THE CUSTOMER OF/IN PUBLIC INSTITUTIONS
IN KENYA

(A CASE OF NATIONAL HOSPITAL INSURANCE FUND/NHIF)

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The customer of/in
public institutions

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DECLARATION

I, the undersigned declare that this research project is my original work and has not been presented to any institution or examining body.

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This project is submitted to Kenyatta University with my approval as the university supervisor.

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DEDICATION

I dedicate this proposal to my husband, Murithi Memeu and my lovely sons Mutwiri and Muthuri.
ACKNOWLEDGEMENT

Foremost, I acknowledge God Almighty for granting me His mercies throughout the time of researching this project. I acknowledge the guidance of my supervisor Dr. Otube Khayota of Kenyatta University who has imparted a wealth of knowledge. My many thanks also go to my family for their understanding and patience during the time of my studies.
The need for this study stems from the fallacy that public institutions need not delight customers. Indeed, these institutions have been considered as not having 'customers' per se with the publics whom they serve being given little attention. This originates from the reasoning that, when public institutions render service, the people they serve are not necessarily in the class of customers such as those in the private sector. The concern, aggression and innovation seen in private sector service delivery are not reflected in the public sector.

It is in this light that this study sought, 'To investigate the place of the customer in public institutions.' To this end, the study reviewed literature, journals and articles from past studies in this field. It targeted employees of National Hospital Insurance Fund (NHIF) in all branches and departments. A representative sample population of sixty three respondents was used after random selection. The random sampling allowed the researcher to collect data in respect to objectives of the study.

Data was collected through questionnaires administered in personal interviews. It was analyzed using descriptive and advanced statistics. Tables, pie charts, bar graphs and percentages were applied to present reports.
ACRONYMS AND ABBREVIATIONS

NHIF- National Hospital Insurance Fund

WB- World Bank

GOK- Government of Kenya

UAE- United Arab Emirates

USA- United States of America

PG- Procter and Gamble

AAPAM- African Association for Public Administration and Management
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OPERATIONAL DEFINITION OF TERMS

Management- A social process consisting of planning, controlling, coordinating and motivating.

Objectives- Specific aims of a firm

Top Management- That level of managers, which is concerned with setting up the objectives and mission of a firm and designing strategy to achieve them.

Opportunities- Refers to chances of making a sale in the market

Public Servant in this paper is as defined by Chief J.O.Udoji (AAPAM) that in African countries it is the holder of any office the emoluments attaching to which are paid out of the consolidated revenue fund or any other public fund. This includes not only civil servants but also holders of political and judicial offices, posts in public universities (such as K.U) and public corporations.

Factors- One of the several things that cause or influence an issue.

'Place' in this paper refers to the circumstances or situation in which a customer in the context of discussion- 'Public Institution'- finds himself in. The advantages and disadvantages he faces by virtue of the institution being of public orientation constitute this 'place'

Governance refers to the manner in which power is exercised in management of the economic and social resources for development.

Institution in this paper refers to public –owned organizations that are structured to give service in the public domain.
CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

This chapter introduces the study by looking at its background and stating the problem. It goes further to give the objectives, scope, research questions and significance of the study.

1.1 BACKGROUND

Public institutions have achieved little in the important aspect of taking care of customers. They have lagged behind in recognizing the customer despite the fact that any forward-looking enterprise must make the customer its ‘king’ and engage in ‘Relationship Marketing’ which is key to ensuring success of institutions and is achieved by: making the sale itself, continually reacting to customer needs, being accountable to the customer through provision of valid goods and services, being proactive by continually giving information and suggestions and maintaining partnership with customers (Kotler).

The NHIF is a public institution in Kenya that was established by an Act of parliament in 1966. NHIF ACT 1998 NO.9 mandates the Fund to supplement provision of public healthcare financing. In the past, NHIF has paid part of inpatient charges while currently it still pays for these same charges partly in some medical facilities and ‘comprehensively’ in others. The institution has not been able to cover outpatient expenses, as had been the vision. It has various shortcomings and faces myriad constraints in service delivery and general governance hence an inherent need to address issues affecting its own non-satisfaction of customers.
Owing to its statutory nature, NHIF membership has been mandatory rather than by choice. Due to this captive membership, the institution has not been focused on customer-oriented issues and practices. Like other public institutions, NHIF has been lax and has not made the effort to define customers despite newfound reawakening to the reality that the world is so competitive and dynamic that statutory bodies may have to fight it out with private ones or altogether lose their monopolistic advantage to liberalization. This is evidenced by the example of Telkom Kenya that is now competing with Safaricom and Celtel Kenya, who too have been allowed international gateway licenses in telecommunications. This newfound customer concern is representative of effort to survive amidst onslaught by private providers who are more attractive due to their dynamic and modern customer care approach. Market forces demand quality and public institutions after many years of being bypassed by private ones must today adopt best customer practices.

A good look at the GOK Ministries and their departments is a valid example of the need for public servants to make the customer a pivot point to watch in managing institutional affairs. The publics today have gone a step further from just demanding quality service and now take cognizance of the fact that it is their taxes that sustain these institutions hence they own them. They regard public servants as their workers and demand to be treated well, served in a timely manner and given both quality goods and service. It is no wonder then that today public servants are enlisting public relations to endear the public, an effort NHIF is now venturing into. They must observe the Public Officers Ethics Act, 2003.
President Abdou Diouf of Senegal (1989), says that what Africa requires is not just less government but better government in public institution management. He cites the woes as:

- Uncontrolled expansion of staff hence performance as welfare agencies for unemployed school leavers
- Rapid promotion and turnover of poorly qualified staff who have little in depth understanding of either the institutions they manage or the broader context in which they are expected to function.
- Difficulties by top management in motivating and disciplining their staff due to the social and political context
- Insufficient appreciation in government that public institutions work best when staffed and run by professionals according to objective rules and criteria.

Public institutions offer goods and services in a laid back manner. The aggression, innovativeness and care witnessed in the private sector is absent with the public institutions having little or no focus on timeliness and quality of processes. There has been no relationship between remuneration for work done and commensurate outputs and workers have been guaranteed of their job security without due attention to their production. Lack of any form of assessment and appraisal has with time borne complacency with public servants treating customers shabbily and goods and services remaining of poor quality.
Public institutions in the future will no longer be held together by ownership but rather, by their ability to meet objectives by recognizing the place of the customer. They will survive through their ability to add value to the lives of their clientele and their inter-linked activities will be subject to scrutiny by the general citizenry.

The recent institutionalization of performance contracts as an urgent intervention to foster governance is evidence of a fledgling system. This emerging visible effort has even then only been due to pressure from civil organizations, donors and public outcry. The question that however remains is whether these contracts will ignite a paradigm shift in the way public institutions handle customers. They have poor infrastructure and an indifferent human resource. Capacity to coordinate, supervise, manage records is wanting while pilferage, poor office space and general laxity are all problems rampant in public institutions.

There is a clear need to critically focus on success of customer care in the public sector, which is undoubtedly important with statistics showing that public employment accounts for more than 50% of non-agricultural registered employees in Africa compared to 36% in Asia and 27% in Latin America (World Bank1989).
1.2 STATEMENT OF THE PROBLEM

Service delivery and customer identification at public institutions has not been accorded the priority and attention they deserve. Mere physical presence of these institutions has been taken to represent satisfactory service thus occasioning many gaps. This has been simplistic assumption bearing in mind that the consumer in this sector has been known to receive unsatisfactory service the world over. AAPAM (Freetown, Sierra Leone 1978) diagnoses that African public services perform less efficiently, appear less committed and are less achievement oriented. The president of AAPAM Adebayo Adedeji (Mahe, Seychelles 1980) says that there is need to make these public services relevant, efficient and results oriented.

It is of great concern, that focus on customers in public institutions has either been altogether lacking or inadequate. The current system is mainly a ‘push’ one whereby customers seek service and then have to make follow-ups in order to be served. The public servants hardly bother to ensure service delivery. The environment in which Kenyan public corporations exist and interact is increasing in complexity and the rate of change is accelerating. Public corporation managers need to develop and nurture the necessary capacity to adapt and restructure the organizations to be responsive to changing customer expectations and remain relevant (NHIF Study, June 2006)

In future there must be demonstrable offer of service with public servants possessing ability and offering tangible solutions in respect to whatever they are mandated to issue the public. They can no longer either engage in corruption and deception of their
customers or offer goods and services that do not meet required standards. They thus must not only perform to the expected standards but also prove to have done so by accounting for the work they do. This need is best depicted in the World Bank (1989), long term perspective study, which considers what Africa will face in the next thirty years. This is cited as accelerated technological change, new patterns of industrial organization, competitiveness, mounting pressure on ecological resources and demographic changes threatening to blight the regions prospect for a better future. Africa must thus not risk being relegated to the peripheral global economy.

Given this scenario, the study seeks to answer the question; ‘What factors influence the place of the customer in Public Institutions?’ It considers rectification of the mistakes as the backbone to development.

1.3 OBJECTIVES OF THE STUDY

The study was guided by the following objectives:

**Broad Objective**

To investigate factors influencing, ‘the place of the customer in public institutions in Kenya.’

**Specific Objective**

1) To establish whether customers in public institutions are treated properly

2) To determine best customer care practices in public institutions

3) To establish whether public institution policies hinder acceptable customer handling practices.
4) To establish whether public institutions are less motivated to take up correct customer care policies.

1.4 RESEARCH QUESTIONS

The study sought to answer the following questions

1) Can public institutions identify who their real customers are and treat them accordingly?

2) Do public institution organizational policies inhibit the implementation of best customer practices?

3) Are public institutions less motivated to take up correct customer care policies hence meeting objectives?

1.5 SIGNIFICANCE OF THE STUDY

The findings of the study delivered invaluable information to the following benefiting parties:

1) The NHIF management will benefit through use of this information in strategic planning of its customer care planning.

2) It provides insights for stakeholders involved in improvement of public institutions.

3) It provides vital information to GOK policy makers in the setting up customer care charters.

4) The findings will assist scholars and other students wanting to undertake studies in this field as a basis for further and more conclusive study on customer issues in public institutions.
5) The study will help customers in public institutions recognize factors influencing the way they are treated and seek ways of influencing best practice.

6) The findings will be key in formulating strategies and policies to enhance customer care in public institutions.

1.7 SCOPE OF THE STUDY

The study was undertaken at NHIF Headquarters based at NHIF Building in the Upper hill area in the city of Nairobi. This was ideal because NHIF Headquarters comprises of a branch like the rest in other Kenyan provinces as well as all departments hence all cadres of employees.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
The chapter reviewed literature relevant to the study on socio-cultural and political factors as well as organizational policies that affect the place of the customer in the public sector. It delved into the constraints of limited authority that management of public institutions is allowed to make decisions. It delved into the best practice in customer management. Literature sources were the Internet, textbooks, magazines, journals and previous research works in this area of study.

FIGURE 1.1 CONCEPTUAL FRAMEWORK

INDEPENDENT VARIABLES

- Customer Identification and satisfaction
- Customer care policies/Charter
- Organizational Policies
- Employee satisfaction/Motivation

Affects and Influences

The place of the customer in public institutions

Source: Author (2006)
2.2 Customer Service Management.

2.2.1 Management.

Drucker(1955) defines management as the dynamic life-giving element of every business with quality and efficiency of managers being the effective advantage of enterprises in competitive economies.

Sherlakar (1985) defines management as guidance, leadership and control of people to common achievement. The functions of management here are planning, organizing, controlling, directing and staffing.

In planning, the manager utilizes scarce resources efficiently and effectively while focusing on the future. He sets objectives, prioritizes work, sets procedures and allocates duties.

In Organizing, the manager defines how right a placing person works.

Controlling involves taking a systematic approach to determining whether all is as planned by monitoring performance, measuring it and advising on changes by taking necessary corrective action.

Directing is the provision of effective leadership. This is offered through effective communication skills.

Staffing involves monitoring performance; allocating tasks, conflict resolution, industrial relations and work planning.

Leaders have the role to achieve tasks and maintain effective relationships with individuals and groups that they lead (Armstrong)
Moi (1986) says that leadership is the ability to identify the needs and resources of the society and visualize and plan the ways and means to satisfy those needs with those and other resources. It liberates and galvanizes the people’s ability into a dynamic force, using the supportive resources for positive reform and development. It resolves problems while foreseeing difficulties in order to forestall them.

Management processes of strategic planning, budgeting, human resource planning and communication would ensure critical success in marketing, sales, service provision and production (ISO 9000)

2.2.2 Customer

The customer is that person or organization who buys a service or good. It is anyone impacted by the product or service and can be internal or external.

The customer is always right is rule number one. Rule number two states that if the customer is wrong, we must refer to rule number one (Kotler)

Moi (1986) says that to reach the rural people he felt need for and established the District Focus Strategy. With districts being centers for development, funds would be shared efficiently and in an equitable manner. The decentralization would foster enhancement of planning from the roots, give attention to district specific objectives, stimulate rapid development and motivate people by incorporating their wishes while taking up apt projects.
Top Management must ensure that customer requirements are determined and fulfilled with the aim of enhancing customer satisfaction. This is all due to the reason that organizations depend on customers. They must thus understand current and future customer needs, meet these needs and strive to exceed them (ISO 9000).

UAE (2006), forum seeks to address why there are differences in customer care service standards between the State / Provincial / Local level Government Organizations and Federal Government Organizations globally when it comes to service delivery. It delves into:

- What do citizens & businesses demand from the government organizations?
- Outcome of better government services on the UAE economy.

It questions why in the 21st century there is no choice but to be efficient, direct and accessible, but asks, “How”?

### 2.2.3 Service

Characteristics of outstanding service organizations are:

- A commitment to service
- Development of a clear vision of superior service and communication
- An all out recovery strategy
- Listening and responding to customers’ needs and expectations
- Facilitating management role change
- Defining playing field
• Providing autonomy
• Defining and tracking metrics for quality
• Establishing accountability
• Recognizing, celebrating and rewarding outstanding service
• Training, nurturing and empowering employees and;
• Applying selective hiring practices.

Kotler and Armstrong state that service firms should use marketing to position themselves. Since services differ from tangible products, they require additional marketing approaches through customer interaction. For this interaction to be effective, front service employees must be efficient and should be backed up with good supportive services. These firms must:

• Hire efficiently through selection of superior employees
• Create service value and deliver it well and;
• Satisfy customers through superior service performance to create loyalty

UAE (2006), Top 10 customer service tips for the UAE Government organizations to become "Customer Centric"

• Prioritizing, codifying and customizing expectations - no more one size fits all approach

For UAE Government services, customer care starts at the TOP, keeping the employees motivated to serve, communication skills and facilitating interdepartmental cooperation.
It also includes, learning to communicate with a caring smile by knowing:

- How to say, "no, you are wrong"
- How to say, "we can’t deliver today"
- How to say, "your application has been rejected" and;
- How to say, "we have to charge you more"

Webster ninth (1987) says that service is the work performed by one who serves -work that provides help, use, benefit.

Albrecht & Zemke (1985) calls it the primary product requiring management and systematic study.

Berry, Benneth, Brown (1989) call it a process (for meeting customers’ desires)

Bowen, Chase and Cummings (1990) say it is a deed, a performance, a social event or an effort and an output that is consumed where it is produced.

Juran (1988) calls it work performed for someone else.

2.3 Human communities and customer

2.3.1 Culture

Human communities are founded on common beliefs that symbolize cohesion through common principles. Should this lack, there occurs paralysis that is characterized by inaction and lack of effort from members hence absence of common good. Culture is that which is in our environment and plays a part in determining the way we behave at specific times. It is dynamic and is defined by events taking place all over. It is a feature of the times we live in and is shaped by individual as well as collective events.
A significant socio-cultural feature is present in the way customers are treated. In most parts of the world, there are culturally defined ways in which one may and may not treat a person. It sometimes goes further to define how particular people may or may not be treated depending on their sex, marital status, age, status and other distinct characteristics that they may possess.

Some public institutions have been negatively affected by socio-cultural requirements on how to treat customers. In Africa for example, hospitality has been overemphasized such that workers must be nice to people wielding authority. These same authoritative figures have abused this privileged status leading to adoption of populist stance in management of the public institutions that are then made subject to their whims. This has culminated to perennial economic woes where institutions become long on talk but short in action. Discretionary power and overindulgences favoring those in authority fail to regulate economic management, which is a building block for success. The public institutions are hence relegated to failing to operate commercially with dependence on government bailouts, endemic corruption, fraud, and laissez faire manner.

Cultures are realities, values, symbols and rituals held in common by members of an organization. It is the conduct within the organization determining what is and what is not valued. It also determines how authority is asserted. Culture embraces man’s total life and living; his religion, economy, health and system of medicine, politics, the total organization of society and everything related to his life on earth (Were)
Abu-Shalback Zid (2004), summarizes the research, 'Service Quality Perceptions and Customer Satisfaction: Evaluating the Role of Culture', by Michel Laroche, Linda C. Ueltschy, Shuzo Abe, Mark Cleveland, and Peter P. Yannopoulos. She recommends that as firms increasingly reach out over national borders, it is crucial for managers to grasp how culture might influence customer perceptions of service quality and subsequent expressions of satisfaction.

She further says that this could have critical implications for how global service providers allocate resources in different cultures. In their article, Laroche, et al., present the results of a cross-cultural study with respondents in the U.S., Canada, and Japan. The authors go on to advise international managers to exercise caution when attempting to assess customers' perceptions of service quality and levels of satisfaction, particularly when extending techniques that have proved successful in home markets. Despite translation, the interpretation and meaning attached to particular terms can vary substantially across cultures, which can lead to biased responses and to ill-conceived service improvement interventions.

Each country has its own folkways, norms and taboos. Companies must understand how culture affects consumer reaction. They must understand how their strategies affect local cultures (Kotler and Armstrong)

2.3.2 Governance

Government bodies essentially manage public organization workers. The function of appraising them falls under the government arms. Appraisal of performance is a measure
of skills and accomplishments in an effort to identify obstacles to optimal performance and areas for professional growth while maintaining proper communication and feedback.

Enterprise and public institutions are a community of human beings and their performance is equal to performance of human beings. Neglect of manager and worker performance development and lack of public responsibility results in lack of; market standing, technological leadership, productivity and profit resulting in ultimate loss of business.

Kul Bushan (2000-2001), well illustrates the role of government in protecting the customer and regulating the public servant. While discussing the Kenyan market, he states that before and after the general elections in 1992 and 1997, business and trade attempted to distance themselves from politics but it was not practical. At the end of the nineties, WB ranked Kenya as the 22nd poorest country in the world with over thirty million people living in poverty. In 1999 the Kenya government embarked on reducing civil servants, fighting corruption and curbing malpractices in tendering for contracts.

Nyong'o and Coughlin (1991), say that it is not just a question of establishing state institutions and providing them with resources that matters in promoting indigenous industries. What is needed is in terms of coordination and direction of action toward well-targeted goals and outputs. Since these do not occur in a vacuum, socio-economic and political relations must provide favorable support.
Ndegwa (1986) in discussing the role of political leadership in economic development states that involvement of government differs from country to country, but governments are at the end of the day involved in more than mere regulation, budgetary and administrative tasks. He says it is critical that government be effective and efficient if development is to be fostered. Interaction and working relationship between political leaders and public servants is important with the latter being the technical advisor to the politician who ideally is the leader as well as a link to the publics. Political leaders are the top management and they supervise the public servant.

Crosby, Lawrence A. Johnson and Sheree L. (2004) deal with the customer relationship strategy adopted by U.S. companies as at then. It is a good illustration that politics should only dictate business practice in a relevant manner in order not to hurt them. They say that in this new global growth economy, companies are expanding their strategic priorities. In a survey by 'The Economist', senior executives indicated that cost cutting is no longer the sole focus. The executives mentioned improving customer relationships, R&D, entering new markets, and brand building as important to strategy. Companies are shifting their strategic focus from survival to growth. In an environment of economic growth and lean streamlined organizations, companies are striving to differentiate themselves on new attributes. Markets are being driven more by value than cost, forcing organizations to innovate beyond product and compete on more than price. Companies are beginning to re-invigorate their efforts to understand and build loyal customers. The leadership challenge in this new environment is to get the organization aligned behind the
new customer loyalty growth strategies and to do so as quickly as possible. Many organizations are using customer-centric performance measurement and management systems to align their organizations and change employee behavior.

The external or internal environments within which public institutions operate just like any other organizations or firms affect them. The state, federal or local government policies determines the policy that is adopted and public institutions are required to adhere to them. However, employees of these institutions have the duty to lobby whatever practices they find conducive to good customers treatment in line with government goals. The weakness that has been there is the lack of initiative by public employees. They have been complacent and have lacked initiative, creativity and confidence in making change. There has yet been rigidity and bureaucracy on the government and political leaders in entrusting these workers with authority to take relevant action (Peter and Christopher)

Political interference, mistrust and at times bad faith have impacted negatively on public institution performance. This has conversely affected service delivery and ultimately customer care. The customer has not been considered as important with due reflection of the kind of service he might require. Government legislation and political ideology towards institutions determines the policy in these institutions. These policies in turn have a direct bearing on the customer. For example, when politics of the day are geared towards high taxation then, it means the customer will bear the brunt. Likewise, when the politics of the day is populist, customers are likely to enjoy more relief (World Bank)
The above depicts a management that is muzzled since it does not have a free hand in deciding policy.

2.4 Organizational Strategy and customer

This is the framework that an institution adopts and relies upon to deliver on its strategic goals geared towards meeting objectives. It is significant that though public institutions are not profit driven, they should focus on adding value.

It is possible to build on the structures that exist and focus attention on the capabilities that companies have and need to improve on to deliver value to customers in the short term. This involves establishing standards of performance in order to aid in achievement of goals coupled with evaluation of actual performance. Reasons for deviations against established standards are diagnosed while appropriate corrective measures are taken. Continual feedback is given in respect to both internal and external issues of the environment. Strategic control is maintained with focus on net profits, market share, return on equity, return on sales stock price and asset growth.

Dr Katete Orwa (1988) says that after independence Kenya joined the community of sovereign states by setting up the necessary framework for its participation in the international system. This was done through establishment of foreign affairs, commerce and industry, agriculture, tourism, education, health and other crucial departments.
The country further expanded diplomatic, commercial, economic and public relations without being inhibited by ideological considerations. Diversification of political relations for instance led former president of Kenya Arap Moi, to visit China and Yugoslavia in the 1980’s.

Wyner, Gordon A. (2004) while giving insights in marketing, tips companies that the search for ideal structure is not likely to yield a best practices answer or a formula for how to design optimal solution. He says there are numerous ways to organize and many uncertainties on how to do it. He says that an organization emerges from lots of individual decisions and shared experiences over time. He adds that companies should not focus on structure but on activities such as customer needs, customer acquisition and management, and product development. Organizational barriers often seem and sometimes are insurmountable. They grow out of deep-seated structures that are hard to change and hard to control precisely when they do change. While there are situations when a major reorganization is the right answer to fix structural problems, there are various alternatives.

Burghard, EdMackay and Lisa (2004), illustrate how various departments in P&G organizations collaborate to achieve the company's objectives. In every P&G organization, five important principles for a successful teamwork are observed: build the team before building the product, balance product performance with consumer needs, innovation is not just for R&D, marketing isn't just for marketers and replicate success.
For P&G Pharmaceuticals, the need to incorporate marketing knowledge early in the product development cycle is simply a matter of return on investment (ROI).
CHAPTER THREE
METHODOLOGY

3.1 Introduction
This chapter defines the target population of the study. It also focuses on the sampling
designs and procedures, data collection instruments and procedures and data analysis
procedures.

3.2 Research Design
This is a descriptive case study that sought to investigate the factors surrounding the
place of the customer in public institutions. Participants were interviewed through use of
standard sets of questionnaires and semi structured interview guide. This technique
allowed collection of information from a representative sample of participants.

This method was chosen owing to its ability to allow securing of both quantitative and
qualitative information. It made it possible to identify salient and unique characteristics
of the target population to an acceptable degree. It also enabled collection of useful
information affecting customers in the study.

Interviews being most flexible in data collection allowed assessment of attitudes towards
customers in public institutions and overcome biases, fallacies and barriers regarding the
subject.
3.3 Target Population

The target population was the NHIF employees who work in the various departments. These departments are; Corporate Strategy and Planning, Finance and Control, Operations, Human Resource and administration, Information Communication Technology and Quality Assurance and Standards. The organization has about one thousand five hundred employees with two hundred being in management level and the rest being unionized. The Headquarters has a branch that is a replica of other branches countywide.

3.4 Sampling

The study adopted stratified random sampling approach whereby each employee was chosen on basis of their departments and randomly assigned single numbers then selected at random. The sample gave generalized findings about NHIF and the tentacle of the sample frame was spread over various departments. The sample size encompassed 10% of the total population of NHIF employees which is one thousand five hundred and thus yielded a sample of one hundred and fifty respondents selected through random sampling.

3.5 Data collection method

In collecting data for this research, the researcher relied on primary and secondary sources. The researcher used qualitative and quantitative research methods. Questionnaires were used to collect qualitative data. Other tools used were face to face interviews, observation telephone interviews and focus group discussions.
For primary data, the researcher adopted interview schedule guided by questionnaire containing both open and closed ended questions which were administered to randomly selected employees.

The researcher conducted face to face interviews with key informants in various departments to obtain in-depth information on customer care. The method allowed the researcher to gauge first hand feelings and unbiased responses of individual employees thus avoiding answers influenced by colleagues.

For secondary data, both published and unpublished sources were used to get more information about the organization on the subject matter under study. This included newsletters, schemes of service, departmental manuals, research studies and strategic plans.

3.6 Data Analysis

Collected data was coded for analysis. A coding scheme was prepared based on response categories that had emerged from the collected data. This was done through use of Statistical Package for Social Sciences (SPSS). Descriptive statistics were used to analyze the gathered information. Data obtained through open ended questions was analyzed qualitatively. The analyzed data was the presented in tables, pie-charts, graphs and cross tabulations.
CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter represents the analysis of the data collected and discusses the findings of the study. It consists of an overview of data collected and analyzed on customer care practices with special reference to the NHIF.

4.2 Overview of Data Collected and Analyzed

Out of the 100 questionnaires that were distributed, 63 were returned. This represents a response rate of 63%, which is considered highly significant to provide a basis for reliable and valid conclusions with regard to the place of the customer in public institutions with special reference to NHIF.

4.3 Characteristics of the sample used in the study

Table 1: Number of respondents and gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>37</td>
<td>58.7</td>
</tr>
<tr>
<td>Male</td>
<td>26</td>
<td>41.3</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>

The table above shows that 58% of the respondents were female while 41.3 % were male.
Table 2: Age of Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>16</td>
<td>25.4</td>
</tr>
<tr>
<td>30-40</td>
<td>22</td>
<td>34.8</td>
</tr>
<tr>
<td>40-50</td>
<td>19</td>
<td>30.2</td>
</tr>
<tr>
<td>50 and above</td>
<td>6</td>
<td>9.6</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>

As shown on the table above, 25.4% of the respondents reported to be between 20-30 years old, 34.8%, 30-40 years, 30.2%, 40-50 years, and 9.6% over 50 years.

Table 3: Level of education

<table>
<thead>
<tr>
<th>Education</th>
<th>Frequency</th>
<th>percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masters</td>
<td>4</td>
<td>6.3</td>
</tr>
<tr>
<td>Bachelors Degree</td>
<td>33</td>
<td>52.4</td>
</tr>
<tr>
<td>Higher Diploma</td>
<td>3</td>
<td>4.8</td>
</tr>
<tr>
<td>Diploma</td>
<td>2</td>
<td>3.2</td>
</tr>
<tr>
<td>Certificate</td>
<td>21</td>
<td>33.3</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>

The table above shows that the survey respondents’ composition was: 6.3% masters degree holders, 52.4% Bachelors degree, 4.8% Higher Diploma, 3.2% Diploma and 33.3% Certificate holders.
The above table shows that out of the respondents, 19% had served between 0-5 years, 30.2%; 6-10 years, 28.5%; 11-15 years, 17.5%; 16-20 years, and 4.8% between 21-30 years.

Table 5: Terms of service

<table>
<thead>
<tr>
<th>Term</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probation</td>
<td>14</td>
<td>22.2</td>
</tr>
<tr>
<td>Permanent and pension able</td>
<td>39</td>
<td>61.9</td>
</tr>
<tr>
<td>Permanent, not pension able</td>
<td>7</td>
<td>11.1</td>
</tr>
<tr>
<td>Contracted</td>
<td>3</td>
<td>4.8</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>

The table above shows that 22.2% of the respondents were on probation, 61.9% permanent and pensionable, 11.1% permanent though not pensionable and 4.8% were on contract.
4.4 Factors affecting customer care

Table 1: Managerial Ability

How do you rate your organization’s general management?

<table>
<thead>
<tr>
<th>Managerial ability</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competent</td>
<td>31</td>
<td>49.2</td>
</tr>
<tr>
<td>Incompetent</td>
<td>12</td>
<td>19</td>
</tr>
<tr>
<td>Weak</td>
<td>20</td>
<td>31.7</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>

Asked how they rated their management’s capabilities, 49.2% of the respondents said it was competent, 19% said it was incompetent and 31.7% said it was weak.

Figure 1: Managerial Dispositions

Are managers able to try out new ideas and work well with others at all levels?

When asked whether managers have ability to work with other employees and try out new ideas and methods to satisfy customers, above were the results: 20.7%, said that managers were difficult to work with because they were often touchy and uncooperative, 38% said managers were normally cooperative and raised a few difficulties, 25% said
that managers try hard to cooperate and are easy to work with while, 16% said that the managers work extremely well with others at all levels.

Table 2: Organizations customer care policies

How do you rate your organization’s customer care policy?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rigid</td>
<td>31</td>
<td>49.2</td>
</tr>
<tr>
<td>Proactive</td>
<td>24</td>
<td>38.1</td>
</tr>
<tr>
<td>Not known</td>
<td>8</td>
<td>12.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

As asked how they rated their organizational customer care policies, 49.2% of the respondents said it was rigid, 38.1% said it was proactive and 12.7% answered they did not know.

Table 3: Adherence to customer care policy

As shown in the table below, when asked how they felt about customer care policy implementation, respondents reacted as follows: 42.8% said they were relevant and adhered to, 30.1% said they were irrelevant and ignored and; 27% remained neutral.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant and adhered to</td>
<td>27</td>
<td>42.8</td>
</tr>
<tr>
<td>Irrelevant and ignored</td>
<td>19</td>
<td>30.1</td>
</tr>
<tr>
<td>Neutral</td>
<td>17</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Figure 2: Customer Identification

Is your organization able to competently recognize and satisfy customers?

Asked to rate how able they felt that NHIF strived to identify her customers competently and keep them satisfied, 22% said they agreed strongly, 18% agreed, 10% were neutral, 32% disagreed, while 18% disagreed strongly as shown in the figure below:

Table 4: Future Customer care

In the future NHIF Customer service will be?

<table>
<thead>
<tr>
<th>Future customer care</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worse than it ever was</td>
<td>11</td>
<td>17.5</td>
</tr>
<tr>
<td>The same as it has been</td>
<td>33</td>
<td>52.4</td>
</tr>
<tr>
<td>Better than it is now</td>
<td>19</td>
<td>30.1</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>

The respondents were asked to speculate on how customer care would be in the future. 17% said it would get worse than it had ever been, 52.4% said it would remain the same and 30.1% said it would better than it was.
Table 5: Past customer care

In the past, customer care was?

<table>
<thead>
<tr>
<th>Past customer care</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worse than now</td>
<td>20</td>
<td>31.7</td>
</tr>
<tr>
<td>Same as now</td>
<td>29</td>
<td>46</td>
</tr>
<tr>
<td>Better than now</td>
<td>14</td>
<td>22.2</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>

Asked how they rated past customer care in the organization, 31.7% of the respondents said it was worse than now, 46% said it was the same as now and 22.2% said it was better than now.

Table 6: Current customer care

<table>
<thead>
<tr>
<th>Current customer care</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worse than it used to be</td>
<td>15</td>
<td>23.8</td>
</tr>
<tr>
<td>The same as ever</td>
<td>22</td>
<td>34.9</td>
</tr>
<tr>
<td>Better than it used to be</td>
<td>26</td>
<td>41.2</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>

Asked to evaluate current customer care, 23.8% respondents said it was worse than it used to be, 34.9% said it remained the same as ever and 41.2% said it was better than it used to be.
Table 7: Customer Benefits

7a: Is benefits package important for good customer care?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>58</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
</tr>
</tbody>
</table>

Asked whether there is a link between good customer care and benefits package, 92% respondents agreed while 7.9% disagreed.

7b: Do customers receive the benefits that they deserve?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>34</td>
</tr>
<tr>
<td>No</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
</tr>
</tbody>
</table>

When asked whether they felt that customers received the benefits that they deserved, 53.9% of the respondents answered yes, while 46% answered no.

Table 8: Does your organization share information with customers?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>9</td>
<td>14.3</td>
</tr>
<tr>
<td>Agree</td>
<td>11</td>
<td>17.5</td>
</tr>
<tr>
<td>Neutral</td>
<td>12</td>
<td>19</td>
</tr>
<tr>
<td>Disagree</td>
<td>14</td>
<td>22.2</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>17</td>
<td>26.7</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>
The respondents when asked whether their organization shares information with customers answered as shown in the table on the previous page, and as follows; 14.3% strongly agree, 17.5% agree, 19% neutral, 22.2% disagreed and 26.7% strongly disagree.

4.5: Effects of Human Resource policies on customer care

Table 1: Does your remuneration affect the way you treat customers?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>52</td>
</tr>
<tr>
<td>No</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
</tr>
</tbody>
</table>

When respondents were asked whether their remuneration affects the way they treat customers, 82.5% answered yes, while 17.5% said no.

Table 2: Is your remuneration commensurate to the work you do?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>12</td>
</tr>
<tr>
<td>Agree</td>
<td>8</td>
</tr>
<tr>
<td>Neutral</td>
<td>12</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
</tr>
</tbody>
</table>
Asked to react to the statement that their remuneration is commensurate to the work they do, 19% of the respondents strongly agreed, 12.7% agreed, 19% were neutral, 28.6% disagreed and; 20.6% strongly disagreed.

**Table 3: Work Environment**

When respondents were asked to what extent they felt their work environment was conducive to both them and their customers, 15.9% said very good, 20.6%; good, 34.9%; fair, 15.8%; bad and 12.7% very bad.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>10</td>
<td>15.9</td>
</tr>
<tr>
<td>Good</td>
<td>13</td>
<td>20.6</td>
</tr>
<tr>
<td>Fair</td>
<td>22</td>
<td>34.9</td>
</tr>
<tr>
<td>Bad</td>
<td>10</td>
<td>15.8</td>
</tr>
<tr>
<td>Very bad</td>
<td>8</td>
<td>12.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Table 4: Teamwork and cooperation**

When asked whether there was cooperation and teamwork in their organization, 53.9% of the respondents answered yes, while 46% said no.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>34</td>
<td>53.9</td>
</tr>
<tr>
<td>No</td>
<td>29</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Table 5: Feedback

Asked whether they give feedback to customers without necessarily waiting for them to make follow ups 33.3 % of the respondents answered yes, while 66.7% answered no.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>21</td>
<td>33.3</td>
</tr>
<tr>
<td>No</td>
<td>42</td>
<td>66.7</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 6: Expression

Asked whether they were allowed to-Talk freely with customers; 52.4. % of the respondents said yes, while 47.6% said no. Accommodate client’s views; 58.7% said yes, while 41.3% said no. Offer personal opinions; 29% said yes, while 54 % said they were not.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowed to talk freely</td>
<td>33</td>
<td>52.4</td>
</tr>
<tr>
<td>Allowed to accommodate clients views</td>
<td>37</td>
<td>58.7</td>
</tr>
<tr>
<td>Allowed to offer personal opinions</td>
<td>29</td>
<td>46</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 3:

Asked whether the following variables were important in ensuring good customer care, respondents said yes to them in these percentages: 92% to customer care charter, 82% to
effective communication with stakeholders, 80% to good interdivisional relations, 67% to separating customer care from politics, 79% to employer giving equal opportunity to all/not discriminating, 88% to treating customers better than private institutions and; 92% to treating customers better than government ministries do.

Figure 4:

Asked how they felt their institution scored on variables on figure 3, customer care charter scored 40%, communication with stakeholders; 38.7%, interdivisional relations; 42.8%, customer care and politics; 23.8%, employer treating all as equal/no discrimination; 15.9%, treating customers like private institutions do; 26.9%, and treating customers better than government ministries do; 67.1%. This is illustrated on the figure on the next page:
Customer care charter

- effective communication with stakeholders
- good interdivisional relations
- delink customer care from politics
- Employer treating all as equal/no discrimination
- Treat customers like private institutions do
- treat customers better than government ministries do
CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter summarizes the major findings of the study in relation to the objectives provided in chapter one. It presents conclusions, gives recommendations and gives suggestions for further studies.

5.1 Summary

The purpose of the study was to establish the place of the customer in Public institutions. The study focused on NHIF. The objective was finding out whether the customer in public organizations is treated properly and given the service he deserves. It also aimed at determining what are best customer practices in public institutions and establish whether these institutions have policies that hinder these acceptable practices from being followed.

The Literature review focused on: Customer care -with issues on; management, customer and service. It also focused on Human communities’ vis-à-vis the customer- culture, governance and organizational strategy.

The study involved 63 respondents. Data was collected through questionnaire. The gathered data was analyzed using descriptive and advanced statistics. Frequencies and percentages were computed to draw some inferences related to the variables investigated. Information that could be quantified was subjected to content analysis.
5.2 Findings

The findings of the study were presented under the headings, Factors affecting customer care and Effects of human resource on customer care.

The following is a brief summary of the study:

i) The study revealed that managerial capacity affects the way customers are treated.

ii) It was further revealed that customer care policies and practices are a very influential determinant of how customers are treated. The study also revealed that Human resource policies are important in determining the way customers are handled.

5.3 Conclusion

From the study, one can conclude that poor management, weak organizational customer care policies and practices, inferior communication and weak human resource organization inhibit proper treatment of customers in public institutions.

5.4 Recommendations

On the basis of the findings, the following recommendations were made:

i) Poor managerial competencies are a barrier to good customer care policies and practices in public institutions. This is because poor planning and laxity leads to inferior service delivery. There is need to inculcate a basic orientation where the customer is the king.

ii) On the individual characteristics, public institutions must review and change their laid back approach in the way they handle customers and adopt a dynamic and less rigid
system of customer care, which is dictated by current situations as opposed to routine old methods that are mostly habits that are at times outdated, obsolete and not creative.

iii Public institutions are advised to pay detailed attention to customer benefits and products. They must communicate with stakeholders in order to provide true needs, rectify shortcomings and incorporate feedback as well as new ideas.

iv) Human resource issues must be treated seriously with a view to maintaining conducive work environment for both internal and external customers.

v) Public institutions must keep in touch with socio-cultural and political environment and make reference to realities in determining customer care management.

5.5 Suggestions for further studies;

i) The researcher suggests that future studies in the subject area focus on, the impact of institutionalization of customer care charters and performance management on customer care in public institutions.

ii) The researcher also recommends a study on the impact that the government attempt to make public institutions work more like private ones have on customers.
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APPENDIX ONE

BUDGET PLAN

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>INPUT IN KENYA SHILLINGS</th>
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</thead>
<tbody>
<tr>
<td>1) Travel Expenses</td>
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<tr>
<td>2) Accommodation (per diem expense)</td>
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</tr>
<tr>
<td>3) Computer services</td>
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<tr>
<td>4) Stationery</td>
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<tr>
<td>5) Compilation and Editing</td>
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</tr>
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<td><strong>TOTALS</strong></td>
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<td>TIME/ACTIVITY</td>
<td>July</td>
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</table>
INTRODUCTION LETTER

JANICE KARIMI
P.O BOX 2017
MACHAKOS

TO THE RESPONDENTS
NATIONAL HOSPITAL INSURANCE FUND

RE: QUESTIONNAIRE ON INVESTIGATION OF FACTORS AFFECTING THE PLACE OF THE CUSTOMER IN NHIF

I, the undersigned who is an MBA student at Kenyatta University is carrying out research on the above stated matter.

This is to request you to kindly share your experiences with me by filling this questionnaire. This will enable me gather information that will be crucial to making important conclusions about the subject matter under study.

The research findings will form database to management on matters relating to customers.

Information gathered will be treated with utmost confidentiality.

Thank you.

Yours faithfully,

J.KARIMI
APPENDIX- FOUR

QUESTIONNAIRE

Part one- Background Information

Kindly tick the answer appropriate to you.

(1) a) Gender: Female { } Male { }

   b) Age: Between 20-30 { } 30-40 { } 40-50 { } Above 50 { }

(2) What is your highest professional/academic qualification?

PHD { } Masters { } Bachelors Degree { } Higher Diploma { } Diploma { }
Certificate { }

(3) What is your work Experience?

0-5 years { } 6-10 { } 11-15 { } 16-20 { } 21-30{ }

(4) What are your terms of service?

   a. Probation
   b. Permanent and pensionable
   c. Permanent and not pensionable
   d. Contract

(5) Kindly indicate your position in the organization..........................

(6) Which is your department? .................................................
Part two- Issues of the study

Factors affecting Customer Service Management

1) How do you rate your organizations general management?
   a) Competent {   }
   b) Incompetent {   }
   c) Weak {   }

2) Do your managers have ability to work with others at all levels and are they ready to try out new ideas and methods?
   a) Difficult to work with because often touchy and uncooperative {   }
   b) Normally cooperative and only raise a few difficulties
   c) Always try hard to cooperate, easy to work with
   d) Cooperate extremely well with others at all levels {   }
   e) Others (specify)

3) How can you rate your organizations customer care policy?
   a) Rigid {   }
   b) Proactive {   }
   c) Not known {   }

4) To what extent does your organization adhere to its customer care policy?
   a) Great extent {   }
   b) Low extent {   }
   c) Moderate extent {   }
5) To what level do you agree that your organization is able to properly recognize and satisfy customers?
   a) Strongly agree {   }
   b) Agree {   }
   c) Neutral {   }
   d) Disagree {   }
   e) Strongly Disagree {   }

6) In the future NHIF customer care service will be?
   a) Worse than it has ever been {   }
   b) The same as it has always been {   }
   c) Better than it is now {   }

7) In the past customer care at NHIF?
   a) Worse than it is now {   }
   b) The same as it is now {   }
   c) Better than it is now {   }

8) Current customer care at NHIF is?
   a) Worse than it used to be {   }
   b) The same as ever {   }
   c) Better than it is now
9) Do you agree that benefits packages affect customer care in your organization? { } Do customers in your organization receive the benefits that they deserve?
   a) Yes
   b) No

10) To what extent do you agree that your organization shares information with customers?
    a) Strongly agree { } 
    b) Agree { } 
    c) Neutral { } 
    d) Disagree { } 
    e) Strongly disagree { } 

11) Does your remuneration affect the way you treat customers?
   a) Yes { } 
   b) No { } 

12) To what extent do you agree that your remuneration is commensurate to the work you do?
   a) Strongly agree { } 
   b) Agree { } 
   c) Neutral { } 
   d) Disagree { } 
   e) Strongly disagree { }