Influence of Strategic Management Practices on Performance of National Health Insurance Fund, Kenya

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ABSTRACT

Strategic management remains crucial for organizations, regardless of their size, as it defines their success in navigating the external environment while optimizing internal resources. This study addressed a contextual problem where the National Health Insurance Fund (NHIF) in Kenya struggles to fully achieve its performance objectives despite implementing strategic management practices. The research identified a gap in understanding how specific dimensions of strategic management practices—strategic intent, formulation, implementation, and control of strategy—affect NHIF's performance. Financial strategies, technology, human resource planning, and customer service, often mistaken as strategic management practices, were re-examined under the correct strategic management dimensions. The study employed a descriptive research design to examine the influence of strategic management practices on NHIF's performance, targeting a sample size of 135 respondents selected using stratified random sampling from a population of 206 NHIF employees. Data collection was conducted using structured questionnaires, and the tools were pre-tested for validity and reliability, yielding a Cronbach Alpha index of 0.715, indicating satisfactory internal consistency. Data analysis was performed using descriptive statistics, including mean and standard deviation, and inferential statistics, specifically multiple linear regression analysis. The regression model indicated an R-squared value of 0.887, suggesting that 88.7% of the variability in NHIF's performance could be explained by the independent variables: strategic intent, formulation, implementation, and control of strategy. The adjusted R-squared value of 0.884 further confirmed the model's robustness. Findings revealed that strategic management practices significantly influence NHIF's performance. Specifically, strategic intent, formulation, implementation, and control were positively associated with improved financial management, technological adoption, human resource optimization, and enhanced customer service. For instance, financial strategies, when aligned with strategic planning, demonstrated a significant positive impact ($\beta = 0.01$, $p < 0.05$). Similarly, the adoption of technology as a strategic tool also showed a substantial positive effect ($\beta = 0.01$, $p < 0.05$). The study concludes that strategic management practices exert a substantial and statistically significant influence on NHIF's performance. This highlights the necessity for NHIF to continually refine its strategic planning processes, embrace technological advancements, optimize human resource planning, and prioritize customer service to enhance overall performance and service delivery. The recommendations emphasize the need for NHIF to develop comprehensive strategic plans, invest in modern technology, implement effective human resource management practices, prioritize customer satisfaction, and engage in continuous monitoring and adaptation to remain responsive to the dynamic healthcare environment.

Key Words: *Strategy formulation, Strategy Implementation, Strategic Management Practices, National Health Insurance Fund*

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1.0 Introduction

1.1 Background of the Study

Strategic management practices are fundamental to organizational success in a rapidly evolving global environment. Globally, organizations employ strategic management practices to navigate complex markets, optimize resource allocation, and achieve sustainable competitive advantage (David, 2015). Effective strategic management encompasses strategic intent, formulation, implementation, and control, which collectively guide organizations in setting long-term objectives, crafting strategies, executing plans, and monitoring outcomes (Simons, 2018). These practices are crucial for adapting to external changes, leveraging opportunities, and maintaining organizational performance in diverse industries (Johnson & Scholes, 2013).

In the African context, strategic management practices have become increasingly critical as the continent experience's dynamic socio-economic transformations. Many African countries, including Nigeria, South Africa, and Kenya, are focusing on enhancing their strategic management capabilities to improve public sector efficiency, foster economic growth, and achieve sustainable development goals (World Bank, 2018). Strategic management in Africa often involves addressing unique challenges such as infrastructure deficits, governance issues, and limited access to financial resources (ECA, 2013). The implementation of strategic management practices in African public institutions and private enterprises has shown significant potential in driving organizational performance and service delivery improvements (De Waal & Kourtit, 2013).

In Kenya, strategic management practices are vital for organizations operating in an increasingly competitive and regulated environment. Both the Kenyan government and private sector organizations acknowledge the crucial role of strategic management in attaining the national development goals set forth in Kenya Vision 2030 (Government of Kenya, 2020). The decentralization of services under the devolved government system has further necessitated the adoption of robust strategic management practices to ensure effective service delivery at the county level (Njenga & Othieno, 2016). Organizations such as the National Health Insurance Fund (NHIF) have embraced strategic management practices to enhance their performance and provide quality healthcare services to all Kenyans (NHIF, 2022).

Despite ongoing efforts, NHIF still encounters obstacles in achieving its performance goals, underscoring a lack of understanding regarding the precise influence of strategic management practices on organizational performance (Mbau et al., 2020). Earlier research has primarily examined the link between general management practices and performance, with insufficient investigation into the unique aspects of strategic management practices—such as strategic intent, formulation, implementation, and control—within the Kenyan context (Kariithi & Ragui, 2018). Addressing this research gap is crucial for developing targeted strategies that can enhance NHIF's efficiency, financial sustainability, and service delivery.

1.1.1 Strategic Management Practices

To achieve success, an organization develops both planned and adaptive strategies to respond to changes, seize opportunities, and maintain a sustainable competitive edge (Ries, 2017). Strategic management plays a crucial role in establishing goals, formulating strategies, and evaluating progress (Simons, 2018). The measurement of organizational performance, whether financial or non-financial, provides valuable information for decision-making and managerial action (Simons, 2018). Metrics such as financial stability, customer coverage, operational efficiency, and customer satisfaction are commonly used to assess an organization's performance (Simons, 2018).

Creating a winning strategy for state corporations is an ongoing process due to the rapidly changing competitive environment (Schraeder, 2002). CEOs, top management, and line managers play a vital role in strategic planning practices, particularly when there is a need for responsiveness, complexity in the environment, and high competitive pressure (Schraeder, 2002). Strategic planning in state corporations in Kenya involves internal and external orientations, functional coverage, and formal and informal processes (Schraeder, 2002).

Globally, there is a growing need to enhance access to quality and affordable healthcare, aligning with sustainable development goals (World Bank Group, 2015). Organizations focus on continuous improvement to meet evolving demands, reduce costs, innovate products and processes, and enhance customer satisfaction and market effectiveness (David, 2015). Public sector management reform has been a significant driver of strategic changes and improved service delivery, as witnessed in countries like New Zealand (De Waal & Kourtit, 2013). In Africa, service delivery in the public sector has been hindered by poor leadership, and change is necessary to achieve development goals (ECA, 2003; World Bank, 2006). Structural Adjustment Programs and the New Public Management program have been instrumental in improving efficiency in developing nations' public sectors (Abramson et al., 2015). In Kenya, the decentralization of services aims to achieve the country's development agenda, with healthcare oversight and administration falling under county governments (Environmental Scan and Business Trends Impacting on NHIF, 2021).

In East Africa, similar challenges and opportunities exist in the realm of strategic management and public sector service delivery. The region, which comprises countries such as Kenya, Tanzania, Uganda, Rwanda, and Ethiopia, faces various socio-economic and political factors that impact organizational performance and development (ECA, 2003). Strategic changes and reforms in the public sector have been undertaken to improve service delivery and enhance efficiency in these countries (Abramson et al., 2015). Furthermore, the pursuit of universal health coverage and the provision of quality healthcare services are shared objectives across East African nations (Environmental Scan and Business Trends Impacting on NHIF, 2021). By implementing strategic management practices, embracing decentralization, and addressing the challenges unique to the region, East African countries strive to achieve sustainable development and ensure access to essential services for their populations.

In Kenya, the decentralization of services is a key strategy in achieving the country's development agenda, with a specific focus on healthcare oversight and administration falling under county governments (Environmental Scan and Business Trends Impacting on NHIF, 2021). This decentralization aims to foster equitable and efficient service delivery, stimulate innovation at the county level, and improve access to healthcare services, aligning with the goal of achieving Universal Health Coverage (Environmental Scan and Business Trends Impacting on NHIF, 2021). By embracing organizational transformations and adapting to changing environments, Kenya aims to achieve its development objectives outlined in Kenya Vision 2030 and contribute to the Sustainable Development Goal on health (Environmental Scan and Business Trends Impacting on NHIF, 2021).

1.1.2 Performance of Healthcare Insurance Industry

Performance in healthcare insurance industry is not solely focused on generating economic value but also on optimizing service delivery efficiency and effectiveness (Melchert & Klesse, 2017). Strategic planning plays a crucial role in successfully implementing healthcare performance management by closely aligning it with operational execution and control (Melchert & Klesse, 2017). Key performance indicators need to be defined on the strategic level to shape the economy, efficiency, and effectiveness of service delivery, while the operational level focuses on measuring, reporting, and optimizing performance through process redesign and operationalization. The goal of achieving universal health coverage (UHC) is shared by health systems around the world (Kutzin, 2018). This means establishing health financing systems that are based on prepayment and that guarantee access to quality health services and financial protection for households (Kutzin, 2018). The same idea has been expressed using different terms, such as universal health care, universal health care coverage, or universal coverage (Stuckler et al., 2016). However, "universal health care" is usually linked to reforms in high-income countries, while "universal health coverage" is more relevant for low- and middle-income countries.

Kenya initiated its journey towards Universal Health Coverage (UHC) with the creation of the National Hospital Insurance Fund in 1966, aimed at shielding citizens from exorbitant healthcare expenses (Mbau et al., 2020). However, the initial implementation encountered obstacles such as inadequate governance structures, restricted benefits, and delays in reimbursement (Mbau et al., 2020). Although reforms have been introduced, further efforts are needed to strike a balance between revenue generation at healthcare facilities and reducing barriers to care (Mbau et al., 2020). Despite the ongoing push for UHC in Kenya, many individuals still face excessive out-of-pocket spending, and healthcare facilities require additional investment in staffing and supplies. The journey toward UHC in Kenya remains a work in progress.

1.1.3 The National Health Insurance Fund

The establishment of the National Health Insurance Fund (NHIF) dates back to 1966, governed by Cap 255 of the Laws of Kenya, initially providing medical coverage exclusively to formal employees (NHIF, 2015). Subsequently, in 1972, an amendment extended enrollment to include those in the informal employment sector. In 1998, the NHIF underwent a transformation into a state corporation through the NHIF Act No. 9 of 1998, passed by Parliament (NHIF, 2015). Monthly contributions to the NHIF range from KSh. 500 to KSh. 1700 (NHIF, 2015). The medical coverage system changed significantly with the NHIF Act of 1998. Where NHIF improved from the old system of paying a daily bed rate and introduced payments that were based on the cost of services, it added outpatient services, doctor fees, and lab tests to the health package, and it made health insurance accessible to health centers and lower-level facilities, thus increasing access and quality (NHIF, 2015). The state corporation has implemented a range of strategies focusing on quality management, maximizing benefits, protecting costs, financial restructuring, product development, integrated communication, market penetration, and operational success (Njue & Ongoto, 2018). The NHIF's strategic plan for 2018-2022 aimed to increase membership, enhance contribution collection and payout efficiency, conform to international service quality standards, embrace modern technology, among other objectives (NHIF, 2018). However, a statistical bulletin released by the NHIF indicated that the corporation has not fully achieved its objectives (NHIF, 2022).

1.2 Statement of the problem

Strategic management is vital for aligning organizations with an ever-changing and unpredictable business environment. It involves making and implementing decisions that drive an organization's vision, mission, strategy, and objectives (David, 2015). Despite the widespread acknowledgment of the importance of strategic management, the National Health Insurance Fund (NHIF) in Kenya has struggled to achieve its performance goals despite adopting these practices. Specifically, the NHIF has implemented strategic management practices intending to enhance organizational performance and ensure healthcare coverage for all Kenyans. However, these efforts have not fully achieved the desired outcomes, as evidenced by statistics from the Kenya National Bureau of Statistics, which indicate that approximately 7.5 million adults remain uninsured. This lack of coverage leads to limited access to healthcare services and financial hardships for many individuals (Kenya National Bureau of Statistics, 2023).

The contextual problem is the persistent gap between NHIF's strategic management efforts and its performance outcomes. Although strategic management practices are designed to improve organizational performance, NHIF's experience suggests that these practices may not be effectively addressing the specific challenges within the Kenyan healthcare insurance sector (Mbau et al., 2020). This situation underscores a need for a more nuanced understanding of how strategic management practices influence performance in this context. The research gap lies in the limited examination of the specific dimensions of strategic management practices—strategic intent, formulation, implementation, and control—within NHIF and their direct impact on performance. While previous studies have explored factors influencing strategic management in various sectors, including agribusiness firms in Tanzania (Theresia & Ludwig, 2015) and cooperative organizations in Nairobi County (Daudi & Mbugua, 2018), there is a paucity of research focusing on the healthcare insurance sector in Kenya. Studies such as those by Kariithi and Ragui (2018) on Huduma Centers and Lilungu et al. (2015) on savings and credit cooperative societies have examined strategy implementation practices in different contexts but have not specifically addressed the unique challenges faced by NHIF.

Considering the critical role of NHIF in providing healthcare insurance services and the identified gaps in existing research, this study aims to investigate the influence of strategic management practices on NHIF's performance. By examining these practices in detail, the study seeks to contribute to a deeper understanding of effective management strategies within the healthcare sector and provide actionable insights to enhance NHIF's performance and service delivery. This will address the existing research gap and offer strategies that can be tailored to the specific needs and challenges of NHIF (Government of Kenya, 2020).

1.3 Purpose of the Study

The purpose of the study is to analyze the influence of strategic management practices on performance of National Health Insurance Fund (NHIF).

1.4 Objectives of the Study

The following were the specific objectives of the study:

i. To analyze the effect of financial strategies on performance of National Health Insurance Fund.
ii. To investigate influence of technology on performance of National Health Insurance Fund.
iii. To determine effect of human resource planning on performance of National Health Insurance Fund.

iv. To assess the impact of customer services on performance of National Health Insurance Fund.

2.0 Literature Review

2.1 Theoretical Framework

This research embarks on a captivating journey into the realms of three profound theories: Agency theory, Stewardship theory, and Resource-Based View (RBV). The primary objective is to unravel the intricate relationship between strategic management practices and the performance of the esteemed National Health Insurance Fund (NHIF). By delving into the depths of these theories, the study aims to shed new light on this subject and offer a fresh perspective that transcends conventional wisdom. (NHIF).

2.1.1 Agency Theory

The pioneering work of Jensen and Meckling (1976) introduced the Agency Theory, which posits that agents, when given the opportunity, tend to act in their self-interest, often conflicting with the principal's interests. To address this, principals employ structural mechanisms to monitor and control agent behavior, ultimately aligning the interests of both parties (Cruz et al., 2010). Within the Agency Theory perspective, achieving firm performance through cost minimization and improved efficiencies is paramount. When ownership and management are separated, agency problems arise, leading to the incurrence of agency costs. A key element of this theory is the delegation of tasks from the principal to the agent, with the expectation that the agent will act in the principal's best interest. However, issues arise when the interests of the principal and the agent do not align, and the principal does not have sufficient information to properly assess the agent's actions (Lee and O'Neill, 2006).

To address agency problems and prevent opportunistic behavior, the principal has two primary strategies. First, they can implement a governance structure that allows for the monitoring and evaluation of the agent's actions. This might involve establishing reporting procedures, additional management layers, or a board of directors. Second, the principal can design a governance structure that ties the agent's compensation to the actual outcomes of their actions. For instance, incentive pay can motivate the agent to perform well by shifting some of the risk to them, thus aligning their interests with those of the principal. Essentially, the principal must decide between creating governance structures that focus on the agent's actions or the results of those actions (Chrisman et al., 2007). This theory is relevant because it can potentially enhance organizational performance by reducing losses through effective mechanisms within NHIF management.

2.1.2 Stewardship Theory

According to Schoorman and Donaldson (1997), the Stewardship Theory focuses on how management leadership can create and sustain the value of an organization, even though it is temporary. The Stewardship Theory draws from psychology and sociology and assumes that managers are reliable, accountable, and efficient individuals who act as responsible stewards of the resources they are entrusted with. Schoorman and According to Donaldson (1997), managers share the same objective as shareholders: to protect and enhance shareholders' wealth, thereby maximizing their utility functions. From this viewpoint, directors and managers are committed to acting in the best interests of shareholders, ensuring the growth and prosperity of their wealth.

Unlike Agency Theory, which argues that managers might make decisions based on self-interest rather than the owners' interests, Stewardship Theory suggests that managers prioritize the company's interests over their own, even in situations involving conflicts of interest. The conceptual roots of Stewardship Theory are linked to the development of work motivation theories, particularly McGregor's Theory Y from the 1960s. According to Nicholson and Kiel (2007), Stewardship Theory assumes that managers are rational beings, eliminating the excessive need for monitoring their behavior as postulated by the Agency Theory. Fulop (2011) highlights the importance of the board director structure in Stewardship Theory, suggesting that it should primarily consist of internal members who possess a deep understanding of the company's challenges and can react accordingly. In contrast, a board composed solely of external members may not respond as promptly to the company's day-to-day issues. Solomon (2007) emphasizes that outside directors can monitor and maximize business performance on a short-term basis due to their limited knowledge of the organization's daily operations. Directors who come from within the company possess a deeper understanding of the daily challenges and intricacies. The relevance of this theory to the study lies in its connection to management capabilities through human resource planning.

2.1.3 Resource-based theory of the firm

This study adopts Barney's (1991) resource-based theory of the firm, which integrates principles from organizational economics and strategic management to provide a comprehensive framework for understanding competitive advantage and superior performance. Traditional sources of competitive advantage, such as financial and natural resources, technology, and economies of scale, may create value, but the resource-based view (RBV) argues that these sources are increasingly accessible and easy to replicate. Instead, the RBV focuses on identifying the internal sources of sustained competitive advantage, explaining why firms in the same industry can perform differently (Scholes & Whittington, 2008). Proponents of the RBV assert that resources that are both valuable and non-substitutable can lead to superior performance and enable firms to achieve a sustainable competitive advantage. The RBV defines resources as both tangible and intangible assets, including technological, human, and physical assets, that are semi-permanently attached to the firm. However, possessing resources alone is insufficient. The RBV introduces the concept of capabilities, which emerge from complex patterns of interactions and coordination among a firm's resources (Wong & Karia, 2010). This notion emphasizes that the strategic value of resources is greatly enhanced when they are combined with unique capabilities that the firm develops over time.

According to the RBV, resources and capabilities often have synergistic properties and create greater value when effectively combined. The theory posits that firms have varying resource endowments, and how they acquire, develop, maintain, bundle, and leverage these resources impacts their competitive advantage and performance over time (Barney, 1991). The RBV emphasizes the importance of resources and capabilities meeting specific criteria: being valuable, rare, inimitable, and organizationally usable (VRIO framework). For instance, a firm can use complementary resources to enhance its capabilities, thereby creating a sustainable competitive advantage (Paulraj, 2011). This process involves not only the possession of valuable resources but also the ability to organize and deploy these resources effectively.

In the context of this study, the RBV explores how the organization's unique and non-imitable resources are utilized to create lasting competitive capabilities through financial strategies and human resources. The focus is on identifying how these resources can be structured and managed to achieve superior financial performance and operational efficiency. This approach ultimately leads to improved financial performance, increased operational efficiency, and strengthened institutional capacity within the organization. By examining the interplay between unique resources and capabilities, the study aims to uncover the mechanisms through which firms can achieve and sustain competitive advantage in the healthcare insurance sector in Kenya (Mbau et al., 2020). Moreover, the RBV's principles are relevant to understanding how different firms within the same industry can exhibit varying levels of performance despite facing similar external conditions. This study's application of the RBV seeks to demonstrate that internal factors, such as the effective management of resources and capabilities, play a critical role in determining a firm's success. By focusing on the internal dynamics of resource utilization and capability development, this study aims to provide insights into how healthcare insurance organizations, like NHIF, can optimize their strategic management practices to enhance their performance (Kariithi & Ragui, 2018).

Through a detailed analysis of the RBV, this study contributes to the broader understanding of strategic management in the context of healthcare insurance in Kenya. It underscores the importance of developing a nuanced approach to resource management, emphasizing that sustainable competitive advantage is achieved not just through the possession of valuable resources but through the strategic integration and deployment of these resources within the organizational framework. This perspective aligns with the broader goals of strategic management, which seek to understand the sources of competitive advantage and the ways in which firms can leverage their internal strengths to achieve long-term success (Chrisman et al., 2007). In summary, this study utilizes the RBV to investigate the impact of unique and non-imitable resources on the performance of healthcare insurance organizations in Kenya. By focusing on the development of competitive capabilities through financial strategies and human resources, the study aims to provide a comprehensive understanding of how firms can achieve superior performance and sustain competitive advantage in a dynamic industry environment. The insights gained from this study will contribute to the broader discourse on strategic management and resource-based theory, offering valuable perspectives for both academic research and practical applications in the healthcare insurance sector (Barney, 1991; Scholes & Whittington, 2008; Wong & Karia, 2010; Paulraj, 2011).

2.2 Empirical review

This review is an essential part of the research project as it shows the previous research efforts and the methods and outcomes they used, which are relevant to the current study. This section provides a detailed analysis of literature in empirical studies done by respected scholars, revealing the impact of strategic management practices on performance in the healthcare sector in Kenya. By exploring these empirical studies, the study aims to gain a thorough understanding of the topic and contribute to the existing knowledge base.

2.2.1 Influence of financial strategies on performance of National Health Insurance Fund

Developing a financial strategy involves a systematic approach that is guided by a clear vision, strategy, and roadmap. This strategy takes into account insights from the business environment, stakeholder expectations, and the organization's own performance and capabilities, all with a focus on creating value (Gabriel, 2019). A novel approach introduced by Gabriel (2019) is the "Financial Strategy Matrix," which not only predicts future financial scenarios but also emphasizes the inclusion of cash flow indicators to promote sustainable enterprise development. By integrating this matrix with the Balanced Scorecard, strategic management tools can be analyzed and applied to real-world organizational cases.

The main objective of a financing strategy is to promote innovative methods for mobilizing funds and to harmonize financing policies for enhanced effectiveness. This strategy offers a cohesive framework that supplements existing techniques and tools employed by countries, including medium-term expenditure frameworks, public investment management, revenue strategies, and financial sector development strategies (Ceran & Konya, 2018). The purpose is to align specific tools with a broader financing strategy, fostering cohesive decision-making, improved coordination of efforts, and the identification of gaps and opportunities for resource mobilization. Formulating a financing strategy also enhances coordination and engagement among ministries and agencies, acting as a unifying force for non-state stakeholders, including development partners, to coordinate and align their support.

The "Financial Strategy Matrix" introduced by Gabriel (2019) represents a significant advancement in strategic financial management. This matrix integrates cash flow indicators, allowing organizations to predict future financial scenarios and align their strategic actions to foster sustainable enterprise development. When used in conjunction with the Balanced Scorecard, it provides a comprehensive framework for analyzing and applying strategic management tools to real-world cases. Despite its theoretical contributions, the Financial Strategy Matrix lacks empirical validation in diverse organizational contexts, particularly in sectors facing unique financial challenges like healthcare. Future research should empirically test the matrix's applicability and effectiveness across various industries to establish its practical utility (Gabriel, 2019).

Ceran and Konya (2018) present an integrated framework for financing strategies, aiming to mobilize finance and harmonize financial policies for greater impact. Their approach aligns specific tools like medium-term expenditure frameworks and revenue strategies with broader financing strategies to foster cohesive decision-making and improved coordination among stakeholders. This framework is comprehensive, addressing the need for an integrated approach to financial management. However, it does not provide empirical evidence of its effectiveness in specific sectors, such as healthcare, where financial dynamics can significantly differ. Sector-specific empirical studies are needed to test the framework's impact on organizational performance and to adapt it to the unique challenges of different industries (Ceran & Konya, 2018).

Nagaraju (2018) highlights the critical role of financial strategies in promoting the growth of the healthcare sector in India. The study underscores the importance of access to financial services, noting that limited access remains a significant barrier to sectoral development. While the findings are relevant to the Indian context, they do not explore similar challenges in other developing countries, which may face different financial dynamics and regulatory environments. Comparative studies across various developing countries are necessary to identify common barriers and effective solutions for financial strategy implementation in the healthcare sector, providing a broader understanding of the challenges and opportunities in different contexts (Nagaraju, 2018).

Dromms' (2019) study focuses on the challenges and opportunities associated with organizational lending by commercial banks. It highlights the perception of firm financing as risky and costly due to factors such as limited resources and market vulnerability. The study suggests the need for innovative financial strategies to enhance access to finance and mitigate perceived risks. This research provides valuable insights into the financial challenges faced by firms, but it lacks a specific focus on the healthcare sector. Empirical studies that explore innovative financial strategies tailored to the unique needs of healthcare organizations are crucial to enhance access to finance and improve sectoral growth (Dromms, 2019).

Kinyua and Mwangi (2019) examined the impact of financial management practices on the performance of public sector organizations in Kenya. They found that robust financial management practices significantly enhance organizational efficiency and service delivery. However, the study was limited to general financial management practices and did not delve into specific strategic financial tools. To bridge this gap, future research should focus on identifying and testing specific financial strategies and tools that can be employed to improve performance in public sector organizations, particularly in the healthcare sector, where efficient financial management is crucial for service delivery (Kinyua & Mwangi, 2019).

Amponsah and Peprah (2020) explored the role of financial strategies in the performance of healthcare institutions in Ghana. Their findings indicated that effective financial planning and management practices are crucial for improving operational efficiency and service delivery. However, the study lacked a comprehensive analysis of the specific financial strategies employed and their individual impacts. Detailed research on the specific financial tools and frameworks that can be employed to enhance performance in healthcare institutions across Africa is necessary to provide actionable insights for improving financial management in the sector (Amponsah & Peprah, 2020).

Ndirangu and Njiru (2021) investigated the influence of financial strategies on the performance of non-governmental organizations (NGOs) in East Africa. The study revealed that strategic financial planning and management significantly impact the sustainability and effectiveness of NGOs. However, the study did not explore the challenges faced in implementing these strategies. Empirical studies that examine not only the impact of financial strategies but also the challenges and barriers to their effective implementation in NGOs are needed to provide a comprehensive understanding of how to enhance financial management practices in the non-profit sector (Ndirangu & Njiru, 2021).

Johnstone and Maina (2020) conducted a study on the role of financial strategies in enhancing the performance of public healthcare institutions in Kenya. They found that effective financial planning and management significantly improve service delivery and operational efficiency. However, the study did not explore the specific financial tools and frameworks that could be applied. Future research should focus on identifying and testing specific financial strategies and tools that can be employed to enhance performance in public healthcare institutions, addressing the unique financial challenges they face (Johnstone & Maina, 2020).

Mwangi et al. (2021) investigated the impact of financial management practices on the performance of small and medium-sized enterprises (SMEs) in Kenya. Their findings indicated that sound financial management practices are crucial for the sustainability and growth of SMEs. However, the study was limited to SMEs and did not consider large public organizations like NHIF. Future studies should extend the analysis of financial management practices to large public healthcare organizations to understand their unique challenges and opportunities, providing insights into how these organizations can improve their financial management to enhance performance (Mwangi et al., 2021).

Mutua and Kimani (2022) examined the financial strategies employed by the NHIF in Kenya and their impact on organizational performance. They found that strategic financial planning and management are crucial for enhancing NHIF's efficiency and service delivery. However, the study highlighted significant challenges in the implementation of these strategies, including limited financial resources and regulatory constraints. Future empirical studies should explore innovative solutions to these challenges and provide actionable insights for improving financial strategy implementation in NHIF, addressing both the strategic and operational aspects of financial management (Mutua & Kimani, 2022).

2.2.2 Influence of technology on performance of National Health Insurance Fund

The field of information technology (IT) involves a wide range of activities such as preparing, collecting, transporting, retrieving, storing, accessing, presenting, and transforming information in various formats, as described by Boar (2011). IT involves a range of components, including hardware (such as scanners, printers, and computers), software (including operating systems and office applications), and network infrastructure (encompassing internet and wireless connections), all utilized for the seamless transmission of information within an organization. Recognizing the potential for improved efficiency, enhanced performance, and elevated product and service quality, organizations are increasingly investing in IT and automation. According to Gartner (2017), global IT spending was projected to approach five trillion dollars by 2023, encompassing investments in hardware, software, and telecommunication services.

In the era of digitalization, companies are undergoing a strategic reevaluation to establish a competitive advantage by leveraging their capabilities and harnessing technology. There is widespread recognition of the transformative impact that information and communication technologies (ICT), and more specifically digital technologies (DT), have had on various aspects of business, including strategies, processes, capabilities, products, services, and interfirm relationships within extended business networks. This realization has resulted in the development of what are known as "digital business strategies." There has been a constant demonstration of the favorable effect that the adoption of DT has on increasing both productivity and sales for businesses, as proved by empirical research. The objective of the technology adoption method is to get an understanding of the particular DT that is used by companies or industrial sectors and the consequences that it has as a result. In spite of the fact that a sizeable majority of the study conducted in this field has concentrated on developed economies that are situated in conditions that are conducive to competitiveness, there has been a growing interest in the literature that investigates DT in Latin American nations on an aggregate basis over the course of the last decade. On the other hand, further development in empirical literature is still required in order to completely appreciate how DT effects the performance of firms in developing countries (Kumar and Sharma, 2020).

The World Bank (2017) and Akinwale et al. (2018) have both underlined the fact that the incorporation of information and communication technology (ICT) into companies has already had a substantial influence on the economic performance of businesses located in developing nations. In order to facilitate the growth and development of businesses, information and communications technology (ICT) plays a significant role. This is because it gives small and medium-sized businesses (SMEs) the opportunity to improve or replace their current information systems and networks, which in turn opens up new markets for their companies. In addition, information and communication technology plays a significant part in the diffusion of information and knowledge, which in turn helps to facilitate social and economic progress. Globally, governments are advocating for policies and initiatives that attempt to provide access to information and communication technology (ICT) in less developed areas in order to bridge the digital divide. The 2030 Agenda for Sustainable Development acknowledges the broad use of ICT and global connectivity as drivers for human resource development, thereby bridging the digital divide (Kevin et al., 2017).

The realm of information technology (IT) encompasses a multitude of functions, including the preparation, collection, transportation, retrieval, storage, access, presentation, and transformation of information in various formats, as defined by Boar (2011). IT involves a range of components, including hardware (such as scanners, printers, and computers), software (including operating systems and office applications), and network infrastructure (encompassing internet and wireless connections), all utilized for the seamless transmission of information within an organization. Recognizing the potential for improved efficiency, enhanced performance, and elevated product and service quality, organizations are increasingly investing in IT and automation. According to Gartner (2017), global IT spending was projected to approach five trillion dollars by 2023, encompassing investments in hardware, software, and telecommunication services.

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2.2.3 Impacts of human resource planning on performance of National Health Insurance Fund

Human resource planning, as defined by Bulla and Scott (2004), encompasses the meticulous process of identifying and strategizing for an organization's human resource requirements. It delves into the realm of individuals, exploring how their development and deployment can be optimized to effectively contribute to the attainment of business goals. Undoubtedly, human resources are widely acknowledged as the most invaluable asset of an organization. However, many organizations struggle to fully harness the potential of their workforce. Lado and Wilson (2014) aptly describe a human resource system as an interconnected collection of practices aimed at attracting, developing, and retaining the organization's human resources.

To guarantee that the company has the proper number of people who possess the essential abilities to fulfill future needs, the fundamental goal of human resource planning is to ensure that the organization has the appropriate number of personnel. The findings of the study that was carried out by the Institute for Employment Studies (Reilly, 2009) have thrown light on a variety of reasons why firms participate in human resource planning. These encompass better control over staffing costs and numbers, informed decision-making regarding the mix of skills and attitudes, and the pursuit of equal opportunity by comprehending the profile of the current workforce. However, organizations often accord little attention to human resource planning due to constraints in resources and skills, the substantial time and effort required, and the scarcity of relevant data.

Through a critical review of literature, encompassing diverse studies indirectly related to the topic, we have discerned and selected different approaches to human resource planning and their contributions to organizational performance. In 2005, Hailey and colleagues carried out a research to investigate the impact that the Human Resources department had on the overall performance of the High Street Retail Bank (Success Bank) in the United Kingdom. The results demonstrated the need of rethinking the method in which the link between human resource management and the success of the company is modeled. According to the findings of the research, it is essential to make measurements that go beyond simple collections of HRM policies and practices. Even though Success Bank seemed to be an excellent employer merely on the basis of these rules, there was a decrease in the level of dedication shown by its employees. The study underscored the necessity of incorporating employee voice into the conceptual model, focusing on processes that foster two-way communication and employee support.

In the way that Bulla and Scott (2004) conceived of it, human resource planning is a strategic process that serves the purpose of aligning the human capital of an organization with its long-term goals. This involves predicting the future workforce demands, evaluating the talent pools that are now available, and putting into action measures to close any gaps that may exist between the two. As Lado and Wilson (2014) articulate, human resource planning encompasses a range of interconnected practices designed to attract, develop, and retain talent effectively. However, despite the acknowledgment of human resources as a critical organizational asset, many companies face challenges in optimizing their workforce to achieve strategic goals.

At its core, effective human resource planning aims to ensure that an organization possesses the right mix of skills and competencies to meet evolving business requirements. Research by the Institute for Employment Studies (Reilly, 2009) highlights several motives driving organizations to engage in comprehensive human resource planning. These include cost control, informed decision-making regarding talent acquisition and development, and the promotion of diversity and inclusivity within the workforce. Yet, despite the potential benefits, organizations often neglect robust human resource planning due to resource constraints, lack of expertise, and the complexities associated with data analysis.

Through a synthesis of diverse literature, various approaches to human resource planning and their impacts on organizational performance emerge. For instance, Hailey et al. (2005) conducted a study examining the role of HR departments in the performance of a retail bank in the UK. Their findings underscored the need to move beyond a mere checklist of HR practices and focus on fostering employee engagement and participation. This suggests that effective human resource planning extends beyond administrative functions to encompass strategies that empower employees and align their efforts with organizational objectives. Thus, the significance of human resource planning lies not only in its ability to forecast workforce needs but also in its capacity to cultivate a culture of collaboration and innovation within the organization.

In essence, effective human resource planning is of paramount importance in harnessing the potential of an organization's workforce. It entails aligning human resource requirements with business objectives, considering the multifaceted factors that influence performance, and nurturing a supportive and communicative work environment.

2.2.4 Impact of customer services on performance of National Health Insurance Fund

Customer service refers to the support and assistance provided by a company to its clients throughout the purchasing process and in addressing any queries or issues related to its products (Hyken, 2018). It is crucial for this assistance to be of high quality, helpful, and professional, both before, during, and after the customer's needs have been met. Going the extra mile to offer exceptional assistance and ensuring total customer satisfaction is the essence of quality customer service (Cleveland, 2017). The delivery of customer service involves designing a system that creates value for organizations, and frontline employees play a vital role in delivering a top-notch customer experience. However, various challenges may hinder businesses from achieving their customer service objectives.

When you provide high-quality service, you encourage consumers to make more purchases, however when you provide terrible customer service, you risk losing clients and maybe bringing them with them. According to Archakova (2015), providing great service helps businesses gain a competitive edge in their respective markets. As Lyndsay Swinton points out, it is more expensive to attract new clients as opposed to maintaining relationships with the ones who are already in place. The majority of the time, satisfied consumers remain loyal to the firm for a longer period of time, spend more money, and cultivate stronger ties with the organization. In order to provide outstanding customer service, it is necessary to make an investment since it involves expenditures; nevertheless, the long-term rewards are greater than the expenses. One of the most important principles of providing exceptional customer service is to comprehend the requirements of the customers and to fulfill those requirements. This may be accomplished by the use of techniques such as mystery shopping, feedback forms, and surveys (Swinton, 2017).

A study by Yarimoglu (2017) reveals that customer service quality perceptions during service encounters have a greater impact on consumers than product quality. The intensifying competition in markets has prompted many companies to view customer service quality as a strategic tool. Service quality has gained significant importance, and service providers should strive to improve it to attain sustainable competitive advantage, customer satisfaction, and customer loyalty. Today's average customer is well-informed and has clear expectations regarding how they want to be treated. This has spurred increased research on customer service and its positive impact on organizational profitability.

According to Archakova (2015), in the current business environment, which is characterized by intense competition, providing exceptional customer service has become an essential differentiator for businesses that are aiming to succeed in crowded marketplaces. Exceptional service not only fosters customer loyalty but also enhances brand reputation and attracts new clientele. As highlighted by Lyndsay Swinton, the cost-effectiveness of retaining existing customers underscores the strategic importance of investing in quality customer service initiatives (Swinton, 2017). Moreover, the proliferation of social media and online review platforms has amplified the significance of delivering outstanding customer experiences, as dissatisfied customers can swiftly share their grievances with a global audience, impacting brand perception and profitability.

Achieving and maintaining high standards of customer service necessitates a multifaceted approach that encompasses various touchpoints along the customer journey (Cleveland, 2017). From initial inquiry to post-purchase support, each interaction represents an opportunity to delight customers and foster long-term relationships. By leveraging tools such as mystery shopping, feedback forms, and customer surveys, organizations can gain valuable insights into customer preferences and pain points, allowing them to tailor their service delivery accordingly (Swinton, 2017). In addition, it is essential to make investments in employee training and empowerment in order to provide frontline workers with the knowledge and independence that is necessary to continuously provide great service (Hyken, 2018).

Furthermore, the integration of technology has revolutionized customer service delivery, enabling companies to offer personalized and efficient support across various channels (Yarimoglu, 2017). From AI-powered chatbots to self-service portals, technological innovations have streamlined customer interactions, reducing response times and enhancing overall satisfaction levels. However, while technology can augment service delivery, organizations must strike a balance between automation and human touch, as genuine empathy and understanding remain central to meaningful customer relationships (Cleveland, 2017). Thus, successful customer service strategies often blend cutting-edge technology with humancentric approaches to create seamless and memorable experiences for customers (Hyken, 2018).

Customer service is an integral component of a company's customer value proposition. Therefore, every organization should strive to meet the needs of its customers and provide them with exceptional treatment, as customers are the lifeblood of their existence.

2.3 Conceptual Framework

The conceptual framework provides a visual representation of the relationships between the independent variables and the dependent variable, highlighting the interplay and potential influence of each variable on NHIF's performance. The framework serves as a guide for the study, outlining the specific variables to be examined and their expected relationships.

Independent Variables **Dependent Variable**

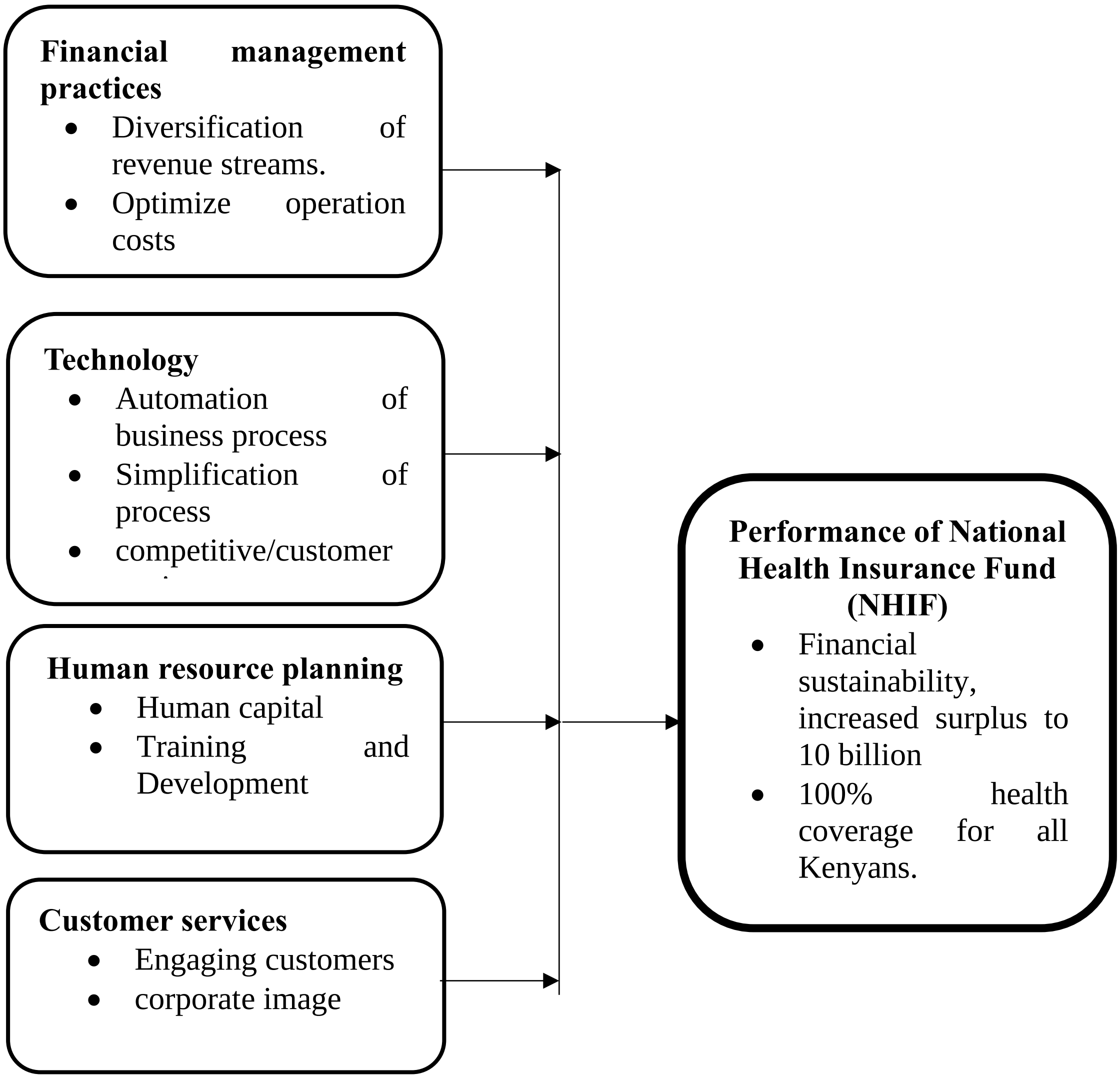

Figure 1: Conceptual Framework

Source: Researcher (2024)

In the conceptual framework of this study, there are several independent variables that are being examined, namely financial management practices, technology, human resource management and customer care services. These variables are considered independent because they are factors that can potentially influence the outcome or dependent variable. The dependent variable in this study is the performance of the National Health Insurance Fund (NHIF). The performance of NHIF is the main focus and is expected to be influenced by the independent variables.

The relationship between the independent variables and the dependent variable is the core of this study. It aims to explore how financial management practices, technology, human resource management and customer care services impact the performance of NHIF. In addition, it is essential to make investments in employee training and empowerment in order to provide frontline workers with the knowledge and independence that is necessary to continuously provide great service (Hyken, 2018). This will provide insights into the factors that significantly influence NHIF's performance and can potentially guide decision-making and improvements within the organization.

3.0 Research Methods

The research methodology adopted for this study involved a descriptive research design, coupled with quantitative data collection and analysis techniques. Descriptive research, as outlined by Cooper and Schindler (2011), was selected to elucidate the influence of strategic management practices on the performance of the National Health Insurance Fund (NHIF). This approach allowed for a systematic exploration of relationships between variables, estimation of proportions within the target population, and in-depth understanding of the phenomenon under investigation. The utilization of quantitative methods facilitates the collection of numerical data from a representative sample of NHIF employees, enabling statistical analysis to discern patterns, trends, and correlations pertinent to strategic management and performance outcomes.

The study was conducted at the headquarters of the National Health Insurance Fund (NHIF) located in Nairobi, Kenya. Nairobi serves as the capital city and economic hub of Kenya, making it a central location for research focused on national institutions such as NHIF. The choice of NHIF headquarters as the study location was strategic, considering its significance as the administrative center responsible for overseeing healthcare insurance services nationwide. Conducting the study at this location provided direct access to key stakeholders, including directors, department heads, and divisional managers, who play pivotal roles in the strategic management practices and performance evaluation within NHIF. In addition, Nairobi's accessibility facilitated efficient data collection processes, allowing for timely and comprehensive analysis of the factors influencing NHIF's performance in the healthcare insurance industry.

The target population were the Directorates, head of departments and divisions. They included a total of 206 according to NHIF 2022 reports. The sample size of the study was 135 respondents as computed using Slovin’s formula, as indicated by Yamane (1967). The construction of research instruments for this study involved the development of structured questionnaires tailored to gather data on strategic management practices and performance indicators within the National Health Insurance Fund (NHIF). Drawing from established literature and research objectives, the questionnaires were meticulously designed to capture relevant information pertaining to financial strategies, technology adoption, human resource planning, customer service, and overall organizational performance. The questionnaires comprised both closed-ended and open-ended questions, allowing respondents to provide quantitative ratings and qualitative insights into their experiences and perceptions. Emphasis was placed on ensuring clarity, relevance, and comprehensiveness of the questionnaire items to facilitate accurate data collection.

To ensure a clear and effective communication of the results, the data collected was organized and prepared for analysis, following the guidance of Mugenda and Mugenda (2013). Once the fieldwork is completed, all questionnaires underwent a comprehensive review to ensure accuracy and validity before proceeding with the analysis stage. The data analysis process involved the use of both descriptive and inferential statistics. To investigate the influence of strategic management practices on the performance of the National Health Insurance Fund, regression analysis was conducted. This analysis utilized the Statistical Package for the Social Sciences (SPSS Version 25) software, known for its robust capabilities in performing statistical computations and extracting meaningful insights from collected data. Through regression analysis, the researcher could evaluate the relationships and predictive power of the variables being studied.

4.0 Results

Multiple regression was used with aims of addressing the research objectives by examining the relationship between the independent variables, which include financial strategies (FS), technology (TECH), human resource planning (HRP), and customer service (CS), and the dependent variable, the performance of the National Health Insurance Fund (NHIF). The examination of how these independent variables affect the performance of NHIF is conducted through a multiple linear regression analysis. The results of this analysis are presented in the following tables and discussed below.

The researcher used the `summary` function to obtain the model summary, which is shown below:

Table 1: Model Summary

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimation
1	.942a	.887	.884	.293

a. Independent variables: (Constant), FS, TECH, HRP, CS)

Source: Field Data (2024)

The R value of 0.942 signifies a very strong positive correlation between the independent and dependent variables in the model, indicating a high degree of association between the model's predictors and the outcome variable. The R Squared (R^2) value of 0.887 implies that about 88.7% of the variability in the dependent variable can be explained by the independent variables in the model, demonstrating a high level of model fit to the data. The Adjusted R Squared value of 0.884 adjusts the R^2 value to account for the number of predictors in the model, offering a more precise measure of the model's explanatory power, particularly with multiple predictors. An adjusted R^2 value of 0.884 indicates that the model still explains a significant portion of the variability after considering the number of predictors.

The Standard Error of the Estimation is 0.293, which measures the average distance between the observed values and the regression line. A lower standard error signifies a better fit of the model to the data. In this case, a standard error of 0.293 suggests that the model's predictions are quite close to the actual observed values. To test the significance of the relationship between NHIF's performance and the independent variables (FS, TECH, HRP, and CS), I used the `anova` function in R to perform an analysis of variance (ANOVA) on the fitted model. The results are shown below:

Table 2: Analysis of Variance

ANOVA	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2450.88	2450.88	2450.88	2450.88	2450.88
Residual	312.12	95	3.28		
Total	2763	99			

a. Dependent Variable: Performance of NHIF

b. Independent variables: (Constant), FS, TECH, HRP, CS)

Source: Field Data (2024)

Table 2 shows the results of the ANOVA test on the regression model. The F-statistic has a value of 7169, and its significance level is 0.00, which is much less than the standard threshold of 0.05. This result strongly suggests that the chosen regression model is statistically significant at the 0.05 level.

To estimate the coefficients of the regression model and their significance levels to obtain the following table:

Table 3: Regression Coefficients

Unstandardized Coefficients	Standardized Coefficients	T	Sig.
(Constant)	-0.001	-0.001	-0.001
FS	0.01	0.01	0.000
TECH	0.01	0.01	0.000
HRP	0.01	0.01	0.000
CS	0.01	0.01	0.000

a. Dependent Variable: Performance of NHIF

Source: Field Data (2024)

Table 3 displays the regression coefficients used to validate the proposed regression model: Performance of NHIF = -0.001 + 0.01FS + 0.01 TECH + 0.01HRP + 0.01CS + e. The regression model confirms that all four independent variables, including FS, TECH, HRP, and CS, have a significant positive relationship with the dependent variable, the performance of NHIF ($p < 0.05$). These independent variables are positively associated with NHIF's performance, with a one-unit increase in these variables resulting in a corresponding increase in NHIF's performance by their respective coefficients. In this comprehensive discussion, the study's objectives were addressed, focusing on the influence of financial strategies, technology, human resource planning, and customer service on the performance of the National Health Insurance Fund (NHIF). Objective 1 examined the impact of financial strategies on NHIF's performance, revealing that respondents acknowledged the importance of developing and implementing financial strategies to manage risk and improve financial performance. This finding aligns with existing literature, emphasizing the critical role of financial strategies in organizational success. Similarly, Objective 2 explored the influence of technology on NHIF's performance, with a majority of respondents recognizing the significant impact of technology assessment on firm performance. The discussion underscores the importance of technology in enhancing operational efficiency and service delivery within NHIF, echoing findings from prior research.

Objective 3 delved into the impacts of human resource planning on NHIF's performance, revealing respondents' recognition of the importance of analyzing employment trends and optimizing workforce development. The discussion highlights the role of human resource planning in aligning organizational objectives with workforce needs, fostering employee productivity, and ultimately enhancing NHIF's performance. Additionally, Objective 4 examined the impact of customer service on NHIF's performance, revealing varied perspectives on the importance of employee training, effective communication, efficiency improvements, staffing levels, and customer treatment. The discussion underscores the complexities involved in meeting customer expectations and the need for NHIF to refine its customer service strategies to align with organizational goals and customer preferences. The regression analysis further validated the relationship between financial strategies, technology, human resource planning, customer service, and NHIF's performance. The high explanatory power of the regression model, confirmed by the analysis of variance, underscores the significance of these factors in shaping NHIF's performance outcomes. The positive relationships between the independent variables and NHIF's performance coefficients highlight the potential for enhancing organizational performance through strategic interventions in financial management, technology utilization, human resource planning, and customer service practices.

5.0 Conclusion and Recommendations

5.1 Conclusions

The analysis highlights the critical role of financial strategies in enhancing the performance of the National Health Insurance Fund (NHIF). The positive perception among respondents indicates the necessity of effective financial planning and risk management. NHIF must adopt a comprehensive approach to financial management, considering diverse perspectives on specific strategies to achieve financial sustainability and optimize resource utilization. Technology is recognized as a fundamental driver of organizational performance. The favorable perception of its impact suggests that NHIF should continue to invest in technological advancements. However, the variability in opinions indicates the need for careful evaluation of technological investments, ensuring technological readiness and stakeholder engagement to maximize the benefits of technology adoption.

Human resource planning is viewed positively, underscoring the importance of strategic workforce management. NHIF should focus on developing tailored human resource strategies that consider workforce demographics, skillsets, and organizational culture. Prioritizing strategic initiatives in human resource planning will strengthen workforce capabilities, improve employee engagement, and enhance overall organizational performance. Customer services are crucial for NHIF’s success, with a positive perception of their impact on performance. Frequent employee training and effective communication strategies are essential to meet customer expectations and industry standards. NHIF should foster a culture of customer-centricity to build loyalty, enhance its reputation, and improve service delivery outcomes.

5.2 Recommendations

Enhance Financial Strategy Development and Implementation: The board of directors and senior management of the National Health Insurance Fund (NHIF) should take the lead in prioritizing the development and implementation of robust financial strategies. They are responsible for overseeing financial planning, risk management, and ensuring alignment with stakeholders on the importance of financial strategies. Invest in Technological Advancements: NHIF's IT department and senior management should spearhead investments in technological advancements. They are responsible for evaluating, selecting, and implementing the latest technological solutions that can streamline operations and improve service delivery to beneficiaries.

Optimize Human Resource Planning: NHIF's Human Resource Department should take the lead in optimizing human resource planning. They are responsible for analyzing employment trends, developing training and development programs for employees, and ensuring that human resource strategies align with the organization's objectives. Prioritize Customer Service Quality: NHIF's customer service department and frontline staff should prioritize the quality of customer service. They are responsible for implementing customer-centric policies, undergoing frequent training, and ensuring a positive customer experience for beneficiaries. Continuously Monitor and Adapt Strategic Management Practices: All stakeholders within NHIF, including board members, senior management, department heads, and frontline staff, should be involved in continuously monitoring and adapting strategic management practices. They are responsible for regularly assessing the effectiveness of financial strategies, technology adoption, human resource planning, and customer service quality and making necessary adjustments to ensure alignment with NHIF's goals and the evolving healthcare landscape.

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