

**INFLUENCE OF STRATEGIC PLANNING ON CORPORATE PERFORMANCE: A  
CASE OF NATIONAL HOSPITAL INSURANCE FUND,  
KENYA**

**BY**

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REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
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## **DECLARATION**

This research project is my original work and has not been presented for an award of a degree or diploma in any other University or Institution.

Signature .....

Date .....

**PAUL JUMA ODUOR**

**MBA/BE/00005/2015**

This research project has been presented for examination with my approval as appointed supervisor

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## **DEDICATION**

This research project is dedicated to my parents Joseph Chandango Oduor, Victorina Nekesa Oduor and my entire family whom my success was from the beginning and still remains their desire I wish to recognize assistance accorded and permission granted by Mr. Okelo Stephen (Indalang'i) and Mr. Auma Odhiambo Vincent. I therefore call upon blessings from heaven just for you through Jesus Christ.

## ABSTRACT

The overall goal of the government of Kenya is to promote and improve health status of all Kenyans through effective, accessible, and affordable health services. To address major challenges in health sector and to make health care accessible and affordable, the government of Kenya in 1966 set up NHIF to provide medical insurance cover. Stakeholders have raised dissatisfactions on the services being offered citing that the entity has lost sight on its objectives leading to loss for money invested by principals. In the recent cases, regular system failure during on- line payment, laxity in addressing client's hospital related cases and failure to remit funds to hospital after treating its patient beneficiary like Kenyatta hospital costing 311 million in 2017 suggests lack of strategic plans. While previous studies largely focused on funding, they never considered strategic planning in NHIF in Busia Western Kenya. Moreover, no known studies have focused on Mission, objectives, and Policies which ensures improvement in performance. The purpose of this study was to analyze influence of strategic planning on corporate performance. This study was guided by three objectives; to establish the influence of mission statement on corporate performance, to establish the influence of organization's objectives on corporate performance and to analyze the influence of organization's policies on corporate performance. The study covered other researcher's work on influence of strategic planning on corporate performance and guided by resource based theory. It employed correlational research design and target population was 49 NHIF management staff of whom 4 were used for pilot study and 45 for actual study, Census sampling approach was used as the target population was manageable number. The research instruments were questionnaire and interview schedules. Instrument reliability was ascertained using Cronbach's Alpha coefficient where all the variables met the threshold of 0.701 implying internal consistency while validity was ascertained by expert judgment from school of Business and Economics. Data were analyzed using descriptive statistics (percentage) and inferential statistics was used to generate quantitative reports, content analysis was used to analyze quantitative data and presented in tables. Findings revealed that that use of mission statement in strategic decision making was statistically insignificant predictor of corporate performance  $\beta_1 = .038$  ( $p = .269$ ), organization's objectives was a positive significant predictor of corporate performance ( $\beta_2 = .429$  ( $p = .000$ ) and organization's policies was a positive significant predictor of corporate performance ( $\beta_3 = .432$  ( $p = .000$ )). These values of organization's objectives and organization's policies are statistically significant since the p-values are less than 0.05 meaning that a unit change in use of, organization's objectives and policies intensity leads to an increase in corporate performance of , 0.429 and 0.432 respectively, all things being fixed. The study concludes that mission statement should not too embraced in order to increase corporate performance, use organization's objectives and adoption of organization's policies in strategic planning should be embraced as they lead to increased corporate performance. The study recommends that NHIF Busia branch should not over embrace mission statement, organization's objectives and policies in strategic decision making as this was found to improve corporate performance of fund. The importance of the study is that it presents an overview on the influence of strategic planning on corporate performance. This is expected to offer a meaningful insights, increase strategic management knowledge and source of reference to other researchers, readers and NHIF policy makers.

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## ACRONYMS AND ABBREVIATIONS

<b>GDP</b>	-	Gross Domestic Product
<b>NHIF</b>	-	National Hospital Insurance Fund.
<b>PESTEL</b>	-	Political Economic Social-Cultural Technological and Legal.
<b>SWOT</b>	-	Strength Weakness Opportunity and Threats.
<b>FSP</b>	-	Formal Strategic Planning
<b>Gok</b>	-	Government of Kenya.
<b>FBOs</b>	-	Faith Based Organizations.
<b>MOH</b>	-	Ministry of Health.
<b>KSSP</b>	-	Kenya Sector Strategic Plan.
<b>RBV</b>	-	Resource Based View.
<b>ROA</b>	-	Return on Assets
<b>ROI</b>	-	Return on Investment
<b>CEO</b>	-	Chief Executive Officer
<b>ROE</b>	-	Return on Equity
<b>SPSS</b>	-	Statistical Package for Social Science
<b>ROA</b>	-	Return on Asset
<b>EPS</b>	-	Earning Per Share
<b>USA</b>	-	United States of America
<b>TOC</b>	-	Theory of Change
<b>SDM</b>	-	Strategic Decision Change
<b>SEU</b>	-	Subjective Expected Utility
<b>RBV</b>	-	Resource Based View

<b>UK</b>	-	United Kingdom
<b>KNBS</b>	-	Kenya National Bureau of Statistics
<b>NCST</b>	-	National Council of Science and Technology
<b>APA</b>	-	American Psychologists Association.
<b>KSHS</b>	-	Kenya shillings
<b>ANOVA</b>	-	Analysis of Variance
<b>NGOs</b>	-	Non Governmental Organizations

## **OPERATIONAL DEFINITION**

**Principal** –The registered NHIF person with a card.

**Dependent** –A child i.e. (With less than 18 years) or spouse of a registered member.

**Corporate performance**- A set of indicators which offer information on the level of achievement of objectives, goals and results.

**Strategic planning**-process of using systematic criteria and rigorous investigation to formulate, implement and control strategy and formally document organization expectations.

**Customer satisfaction**-Customer satisfaction is the measure of how an organization meets its products and services which meets or exceed customers' expectations. It is mainly related to the whole consumption experience by the customers

**Growth**-These are tasks and processes to develop and implement growth opportunities within an organization

**Government involvement**-Any form of government intervention be it favorable or unfavorable

**Willingness to join**-Beneficiaries positive attitudes to become as member

**Community support**-Friendly environment

**Voluntary** –A member who is self-employed and registered with NHIF

**Organization growth.** These are tasks and processes to develop and implement growth opportunities within an organization. Business development is the creation of long term value for an organization from customers, market and relationship.

**Customer satisfaction.** According to Neupane (2014) Customer satisfaction is the measure of how an organization meets its products and services which meets or exceed customers' expectations.

**Remittance** .Are compulsory nonrefundable funds a principal beneficiary is required to pay monthly to continue enjoying benefits. These funds are letter used to clear any medical bill that may outstand within a certain period.

**Technology** .According to Babafemi (2015) technology is method, system and devices which are the result of scientific knowledge being used for practical purposes. It can also be purposeful application of information in the design production and utilization of goods and services and the organization of human activities. In an organization they are aligned to operations for simplifying complexity and ensure efficiency for better performance to attaining the goals.

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## **CHAPTER ONE**

### **INTRODUCTION**

This section presents the background of the study, statement of the problem, general and specific objectives, hypothesis, and the scope of the study, justification and conceptual framework of the study.

#### **1.1 Background to the Study**

Strategic management is a process of making and implementing key decisions of an organization guided by its mission and targeted achieving its vision and the set objectives. David (2013) defined it as the art and science of formulating, implementing and evaluating cross functional decisions that enable an organization achieve its objectives. According to Atieno (2014), strategic management is an organizations' process of defining its strategy or direction and making decisions on allocating its resources to pursue those strategies. It drives the mission of an organization which is the role by which an organization intends to serve the stakeholders and clients while the vision shows where the organization wishes to be in future.

On the other hand, objectives are the future goals that an organization tries to achieve and specify in particular what must be done if an organization is to attain its mission and vision. The concept strategic planning works hand in hand with strategic management. David says that strategic management is a comprehensive procedure which starts with strategic diagnosis and guides a firm through a series of additional steps which culminate in new products, markets and technologies. Thus the study of strategic planning is tied closely to the analysis of organizations' effectiveness and efficiency. In a corporate organization like the NHIF, the success of planning is reflected in every aspect of the organization i.e. customer service, constant recruitment of new members, corporate social responsibility, continued high turnover, continuous research etc.

Overall, the management needs leadership skills to build the organization to the next level. It has been noted in the past that despite the above, NHIF still has a challenge in terms of its information technology system which has a high failure rate as clients wait long on the queue for services.

Mwangi (2013) defined performance as a process of reviewing overall organizational proceeds by determining how a business entity can reach its goals. It requires alignment of strategic and operational objectives and business set activities in order to manage

performance. Performance is measured through growth, customer satisfaction and technology. Literature is replete with varying and completely varying definitions of strategic planning. Akinyole and Fasobon, (2010) argue that strategic planning consists of a set of underlying processes that are intended to create or manipulate a situation to create a more favorable outcome for a company. It can also be defined as the process of using systematic criteria and rigorous investigation to formulate, implement and control strategy and formally document organization expectations. It is the tool for finding the best future for your organization and the best part to reach that destination. Quite often, organizations' strategic planners already know much of what will go into a strategic plan. However, development of the plan greatly helps to clarify organization plans and ensures key leaders read from the same page but far more important than the strategic plan document is the strategic plan process itself. The process begins with an assessment of the current economic situation first, examining factors outside of the company that can affect the company performance. Porter (2012) as quoted by Babafemi, (2015) asserts that strategy is a broad based formula on how business is going to compete and what policies will be needed to carry out the goals to achieve success.

Wendy (2007) explains that strategic planning process comprises of three main elements which helps turn an organization vision and mission into concrete achievable. These are strategic analysis, strategic choice and strategic implementation. Strategic analysis involves articulating a company's' strategic intent and directing efforts towards understanding the business environment. Strategic choice stage involves generating, evaluating and selecting the most appropriate strategy. Strategic implementation stage consists of putting in place the relevant policies and formulating frameworks that will help in translating chosen strategies into actionable platforms.

Strategic planning is said to result in a better match between external environment variables and changing internal organization conditions of the firm. According to Schmidt (2005) the purpose of this match is to continuously realign the firms' objectives and strategies with changing conditions to improve long term performance of the company. There are several advantages of strategic plans as far as the human capital and planning processes are concerned. These include; Identification and exploitation of future marketing opportunities, an objective view of management challenges, provision of a framework for the review of plan execution and control of activities, minimization of effects of adverse conditions, human capital advantages include, helping integrate the behavior of individuals in the organization

into a team effort, provide a basis for clarification of individual responsibilities, contributing to motivation, encouraging forward thinking on the part of the staff, encourage a favorable attitude to change and creating awareness of challenges, strengths and weaknesses.

However, Schmidt cautions that strategic planning should not yield too much rigidity as argued by some researchers who maintain that plans channel attention and behavior to an unacceptable degree driving out important innovations that are not part of the plan. It (strategic planning) is a plan for the future and the results seen in a minimum of three and probably a maximum of five years. Though circumstances will have changed in those years, the success will have to be empirically verified that the strategic plan has a positive impact on the staff and the accompanying theoretical process. In performance, the review of success should be measured against an internationally accepted Return on Investments (ROI) and corresponding increase in client numbers. If the returns are positive, then strategic planning should be viewed as a competitive necessity. At the end of the day, strategic planning should have a positive influence in corporate performance and drive an organization to the next level. Many researchers in the field of strategic management confer that most company management still pay little attention to this field and relegate it to the back burner of their affairs. This is because they do not realize the importance of strategic approach for business or are not able to establish it. The managers are often overloaded by operational tasks that arise from everyday business practices and the bird's eye view to see the goals and challenges they face in a broader context is withdrawn from them. However, several studies have concluded that there is a relationship between strategic planning and company performance. Pearce and Robinson posited that without a clear defined strategy, a business will have no sustainable basis for creating and maintaining a competitive advantage in the industry in which it operates. They were also of the opinion that effective planning leads to better performance.

A mission statement shows the role by which an organization intends to serve the stakeholder in the short and medium term plan. In its current customer service charter (2017), the NHIF states that its mission is 'To provide accessible, affordable, sustainable, equitable and quality social health insurance through optimal utilization of resources, to the satisfaction of stakeholders.' Being a corporate organization partly funded by the state, corporate and individual members, and the fund lacks a policy system to recruit every citizen and bring them on board. Despite being in existence since its inception in 1966, the national health insurer (NHIF) has not achieved capacity to be able to bring every citizen on board. In



Kenya, informal sector workers, the aged and the marginalized who are the majority in the population do not have access to the fund yet it is a known fact that the country's economy would gain a lot if the majority of its citizen were to be healthy.

The NHIF objectives include the effective recruitment of members, collection of contributions and payout benefits; to enhance the funds' quality management system, prudently manage resources; develop and maintain strong customer relationship; and develop and retain relevant competencies. These objectives have not been achieved in total. Cases of mischievous claims continue to follow the Fund through fraudulent claims. In a report for the Financial Year ended 2016, the Auditor General exposed a scam where the fund failed to explain how the cost of constructing its multi storey car park went up by 340 percent. The project had initially been budgeted to cost Kshs 900 but by the time of the project completion, Kshs 3.4 billion had been spent. A further Kshs 626.6 million and Kshs 4.7 million respectively was also further spent in the project bringing additional expenditure to Kshs 4 billion. The Auditor General also raised the red flag on the funds' acquisition of a 10 hectare land in Karen, Nairobi at a cost of Kshs 298.6 million where ownership is in dispute and the matter is still in court for litigation.

In a document sponsored by Oxfam titled 'Policy Brief on National Hospital Insurance Fund (NHIF)', the Fund outlines the policy considerations for promoting livelihoods and inclusion of vulnerable women, domestic workers and women small scale traders from slums in Nairobi like Mukuru, Kibera, Korogocho, Mathare and Kawangware (<https://kenya.oxfam.org>). It analyzed the potential benefits to the target women, challenges that may derail the target women from enrolling, explore easy remittance methods like staggered payments and other effective strategies to encourage the women to register to the NHIF scheme. The policy recommendations are anchored in Article 1 of the Constitution which commits the State to fulfill the Bill of Rights as the current Constitution (2010) recognizes the right to Health. The report concluded that there are huge opportunities for restructuring the Funds' programs wider coverage through increased membership by vulnerable groups. The entry point is observed to be aggressive marketing and raising awareness levels on NHIF to the target groups as an entry point. Other recommendations included ensuring adequacy of benefits under NHIF and their accessibility; NHIF to work with the county government of Nairobi to increase coverage in Nairobi's informal settlements and establish public hospitals i.e. dispensaries and health centers near them and encourage women to take control of their health and their children. Several studies were done on

mission, Objectives and Policies in relation to performances; Palmer and Short (2014), analyzed mission statement of association to Advance Collegiate School of Business (ACSB) in USA using implementation and vision. The main results indicated that business school missions lacked of comprehensiveness. They concluded that the differences in performance in business schools were attributed to mission components. In addition, Palmer's second study contradicted the earlier study done West Eye Company limited early months of (2014) as in the first study got a positive result. Amrane (2011) examined relationship between mission statement and performance in Malaysian companies and reported mixed results of the mission statements although applied financial indicators. With respect to the impact of components; purpose values, self-concept for suppliers, society and vision statement the result show mixed results. Specifically, there is no relationship between R.O.A and components mission statements. On contrary with respect ROE there is a significant relationship between ROE and the purpose values self-concept for suppliers and society components of mission statement. Finally with earning per share EPS, the only component of examined components of mission statement that has significant relationship with it is purpose. However unlike the proposed study Arasa (2012) carried out his study in University of Nairobi and overlooked at corporate direction, appraisal of business environment and very little is none on identification and analysis of strategic issues as his dependent variables used, he did not show definite decision and results. Ali (2011) studied the effect strategic planning in Jordan banking industry and concentrated on consumer products and satisfaction as variables and ignored commercial products in addition he never disclosed how mission directly affects performance even after finding the positive results and with variation in relationships. Palmer and Short (2014), analyzed mission statement of association to advance collegiate school of business (ACSB) in USA. The main results indicated that business school missions lacked of comprehensiveness. This study seeks to bridge such gaps and also to indicate if mission statement directly influences strategic planning and performance.

Green and Medlyne (2013) in their study on relationship between objectives and performance, found a significant positive relationship between the objective and financial performance in paper industry Germany. They did not explicitly link the practical of concept of objective and strategic implementation to performance and in addition they did not show whether this also applies to service industry like NHIF or not. They concentrated on financial measures of objectives and performance in their study and in profit making entity.

Steve and Jawek (2015) in their study of organization objective performance and satisfaction in at Kakila manufacturing Angola noted a strong relationship. Strategic design and strategic analysis were tested. This result contradicted the one they previously carried on Pelvic industry in 2013 despite using similar variables. Linda Parker (2010) studied the effect of objectives on performance with critical success and future scenarios in software engineering Institute by using objectives the result was positive after using critical success, mission and vision as independent variables. It should be noted that this was a second study result but first one was inconclusive as it had not led to any definite results, Anders McIlham (2010) carried out the second study on the effect of objectives on performance Decck Manufacturers Denmark. Earnings per share, Return on investment profitability and profit margin were applied as variables and found a weak relationship. This study cannot be relied on as a researcher concentrated on top management ignoring middle and junior managers yet they are very paramount in performance. This was also misgiving and conflicting because in the first study he found a strong relationship even after claiming that one variable showed totally no relationship with other variables creating a gap.

Kaur (2014) in the study on analysis of how Human resource policies procedures impact on employee's performance in New Zealand organizations using formulation and evaluation as variables, the finding was that there was a strong relationship. Bakari Zainabu (2012) carried out as similar study on effect of policies and procedures on employees' performance in Bamburi cement limited similar variables were tested. The result was that there was a strong relationship though one variable showed no relationship. Kevin (2012) in the study on evaluation of the impact of regulation and regulatory policies and performance Blamey (2012) Crane Company, a positive outcome was realized after policies, regulation implementation and behavior independent variables were tested.

Barbara Jones and Damian (2012) studied the effect of policies for training and skills on improving innovation capabilities in a firm in Nesta and partners firm USA, efficiency and effectiveness were tested. In their findings they noted that there was weak relationship between policies on training and skills and the overall improvement of a firm. Sabarwal Parwider. Fangy Lee Cooke (2010) in the study of Human Resource policies Strategy to improve Organizational performance a route for British Firms. Lee found that the procedures and policies have a strong influence on performances after testing leadership and objectivity as one variables. In the study on effect of disciplinary procedures on employees' performance in postal corporation of Kenya Nairobi, Maikara Amon Marucha (2013) procedures and

policies were tested, found that there are firms that put in place disciplinary procedures to have unique performance in the policy and procedures for responding to Allegations of research misconduct (2016) the Seton Hall University found that they do effluence. In the above studies, Barbara and Jones (2012) study gave a positive results but after stating that one variable showed totally no relationship. Barbara, Jones and Damian (2012) gave a very weak relationship between variables. Sabarwal Kaur (2010), Barbara and Jones were interested in policies during training and not during performance and therefore their results were misgiving given the fact that not all who follows training policies will apply them during performance. Sabarwal Kaur carried it in private profit making but not public entity therefore this contrast as they to some extent differ performance and workability. They concentrated on strategic planning and ignored results and performance and in addition, none was carried on NHIF and Busia in particular. This study seeks to bridge this knowledge gap.

### **1.3 Statement of the Problem**

The overall goal of the government of Kenya is to promote and improve health status of all Kenyans through effective, accessible, and affordable health services. To address most medical challenges of citizens and also making health care accessible and affordable, the government in 1966 set up National Hospital Insurance Fund (NHIF) to work closely with the ministry of health with the core mandate of providing medical insurance cover. Over the years NHIF stakeholders namely 6.5 million principals, 17.5million dependents and hospital staff have raised dissatisfactions on the services being offered citing that the entity has lost sight on ultimate objectives leading to loss for money invested. In the recent cases, regular system failure during on- line payment, laxity in addressing client's hospital related cases and failure to remit funds to hospitals after treating its patient beneficiary like Kenyatta hospital costing 311 million in 2017 according to auditor general this suggests lack of plans. While previous studies largely focused on funding, they never considered strategic planning in NHIF and more so in Busia Western Kenya. Moreover, no known studies have focused on Mission, objectives, and policies which ensures improvement in performance. The purpose of this study was to analyze influence of strategic planning on corporate.

#### **1.3.1 General Objectives of the Study**

The overall objective of the study was to analyze the influence of strategic planning on corporate performance in NHIF Busia.

### **1.3.2 Specific Objectives**

The specific objectives were to;

- i. Establish the influence of mission statement on performance of NHIF Busia.
- ii. Establish the influence of organization's objectives on the performance of NHIF Busia.
- iii. Analyze the influence of organization's policies on the performance of NHIF Busia

### **1.4 Research Hypotheses**

The objectives were guided by the following hypotheses;

$H_0$ ; There is no significant influence of mission statement on corporate performance.

$H_0$  There is no significant influence of organization's objectives on corporate performance.

$H_0$ ; organization's policies have no significant influence on corporate performance.

### **1.5 Scope of the Study**

The study was done from the January to August 2018 and it was to cover NHIF management staff within Busia which is in Busia county the West County in Western Kenya on latitude  $0^0$ ,  $25' 59.99$  N and longitude  $34^0 08' 60.00$  E. Latitude is the distance north or south of the equator and longitude is the distance East or West of the prime meridian.

### **1.6 Significance of the Study**

This study intended to highlight the challenges facing NHIF in providing its services in the western region of Kenya given that the dynamics of every part of the country are not the same. It was to help the NHIF policy makers and management come up with new ideas and programs that are beneficial to the health sector in Kenya as well as provide meaningful insights and be source of reference to other researchers in future.

### **1.7 Conceptual Framework**

The independent variable was strategic planning comprising of mission objectives and policies. The dependent variable was corporate performance indicated through customer satisfaction; growth, remittances, and technology the intervening variable of the study comprised of government involvement, willingness to be a member and community support. The intervening variables were not subjected to statistical test.

The study tried to establish relationship between organization policies and the corporate performances. The intervening variables were not subjected to statistical test. The study tried to establish relationship between mission statement and corporate performance, establish

relationship between organization's objectives and corporate performance and finally the study tried to establish relationship between organization's policies and the corporate performance.

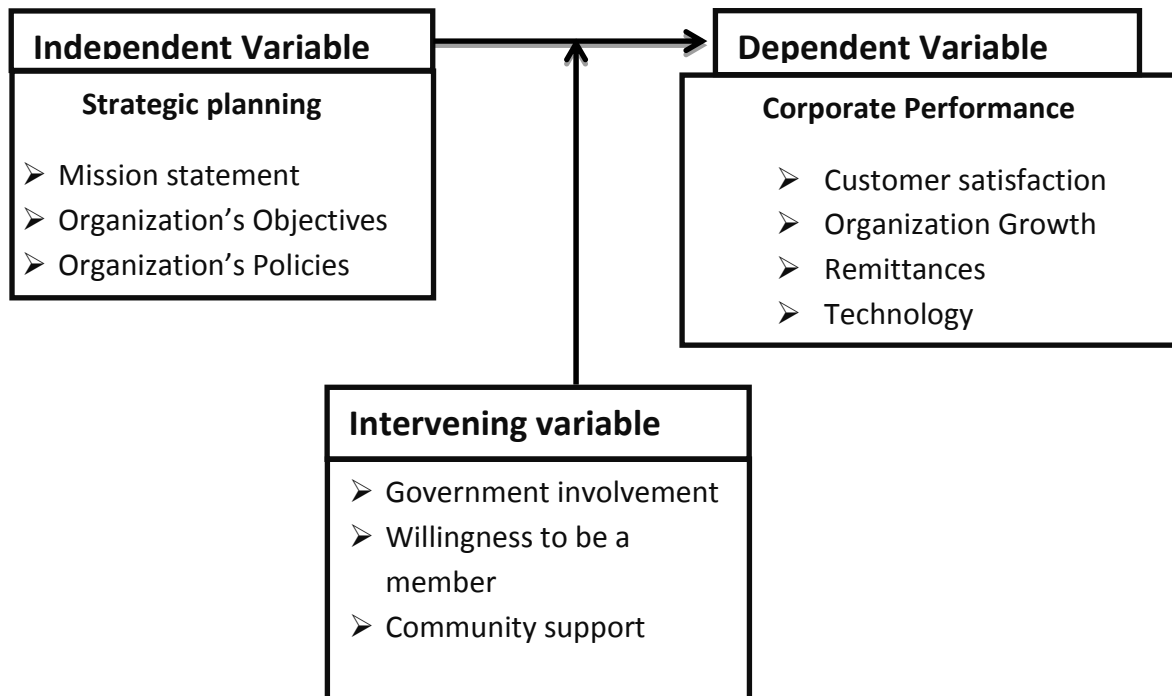


Fig 1.1 Influence of strategic planning on corporate performance.

Adopted from: Winttenberg, (2013)

## **CHAPTER TWO**

### **LITERATURE REVIEW**

This chapter reviewed related literature on strategic planning with special interest to mission, objectives and policies. Critically it reviewed previous studies and surveys done and identified gaps to be addressed. Theoretical literature and empirical studies on strategic planning at global, continental and local levels were extensively reviewed.

#### **2.1 Theoretical Framework**

This section gave theories that guided this study. A theory refers to a rational type of generalized thinking and provides a framework for some observation from which some hypotheses can be tested to support or challenge it. It can be a conjectural idea and subject to experimentation to explain the believed facts in a specific area.

##### **2.1.1 Resource Based Theory**

The resource based view of management suggests that a firm is a bundle of resources and capabilities and this makes firms differ in different ways. This view proposes analyzing and identifying an organization's strategic advantages based on an examination of its physical, human resource and intangible assets as argued by Linda (2010). It emphasizes the firm's resource as the fundamental determinant of competitive advantage and performance. According to Bryavel (2013) it adopts two assumptions in analyzing the source of competitive advantage. Priem and Butler argue that Barnleys' statement of 'if a resource is valuable and rare, then it can be a source of competitive advantage' is necessarily true if the concepts 'valuable' and 'competitive advantage' are defined in the same terms. Peter (2013) proposed a more narrow definition of competitive advantage no more in terms of profitability advantage but in terms of competitive edge.

An organization develops competence in these resources and they become the source of a firms' competitive advantage right from planning to the output which are. Once an organizations' bundle of resources are identified, it determines which of these resources represents the strengths and weaknesses of the organization. This will enable it determine the sources of competitive advantage and capabilities to give it strategic advantage by building on their value, ensuring their scarcity and making them inimitable. The resource based view

of strategic management focuses resources to activities on different levels of organizations. At the corporate level, the interest is in the economies of scale, corporate resources and costs on determining the industrial and geographical boundaries of the firms' activities as Zacky (2013) asserted. He further stressed that at the business level, resources are focused on beating competition and profitability. At this level an organization will focus on studying competitive advantage and how they will catapult the organization to profitability. Together, these contributions amount to what has been termed the best results in the wide variety of actions also called games.

NHIF should efficiently and effectively utilize funds remitted monthly by its principal beneficiaries. Resources such as modern machines new softwares etc. should be acquired to offer best services that satisfy its clients and for competitiveness. Although many entrepreneurs believe in this, it is only beneficial to NHIF if put in place mission, bearable policies and achievable objectives.

Mission statement is a communication of an organization's purpose usually expressed with public relations or marketing in mind. Mission statement provides direction and scope for firm's activities. Mission describes the organization's aspirations and reasons for being in existence Draft (2012).It answers the question of what is an entity or business, which the customers served and what are their needs seeking to address. According to Crame (2010) the market-focused mission and strategy may provide stability and consistency of direction needed as a foundation for long term strategy more so a dynamic nature of the external environment. The organization mission can help an organization realize its core objectives including growth and profitability (high performance).Studies have been done on this giving distinct result.

According to Barney and Griffin organizational objectives serve four basic functions; they provide guidance and direction, facilitates planning motivate and inspire employee and help organizations evaluate and control performance. According to Lathan (2012), goals affect individual performance through four mechanisms, goals direct action and effect towards goal-related activities and away from unrelated activities. Goals energizes employees, lead to higher employee effort than easy goals. The goal affect persistence employees exert more effort to achieve high goals and motivate employee to use their existing knowledge to attain a goal or acquire the knowledge needed to do so. Setting individual performance goals provides a framework for translating the goals of the organization into smaller chunks that are then



assigned to individual employees. Clear goals and objectives allow employees to monitor their own progress all year round and correct their efforts as necessary. If the employees know what they need to accomplish they can look at their result they go and identify barriers to achieve those goals. Most employees want to know what they need to accomplish, why they are doing and how well must they do it.

A policy is a broad guideline, methods for making, procedures, rules, forms and administrative practices established to support and encourage work towards stated goals A set of policies are principles, rules and guidelines formulated or adopted by an organization to reach its long term goals and typically published in a booklet or other form that is widely accessible.(Business dictionary).Policies are designed to guide the behavior of managers in relation to the pursuit and achievement of strategies and objectives. Companies use policies to make sure that employees throughout the firm make decisions and take actions that support the corporation's mission, objectives and strategies .They are instrumental in strategy implementation they institutionalizes strategy supportive practices and operating procedures. They reduce uncertainty in repetitive and day today activities in the efficient strategy execution, aligning actions and behavior with the strategy to minimize zigzag decisions and conflicting action. Koontz and O'Donnell suggest that to determine the potential effectiveness of policies in relation to strategy implementation, policies should be consistent, flexible, communicated to members and in addition they must be controlled. Procedures are chronological steps that must be followed complete a particular action it limits independent action and discretionary behavior.

### **2.1.2 Concept of strategy**

The word strategy comes from a Greek word stratus meaning army and gein meaning to lead or art of general Macmillan Tampoe (2000).Strategy can be seen as a plan, play, pattern and perspective Mintzberg (2009).It is a pattern of actions and resource allocation designed to achieve the goal of organization. The strategy an organization implements should be directed toward building strengths in the area that satisfy the wants and needs of consumers and other key actors in the organizations' external environment. It therefore forms a comprehensive modern plan that state how the organization will achieve its mission and objectives, maximizes competitive advantage and minimizes competitive advantage.

There are different forms of strategy (Johnson (2008).Corporate level strategy is concerned with the overall scope of an organization and how value will be added to the different parts

(business units) of the organization. This could include issues of geographical coverage, diversity of products/services of business units and how resources are to be allocated between different parts of the organization. Business level strategy is the second which talks about how to compete successfully in particular markets or how to provide best value services in the public service. The third level is operating end of the organization also called operational strategies which concerns how component parts of an organization deliver effectively the corporate and business level strategies in terms of resources, processes and people. Finally political strategy is designed to accommodate new balance of power among the external forces and limit pressure for entity's change.

### **2.1.3 Strategic Planning**

Literature is replete with varying and completely varying definitions of strategic planning. Akinyole and Fasobon, (2010) argue that strategic planning consists of a set of underlying processes that are intended to create or manipulate a situation to create a more favorable outcome for a company. It can also be defined as the process of using systematic criteria and rigorous investigation to formulate, implement and control strategy and formally document organization expectations. It is the tool for finding the best future for your organization and the best part to reach that destination. Quite often, organizations' strategic planners already know much of what will go into a strategic plan. However, development of the plan greatly helps to clarify organization plans and ensures key leaders read from the same page but far more important than the strategic plan document is the strategic plan process itself. The process begins with an assessment of the current economic situation first, examining factors outside of the company that can affect the company performance. Porter, (2012) as quoted by Babafemi, (2015) asserts that strategy is a broad based formula on how business is going to compete and what policies will be needed to carry out the goals to achieve success.

Wendy, (2007) explains that strategic planning process comprises of three main elements which helps turn an organization vision and mission into concrete achievable. These are strategic analysis, strategic choice and strategic implementation. Strategic analysis involves articulating a company's' strategic intent and directing efforts towards understanding the business environment. Strategic choice stage involves generating, evaluating and selecting the most appropriate strategy. Strategic implementation stage consists of putting in place the relevant policies and formulating frameworks that will help in translating chosen strategies into actionable platforms. Strategic planning is said to result in a better match between external environment variables and changing internal organization conditions of the firm.

According to Schmidt, (2005) the purpose of this match is to continuously realign the firms' objectives and strategies with changing conditions to improve long term performance of the company.

#### **2.1.4 Performance**

Mwangi (2013) defined performance as a process of reviewing overall organizational proceeds by determining how a business entity can reach its goals. It requires alignment of strategic and operational objectives and business set activities in order to manage performance.

Performance comes in strategic management in different ways. It is globally that good performance is a sign of good management. On the other hand, organizations that register poor, insufficient or substandard products or services reflect initial poor management. According to Richard, (2012) organizational performance encompasses 3 specific areas i.e. firm outputs (or goal and objectives), asset return on investments and adding economic value. In recent years other organizations attempted to manage organizational performance using balance scorecards methodology where performance is tracked and measured in multiple dimensions such as financial performance, customer service, social responsibility, employee stewardship, performance measure system improvement in organization and organizational engineering etc. From the view of operation management, it is obvious that the customers play an important role in the organizational process, as observed by Leonard (2015). Before the placement of strategies and organizational structure the customers are the first aspect considered by the management. Customers are always aiming to get maximum satisfaction from the products or services that they buy. Winning in today's market place entails the need to build customer relationship and not just building product; building customer relationship means delivering superior value over competitors to the targeted customers as Kela (2014) noted. The higher levels of quality lead to higher levels of customer satisfaction.

Since customer satisfaction has been considered to be based on the customer's experience on a particular service encountered, it is a fact that performance is a determinant of customer satisfaction because service quality comes from outcome the service providers in an organization. The definition of customer satisfaction relates to specific transaction (the difference between predicted service and perceived service), in contrast with attitudes which are more enduring and less situational oriented. In addition it is globally proven that quality

performance leads to customer's satisfaction in both profit and nonprofit making institutions. This is the reason why price at times is assumed by some customers while making a choice.

## **2.2 Empirical Evidence**

It is variously argued that firm's record improved performance once they embrace strategic planning. The performance effect of strategic planning does not vary much between industry groups but it is an important driver and enhances both economic performance and organization innovation. Previous studies have attempted to determine the effect of the planning process on a firm's financial performance. This involved dividing firms into those with formal planning systems and those with informal planning systems and related them to measures of financial performance. Wood and La Forge, (2013) based the above studies on the assumption that formal planning leads to better financial performance. On the relationship between strategic planning and performance, studies found a positive relationship between performance and firms' planning activities.

Studying the tomato processing industry in California in the United States of America, Baker and Leidecker, (2011) found a positive relationship between planning and Return On Assets. The three specific tools used in the study i.e. mission statement, long term goals and ongoing evaluation were found to have a positive relationship with profitability. Therefore it can be argued that strategic planning allows an organization to be more proactive in shaping its future and control its destiny.

Babafemi referred to a study by Gershifki (2010) who compared the growth of sales in a company over a five year period before strategic planning was started and over a five year period after planning was introduced that led Gershifki to conclude that organizations with formal strategic plans outperformed those with little planning. Babafemi postulated that although strategic planning is a process for anticipating environmental turbulence, the logical sequential process is not enough to influence performance. Flexibility in decisions is needed to change operations, products and services.

### **2.2.1 Organization Growth**

These are tasks and processes to develop and implement growth opportunities within an organization. Business development is the creation of long term value for an organization from customers, market and relationship. Growth is something for which an organization strives, regardless of their size. Small organizational growth is in fact used as one indicator of effectiveness for small business and is a fundamental concern of many

practicing management Peter (2012).this growth may be inform of increase in; physically, i.e. structures, profitability number of customer or clients served, quality of services among others. To customers, the quality of services matters in service industry.

### **2.2.2 Remittance**

Are compulsory nonrefundable funds a principal beneficiary is required to pay monthly to continue enjoying benefits. These funds are letter used to clear any medical bill that may outstand within a certain period. Over the years NHIF stakeholders namely 6.5 million principals, 17.5million dependents and hospital staff have raised dissatisfactions on the services being offered citing that the entity has lost sight on ultimate objectives leading to loss for money invested

### **2.2.3 Technology in an Organization**

According to Babafemi (2015) technology are method, system and devices which are the result of scientific knowledge being used for practical purposes. It can also be purposeful application of information in the design production and utilization of goods and services and the organization of human activities. In an organization they are aligned to operations for simplifying complexity and ensure efficiency for better performance to attaining the goals. Getting ahead in today's business world doesn't necessarily mean being the biggest company or adopting the latest, most cutting-edge technology, but it does mean choosing the right technology equipment to profoundly impact your business daily operations. Automation and productivity and communication and collaboration reliable storage information protection financial saving are the benefits but only depends on business chose this technology.

### **2.2.4 Customer Satisfaction.**

According to Neupane (2014) Customer satisfaction is the measure of how an organization meets its products and services which meets or exceed customers' expectations. It is mainly related to the whole consumption experience by the customers. Satisfaction is fulfillment response and it is judgment that a product /service feature or the product or service itself, provided a pleasurable level of consumption –related fulfillment, including levels of under-or over-fulfillment (Oliver (2010) There is a strong relationship between customer satisfaction and profitability of the organization. Customer satisfaction is considered as the measure of success of many organizations. So it became the key operational goal for several companies, it measures how your organization's total product performs in relation to asset of customer requirement. Hill (2007) .According to Cochran (2003), profits and revenues are nothing more than the results of fulfilling customer's expectations and needs. This may impact the

upcoming reactions of customer such as readiness to repurchases, willingness to searching cheaper suppliers

Schmidt, (2010) in the study of the relationship between strategic planning and corporate performance, his finding was that  $r = +0.0830$  and the relationship was too weak. In addition, the research on organizational factors that contribute to strategic management performance is sparse and limited.

In a study by Arasa (2012) on the relationship between strategic planning and performance at the University of Nairobi, corporate direction, business environment appraisal, implementation and evaluation and control system were used as variables. It was found that there was a relationship between strategic planning and performance and conformed to the theoretical arguments by Hofer and Schendel (2011), that a process is expected to facilitate the realization of organizational effectiveness. Bake (2011) found support of this positive relationship with the firms ROA. In particular, three specific tools i.e. mission statement; long term goals and ongoing evaluation were found to have strong relationship with profitability. Gersh (2012) in his survey compared the growth of sales in companies over a five years period before strategic planning was introduced and over a period of five years after the plan was introduced .The results of the comparison led him to conclude that companies with formal strategic planning outperform those with little planning .

Robert and Peter (2012) argued that although there is a general perception and belief that strategic planning improves organizations effectiveness, if wrongly pursued the anticipated value may not be tapped. Fallge (2006) study took into consideration the important contingent variables identified by previous researchers i.e. organizational size, environmental turbulence and industrial sector, but observed no relationship between formal planning process and subjective company performance in the study done in 113 companies within UK. Borejs (2014) Meta – analytical study described the relationship between strategic planning and performance as weak and more recent studies have not produced a definitive answer. In contrast, David (2013) argues that not all companies that used strategic planning are successful. Robinson and Perck (2012) found no significant performance differences between formal and non-formal small business planners after testing resource allocation, policies and evaluation as variables. They concluded that planning formality is not necessary for good small firm performance in the banking industry because small firms appear to enhance their effectiveness by informal application of basic strategic decision making processes.

Steve (2011) found that structured strategic planners among small firms in a growth industry outperformed all other type of planners on financial performance measures. Strategic design and analysis were examined. However he did not show how a strategic planner directly affects performance of an entity and in addition, he ignored other factors that would determine performance of small firms. This study seeks to bridge this gap.

### **2.2.5 Influence of Mission Statement on Performance**

Mwai Martin Mwangi (2013) in the study of strategic planning and performance in state corporations of the government of Kenya, vision, mission, implementation and monitoring were tested as variable and found a positive outcome. Robert Arasa (2012) in his study of Relationship between strategic planning and firm performance case study of university of Nairobi was used, corporate direction, appraisal of business environment, identification and analysis of strategic issues as variables found that there was a positive relationship between strategic planning and the firms performance with the Pearson correlation co-efficiency of 0.616. The relationship was significant at  $P > 0.01$ . This same study was done by Per Jenster in 2013 giving no clear and inconclusive result.

Ali Alaweh (2011) in his study on the impact of mission statement on performance in Jordanian Banking industry using customers products or services public image growth and profitability found that there was weak insignificant positive relationship between components and banks performance after testing consumer products and satisfaction. Alavi and Karani (2010) after testing strategic analysis and implementation, they found the existence of mission statement is associated within the organizational performance. Medline (2013) found a significant position relationship between the financial performance and quality and competitiveness of mission's statement after testing evaluation formulation as variables. For that reason she concluded that mission statement has a significant impact in improving financial performance although there was inconsistency as the variables did not match with standards and idea. Palmer and Short (2014), analyzed mission statement of association to advance collegiate school of business (ACSB) School in USA using implementation and vision variables. The main results indicated that business school missions lacked of comprehensiveness. They concluded that the differences in performance in business schools were attributed to mission components. In addition, Palmer's second study contradicted the earlier study done West Eye Company limited early months of (2014) as in the first study got a positive result.

Amrane (2011) examined relationship between mission and performance in Malaysian companies and reported mixed results of the mission statements. With respect to the impact of components ;purpose values, self-concept for suppliers, society and vision statement the result show mixed results .More specifically, there is no relationship between ROA and components mission statements. On contrary with respect ROE there is a significant relationship between ROE and the purpose values self-concept for suppliers and society components of mission statement. Finally with earning per share EPS, the only component of examined components of mission statement that has significant relationship with it is purpose.

However unlike the proposed study, Arasa (2012) carried out his study in University of Nairobi and overlooked at corporate direction, appraisal of business environment and very little is none on identification and analysis of strategic issues as his dependent variables used , he did not show definite decision and results. Ali (2011) studied the effect strategic planning in Jordan banking industry and concentrated on consumer products and ignored commercial products in addition he never disclosed how mission directly affects performance even after finding the positive results and with variation in relationships. Palmer and Short (2014), analyzed mission statement of association to advance collegiate school of business (ACSB) School in USA. The main results indicated that business school missions lacked of comprehensiveness. This study seeks to bridge such gaps and also to indicate if mission statement directly influences strategic planning and performance

#### **2.2.6 Influence of organization's Objectives on Performance**

Green and Medlyne (2013) in their study on relationship between objectives and performance, tested implementation and mission found a significant positive relationship between the objective and financial performance in paper industry Germany. They did not explicitly link the practical of concept of objective to performance and in addition they did not show whether this also applies to service industry like NHIF or not. They concentrated on financial measures of objectives and performance in their study and in profit making entity.

Steve and Jawek (2015) in their study of objective performance and satisfaction in at Kakila manufacturing Angola noted a strong relationship. This result contradicted the one they previously carried on Pelvic industry in 2013 despite using strategic design and strategic analysis variables. Linda Parker (2010) studied the effect of objectives on performance with critical success and future scenarios in software engineering Institute by using objectives the



result was positive after using critical success, mission and vision as independent variables. It should be noted that this was a second study result but first one was inconclusive as it had not led to any definite results, Anders McIlham (2010) carried out the second study on the effect of objectives on performance Decck Manufacturers Denmark. Earnings per share, Return on investment profitability and profit margin were applied as variables and found a weak relationship. This study cannot be relied on as a researcher concentrated on top management ignoring middle and junior managers yet they are very paramount in performance. This was also misgiving and conflicting because in the first study he found a strong relationship even after claiming that one variable showed totally no relationship with other variables creating a gap.

### **2.2.7 Influence of Organization's Policies on Performance**

Kaur (2014) in the study on analysis of how Human resource policies procedures impact on employee's performance in New Zealand organizations using formulation and evaluation variables, the finding was that there was a strong relationship. Bakari Zainabu (2012) carried out as similar study on effect of policies and procedures on employees' performance in Bamburi cement limited by testing evaluation and formulation. The result was that there was a strong relationship though one variable showed no relationship. Blamey (2012) Crane Company, a positive outcome was realized after policies, regulation implementation and behavior independent variables were tested.

Barbara Jones and Damian (2012) studied the effect of policies for training and skills on improving innovation capabilities in a firm in Nesta and partners firm tested efficiency and effectiveness. In their findings they noted that there was weak relationship between policies on training and skills and the overall improvement of a firm. Sabarwal Parwider. Fangy Lee Cooke (2010) in the study of Human Resource policies Strategy to improve Organizational performance in British Firms. Lee found that the procedures and policies have a strong influence on performances. In the study on effect of disciplinary procedures on employees' performance in postal corporation of Kenya Nairobi, Maikara Amon Marucha applied policies and procedures found that there are firms that put in place disciplinary procedures to have unique performance in the policy and procedures for responding to Allegations of research misconduct (2016) the Seton Hall University found that they do effluence.

In the above studies, Barbara and Jones (2012) study gave a positive results but after stating that one variable showed totally no relationship. Barbara and Jones study of (2012) gave a

very weak relationship between variables. Sabarwal Kaur (2010), Bakari Kevin (2012) were more interested in human resources as a determinant of output and less in mission policies and objectives, in addition, Barbara and Jones were interested in policies during training and not during performance and therefore their results were misgiving given the fact that not all who follows training policies will apply them during performance. Sabarwal Kaur carried it in private profit making but not public entity therefore this contrast as they to some extent differ performance and workability. In addition they concentrated on strategic planning and ignored results and performance. This study seeks to bridge this knowledge gap.

### **2.3 Summary of Literature Review**

From the above literature, studies have been carried out in profit and nonprofit making organizations across the world, some were misgiving. Inconsistence was noted in the study and in addition some of the studies contradicted as some gave strong relationship between variables. Some variables showed weak relationship. No known study of considerable depth which attempt to explicitly link the application of strategic planning on performance of an organization and particularly on NHIF operating in Kenya. For this reason therefore concluding that there is an influence of strategic planning on performance by only using the above studies will be misgiving as none was done on NHIF. This proposal study sought to bridge the gap.

## **CHAPTER THREE**

### **METHODOLOGY**

This chapter presents the research methodology adopted for the study which consists of introduction, research design, study area, population, sample size and sampling technique, data collection, data collection instruments, validity and reliability of instruments, data collection procedures and data analysis.

#### **3.1 Research Design**

The researcher used a case study of NHIF. The correlation research design was used to enable him to authenticate the existence of relationships and the degree to which the variables relate to each other. Correlation research design indicates an association between two or more variables. Creswell (2003) defines quantitative research as the method in which a researcher collects numeric data from participants, analyzes the numbers using statistics and conducts an objective inquiry. According to Leedy and Ormrod (2001) correlation research design determines if a relationship exists or if one variable influences the other. Correlation research design examined if the degree to which one variable's differences relate to another variable's differences hence the researcher considered it to be appropriate to address the objectives of the present study.

#### **3.2 Area of Study**

The study was carried out in NHIF Busia, within Busia county which is the West County in Western Kenya on latitude  $0^{\circ}, 25' 59.99$  N and longitude  $34^{\circ} 08' 60.00$  E. Latitude is the distance north or south of the equator and longitude is the distance East or West of the prime meridian. Busia County is found in the western part of Kenya and borders Kakamega County to the East, Bungoma County to the North, Lake Victoria and Siaya County to the South and the neighboring country of Uganda to the West. It covers a total land area of  $1,695.1 \text{ km}^2$  and the Kenya National Bureau of Statistics (KNBS), projected the total population to be 933,993 people i.e. 486,945 women and 447,048 men in 2017. According to <https://www.geovista.psu.edu.com>, the county has a GPS coordinate of latitude  $0^{\circ}, 25' 59.99$  N and longitude  $34^{\circ} 08' 60.00$  E. Latitude is the distance north or south of the equator and longitude is the distance East or West of the prime meridian. .

### 3.3.1 Target Population

Eisinga (2012) defined the term ‘population’ as referring to a group of individual persons, objects, or items from which samples are taken for measurement. Oso & Onen (2009) augmented that the term ‘population’ refers to all the members of any well-defined class of people or the entire group of participants that a particular study is interested in. As it was impossible to carry out a research on the entire population, the research was carried on 49 NHIF staff. A pilot study was done on 4 from NHIF staff, and data collected (actual study) done on 45 NHIF staff.

### 3.3.2 Sample Size and Sampling Procedures

Since a population of 45 was a manageable number, the researcher used census approach

**Table 3.1 Sample Size and Sampling Procedures**

	<b>Total number of staff</b>	<b>Number sampled(interviewed)</b>
Branch manager	1	1
Assistant manger	1	1
Operation manager	1	1
Assistant operation manager	1	1
Accounts officers	4	4
Registration and compliance officers	20	20
Field/ compliance officers	7	7
Quality assurance officers for 7 sub counties	7	7
Customer care	4	4
I.T officers	4	4
<b>Total</b>	<b>49</b>	<b>49</b>

Source: NHIF Busia 2018

Sample size refers to a portion drawn from a population. It may be used in a study which is intended to lead to statistical estimates of the attributes of the whole population (Mannay, 2010). In statistics, it is a subset of a population to be studied in details and is representative of a whole (McNeill & Chapman, 2005). Sample size determination aids a researcher in

choosing the number of observations to include in a statistical sample (Kombo & Tromp, 2006).

### **3.4 Data Collection Methods**

#### **3.4.1 Sources of Data**

Primary data was specifically collected for the problem under study in the field. Questionnaire, method was used to obtain the data from NHIF management staff and secondary data was collected from studies done by other persons. This was done in library text books, newspaper, journals publications, company journals and manuals or unpublished work done by scholars as well as websites for data base.

#### **3.4.2 Data collection Procedures**

The researcher proceeded to collect data from the respondents after receiving permission from the School of Graduate Studies A letter of introduction and intention to carry out the research was presented to the NHIF Busia branch. The researcher developed a questionnaire document analysis guide and secured authority, introduced himself to the respondents and explained that the data was being collected was purely for academic research before embarking on data collection. He employed drop and pick method in questionnaire administration and allowed respondents ten days to complete the questionnaires and then collect them back.

Primary data was collected from NHIF products, NHIF Accredited Hospitals, NHIF Principals and beneficiaries. Some information on salient features regarding the challenges got from the NHIF staff in the county offices. Secondary data was collected from circulars regarding NHIF products, NHIF magazines, manuals and the internet and Kenya Bureau of statistics.

#### **3.4.3 Data Collection Instruments**

These are tools used for data and information gathering for the purpose of the study. Different kinds of instruments are available for collection of data as listed below;

##### **(i) Questionnaires**

These are a group of printed questions designed carefully and structured to be used to gather information from the respondents. The researcher used a self-reporting questionnaire consisting of three sections. In section A, open and close ended questions was used interchangeably. The questions were used to operationalize strategic planning and

organization performance. The open ended questions were used to elicit the respondents and organizations' background. This part had Likert scale type of questions to elicit responses from the respondents. A 5- point scale were used i.e. 1-strongly agree, 2-agree, 3-not sure, 4-disagree, 5-strongly disagree. This approach assisted the respondents to be focused on the objectives of the research.

In section B, the questions elicited responses on measures to improve the NHIF process and infrastructure and how they are rated by the respondents. The Likert scaling was like in section A. Section C elicited organization measures on employee productivity and contextual factors and how they are rated by the respondents.

An observation checklist was also used during the collection of data from the respondents. It was filled by the researcher and they were used to establish the state of cleanliness of the service providers. Kothari says the questionnaire should be well structured or the research will most likely fail. There should be a question sequence in formulation and the researcher should be impartial so that the true state of affairs comes out. The questions should be simple and easy to understand and conform to the hypothesis of the researcher. Technical terms should be omitted and the questions follow a logical sequence from 'easy' to 'difficult' questions.

#### **3.4.4 Reliability of Research Instruments**

The researcher carried out a pilot study in an NHIF in County to help identify areas using 4 respondents and questions that are not well framed so that they are modified. This also helped in determining terminologies that were difficult to comprehend to the respondents. Corrections were effected before the actual data collection process is undertaken. The test-retest technique were used to test the reliability of the research instruments. The test involves administering the same instrument twice to the same group of subjects with a time interval of one week. Reliability coefficient was calculated by use of Cronbach's alpha ( $\alpha$ ) and a value of 0.7 and above was acceptable as a cut-off of reliabilities.

According to Mugenda and Mugenda (2013), reliability is the degree to which results obtained from analysis of the data actually represent the phenomenon under study. Reliability refers to the overall consistency of a measurement or the degree to which that instrument produces equivalent results for repeated trials (Eisinga, (2012).

### **Reliability Test results.**

The results of the reliability test were as presented in table below.

*Table 3.2 Reliability Test table.*

<b>Indicator</b>	<b>Cronbach's Alpha</b>	<b>No. of Items</b>
Mission Statement	0.812	4
Objective	0.778	4
Policy	0.712	4
NHIF Performance	0.704	3

From Table 3.2, the Cronbach's alpha of; 0.812, 0.778, 0.712 and 0.704 for Mission statement, Objective, Policy and NHIF Performance were above the threshold value of 0.7. It was therefore concluded that the research instruments were reliable and hence could be used in the study.

### **3.4.5 Validity of Research Instruments**

Nachimias (1990) described validity as the extent to which the instrument measures what it purports to measure according to the research subjective assessment. The American Psychological Association (APA) was more assertive and as quoted in Dooley (2003), described validity as the appropriateness, meaningfulness and usefulness of the specific inference made from a measure. It refers to the likely truth of an assertion and belongs not just to a measure but on the fit between the measure and its label. The researcher ascertained validity by seeking advice from the supervisor who evaluated the instruments to be used. Improvements was made and incorporated based on her recommendations after expert judgment before taking them to the field.

### **3.5 Data Analysis and Presentation**

Mugenda and Mugenda (2003) described data analysis as coding, categorizing, data entry, manipulation and summarization of data. Data collected was refined to get rid of any errors and omissions. The completed questionnaires were scrutinized to ensure accuracy and

consistency with other facts gathered. Data was uniformly entered as complete as possible and well arranged to facilitate coding and tabulation.

Edited data was then assigned numerical values so that the responses could be put in the number of categories and classes. The study used both descriptive and inferential statistics in data analysis e.g. frequency tables, histograms and percentages (%). Inferential statistics used include Pearson's correlation coefficient to determine the relationship between study variables and partial correlation to determine multiple variable variations. According to Kothari, a combination of the techniques was important because statistical methods tend to be strong in validity but weak in reliability hence their combination balanced the strengths and weakness of each of them.

According to Kothari, coding refers to the process of assigning numerals or other symbols to answers so that responses can be put into a limited number of categories which should be appropriate to the research problem under consideration. It (coding) is necessary for efficient analysis and through it the several replies may be reduced to a small number of classes which contain the critical information required for analysis. He further says that after coding there must be classification since large volume of raw data must be reduced into groups so as to get meaningful relationships. Data having common characteristics are placed in one place and in this way the entire information gets divided into a number of groups. Classification can be done according to attributes or class intervals. In attribute classification, data are classified on the basis of issues like literacy or gender while intervals classification involves quantitative phenomenon like age, income and weight. The last process in analysis is the tabulation which is the process of summarizing raw data and displaying the same in compact form for further analysis i.e. orderly arrangement of the data in columns and rows.

### **3.5.1 Regression Analysis**

Data collected using the questionnaire was analyzed through SPSS (Statistical Packages of Social Sciences) version 22. Data was coded for analysis. Descriptive statistics such as mean and standard deviation was used to describe indicators of a strategic planning and NHIF performance. Correlation analysis with one tailed significant test was used to test the correlation between individual indicators of strategic and NHIF performance while a multiple regression was used to test the overall effect of Strategic planning on performance. ANOVA test was conducted to test the statistical significance of the overall



effect of Strategic planning on NHIF performance. The study was based on the following multiple regression model;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where; Y – NHIF Performance (mean score of customer satisfaction, organization's growth, remittances and technology)

$\beta_0$  - Constant

$\beta_1$  and  $\beta_2$  - Regression coefficients

$X_1$ - mean scores of Mission Statement constructs

$X_2$  –Mean score of organization's Objective constructs

$X_3$ -Mean score of organization's Policies constructs

$\varepsilon$  - Error term

Source: Adopted from Fairchild and MacKinnon (2009).

### **3.6.1 Hypotheses Testing**

The study hypotheses  $H_0$  was tested using Pearson's product moment correlation coefficient to determine whether there was a relationship between strategic planning and corporate performance. This was done at the level of significance of 0.05 which is a statistically acceptable level in behavioral research, according to Kothari.

### **3.7 Ethical Consideration**

The researcher tried to seek and secure informed consent from respondents and interviewees before they participate in the research. He made them aware of the purpose of the research and the expected benefits and assures them of the anonymity and privacy of the information in relation of the study. The instruments of the data are designed in such a way that the above will be achieved.

## CHAPTER FOUR

### RESULTS AND DISCUSSIONS

This chapter presents results and discussions of the study findings. The first section gives a demographic view of the respondent in question, and the second section discusses the findings of the research objectives.

#### 4.1 Response Return Rate

The researcher administered the questionnaires in person to the respondents. Out of the 45 questionnaires administered to the respondents, all of them were returned constituting a response rate of 100.0 % of the administered questionnaires.

#### 4.2 Demographic Characteristics of the Sample

The study sought to establish the background of the respondents in the study in terms of gender, marital status, highest education level attained and professional working experience. The results were as shown in the following sections.

**Table 4.1 Respondents Gender**

	Frequency	Percent	Cumulative Percent
Gender			
Male	12	26.7	26.7
Female	33	73.3	100.0
Total	45	100.0	

Source: Survey data, 2018

Table 4.1 indicates that majority (73.3%) of respondents in the sample were females indicating that majority of NHIF employees in Busia are males.

**Table 4.2: Respondents Marital status**

Marital status	Frequency	Percent	Cumulative Percent
Single	5	11.1	11.1
Married	40	88.9	100.0
Total	45	100.0	

Source: Survey data, 2018

As shown in Table 4.2, the majority (88.9%) of respondents were married while only (11.1%) were single. This indicates that majority of NHIF employees are mature people with wealth of experience in strategy and corporate performance.

**Table 4.3: Education level**

Education Level	Frequency	Percent	Cumulative Percent
Secondary	1	2.2	2.2
Certificate	8	17.8	20.0
Diploma	12	26.7	46.7
Degree	18	40.0	86.7
Above Degree	6	13.3	100.0
Total	45	100.0	

Source: Survey data, 2018

Table 4.3 indicate that 18 (40.0 %) of the respondents are bachelor's degree holders, 12 (26.7 %) are diploma holders while only 1(2.2%) had attained secondary education level. This implies that data for the study was obtained from knowledgeable respondents who are seasoned strategic planning and corporate performance decision makers hence the reliability of the data.

**Table 4.4: Professional working experience**

	Frequency	Percent	Cumulative Percent
Below 1 year	3	6.7	6.7
1-5 years	23	51.1	57.8
More than 5 years	19	42.2	100.0
Total	45	100.0	

Source: Survey data, 2018

Table 4.4 shows the respondents professional working experience in the current job. The results indicate that majority (51.1 %) of respondents had worked in their respective sections for the period between 1-5 years which is an indication of low labor turnover, 42.2% had worked for a period of more than 5 years while 6.7 % had worked for a period less than 1 year. This implies that the data was obtained from respondents who had gained experience on strategic planning and corporate performance of the case study.

### 4.3 Extent of Practice of Mission Statement by NHIF Busia Branch

The extent of mission statement in the case study was measured using four items. Respondents were asked to rate the extent of mission statement elements practiced by NHIF branch office. Responses were elicited on a 5-point scale (1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent). These responses were then analyzed using frequencies, means and standard deviations.

**Table 4.5: Rating of Extent of Practice of Mission Statement**

Constructs	5	4	3	2	1	Mean	Std. Dev
<b>Overall Mean = 4.00</b>							
a. Our mission statement is focused on satisfying customer	25(55.6%)	20(44.4%)	0(0.0%)	0(0.0%)	0(0.0%)	5.00	0.5025
b. Our mission statement is SMART	20(44.4%)	25(55.6%)	0(0.0%)	0(0.0%)	0(0.0%)	4.44	0.5025
c. Our mission statement reflects our objectives	11(24.4%)	33(73.3%)	1(2.2%)	0(0.0%)	0(0.0%)	4.22	0.4714
d. Our mission statement is easily understood	3(6.7%)	42(93.3%)	0(0.0%)	0(0.0%)	0(0.0%)	4.00	0.2523

**Key:** 1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent

Source: Survey data, 2018

Results presented in Table 4.5 indicate that the practice of mission statement is to great extent. The overall mean response score for all the elements was 4.000, coded as great extent meaning that mission statement is practiced by NHIF branch to great extent. The very greatly practiced element of the mission statement was on customer satisfaction focus (Mean = 5.000, Std. Dev =0.5025), This result is in tandem with the theoretical postulations of Crame (2010) who argue that a mission statement should be market-focused to provide stability and consistency of company's direction.

#### 4.4: Extent of Practice of Organization's Objectives by NHIF Busia Branch

The organizations objectives extent of practice in the case study was measured using four items. Respondents were asked to rate the extent of organization objectives elements practiced by NHIF branch office. Responses were elicited on a 5-point scale (1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent). These responses were then analyzed using frequencies, means and standard deviations.

**Table 4.6: Rating of Extent of Practice of Organizational Objectives**

Constructs	5	4	3	2	1	Mean	Std. Dev
<b>Overall Mean = 4.00</b>							
a. Our objectives are focused on satisfying customers	38(84.4%)	7(15.6%)	0(0.0%)	0(0.0%)	0(0.0%)	5.00	0.3665
b. Our objectives are easily understood	6(13.3%)	37(82.2%)	2(4.4%)	0(0.0%)	0(0.0%)	4.10	0.4168
c. Our objectives are SMART	2(4.4%)	43(95.6%)	0(0.0%)	0(0.0%)	0(0.0%)	4.04	0.2084
d. There is a relationship between achievements and objectives	4(8.9%)	40(88.9%)	1(2.2%)	0(0.0%)	0(0.0%)	4.00	0.330

**Key:** 1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent

Source: Survey data, 2018

Table 4.6 indicates that the practice of organizational objectives is applied to great extent. The overall mean response score for all the elements was 4.000, coded as great extent meaning that focus on organizational objectives is practiced by NHIF branch to a great extent. The highly practiced element of the organizational objectives was on customer satisfaction focus (Mean = 5.000, Std. Dev =0.3665), This finding is consistent with the theoretical predictions of Lathan (2012) that the practice of setting goals is an important driver of organizational performance and should be embraced by all organizations.

#### 4.5: Extent of Practice of Organization's Policies by NHIF Busia Branch

The extent of practice of organization's policies in the case study were measured using four items. Respondents were asked to rate the extent of organization's policies elements practiced by NHIF branch office. Responses were elicited on a 5-point scale (1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent). These responses were then analyzed using frequencies, means and standard deviations.

**Table 4.7: Rating of Extent of Practice of Organizational Policies**

Constructs	5	4	3	2	1	Mean	Std. Dev
<b>Overall Mean = 4.00</b>							
a. Policies are set to ensure customer satisfaction	35(77.8%)	10(22.2%)	0(0.0%)	0(0.0%)	0(0.0%)	5.0	0.4204
b. Policies are well formulated	5(11.1%)	39(86.7%)	1(2.2%)	0(0.0%)	0(0.0%)	4.10	0.3582
c. Policies are effective							
d. Employees hardly deviate from set policies	5(11.1%) 4(8.9%)	37(82.2%) 38(84.4%)	3(6.7%) 3(6.7%)	0(0.0%) 0(0.0%)	0(0.0%) 0(0.0%)	4.04 4.022	0.4240 0.3982

**Key:** 1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent

Source: Survey data, 2018

The results displayed on Table 4.7 indicate that the practice of organizational policies is applied to great extent. The overall mean response score for all the elements was 4.000, coded as great extent meaning that setting organizational policies is practiced by NHIF branch to a great extent. The highly practiced element of the organizational policies was on customer satisfaction focus when setting policies (Mean = 5.000, Std. Dev =0.4204).

#### 4.6: Extent of Customer Satisfaction in NHIF Busia Branch

The extent of customer satisfaction was measured using three items. Respondents were asked to rate the extent of element as pertains to NHIF branch office. Responses were elicited on a 5-point scale (1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent). These responses were then analyzed using frequencies, means and standard deviations.

**Table 4.8: Rating of Extent of Customer Satisfaction**

Constructs	5	4	3	2	1	Mean	Std. Dev
<b>Overall Mean = 4.00</b>							
a. Old clients bring others for registration	13(28.9%)	29(64.4%)	3(6.7%)	0(0.0%)	0(0.0%)	4.222	0.5596
b. NHIF staff do a follow up after services	6(13.3%)	39(86.7%)	0(0.0%)	0(0.0%)	0(0.0%)	4.13	0.3438
c. Services offered are convenient to customers	6(13.3%)	38(84.4%)	1(2.2%)	0(0.0%)	0(0.0%)	4.11	0.3827

**Key:** 1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent

Source: Survey data, 2018

Table 4.8 indicates that the customer satisfaction is applied to great extent. The overall mean response score for all the elements is 4.000, coded as great extent meaning that customer satisfaction is pursued by NHIF branch to a great extent.

#### **4.7: Extent of Organizational growth in NHIF Busia Branch**

This variable was measured using three items. Respondents were asked to rate the extent of element as pertains to NHIF branch office. Responses were elicited on a 5-point scale (1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent). These responses were then analyzed using frequencies, means and standard deviations.

**Table 4.9: Rating of Extent of Organizational growth**

Constructs	5	4	3	2	1	Mean	Std. Dev
<b>Overall Mean = 4.00</b>							
a. Different forms of payments are used		34(75.6%)	3(6.7%)	0(0.0%)	0(0.0%)	4.244	0.4346
b. New medical covers are regularly introduced	9(20.0%)	36(80.0%)	0(0.0%)	0(0.0%)	0(0.0%)	4.20	0.4045
c. Number of NHIF services has greatly increased	7(15.6%)	38(84.4%)	0(0.0%)	0(0.0%)	0(0.0%)	4.16	0.3665

**Key:** 1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent

Source: Survey data, 2018

Table 4.9 indicates that the organizational growth is applied to great extent. The overall mean response score for all the constructs is 4.000, coded as great extent meaning that customer satisfaction is pursued by NHIF branch to a great extent.

#### **4.8: Extent of Remittance in NHIF Busia Branch**

The extent of remittance was measured using three items. Respondents were asked to rate the extent of element as pertains to NHIF branch office. Responses were elicited on a 5-point scale (1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent). These responses were then analyzed using frequencies, means and standard deviations.

**Table 4.10: Rating of Extent of Remittance**

Constructs	5	4	3	2	1	Mean	Std. Dev
<b>Overall Mean = 4.00</b>							
a. Bills paid are commensurate to services offered.	13(28.9%)	31(68.9%)	1(2.2%)	0(0.0%)	0(0.0%)	4.27	0.4954
b. Medical bills are fully paid (no installments)	8(17.8%)	36(80.0%)	1(2.2%)	0(0.0%)	0(0.0%)	4.16	0.4240
c. Medical bills are paid in time	2(4.4%)	41(91.1%)	2(4.4%)	0(0.0%)	0(0.0%)	4.00	0.3015

**Key:** 1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent

Source: Survey data, 2018

The finding shown in Table 4.10 indicates that the remittance of bills is done to great extent. The overall mean response score for all the constructs is 4.000, coded as great extent meaning that bills remittances is done by NHIF branch to a great extent.

#### **4.9: Extent of Technology use in NHIF Busia Branch**

The extent of use of technology was measured using three items. Respondents were asked to rate the extent of element as pertains to NHIF branch office. Responses were elicited on a 5-point scale (1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent). These responses were then analyzed using frequencies, means and standard deviations.



**Table 4.11: Rating of Extent of Technology use**

Constructs	5	4	3	2	1	Mean	Std. Dev
<b>Overall Mean = 4.00</b>							
a. Online systems devised are user friendly.	16(35.6%)	29(64.4%)	0(0.0%)	0(0.0%)	0(0.0%)	4.36	0.4841
b. NHIF innovations on line systems are up to date for quick services	7(15.6%)	38(84.4%)	0(0.0%)	0(0.0%)	0(0.0%)	4.156	0.3665
c. Some NHIF services are easily accessed online	5(11.1%)	40(89.9%)	0(0.0%)	0(0.0%)	0(0.0%)	4.11	0.3178

**Key:** 1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent

Source: Survey data, 2018

Table 4.10 indicates that technology use in NHIF branch is done to great extent. The overall mean response score for all the constructs is 4.000, coded as great extent meaning that technological use is done by NHIF branch to a great extent.

#### 4.10 Influence of Mission Statement on the Performance of NHIF Busia

In order to establish the influence of mission statement on corporate performance, Pearson's correlation and multiple regression analyses were performed and the results are summarized in the Tables 4.12 and 4.15 as shown below.

**Table 4.12: Correlations between Mission statement and Corporate Performance**

		Mission statement	Corporate performance
Mission statement	Pearson Correlation	1	.173**
	Sig. (2-tailed)		(.002)
	n	45	45
Corporate performance	Pearson Correlation	.173**	1
	Sig. (2-tailed)	(.002)	
	n	45	45

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

Probability values in parentheses

Source: Survey data, 2018

As shown in Table 4.12, the correlation coefficient between mission statement and corporate performance is positive and significant ( $r = 0.173$ ,  $p = 0.002$ ,  $n = 45$ ). This implies use of

mission statements in strategic planning decision making leads to increased corporate performance.

Table 4.15 exhibits the results of the multiple regression analysis. The results indicate that use of mission statement in strategic decision making was a positive insignificant predictor of corporate performance ( $\beta = .038$  ( $p = .269$ )). This value is statistically insignificant since the p-value is greater than 0.05. It can be inferred from this value that a unit change in use of mission statement intensity leads to an increase in corporate performance of 0.038, all things being fixed. These results are in tandem with the findings of Alweh (2011), Amrane, 2011 and Fallge, 2006 who found that mission statement had either insignificant positive influence on firm performance of universities and banking sector firms. However, the findings are at variance with those of Mwangi, 2013 and Arasa, 2012 who found that mission statement had a significant positive influence on firm's performance. Consequently the null hypothesis was accepted.

**Table 4.13: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.806 <sup>a</sup>	.649	.646	.56719	1.001

a. Predictors: (Constant), Mission statement, organizational objectives, organization's policies

b. Dependent Variable: Corporate performance

**Table 4.14: ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	182.850	3	60.950	189.459	.000 <sup>b</sup>
Residual	98.764	41	.322		
Total	281.614	45			

a. Dependent Variable: Corporate performance

b. Predictors: (Constant), Mission statement, organizational objectives, organization's policies

**Source: Survey data, 2018**

**Table 4.14: Multiple Regression Analysis Estimation Results on the Influence of strategic planning on corporate performance<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.291	.131		9.824	.000
Mission statement	.035	.031	.038	1.106	.269
Organizational objectives	.326	.037	.429	8.745	.000
Organization's policies	.314	.036	.432	8.716	.000

a. Dependent variable: Corporate performance

**Source: Survey data, 2018**

#### **4.11 Influence of Organization's Objectives on Corporate Performance of NHIF Busia**

To establish the influence of organization's objectives on corporate performance, Pearson's correlation and multiple regression analyses were performed and the results are summarized in the Tables 4.15 and 4.16.

**Table 4.15: Correlations between organization's objectives and corporate Performance**

		Organization's objectives	Corporate performance
Organization's objectives	Pearson Correlation	1	.187**
	Sig. (2-tailed)		(.001)
	n	45	45
Corporate performance	Pearson Correlation	.187**	1
	Sig. (2-tailed)	(.001)	
	n	45	45

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

Probability values in parentheses

Source: Survey data, 2018

As shown in Table 4.16, the correlation coefficient between organization's objectives and corporate performance is positive and significant ( $r = 0.187$ ,  $p = 0.001$ ,  $n = 45$ ). This implies intense use of organization's objectives in strategic planning decisions leads to increased corporate performance. Similarly, Table 4.15 indicate that organization's objectives was a positive significant predictor of corporate performance ( $\beta = .429$  ( $p = .000$ )). This value is statistically significant since the p-value is less than 0.05. It can be inferred from this value that a unit change in organization's objectives use leads to an increase in corporate performance of 0.326, all things being fixed. These results are in tandem with the findings of Steve and Jawek (2015), Parker, 2010 who found that organization's objectives had a significant positive influence on firm performance. However, the findings are at variance with those of Green and Medlyne, 2013 and McIlham, 2010 who found that organization's objectives had either a weak or no influence on firm's performance. Consequently the null hypothesis was rejected

#### **4.12 Influence of Organization's Policies on the Performance of NHIF Busia**

In order to analyze the influence of organization's policies on corporate performance, Pearson's correlation and multiple regression analyses were performed and the results are summarized in the Tables 4.15 and 4.17.

**Table 4.16: Correlations between Organization's policies and Corporate Performance**

		Organization's policies	Corporate performance
Organization's policies	Pearson Correlation	1	.749**
	Sig. (2-tailed)		(.000)
	n	45	45
Corporate performance	Pearson Correlation	.749**	1
	Sig. (2-tailed)	(.000)	
	n	45	45

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

Probability values in parentheses

**Source: Survey data, 2018**

Table 4.17 shows that the correlation coefficient between organization's policies and corporate performance is positive and significant ( $r = 0.789$ ,  $p = 0.000$ ,  $n = 45$ ). This implies use of organization's policies in strategic planning leads to increased corporate performance. Similarly, Table 4.15 indicate that organization's policies was a positive significant predictor of corporate performance ( $\beta = .432$  ( $p = .000$ )). This value is statistically significant since the p-value is less than 0.05. It can be inferred from this value that a unit change in use of organization's policies leads to an increase in corporate performance by 0.432, all things being fixed. Thus, the null hypothesis that there is no significant of organization's policies and corporate performance is therefore is rejected.

These results are similar to the findings of Kaur (2014) and Cooke (2010) who found that organization's policies had a significant positive influence on firm performance. However, the findings are at variance with those of Jones and Damian, 2012 who found that organization's objectives had a weak influence on firm's performance. Consequently, the null hypothesis was rejected and the alternative hypothesis accepted.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATION**

#### **5.1 Summary of Findings**

Based on multiple regression analysis estimates, objective one found that mission statement insignificantly positively influences corporate performance for NHIF Busia branch. Objective two found that organization's objectives positively significantly influences corporate performance, whereas objective three found that organization's policies positively significantly influences corporate performance for NHIF Busia branch.

#### **5.2 Conclusions of the Study**

From the findings of objective one, the study concludes that embracing mission statement in strategic planning does lead to increased corporate performance. From the findings of objective two, it can be concluded that use organization's objectives in strategic planning leads to better corporate performance. Based on the findings of objective three, the study concludes that adopting use of organization's policies improves corporate performance.

#### **5.3 Recommendations of the Study**

Based on conclusion of objective one, NHIF Busia branch should not continue embracing mission statement in strategic decision making. From the conclusion of objective two, NHIF Busia branch should continue using organization's objectives in strategic planning as this was found to improve corporate performance. Similarly, from conclusion of objective three, NHIF Busia branch should continue using organization's policies as this was found to improve corporate performance of fund.

#### **5.4 Limitations of the Study**

The findings of the study cannot be generalized to all NHIF branches in Kenya since the study was limited to NHIF Busia branch and did not incorporate branches in Kenya. The study adopted a correlational research design with its associated weaknesses.

#### **5.5 Suggestions for Further Research**

An exclusive study on the strategic planning and challenges facing NHIF in Kenya can be investigated. Future research should be conducted on determinants of corporate performance and status of strategic planning implementation in public and private enterprises in Kenya and in the East and central Africa and compare results.

Further research could also be conducted on determinants of mission statements, organization's objectives and policies in other firms in Kenya. Comparisons could be done on whether or not there is any variation or similarity with the NHIF Busia branch scenario. Lastly, future research efforts could use more robust research designs such as time series and secondary data.

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## APPENDICES

### Appendix 1: NHIF Management Questionnaire RESEARCH QUESTIONNAIRE

#### Questionnaires

- (i) Answer the questions as honestly as possible
- (ii) Do not write your name

#### Section A

1 What is your gender? Male ( ) female ( )

3 What is your marital status?

Single ( ) married ( ) divorced ( ) windowed ( )

4 What is your highest level of education?

Secondary ( ) certificate ( ) Diploma ( ) Degree ( ) Above degree ( )

5 When did you become NHIF staff? Below 1yr ( ) 3-5 yrs ( ) more than 5yr ( )

#### Section B

Kindly indicate by marking/ticking ( ) in the box the extent to which the following have been given emphasis:

Key Use scale 1-5 where 1= no extent, 2= little extent, 3= moderate extent, 4= Great extent, 5= Very great extent

No	ISSUES	1	2	3	4	5
	<b>Part I Mission</b>					
1	Our mission statement reflects our objectives					
2	Our mission statement is specific measurable, realistic and timely					
3	Our mission statement is easily understood					
4	Our mission statement is focused on satisfying customer					
	<b>Part II Objectives</b>					
6	Our objectives are specific, measurable and realistic					

7	Our objectives are easily understood					
8	Our objectives are focused on satisfying customers					
9	There is a relationship between achievements and objectives					
	<b>Part III Policies</b>					
11	Policies are well implemented					
12	Policies are effective					
13	Employees hardly deviate from set policies					
14	Policies are set to ensure customer satisfaction					

**ORGANIZATION PERFORMANCE**-To what extent do you think strategic planning has led to the following form of growth in your organization?

Use scale 1-5 where 1- no extent, 2=little extent, 3= moderate extent, 4=Great extent, 5=Very great extent

	<b>CORPORATE PERFORMANCE</b>	1	2	3	4	5
	<b>Customer satisfaction</b>					
1	Services offered by NHIF are convenient to facilities (hospitals).					
2	NHIF staff do a follow- up after offering services					
3	Old Clients bring others for voluntary registration					
	<b>Organization Growth</b>					
4	Number of NHIF services has steadily increased					
5	New medical covers are regularly introduced					
6	Different forms of payments are introduced to reduce possibility of penalties to clients.					
	<b>Remittance</b>					
7	Medical bills are paid in time					
8	Medical bills are fully paid (no installments).					
9	Bills paid are commensurate to services offered					

	<b>Technology</b>					
10	NHIF innovated on line systems are up to date for quick services					
11	Some NHIF services are easily accessed on line					
12	Online systems devised are user friendly					

Any other

comment?.....

.....

**Thank you for your cooperation.**



## Appendix ii: latter of introduction



### **MASENO UNIVERSITY** **SCHOOL OF GRADUATE STUDIES**

#### ***Office of the Dean***

**Our Ref:** MBA/BE/00005/015

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Email: [sgs@maseno.ac.ke](mailto:sgs@maseno.ac.ke)

Date: 04<sup>th</sup> June, 2018

#### **TO WHOM IT MAY CONCERN**

**RE: PROPOSAL APPROVAL FOR ODUOR JUMA PAUL —  
MBA/BE/00005/015**

The above named is registered in the Master of Business Administration programme in the School of Business and Economics, Maseno University. This is to confirm that his research proposal titled "Influence of Strategic Planning on Corporate Performance" has been approved for conduct of research subject to obtaining all other permissions/clearances that may be required beforehand.

  
Prof. J.O. Agure  
**DEAN, SCHOOL OF GRADUATE STUDIES**



*Maseno University*

*ISO 9001:2008 Certified*

