

# Joint Venture and Strategic Flexibility: A Study of Healthcare Firms

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## Abstract

*Joint Venture (J.V) business entry model provides a significant role in improving the product innovation by sharing products, expertise, and knowledge, shared returns and risks associated with the business. However, this integration also brings some form of contradiction and confliction internally or externally regarding decision making, processes control, and marketing services. The main objective of the paper is to analyze the strategic flexibility between joint ventures which paves the way for the successful innovation by overcoming the constraints such as decision making, processes control, and marketing services. We also formulate hypotheses to validate our problem objective by taking some relevant case studies of two health insurance companies, chosen specifically based on our research focus. Hypothesis I is to bring about significance of joint venture in products innovation, Hypothesis II stresses the importance of strategic flexibility, which in turn lead to the innovation, Hypothesis III compares the relative effectiveness of joint ventures and their strategic flexibility and Hypothesis IV is formulated in such a way to bring about the correlatedness of strategic flexibility, joint venture, and innovation. The obtained results are used to verify strategic flexibility in both firms to achieve the firm targets, along with a product which meets the customer demands. Investigation is made to confirm whether their services are cost effective with optimization of time for each process. There are few limitations in this approach; primarily case studies were carried out by considering only two healthcare insurance companies. This may lead to the biased conclusion since data is minimal or may be inadequate. So the future direction will comprise of studies involving more companies. Further research was solely qualitative, which has to be backed by quantitative analysis. A comparative study between firms with and without strategic flexibility plan has to be undertaken to unravel all possible effects of strategic flexibility.*

**Keywords:** Healthcare companies, Innovation Products, Joint Venture, Strategic Flexibility

## Introduction

J.V is defined as the association, which is formed by two or more individual or legal entities through a co-operation agreement to develop a new entity and asset by contributing equity (Harriagan, 1983, 1985, 1986). J.V has the nebulous characteristic not like that of the franchise. The participating firms have to share equally their resources, skills, technologies, etc. (Harriagan, 1980). In return, both the companies will share profits. In addition to financial profit, it also enables companies to avoid a risk of loss, since capital or resources are shared between the firms (Harriagan, 1986). Even J.V enables small firms to work with larger firms which have already established themselves in the financial market (Harriagan, 1983). The financial market

is the place where buyers and sellers trading their assets such as equities, bonds, currencies and derivatives on different transaction costs with based on supply and demand. Using the resources of large firms and opting business strategy, the small firm can develop new products and introduce them in the financial market (Choi, 2004). New products with certain market value come into existence as a result of innovations that happens due to the formulation of J.V, which also brings out of new ideas, talents, and new decision-making process (Moeller, 2000; Choi, 2004). Innovation and creativity are integral parts which play a vital role for an organization to be successful (Amabile, 1988; Anderson and King, 1993; West, 2002). So, J.V between two firms will lead to the fusion of different creativity and innovation which will be more effective to meet market needs

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in term of the products, process, service, technology in comparison to the existing one. Anderson & Kristina *et al.* discussed that to review the extended research work in individual, team, organizational, etc., comprehensive level of analysis with the pertaining of several theories of creativity and innovation is applied (Baer, 2012; Anderson *et al.*, 2014, Kristina, 2014; Anderson and Costa, 2010). By using these theories, some of the existing creativity and its factors which favor the capability of recombination may get affected; this can be overcome by synchronously the networks and diverse knowledge (Gianluca, 2013). From this, it can understand that J.V leads to innovative products or project which can benefit in the society.

Usually new entity, they will govern contract law joining two or more firm may also cause flaws in networking due to lack of cooperation, coordination, decision making, and may hinder the progress of the project or may even slow down the productivity (Johnson Howard E, 2000). For instance, when small firm joint with a big firm, the small firm usually deals with a relatively lesser number of the product, which is contradictory to the case of bigger and well-established firms. This will lead to conflict in decision making regarding production and processing, which also lead to the gap between the companies networking bridge (Levis, Cary, 1988; Moeller, Bud, 2000).

To avoid above mention failure, there should be strategically framed flexibility network or policy have to be established among the firms. In term of strategic planning, the flexibility creating in business strategic is term as Strategic Flexibility (SF). SF segments between the J.V will enhance firm performance in bringing out the innovative product, which may lead to short or long-term success in the market (Harriagan, 1985, Harriagan, 1986). SF can also be applicable in two level in firms, at the first level, it is the ability of a business to respond and adapt to its environmental change successfully (Evans, 1991; Greenley and Oktemgil, 1998). In the second level, the decision-making process is done for a firm to undergo decision option for alternative or changes in the strategic planning (Aaker, 1984; Fiegenbaum, 1991; Sharfman, 1997; Greenley and Oktemgil, 1998; Dhir & Dhir, 2015). Sanchez *et al.* proposed that both this level can't be applicable mutually at a time (Sanchez, 1993; Sharfman and Dean, 1997). These levels can be pertinent at the same time with the S.F in terms of honesty, integrity, and communication within J.V firms, which will lead to the success of innovative products or projects.

## Literature Review

Research which involves creativity primarily focus on idea generation, whereas innovative research emphasizes on concept implementation. The concept of ambidexterity and adaptivity of a system is used to manage the confliction in different activities of product innovation (Bledow *et al.*, 2009; Dhir and Sushil, 2016). With a service intermediaries who promote clustering of technology will produce stronger innovative products (Ahuja, 2002; Howells 2006; Yan, Haiyang, 2009). Using data from chemical and pharmaceutical

producers in the US, European and Japanese, it was found that innovation strategies are positively correlated even after controlling firm-specific characteristics (Baum *et al.*, 2000). J.V performance is positively related to business activity, but it is negative in its product innovation efforts for each firm. New firms want to join the well-established firm to get brand recognition, which in turn help them to find a place in a market for their products (McDougall, Covin, Robinson, Herron, 1994; Shyam Kumar, 2010). Acquisition and post-acquisition, enhancing capabilities of joint venture help in internal and external network recombining to promote innovation (Choonwoo, Kyung, Johannes, 2001; Dhir & Mital, 2012, 2013; Jongkuk and Minyoung, 2014). Three aspects of a secure networking are, direct ties, indirect ties and structural holes which decided impact on innovation (negative or positive), each depth and scope shows the exploration of new knowledge of production (Katila and Ahuja 2000; Ahuja, 2000; Atuahene, 2002; Haiyang and Kwaku, 2002; H, Zhang, 2007; Li H). The data on the sectoral distribution and stability of J.V depend on the design venture which is based on a dominant and consistent logic of influences in the marketing field (Bruce, 1988; Joseph And Jamal, 2000). Opportunism is mediating role between volatile environment and its performance which linked with financial and technological investment on startup firms (Chon, Kyungmook, Johannes, 2001; Yadon, 2007). Structural, specialization, formalization and centralization level have to achieve by an organization for connectivity and steering their J.V (Sascha, Albers, Franz, Edward, 2013). In terms of productivity, exploration and exploitation are combine in J.V firms to achieve their potential for vibrant innovation (Anne, Miguel Rivera-Santos, 2011). Thus, it can be concluded that:

**Hypothesis 1 (H1):** *Even though there are certain environmental drawbacks, J.V will optimize the time, money, effort in the direction of developing an innovative product.*

## A. Strategic Flexibility and Innovation

SF is defined an aggregate of abilities that make the solid lead or change to any condition (Evans, 1991; Sanchez, 1995; Sushil, 2016). SF can be applied on two levels. In the first level of the firm, it has the tendency to respond and adapt successively to any changes of environments (Evans, 1991; Greenley and Oktemgil, 1998). At the second level, it denotes the extent of strategic decision-making option in any new or alternative way (Aaker and Mascarenhas, 1984; Fiegenbaum and Karnani, 1991; Sharfman and Dean, 1997; Greenley and Oktemgil, 1998). Both this level of flexibility is not mutually exclusive (Sanchez, 1993; Sharfman and Dean, 1997; Dhir, 2017). Any firms can allow responding to any environmental change and also fostering up their operation in hyper competitive markets by SF (Grewal and Tansuhaj, 2001; Evans, 1991; Johnson, 2003; Dhir, 2016). Saini *et al.* (2005) have discussed that antecedent of management learning and tacit knowledge is possible through SF, and it can also underpin schemas (Fish, Taylor, 1991; Hodgkinson, Sparrow, 2000; Saini and Johnson, 2005; Sushil, 2017). Sanchez *et al.* also suggests that development strategic option generates variety of choices, an alternative course of action,

flexibility for a firm (Aaker and Mascarenhas, 1984; Fiegenbaum and Karnani, 1991; Evans, 1991; Sanchez, 1995; Rudd, 2008; Sharfman and Dean, 1997; Greenley and Oktemgil, 1998). In fact, there are several different types of flexibility in supply, production, and assortment product flexibility; all these flexibility requires balance to cope up with uncertainty (Bent, Kjell, 2004). Social information by adopting by the firm lead to the success of the innovative product (Henrich et al., 2015). Focal cluster firms' network to reduce adverse effects of group membership on exploratory (Ozer and Zhang, 2015). S.F has the higher technological capability which is due to great explorative innovation (Kevin and Fang, 2010; Dhir et al., 2014). The relationship between various strategy and structure choices are determined with the flexible automation (FA) (Parthasarthy and Sethi, 1993). Here author interprets that resource flexibility and coordination flexibility lead to the competitive environment (Ron Sanchez, 1995). From the above literature, formulate hypothesis stating that:

**Hypothesis 2(H2):** *Adaptively with any circumstances on account of the strategic flexibility can intend to innovation products in the market.*

## B. Joint Venture and Flexibility

A collaborative venture can be carried out in an organization at different levels of connectivity and an administrating by forming a cluster network and social adaptation between them (Sascha Albers, 2013; Muammer Ozer, Wen Zhang, 2015; Henrich et al., 2015 ). Song *et al.*, in their research, they brought out that, high technology firms shows the positive association with level of potential and absorptive capacity (Song, Yapping, Sean, Way, Liangdin, 2012). But the collaboration between different level of firms will create conflicts, which intern their performance level dips and weakens. This can be sorted out by openness and neuroticism (Jong, Michael, Lisa, 2011; Dhir et al., 2014). On another side, co-operative arrangements are beneficial for new ventures so that they can compete with the existing giants in the market within a shorter period (Jeffrey, McGee, 1995; Jing, Edward, 2009; Jeffrey, Elko, Constantinos, 2014; Ozmel, Guler, 2014). This co-operative arrangement can be achieved only through strategic schemes which promote strategic flexibility (Sucheta, Narayanan, 2007). In terms of resources, flexibility between the firms leads to a transformed competitive environment in dynamic product markets (Ron Sanchez, 1995). From above-mentioned factors it can be hypothesized that:

**Hypothesis 3 (H3):** *Strategic flexibility is required for a joint venture for good output in dynamic and competitive markets.*

## C. Joint Venture, Strategy Flexibility, Innovation

With J.V, two or more firms can possess a good cluster of network technology and their product innovation will become stronger in terms of service intermediaries, their external innovation and search cost (Katila and Ahuja, 2002; Howells, 2006; Yan et al., 2010). Joint venture performance is positively related to business activity, but it is negative

in product innovation efforts for each firm. Even though new firms want to join with well-known firms in market rivalry to get brand recognition tag along with them (McDougall et al., 1994; Shyam, 2010). This can only acquire only when there is SF between them. Certain scholars discussed that antecedent of management learning and tacit knowledge is possible to SF and these also thought to underpin schemas (Fisk, Taylor, 1991; Hodgkinson, Sparrow, 2000; Saini, Johnson, 2005). A few groups working in this direction also suggested that developing strategic option generates an alternative course of action and flexibility (Aaker and Mascarenhas, 1984; Fiegenbaum and Karnani, 1991; Evans, 1991; Sanchez, 1995; Sharfman and Dean, 1997; Greenley and Oktemgil, 1998; Rudd, 2008). In facts, there are several different types of flexibility such as supply, production, and assortment product flexibility; all this flexibility requires balance to cope up with uncertainty (Bent and Gronhaug, 2004). Social information by adopting substantial which lead to the success of innovative production technologies (Henrich et al., 2015). Also, flexibility can be created in two possible ways, one in technologies change and on other through attitudinal changes (Sushil, 2015; Parameswar, Dhir, & Dhir, 2017). Ron *et al.* (1995) discussed that strategic flexibility in resources and coordination between the firms lead to a transformed competitive environment in dynamic product markets (Ron Sanchez, 1995). Now, it can be established that:

**Hypothesis 4(H4):** *For a new entrant, rivalry in the market is tough challenging and will have to cope with many consequences regarding resources and finance, as compared to established firms. Hence for a new entrant, the joint venture will enable them to overcome aforementioned challenges and flexibility between the firms reduces conflicts. It will create a harmony and understanding between them. So, joint venture with a strategic flexibility can lead to innovation of products at an increased pace and optimal use of resources*

## Proposed Framework

In this research, a framework is designed and is used to validate and verify the problem statement. The problem statement can be divided into four subtasks, which are mapped to a unique hypothesis.

## Methodology

The studies aim to verify and validate that strategic flexibility makes a joint venture in the healthcare industry more efficient and creates opportunities to develop innovative products. In the first step, design research questions with initial observation and systematic literature reviews. In the second step, formulate the research problem with finding from the literature review on the topics of a joint venture and product innovations. In the third step, frame the research hypothesis which is again going to analyze qualitative and quantitative flexibility in terms of innovation planning. Finally, conclude the result based on the finding and analysis either by accepting or rejecting the research hypothesis. The overviews of mentioned steps are given in following flow charts:



Figure 1: Mapping of the Research Problem Statement to our Research Hypothesis

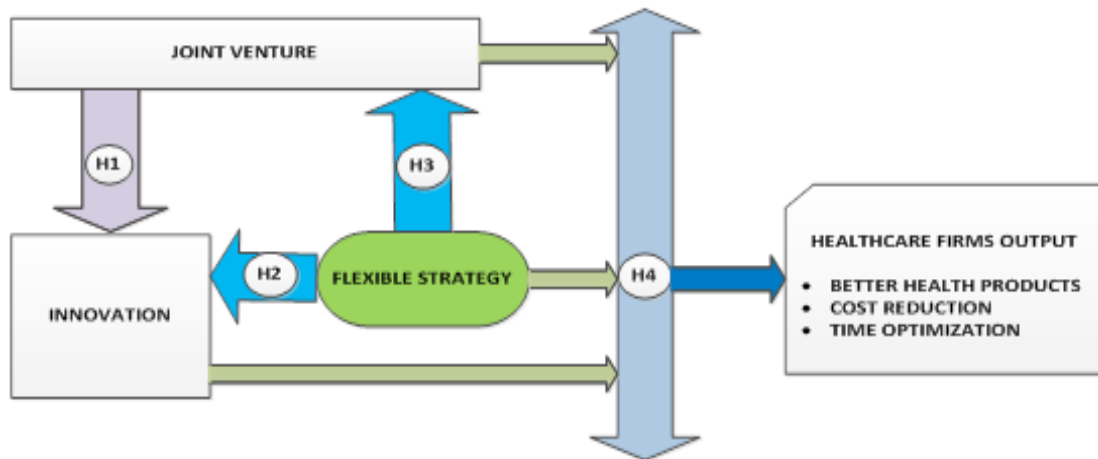


Figure 2: Proposed Framework for Joint Venture, Flexible Strategy, and Innovation Perspective in Healthcare Firms

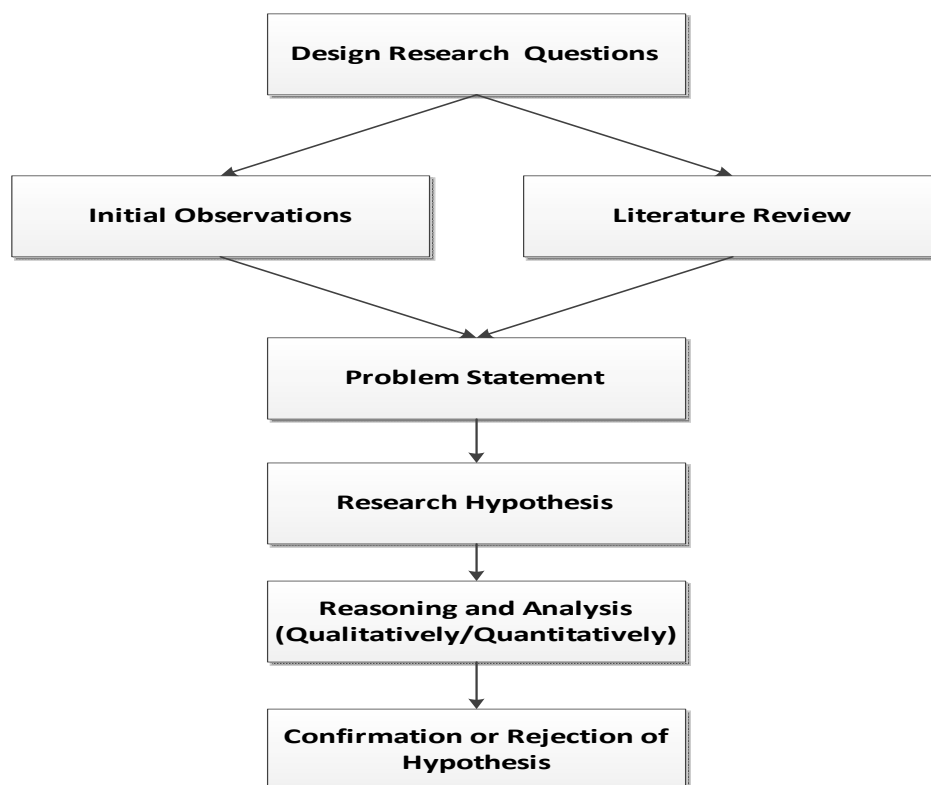


Figure 3: Research Methodology to Validate and Verify our Proposed Problem Statement



## Data Source

For verifying and validating the proposed theory by analyzing the case studies on healthcare insurance company. It is understood that healthcare industry is a conglomeration of sectors, within the economic system that provides goods and services to improve the lifestyle of peoples. Max Bupa Health Insurance Company Limited and Cigna TTK health Insurance company limited are two healthcare insurance companies which have been considered for the purpose of our studies. The relevant data have been used e.g. public disclosure annual reports for the year 2014-2015 and products plan policy prospectus with literature from the company's official site for further research and analysis.

### Case 1: Max-Bupa Health Insurance Company Limited

Max-Bupa Health Insurance Company Limited a joint venture, formed between Max India Limited and Bupa Group which is a UK based healthcare service provider.

#### Max India Limited

Max India Group is a multi-businesses corporate firm, which increments the enterprise spirit and does concern for the people wellness and service. It is one of the most admired firms in India and has vast and visionary expertise in the healthcare domain. Their goal is to protect, care, enlighten and make healthcare insurance available and penetrate into all sectors of the society from urban to rural people. To achieve their objective they have partnered with Mitsui Sumitomo, Japan's Insurance group; Bupa Finance Plc, UK; Life healthcare group, etc. Max India Group's FY-14, annual

statement notifies the overall functioning revenue of Rs. 91.3 million and their growth rates at 12% compared to the same period during the previous year. They have a customer base of 7 million, with 310 offices spread across 216 locations in India and operating with manpower of approximately 7000(Max India Financial Report, 2014).

#### Bupa

Bupa is a private healthcare company and also the leading private health insurance provider in the U.K and other Asian Countries.

Bupa has a 29 million customer base spread over 190 countries. Bupa specializes in private medical insurance diversified into travel insurance, health insurance, home care services, health assessments, occupational services, as well as Hospital services. Bupa had an initial registration of 38,000 when founded, but currently has over 14 million customers worldwide (Bupa about page). The diverse insurance platforms that it offers to its clients are divided into Lux Med, Sisco, Max Limited, etc. are few of the many Business partners of Bupa.

Now, the frame hypothesis is going to testing on this insurance company for proving the formulated theory.

**H1:** The objective of both of these healthcare firms is to help their clients and assist them in having a healthier life by providing customized healthcare insurances. Both firms have partnered together by sharing a common vision of constantly raising the standard of insurances in healthcare sectors. Some of the products benefit plans such as critical, hospital cash and personal accident cover with different levels of sum assured have been plotted in Figure no.4.

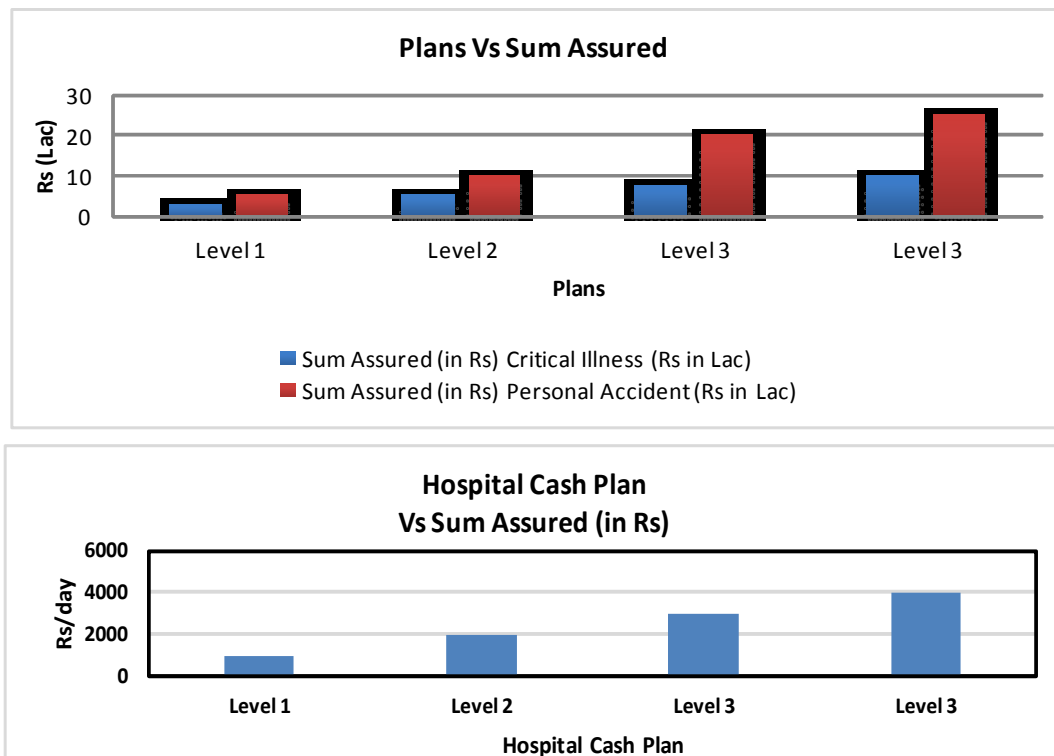


Figure 4: Plan & Sum Assured Covers

Figure 4, shows that these innovative productive plan promises to keep their customer with care for their life, which is indicative of the importance of joint ventures which has lead to the development of innovative products

**H2:** Max Bupa has a flagship product called heartbeat for their customer retail, offering comprehensive health insurance of cover range from Rs.1 lakhs to 1crore for individuals as well as family. The products are customized according to the customer need, and are designed for providing more comprehensive coverage benefits. The product designs are evaluated each year based on the changing market dynamics and human health requirement to provide a better level of comprehensive health coverage option to their clients. Their future plan has been indicated to provide 32 possible combinations, with 18 other voluntary benefits for the clients which would be directly related to the feedback that has been received from their customer, and other intermediaries based on their needs. The aforementioned information indicates that the company has strategic flexibility in term of product innovation which qualifies our second.

**H3:** In term of operation, Max Bupa has developed a strong network of over 3400 quality hospitals and up to 1500 other healthcare providers and their services are rendered through a large workforce of over 1300 people and spread across 22 office at different locations. The firm also provides their services to the customer through the doctor, digital media like TV, Radio, and the internet and also through print media such as templates, brochures, newspapers etc. Table 1 shows the diverse flexible options, of the sum, assured across multiple plans based on the age group, with details about its medical test coverage. These useful productive plans have also been formulated, due to the strategic flexible alliance between Bupa and Max.

**H4:** Table 1, show that at different ages there are various plans which benefit their customer in covering their expenses for the different level of medical tests. These options have made it affordable for customers to update their health status. Thus the three hypothesis results have been positively proved. Thereby it shows that Max Bupa have

strategic flexibility planning in term of products and services to meet the customer need and this has ultimately lead to an improved level of performance and revenue outcome for the company. To prove, the capital of the company from the annual report are taken. It shows that company capital share equity was increased from Rs. 504 to 669 cores. Hence it justifies and proves the fourth hypothesis.

## Case 2: Cigna-TTK Health Insurance Company Limited

Cigna-TTK Health Insurance Company Limited, a joint venture firm formed by, Cigna Corporation, which is one of the leading U.S., based global healthcare Service provider and TTK Group, that is one of the Indian conglomerate companies in healthcare. The company has headquarters in Mumbai and is spread across 11 cities in the India.

### TTK Group

It is one of the Conglomerate Company in India, consisting of several industry segments such as consumer durables, pharmaceutical, biomedical devices, consular visa services, etc. The group has revenues of over US, \$450 Million in India as well as international markets.

It also has joint ventures with global corporations such as SSL International, who are the makers of Durex condoms and Dr. Scholl's foot care products. It is also associated with several charitable and social organizations namely TTK Voluntary Blood Bank, T.T. Ranganathan Clinical Research Foundation (a hospital for alcohol and drug addiction) and TTK Schools for the underprivileged society (TTK Health care corporate overview).

**H1:** Both the firm desire to design an appealing package of health insurance products along with an improved customer service experience for the Indian market.

Both the firms 'aspire to improve health, security, and well-being of the peoples. They design their policies as per the needs and requirements of the people. Figure 5, shows a wide range of product plans from protection to premier plan which covers different values of the sum insured.

Table 1: Medical Test Grid

Age	BMI	Sum Assured Rs 3 Lacs, Rs 5 Lacs	Sum Assured - Rs 7.5 lacs, Rs 10 Lacs
18-45 years	Below 37	No medical check-up required	No medical check-up required
46 to 55 years	less than 29	No medical check-up required	MER, RUA, Hba1C, T-Chol, GGT, ECG
46 to 55 years	more than 29 but below 37	No medical check-up required	MER, RUA, Hba1C, TChol, GGT, S Creat, SGOT, SGPT, HDL, Trigs, ECG
55 to 65 years	less than 29	MER, RUA, Hba1C, TChol, GGT, S Creat, SGOT, SGPT, ECG	MER, RUA, Hba1C, T Chol, GGT, S Creat, SGOT, SGPT, HDL, Trigs, Total Bilirubin, CBC, HbsAg, ECG
55 to 65 years	more than 29 but below 37	MER, RUA, Hba1C, T Chol, GGT, S Creat, SGOT, SGPT, HDL, Trigs, Total Bilirubin, CBC, HbsAg, ECG	MER, RUA, Hba1C, T Chol, GGT, S Creat, SGOT, SGPT, HDL, Trigs, Total Bilirubin, CBC, HbsAg, TMT

Courtesy: <https://www.maxbupa.com/documentviewer/prospectus-and-sales-literature-health-assurance.pdf>

Also, it shows that having a wide range of plans helps in covering the policies for the people of different economic and financial capabilities. Thus, H1 is proved.

**H2:** Cigna and TTK also provide products which cover the individuals and their families to revamp their well-being at optimum medical costs, providing them a security against unanticipated health issues. The awareness is created by marketing the same via digital as well as print media to reach

out to the maximum audience possible which symbolizes the flexibility in both groups in term of product planning strategies. So, it indicates the strategic flexibility regarding the product innovation and various policy plans, proving the second theory.

**H3:** Regarding assets, both companies have the flexibility to manage both the noncurrent and current assets. From the balance sheet of the annual report, it is shown that there is

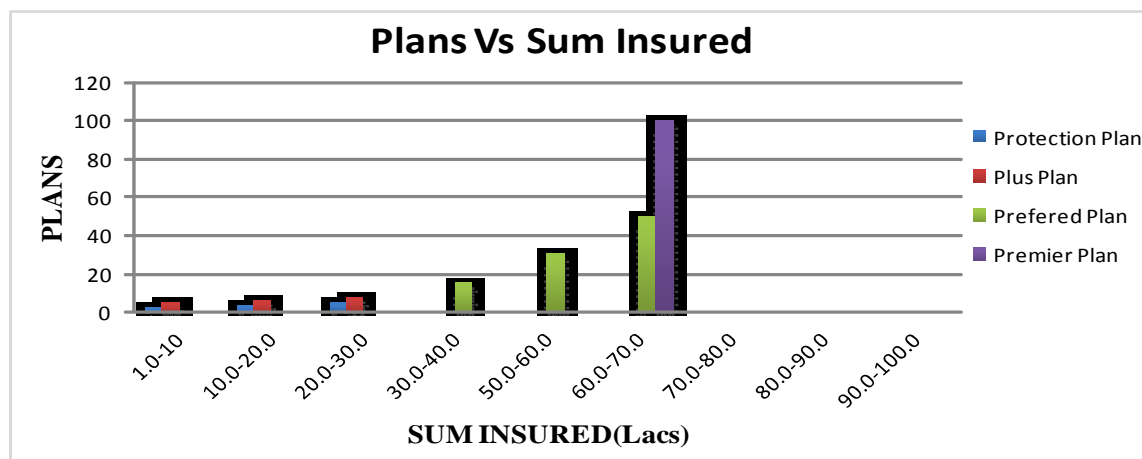


Figure 5: Plan & Sum Insured

Table 2: Pre Policy Medical Check-up

Plan Name	Sum Insured (Lakh)	Age Group (years)	Medical Tests
Protect Plan	2.5L, 3.5L, 4.5L	Up to 45	NO TEST
		46 - 55	SET 2 - MER, ECG, Total Cholesterol, HbA1c, Serum Creatinine, CBC-ESR, Routine Urine Analysis, SGPT
		> 55	SET 3 - MER, CBC-ESR, HbA1c, ECG, Lipid Profile, SGOT, SGPT, GGT, Serum Creatinine, Uric acid, Routine Urine Analysis
Plus Plan	4.5L, 5.5L, 7.5L	Up to 45	NO TEST
		46 - 55	SET 2 - MER, ECG, Total Cholesterol, HbA1c, Serum Creatinine, CBC-ESR, Routine Urine Analysis, SGPT
		> 55	SET 3 - MER, CBC-ESR, HbA1c, ECG, Lipid Profile, SGOT, SGPT, GGT, Serum Creatinine, Uric acid, Routine Urine Analysis
Plus Plan	10L	Up to 45	NO TEST
		41 - 55	SET 3 - MER, CBC-ESR, HbA1c, ECG, Lipid Profile, SGOT, SGPT, GGT, Serum Creatinine, Uric acid, Routine Urine Analysis
		> 55	SET 5 - MER, CBC-PS, USG A&P, X-ray Chest, HbA1c, FBS, TMT, Lipid Profile, LFT, RFT, Routine Urine Analysis, CEA, HIV, PSA, Pap smear
Preferred Plan	15L, 30L, 50L	Up to 18	Set 1 - MER- Basic
		19 - 45	SET 4 - MER, CBC-ESR, USG A&P, HbA1c, FBS, TMT, Lipid Profile, SGOT, SGPT, GGT, Serum Creatinine, Uric acid, Routine Urine Analysis, CEA, HIV
		> 45	SET 5 - MER, CBC-PS, USG A&P, X-ray Chest, HbA1c, FBS, TMT, Lipid Profile, LFT, RFT, Routine Urine Analysis, CEA, HIV, PSA, Pap smear
Premier Plan	100L	Up to 18	Set 1 - MER- Basic
		19 - 45	SET 4 - MER, CBC-ESR, USG A&P, HbA1c, FBS, TMT, Lipid Profile, SGOT, SGPT, GGT, Serum Creatinine, Uric acid, Routine Urine Analysis, CEA, HIV
		> 45	SET 5 - MER, CBC-PS, USG A&P, X-ray Chest, HbA1c, FBS, TMT, Lipid Profile, LFT, RFT, Routine Urine Analysis, CEA, HIV, PSA, Pap smear

(Courtesy: [https://www.cignattkinsurance.in/sites/default/files/Cigna%20TTK%20ProHealth%20Insurance\\_Prospectus.pdf](https://www.cignattkinsurance.in/sites/default/files/Cigna%20TTK%20ProHealth%20Insurance_Prospectus.pdf))

an increased assets outcome in the year 2013 to 14. So, this shows the flexibility plan in assets management. Table 2, shows different pre-policy medical test plans which cover at different ages and sum insured. Such productive plan is achieved only if there is flexibility in both the companies to design their policies as per the best of customer benefits and improved business. Hence H3, the joint venture with strategic flexibility is proved.

**H4:** Cigna TTK has a strategic flexibility which forms a bridge between Cigna and TTK group in delivering innovative products to their customer in terms of asset carrying out process which is shown in Table 2 and Figure 5. It shows that all three hypotheses are proved. It can conclude that H4 is proved.

## Discussion and Conclusion

In this study, we have been able to formulate a theory based on the case analysis and case study that in a joint venture, without strategic flexibility there is minimal chance of innovation. In the process, we have conceptualized four hypotheses from case studies of two healthcare insurance joint ventures. For any healthcare firm, the main mission is to develop a framework for getting good significant innovative products to meet customer (both patients and doctors) needs. In case1, a joint venture, Max Bupa insurance company limited, aims at providing better medical care for the customer. So both these firm form a joint venture to provide innovative life insurance products which will meet the objective. Their environmental factor may have a negative impact on their joint venture, but both these firms had formed a strategic flexibility plan for their production as well as services. We also found that this company had redesigned their product by collecting the feedback of customer and from that feedback they have designed innovative products to the extent to meet customer satisfaction in the best possible manner. After analyzing the results, we formulated our hypothesis which depicted the positive outcome. The capital for this joint venture increased from 2013 to 2015.

In Case 2, Cigna TTK healthcare insurance company limited was taken into consideration. As both Cigna and TTK formed a joint venture with the common mission in the Indian market to bring health insurance product and to enhance customer service so as to overcome the chronic condition associated with behavior and lifestyle. These firms provide a strategic flexibility regarding products which provide individual and their family, coverage of insurance plans and assist in medical services at a considerably lower cost.

So, both cases showed positive results which support the formulated hypothesis. From this; we can conclude that any innovative products, services which are an output of joining two or more firms can be only successful if there is an existence of strategic flexibility. So, strategic flexibility is a bridge between joint venture and innovations.

The limitation in our work is, only two case studies were taken into consideration, which may lead to a biased

conclusion and moreover, the study was confined mostly to qualitative analysis. Data collected was solely secondary (collected from company database/ already existing in literature). Some of the information's given by the firms in their annual reports may be misleading. The results would have been far more convincing and concrete if company details and data were collected with a direct approach.

## Future Work

For future studies, more companies have been planned to be included for case studies to establish diverse options for the hypotheses establishments. Further, more streamlined quantitative analysis of data is required which would be more convincing compared to the majorly qualitative analysis performed and the participating companies under the ambit of study would be directly approached for the same, to obtain realistic figures. In the current work, it is emphasized on healthcare insurance companies which are one of the many components of the vast health care industry. The next course of this study is to take into account the medical device companies and collecting data through custom made questionnaires from individual firms. A detailed comparative study between firms with and without strategic flexibility would be undertaken as a part of the future course, to reach to the requisite conclusion.

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### Key Questions

- What is importance of joint venture in Startup Company?
- How does strategic flexibility play a crucial role in the designing of innovative products?
- How Health Insurance Companies can make their products customer oriented?
- What are the benefits of health policies in the society?
- What are the merits and demerits of Joint ventures?



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