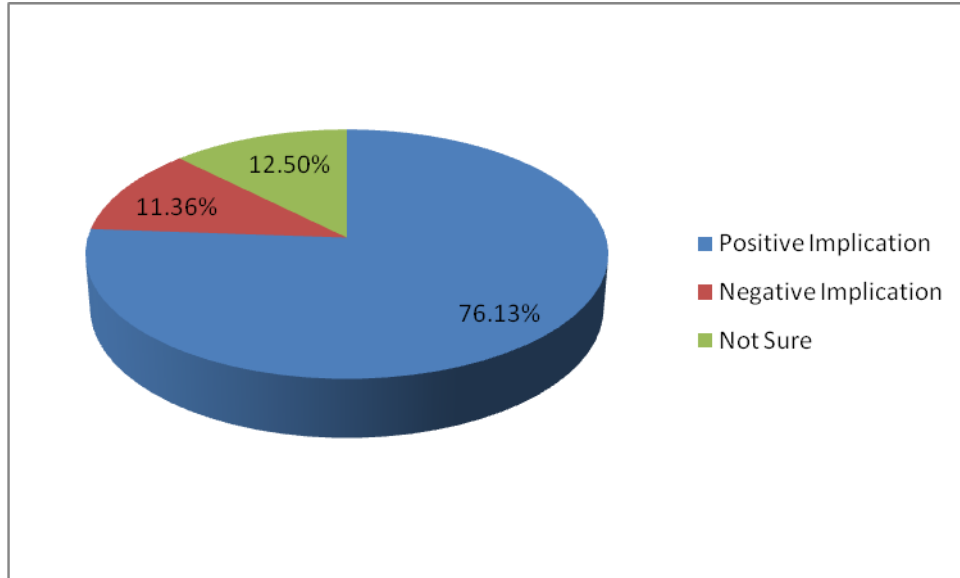


Figure 4.1 shows that majority of the respondents (76.13%) pointed out that risk transfer had a positive implication on the overall organizational sustainability, 12.5% were not sure, while 11.36% pointed out a negative implication of risk transfer on organizational sustainability. Issues mentioned out by 76.13% included the realization and feeling that the risk is being taken care of by another party, thereby allowing sufficient time and devotion to concentrate on other organizational activities. A counter argument to this (pointed out by 11.36%) was that transferring a risk does not eliminate it completely. The risk still remains and if the third party fails to manage it effectively, the effect is still borne by the first insurer. Thus, much as there was willingness to transfer risk, Microcare Insurance Limited needed to consider the level of efficiency and effectiveness of the third party before transferring a risk.

Related to the above argument were revelations from the interviews with the top management staff members who revealed that they had experienced cases of ineffectiveness arising out of risk transfer to another party. As a result, the company had to meet extra costs in the bid to effectively handle customer claims.

4.2.1.4 The contribution of risk transfer to organizational sustainability.

In the bid to establish whether there existed any risk transfer strategies and how the strategies contributed to the sustainability of Microcare Insurance Company Limited, two questions that were highly expected to depict the relationship between risk transfer strategies and organizational sustainability were posed before the respondents, cross tabulated and the Pearson chi-square value calculated. The questions used were question 1 and 3 under section 2.

Question 1: Does Microcare Insurance Limited insure with any other company?

Question 3: Do reinsurers play a key role in helping Microcare Insurance Limited price their products?

Table 4:6: Case processing summary of reinsurance and its impact on price

		Sustainability	Risk Transfer
Sustainability	Pearson Correlation	1	.516**
	Sig. (2-tailed)	.	.000
	N	88	86
Risk Transfer	Pearson Correlation	.516**	1
	Sig. (2-tailed)	.000	.
	N	86	86

** . Correlation is significant at the 0.01 level (2-tailed).

From table 4.6 above, it can be observed that the Chi square test shows that there is a relationship between risk transfer strategies and sustainability at 0.01 level of significance.

The Pearson correlation test shows that there is a positive relationship between reinsurance which is an aspect of risk transfer and pricing which is the element of sustainability (at 0.516). Pricing the product is key when reinsuring because it is what the reinsurers use to determine the premium to be paid by the insurance company to the reinsurer for covering any risk which may arise for the reinsured policy. Therefore, it was concluded that reinsurance contributes significantly to product pricing which is an element of sustainability. Henceforth, Microcare Insurance Limited can be sustainable if it considers reinsuring with sound intermediary agencies which are influential in product pricing and can settle any claims that could arise on any reinsurance policy.

4.2.2 Contribution risk mitigation to organizational sustainability

Mitigating risk is something that just about everyone does at one time or another.

Whether attempting to deal with the level of risk inherent in making investments in the stock market or while engaged in business planning, it is necessary to mitigate risk in order to achieve the greatest degree of success. Almost every business decision requires executives and managers to balance risk. Issues tracked under this variable were the existence of risk mitigation in Microcare Insurance Limited, the prerequisites and foundations of effective risk mitigation, justification for risk

mitigation, implication of risk mitigation and the contribution of risk mitigation to organizational sustainability.

4.2.2.1 The existence of risk mitigation in Microcare Insurance Limited

The staff members involved in the study were first requested to state whether Microcare Insurance Limited used risk mitigation as one of the risk management strategies. The generated responses were presented in table 4.7

Table 4.7: Presence of Risk Mitigation in Microcare Insurance Limited

Response	Frequency	Percent
Yes	72	81.81%
No	10	11.36%
Not decided	6	6.81%
Total	88	99.98%

It can be observed from table 4.7 that majority among the staff members (81.81%) acknowledged the use of risk mitigation in the operations of Microcare Insurance Limited, 11.36% were negative while 6.81% were not sure. The existence of the 6.81% of the respondents who did not know whether risk mitigation was used, had spent a short time in the organization and most of them were deployed in administration, thereby lacking the strategic level concerns of policy structuring and implementation. However, it can be ascertained from the findings that the acknowledgement of risk mitigation by 81.81% was significant enough to depict the extent to which risk mitigation was used in the Microcare Insurance Limited business operations.

4.2.2.2 Justification for mitigation in managing risks

After ascertaining whether risk mitigation existed in the Microcare Insurance Limited business operations, the study embarked on finding out its justification and operational confines with regard to different risk events. The results indicated that risk mitigation helped the company reduce on the would be negative consequences of a risk. This in a way helped capitalize on the positive aspects of a risk such as constant training of staff members to effectively assess all possible risk outcomes and design a corresponding strategy at each and level stage of a risk eventuality. Results from the interviews with the Management staff indicated that there were no confines of mitigating a risk. In that regard, Microcare Insurance Limited would opt for continuous training of their staff.

4.2.2.3 Implication of risk mitigation to organizational survival

There was a strong agreement that the rationale for risk mitigation emerges out of the need to exploit the viable opportunities for success while minimizing the threats at the same time. Such results into the use of appropriate responses when the time is due as well as coming up with precautionary measures. Further, results from the interviews with the management staff indicated that all the risk response strategies bear an element of risk mitigation. This was one of the technical risk management strategies reckoned with. As one staff member pointed out,

“There is a misconception and an academic gimmick in differentiating the risk response strategies. Ideally, whatever we do in risk management is aimed at reducing or completely eliminating the negative outcomes while at the same time capitalizing on the positive scenarios to succeed. This is clearly embedded in one strategy of risk mitigation”

The above led the study to a realization that risk mitigation was prime to Microcare Insurance Limited's operations in managing different risk events. A prerequisite to success, the recruitment process and sensitization of new clients about the implications of any risk event with regard to compensational procedures, were ingredients in ensuring that even if a risk finally eventuates, the negative outcomes would be minimized.

4.2.2.4 The contribution of risk mitigation to organizational sustainability

In the bid to establish whether there existed any risk mitigating strategies and how the strategies contribute to the sustainability of Microcare Insurance Company Limited, two questions that were highly expected to depict the relationship between risk mitigating strategies and organizational sustainability were posed before the respondents, cross tabulated and the Pearson chi-square value calculated. The questions used were question 6 and 7 under section 3 of the questionnaire.

Question 6: The management of Microcare Insurance Limited organizes in- service training courses to help staff members acquire new skills in their line of profession.

Question 7: External schemes are arranged for Microcare Insurance Limited staff members to improve their academic qualifications and skills of work.

The elicited responses on this issue are presented in table 4.8.

Table 4.8: Case processing summary of training and its impact on Sustainability

		Sustainability	Risk Mitigation
Sustainability	Pearson Correlation	1	.964 **
	Sig. (2-tailed)	.	.000
	N	88	88
Risk Mitigation	Pearson Correlation	.964 **	1
	Sig. (2-tailed)	.000	.
	N	88	88

** . Correlation is significant at the 0.01 level (2-tailed).

From table 4.8 above, it can be observed that the Chi square test shows that there is a relationship between risk mitigation strategies and sustainability at 0.01 level of significance.

The Pearson correlation test shows that there is a positive relationship between staff training and skills improvement at work which in this case is an element of organizational sustainability. The above implied that if all employees could have access training, something that improves on their knowledge and skills that are vital in improving the productivity level, efficiency and effectiveness get improved. While productivity is the amount of output produced relative to the amount of resources (time and money) that go into the production, efficiency is the value of output relative to the cost of inputs used. Therefore, it was concluded that staff training contributes significantly to skills of work which increases productivity which is an element of sustainability. Henceforth, Microcare Insurance Limited can be sustainable if management considers organizing in-service training courses to help staff members acquire new skills in their line of profession.

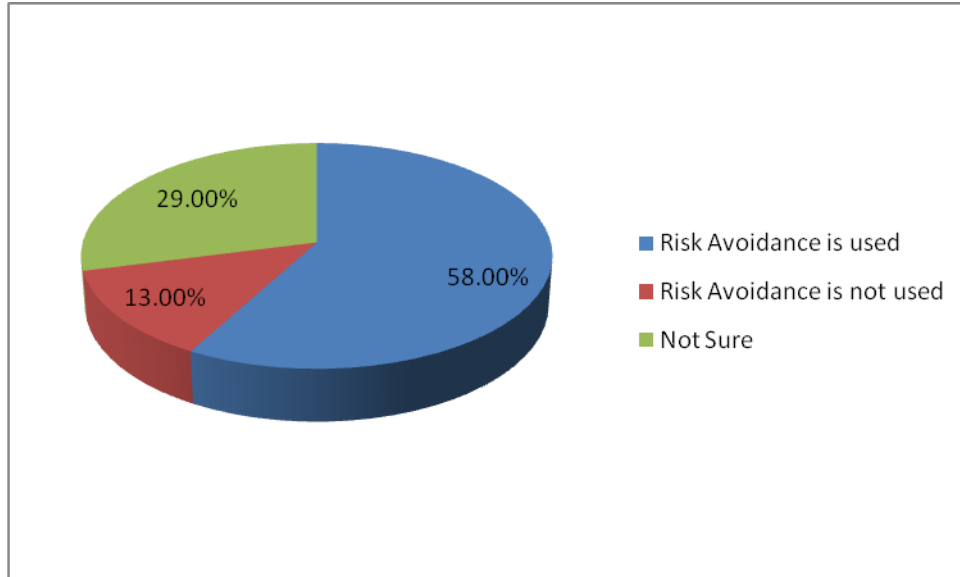
4.2.3 Contribution of risk avoidance to sustainability

Risk avoidance needs to be injected into employees' thought processes, since avoiding in the first place is obviously far better than having to endure the costly and disruptive consequences of dealing with such events in Microcare insurance limited. Avoid-risks are risks that no business can survive or be sustainable in the long run, if left unattended. That is why these risks need to be avoided. In the attempt to find out the extent to which risk avoidance contributed towards organizational sustainability several questions were posed before the respondents. The generated responses were presented under the following sub-themes: the existence and justification of risk avoidance, application of risk avoidance in the Microcare business perspectives, implication of risk avoidance to the survival of an organization and the statistical contribution of risk avoidance to the sustainability of Microcare Insurance Company.

4.2.3.1 The existence and use of risk avoidance

The study tried to capture the existence and use of risk avoidance in the perspectives of Microcare Insurance Limited. Responses regarding this aspect were presented in figure 4.2.

Figure 4.2: Existence of Risk Avoidance in Microcare Insurance Limited



The figure indicates that majority of the respondents (58%) revealed that Microcare Insurance Limited was using avoidance as a risk management strategy, 29% were not sure while 13% pointed out the risk avoidance was not used. The responses generated from the interviews, especially with the use of probing brought out two critical dimensions of risk avoidance: the internal organizational perspective and the external out-look. With regard to the internal perspective, it was pointed out that there was no need for risk avoidance. Instead, Microcare Insurance considered risk avoidance within the external out-look perspective where the company would avoid risky scenarios for her continued survival and sustainability.

4.2.3.2 Implication of risk avoidance to the survival of an organization

The study tried to find out the implication of risk avoidance in the survival of Microcare Insurance Limited. The generated responses indicated that in its totality, risk avoidance is the justification for any organizational existence only from the internal survival strategies and context. Results from the interviews conducted

among the management staff members revealed that if all clients had employed the risk avoidance strategy, Microcare Insurance Limited would never have been in business. The attached and direct meaning would have been avoiding all risk events, thereby having no justification at hand to get into business with Microcare Insurance Limited. The moral edifice of insuring risks would not have come up at all. Thus, from the business point of view, emphasizing risk avoidance is client-oriented but not insurer oriented.

4.2.3.3 The contribution of risk avoidance to organizational sustainability

In the bid to establish whether there existed any risk avoidance strategies and how the strategies contribute to the sustainability of Microcare Insurance Company Limited, two questions that were highly expected to depict the relationship between risk avoidance strategies and organizational sustainability were posed before the respondents, cross tabulated and the Pearson chi-square value calculated. The questions used were question 10 and 11 under section 4 in the questionnaire.

Question 10: The management of Microcare Insurance Limited organizes and implements client identification checking procedures in all work points.

Question 11: Does Microcare Insurance Limited assesses the market to ensure that the industry visa-a-viz the services provided are free of hazards.

The elicited responses on this issue are presented in table 4.9.

Table 4.9: Case processing summary of Market Assessment and Sustainability

		Sustainability	Risk Avoidance
Sustainability	Pearson Correlation	1	.978 **
	Sig. (2-tailed)	.	.000
	N	88	87
Risk Avoidance	Pearson Correlation	.978 **	1
	Sig. (2-tailed)	.000	.
	N	87	87

** . Correlation is significant at the 0.01 level (2-tailed).

From table 4.9 above, we observe that the Chi square test shows that there is a relationship between risk avoidance strategy and sustainability.

The Pearson correlation test shows that there is a strong relationship between market assessment and Sustainability. This implies that if the staff and management of Microcare Insurance Limited assesses the market to ensure that the industry visa-a-viz the services provided are free of hazards, something that increases the chances of identifying risks that can be avoided before implementing. Therefore, it was concluded that market assessment contributes significantly to sustainability because if the market is assessed, risks such as patients with chronic diseases that can affect the group premiums are identified and avoided by not registering them on the health insurance scheme. Henceforth, Microcare Insurance Limited can be sustainable if management considers conducting market assessment.

4.2.4 Effect of organizational perspectives on sustainability

From the study, three perspectives of risk were analyzed to find out if they had a relationship with organizational sustainability. The perspectives that were studied were as follows: technical (or experimental); operational (or process) and strategic. Several organizational perspectives of risk management strategies can have an impact on sustainability.

4.2.4.1 Technical perspective and organizational sustainability

The study tried to relate the effect of technical perspective on organizational sustainability. The generated responses were agreeing in principle that the technical perspective was a strong foundation towards organizational success. This was emerging and affecting both the internal and external environments. Internally, there was need to ascertain the technical capacity of the staff members, especially management at a policy level to effectively ascertain the internal technical competencies and gaps thereof for effective organizational performance. Externally, the economic viability with regard to the market conditions were mentioned as ingredients towards organizational success. Emerging responses from the management of Microcare indicated that much as there was a strong internal technical capacity, there were unpredictable conditions emerging from the external environment that rendered the predictive technical task requirement difficult.

4.2.4.2 Operational perspective and organizational sustainability

The questions posed under this variable were majorly policy and structural in nature. This was based on the perception that organizational operations are directed by the policy framework and philosophy governing the organization. The generated responses revealed that Microcare Insurance Limited had her own governing policies and operational philosophy. Despite this, there were diverse overlaps especially emerging from the Uganda Insurance Commission and the overall National policy framework. Much as these bodies depict the ideal resilient operational environment, they sometimes constrained the operations of Microcare Insurance Company. As a result, the surviving edge kept on reducing. The overall implication was that with unfavorable policy framework Microcare Insurance Limited would find it had to reach a level of organizational sustainability within her operations.

4.2.4.3 Strategic perspective and organizational sustainability

The study tried to establish whether strategic perspectives affected the sustainability of Microcare Insurance Limited. Several questions were posed before the respondents including those with a construed strategic management and structuring orientation. It was prominent from the findings that Microcare Insurance Limited. Emerging from the generated finding, it was ascertained that much as the company had a strategic plan to give a strategic and operational orientation, it was often times overhauled by the ever changing demands of the clients. As new risks came up, there would be need to overhaul and revamp the operational strategy. This greatly affected that overall performance of the

organization, notwithstanding the ideal contribution of strategic concerns in the sustainability direction of an organization.

4.2.4.4 Effect of organizational perspectives on sustainability: A statistical snapshot

In the bid to establish whether there existed any technical, operational or strategic organizational perspectives and how they can affect sustainability of Microcare Insurance Company Limited, two questions that were highly expected to depict the relationship between organizational perspectives and organizational sustainability were posed before the respondents, cross tabulated and the Pearson chi-square value calculated. The questions used were question 13 and 14 under section 5.

Question 13: Employee training enables the company adapt to the changing enviromental conditions and become more effective in the market place, something that increases profitability level and hence sustainability.

Question 14: The staff retention in this company has been improved by management putting in place a human resource strategic management plan that is used to recruit, retain, inspire and motivate staff. The findings on this issue are presented in table 4.10 below.

Table 4.10: Organizational perspectives and sustainability

		Sustainability	Organizational I Perspective
Sustainability	Pearson Correlation	1	.874 **
	Sig. (2-tailed)	.	.000
	N	88	88
Organizational Perspective	Pearson Correlation	.874 **	1
	Sig. (2-tailed)	.000	.
	N	88	88

** . Correlation is significant at the 0.01 level (2-tailed).

From table 4.10 above, we observe that the chi square test shows that there is a relationship between organizational perspectives and sustainability.

The Pearson correlation test shows that there is a strong relationship between organizational perspectives and sustainability at 0.01 level of significance. Therefore, Microcare Insurance Limited can be sustainable if it considers having proper organizational perspectives. Furthermore, an employee engagement program will not go far without first establishing the management infrastructure required to support sustainability. Therefore Microcare Insurance Limited needs to equip its human resource department with a proper rewards and recognition program to support and reinforce sustainability behaviors.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In this chapter, the findings in chapter four were discussed, conclusions and recommendations made. This was done in accordance with the major themes of the study; the risk management strategies on the sustainability of Microcare Insurance Limited not ignoring the organizational perspectives. Finally, areas for further research were suggested.

5.1 Discussion of findings

5.1.1 Risk Transfer strategies and organizational sustainability

Risk transfer emerges as an important strategy with wide differentials proved to be one of the most outcome measures considered in strengthening relationships between policy implementation and practice in an organization that brings about sustainability. Passing risk to another part is common: this transfer however, does not change the risks. Passing risk to another party almost always results paying a premium for this exemption. Fixed price contracts are the classic example of transferring risk from an owner to the contractor. The contractor understands his or her firm will pay for any risk event that materializes; therefore, a monetary risk factor is added to the contract bid price. Before deciding to transfer risk the owner should decide which party could best control activities that would lead to the risk occurring.

Another more obvious way to transfer risk is insurance. However in most cases this is impractical because defining the organizational risk event and conditions to an insurance broker or re-insurer who is unfamiliar with the organization is difficult and usually expensive.

The study findings revealed that there were significant forms of risk transfer strategies used in operations of Microcare Insurance Limited which significantly contributed to organizational sustainability. There were higher cases of positive responses (64.77%) on the fact that management of Microcare Insurance co-insures and re-insures with other organizations with whom they have contracts with and that risk transfer had a positive implication on organizational resilience.

The study findings still revealed that there significant forms of risk transfer strategies in Microcare that could contribute positively to the sustainability of Microcare Insurance Limited. This was statistically proved by the Chi square test whose value was established at 0.010. The selected items to test for the statistical relationship of this objective (1- Does Microcare Insurance Limited insure with any other company and 3- if re insurers play a key role in helping Microcare Insurance Limited price its products), were concluded to be highly significant.

There were higher cases of strongly agree on the fact that management of Microcare Insurance Limited co-insures and reinsures with other insurance companies. When an insurance company co-insures and reinsures, that means that it has transferred or shared the risk with other insurance companies or the reinsurers.

The above findings agree with Wilson's (2008) observation that in the business world, risk transfer often involves contractors' relationship with subcontractors. The management of Microcare Insurance Limited re-insured all their big policies with various re-insurers through formalized written agreement as a significant part of their marshal strategy for the company's sustainability.

The findings also agree with a number of studies including the one conducted by Briault's (1983) research which found out that a noteworthy trend of risk transfer market is the transfer of risk from insurance companies to global reinsurance companies and specialist insurers around the globe. He noted that during this period, insurance companies in UK and overseas that had taken on a lot of risk using credit risk transfers were found dabbling in the market and most of them had left it.

Conclusively, in such cases therefore, selling parts or all of the policies that an Microcare Insurance Limited writes to other insurance companies, mainly to spread risk, would benefit it in various ways such as; increasing the underwriting capacity of the insurer; protection against a catastrophic loss which helps to stabilize profits; reducing the unearned premium reserve; and reinsurers can provide advice about specific lines of insurance to insurance companies that are starting up or entering a new line of insurance business which all leads to organizational sustainability.

5.1.2 Risk Mitigation and Organizational Sustainability

Risk mitigation strategies that reduce the probability or impact of a potential problem are a good choice for risk management in case management in looking at organizational sustainability. Some generic ideas of risk mitigation include good communication, use of specialists and generalists, strong sponsorship, training and continuing user involvement.

The study findings revealed that there are significant forms of risk mitigation strategies in Microcare that could contribute positively to the sustainability of Microcare Insurance Limited. This was statistically proved by the Chi square test whose value was established at 0.010. The selected items to test for the statistical relationship of this objective (6- if management of Microcare Insurance Limited organizes in service training courses and 7- if external schemes were arranged for Microcare Insurance Limited staff to improve their academic qualifications and skills of work), were concluded to be highly significant.

There were higher cases of strongly agree on the fact that management of Microcare Insurance Limited employee training had a significant impact on productivity level in Microcare Insurance Limited hence enhancing sustainability.

The above findings coincide with IBM Governance and Risk Management white paper (2007) that a successful governance and risk mitigation strategy must operate at multiple levels with broad coverage. The white paper further indicates that whether it is to mitigate risks associated with a major disaster, or more common risks in the areas of business operations, organizations need to take a

comprehensive and methodical approach to risk mitigation such as training, information accessibility, communication flow and workflow iterations to ensure continuity and sustainability.

Conclusively, it can be observed that staff training is vital in enabling Microcare Insurance Limited to adapt to the changing environment and further become more effective in the market place, something that can increase on the profitability level per individual input and competitiveness hence sustainability. This is so because training in either case does not only involve the generation of new competencies in the workers, but also in all the hierarchical components of the organization.

5.1.3 Risk avoidance strategy and organizational sustainability

Risk avoidance is the most effective way to deal with the causes of risks, because it obliterates them. Unfortunately avoidance is not possible for all organizational risks, because many risks are tightly coupled with the requirements of technical organizations. Avoiding risks in an organization requires someone to reconsider choices and decisions made in defining and planning the organization.

The study findings revealed that risk avoidance strategy was used in Microcare Insurance Limited which significantly contributed to its sustainability. There were cases of positive responses (58%) generated from the interviews, who suggested that management of Microcare Insurance Limited should concentrate on avoiding risks that arise from the external environment for her continued survival and sustainability.

However, the above findings disagree with the observations posted on http://en.wikipedia.org/wiki/risk_management ; 2009 , where it was stated that for an organization to be successful and sustainable, it should be strategic in nature with business wide ramifications. Organizations board members should be concerned about the compliance with industry and government regulations which are external environmental factors that lead to organizational sustainability.

Conclusively, Microcare Insurance Limited should be committed to addressing the management of risk proactively and consistently all throughout its operations with high level consideration for external environment which consists of competitors, government and the regulators.

5.1.4 Effect of organizational perspectives on sustainability

The study findings revealed that there was a significant relationship between organizational perspectives and organizational sustainability. This was statistically proved by the Pearson Chi- square test whose value was established at 0.010.

The selected items to test for the statistical relationship of this objective (13- Employee training enables the company adapt to the changing environmental conditions and become more effective in the market place, something that increases profitability level and hence sustainability and 14- The staff retention in this company has been improved by management putting in place a human resource strategic management plan that is used to recruit, retain, inspire and motivate staff), were concluded to be highly significant.

The study findings disagree with Forbes' 1973 observations where he pointed out that modern organizations, especially business organizations; have become enormously stressful places in which to work. Terms such as 'delivering shareholder value' and 'increasing market share' are associated with aggressive managerial styles. People become 'human resources', to be moved or dismissed according to the market conditions, or simply stock-market sentiment.

"In the end, a corporation almost always loses company memory and company energy. The first is caused when informal networks are destroyed, information sharing is restricted, and experienced employees depart. The second is caused from declining morale, loss of loyalty and commitment, and the departure of the most talented employees, who know they are marketable."

5.2 Conclusion

There were significant forms of risk transfer strategies in Microcare Insurance Limited. The company reinsures with reinsurance companies who take on the burden of settling claims in case the insurance company is not financially stable and this improves organizational sustainability. However, there are several guidelines and procedures that the reinsurers would like insurance companies Microcare Insurance Limited to follow are in many instances violated and as a result, the company goes insolvent when there are no funds to settle claims which results into the collapsing of the organization.

While some companies develop risk strategies based on ethical motives, most firms do so for business reasons. Risk strategies can decrease risk costs, augment competitive positions, protect reputations and improve bottom lines. Risk managers and all staffs in their categories have a tremendous opportunity to contribute to their firms' overall management strategy by implementing sound risk management strategies for sustainability to exist.

Risks arising from environmental problems and or social discontent surrounding an organization can be extremely costly in terms risk managements of delays and stoppages, negative publicity, threats to operating license, and significant unforeseen expenditures. At the same time, reputational damage to the company can far exceed the immediate cost impacts of an organization.

In view of the study findings, the following conclusions were made:

5.2.1 Risk Transfer Strategies and Organizational Sustainability

Companies that proactively seek to reduce and manage these risks can benefit from improved business performance overtime. Conclusively, in such cases therefore, selling parts or all of the policies that an Microcare Insurance Limited writes to other insurance companies, mainly to spread risk, would benefit it in various ways such as; increasing the underwriting capacity of the insurer; protection against a catastrophic loss which helps to stabilize profits; reducing the unearned premium reserve; and reinsurers can provide advice about specific lines of insurance to insurance companies that are starting up or entering a new line of insurance business which all leads to organizational sustainability.

5.2.2 Risk Mitigation and Organizational Sustainability

There were significant forms of risk mitigation at Microcare Insurance Company as It can be observed from the findings that staff training is vital in enabling Microcare Insurance Limited to adapt to the changing environment and further become more effective in the market place, something that can increase on the profitability level per individual input and competitiveness hence sustainability. This is so because training in either case does not only involve the generation of new competencies in the workers, but also in all the hierarchical components of the organization.

5.2.3 Risk Avoidance Strategy and organizational sustainability

Risk avoidance is the most effective way to deal with the causes of risks, because it obliterates them. Unfortunately avoidance is not possible for all organizational risks, because many risks are tightly coupled with the requirements of technical organizations. Avoiding risks in an organization requires someone to reconsider choices and decisions made in defining and planning the organization

5.3 Recommendations

In view of the study findings the following recommendations were made.

5.3.1 Risk Transfer Strategies and organizational sustainability

The management of Microcare Insurance Limited should design a strategy of training employees, matching employees' work output with the benefits thereof. In cases of high productivity, employees should, in equal proportions be rewarded to encourage further improvements in performance standards. This is likely to improve on the employee retention rates as more employees leave due to the

inequitable labor rewards compared to the output productivity and in turn organizational sustainability.

5.3.2 Risk Mitigation Strategies and Organizational sustainability

- Management and staff should have a clear understanding of the requirements of the insurance processes which can include concerns over financial loss, damage to reputation, loss of intellectual property, devaluation of services and regulatory requirements (a critical driver), among other insurance specific risks.
- Microcare Insurance Limited should select an appropriate control or counter measures to measure each risk. The risk management strategy plan must be approved by the appropriate level of management. The risk management strategy plan should also propose applicable and effective security controls for managing risks.
- Follow-up on all the planned methods of mitigating the effect of risks. Purchase insurance policies for the risks that have been decided to be transferred to an insurer, avoid all risks that can be avoided without sacrificing the entity goals, reduce others and retain the rest.
- Review and evaluate the plan periodically in order to evaluate whether the previously selected measures are still applicable, effective and the possible risk level change in the business environment.

5.3.3 Risk Avoidance Strategies and Organizational sustainability

An understanding of the business environment, including knowledge of how specific processes / policies compromises or failures can affect the entire business, funding corrective measures if possible, developing compensating controls, insuring the risk and in most cases developing a detection method for fraudulent clients.

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APPENDIX 1: LETTER OF INTRODUCTION

APPENDIX II: QUESTIONNAIRE FOR EMPLOYEES OF MICROCARE INSURANCE LIMITED

Dear respondent;

Am glad that you have been selected to take part in this academic study entitled “Risk Management Strategies and Sustainability: The case of Microcare Insurance Limited”.

You are therefore requested to answer all the questions as honestly as possible. There is no correct or wrong answer. What is important is your view about the subject. The responses you give will be treated with confidentiality. You may respond by indicating your choice with a tick (✓) or filling in the blank spaces provided.

Thank you

SECTION 1: BACKGROUND INFORMATION

1. Age of respondent

21-30 years 31-40years 41-50years over 51 years

2. Gender of respondent: (a) Male (b) Female

3. Academic qualification of respondent.

Degree Diploma Certificate Other

4. Years of employment in Microcare Insurance Limited

1 year 2 years 3 years over 3 years

5. Position Held:.....

SECTION 2: KNOWLEDGE ABOUT RISK TRANSFER STRATEGIES

1) Does Microcare co-insure with any other company?

Yes No

2) Does Microcare re-insure with any other company?

Yes No

3) Do reinsurers play a key role in helping Microcare Insurance Limited in pricing their products?

Yes No

4) What are the benefits of co-insuring and re-insuring on organizational sustainability?.....
.....

5) Do you find the risk transfer strategies relevant to the sustainability of the organization?

Yes No

SECTION 3: KNOWLDEGE ABOUT RISK MITIGATION STRATEGIES

6) Does management organize in service training courses fore its employees?

Yes No

7) Dose management organize external training courses for the employees

Yes No

8) If Yes, how often are such training programs organized?

a) Often times b) very often c) Rare d) Very rare

9) Which training programs are usually organized for employees in this company?

a) Internal b) External c) Both a and b

SECTION 4: RISK AVOIDANCE

10) Has Microcare got a check-in –desk system to identify its clients in all there operational points?

Yes No

11) Does Microcare Insurance Limited assess the market to ensure that the industry visa- a- viz the services provided is free of hazards?

Yes No

12) Are these policies and procedures relevant?

Yes No

SECTION 5: EFFECT OF ORGANIZATIONAL PERSPECTIVES

13) Does the employee training enable the company adopt to the changing enviromental conditions and become more effective in the market place?

Yes No

14) Are there any strategic plans put in place by management to support staff retention?

Yes No

For questions 12-24 below, show the extent to which you agree with each of the statements by indicating either 1,2,3,4 or 5 OR strongly Agree, Agree, Partial, Disagree or Strongly Disagree at the end of each question. The response should be in the Microcare Insurance Limited context.

STRONGLY AGREE	AGREE	PARTIAL	DISAGREE	STRONGLY DISAGREE
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>

15) Does Microcare Insurance Limited assess the market to ensure that the industry visa-a-viz the services provided is free of hazards?

16) Has Microcare Insurance Limited Duplicated records and documents and, then, storied the duplicate copies elsewhere other than offices

17) Does Microcare Insurance Limited have a well-planned loss prevention program?

18) Does Microcare Insurance Limited has insurance from another insurance company for the services provided

19) Is there a specific person within Microcare Insurance Limited who is responsible and/or accountable for Risk Management and Quality Control within the Firm?

20) Does Microcare Insurance Limited have set procedures following the receipt of complaints from clients and/or any other party?

- 21) Does Microcare Insurance Limited keep a central register of all complaints made against the Firm?
- 22) Does Microcare Insurance Limited analyze and/or review complaints and claims record on a regular basis?
- 23) Does Microcare Insurance Limited assess the constraints of time, costs, quality on client satisfaction?
- 24) Does Microcare Insurance Limited carry out frequent visits to the people that are being taken care of?
- 25) Has the check in desk system helped Microcare Insurance Limited in ensuring timely processing of claims?
- 26) Does Microcare Insurance Limited has specific prices for each of the services provided by the service providers?
- 27) Does Microcare Insurance Limited has contracts with the implementing partners /service provider?

Thank you for the co-operation.

**APPENDIX III: INTERVIEW GUIDE FOR MICROCARE INSURANCE
LIMITED MANAGERS**

Dear respondent,

I am Nadjuka Petra, a student of Uganda Management Institute and currently carrying out research as part of the requirements for the award of a degree of Master in Management Studies.

You have been identified as the best source of information since you are well versed with the contribution of risk management strategies on organizational sustainability in Microcare Insurance Limited. The study is purely academic and the information you give will be kept confidential.

SECTION A: BACKGROUND INFORMATION

1. Name of the department
2. Age of respondent
3. Sex of respondent: Male/ Female
4. Position held:
5. Level of education attained
6. Department:.....
7. Time spent as official occupying the present position: (state in years).....

SECTION B: TEXT QUESTIONS

1. Do employees of this company receive on job training?.....
2. If yes, how often is it done?.....
3. How is it organized?.....

4. What motivates management to organize the employee training programs?.....
5. Would you say that employee training has had any significant impact on organizational sustainability?.....
6. Please explain the nature of this significance.....
7. Are there challenges you face in organizing training programmes in this organization?.....
8. If yes, what challenges do you face?.....
9. How can these challenges be overcome?.....

Thank you for your co-operation