STRATEGIC MANAGEMENT PRACTICES AND
PERFORMANCE OF NATIONAL HOSPITAL INSURANCE FUND IN
NAIROBI CITY COUNTY, KENYA

BY

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D53/OL/CTY/27081/2015

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN
PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC
MANAGEMENT) OF KENYATTA UNIVERSITY

APRIL, 2021
DECLARATION

I declare that this project is my original work and has not been presented for a degree in any other university.

Signature

Date: 14/04/2021

Catherine K. Karimi

D53/OL/CTY/27081/2015

I confirm that the work in this project was done by the candidate under my supervision.

Signature

Date: 26/04/2021

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DEDICATION

This project is dedicated to my mother Beatrice Gacheri and my friends Mr. Manaseh Bocha Chief Clinical Officer, Ibrahim Wako and Japheth Anthanasio Clinical Officers in the Ministry of Health for their support. They have shown their sincere and relentless contribution towards creating an ideal environment to enable me further my studies.
ACKNOWLEDGEMENT

I thank God as my source of all inspiration for the gift of life and good health throughout the period I will be conceptualizing this research. I am grateful to my supervisor Dr. Lucy Kavindah for her continued support and guidance during the writing of the research project. I thank Kenyatta University library staff for their support without which the project development will not be successful. I recognize my children Shawn Gitonga, Nicole Gakii and Jason Murithi for their patience while mum is deep in books and busy on laptop researching, my friends and colleagues for their support especially my boss Chief Clinical Officer Mr Manaseh Bocha for his understanding, advice, encouragement and contribution in this work.
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OPERATIONAL DEFINITION OF TERMS

Culture
Refer to organization beliefs and values of the people working in an organization it’s the unwritten rules behavior and attitudes.

Tasks
Refer to the work done and how it flows.

Organizational Structure
Refer to the systems and processes, procedures and measures that governs the organization it can be simple or rigid.

People
These are employees of an organization who interacts to get the task done.

Performance
This is the yield or aftereffects of activities performed by NHIF comparable to the designs being sought after and to adequately actualize the strategic plan.

Congruence Model
This is a tool used for transforming an organization’s inputs (strategy, resources and environment) into performance by synchronizing its building blocks (critical task, people, structure and culture). The higher the congruence the greater the performance of an organization.

Quality Improvement
The arranged and orderly procedure of continuous, steady and expansive difference in existing practices planned for improving organization performance.

Strategic Planning
This is the procedure embraced to build up a series of steps and activities that will add to accomplishing the organizations objectives and goals. Strategic planning is an administration device used to transform company dream into the realism.

Strategy
This is a group of activities or procedures that an organization plans to use so as to accomplish its set objectives and aims.

Strategic Management Practices
Refers to the various methodologies that an organization attempt to accomplish its targets. They involve strategic planning practices, strategic formulation practices, strategic implementation practices and strategic evaluation practices. They are used in strategic analysis, choice and execution.
ABSTRACT

In the corporate world, the business environment is rapidly changing necessitating organizations to adopt strategic management practices that give them a competitive edge and lead to improved performance. National Hospital Insurance Fund has instituted strategic management practices in bid to boost overall organizational performance as well as improve service efficacy and productivity. However, the current practices have not attained the envisaged results. As much as various scholars have pointed out adoption of strategic management approaches such as strategic planning and strategic formulation often have a tendency to trigger improved organizational performance, limited studies have attempted to prove that these practices can actually yield tremendous results, considering the role of NHIF in the Kenyan populace. The general objective of the study was to determine the influence of strategic management practices on performance of National Hospital Insurance Fund in Nairobi City County, Kenya. The study’s specific objectives were to determine the influence of; strategic planning practices, strategic formulation practices, strategic implementation practices and strategic evaluation practices on performance of NHIF in Nairobi City County, Kenya. The study was anchored on dynamic capability theory, Management by objective theory and Congruence Model Theory, which was useful in supporting the variables of the study. The study employed a longitudinal descriptive research design which was appropriate for a single organization, which in this case was the National Hospital Insurance Fund. The study’s target population comprised of 250 employees from NHIF head office hailing from human resource, administration, research and development, marketing, finance and strategic department. Stratified simple random sampling technique was utilized to choose respondents to get a sample size of 153 respondents. The data was acquired from primary and secondary sources. Primary data was collected through structured (close-ended) questionnaires, whose questions were well examined and unambiguous, presented and laid down on a five-point Likert-scale. Prior to actual study the questionnaires were pretested amongst 10 respondents who were drawn from Ministry of Health. Face and content validity were adopted by seeking expatriate opinion of supervisors. Reliability of the research instrument was examined through use of Cronbach Alpha coefficient. Self-administration and drop and pick methods were adopted for questionnaires administration. Collected data was analyzed using Statistical Packages for Social Science. Both descriptive and inferential statistics were used. Descriptive statistics were limited to frequency, percentage, mean and standard deviations. Inferential statistics were limited to Product moment correlation and regression modelling. The research findings were presented using graphs and tables. Multiple regression model was adopted to test the strength of the relationship between variables. From the regression model, the findings indicate that study variables significantly influenced performance of National Hospital Insurance Fund. Coefficient of adjusted determination was 0.734 which translates to 73.4%. This indicates that variations in dependents variable was explained by the independent variables (strategic planning practices, strategic formulation practices, strategic implementation practices and strategic evaluation practices). The residual of 26.6% could be explained by other factors beyond the scope of the current study. The study concluded that strategic management practices influence performance of National Hospital Insurance Fund. Further, the study recommend that National Hospital Insurance Fund should ensure that its strategic formulation practices are completely working with negligible hitches as this contributes emphatically towards the improvement of its exhibition regarding the development of client base, upheld hospitals and National Hospital Insurance Fund commitment.
CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

In the corporate world, the business atmosphere is rapidly changing necessitating the organizations to adopt strategic management practices that give them a competitive edge and lead to improved performance. Several areas have been identified as bringing in the much-needed edge in performance. A key ingredient of this is strategic management practices that a firm employ which is a top-level management discipline. The strategy has been described as the bearing and degree of a relationship over the long term, which achieves advantage in a changing circumstance through its arrangement of benefits and satisfy stakeholder desires (Gure & Karugu, 2018). A strategy is the assurance of a company’s long term objectives and goals, then adopting courses of action and designating assets important to accomplish these objectives (Chemjor, 2015). The current business environment is evolving at a rapid rate and the strategies being adopted and practiced by organizations need to be flexible enough to take into account the dynamic environment.

A strong strategic management capacity is fundamental to the achievement of an association since it guarantees a mix of a present moment and a long haul ability to read a compass near to its internal and external circumstances the two of which are dynamic (Mbogori, Ombui & Iravo, 2015). No association exists in a vacuum, the connection among internal and external environment is a strategy. Changes in shared necessities, political tendencies, between legislative affiliations, money related conditions, and resident expectations are probably going to change the mix of program duties and resource desires. Expecting changes and adjusting to them appropriately necessitates a strong strategic management capability.
1.1.1 Firm Performance

It is the final result of exercises finished and for any business, it is engaged with general capability or productivity. Two unique strategies to oversee execution have been seen in artistic works: the money related or “sales based” and the non-fund related or "firm-based". In spite of the fact that the monetary is resolved with estimations, for instance, gainfulness, development, deals income level, profitability, piece of the pie and item, item included worth, degree of profitability; the non-money related is resolved through the fulfillment of the client, representative improvement, work fulfillment and beneficial organizational inside procedures.

Firm performance is the conscious strategic and incorporated way to deal with conveying continued accomplishment to the association by improving the commitment of the individuals who work in it and building up the abilities of teams and individuals. The firm strategy is concentrated on extensive issues confronting the business and accomplishment of short term and long term objectives while the coordinated way to deal with conveying continued achievement would involve vertical integration, integration functions, integration of human resource, integration of corporate and individual objectives (Okwako, 2013).

According to De Waal and Kourtit (2013), performance encompasses three distinct but related organizational parameters namely, financial performance (return on investment, assets), product market performance (sale and market shares) and shareholder return (economic value added). This performance definition underscores value creation as the prime reason for organizational existence. In other words, those providing productive assets such as capital, human resource to achieve a shared goal will only commit to the organization if the value they receive in exchange
from the organization is considerably satisfactory relative to the available alternative uses of the assets (DeNisi & Smith, 2015; Willis, 2018). This means that as long as the value created owing to the contributed assets is equal or more than the expected value, the necessary asset will be provided to ensure the existence of the organization. Otherwise, the assets will be withdrawn, and the organization will automatically cease to exist (De Waal, 2013). To this end, Mugo (2014) saw that esteem creation, especially as characterized by the asset supplier seems to be, generally, the general exhibition models for a specific association. Thus, measurement of organizational performance entails measuring the value added or created by the organization relative to the resource input.

Moreover, every organizational stakeholder who determines what is valuable to the organization would have a differing interpretation of what performance means in respect to their objectives. The differing perspective of performance translates to the research adopting a particular perspective of performance which conforms to the subject under consideration (De Waal, 2013). Pointedly therefore, it would be most suitable to match organizational performance with the circumstances under investigation in the case of NHIF environment.

Subsequently, most of the researchers have come to the conclusion that organizational performance is multi-dimensional in character (Shields et al., 2015; Kaplan & Atkinson, 2015). However, little empirical evidence has been used to test the generalizability of the proposed multi-dimensional model of organizational performance (Lacerda et al., 2014). Thus, in developing measurement for organizational performance, it is worth taking note of the generalizability aspect of the variables in order to take care of the multi-dimensional aspect of
performance. The current study sought to determine the influence of strategic management practices on performance of National Hospital Insurance Fund.

1.1.2 Strategic Management Practices

Strategic management characterizes the motivation behind the organization and the plans and activities to accomplish that its goals. It is that managerial decisions and activities that decide the long term performance of the business enterprise. It includes formulating and applying strategies that will help in adjusting the association and its condition to accomplish objectives. Strategic management gives an enterprise a direction. Associations that follow management through use of sustainable strategic based on formulating, applying and assessment of their strategies on an examination of the environmental issues they face the qualities they hold that help maintainability and the ecological interest of their partners (Stead, Jean, & Mark, 2003). These business strategies have been related with performance differentiating between strategies associated with high and low performance (M & Toshimitsu, 1989).

Strategic management greatly enhances the chance of success and hence meeting stakeholder’s expectations by organizations. Strategies that bring about high performance are related to activities that regularly lead to achievement in the business; that is, key achievement factors. These activities are related to activities in the industry. Researchers have perceived such activities to involve quality of the product, product and services upgrades, an innovation of new operating technologies, and the revelation of new markets. Actions related to high performing techniques likewise involve accentuation for client support, broad publicizing, and utilization of external finance (M & Toshimitsu, 1989). Strategic management is an on-going procedure that
overviews and controls the business and the endeavors where the affiliation is joined; surveys its enemies and describes objectives and systems to meet all present and potential contenders; and a brief timeframe later reconsiders each approach normally to pick how it has been executed and whether it has succeeded or needs substitution by another strategy to meet changed conditions, development, new contenders, another financial condition, or another social, cash related, or world of politics (Ravisi & Schultz, 2006).

Strategic management is a set of managerial decisions and actions that determine the long term organizational performance. The process includes strategy formulation, strategy implementation, strategic evaluation and strategic control (Pearce & Robinson, 2008). Strategic management as practice perspective emphasis on micro activities of process where actual strategizing and organizing work, is constructed through practices (Jarzabkowski 2004). Practice approaches view strategic management as arrays of human activity that acknowledge the dependence of activity on shared understanding and a connection with materialist entities (Schatzki, 2001). The strategic actions chosen help firms to drive down its costs, respond aggressively to competitors, seek to provide maximal customer value, or seek to speed up the pace of technological innovations (Kibicho, 2015). The purpose of this study is to explore how strategic management practices influence performance of National Hospital Insurance Fund.

1.1.3 The National Hospital Insurance Fund

The National Hospital Insurance Fund (NHIF) was established in 1966 under Cap 255 of the Laws of Kenya. This was under the Ministry of Health to give medical coverage solely to those in the formal employment (NHIF, 2015). An adjustment was made in 1972 to extend its enrollment to incorporate those in the informal employment. In 1998, the Fund was changed into
a state enterprise through an Act of Parliament (NHIF Act No. 9 of 1998). The contribution rates increased with introductory of a graduated scale in the 1990 with NHIF commitments topped at pay rates of KES 15,000. The monthly contributions range from KSh. 500 to KSh. 1700 (NHIF, 2015).

The changes to the NHIF that were realized by the NHIF Act in 1998 presented significant changes on the medical coverage. It permitted the plan to introduce cost related installments rather than every day bed rate as it were. It stretched out the wellbeing bundle to incorporate outpatient health costs, doctor's charges and laboratory examinations and extension of health insurance to health center and other lower facilities along these lines prompting better access and better quality of the extension of health insurance (NHIF, 2015). A significant number of strategies applied by the state company rotate around quality administration, benefits amplification, cost defense, budgetary blend rebuilding, item advancement, coordinated correspondence, market infiltration, and operational achievements (Njue and Ongoto, 2018).

According to the NHIF 2006-2010 strategic plan, the corporation planned to expand its membership by registering more people in order to collect more contributions and pay out contributions efficiently; conform to the international service quality delivery; embrace modern technology; among others (NHIF, 2015). However, a strategic report released by Deloitte in 2010 showed that the corporation's objectives have not been fully achieved (Deloitte, 2010). The report flagged the disconnect between NHIF’s corporate, functional and individual performance. It is therefore evident that the application of the congruence model to manage the changes that occur to the state corporation could yield some effectiveness.
1.2 Statement of the Problem

NHIF has instituted strategic management practices in bid to boost overall organizational performance as well as enhance service efficiency and productivity. However, the current practices have not achieved the envisaged results. It is not vividly clear why the said strategic management practices have not been successful. Various scholars have pointed out adoption of strategic management approaches such as strategic planning and strategic formulation as key pillars in triggering improved organizational performance, limited studies have attempted to prove that these practices can actually yield tremendous results, considering the role of NHIF in the Kenyan populace (Chemjor, 2015; Ochodo, Oloko & Yabs, 2020).

NHIF, being the only affordable medical insurance provider, should, by now reached all the corners of the forty-seven (47) counties of Kenya. Unfortunately, that is not the case. In general membership enrollment for formal and informal sector populaces is recorded to have secured and reached 4.5 million people (which is a paltry 11% of the Kenyan populace). While inclusion is high for the formal sector (99%), inclusion of the informal sector segment which represents over 80% of Kenya’s workforce has demonstrated to be more challenging, and stays low at 26% of the informal sector populace (USAID, 2016). These figures bespeak of the low and dismal performance, far much less than the overall public expectation of Kenyans.

But according to researchers conducted previously on NHIF, they have pointed out that some of the performance problem signals include delayed services to NHIF contributors (Gitahi, 2015) unsuitable low achievement rate (simply 10 to 30 percent) of proposed methodologies, inadequate technical know-how leadership and management styles, embezzlement of funds, poor management of resources, indistinct targets of techniques, absence of quantifiable
measures, absence of a checking and assessment program, and inconsistency between the minimum NHIF contributions and the minimum wage levels as set by the Government.


All the aforementioned studies have failed to link the core tenets of strategic planning practices to the performance of NHIF. Therefore, the study sought to fill the gap by determining the influence of strategic management practices on performance of National Hospital Insurance Fund in Nairobi City County, Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was to determine the influence of strategic management practices on performance of National Hospital Insurance Fund in Nairobi City County, Kenya.
1.3.2 Specific Objectives

The specific objectives of the study were:

i. To determine the influence of strategic planning practices on performance of NHIF in Nairobi City County, Kenya.

ii. To determine the influence of strategic formulation practices on performance of NHIF in Nairobi City County, Kenya.

iii. To determine the influence of strategic implementation practices on performance at NHIF in Nairobi City County, Kenya.

iv. To determine the influence of strategic evaluation practices on performance of NHIF in Nairobi City County, Kenya.

1.4 Research Questions

The study sought to answer the following research questions.

i. What is the influence of strategic planning practices on performance of NHIF in Nairobi City County, Kenya?

ii. What is the influence of strategic formulation practices on performance of NHIF in Nairobi City County, Kenya?

iii. What is the influence of strategic implementation practices on performance at NHIF in Nairobi City County, Kenya?

iv. What is the influence of strategic evaluation practices on performance of NHIF in Nairobi City County, Kenya?
1.5 Significance of the Study

The findings of this brings new insight to the health insurance sector, especially with respect to the adoption of strategic management practices in managing the inevitable challenges in the sector. Specifically, the NHIF might benefit a great deal from this concept of strategic management practices especially when the findings confirm what they do. Policies can then be made from the recommended strategic management practices to fast-track given the growing number of its membership which comes with unique needs that require responsiveness from the part of the funds.

Similarly, other health insurance schemes offered by private insurance firms could as well benefit from the findings of this study since the demographics of those buying the policy in the country largely remain the same. Therefore, the challenges that NHIF experiences may not be significantly different from those that they experience with respect to demand of medical services. In fact, with the increasing number of patients with lifestyle chronic diseases on the rise, it is all the more important to apply strategic management practices to deal with the arising issues on performance of health insurers to enable them provide better services to their clients.

To the scholars and future researchers in the same area, the study may shed more light on the scarcely researched subject of strategic management on performance. Moreover, this study could add to the body of existing literature on the strategic management in relation with performance.

1.6 Scope of the Study

This study was conducted at NHIF headquarters in Nairobi hailing from six (6) departments, the fund has got a number of branches spread across the country to offer services to its members.
The services offered are varied depending on the category to which one falls. Members of the same category receive standardized benefits irrespective of their location within the country. For the reason that the head office is the nerve center of the corporation, it was prudent to tap the information among the management at the highest level on how the strategic management practices can help in managing performance within the rapid environmental changes the organization is faced with each day. Furthermore, it is the head office that policies affecting the corporation are formulated, thus making it the suitable place to obtain the requisite information for this study. The National Hospital Insurance Fund is a state-owned corporation in Kenya, and primary data was collected using closed questionnaires. The study targeted 250 respondents from human resources department, administration department, research and development department, marketing department, finance department and strategy department.

1.7 Limitations of the Study

The research foreseen certain limitations. The way that the data collection instrument involved close-finished inquiries is a restriction in that a few perspectives on the respondents cannot be caught. Comparable to this test, the researcher guaranteed that the exploration survey can address the significant issues addressing vital administration practices and execution of National Hospital Insurance Fund.

The second limitation lied in the incredulity which is probably going to be shown by a portion of the inspected respondents. This is on the grounds that a portion of the imminent members probably won't be happy to participate in the examination because of dread of plausible backlashes from their bosses. This specific test was countered guaranteeing all the respondents that their character stayed unknown and the information gathered from them were treated with
the most extreme privacy. What's more, imperative assents and endorsements were looked for by the analyst before information assortment to smoothen the process of data collection.

1.8 Organization of the Study

Chapter one of this study contains the background to the study and the research problem. The latter has been meticulously articulated to provide the foundation for the study. Research objectives and research questions that emanate from the research problem have been highlighted. Chapter two contains the literature review in which a critical review of recent literature on strategic management practices on performance as well as on congruence model is made. Both theoretical and empirical studies will be reviewed. Chapter three of this proposal had a research methodology that defined the path followed by the researcher to give answers to the study questions. Chapter four contains the research findings and discussions and lastly, the summary, conclusion and recommendations are presented in chapter five.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter contains the analysis of literature that exists on strategic management practices and organization performance. The review of this corpus of literature is guided by the primary research questions and the variables that the study relates. In the theoretical framework, the chapter reviews previous theories and studies on the concept of organization’s strategic management practices and organizational performance. Similarly, the chapter reviews empirical knowledge gaps from the studies so as identify possible loopholes that the present study help to address in connection with organizational performance. Finally, the chapter presents a conceptual

2.2 Theoretical Literature Review

The study was anchored on dynamic capability theory, Management by objective theory and Congruence Model Theory, which was useful in supporting the variables of the study.

2.2.1 Dynamic Capability Theory

Dynamic Capability Theory was proposed by Teece and Pisano (1994). Dynamic capability is the affiliation’s ability to join, structure, and reconfigure internal and outside aptitudes to address rapidly advancing circumstances (Teece, Pisano, and Shuen, 1997). As indicated by (Helfat et al., 2007) Dynamic capabilities are the limit of an association to deliberately make, expand and change its assets base. Dynamic capabilities are about change the essential presumption of the dynamic abilities structure is that center capabilities ought to be utilized to alter transient serious places that can be utilized to fabricate longer-term upper hand.
The term ‘dynamic’ alludes to the capacity to restore proficiencies to adjust to the changing industry condition (Teece, Pisano and Shuen, 1997), dynamic capabilities in business includes corporate smoothness, the capacity to identify and shape openings and perils, clutch open entryways as they rise, and keep up power through updating, combining, verifying, and, reconfiguring the business endeavor’s imperceptible and substantial assets. Dynamic capabilities when completely grasped enables a business to accomplish upgraded execution and get by in a powerful situation.

2.2.2 Management by Objectives

Management by objectives (MBO), also known as management by planning (MBP). The theory was developed by Peter Drucker in 1954. Management by Objectives is a management approach performance in which parity is looked for between the targets of workers and the goals of an association. Subside Drucker, (2005) addressed why in both the old style and human relations schools of the management, adequacy was consequently viewed as a characteristic and anticipated result. As per Drucker effectiveness was a higher priority than effectiveness and was the establishment of each association.

The embodiment of Peter Drucker's fundamental rule is to decide the joint goal and to give criticism on the outcome, setting testing yet achievable target advance persuasive and strengthening of employees. Management by objective manages a particular sort of association, explicit to an administrator and his representative (Antoni, 2005). MBO relies upon the thinking that diverse hierarchies inside associations ought to be composed. There was a prerequisite for obligation, by extending obligation, executives are permitted the opportunity to focus on new contemplations and headway that add to the improvement and goals of affiliations MBO transforms into a system by which the objectives of an affiliation are agreed to and chose the
organization and the laborers, thusly the delegates understand what is foreseen from them and help set their own individual targets. Along these lines, they accomplish both their own objectives and the association’s objectives.

Management by objective is set in steps strategic organizational goals are expressing focuses each degree of the executives in the association takes part in the key arranging procedure and the making of execution framework to effectiveness viability in the actualizing of the plan (Roth, 2009). The objective stems from the mission and vision of the organization, then the objectives are shared among the individual units for efficiency reason the role of management at this point is to monitor and evaluate performance, Peter Drucker used specific measurable acceptable realistic and time bound, the role of acceptable is crucial as its about agreement between the employees and the organization the management allows objectives to be clearly recognizable at all levels and everyone knows what their responsibilities are in the organization furthermore, communication is important when it comes to expectation feedback and giving rewards for goals that have been achieved the theory is advantageous as objectives are discussed by all and agreed upon, theirs participation in setting goals and deciding course of action and making decision, increased motivational and job satisfaction, relationship between managers and employees is improved, better communication and coordination inside the association is expanded and destinations are set separately for every department (Islami, Mulolli & Mustafa, 2018).

This theory is applicable in National Hospital Insurance Fund since the management at all levels of NHIF can discuss with its employees on how to achieve its mission and vision by incorporating its internal capacity through evaluation of task, people, structure and culture in a continuous loop would aid in improvement of organization performance. Task evaluation would
enhance identification of nature of work, anticipated work flow, skill gaps and reward and risk to be adopted. People evaluation in an organization would aid in identification of employee attitude, characteristics and preferences. Examination of culture would aid in identification of norms, values, beliefs and leadership styles. Also, organization structure would aid in evaluation of decision-making criterion, division of labor, span of control and line of staff.

2.2.3 Congruence Model Theory

Congruence Model Theory was developed by David, Nadler and Tushman in the early 1980s. Organization management is a critical element for the overall performance of any organization. Effective management is often considered a difficult task especially in large organizations since it demands an adequate understanding of how every component of the organization operates and how they are interrelated. Given its inherent complexity and enigmatic organizational nature, congruence model has been pointed out as an effective tool for understanding the dynamics of an organization and so steer its performance forward (Noah, & Were, 2018). The congruence model developed by David Nadler and Michael Tushman in the 1970s has been an important tool through which organizational leaders understand and analyses the performance of their organizations as it is based on the principle that organizational performance stems from four elements which are tasks, people, structure and culture (Nadler & Tushman, 2010).

According to Awadh and Alyahya (2013) congruence model is considered to be a roadmap for adequate understanding organizational performance. As a tool, the model is critical in making sense of any terrain of organizational behavior to ensure high level performance and maximum organization output. It shows how different factors are related and interrelated as well as indicates which factors are critical for maximum productivity (Kariithi & Ragui, 2018).
Akingbola (2013) did observe that effective management of any organization begins by having adequate understanding of the internal dynamics and performance of the organization. It is from the adequate diagnosis of the nature and the intensity of organizational internal problems that appropriate remedy is possible to be implemented successfully.

Most compelling evidence suggests that, congruence model does not provide pre-packaged solutions to organizational problems, but it offers what Giacalone and Rosenfeld (2013) referred to as a road map for understanding the various forces that lead to organizational performance (Njue & Ongoto, 2018). Commensurate with Giacalone and Rosenfeld (2013), Eden and Ackermann (2013) observed that congruence model aims at providing sufficient ground for adequate understanding of the organization as well as contributes to the prediction of various patterns associated with the organizational performance and behavior. Viewed from the internal management effort, the model lay great emphasis on organizational transformation process and it reflects the interdependence of the various organizational performances. Every organization is viewed as composed of various components that interact with each other to ensure overall performance and productivity (Kaplan & Atkinson, 2015). These various components in the business enterprise exist in state of relative balance or are consistent with each other and thus it is the proper fitting of these parts that is often regarded as effective organizational management (Kangangi, 2014). Markedly, congruence model for an organization is founded on how well the various components fit together creating a great sense of harmonious coexistence for the parts to enhance performance. As such the effectiveness of the model is laid on the quality the various parts fit together are congruence to one another (Akingbola, 2013).
The identified key factors upon which the model is based are people, tasks, culture and organizational structure (Cameron & Green, 2015). With considerable attention to this, Eden and Ackermann (2013) observed that the interrelation of these factors created a particular organizational behavioral system which produces behavior patterns and ultimately organizational performance. In this light therefore, in determining the application of congruence model in improving the performance of an organization, it is imperative to address what the inputs the system will use, the outputs it must produce, the key components of the entire transformation process and how the entire components interact with each other (Lilungu, Marangu & Masungo, 2015). In other words, the aforementioned factors form the critical elements that ensure organizational performance. To Kaplan and Atkinson (2015) the inputs are literally the ‘given’ that organizations use or have to work with in order to facilitate its operations and productions. The key inputs include factors such as organization’s environment, resources (such as employees, capital, and technology, among others) and history.

Nadler and Tushman (2010) have pointed out the fourth input, organizational strategy, determines how the organization would respond to the basic inputs. In essence, strategy plays a critical role in determining what the business enterprise should do and it also defines the expected outputs of the organization (Kangangi, 2014). On the other hand, outputs are what the organization produces, how the product performs in the market and how effective it is in delivering the desired outcomes for the end user (Kaplan & Atkinson, 2015). Pointedly, it is worth mentioning that the outputs are not merely limited to the products but they include other factors that contribute to organizational performance. In this regard, outputs include the
functioning of the internal groups within the organization or even the functioning of the individual members with the firm (Kangangi, 2014).

Notably, in evaluating organizational performance, both the organizational input and output are very critical in determining the firm’s position and productivity. In determining the firm’s goal attainment or even how well it has met its goals, strategy is used while the available resources demonstrate the firms’ resource utilization in achieving its objectives. Moreover, the firm’s adaptability is also important in determining the firm’s ability to adapt with the changing environment (Makanga & Paul, 2017). In agreement, Nadler and Tushman (2010) observed that business organization often develop strategies to determine what particular outputs to produce and how to effectively produce those outputs with the available inputs. The congruence model therefore, describes how every organization seeks to transform the named inputs into expected outputs by application of the strategies on the organizational component.

Through the application of this model, it is possible to clearly isolate the individual influences and so adjust them accordingly to ensure congruence or fit (Shields et al., 2015). According to DeNisi and Smith (2014) through the application of congruence model, the various organizational components must fit together in order for the organization to achieve its desired output, which is performance. It measures the outputs at different levels from the individual, group and organizational levels. Thus the incorporation of this model enables the ability of pinpointing where performance is not as required and then traces the misfit in the model’s part (Giacalone & Rosenfeld, 2013). In this way, De Waal (2013) observed that the model enabled
organizations to transform itself so as to ensure all the components of the model fit together to improve the overall performance.

2.3 Empirical Literature Review

2.3.1 Strategic Planning Practices and Performance

Awino, Muturia and Oeba (2012) directed an investigation on strategic planning, arranging results and authoritative execution. The investigation found that there is a positive and critical connection between strategic planning (seven elements of arranging) and firm execution; strategic arranging and planning results and firm execution. Along these lines, the present examination suggests that compelling and centered key arranging leads to positive change in the performance of the firm.

Okwako (2013) examined Strategic arranging and public schools’ performance in Rarieda District, Kenya. Utilizing a cross-sectional design overview plan and structured questionnaires. Researcher gathered essential information from 27 public secondary schools in the Rarieda region. The information was examined utilizing both descriptive statistics and inferential statistics to determine the strength of linear relationships. The key discoveries of the examination were: majority of schools (74%) exercise formal strategic planning and strategic arranging is positively related to performance. Other than this, it was additionally settled that the administration does not complete careful natural investigation and does not include partners to a huge degree as required progressively still, the strategic plans created are not completely actualized.
The presence of good strategic plans and how they help with making organizations less powerless against the unpredictable business condition, Agwu (2018) did an investigation to investigate the degree to which the choice of management strategic practices among SMEs in Nigeria has expanded their exchange volumes, number of clients, pieces of the overall industry and therefore their business exhibitions. Information was sourced using polls from 120 proprietors of SMEs in Lagos State, Nigeria. Regression analysis and descriptive statistics were used. SME’s upper hand and business systems were found to contribute altogether to increment in their number of clients and pieces of the overall industry separately. Though, the outcome demonstrates that organizational structure has a positive impact on SMEs’ exchange volumes yet not significant.

Makanga and Paul (2017) likewise discovered strategic practices have impact on the performances of the Kenya Power and Lighting Company Ltd, Nairobi County, Kenya. The discoveries in the regression analysis reveals a weak relationship (r=0.273; p < 0.05) between strategic arranging and execution of the organization considered, the need to redesign the key planning strategies being used to enhance performance was recommended. So also, comparable to SMEs, different investigations, particularly in created nations, have affirmed most SMEs to have truly been occupied with strategic management practices to quickly track their performances.

Farah and Moronge (2018) did an investigation to look at the impact of strategic management on obtainment execution in state organizations in Kenya, a case study of Geothermal Development Company as its general goal. The examination was led through an elucidating overview inquire
about structure. The examination included 70 GDC staff, and that it was guided by look into addresses dependent on the destinations previously mentioned. Descriptive statistics were utilized supported SPSS to figure rates of respondents’ answers. The correlation analysis and multiple regression were applied to help to look at the relationship between the exploration factors at .05 degree of significance. The research concluded that acquirement execution in state organizations in Kenya was influenced by strategic arranging, strategic leadership, key provider the executives and key preparing as the main considerations that generally influence usage of procurement performance in state corporations in Kenya.

2.3.2 Strategic Formulation Practices and Performance

Kithinji (2012) did an investigation on the difficulties of strategy formulation and execution at Achilles Kenya Ltd. It was a case study in where information was gathered over the period 2006 to 2011. The investigation found that that effective procedure usage can go far in helping an organization increase a serious edge, help in characterizing the matter of the association and help in accomplishing right direction. The study likewise found that those associated with system usage process in the association were senior directors, middle level supervisors and top administration and the all the workers. Communication was likewise seen as a key achievement factor within strategy implementation.

Gichohi (2010) conducted a study on strategy formulation and implementation at AAR group of companies. This study was about the strategy formulation and implementation process at AAR group of companies. The findings confirmed that the group formulated strategy and has continued to implement those strategies.
Kimani (2011) examined on factors affecting strategy formulation and execution of Biblica Africa in Kenya. The research found that procedure factors that adjust the association's presentation to its planned plans incorporate accounts, interpretations, innovation and marking. Simplicity, customization, budgetary limit, faculty, and market pointers structure the criteria utilized while choosing the association's strategy.

2.3.3 Strategic Implementation Practices and Performance

In Kenya, a case study was carried out at Chai exchanging organization by Burugo and Owour (2017) to build up the impact of vital administration rehearses on business gainfulness. The general organizational performance was found to have been positively influenced by its strategic management practices.

Njue and Ongoto (2018) examined to explore strategic management practices and change execution in state funded colleges in Kenya. The examination utilized a descriptive research design to research the issue under investigation. The objective populace contained 309 representatives of 5 chose colleges which included University of Embu, Karatina University Kirinyaga University, Machakos University and Chuka University. The example size of the populace established of 174 respondents chose from teaching and non- teaching staff of 5 colleges chose in the investigation. The investigation uncovered that there exists a huge positive connection between strategic planning and change usage in public universities in Kenya. The investigation presumes that for viable intensity, public universities ought to endeavor to use strategic management practices, for example, representative strengthening, strategic leadership and organizational culture.
2.3.4 Strategic Evaluation Practices and Performance

Noah and Were (2018) studied on effect strategic management process on performance of oil marketing companies in Kenya. The study utilized a descriptive survey design aimed at establishing the effect of strategic management process. The study population comprised of 31 Oil Marketing Companies in Kenya. The study selected a sample size of 143 respondents who were served with the questionnaire. Primary data was gathered using pre-determined questionnaires. Multiple regression analysis was utilized to analyze inferential statistics. Regression results reveal that strategic planning had a positive and significant relationship on the performance of oil marketing companies in Kenya. Further, the results established that monitoring and evaluation had a positive and significant relationship in the performance of oil marketing companies in Kenya.

Mugo (2014) researched on monitoring and evaluation of advancement projects and monetary strategy improvement in Kenya. The investigation looked to learn the relationship between the monitoring and assessment framework execution status as the dependent variable and training of the personnel actualizing monitoring and assessment functions, measure of money allocated and spent on observing and assessment, partners' support in usage of monitoring and assessment, institutional rules and political effect on execution of checking and assessment being developed projects as informative factors. Generally, a short run connection between the needy and logical factors was set up. Monitoring and evaluation being developed activities were found to have a measurably noteworthy impact on framework usage of strategic plans.

Barasa (2011) examined factors impacting usage of monitoring and evaluation of undertakings in non-administrative associations, an instance of Sun Aid Africa. This examination tried to
discover the variables influencing the execution of monitoring and assessment of projects. The study was a survey and utilized instruments like questionnaires, and interviews. A sum of 73 respondents were included. The study was descriptive and displayed in type of tabular summaries. Applicable Skills and Knowledge turned out as a central point affecting Monitoring and assessment. It was additionally uncovered that money and assets which most associations will in general overlook decides the general info which would be committed to monitoring and assessment in general. An independent monitoring and assessment department needed numerous activities; it was noticed that this respectable office is joined in different department and given little consideration.

2.4 Summary of Literature Review and Research Gaps

<table>
<thead>
<tr>
<th>Author &amp; Year</th>
<th>Key Focus</th>
<th>Research Findings</th>
<th>Knowledge Gaps</th>
<th>Focus on the Current Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barasa (2011)</td>
<td>Factors impacting execution of checking and assessment of ventures in non-administrative associations</td>
<td>Applicable Skills and Knowledge turned out as a central point affecting Monitoring and assessment. It was additionally uncovered that money and assets which most associations will in general overlook decides the general info which would be committed to monitoring and assessment in general</td>
<td>Only 73 respondents were approached for data gathering, yet the present study seeks to draw data from 153 respondents.</td>
<td>The study will draw data from a large sample, to avoid biasness.</td>
</tr>
<tr>
<td>Kithinji (2012)</td>
<td>Strategy formulation challenges and implementation at Achilles Kenya Ltd.</td>
<td>The research uncovered that effective implementation of strategy drives a firm to increase a serious edge, help in characterizing the matter of the association and furthermore help in accomplishing right heading.</td>
<td>The study’s major independent variable was challenges of strategy implementation; therefore, it can</td>
<td>Our present study will have a clear defined dependent variable (problem) which adopts a clear independent variable to solve it. The study will</td>
</tr>
</tbody>
</table>
Communication was additionally seen as a key achievement factor within implementation of strategy.

be assumed that the study was not interested at looking at a problem of implementation, and how it can be solved. Secondly, the study adopted a case study design, whose duration takes longer, thus affecting the outcome of the findings.

Secondly, the study adopted a case study design, whose duration takes longer, thus affecting the outcome of the findings.

<p>| <strong>Okwako (2013)</strong> | <strong>Strategic planning and performance of public secondary schools in Rarieda District, Kenya.</strong> | The key discoveries of the examination were: majority schools (74%) exercise formal strategic planning and strategic arranging is positively related to performance. | The study utilized a cross-sectional descriptive survey design and focused on 27 public secondary schools, raising the possibility of sampling the right respondents to include in the study. The contextual factors of the study differ from the present study. | The study will be interested in only one firm, a parastatal, and therefore, the results of the research are likely to differ. |
| <strong>Mugo (2014)</strong> | <strong>Monitoring and assessment of advancement</strong> | The empirical results of the study showed that monitoring and evaluation in | The study focused on several projects, | The study will only focus on one organisation, |</p>
<table>
<thead>
<tr>
<th>Study</th>
<th>Title</th>
<th>Findings</th>
<th>Methodology</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makanga &amp; Paul (2017)</td>
<td>Influence of strategic management practices on performance of Kenya power and lighting company Ltd.</td>
<td>The study was a case. The discoveries in the regression analysis reveals a weak relationship ($r=0.273; p &lt; 0.05$) between strategic arranging and execution of the organization considered, the need to redesign the key planning strategies being used to enhance performance was recommended.</td>
<td>The study applied regression analysis, which might be unreliable, and should be backed up by other statistical tools to arrive at supportive findings.</td>
<td>The present study will combine good inferential and descriptive statistics to get good results.</td>
</tr>
<tr>
<td>Agwu (2018)</td>
<td>Strategic Management and the Performance of SMEs in Nigeria.</td>
<td>The findings uncovered that utilization of strategic management practices has enhanced high transaction volumes, customers increase, shares in market and consequently the SMEs performances.</td>
<td>The study analyzed SMEs whose organizational structure differ from the current study. The problem of the study differs from our problem.</td>
<td>The current study is interested in analyzing one firm, NHIF, to establish the problem of performance.</td>
</tr>
<tr>
<td>Farah &amp; Moronge (2018)</td>
<td>The influence of strategic management on procurement performance in state corporations in Kenya, a case study of Geothermal Development</td>
<td>The study revealed strategic arranging, strategic leadership, key provider the executives and key preparing as the main considerations that generally influence usage of procurement performance in state corporations in Kenya.</td>
<td>The study adopted a case study design, and involved a small number of respondents. Instead of general performance, the study looked at.</td>
<td>The current study will only focus on performance, and not any specific performance.</td>
</tr>
<tr>
<td>Researcher</td>
<td>Title</td>
<td>Summary</td>
<td>Contextual Circumstances</td>
<td>Conclusion</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Njue &amp; Ongoto (2018)</td>
<td>Strategic management practices and change execution in state-funded University in Kenya.</td>
<td>The investigation uncovered that there exist a huge positive connection between strategic planning and change usage in public universities in Kenya. The investigation presumes that for viable intensity, public universities ought to endeavor to embrace strategic management practices.</td>
<td>There is a contextual difference between the study and our study; since it was carried out in various Kenyan universities, and findings might vary.</td>
<td>The current study will not take place in education setup, but in health insurance sector.</td>
</tr>
<tr>
<td>Noah &amp; Were (2018)</td>
<td>Impact of strategic administration process on the performance of oil marketing organizations in Kenya</td>
<td>From the inferential findings, the results revealed that strategic planning had a positive relationship on the performance of oil marketing companies in Kenya.</td>
<td>The contextual circumstances under which the study was done are different from the present study.</td>
<td>The study seeks to focus on one firm to draw as much attention as possible.</td>
</tr>
</tbody>
</table>

Source: Researcher (2019)

2.5 Conceptual Framework

This is pictorial presentation of conceptualized study relationship (Sekaran & Bougie, 2013). The conceptual framework embraced in this research designed for making research discoveries more important, suitable to the theoretical constructs in the research field and guarantees generalizability. The conceptualized relationship is as shown in Figure 2.1.
The conceptual framework in Figure 2.1 above illustrates the relationship between the strategic management practices (independent variable) and performance (dependent variable).

The conceptual framework, illustrates how each of these indicators affects the general organization performance which is measured by the level of marketing effectiveness, quality of service, customer satisfaction and new products introduction.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter provides the procedures that were adopted in the attempt of providing answers to the research questions as well as provides information on the type of population used, their characteristics, sample size and sampling method that are used. The chapter also explains the data collection method, instruments used and data analysis techniques that were employed in the study.

3.2 Research Design
The study employed a longitudinal descriptive research design which is appropriate for a single organization, which in this case was the National Hospital Insurance Fund. This examination how encourages examination of cases inside and out and utilizing different wellsprings of proof which makes them a valuable instrument for expressive research considers where the emphasis is on a particular situation (Bryman & Bell, 2011). Besides, the study can likewise encourage a general point of view on causality since it regards the case as a particular entirety. With this, it can research causal intricacy where there are numerous significant factors however but few observations.

3.3 Target Population
Target population alludes to complete count of all elements under considerations (Sekaran & Bougie, 2013). In this research target population comprises of 250 employees from NHIF head office hailing from human resource, administration, research and development, marketing, finance and strategic department. They were selected since they are requisite information on
task, culture, structure and people as well as its influence on organization performance. Target population will be presented as shown in Table 3.1.

Table 3.1 Target Population Distribution

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources</td>
<td>30</td>
<td>12</td>
</tr>
<tr>
<td>Administration</td>
<td>30</td>
<td>12</td>
</tr>
<tr>
<td>Research and development</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Marketing</td>
<td>65</td>
<td>26</td>
</tr>
<tr>
<td>Finance</td>
<td>70</td>
<td>28</td>
</tr>
<tr>
<td>Strategy</td>
<td>40</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>250</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: NHIF 2019)

3.4 Sampling Technique and Sample Size

The respondents of the study were categorized into six groups or strata which will include the following departments: human resource, administration, research and development, marketing, finance and strategic. The study sample size of 153 was calculated using Isarel (2002) formula. Stratified simple random sampling technique was used to choose respondents from each stratum. The formula utilized to calculate the sample was of the form: \( n = \frac{N}{1+N \alpha^2} \), where: \( n \) represents Sample Size, \( N \) represents Population Size and \( \alpha \) represents Confidence level (0.05). Using \( N \) that represents the population targeted of 250 comprising employees drawn from the aforementioned departments, the sample size \( (n) \) will be 153.

\[
n = \frac{250}{1+250(0.05)^2} = 153
\]
Table 3.2 Sampling Distribution

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of Employees</th>
<th>Sample</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources</td>
<td>30</td>
<td>18</td>
<td>11.76%</td>
</tr>
<tr>
<td>Administration</td>
<td>30</td>
<td>18</td>
<td>11.76%</td>
</tr>
<tr>
<td>Research and development</td>
<td>15</td>
<td>7</td>
<td>4.58%</td>
</tr>
<tr>
<td>Marketing</td>
<td>65</td>
<td>42</td>
<td>27.45%</td>
</tr>
<tr>
<td>Finance</td>
<td>70</td>
<td>48</td>
<td>31.37%</td>
</tr>
<tr>
<td>Strategy</td>
<td>40</td>
<td>20</td>
<td>13.07%</td>
</tr>
<tr>
<td><strong>Final Sample Size</strong></td>
<td><strong>250</strong></td>
<td><strong>153</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Source: NHIF Human Resource Department (2019)

3.5 Research Instrument

The information gotten from both primary and secondary sources. Secondary information sources were principally done through a survey of past works in the topic with set goal of discovering any current gaps that the research study can fill. Secondary data was collected from NHIF published material to determine performance trends. Primary data was collected through structured (close-ended) questionnaires, whose questions were well examined and unambiguous, presented and laid down on a five-point Likert-scale. The questionnaire was divided in a manner that, Part A cover the background information of the respondent, Part B measure the independent variables, and part C measure the dependent variable.

3.6 Piloting of Research Instruments

Prior to actual study the questionnaire was pretested amongst 10 respondents who were drawn from Ministry of Health. This aid in examining shortcoming associated with the research instrument. According to Saunders et al. (2014) piloting is aimed at guiding on corrective
measures to be adopted so as to enhance quality of information gathered. National Insurance Fund was selected since they are performing related functions which are geared towards promotion of accessing quality and proper health care.

3.7 Validity and Reliability Tests of Research Instrument

3.7.1 Validity of Research Instrument

Validity analysis is examination of research instrument capacity to gather relevant information aimed at achievement of study objectives (Cooper & Schindler, 2014). It can be broadly classified into face and content validity. Supervisors and strategic management expatriate opinion is important and consistently incorporated in development of research tools, ascertaining and validating the responses from the questionnaire. Prior to adoption of research tool for data collection their inputs and guidance were fully incorporated.

3.7.2 Reliability of Research Instrument

Sekaran and Bougie (2013) indicates that research instrument is reliable if it can consistently yield similar findings if administered to heterogeneous group of people. To test reliability of the research instrument, pilot study was carried out through chosen respondents outside the study zone. The aim of pre-testing is to account adjustment of different questions so as clarify, reword and clear up any shortcomings in the questions before distributing to the actual respondents. Reliability was examined through use of Cronbach Alpha coefficient; whose loading ranging is from 0 to 1. Reliable research instrument ought to have coefficient cutoff of 0.7, otherwise corrective measures through deletion or insertion of other attributes. By applying SPSS, the Cronbach’s alpha index was determined. This deduced standard quantifiable items and the correlation. Table 3.3 presents the aggregate summary.
Table 3.3 Results of Reliability Test

<table>
<thead>
<tr>
<th>Research Variable</th>
<th>Cronbach’s Alpha Index</th>
<th>Number of Items</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic planning practices</td>
<td>0.724</td>
<td>10</td>
<td>Reliable</td>
</tr>
<tr>
<td>Strategic formulation practices</td>
<td>0.762</td>
<td>9</td>
<td>Reliable</td>
</tr>
<tr>
<td>Strategic implementation practices</td>
<td>0.782</td>
<td>9</td>
<td>Reliable</td>
</tr>
<tr>
<td>Strategic evaluation practices</td>
<td>0.735</td>
<td>8</td>
<td>Reliable</td>
</tr>
<tr>
<td>Performance</td>
<td>0.714</td>
<td>7</td>
<td>Reliable</td>
</tr>
<tr>
<td>Aggregate</td>
<td><strong>0.743</strong></td>
<td><strong>43</strong></td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Pilot Data (2020)

Strategic implementation practices from Table 3.3 were the highest with a reliability (α= 0.782), after which strategic formulation practices (α=0.762), strategic evaluation practices (α=0.735), strategic planning practices (α=0.724) and performance (α=0.714) followed in that order. The index values were greater than 0.7 and affirmed the reliability of the five variables in reference to Cronbach’s alpha values as proposed by (Bannet & Wright, 2015). Additionally, it was deduced by the outcome that an aggregate alpha index of 0.743 was met by the five research variables for each of the 43 items and was within the commended research instrument reliable scale.

3.8 Data Collection Procedure

To ease the process of data collection 2 research assistants were recruited and trained. Upon successful training they were introduced to human resources department. Self-administration and drop and pick methods were adopted for questionnaires administration. The duo strategy enhanced questionnaires response rate and optimize chances of clarifying issues which may arise during the data collection.
3.9 Data Analysis

Collected data was cleaned, coded and entered into statistical packages for social scientists (SPSS). Quantitative analysis adopted descriptive and inferential statistics. Descriptive statistics were limited to frequency, percentage, mean and standard deviations. Inferential statistics were limited to Product moment correlation and regression modelling. The research findings were presented using graphs and tables.

Multiple regression model was considered appropriate because it provides an opportunity to test the strength of the relationship between variables. Multiple regression was conducted at 95% confidence level. The general multiple regression method adopted was represented in the form:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \]

Where: \( Y \) = Organization performance; \( \beta_0 \) = Constant Term; \( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) = Beta coefficients; \( X_1 \) = Strategic planning practices; \( X_2 \) = strategic formulation practices; \( X_3 \) = strategic implementation practices; \( X_4 \) = strategic evaluation practices; \( \varepsilon \) = Error term.

3.10 Ethical Considerations

Ethics alludes to a set of accepted rules or anticipated cultural standard of conduct while carrying out a research (Sekaran & Bougie, 2013). Moreover, Cooper and Schnindler (2014) averred that ethical issues cannot be ignored in all research stages. Respondents was allowed to withdraw from the study at any given time, their confidentiality must be protected, and none of them to be exposed to stressful situation upon participation in data collection, and respondents ought to be assured that their data was not analyzed to contribute to other issues beyond academic objectives.
Although, different stakeholders are expected to benefit from the study they ought to draw their benefits from processed data and not its raw form.

In this study research permit and approval were sought from the Graduate School, Kenyatta University. These approvals were utilized as an acquaintance in the NACOSTI with look for examine endorsement which was displayed to Human Resources Department of NHIF. In the real information assortment respondent's privacy was ensured and they were guaranteed that data looked for was utilized only for scholarly purposes. In addition, respondents’ investment was deliberate and there were interestingly distinguished utilizing random numbers just known to the researcher. All source documents were appropriately referenced.
CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings of the analysis of descriptive and inferential statistics deriving from the research data collected from employees of National Hospital Insurance Fund in Nairobi City County, Kenya. The chapter also provides a discussion of the research findings with reference to the theoretical and empirical literature review. The findings are presented in form of figures and tables.

4.2 Response Rate

The response rate was analysed on the basis of the proportion of the questionnaires returned and questionnaires distributed by the researcher as shown in Figure 4.1

![Figure 4.1 Analysis of Response Rate](image)

**Figure 4.1 Analysis of Response Rate**

**Source: Field Data (2020)**

The findings in Figure 4.1 shows that out of 153 target respondents that were served with the questionnaires, 140 filled in and returned the questionnaires. This translates to a response rate of
91.5% which is deemed sufficient for the study. This corresponds with Mugenda and Mugenda (2003) suggestion that a response rate of half is satisfactory for investigation and reporting; a rate of 60% is acceptable and response rate of 70% and over is excellent. This high response rate expanded segment portrayal and furthermore the exactness of the aftereffects of this examination.

4.3 Background Information of the Respondents

The demographic information presented is on gender, age, level of education and work experience of the respondents.

4.3.1 Gender of the respondents

The study analysed the gender of the respondent who filled in and returned the questionnaires as presented in Figure 4.2.

![Figure 4.2 Gender of the Respondents](image)

**Figure 4.2 Gender of the Respondents**

**Source:** Field Data (2020)

The study findings show that 75 (53.6%) of respondents were male, while 65 (46.4%) were female as illustrated in Figure 4.2. This means that National Hospital Insurance Fund has more male employees than female employees. However, this implies that respondents were drawn
from all gender group to expurgate any gender biasness that might have been associated with the research findings.

4.3.2 Level of Education

The researcher analysed the data collected on the level of education of the employees involved in the research as illustrated in Figure 4.3

![Level of Education Graph](image)

**Figure 4.3 Level of Education**

**Source: Field Data (2020)**

The study results in Figure 4.3 show that 74(52.9%) of the respondents had acquired a Bachelor’s degrees, 37(26.4%) of the respondents indicated that they had master’s degree and only 29(20.7%) had diploma as highest level of education. These results imply that all the respondents had requisite level of literacy to understand the information sought by this study.

4.3.3 Work Experience

The researcher analysed the data collected on the work experience duration of the employees involved in the study as presented in Figure 4.4.
Figure 4.4 Analysis of Work Experience of Respondents

Source: Field Data (2020)

The finding in figure 4.4 shows that a majority of respondents 58 (41.4%) had worked with National Hospital Insurance Fund for a period of between 11 and 15 years. However, those who had worked between 6 and 10 years constituted 43 (30.7%). In addition, 24 (17.1%) of the respondents had a work experience of between 0 and 5 years whereas 15 (10.7%) had tenure of service of over 15 years. These outcomes affirm that the employees associated with this research had the necessary experience to give the data that was important to the researcher.

4.3.4 Working Position

The researcher requested the respondents to indicate their current positions at the National Hospital Insurance Fund. The findings are as shown in Figure 4.5.
The study established that 31.2% of the respondents were from administration, 27.9% were from human resource department, 21.3% marketing, 17.9% strategy, 16.3% research development and 15.8% were from finance. The discoveries show that the research was not biased during collection of data and all departments were looked for. This shows that adequate and unbiased data was looked for.

4.4 Descriptive Statistics

This study utilized mean, standard deviation and coefficient of variation to present the summary measures of the sample that was observed. Analysis of descriptive statistics was conducted on the basis of the data collected on the variables that were at the core of this study. The basic feature of the observed sample formed the basis for quantitative data analysis for this study.

4.4.1 Strategic Planning Practices

Several statements on the strategic planning practices on performance of the National Hospital Insurance Fund were identified by the researcher. Respondents were approached to demonstrate
the degree of their concurrence with every assertion as to strategic planning practices and how it
has influenced your performance. A Likert scale was used. The results are as presented in Table
4.1

Table 4.1 Descriptive Statistics for Strategic Planning Practices

<table>
<thead>
<tr>
<th>Statements</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>CoV</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHIF management spearheads NHIF’s strategic management planning.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.51</td>
<td>0.57</td>
<td>0.16</td>
</tr>
<tr>
<td>NHIF staff are constantly advised and taken through the key administration plan before execution.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.67</td>
<td>0.56</td>
<td>0.13</td>
</tr>
<tr>
<td>NHIF identifies and maintains an optimal alignment to improve quality of goods and services.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.60</td>
<td>0.63</td>
<td>0.15</td>
</tr>
<tr>
<td>NHIF does specifying and achievable objectives to ensure there is reduction of costs.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.34</td>
<td>0.61</td>
<td>0.12</td>
</tr>
<tr>
<td>Environmental scanning carried out by the organization helps to specify and achieve objectives that help shorter lead time.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>4.21</td>
<td>0.58</td>
<td>0.13</td>
</tr>
<tr>
<td>Strategic planning enhances better performance in NHIF than does trial and error learning.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.59</td>
<td>0.52</td>
<td>0.11</td>
</tr>
<tr>
<td>Strategic planning manager in NHIF have alternative strategic options.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.36</td>
<td>0.67</td>
<td>0.15</td>
</tr>
<tr>
<td>There is clear communication of vision and mission in NHIF</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.97</td>
<td>0.63</td>
<td>0.17</td>
</tr>
<tr>
<td>There is inclusion of written plans that cover activities of the whole year.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.84</td>
<td>0.65</td>
<td>0.13</td>
</tr>
<tr>
<td>Average scores</td>
<td></td>
<td></td>
<td></td>
<td>3.68</td>
<td>0.60</td>
<td>0.14</td>
</tr>
</tbody>
</table>

Source: Field Data (2020)
From the research findings, majority of the respondents agreed that NHIF management spearheads NHIF’s strategic management planning (mean=3.51, Std. Dev =0.57). Respondents agreed that NHIF staff are constantly advised and taken through the key administration plan before execution (mean=3.67, Std. Dev =0.56). Respondents agreed that NHIF identifies and maintains an optimal alignment to improve quality of goods and services (mean = 3.6, Std. Dev =0.63). Respondents agreed that NHIF does specifying and achievable objectives to ensure there is reduction of costs (mean =3.34, Std. Dev =0.61). Additionally, the respondents agreed that environmental scanning carried out by the organization helps to specify and achieve objectives that help shorter lead time (mean =4.21 Std. Dev =0.58). This is supported by Awino, Muturia and Oeba (2012) who established that there is a positive and critical connection between strategic planning and firm execution; strategic arranging and planning results and firm execution. Along these lines, the present examination suggests that compelling and centered key arranging leads to positive change in the performance of the firm.

At the same time, majority of the respondents strongly agreed that strategic planning enhances better performance in NHIF than does trial and error learning (mean =3.59, Std. Dev =0.52). Respondents agreed that strategic planning manager in NHIF have alternative strategic options (mean =3.36, Std. Dev =0.67). Majority of the respondents strongly agreed that there is clear communication of vision and mission in NHIF (mean=3.97, Std. Dev =0.63). Also, the respondents agreed that there is inclusion of written plans that cover activities of the whole year (mean =3.84, Std. Dev =0.65). This agrees with Hafeez and Akbar (2015) who revealed that the performance of state organizations in Kenya was influenced by strategic arranging, strategic leadership, key provider the executives and key preparing as the main considerations that generally influence usage of procurement performance in state corporations in Kenya.
4.4.2 Strategic Formulation Practices

Several statements on the effect of strategic formulation practices on performance of the National Hospital Insurance Fund were identified by the researcher. Respondents were approached to demonstrate the degree of their concurrence with every assertion as to strategic formulation practices and how it has influenced the performance. A Likert scale was used. The results are as presented in Table 4.2.

Table 4.2 Descriptive Statistics for Strategic Formulation Practices

<table>
<thead>
<tr>
<th>Statements</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std Dev</th>
<th>CoV</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is vision, mission and core values stated as strategic direction at NHIF</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.94</td>
<td>0.61</td>
<td>0.12</td>
</tr>
<tr>
<td>NHIF gathers and investigates data about its outer condition to comprehend their implications</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>4.11</td>
<td>0.56</td>
<td>0.17</td>
</tr>
<tr>
<td>Strategic management deals with the future, and viable system definition is essential, as it coordinates the consideration and activities of an association.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.56</td>
<td>0.57</td>
<td>0.12</td>
</tr>
<tr>
<td>Strategic formulation is among the top priority activities done by the NHIF management.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.45</td>
<td>0.64</td>
<td>0.11</td>
</tr>
<tr>
<td>In strategy formulation, assessment of all resources in NHIF (including physical, financial, human) are assessed.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.89</td>
<td>0.59</td>
<td>0.15</td>
</tr>
<tr>
<td>NHIF recognizes contenders and determine the goals for success of competitors and consider this in strategy formulation.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.45</td>
<td>0.54</td>
<td>0.17</td>
</tr>
<tr>
<td>NHIF’s strategic behavior and selections are in line with environmental developments and this is incorporated in strategy formulation.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.46</td>
<td>0.67</td>
<td>0.13</td>
</tr>
<tr>
<td>Employees are allowed to engage in formulation of NHIF strategic plan.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.73</td>
<td>0.52</td>
<td>0.11</td>
</tr>
<tr>
<td>NHIF sets up policy guidelines that help in strategy formulation to improve compliance index.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>4.05</td>
<td>0.65</td>
<td>0.16</td>
</tr>
<tr>
<td>NHIF develops strategies annually in strategy evaluation to improve quality of goods and</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.23</td>
<td>0.57</td>
<td>0.15</td>
</tr>
</tbody>
</table>
services.

| Average scores | 4.10 | 0.60 | 0.14 |

**Source: Field Data (2020)**

The findings in Table 4.2 shows that majority of the respondents agreed that there is vision, mission and core values stated as strategic direction at NHIF (mean=3.94, Std. Dev =0.61). Respondents agreed that NHIF gathers and investigates data about its outer condition to comprehend their implications (mean = 4.11, Std. Dev =0.56). Respondents agreed that strategic management deals with the future, and viable system definition is essential, as it coordinates the consideration and activities of an association (mean = 3.56, Std. Dev =0.57). Respondents agreed that strategic formulation is among the top priority activities done by the NHIF management (mean =3.45, Std. Dev =0.64). Moreover, majority of the respondents agreed that in strategy formulation, assessment of all resources in NHIF (including physical, financial, human) are assessed (mean = 3.89, Std. Dev =0.59). This study results revealed that strategic formulation practices as a strategic management factor significantly influences the performance of National Hospital Insurance Fund in Kenya. These findings concur with those of Kithinji (2012) who established that successful strategy implementation depends on a large part on how a firm structure are organized. Strategic formulation practices and strategy management practices are intimate and that need to be matched for successful organizational performance.

Further, the findings established that majority of the respondents agreed that NHIF recognizes contenders and determine the goals for success of competitors and consider this in strategy formulation (mean =3.45, Std. Dev =0.54). Respondents agreed that NHIF’s strategic behavior and selections are in line with environmental developments and this is incorporated in strategy formulation (mean = 3.46, Std. Dev =0.67). Majority of the respondents moderately agreed that
employees are allowed to engage in formulation of NHIF strategic plan (mean = 3.73, Std. Dev = 0.52). The respondents agreed that NHIF sets up policy guidelines that help in strategy formulation to improve compliance index (mean = 4.05, Std. Dev = 0.65). Also, the respondents agreed that NHIF develops strategies annually in strategy evaluation to improve quality of goods and services (mean = 3.23, Std. Dev = 0.57). This concurs with Gichohi (2010) who expresses that all strategy formulation practices are intended to either improve performance on the current occupation of the individual, train new abilities for new position or new situation later on and general development for the two people and association to have the option to meet associations define objectives.

4.4.3 Strategic Implementation Practices

Several statements on the effect of strategic implementation practices on performance of the National Hospital Insurance Fund were identified by the researcher. Respondents were approached to demonstrate the degree of their concurrence with every assertion as to strategic implementation practices and how it has influenced the organization performance. A Likert scale was used. The results are as presented in Table 4.3.

<table>
<thead>
<tr>
<th>Statements</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std Dev</th>
<th>CoV</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is comprehensively communication of strategy to staff members at NHIF</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.95</td>
<td>0.66</td>
<td>0.12</td>
</tr>
<tr>
<td>Implementation of strategy is allocated adequate resources</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.41</td>
<td>0.62</td>
<td>0.15</td>
</tr>
<tr>
<td>NHIF strategy is in line to its structure.</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.52</td>
<td>0.79</td>
<td>0.17</td>
</tr>
<tr>
<td>The implementation of NHIF strategy completely</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.61</td>
<td>0.64</td>
<td>0.12</td>
</tr>
</tbody>
</table>
based on set goals and expected performance.

NHIF is keen on executing organization strategy in a way that yields better performance.

Motivation is enhanced to ensure implementation of strategy is successful

Top management commitment is set for enhancing transparency and accountability is adequate.

NHIF structure is very appropriate to enhance reduction of costs.

NHIF organization structure is appropriate to enhance top management commitment to improve transparency and accountability.

| Average scores | 3.61 0.64 0.13 |

Source: Field Data (2020)

The results in Table 4.3 revealed that majority of the respondents agreed that there is comprehensively communication of strategy to staff members at NHIF (mean = 3.95, Std. Dev = 0.66. Respondents agreed that implementation of strategy is allocated adequate resources (mean = 3.41, Std. Dev= 0.62). Respondents agreed that NHIF strategy is in line to its structure (mean = 3.52, Std. Dev = 0.79). Respondents agreed that the implementation of NHIF strategy completely based on set goals and expected performance (mean = 3.61, Std. Dev = 0.64). Respondents agreed that NHIF is keen on executing organization strategy in a way that yields better performance (mean = 3.05, Std. Dev = 0.75). This study is in agreement with Kombo (2014) who in his research proposed that an organization is viewed as fruitful in the event that it accomplishes its strategic objectives and focused on level of monetary execution. In concluding how to actualize procedures, directors must need to figure out what inside conditions are expected to execute the strategic plan successfully. This is supported by Njue and Ongoto (2018)
who established there exists a huge positive connection between strategic implementation practices and performance of organization.

Additionally, the findings revealed that motivation is enhanced to ensure implementation of strategy is successful (mean = 3.56, Std. Dev = 0.57). Respondents agreed that top management commitment is set for enhancing transparency and accountability is adequate (mean = 3.42, Std. Dev = 0.64). Respondents agreed that NHIF structure is very appropriate to enhance reduction of costs (mean = 3.81, Std. Dev = 0.68). Also, the respondents agreed that NHIF organization structure is appropriate to enhance top management commitment to improve transparency and accountability (mean =3.75, Std. Dev = 0.63). In support of this finding, Mbaka Mugambi and Wangari (2014) in their investigation of the NHIF discovered that expresses that strategy implementation practices are outfitted towards improving hierarchical execution. strategy implementation practices are explicit to each circumstance, certain operational and authoritative bases must be covered regardless of what the association’s circumstance is.

4.4.4 Strategic Evaluation Practices

Several statements on the effect of strategic evaluation practices on performance of National Hospital Insurance Fund were identified by the researcher. Respondents were approached to demonstrate the degree of their concurrence with every assertion as to strategic evaluation practices and how it has influenced the organization performance. A Likert scale was used. The results are as presented in Table 4.4.

<table>
<thead>
<tr>
<th>Table 4.4 Descriptive Statistics for Strategic Evaluation Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statements</td>
</tr>
<tr>
<td>Strategy at NHIF involves monitoring, evaluation</td>
</tr>
<tr>
<td>and implementation control</td>
</tr>
</tbody>
</table>
Each management strategy plan has well defined and measurable performance.
NHIF management reviews management strategic decisions.
The accomplishment of the strategy is executed and assessed toward the finish of the usage stage and restorative measures are taken.
Analysis of internal capabilities provides information to prompt us to action.
Evaluation includes both proposed and unintended outcomes, and gives strategic lessons to control decision makers and illuminate partners.
Analysis of weaknesses generates information that guides our actions in uncertain environments to actualize NHIF performance.
At NHIF, evaluation is a continuous procedure that notifies the management and principle partners regarding a continuous mediation with early signs of progress.
Strategic evaluation gives a judgment dependent on evaluations of importance, suitability, viability, proficiency, effect and maintainability of advancement endeavors.

<table>
<thead>
<tr>
<th></th>
<th>140</th>
<th>1.00</th>
<th>5.00</th>
<th>3.33</th>
<th>0.64</th>
<th>0.12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Field Data (2020)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The study found out that majority of the respondents agreed that strategy at NHIF involves monitoring, evaluation and implementation control (mean = 3.53, Std. Dev = 0.51). Respondents agreed that each management strategy plan has well defined and measurable performance (mean = 3.33, Std. Dev = 0.64). Respondents agreed that NHIF management reviews management strategic decisions (mean = 3.74, Std. Dev =0.61). Respondents agreed that the accomplishment of the strategy is executed and assessed toward the finish of the usage stage and restorative measures are taken (mean = 3.15, Std. Dev = 0.60). Also, the respondents agreed that analysis of internal capabilities provides information to prompt us to action (mean = 3.42 Std. Dev = 0.54).
This is supported by Noah and Were (2018) who established strategic evaluation had a positive and significant relationship on the performance of organization.

The study further established that majority of the respondents agreed that evaluation includes both proposed and unintended outcomes, and gives strategic lessons to control decision makers and illuminate partners (mean = 3.36, Std. Dev = 0.72). Respondents disagreed that analysis of weaknesses generates information that guides our actions in uncertain environments to actualize NHIF performance (mean = 3.58, Std. Dev = 0.59). The respondents agreed that evaluation is a continuous procedure that notifies the management and principle partners regarding a continuous mediation with early signs of progress (mean = 3.65, Std. Dev = 0.75). Respondents agreed that strategic evaluation gives a judgment dependent on evaluations of importance, suitability, viability, proficiency, effect and maintainability of advancement endeavors (mean = 3.62, Std. Dev = 0.58). This study is in agreement with Mugo (2014) who in his research proposed that strategy evaluation can feature shortcomings in effectively actualized key plans and makes the whole cycle to start from the very beginning. Ivancic (2013) battles that the powerful assessment technique is significant in light of the fact that the critical movement of methodology assessment is to decide whether procedure execution meets the firm goals. Incapable assessment can restrict achievement or make more regrettable issues for firms. Subsequently, the executives need to pose the correct inquiries to guarantee their viability (Onwe, 2014).

4.4.5 Performance of National Hospital Insurance Fund

Several statements on the performance of National Hospital Insurance Fund were identified by the researcher. Respondents were requested to show the degree of their agreement with each statement in concerning performance of National Hospital Insurance Fund. A Likert scale was used. The findings are as displayed in Table 4.5.
Table 4.5 Descriptive Statistics for Performance of National Hospital Insurance Fund

<table>
<thead>
<tr>
<th>Statements</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std Dev</th>
<th>CoV</th>
</tr>
</thead>
<tbody>
<tr>
<td>There has been changes in membership enrolment</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.63</td>
<td>0.61</td>
<td>0.13</td>
</tr>
<tr>
<td>Existing members are satisfied with NHIF services</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.47</td>
<td>0.66</td>
<td>0.15</td>
</tr>
<tr>
<td>More customers have referred their friends to enrol for NHIF membership</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.90</td>
<td>0.64</td>
<td>0.11</td>
</tr>
<tr>
<td>Members receive full value of contributions made to NHIF</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.73</td>
<td>0.51</td>
<td>0.14</td>
</tr>
<tr>
<td>Products/service quality and NHIF’s resource utilization has improved</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.65</td>
<td>0.53</td>
<td>0.12</td>
</tr>
<tr>
<td>There is a notable increase in profit margins in the NHIF in the last two years</td>
<td>140</td>
<td>1.00</td>
<td>5.00</td>
<td>3.12</td>
<td>0.57</td>
<td>0.16</td>
</tr>
</tbody>
</table>

Average scores: 3.97 0.59 0.14

Source: Field Data (2020)

The findings in Table 4.5 found out that respondents agreed that there has been changes in membership enrolment (mean = 3.61, Std. Dev = 0.61). Respondents agreed that existing members are satisfied with NHIF services (mean = 3.47, Std. Dev = 0.66). The respondents agreed that more customers have referred their friends to enrol for NHIF membership (mean = 3.90, Std. Dev = 0.64). The results showed that strategic management practices have a significant influence on the performance of National Hospital Insurance Fund.

The study further established that respondents agreed that members receive full value of contributions made to NHIF (mean = 3.73, Std. Dev = 0.51). Respondents agreed that products/service quality and NHIF’s resource utilization has improved (mean = 3.65, Std. Dev = 0.53). Also, the respondents agreed that there is a notable increase in profit margins in the NHIF.
in the last two years strategic planning has improved the span of control of managers (mean = 3.12, Std. Dev = 0.57). Accomplishment of any business entity is not represented by how well key administration rehearses are detailed yet how a decent procedure is actualized to understand the objectives and targets it was set to accomplish. Managers use the tool to accomplish, align the daily activities and operations that everyone is doing with action plans, rank best performing products, firm projects, measure and observe towards the firms planned objectives (Pearce & Robinson, 2007).

4.5 Inferential Statistics

The researcher conducted multiple regression analysis to examine relationship between strategic management practices and performance of National Hospital Insurance Fund in Nairobi City County, Kenya. In this case, strategic planning practices, strategic formulation practices, strategic implementation practices and strategic evaluation practices were regressed on performance. The results of Model Summary, ANOVA and Regression Coefficients are presented in the following subsequent sections.

4.5.1 Model Summary

The findings of coefficient of correlation and coefficient of determinations was identified by the researcher. The findings are indicated in Table 4.6.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.873</td>
<td>0.762</td>
<td>0.734</td>
<td>0.132</td>
</tr>
</tbody>
</table>

**a. Predictors:** (Constant), Strategic Planning Practices, Strategic Formulation Practices, Strategic Implementation Practices and Strategic Evaluation Practices

**b. Dependent Variable:** Performance
Table 4.6 illustrate that coefficient of correlation was 0.873. This indicates that the study variables significantly influenced performance of National Hospital Insurance Fund. Coefficient of adjusted determination was 0.734 which translates to 73.4%. This specifies that variations in dependents variable was explained by the independent variables (strategic planning practices, strategic formulation practices, strategic implementation practices and strategic evaluation practices). The residual of 26.6% could be described by other factors outside the limit of the current study.

4.5.2 ANOVA

An ANOVA was conducted at 5% level of significant level. The comparison between $F_{\text{Calculated}}$ and $F_{\text{Critical}}$ was conducted. The results are illustrated in Table 4.7.

**Table 4.7 ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>23.37</td>
<td>4</td>
<td>.467</td>
<td>4.13</td>
<td>0.002&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>Residual</td>
<td>97.36</td>
<td>136</td>
<td>1.943</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>120.73</td>
<td>140</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. **Predictors:** (Constant), Strategic Planning Practices, Strategic Formulation Practices, Strategic Implementation Practices and Strategic Evaluation Practices  

b. **Dependent Variable:** Performance  

Source: Field Data (2020)

The findings from Table 4.7 revealed that that $F_{\text{Calculated}}$ was 4.13 and $F_{\text{Critical}}$ was 2.21. Therefore, 4.13>2.21 indicates that the overall regression model positively impacts the study. The P-value was 0.002<0.05 an indication that the variables of the study significantly influenced NHIF’s performance in Nairobi City County, Kenya.
4.5.3 Regression Coefficients

To investigate the effect of strategic management practices on performance of National Hospital Insurance Fund, the following coefficient were generated and presented in Table 4.8

Table 4.8 Regression Coefficients

<table>
<thead>
<tr>
<th>Variables</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.767</td>
<td>0.212</td>
<td>4.453</td>
<td>.002</td>
</tr>
<tr>
<td>Strategic Planning Practices</td>
<td>0.601</td>
<td>0.0134</td>
<td>1.121</td>
<td>2.351</td>
</tr>
<tr>
<td>Strategic Formulation Practices</td>
<td>0.562</td>
<td>0.0351</td>
<td>1.128</td>
<td>2.247</td>
</tr>
<tr>
<td>Strategic Implementation</td>
<td>0.537</td>
<td>0.0221</td>
<td>1.423</td>
<td>2.356</td>
</tr>
<tr>
<td>Strategic Evaluation Practices</td>
<td>0.579</td>
<td>0.0131</td>
<td>1.382</td>
<td>2.396</td>
</tr>
</tbody>
</table>

Source: Field Data (2020)

From the results, the equation becomes

\[ Y = 0.767 + 0.601X_1 + 0.562X_2 + 0.537X_3 + 0.579X_4 \]

Where \( Y \) = Performance of National Hospital Insurance Fund

\( X_1 \) = Strategic Planning Practices

\( X_2 \) = Strategic Formulation Practices

\( X_3 \) = Strategic Implementation Practices

\( X_4 \) = Strategic Evaluation Practices

The results of regression analysis in Table 4.8 demonstrated that strategic planning practices is significant at \( \beta = 0.601; \ t = 2.351; \ p = .001 \). This implies that at 95% confidence level, strategic planning practices has a positive effect on performance of National Hospital Insurance Fund. A unit increase in strategic planning practices while holding all other factors constant, performance would be at 0.601.
The results of regression analysis in Table 4.8 shows that strategic formulation practices are significant at $\beta=0.562$; $t = 2.247$; $p = 0.002$. This indicates that at 95% level of confidence, strategic formulation practices have a positive effect on performance of National Hospital Insurance Fund. A unit increase in strategic formulation practices when holding all the variables constant, performance would be at 0.562.

Also, the findings in Table 4.8 revealed that strategic implementation practices are significant at $\beta=0.537$; $t=2.356$, $p=.003$. This suggests that at 95% level of confidence, strategic implementation practices have a positive effect on performance of National Hospital Insurance Fund. These results further demonstrate that a unit increase in strategic implementation practices while holding all the other variables constant, performance would be at 0.537.

Lastly, the findings in Table 4.8 indicated that strategic evaluation practices are statistically significant at $\beta=0.579$; $t=2.396$; $p = .002$. The t statistic suggests that at 95% level of confidence, strategic evaluation practices has a positive effect on performance of National Hospital Insurance Fund. These results further show that a unit increase in strategic evaluation practices accounts for 0.579 increase in performance.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter provides a summary of the major findings of the actual study; it then draws conclusions and finally, it makes some recommendations and suggestions on areas of further study.

5.2 Summary of Study Findings
The purpose of this study was to determine the influence of strategic management practices on performance of NHIF Kenya. The first research objective was to determine the influence of strategic planning practices on performance of NHIF in Nairobi City County, Kenya. The descriptive results revealed that over 50% of the respondents agreed and strongly agreed on the statements of the influence of strategic management practices on performance of NHIF. Further, Pearson correlation result and regression results revealed a significant relationship between strategic management practices and NHIF’s performance.

The second research objective was to determine the influence of strategic formulation practices on performance of NHIF in Nairobi City County, Kenya. From descriptive findings, the study revealed that over 50% of the respondents agreed strongly agreed on the statements of the strategic formulation practices on performance of NHIF. The model summary, ANOVA and regression coefficients revealed that a positive association between strategic management practices and performance of NHIF.

The third research objective was to determine the influence strategic implementation practices on performance at NHIF in Nairobi City County, Kenya. Descriptive findings revealed that over 50% of the respondents agreed strongly agreed on the statements of the strategic implementation
practices on performance of NHIF. The model summary, ANOVA and regression coefficients revealed that a positive relationship between strategic implementation practices and performance of NHIF.

The fourth research objective was to determine the influence of strategic evaluation practices on performance of NHIF in Nairobi City County, Kenya. Most respondents identified NHIF management reviews management strategic decisions. The descriptive results also revealed that majority of the respondents agreed and strongly agreed on the statements of the influence of strategic evaluation practices on performance of NHIF. Further, inferential statistics result revealed that there is a positive relationship between strategic evaluation practices and performance of NHIF

5.3 Conclusion

From the study findings, the study concluded that strategic planning practices affects the performance of NHIF at Nairobi City County. The study concluded that NHIF management spearheads strategic management planning of the organization, staffs are constantly advised to improve quality of service offered. Also, there is clear communication of vision and mission; and inclusion of written plans to cover activities.

Also, the study concluded that strategic formulation practices affect performance of NHIF at Nairobi City County. The study concluded that NHIF have vision, mission and core values, employees are allowed to engage in formulation of NHIF strategic plan and NHIF develops strategies annually in strategy evaluation to improve quality of services offered. The study concluded that strategic planning practices of NHIF is aligned with its organization strategy.

The research revealed that strategic implementation practices affects performance of NHIF at Nairobi City County. The study therefore concluded that comprehensively communication of
strategy to staff members, allocation of adequate resources, setting of goals and expected performance, motivation of workers, transparency and accountability of management should be upheld for it significantly affects performance positively.

Further, the study concluded that strategic evaluation practices affects performance of NHIF at Nairobi City County. The study established that management strategy plan has well defined and measurable performance. Through strategic evaluation practices, the organization enhances suitability, viability, proficiency, effect and maintainability of advancement endeavours.

5.4 Recommendations for policy and practise

This study recommends that organizations and firms stakeholders should appreciate the importance of strategic planning practices not only in strategy management practices but also in general performance of their firms. They should encourage a strategic planning practices is results oriented, focused and discipline in order to succeed. The extent to which organization will be willing to engage the employee in building a good strategic planning practices will in turn have a positive correlation with strategy management practices.

NHIF ought to consistently guarantee that its strategic formulation practices are completely working with negligible hitches as this contributes emphatically towards the improvement of its exhibition regarding the development of client base, upheld hospitals and NHIF commitment.

The organization ought to endeavor to search for tough people who have the characteristics to permeated, persuade, motivate and equip other staff with the vision of things to come to achieve the set goals. People commanded with the obligations to lead other must comprehend that the achievement of the association relied upon their capacities to facilitate all the framework in an effective way.
Strategic evaluation practices are a process that requires both adequate financial and skilled human resources. Therefore, organizations that need to succeed in the strategic management practices should invest adequately both in terms of finance and human labour. Training of the staff should also be undertaken to ensure all employees understand where the organization is headed and what is required of them.

5.5 Recommendations for further study

The results of this examination are restricted to strategic management practices and performance of National Hospital Insurance Fund. Future researchers should complete replicative examinations in different associations as this would help in approving the discoveries and finishes of this investigation. Also, further exploration ought to be done to examine the impact of different components that have not been conceptualized in this investigation especially considering the experimental ramifications of the coefficient of assurance portrayed from the result of model summary.
REFERENCES


APPENDICES

Appendix I: Letter of Introduction

Catherine Karimi,

P.O. Box 30016

Nairobi.

Date

Dear Sir/ Madam,

RE: REQUEST FOR RESEARCH DATA

I humbly request for assistance on collection of research data on topic titled “Strategic Management Practices and Performance in National Hospital Insurance Fund”. The data will be collected for academic purposes only and upon success completion of the study all of it will be destroyed. All information will be treated with extreme secrecy and your identity is not required at all.

Yours faithfully,

Catherine Karimi

Dr. Lucy Kavindah

MBA. Candidate

Supervisor
Appendix II: Questionnaire

The main objective of this questionnaire is to collect data that will be very useful in establishing the effects of congruence model in improving performance at the National Hospital Insurance Fund. The information you give will be private and confidential and will only be used for improving performance at the firm. Respond to every question by placing a tick ( √ ) where necessary. Do not write your name.

SECTION A: Background Information of Respondent

1. Which department are you working?

   Human Resource  ☐   Administration  ☐   Finance,  ☐
   CEO  ☐   Research &Dev.  ☐   Marketing  ☐

2. Does NHIF have a vision statement? If yes what is it?  Yes  ☐   No  ☐

3. Number of years working in your position?

   0-5 years  ☐   6-10 years  ☐   11-15 years  ☐

   Over 15 years

4. Gender  Male  ☐   Female  ☐

5. Level of education you attained.

   Secondary Certificate  ☐   Diploma  ☐   PhD  ☐
   Degree  ☐   Masters  ☐
SECTION B: Measurement of Independent Variables

B1: STRATEGIC PLANNING PRACTICES

On five-point Likert scale, select a suitable indicator from the following: (1) strongly disagree (2) disagree (3) neutral (4) agree and (5) strongly agree; state your level of agreement on how strategic planning practices influence organization performance in NHIF.

<table>
<thead>
<tr>
<th>Strategic Planning Practices</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHIF management spearheads NHIF’s strategic management planning.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NHIF staff are constantly advised and taken through the key administration plan before execution.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NHIF identifies and maintains an optimal alignment to improve quality of goods and services.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NHIF does specifying and achievable objectives to ensure there is reduction of costs.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Environmental scanning carried out by the organization helps to specify and achieve objectives that help shorter lead time.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Strategic planning enhances better performance in NHIF than does trial and error learning.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Strategic planning manager in NHIF have alternative strategic options.</td>
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</tr>
<tr>
<td>There is clear communication of vision and mission in NHIF.</td>
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<tr>
<td>There is inclusion of written plans that cover activities of the whole year.</td>
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<td></td>
</tr>
</tbody>
</table>

B2: STRATEGIC FORMULATION PRACTICES

On five-point Likert scale, select a suitable indicator from the following: (1) strongly disagree (2) disagree (3) neutral (4) agree and (5) strongly agree; state your level of agreement on how strategic formulation practices influence organization performance in NHIF.

<table>
<thead>
<tr>
<th>Strategic Formulation Practices</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is vision, mission and core values stated as strategic direction at NHIF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As an employee, I believe that NHIF has key strategy and plan of the association’s Vision, Mission, Core values and key goals.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NHIF gathers and investigates data about its outer condition to comprehend their implications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic management deals with the future, and viable system</td>
<td></td>
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</tr>
</tbody>
</table>
definition is essential, as it coordinates the consideration and activities of an association.

Strategic formulation is among the top priority activities done by the NHIF management.

In strategy formulation, assessment of all resources in NHIF (including physical, financial, human, etc) are assessed.

NHIF recognizes contenders and determine the goals for success of competitors and consider this in strategy formulation.

NHIF’s strategic behavior and selections are in line with environmental developments and this is incorporated in strategy formulation.

Employees are allowed to engage in formulation of NHIF strategic plan.

Employees are encouraged to contribute their ideas towards strategy formulation and thus felt motivated to implement it.

NHIF sets up policy guidelines that help in strategy formulation to improve compliance index.

NHIF develops strategies annually in strategy evaluation to improve quality of goods and services.

Strategy formulation success at NHIF should lead key actors to go about as a group, which is arranged, dedicated and roused to carry out the responsibility of actualizing new strategy

**B3: STRATEGIC IMPLEMENTATION PRACTICES**

On five-point Likert scale, select a suitable indicator from the following: (1) strongly disagree (2) disagree (3) neutral (4) agree and (5) strongly agree; state your level of agreement on how strategic implementation practices influence organization performance in NHIF.

<table>
<thead>
<tr>
<th>Strategic Implementation Practices</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is comprehensively communication of strategy to staff members at NHIF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation of strategy is allocated adequate resources</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>NHIF strategy is in line to its structure.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>The implementation of NHIF strategy completely based on set goals and expected performance.</td>
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<td></td>
</tr>
<tr>
<td>NHIF is keen on executing organization strategy in a way that yields better performance.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Motivation is enhanced to ensure implementation of strategy is successful</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Top management commitment is set for enhancing transparency and accountability is adequate.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>NHIF structure is very appropriate to enhance reduction of costs.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
NHIF organization structure is appropriate to enhance top management commitment to improve transparency and accountability.

### B4: STRATEGIC EVALUATION PRACTICES

On five-point Likert scale, select a suitable indicator from the following: (1) strongly disagree (2) disagree (3) neutral (4) agree and (5) strongly agree; state your level of agreement on how strategic evaluation practices influence organization performance in NHIF.

<table>
<thead>
<tr>
<th>Strategic Evaluation Practices</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy at NHIF involves monitoring, evaluation and implementation control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Each management strategy plan has well defined and measurable performance</td>
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</tr>
<tr>
<td>NHIF management reviews management strategic decisions.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>The achievement of strategy formulation is done on ordinary premise and adjustment move is made on auspicious premise on the highest performance.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>The presence of effective communication channels in NHIF enhances strategic performance evaluation.</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>The accomplishment of the strategy is executed and assessed toward the finish of the usage stage and restorative measures are taken</td>
<td></td>
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</tr>
<tr>
<td>Comparison is taken on a regular basis.</td>
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</tr>
<tr>
<td>Analysis of internal capabilities provides information to prompt us to action.</td>
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</tr>
<tr>
<td>Evaluation includes both proposed and unintended outcomes, and gives strategic lessons to control decision makers and illuminate partners.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Analysis of weaknesses generates information that guides our actions in uncertain environments to actualize NHIF performance.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>At NHIF, monitoring is a continuous procedure that notifies the management and principle partners regarding a continuous mediation with early signs of progress, or scarcity thereof, in the accomplishment of results.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Strategic evaluation gives a judgment dependent on evaluations of importance, suitability, viability, proficiency, effect and maintainability of advancement endeavors</td>
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<td></td>
</tr>
</tbody>
</table>
SECTION C: Performance

The statements below relate to organizational performance that is an outcome of strategic management practices. Please select a suitable indicator from the following in regard to organization performance on five point Likert scale: Strongly agree(SA)=5, Agree(A)=4, Undecided(U)=3, Disagree(D)=2, and Strongly Disagree(SD)=1.

<table>
<thead>
<tr>
<th>NHIF Performance</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>There has been changes in membership enrolment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Existing members are satisfied with NHIF services</td>
<td></td>
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</tr>
<tr>
<td>More customers have referred their friends to enroll for NHIF membership</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Members receive full value of contributions made to NHIF</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Products/service quality and NHIF’s resource utilization has improved.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is a notable increase in profit margins in the NHIF in the last two years.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With your current experience in your organization incorporation of congruence model by your organization has contributed to some considerable level of improvement in performance</td>
<td></td>
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<td></td>
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</tbody>
</table>