

**INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON
PERFORMANCE OF NATIONAL HEALTH INSURANCE FUND IN
EASTERN REGION, KENYA**

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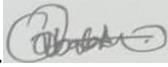
**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
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DECLARATION AND APPROVAL

Student Declaration

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


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Supervisor Approval

I confirm that the work reported in this project was carried out by the candidate under my supervision.

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DEDICATION

This research project is a special dedication to my husband, children, parents and siblings: your unwavering support and love have been my greatest strength.



ACKNOWLEDGEMENT

I would like to express my sincere gratitude to all those who have contributed to the successful completion of this research project. Special thanks to my husband Mr. Wario Wako, my children Diramu, Waqo and Ware for their unwavering support and love. My heartfelt appreciation goes to my parents Mr. Adan and Ms. Hawo for their enduring guidance and prayers. I also extend my gratitude to my siblings Halkano and Hussein for their encouragement and constant moral support, my advisor Dr Peter Simotwo PhD for the invaluable guidance, and Mount Kenya University for providing the necessary resources.



ABSTRACT

The current business environment has forced organizations to ensure strategic management practices to gain a competitive advantage and enhance performance. The National Health Insurance Fund (NHIF) has installed strategic management methods to enhance value addition, deliveries and organizational performance. These steps did not yield results as they ought to, and the results were seen to correlate with them regarding increased comprehensiveness coverage and quality provision of services. This paper discusses how strategic management practices contribute to the performance of NHIF in Kenya, the eastern region. This study's research had specific objectives of finding out how strategic planning practices, strategic designing practices, strategic implementation practices, and practices of strategic evaluation practices determine the performance of NHIF. The current paper was based on the Dynamic Capability Theory, the Theory of Management by Objectives and the Congruence Model Theory, which assisted in analyzing the variables of concern. The study used a longitudinal descriptive research design, which is suitable for researching the activity of a particular organization. The experiment was conducted among 64 workers in various East Region NHIF office departments, including human resources, research and development, marketing, and financial departments. A census of the departments was distributed to all the 64 employees who were respondents. Secondary sources and primary sources of data have been employed. Structured and close-ended questionnaires of a 5-point Likert scale of the primary-source data were used. Before the study, the questionnaire was piloted to gain validity and reliability of the research tool on the six respondents of the NHIF office in Nanyuki within the County of Laikipia. Data analysis was provided with descriptive and inferential statistics and demonstrated in tables and graphs. The findings showed that all four strategic management practices positively and significantly affected the performance of NHIF. Strategic planning showed a moderate positive correlation with performance ($r = 0.424$; $\beta = 0.258$, $p < 0.001$), indicating that structured environmental scanning, goal setting, and alignment with national health priorities enhanced strategic alignment and effectiveness. Strategic formulation was also significantly associated with performance ($r = 0.349$; $\beta = 0.245$, $p < 0.001$), emphasizing the importance of participatory policy development and alignment with NHIF's mission and vision. The study concluded that strategic management practices collectively foster performance improvements in NHIF. However, implementation was identified as the most influential determinant, suggesting that effective execution mechanisms are indispensable to achieving strategic objectives. While planning, formulation, and evaluation practices were positively rated, areas such as inclusivity, interdepartmental communication, and real-time data feedback required improvement. Based on the findings, several recommendations were proposed. First, NHIF should enhance strategic evaluation mechanisms by investing in digital performance dashboards and real-time analytics to enable adaptive management. Second, execution excellence should be prioritized by strengthening resource tracking and implementation accountability frameworks. Lastly, the organization should institutionalize participatory strategy development, particularly by engaging county-level staff, to improve ownership, coherence, and contextual relevance of strategic plans.

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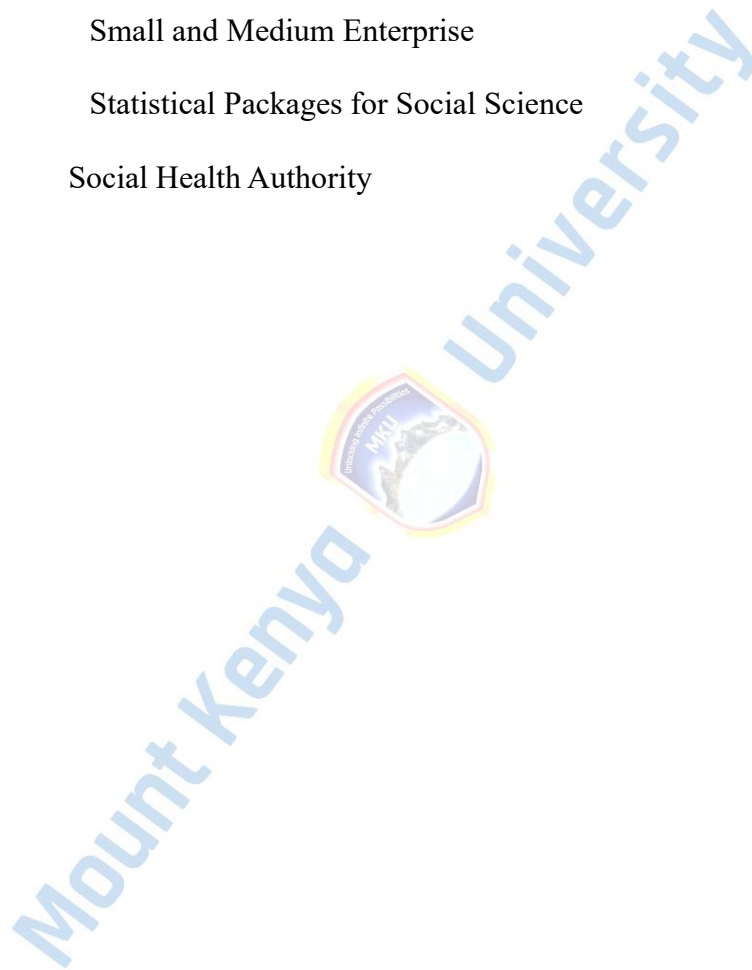
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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	:	Analysis of Variance
MBO	:	Management by Objectives
NHIF	:	National Health Insurance Funds
PESTEL	:	Political, Economic, Sociological, Technological, Legal and Environmental
SME	:	Small and Medium Enterprise
SPSS	:	Statistical Packages for Social Science
SHA	:	Social Health Authority



CHAPTER ONE

INTRODUCTION

Chapter One introduces the background, problem statement, research objectives, and significance of the study. It outlines the context of the research, highlighting the issues with NHIF's strategic management practices and their impact on organizational performance, particularly in Kenya's Eastern Region.

1.1 Background to the Study

In today's rapidly changing corporate landscape, businesses are compelled to adopt strategic management practices that enhance performance and deliver a competitive edge. Several critical areas have been recognized as essential in driving this improvement. At the core of this is the strategic management approach adopted by an organization, a discipline primarily driven by top-level executives. Strategy refers to the long-term direction and scope of a company's operations, aimed at securing a competitive position in an evolving market through effective resource allocation and by addressing stakeholder needs (Gure & Karugu, 2018).

A strategy ensures the realization of a company's long-term goals and objectives by determining appropriate actions and allocating resources necessary to achieve them (Grant, 2021). As the business environment continues to evolve swiftly, it is imperative that the strategies organizations employ remain adaptable, allowing them to respond effectively to ongoing changes and maintain their relevance in the marketplace.

Any organization requires a strong strategic management ability to succeed because it has to project a long-range vision coupled with a shorter-range vision in tandem with its internal and external environments, which are both dynamic (Abdi, 2020). No organization is capable of operating independently; its strategy is determined by the

balance between internal forces and external ones. Changes in societal needs, political developments, international relations, economic trends, and public expectations can significantly impact the balance between program obligations and resource requirements. To navigate these shifts successfully, organizations must possess robust strategic management capabilities that enable them to anticipate and respond to evolving conditions.

1.1.1 Firm Performance

The effectiveness and efficiency of any business are determined by the outcomes of its completed activities. In academic literature, two primary methods of performance management are highlighted: financial (or "sales-based") and non-financial (or "firm-based"). Financial performance is typically evaluated using metrics such as profitability, sales growth, revenue, productivity, market share, value added to products, and return on investment. Conversely, non-financial performance is gauged through factors like customer satisfaction, employee development, job satisfaction, and the effectiveness of internal processes (Kang et al., 2022).

Firm performance refers to a deliberate, strategic, and integrated approach aimed at ensuring sustained organizational success. This involves enhancing employee engagement and building individual and team capabilities. Strategic planning focuses on broader business challenges and the attainment of both short-term and long-term goals. An integrated approach to sustaining success includes vertical integration, functional coordination, alignment of human resources, and harmonizing corporate and individual objectives (Muntahanah et al., 2021).

Hamann and Schiemann (2021) describe performance as encompassing three interconnected organizational dimensions: financial performance (such as return on

investment and assets), product market performance (including sales and market share), and shareholder value (like economic value added). This comprehensive definition highlights value creation as the core purpose of any organization. In essence, stakeholders—whether they contribute capital or human resources—will continue to support the organization only if the value they receive is comparable to or greater than what they could obtain elsewhere (DeNisi & Smith, 2015; Willis, 2018). If the value generated does not meet expectations, these resources will be withdrawn, ultimately leading to the organization's decline or dissolution (Louca, Petrou, & Procopiou, 2020). According to Mugo (2014), value creation—as perceived by the providers of resources—generally serves as a benchmark for assessing an organization's overall performance. As such, evaluating organizational performance involves examining the value generated by the organization in relation to the resources invested. Moreover, different stakeholders within the organization may define valuable performance based on their unique goals and expectations. These diverse interpretations necessitate that researchers adopt a perspective on performance that aligns with the specific focus of their study (De Waal, 2013). Therefore, it is essential to align performance assessment with the context under investigation, such as the operational environment of the NHIF.

Consequently, many scholars agree that organizational performance is inherently multi-dimensional (Shields et al., 2015; Kaplan & Atkinson, 2015). However, limited empirical research has been conducted to validate the applicability of these multi-dimensional performance models across various contexts (Lacerda et al., 2014). It is thus important for performance measurement models to consider the extent to which variables can be generalized, in order to fully capture the complex nature of performance. This study aims to explore how strategic management practices impact the performance of the National Health Insurance Fund in Kenya's Eastern region.

1.1.2 Strategic Management Practices

The concept of strategic management establishes the mission of a given organization and the initiatives and activities that must be undertaken to accomplish the goals. It also involves managerial actions and decisions determining the business's long-term effectiveness. It is where the process of developing and implementing plans that balance the organization with its external environment to achieve established objectives occurs. Strategic management is a guiding model, especially for sustainability-focused organizations. Organizations of this type develop their plans in response to environmental issues, adopting sustainable values and responding to the ecological interests of stakeholders (Hristov, Appolloni & Chirico, 2022). The connection between business strategy and performance has already been established, with noticeable differences resulting in desirable versus undesirable performance results (Buenechea-Elberdin, Sanz & Kianto, 2018).

Implementing strategic management significantly enhances the likelihood of success and supports the fulfillment of stakeholder expectations. High-performance strategies are linked to industry-specific key success factors—activities that consistently lead to superior outcomes. These factors include maintaining product quality, improving offerings, driving innovation in operational technology, and exploring new market opportunities (Bryson, 2018). Additionally, effective strategies often emphasize customer service, broad marketing efforts, and the use of external funding (White, 2017). Strategic management is an ongoing cycle of assessing and guiding the organization and its initiatives, evaluating competition, setting goals, and developing strategies to compete effectively. This process also requires regular review and adjustment to respond to shifts in competition, market conditions, economic trends, and broader societal or political changes (Meresa, 2019).

Strategic management involves a series of decisions and actions that influence an organization's long-term trajectory. The process consists of strategy formulation, implementation, evaluation, and control (Tolici, 2021). From a practice-based perspective, strategic management focuses on the micro-level activities through which actual strategizing occurs, shaped by shared practices and interactions (Kabeyi, 2019). This view considers strategic actions as patterns of human activity grounded in shared understandings and tangible elements (Schatzki, 2001). Strategic decisions enable firms to lower operational costs, react assertively to competition, deliver exceptional value to customers, and accelerate technological innovation (Kibicho, 2015). Strategic management practices are increasingly crucial in public organizations that provide essential services. In NHIF it plays a central role in service delivery, improving efficiency and ensuring sustainability in healthcare financing. This study aims to investigate how strategic management practices influence the performance of the National Hospital Insurance Fund.

1.1.3 The National Health Insurance Fund

The National Health Insurance Fund (NHIF) was established in 1966 under Cap 255 of the Laws of Kenya by the Ministry of Health, initially aimed at providing medical insurance exclusively to formally employed individuals (NHIF, 2015). In 1972, its coverage was expanded to include those working in the informal sector. The NHIF transitioned into a state corporation in 1998 following the enactment of the NHIF Act No. 9 of 1998. During the 1990s, the contribution system was revised to introduce a graduated scale, setting a cap on contributions for salaries up to KES 15,000. As of recent updates, monthly NHIF contributions range between KSh. 500 and KSh. 1,700 (NHIF, 2015).

The reforms introduced through the NHIF Act of 1998 brought about substantial enhancements to the healthcare services offered by the NHIF. One of the key changes was the shift from a fixed daily bed rate to a cost-based payment model. The healthcare package was also expanded to include outpatient services, consultations, and diagnostic tests. Additionally, coverage was extended to health centers and lower-tier medical facilities, thereby increasing accessibility and improving the overall quality of healthcare (NHIF, 2015). The state corporation has since adopted various strategic initiatives focusing on quality assurance, maximizing member benefits, cost control, financial restructuring, innovation in healthcare products, integrated communication strategies, market expansion, and achieving operational efficiency (Njue & Ongoto, 2018).

The Kenya Vision 2030 recognized social health insurance as a key component in realizing universal health coverage. To this effect, the government has been keen to provide reforms in the National Hospital Insurance Fund (NHIF) to make it a major facilitator towards achieving universal health coverage. Since 2013, structural changes have been made in NHIF to improve its effectiveness and responsiveness toward the demands of its consumers (NHIF, 2018). Based on the mission of NHIF to promote coverage of universal health by providing affordable, accessible, sustainable, and high-quality health insurance using a strategy of pooling resources of the stakeholders and coordinated procurement of healthcare services, the government has been campaigning these reforms since 2013 to enhance the role of NHIF in achieving the universal healthcare objective.

NHIF has set proper recruitment mechanisms, which have led to the constant rise in membership in both formal and informal sectors. By the end of the financial year 2017/18, NHIF had a membership of 7.6 million, covering a population of about 27.2 million Kenyan citizens, or more than fifty percent. The 3rd Medium Term Plan (2018-

2022) established a target to ensure that more than seventy per cent of all people have health insurance (Republic of Kenya, 2018). However, a 2020 strategic report by Deloitte showed that NHIF had yet to accomplish its desired goals (Deloitte, 2020) fully. The report indicated that there has been a disconnection between the corporate, functional and individual performance levels in the organization. It suggested using such a paradigm of the management of internal changes as the congruence model, which implied that the state corporation should perform better in general, thanks to the implementation of the congruence model. In 2023 the NHIF Act was repealed and replaced by Social Health Insurance Act, 2023 that introduced major reforms. It is important to acknowledge the ongoing transition to Social Health Authority (SHA). At the time of this study, the transition was still in progress and NHIF was working under a hybrid arrangement whereby former NHIF staff were still in office and actively engaged in operations.

1.2 Statement of the Problem

The National Health Insurance Fund (NHIF) has implemented various strategic management practices aimed at enhancing overall organizational performance and service efficiency. However, NHIF continues to face significant challenges in delivering of efficient and effective health insurance services across Kenya, despite adopting various strategic management practices. These persistent issues include inconsistent service delivery, administrative inefficiencies and limited coverage. The strategic management practices initiatives have not yielded the expected results, and the reasons behind this lack of success remain unclear. While strategic management approaches like strategic planning and formulation are widely advocated for improving organizational performance, there is limited research that demonstrates their effectiveness, particularly in relation to NHIF's role in the Kenyan healthcare system (Chemjor, 2015; Ochodo,

Oloko & Yabs, 2020). The NHIF, as the primary provider of affordable medical insurance in Kenya, has not yet achieved comprehensive coverage across the country's forty-seven counties, highlighting a significant gap in its service provision.

Currently, NHIF's membership enrollment stands at 4.5 million people, representing only 11% of Kenya's population. While the coverage for the formal sector is nearly universal at 99%, the informal sector, which makes up over 80% of Kenya's workforce, is significantly underrepresented, with only 26% coverage (USAID, 2016). These figures indicate a low and unsatisfactory performance, falling far short of public expectations. Previous studies have identified several issues impacting NHIF's performance, including delays in service delivery, a low success rate in strategy implementation, insufficient technical expertise in leadership, misappropriation of funds, ineffective resource management, and a lack of clear objectives and measurable indicators (Gitahi, 2015). These challenges suggest deep-seated structural and strategic issues within NHIF that hinder its effectiveness.

While various studies have investigated the influence of strategic management practices on organizational performance across different sectors, none have directly examined their impact on the performance of NHIF. For example, Daudi and Mbugua (2018) analyzed the role of strategic management in the performance of transport-based Savings and Credit Cooperative Societies in Nairobi County, while Kariithi and Ragui (2018) explored strategy implementation in Nairobi's Huduma Centers. Despite these insights, the fundamental aspects of strategic planning have yet to be explicitly connected to NHIF's organizational outcomes. This study, therefore, aims to address this gap by assessing how strategic management practices affect the performance of NHIF in Kenya's Eastern Region.

1.3 Purpose of the Study

The general objective of the study was to determine the influence of strategic management practices on performance of National Health Insurance Fund in Eastern Region, Kenya.

1.3.1 Specific Objectives

The specific objectives of the study were:

- i. To assess the influence of strategic planning practices on performance of NHIF in Eastern Region, Kenya.
- ii. To assess the influence of strategic formulation practices on performance of NHIF in Eastern Region, Kenya.
- iii. To assess the influence of strategic implementation practices on performance at NHIF in Eastern Region, Kenya.
- iv. To assess the influence of strategic evaluation practices on performance of NHIF in Eastern Region, Kenya.

1.4 Research Questions

The study sought to answer the following research questions.

- i. What is the influence of strategic planning practices on performance of NHIF in Eastern Region, Kenya?
- ii. What is the influence of strategic formulation practices on performance of NHIF in Eastern Region, Kenya?
- iii. What is the influence of strategic implementation practices on performance at NHIF in Eastern Region, Kenya?
- iv. What is the influence of strategic evaluation practices on performance of NHIF in Eastern Region, Kenya?

1.5 Significance of the Study

The findings of this study have the potential to offer valuable insights to the health insurance sector, particularly in regard to the application of strategic management practices to navigate the sector's evolving challenges. For NHIF specifically, embracing strategic management could prove highly beneficial—especially if the study's results validate their current approaches. The insights gained may guide the development of informed policies that accelerate implementation, especially in light of the expanding membership base, which brings with it diverse and evolving needs that require agile responses from the fund.

Likewise, private health insurance providers may also find the study's outcomes relevant, as the demographic profile of policyholders across the country remains relatively consistent. This implies that the challenges NHIF faces—especially in terms of rising demand for healthcare services—are likely shared across the industry. With the growing prevalence of chronic lifestyle-related illnesses, it becomes even more critical for health insurers to adopt strategic management practices that enhance performance and enable them to deliver improved services to their clients.

For scholars and future researchers, this study contributes to a relatively underexplored area—examining the relationship between strategic management and organizational performance. It not only broadens the academic understanding of this topic but also enriches the existing literature base on strategic management in the health insurance context.

1.6 Scope of the Study

The research was conducted in the NHIF Eastern Region offices, which will also conduct the study in Meru, Tharaka Nithi, Embu, and Isiolo counties. It majored in some of the essential practices of strategic management- namely strategic planning, strategy formation, strategy implementation and strategic assessment and their effect on the organization's performance. A total of 64 NHIF employees based in the mentioned counties were selected as a target population, and the performance trends were evaluated within five years between 2018 and 2023 when a considerable number of strategic initiatives were implemented to make the organization more effective.

1.7 Limitations of the Study

The study expected a few limitations. Among the elevator factors was the written closed-ended questions used by the data collection tool, which could have limited the respondents to share their views freely. To eliminate this, the researcher ensured that the survey was well structured to effectively pick up the salient features regarding the accounts of strategic management practices and the impact it had on the performance of the National health insurance fund.

The other shortcoming was a few participants' unwillingness to use the study because they feared their bosses would take punitive actions against them. To counter this, the researcher made the promises of anonymity and confidentiality very clear and pointed out that all the responses would receive discreet treatment. Moreover, the required permission and ethical reviews were acquired before gathering the data to make the research procedure reliable without difficulties.

1.8 Delimitation of the Study

The research was restricted to NHIF branches and facilities in the Eastern Region of Kenya; this may also be a limiting factor in the generalization of findings to other regions. It analyzed the performance of organizations over five years, and this will not indicate entirely the long-term changes or trends in the practice of strategic management. Moreover, the study was limited to 64 NHIF employees of the Eastern Region since the researcher had resource constraints. The study places emphasis on the four primary areas of strategic management, namely strategic planning, formulation, implementation and evaluation, instead of looking into every possible aspect that may influence the organization's performance.

1.8 Assumptions of the Study

The study was guided by several foundational assumptions. First, it was assumed that strategic management practices were implemented consistently across NHIF branches in the Eastern Region. This consistency was essential to ensure that any variations in performance could be linked to the effectiveness of these practices rather than inconsistencies in their application. Additionally, the study presumed the availability of accurate and reliable data on NHIF's management practices and performance indicators. Access to dependable data was deemed critical for conducting a valid analysis and drawing credible conclusions. It was also assumed that NHIF maintained thorough records and that these were accessible for research purposes.

Furthermore, the study relied on the assumption that respondents provided honest and impartial responses during the data collection process. Such honesty was vital for accurately assessing the impact of management practices on performance. Lastly, the research assumed a direct and measurable relationship between strategic management

practices and organizational performance, consistent with the underlying theoretical framework that effective management practices enhance performance outcomes.



1.9 Operational Definition of Key Terms

Culture: Refers to the beliefs, values, and unwritten rules that influence the behavior, attitudes, and interactions of individuals within an organization. It shapes how employees relate to each other and approach their work.

Organizational Structure: Describes the systems, processes, procedures, and frameworks that govern how an organization operates. This structure can range from being simple and flexible to rigid and hierarchical, depending on the organization's design and goals.

Congruence Model: A framework used to transform an organization's inputs—such as strategy, resources, and the external environment—into desired performance outcomes. It achieves this by aligning key organizational components: critical tasks, people, structure, and culture. The greater the alignment (or congruence) among these elements, the higher the organization's performance.

Quality Improvement: A systematic and continuous process aimed at making incremental and significant enhancements to existing practices, with the goal of improving overall organizational performance.

Strategic Planning: A structured process undertaken to define a series of actions and steps aimed at achieving an organization's goals and objectives. It serves as a management tool that helps translate an organization's vision into practical, actionable outcomes.

Strategic Management Practices: Encompasses the various methods and approaches an organization employs to achieve its objectives. These include strategic planning, strategy formulation, implementation, and evaluation. Together, these practices guide strategic analysis, decision-making, and execution.

Strategic formulation: The creative process where leadership develops the organization's future direction through environmental analysis and goal-setting. We'll review NHIF's stakeholder workshop minutes and strategy approval documents to understand their formulation process.

Strategic implementation: The hands-on process of putting plans into action through resource allocation and staff coordination. This involves budgeting, team assignments, and operational adjustments to execute the strategy. Our research will analyze NHIF's project timelines and resource deployment records from 2018-2023.

Strategic evaluation: The systematic review process that measures how well implemented strategies perform against original goals. This identifies successes, shortfalls, and needed improvements. We'll assess NHIF's performance audit reports and beneficiary feedback surveys for this evaluation.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a comprehensive review of existing literature related to strategic management practices and organizational performance. The literature review is organized around the study's primary research questions and key variables. Within the theoretical framework, the chapter explores relevant theories and prior research that examine the relationship between strategic management practices and organizational

performance. Furthermore, it highlights empirical gaps in existing studies, identifying areas where previous research has fallen short—gaps that the current study seeks to address. The chapter concludes by presenting a conceptual framework and offering a summary of the reviewed literature.

2.1 Theoretical Literature Review

The study was grounded in three theoretical frameworks: Dynamic Capability Theory, Management by Objectives Theory, and the Congruence Model. These theories provided a foundation for supporting and explaining the study's key variables.

2.1.1 Dynamic Capability Theory

Dynamic Capability Theory, originally developed by David Teece and Gary Pisano in the 1990s, provides a vital lens through which organizations can understand how to adapt, integrate, and reconfigure internal and external competencies in response to rapidly changing environments. Rooted in the resource-based view (RBV) of the firm, dynamic capabilities go beyond the mere possession of valuable resources. Instead, they emphasize an organization's ability to continually renew and orchestrate its resource base to achieve and sustain competitive advantage in volatile markets (Teece, Peteraf, & Leih, 2016). The central proposition of the theory is that in dynamic and uncertain environments, organizational success is not solely determined by having strategic resources, but by the capacity to deploy them effectively through dynamic managerial and organizational processes (Teece, 2018).

This theory is built on three primary components: the ability to sense opportunities and threats, the capacity to seize them, and the skill to transform and reconfigure the organization's assets to maintain competitiveness (Teece, 2020). The "sensing" capability involves scanning, creating, learning, and interpreting environmental trends. "Seizing" refers to mobilizing resources to address opportunities and threats, which may

involve making investments in new products, services, or business models. Lastly, “transforming” emphasizes the continuous renewal of an organization’s resources, structures, and operational routines. These three dimensions work interdependently, enabling an organization to evolve in step with a turbulent market.

The theory has garnered significant empirical support in recent literature. For example, Protogerou, Caloghirou, and Lioukas (2017) demonstrated through survey-based research that dynamic capabilities positively influence firm performance by enabling continuous innovation and market responsiveness. In healthcare and public sector organizations, where regulatory, demographic, and technological forces are constantly shifting, dynamic capabilities have been recognized as essential in driving service efficiency and strategic transformation (Pezeshkan et al., 2016; Shams et al., 2021).

More recent studies reinforce the relevance of dynamic capabilities in complex sectors like health insurance. For instance, Warner and Wäger (2019) explored how firms dynamically align strategic innovation with rapidly evolving environments, concluding that organizations with strong dynamic capabilities are better at maintaining strategic coherence and achieving superior performance outcomes. Similarly, Amankwah-Amoah, Khan, and Wood (2021) noted that in public and semi-public sectors, such as national insurance schemes, dynamic capabilities facilitate agility, adaptability, and strategic renewal in response to citizen demands and fiscal constraints.

In the Kenyan context, dynamic capabilities are increasingly recognized as instrumental in navigating public service challenges. Gakure and Wanjira (2022) emphasized the importance of dynamic managerial capabilities in enabling public institutions to reorient their strategies toward citizen-centric service delivery. The ability to rapidly realign strategic intent with changing political, economic, and societal expectations is particularly crucial in Kenya’s healthcare sector, where Universal Health Coverage

(UHC) goals impose high performance demands on institutions like the National Health Insurance Fund (NHIF).

The concept of dynamic capabilities is especially relevant when dealing with public institutions tasked with delivering health insurance to diverse and often underserved populations. NHIF operates in a complex environment shaped by evolving health policy frameworks, budgetary limitations, demographic shifts, technological disruptions, and stakeholder scrutiny. In such a context, static strategies are insufficient. NHIF must continually adapt its strategic management processes—planning, formulation, implementation, and evaluation—to remain effective, efficient, and equitable. The ability to sense emerging health needs, design responsive strategies, and reconfigure operations in real-time directly influences the fund's ability to meet its mandate under Kenya's Vision 2030 and the UHC agenda (NHIF, 2018).

Recent literature by Njoroge and Wambua (2023) underscores this point, asserting that dynamic capabilities within NHIF, such as digital transformation, stakeholder engagement, and decentralized service delivery, have a statistically significant relationship with service performance outcomes. These capabilities enable NHIF to navigate policy uncertainty, customer diversity, and infrastructural disparities across counties. Furthermore, the use of dynamic capabilities at NHIF can foster a learning-oriented culture that supports continuous improvement and alignment with national health goals.

The dynamic capability theory also emphasizes that capabilities are path-dependent and embedded in organizational processes, routines, and leadership behaviors (Teece, 2020). This implies that NHIF's historical strategies, institutional knowledge, and legacy systems influence its current capacity to change. As such, efforts to enhance performance must include deliberate capability-building initiatives that strengthen human capital,

digital infrastructure, and decision-making agility. Research by Koskei and Mutua (2021) confirms that NHIF's operational success in Eastern Kenya is closely tied to its ability to leverage internal learning mechanisms, monitor external health trends, and coordinate resources across county branches.

Critically, dynamic capabilities must be developed and sustained over time—they are not automatic outcomes of resource possession. Organizations must invest in leadership training, cross-functional integration, innovation systems, and strategic foresight tools to build and reinforce these capabilities (Pezeshkan et al., 2016). For NHIF, this means equipping its workforce with the skills to adapt to policy shifts, employ data-driven decision-making, and co-create services with stakeholders such as healthcare providers, government agencies, and beneficiaries.

The application of dynamic capability theory in this study provides a robust theoretical foundation for examining how NHIF's strategic management practices influence organizational performance. The study—focused on strategic planning, formulation, implementation, and evaluation—aligns closely with the theory's core constructs. Each of these strategic management practices represents an operational manifestation of dynamic capabilities: planning enables sensing, formulation reflects seizing, and implementation and evaluation embody transformation and reconfiguration. For example, strategic planning at NHIF entails scanning health trends, interpreting policy changes, and identifying population needs—hallmarks of the sensing capability. Formulation and implementation involve decisions about how best to allocate resources, align institutional priorities, and respond to market demands, illustrating the seizing dimension. Evaluation ensures that strategies are continuously refined and realigned in response to performance feedback and environmental changes, demonstrating the transformation aspect.

2.1.2 Management by Objectives

Management by Objectives (MBO) is a performance management approach that emphasizes the alignment of organizational goals with individual employee objectives through participatory goal-setting, continuous monitoring, and performance evaluation. Originally introduced by Peter F. Drucker in his seminal work *The Practice of Management* (1954), the theory advocates for a systematic and results-driven management style that enhances organizational effectiveness by ensuring that all efforts within the organization are directed toward the achievement of clearly defined objectives. Although the core concept of MBO was developed over seven decades ago, its relevance has persisted and evolved, especially in light of modern organizational demands for performance accountability, transparency, and adaptability (Islami, Mustafa, & Gashi, 2018). In essence, MBO transforms strategic plans into operational goals, making it an ideal framework for institutions aiming to improve performance in complex and dynamic environments.

At its core, Management by Objectives is grounded in four fundamental principles: participative goal setting, measurable goal definition, continuous feedback, and performance evaluation. These principles work together to enhance motivation, clarify expectations, and facilitate alignment between individual responsibilities and broader organizational aspirations. Participative goal-setting ensures that employees are actively involved in defining their own performance targets, which fosters ownership, accountability, and intrinsic motivation. Measurable objectives, often structured using SMART criteria—Specific, Measurable, Achievable, Realistic, and Time-bound—enable both employees and managers to track progress and make data-informed decisions (Rodrigues, Pacheco, & Dutra, 2020). Furthermore, the emphasis on periodic reviews

and continuous feedback allows for agile responses to changing circumstances, helping organizations maintain strategic focus while adapting to emerging challenges.

Recent literature affirms the ongoing utility of the MBO framework in public and private sector institutions. For example, Chattopadhyay and Dutta (2019) argue that MBO serves as a catalyst for enhancing employee engagement and performance through its structured yet flexible approach. Their empirical study in the Indian public sector revealed that departments utilizing MBO reported higher efficiency levels, greater interdepartmental coordination, and improved employee morale. Similarly, Agyemang and Osei-Tutu (2021) conducted a performance-based study in Ghana's healthcare sector and found that MBO practices led to better goal clarity, staff involvement in decision-making, and improved service delivery outcomes. These findings reinforce the theory's practical value across diverse organizational contexts, especially where alignment between policy and practice is critical.

In public institutions, where accountability and service effectiveness are paramount, MBO facilitates a culture of transparency and results-based management. It empowers employees to understand how their daily tasks contribute to the realization of institutional missions and visions. This clarity not only improves motivation but also minimizes role ambiguity and duplication of efforts. Moreover, MBO allows managers to delegate authority while retaining control through performance monitoring and review mechanisms. This balance of autonomy and oversight is particularly relevant in bureaucratic institutions such as national health funds or government service agencies, where both compliance and innovation must coexist.

A distinguishing feature of MBO is its adaptability to hierarchical structures, enabling cascading goals from top management to frontline employees. This ensures vertical alignment of strategic priorities, which is crucial for achieving coherence across

organizational levels. Studies by Karia and Asaari (2022) have shown that when MBO is implemented effectively, it enhances internal communication, improves decision-making, and creates a shared vision across departments. Their findings suggest that MBO can reduce operational inefficiencies and foster a culture of performance excellence, particularly in service-oriented institutions that must balance cost control with quality delivery.

The integration of performance appraisal systems into the MBO framework also enhances accountability and objective evaluation. Rather than relying solely on subjective assessments, MBO uses pre-agreed goals as the benchmark for performance review. Employees are thus evaluated not just on effort but on output, which incentivizes productivity and results orientation. Furthermore, when performance outcomes are linked to rewards, such as promotions or professional development opportunities, MBO fosters a merit-based culture that enhances organizational morale and competitiveness (Hamzah, Othman, & Hussin, 2018).

Despite its strengths, MBO is not without limitations. Its success largely depends on management commitment, effective communication, and organizational readiness for cultural change. Resistance from employees, poor goal formulation, and lack of consistent monitoring can undermine its effectiveness. However, these challenges are not intrinsic flaws of the theory itself but rather issues related to implementation fidelity. Contemporary applications of MBO often incorporate digital performance management tools, real-time analytics, and employee feedback systems to overcome these barriers (Wang, Lin, & Tsai, 2020). As such, modern adaptations of MBO are better suited to address the complexities of today's organizational landscapes.

The link between Management by Objectives and the current study—*Influence of Strategic Management Practices on Performance of the National Health Insurance Fund*

in Eastern Region, Kenya—is particularly strong. NHIF, as a public institution operating in a dynamic health sector, must demonstrate measurable improvements in service delivery, financial sustainability, and customer satisfaction. The MBO theory provides a conceptual framework for evaluating how strategic planning, formulation, implementation, and evaluation practices translate into performance outcomes. For instance, strategic planning within NHIF can be framed as a goal-setting exercise that aligns organizational vision with operational activities. In this context, MBO ensures that each department within NHIF, from finance to service delivery, sets measurable objectives that support the fund's broader mandate of achieving Universal Health Coverage in Kenya.

Moreover, the participative nature of MBO aligns with the study's emphasis on involving employees across various levels in strategic management processes. This is especially relevant given the findings that NHIF employees in Eastern Kenya perceive variable levels of involvement in planning and implementation efforts. By adopting an MBO-based approach, NHIF can institutionalize participatory management, enhance staff commitment, and ensure that strategic goals are owned at all levels. The emphasis on regular feedback and performance review within MBO also supports NHIF's need for robust monitoring and evaluation mechanisms, as highlighted in the study's objectives. This feedback loop allows the fund to identify bottlenecks in implementation, adjust strategies in real time, and enhance overall efficiency.

Additionally, MBO's focus on clearly defined objectives and performance metrics aligns with the dependent variable in the study—organizational performance. NHIF's performance indicators such as customer satisfaction, timely payment processing, quality of service, and membership growth can be directly linked to individual and departmental objectives through an MBO framework. As such, the theory supports a practical and

theoretically grounded approach for examining how strategic management practices impact NHIF's operational success.

2.1.3 Congruence Model Theory

The Congruence Model Theory, developed by David Nadler and Michael Tushman in the early 1980s, provides a comprehensive framework for understanding organizational effectiveness by examining the alignment—or congruence—between critical components of an organization: tasks, people, structure, and culture. According to Nadler and Tushman, organizational performance is the result of how well these elements fit together, and misalignment among them often leads to reduced efficiency, communication breakdowns, and underperformance (Nadler & Tushman, 1983). The model proposes that organizations function as open systems that are influenced by both internal dynamics and external environmental factors. Therefore, to achieve high levels of performance, organizations must ensure that their internal components are not only effective in isolation but are also harmoniously aligned with each other and with external demands.

At the core of the Congruence Model is the belief that no component within an organization operates in isolation. For instance, the nature of tasks performed by employees must match their skillsets, while the organizational structure must support both the workflow and cultural values shared within the institution. When tasks, people, structure, and culture are mutually reinforcing, the organization is likely to achieve higher performance outcomes. The model also emphasizes the need for continuous monitoring and adjustment, as external conditions—such as market dynamics, technological advancements, or policy shifts—can alter the effectiveness of previously congruent systems (Rothaermel, 2021). Therefore, organizational leaders must

frequently assess and realign these components to maintain strategic fit and operational efficiency.

Modern interpretations of the Congruence Model extend its application to various sectors, including healthcare, education, public administration, and corporate enterprises. Research by Çakar and Ertürk (2020) validated the model's usefulness in the healthcare sector by demonstrating that alignment between hospital tasks, clinical staff capabilities, governance structures, and professional culture significantly enhanced service quality and patient satisfaction. Similarly, a study by Abid et al. (2021) applying the model in higher education settings found that congruence between administrative systems, academic roles, and institutional values improved faculty morale and student learning outcomes. These findings highlight the model's flexibility and relevance in understanding and improving performance in complex and multifaceted organizational environments.

In addition to its diagnostic value, the Congruence Model serves as a prescriptive tool for organizational change. It enables leaders to identify misaligned components and assess their impact on overall performance. For example, if a strategy change is introduced without adjusting the organizational culture to support it, resistance from employees may result, hindering implementation success. Conversely, when an organization introduces a new customer relationship management system (task) but fails to train its staff (people) or adapt its reporting lines (structure), inefficiencies and frustration are likely to occur. The model thus promotes a holistic approach to change management, ensuring that adjustments in one area are matched with appropriate changes in others to sustain coherence and effectiveness.

One of the unique strengths of the Congruence Model is its capacity to incorporate both hard and soft elements of organizational life. While tasks and structures represent

tangible, procedural elements, people and culture capture psychological and relational dynamics. This dual focus enables a balanced analysis that appreciates not only workflow design but also motivation, values, and interpersonal behavior (Kaplan & Norton, 2017). The model's attention to cultural dynamics is particularly relevant in public institutions, where shared norms, values, and political considerations often shape decision-making and performance outcomes more than technical processes alone.

The model also allows organizations to differentiate between inputs, throughputs, and outputs. Inputs refer to the environmental context, available resources, and historical background of the organization. These feed into the organizational system—composed of the four core components—whose interaction produces specific outputs such as services, revenue, customer satisfaction, or employee engagement. The model asserts that achieving congruence within the system enhances the quality and sustainability of outputs. More importantly, it underscores the need to consider feedback loops, where performance results are continuously used to reassess and refine the internal configuration of the organization (Yukl & Gardner, 2020).

Recent advancements in strategic management literature continue to underscore the relevance of the Congruence Model. For instance, Matarazzo et al. (2020) explored its use in digital transformation initiatives, demonstrating that congruence among digital tools (task), employee skills (people), agile teams (structure), and innovation culture (culture) was critical to successful technological integration in service-oriented organizations. This insight is particularly valuable for organizations operating in environments where rapid change demands synchronized adaptation across multiple organizational dimensions.

In the public health insurance sector, where organizational performance depends on effective coordination of administrative functions, client-facing services, resource

allocation, and policy compliance, the Congruence Model offers a practical framework for performance optimization. Specifically, it supports the diagnosis of organizational challenges by enabling leaders to trace performance deficiencies back to misalignments among tasks, staff competencies, operational structures, and organizational culture. The model's comprehensive view makes it an especially powerful tool for understanding the complexity inherent in large-scale service institutions like national health insurance bodies.

The relevance of the Congruence Model Theory to the current study—*Influence of Strategic Management Practices on Performance of the National Health Insurance Fund in Eastern Region, Kenya*—is both direct and compelling. NHIF, as a public institution responsible for delivering health insurance services to millions of Kenyans, operates in a multifaceted environment influenced by government policy, citizen expectations, fiscal limitations, and technological innovation. The study investigates how strategic management practices—namely strategic planning, formulation, implementation, and evaluation—affect NHIF's performance. These practices, as outlined in the study, require coordination and alignment across various components of the organization to be effective. Here, the Congruence Model becomes an invaluable theoretical lens.

For instance, strategic planning involves defining tasks and goals that must be operationalized by staff. If the tasks articulated in NHIF's strategic plans do not match the competencies of its workforce (people), or if the hierarchical structure does not facilitate clear communication and execution (structure), performance is likely to falter. Similarly, a misalignment between NHIF's culture—such as attitudes toward accountability or innovation—and the expectations embedded in new strategies could undermine change initiatives. The Congruence Model emphasizes that successful implementation of strategic management practices depends on ensuring that all these

elements are harmonized. This aligns precisely with the study's focus on understanding how internal management practices contribute to external performance metrics such as customer satisfaction, quality of service, and operational efficiency.

Furthermore, NHIF's strategic evaluation processes must assess not only whether outcomes have been achieved, but also whether the internal systems are congruent. This means evaluating whether the people implementing the strategies have the right skills and whether the organizational culture supports strategic goals. Using the Congruence Model, NHIF can develop a diagnostic approach to assess why certain strategies succeed while others fail, not by looking only at external barriers, but by focusing on internal misalignments that might inhibit effective execution.

2.2 Empirical Literature Review

2.2.1 Strategic Planning Practices and Performance

Strategic planning practices are structured processes organizations use to define their direction, establish goals, and develop plans to achieve these goals. These practices encompass a range of steps and methodologies aimed at ensuring that resources are utilized effectively and aligned with long-term organizational objectives. Ngetha (2019) conducted a study on strategic planning, planning outcomes, and organizational performance, finding a significant and positive relationship between the seven elements of strategic planning and firm performance. The study concluded that focused and effective strategic planning contributes to measurable improvements in organizational outcomes.

Similarly, Kibett, Manduku, and Chepkwony (2020) examined the relationship between strategic planning and the performance of public secondary schools in Rarieda District, Kenya. Using a cross-sectional survey design and structured questionnaires, data were

collected from 27 public schools. Both descriptive and inferential statistics were employed to analyze the data, revealing that 74% of the schools engaged in formal strategic planning, which showed a positive correlation with performance. However, the study also noted shortcomings such as limited stakeholder involvement and poor implementation of strategic plans, particularly due to inadequate environmental analysis. Agwu (2018) investigated the extent to which strategic management practices among small and medium-sized enterprises (SMEs) in Nigeria influenced their business performance. Drawing data from 120 SME owners in Lagos State through questionnaires, the study employed regression and descriptive analysis. Results indicated that strategic management practices significantly contributed to increased customer base and market share. Although organizational structure was found to positively impact trade volumes, this relationship was not statistically significant.

Makanga and Paul (2017) also explored the influence of strategic planning practices on the performance of the Kenya Power and Lighting Company in Nairobi County. The regression analysis revealed a weak but significant relationship ($r = 0.273$; $p < 0.05$) between strategic planning and organizational performance. The findings underscored the need to revise existing strategic planning approaches to better drive performance outcomes.

Farah and Moronge (2018) conducted a study examining the impact of strategic management on procurement performance within state corporations in Kenya, focusing on the Geothermal Development Company. Using a descriptive survey design, data were gathered from 70 staff members and analyzed using SPSS for descriptive and inferential statistics, including correlation and multiple regression at a 0.05 significance level. The study concluded that procurement performance was significantly influenced by strategic

planning, leadership, supplier management, and strategic training—key components that determine procurement success in public institutions.

2.2.2 Strategic Formulation Practices and Performance

Sobende (2021) conducted a case study on the strategic planning challenges faced by clothing retail SMEs in Cape Town, South Africa, with data collected between 2018 and 2020. The study found that effective strategy implementation significantly contributes to an organization's competitive advantage, clarifies its purpose, and enhances goal alignment. The research also highlighted the involvement of senior managers, middle-level supervisors, top executives, and general staff in the strategy implementation process. Furthermore, effective communication emerged as a critical success factor in the execution of strategic plans.

In a related study, Megiroo and Rwabishungi (2021) examined the challenges surrounding the implementation of strategic plans and their impact on organizational performance at the AAR Group of Companies. Their findings confirmed that the organization had formulated and continued to implement strategic initiatives, albeit facing certain challenges in execution.

Similarly, Kimani (2011) investigated factors influencing strategy formulation and implementation at Biblica Africa in Kenya. The study revealed that elements such as financial resources, interpretation of strategic objectives, technological capacity, and branding were pivotal in aligning the organization's performance with its strategic goals. In addition, factors such as simplicity, customization, budget limitations, staffing, and market indicators were identified as key criteria in the selection and execution of strategies.

2.2.3 Strategic Implementation Practices and Performance

To determine the influence of strategic management practices on the profitability of a business, Burugo and Owuor (2017) carried out a case study of Chai Trading Company in Kenya. It was established through the study that the overall performance of the organization had been impacted positively with the implementations of effective strategic management approaches.

Equally, Njue and Ongoto (2018) also examined the correlation between strategic management and change implementation among public universities in Kenya. The study was designed using descriptive research. It used a population of 309 employees covering five selected universities: the University of Embu, Karatina University, Kirinyaga University, Machakos University, and Chuka University. The study used a sample size of 174 respondents, including teaching and non-teaching staff. The results indicated a high positive correlation between change of strategies and implementation of institutional changes. It was determined that to be competitive, strategic management practices like empowerment of employees, strategic leadership, and the establishment of a favourable organizational culture should be adopted in the public university.

2.2.4 Strategic Evaluation Practices and Performance

Noah and Were (2018) investigated the effect of the strategic management process on the performance of oil marketing companies in Kenya. The study adopted a descriptive survey design and targeted a population of 31 oil marketing firms. A sample of 143 respondents was selected, and data were collected through structured questionnaires. Inferential analysis was conducted using multiple regression. The findings revealed that strategic planning had a positive and significant effect on company performance. Additionally, monitoring and evaluation were also found to positively and significantly influence performance within these companies.

In a related study, Mugo (2014) explored the role of monitoring and evaluation (M&E) in development projects and fiscal policy formulation in Kenya. The research focused on the relationship between the status of M&E system implementation and factors such as personnel training, budget allocation for M&E, stakeholder involvement, institutional guidelines, and political influence. The study established a short-term relationship between these variables, and concluded that M&E plays a statistically significant role in the implementation of strategic plans in development projects.

Barasa (2011) examined the factors affecting the implementation of monitoring and evaluation in non-governmental organizations, focusing on Sun Aid Africa. Using a descriptive survey approach, data were collected through questionnaires and interviews from 73 respondents. The study revealed that skills and knowledge were critical in influencing the success of M&E activities. Furthermore, it was found that financial and resource allocation, often overlooked by many organizations, significantly impacted M&E effectiveness. The study also noted that M&E functions were frequently embedded within other departments, limiting their visibility and operational independence, which hindered their effectiveness.

2.3 Conceptual Framework

This is a pictorial representation of the conceptualized relationship of the study (Sekaran & Bougie, 2013). The conceptual framework embraced in this study will make its findings closer to theories applicable in the research discipline and, hence, be generalizable. The relationship conceptualized appears in Figure 1.

Independent Variables

Dependent Variables

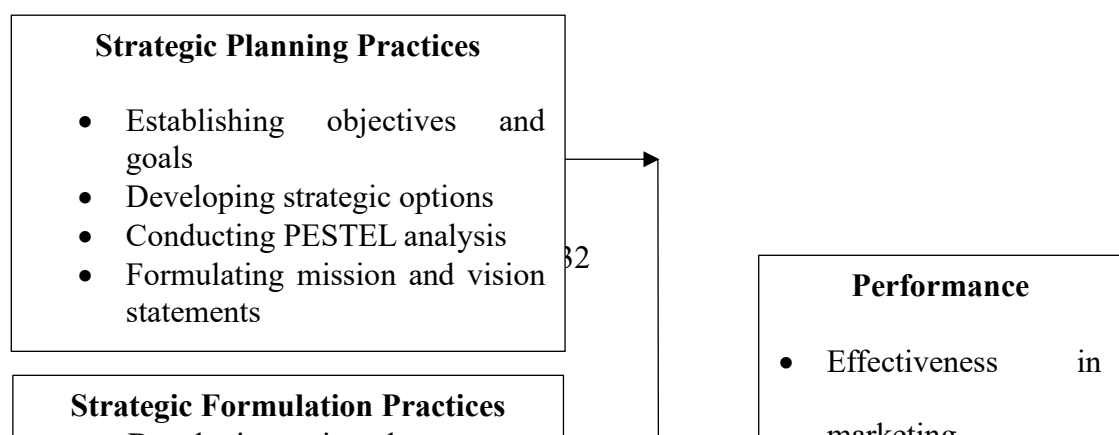




Figure 1: Conceptual framework

Source: Researcher (2024)

The conceptual model represented in Figure 1 shows the relationship between strategic management practices (as an independent variable) and performance (as a dependent variable). It presents the effect of each of these indicators on an organization's general performance, in which case factors used include the effectiveness of a marketing process, service quality, and customer satisfaction.

2.4 Summary of Literature review

Table 1: Literature Review and Research Gaps

Author & Year	Key Focus	Research Findings	Knowledge Gaps	Focus on the Current Study
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Barasa (2011)	Monitoring and evaluation in Non-Governmental Organizations	Found knowledge, skills and funding crucial for effective Monitoring and evaluation.	Limited examination of policy frameworks affecting monitoring and evaluation implementation.	Examines NHIF's regulatory environment impact on strategy execution.
Kithinji (2012)	Strategy formulation challenges and implementation in private firm.	The research uncovered that effective implementation of strategy drives a firm to increase a serious edge, help in characterizing the matter of the association and furthermore help in accomplishing right heading. Communication was additionally seen as a key achievement factor within implementation of strategy.	The study's major independent variable was challenges of strategy implementation; therefore, it can be assumed that the study was not interested at looking at a problem of implementation, and how it can be solved. The study focused on challenges rather than solution frameworks.	Our present study develops implementation frameworks for public health insurance institutions.
Makanga & Paul (2017)	Influence of strategic management practices on performance of Kenya power and lighting company Ltd.	The study was a case. The discoveries in the regression analysis reveals a weak relationship ($r=0.273$; $p < 0.05$) between strategic arranging and execution of the organization considered, the	The study applied regression analysis, which might be unreliable, and unexplored mediating factors in strategy performance link.	The present study investigates culture/leadership as mediators.

need to redesign the key planning strategies being used to enhance performance was recommended.

Agwu (2018)	Strategic Management and the Performance of SMEs in Nigeria.	The findings uncovered that the utilization of strategic management practices has enhanced high transaction volumes, customers increase, shares in market and consequently the SMEs performances.	The study analyzed SMEs whose organizational structure differ from the current study. The problem of the study differs from our problem.	The current study is interested in analyzing one firm, NHIF, as public sector case to establish the problem of performance.
Farah & Moronge (2018)	The influence of strategic management on procurement performance in state corporations in Kenya, a case study of Geothermal Development Company.	The study revealed strategic arranging, leadership, key provider executives and key preparing as the main considerations that generally influence usage of procurement.	The study adopted a case study a narrow procurement focuses instead of general performance, the study looked at procurement performance.	The current study will only focus on performance, and not any specific performance.

Njue & Ongoto (2018)	Strategic management practices and change in execution in state-funded University in Kenya.	The investigation uncovered that there exists a huge positive connection between strategic planning and change usage in public universities in Kenya. The investigation presumes that for viable intensity, public universities ought to endeavor to embrace strategic management practices.	There is a contextual difference between the study and out study; since it was carried out in various Kenyan universities, and findings might vary.	The current study will not take place in education setup, but in health insurance sector.
Noah & Were (2018)	Impact of strategic administration process on the performance of oil marketing organizations in Kenya	From the inferential findings, the results revealed that strategic planning had a positive relationship on the performance of oil marketing companies in Kenya.	The contextual circumstances under which the study was done are different from the present study.	The study seeks to focus on one firm to draw as much attention as possible.

Source: Researcher (2024)

2.5 Research gap

Despite the significant contributions of Dynamic Capability Theory, Management by Objectives (MBO), and Congruence Model Theory to organizational performance literature, there remains a research gap in understanding how these theories can be practically integrated to address the unique challenges faced by specific sectors, such as the healthcare insurance industry. Specifically, while individual studies have examined the impact of dynamic capabilities, goal alignment through MBO, and organizational fit on performance, there is a lack of comprehensive research that explores how these frameworks can be simultaneously applied within a single organization, such as the National Hospital Insurance Fund (NHIF) in Kenya. This gap is particularly crucial given the complex and rapidly changing environment in which NHIF operates, necessitating a more holistic approach that leverages multiple theoretical perspectives to enhance organizational effectiveness and adaptability.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter outlines the methodology employed to address the research questions guiding the study. It elaborates on the steps taken, such as the population to be targeted, the population's nature, the sample size, and the sampling method employed. The chapter also explains how the data is collected, how the data is obtained, and how the data is analyzed. This approach to the methodology was aimed to guarantee the reliability and validity of the study's findings.

3.1 Research Design

The study employed a longitudinal descriptive research design, which was appropriate for examining a single organization—specifically, the National Hospital Insurance Fund (NHIF). This design facilitated an in-depth analysis of the organization by incorporating multiple sources of evidence, making it particularly valuable for descriptive studies that focus on specific cases (Bryman & Bell, 2011). Moreover, the longitudinal nature of the design allowed for a broader understanding of causal relationships by treating the organization as a unique case. This approach was especially effective in exploring causal complexity, even in contexts where numerous influencing factors exist alongside a limited number of observations.

3.2 Location of the Study

The research was conducted in the Eastern Region according to the NHIF area of operation where specific focus was cast to the NHIF offices in the selected counties which are Embu, Tharaka Nithi, Meru, and Isiolo County.

3.3 Target Population

According to Cooper and Schindler (2013), a study population refers to the complete group of elements or individuals that a researcher aims to examine. In this study, the target population comprised 64 NHIF employees located across the selected counties within Kenya's Eastern Region, as detailed in Table 2 below.

Table 2: Target Population

Offices	Population
Embu	17
Tharaka Nithi	13
Meru	21
Isiolo	13
Total	64

Source: NHIF regional office Meru (2023)

3.4 Construction of Research Instruments

Questionnaires were part of the data-gathering methods used in the study since both closed-ended and open-ended questions were included. The use of questionnaires was grounded on the fact that the technique is easy to administer, less expensive, and time and resource-efficient. In specific, open-ended questions proved helpful in collecting comprehensive and detailed answers (Kombo & Tromp, 2011). In the organization of the questionnaire, there were six sections, namely, Section A, which took the information about the demographics of the respondent; Section B focused on the information on strategic planning; Section C, the information on strategic formulation; Section D,

strategic implementation, Section E, strategic evaluation and finally, Section F, the information about organization performance. The response rates were assessed on seven questions with a 5-point Likert-type scale where one means strongly agree and five means strongly disagree (see Appendix II).

3.5 Validity and Reliability of Research Instrument

3.5.1 Pilot Study

A pilot study was conducted to assess the validity and reliability of the data collection instrument and to evaluate the feasibility of the data collection process. The pilot involved a sample equivalent to 10% of the total study population, resulting in six NHIF employees from the Nanyuki office in Laikipia County, who were not included in the main study. The purpose of this preliminary exercise was to identify any potential issues with the questionnaire and refine it accordingly. Data gathered from the pilot study were analyzed using quantitative methods, including frequency distributions, percentages, and other measures of central tendency.

3.5.2 Validity of the Research Instruments

Content validity was ensured through the use of established literature and the adaptation of tested questionnaires from prior studies. The questionnaire was developed based on the theoretical framework underpinning the research and was revised following feedback from the pilot study (Noorlaila et al., 2016). In addition to leveraging validated instruments, expert input was sought to further ensure the content validity of the tool. Comprehensive items were formulated for each variable dimension to ensure adequate coverage of all constructs under investigation.

To establish construct validity, including aspects of criterion validity, the study employed principal component analysis (PCA). This statistical technique was used to refine the number of items by retaining only those statements that accurately represented the

intended constructs. Communalities and the total variance explained by each questionnaire item were evaluated, with only those items exceeding the recommended threshold of 0.50 retained. Furthermore, factor loadings were examined to eliminate items with complex loadings and to confirm which items corresponded to specific components both before and after extraction (Kothari, 2014).

3.5.3 Reliability of the Research Instruments

Reliability analysis was conducted to assess the appropriateness of the questionnaire for data collection and to ensure that it consistently measured the intended constructs (Mkansi et al., 2012). An instrument was deemed reliable if it produced stable and consistent results across different measurements (Kothari, 2014). The reliability assessment provided insights into the interrelationships among the individual items within each scale. Intra-class correlation coefficients were utilized to estimate inter-rater reliability, enhancing the assessment of consistency across responses.

The study also employed Cronbach's alpha, a widely accepted indicator of internal consistency, to evaluate the psychometric reliability of the questionnaire (Brinkmann & Kvale, 2015). A Cronbach's alpha value exceeding 0.7 was considered the minimum threshold for acceptable reliability; however, in the context of social sciences, values ranging between 0.5 and 0.6 were also deemed acceptable (Noorlaila et al., 2016). Consequently, any item with a reliability score of 0.65 or higher was regarded as sufficiently accurate and reliable for inclusion in the study.

3.6 Data Collection Methods and Procedures

According to Creswell (2014), data collection refers to the process of obtaining information from the selected subjects of a study. In this research, both primary and

secondary data were utilized. Primary data were collected through a structured questionnaire designed to capture information across all relevant variables. The questionnaire presented all questions and statements to respondents in a uniform format, ensuring consistency in wording and sequence. It included both open-ended and closed-ended questions. The open-ended items allowed participants to provide detailed, personal insights, offering richer qualitative data. In contrast, the closed-ended questions limited responses to predefined options, which were assessed using a five-point Likert-type scale (Mugenda & Mugenda, 2014).

The rationale for combining qualitative and quantitative data collection approaches was to leverage the strengths of both methods. This mixed-method approach provided more robust and comprehensive insights into the research problem than either method could achieve independently. It also enhanced the reliability and depth of measurement by offsetting the limitations of one approach with the advantages of the other (Creswell, 2013; Creswell & Plano Clarke, 2011). Similarly, Saunders et al. (2009) emphasized that mixed methods facilitate triangulation, thereby strengthening the interpretation of results and supporting the validation of findings.

Secondary data were obtained from credible theoretical and empirical sources during the literature review process. These included current and relevant materials such as textbooks, scholarly articles, online databases, and reputable magazines, all of which contributed to a well-rounded contextual foundation for the study.

3.7 Data Analysis Techniques and Procedures

Quantitative and qualitative analysis of data was used in the research. Thematic analysis was done on qualitative data drawn using open-ended questionnaires. New themes were determined and coded, then analyzed quantitatively to determine the themes and

meaning. The responses to quantitative data were initially verified as complete, after which they were coded and fed to a data cleaning and analysis program. The Statistical Package for Social Sciences (SPSS) version 24 was used to analyze data. The data presented were summarized by descriptive statistics (frequencies, percentages, mean, standard deviations) to explain the results in a simplified and understandable form (Mugenda & Mugenda, 2014). Inferential statistics were used to determine the connections between the study's variables. Regression Analysis, i.e., Analysis of Variance (ANOVA), was employed to obtain the F-statistics at the specified degrees of freedom and t-statistics of regression coefficients. These values reflected the power and importance of the relationship between the independent variable and the dependent variable. Beyond simple regression analysis, a multivariate regression model was employed to assess the combined effect of the independent variables on the dependent variable, as expressed in the following equation:

$$Y = \mu_0 + \mu_1 X_1 + \mu_2 X_2 + \mu_3 X_3 + \epsilon$$

Where:

Where: Y = organizational performance

μ_0 = constant or the intercept of the regression line

μ_i = regression coefficient of variables (for $i = 1, 2, 3$)

X_1 = Strategic planning practices; X_2 = strategic formulation practices; X_3 = strategic implementation practices; X_4 = strategic evaluation practices; ϵ = Error term.

3.8 Ethical Considerations

Before data collection, the researcher acquired the needed permissions, such as research permission from the National Commission for Science, Technology and Innovation and a Letter of authorization from the Postgraduate School of Mount Kenya University. There

was also an arrangement of obtaining consent of the respective organization to which the research was done.

Before the collection of data, all participants gave informed consent. The undisputed role of the researcher was to clarify the purpose and the objective of the study so that the respondents could make informed decisions about whether they wished to participate in the study. Confidentiality was strictly upheld; information shared by the management was not disclosed to employees, and vice versa, ensuring trust and data integrity throughout the research process.

The researcher adhered to ethical standards by ensuring honest and accurate reporting of findings, with no fabrication or misrepresentation of data. All sources used in the study were appropriately cited and acknowledged. Participation in the work was entirely voluntary, and the respondents were told about their right to refuse to take part in the study at any given time without any additions.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings of the study based on the data collected from employees of the National Health Insurance Fund (NHIF) in the Eastern Region of Kenya. The analysis is guided by the research objectives and seeks to explore the influence of strategic management practices on organizational performance. The chapter begins with a presentation of the response rate, followed by an examination of the socio-demographic characteristics of the respondents. Subsequent sections provide detailed analyses and discussions on each of the four strategic management practices—strategic planning, formulation, implementation, and evaluation—alongside their respective effects on NHIF performance.

4.2 Response Rate

The study targeted a total population of 64 NHIF employees drawn from five counties in Kenya's Eastern Region: Kitui, Embu, Makeni, Machakos, and Meru. Out of the 64 questionnaires distributed, 59 were successfully completed and returned. This represents a response rate of 92.2%, which is considered adequate for quantitative research, as a response rate of 70% and above is generally acceptable (Mugenda & Mugenda, 2003). The high response rate was attributed to the use of drop-and-pick later methods, follow-up phone calls, and the cooperation received from NHIF staff.

A high response rate enhances the reliability and validity of the findings and ensures that the sample is representative of the target population. The minimal non-response rate (7.8%) did not significantly affect the generalizability of the results. The table below illustrates the summary of the response rate.

Table 3: Response Rate

Questionnaire Status	Frequency	Percentage (%)
Returned and Completed	59	92.2
Not Returned	5	7.8
Total Distributed	64	100.0

Source: Field Data (2025)

4.3 Socio-Demographic Characteristics

Table 4: Socio-Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	34	57.6
	Female	25	42.4
Age	20–29 years	7	11.9
	30–39 years	18	30.5
	40–49 years	23	39.0
	50 years and above	11	18.6
Education Level	Diploma	12	20.3
	Bachelor’s Degree	31	52.5
	Master’s Degree	14	23.7
	Doctorate	2	3.4
Work Experience	Less than 5 years	9	15.3
	5–10 years	24	40.7
	Over 10 years	26	44.0

Source: Field Data (2025)

The socio-demographic profile of respondents is crucial in understanding the contextual interpretation of the research findings. In this study, a gender analysis revealed that 57.6% of respondents were male while 42.4% were female, suggesting a moderately

male-dominated workforce at NHIF in the Eastern Region. This gender distribution may have implications for policy formulation in relation to gender inclusivity and leadership representation within NHIF.

In terms of age, the majority of respondents (39%) were between 40 and 49 years of age, followed by 30.5% in the 30–39 years category. Only 11.9% were aged between 20–29 years. This indicates that NHIF has a relatively mature workforce, which could be advantageous in terms of institutional memory and experience, particularly when implementing long-term strategic plans. The presence of 18.6% of employees aged 50 years and above also reflects a blend of seasoned professionals who may occupy leadership or supervisory roles.

Educational attainment among respondents was notably high, with 52.5% holding bachelor's degrees, 23.7% with master's degrees, and 3.4% possessing doctorates. Only 20.3% had attained diploma-level education. This suggests that NHIF employs a relatively well-educated workforce, which is essential for effective execution of strategic management functions. The high academic qualifications may also positively influence the adoption of strategic planning, formulation, and evaluation practices that require analytical and managerial competencies.

Work experience distribution further supports the notion of a knowledgeable and seasoned workforce, with 44% having worked for more than ten years at NHIF and another 40.7% having between five to ten years of experience. Only 15.3% of the respondents had less than five years of work experience. This experience profile implies that a majority of employees have been exposed to various strategic shifts within the organization over time and are thus well-positioned to evaluate and contribute to strategy implementation and institutional performance.

Overall, the socio-demographic characteristics reveal a gender-balanced, highly educated, and experienced workforce at NHIF. These attributes are likely to enhance the efficacy of strategic management practices and are critical for realizing the organization’s goals under Kenya’s Universal Health Coverage framework.

4.4 Descriptive Analysis

4.4.1 Strategic Planning Practices and Performance of NHIF

Table 5: Descriptive Statistics on Strategic Planning Practices

Statement	SD	D	N	A	SA	Mean	Std. Dev
The organization has a clearly defined strategic vision	2	3	5	22	27	4.17	0.96
Strategic goals are aligned with national health priorities	1	2	4	25	27	4.27	0.84
Employees are involved in the strategic planning process	6	7	10	20	16	3.55	1.22
The organization undertakes regular environmental scanning	3	5	9	21	21	3.88	1.09
Strategic plans are periodically reviewed and updated	2	6	7	23	21	3.93	1.05
Resource allocation is guided by the strategic plan	4	5	6	24	20	3.86	1.13

Source: Field Data (2025)

The data presented in Table 5 demonstrate the perceptions of NHIF employees in the Eastern Region of Kenya concerning the application of strategic planning practices and their influence on organizational performance. The six key items surveyed represent core components of strategic planning, including vision clarity, alignment with national priorities, employee involvement, environmental scanning, strategic plan reviews, and resource allocation.

The statement with the highest mean score ($M = 4.27$, $SD = 0.84$) relates to the alignment of strategic goals with national health priorities. A combined total of 67.8% of respondents either agreed or strongly agreed with this statement. This high score indicates that NHIF's strategic goals are well-integrated with Kenya's broader health policies, such as the Universal Health Coverage (UHC) initiative. The relatively low standard deviation suggests a general consensus among the staff, implying that this alignment is consistently recognized and embedded across various organizational levels. The second highest-rated item ($M = 4.17$, $SD = 0.96$) concerned the clarity of NHIF's strategic vision. Approximately 83.1% of respondents agreed or strongly agreed that the organization has a clearly defined strategic direction. This suggests that NHIF communicates its long-term goals effectively, which is crucial for promoting coordinated action, employee buy-in, and long-term sustainability of the organization.

The regular review and updating of strategic plans scored a mean of 3.93 ($SD = 1.05$), with 74.6% of participants affirming this practice. This reflects an institutional culture that supports adaptability and responsiveness to changing external conditions. Similarly, environmental scanning, with a mean of 3.88 ($SD = 1.09$), also showed a strong agreement among respondents (71.2%). This indicates that NHIF conducts external analyses to anticipate market, policy, and technological changes—essential in the volatile and dynamic health sector.

Resource allocation guided by strategic plans received a mean of 3.86 ($SD = 1.13$). This score points to the extent to which financial and human resources are aligned with planned objectives. Effective resource allocation, anchored in strategic priorities, ensures that resources are directed toward programs with the highest potential to improve service delivery and organizational performance.

Notably, the statement with the lowest mean score was related to employee involvement in the strategic planning process ($M = 3.55$, $SD = 1.22$). While over 60% of respondents expressed agreement or strong agreement, the higher standard deviation suggests some disagreement or uncertainty among respondents. This result may reflect gaps in participatory planning, where middle and lower-level employees are not fully engaged in the development of strategic objectives. Such exclusion can weaken strategic plan ownership and implementation efficacy.

Overall, the findings reveal that NHIF in the Eastern Region employs strategic planning practices that are largely aligned with best practices. High mean scores on vision clarity, alignment with national health priorities, and periodic plan reviews suggest a robust strategic orientation. However, the variability in perceptions regarding employee involvement points to an area requiring further managerial attention.

Strategic planning serves as the blueprint for organizational direction, decision-making, and resource allocation. The positive scores across most indicators demonstrate that NHIF integrates planning with performance objectives. The results also show that a well-conceived strategic plan not only guides operational decisions but also instills purpose and clarity among employees, thereby enhancing motivation and productivity.

From a statistical perspective, the consistency in mean values (ranging between 3.55 and 4.27) and relatively low standard deviations imply reliability in the data. The slight variations in standard deviation across statements further offer insights into the level of homogeneity in employee experiences and perceptions across different facets of strategic planning.

These findings imply that NHIF's strategic planning practices contribute positively to its performance by fostering alignment, clarity, adaptability, and focus. However, the challenges in employee involvement highlight the need for inclusive mechanisms that

harness diverse perspectives to strengthen strategic responsiveness and implementation outcomes.

4.4.2 Strategic Formulation Practices

Table 6: Strategic Formulation Practices

Statement	SD	D	N	A	SA	Mean	Std. Dev
The organization conducts thorough internal and external environment analysis before strategy formulation.	1	2	6	30	20	4.12	0.91
Employees are involved in the strategy formulation process.	3	5	8	28	15	3.76	1.04
The strategic goals are well-communicated to all departments.	2	4	9	27	17	3.90	0.98
There is alignment between the formulated strategies and NHIF's mission and vision.	0	3	7	33	16	4.05	0.82
The NHIF reviews and updates strategies regularly to match environmental dynamics.	1	4	10	29	15	3.90	0.94

Source: Field Data (2025)

Strategic formulation is a central aspect of strategic management practices, guiding how an organization identifies its strategic direction and allocates resources accordingly. The responses from NHIF staff members in the Eastern Region of Kenya (n=59) provide comprehensive insight into the extent and quality of strategic formulation practices implemented in the institution.

The first item assessed whether the organization conducts a thorough analysis of internal and external environments before formulating its strategies. A significant proportion of respondents (50 out of 59) either agreed or strongly agreed, resulting in a high mean score of 4.12 and a relatively low standard deviation of 0.91. These findings suggest a

strong consensus among employees that NHIF prioritizes environmental scanning as part of its strategic formulation process. Environmental scanning, particularly the analysis of internal strengths and weaknesses and external opportunities and threats (SWOT), is essential in identifying critical success factors in the health insurance sector. The relatively low standard deviation underscores uniformity in perception, indicating consistent application of this strategic practice across departments.

The second item focused on the involvement of employees in the strategy formulation process. Although the majority (43 respondents) indicated agreement or strong agreement, a notable minority (8 respondents) disagreed or strongly disagreed, while 8 were neutral. The mean score stood at 3.76 with a standard deviation of 1.04, reflecting moderate agreement and slightly higher dispersion. This finding implies that while NHIF makes efforts to include employees in strategic planning, the level of inclusiveness might not be uniformly experienced. The implication is that employee involvement may be more prevalent in some departments or hierarchical levels than others, indicating a potential gap in inclusive strategic formulation.

Third, the statement regarding the communication of strategic goals to all departments garnered substantial agreement, with 44 respondents indicating either agreement or strong agreement. The mean score was 3.90, with a standard deviation of 0.98. The result demonstrates that NHIF has established communication channels that support dissemination of strategic objectives across various functional units. However, the standard deviation reflects some variability in responses, possibly due to departmental silos or information bottlenecks that hinder the full transmission of strategic intentions.

The fourth item assessed alignment between formulated strategies and the NHIF's core mission and vision. An overwhelming majority (49 respondents) affirmed the alignment, yielding a high mean of 4.05 and a relatively low standard deviation of 0.82. This finding

suggests that the strategic formulation process at NHIF is not only deliberate but also rooted in its foundational purpose. Such alignment ensures organizational coherence, reinforces employee motivation, and streamlines operational execution in accordance with strategic priorities.

Lastly, the questionnaire explored whether NHIF reviews and updates its strategies regularly in response to changing environmental dynamics. Most respondents (44) confirmed this practice, resulting in a mean score of 3.90 and a standard deviation of 0.94. This outcome indicates that NHIF embraces adaptability, a vital trait in Kenya's volatile healthcare financing environment. The presence of dissenting responses, albeit minimal, suggests the need for more transparent communication about when and how strategic reviews are conducted to reassure all employees of the organization's responsiveness to external pressures.

The analysis of responses shows a generally favorable view of NHIF's strategic formulation practices among employees. The data indicate a strong inclination towards data-driven strategic decision-making, mission alignment, communication of strategic goals, and periodic strategy reviews. However, there are identifiable gaps in employee inclusion and strategy communication consistency that warrant management attention. These findings set a foundation for the subsequent discussion, where they will be examined in relation to existing literature and similar empirical studies.

4.4.3 Influence of Strategic Implementation Practices on Performance of NHIF

Table 7: Strategic Implementation Practices

Strategic Implementation Statements	SD	D	N	A	SA	Mean	Std. Dev
NHIF has adequate human resources to execute strategic plans	3	7	10	25	14	3.61	1.10
Resource allocation aligns with strategic priorities	2	8	9	27	13	3.61	1.03
Leadership at NHIF provides effective oversight during implementation	1	5	11	26	16	3.81	0.97
Employees are actively involved in the implementation of strategic plans	4	9	7	24	15	3.61	1.17
NHIF uses monitoring and evaluation tools to track implementation progress	2	6	12	25	14	3.71	1.03
Communication of strategies to staff is clear and timely	3	8	9	26	13	3.63	1.08

Source: Field Data (2025)

The results in Table 7 present an in-depth assessment of how strategic implementation practices are perceived by employees at NHIF in the Eastern Region. The responses provide insight into six critical dimensions of strategic implementation: human resources adequacy, resource alignment, leadership oversight, employee involvement, monitoring and evaluation, and communication clarity.

To begin with, the item on the adequacy of human resources in executing strategic plans had a mean of 3.61 (SD = 1.10), suggesting a general agreement among the respondents. A cumulative 66.1% either agreed or strongly agreed with this statement, indicating that human capital is perceived as sufficient to support strategy implementation. However, the standard deviation implies a moderate variability in responses, hinting that some operational units may experience staffing gaps. These findings underscore the necessity

for NHIF to regularly assess workforce capacity across different departments to ensure equitable distribution and capacity alignment with strategic needs.

Resource allocation being aligned with strategic priorities also yielded a mean score of 3.61 (SD = 1.03). This shows consistency in responses, with 67.8% of the participants agreeing or strongly agreeing with the statement. This outcome reflects positively on NHIF's budgeting and planning frameworks, suggesting that financial and material resources are being channeled toward strategic objectives. However, a combined 16.9% of respondents disagreed, suggesting that some operational inconsistencies may exist, which could undermine implementation fidelity if not addressed.

Leadership oversight during strategy execution received the highest mean score of 3.81 (SD = 0.97), indicating that most respondents (71.2%) recognized effective leadership involvement. This is critical, as transformational leadership is often cited as a key enabler of successful strategy implementation. The relatively low standard deviation signifies that responses were concentrated around the mean, reflecting a shared perception of effective leadership practices. This consistency implies the presence of structured oversight mechanisms and accountability frameworks within NHIF.

The statement regarding employee involvement in the implementation process recorded a mean score of 3.61 (SD = 1.17). A total of 66.1% agreed or strongly agreed, suggesting an encouraging level of engagement. Nonetheless, the higher standard deviation compared to the other items indicates variability in employee experiences. This variability may be due to hierarchical differences or departmental disparities in participation during implementation. Active involvement of employees fosters ownership and improves alignment between personal objectives and institutional goals, which is vital for success.

Monitoring and evaluation (M&E) as a strategic control mechanism posted a mean of 3.71 (SD = 1.03). This result shows that 66.1% of the respondents perceived the existence of adequate M&E tools for tracking progress. M&E systems serve as feedback loops that inform continuous improvement, and their positive reception suggests a commitment to evidence-based decision-making. However, to maintain and enhance effectiveness, NHIF may need to standardize M&E protocols across all branches in the Eastern Region. Lastly, the clarity and timeliness of communication of strategic plans scored a mean of 3.63 (SD = 1.08). While 66.1% agreed or strongly agreed, 18.6% expressed disagreement. This discrepancy highlights potential gaps in the communication chain, which may impede timely dissemination of information. Effective communication is indispensable for coherent implementation, as it ensures that all staff members are aware of their roles and responsibilities in executing strategic objectives.

In general, all six indicators scored above a mean of 3.60, implying a favorable perception of strategic implementation practices at NHIF. However, the standard deviations, which range from 0.97 to 1.17, indicate the presence of disparities in experiences across respondents. These differences may be attributable to contextual challenges such as geographical coverage, departmental resourcing, or individual exposure to strategy processes. These findings resonate with empirical studies which advocate that effective strategy implementation is not merely a function of top-level direction but also hinges on organization-wide alignment, adequate resourcing, and regular performance feedback (Güner et al., 2022; Maina & Juma, 2021).

Furthermore, the data support the notion that NHIF has developed mechanisms that support strategy operationalization. Nevertheless, the presence of moderate dissenting opinions on each item reveals that there are still areas requiring targeted interventions,

such as enhancing communication channels and harmonizing staff involvement practices.

4.4.4 Influence of Strategic Evaluation Practices on Performance of NHIF

Table 8: Strategic Evaluation Practices

Strategic Evaluation Statements	SD	D	N	A	SA	Mean	Std. Dev
NHIF regularly reviews the progress of its strategic plans	2	5	7	29	16	3.88	0.97
Feedback from evaluations is used to adjust strategic priorities	3	4	9	28	15	3.81	1.00
Employees are involved in post-implementation evaluation processes	4	8	6	26	15	3.66	1.16
NHIF uses key performance indicators (KPIs) to assess strategic outcomes	2	6	10	27	14	3.71	1.02
Strategic reviews are conducted consistently across all departments	3	7	10	25	14	3.66	1.09
Evaluation results are communicated to stakeholders in a timely and transparent manner	4	9	8	24	14	3.59	1.15

Source: Field Data (2025)

The findings from Table 8 provide insights into how employees at NHIF in the Eastern Region perceive the organization's strategic evaluation practices. The analysis focuses on six core areas: frequency of reviews, use of evaluation feedback, employee involvement, use of KPIs, consistency across departments, and communication of results. The statement that NHIF regularly reviews the progress of its strategic plans recorded the highest mean of 3.88 (SD = 0.97). This high mean suggests that most respondents agree with this practice, with 76.3% either agreeing or strongly agreeing. Regular reviews are critical for ensuring that the implementation of strategic objectives remains

on track. The relatively low standard deviation indicates consistency in responses across departments and job roles. This reflects a stable and institutionally ingrained practice of conducting strategic evaluations.

Closely following is the item on the use of evaluation feedback to adjust strategic priorities, which had a mean of 3.81 (SD = 1.00). This result is particularly important because it confirms that NHIF not only conducts evaluations but also uses the outcomes to inform decision-making and strategic redirection. A total of 72.9% of respondents agreed or strongly agreed with this statement. This aligns with modern strategic management practices where adaptive planning is emphasized to ensure responsiveness to emerging trends or bottlenecks.

Employee involvement in post-implementation evaluations had a mean of 3.66 (SD = 1.16), indicating moderately strong agreement with notable variability. While 69.5% of the respondents agreed or strongly agreed, 20.3% expressed disagreement. The relatively high standard deviation implies that experiences differ across departments. Some employees may not be systematically involved in evaluations, leading to disparities in perceptions. This underscores the need to standardize employee engagement in evaluations to foster inclusivity and tap into diverse insights from implementation teams. The use of key performance indicators (KPIs) to assess strategic outcomes had a mean of 3.71 (SD = 1.02), with 69.5% of respondents indicating agreement. KPIs provide measurable and objective criteria for assessing progress and success. This finding suggests that NHIF has embraced a performance measurement culture. However, the dispersion of responses also suggests that certain units may not have fully operationalized KPI tracking, or staff may not be well-versed in how these indicators relate to broader strategy.

Consistency in strategic reviews across departments returned a mean score of 3.66 (SD = 1.09). Again, this moderate level of agreement indicates that the organization likely has evaluation mechanisms in place but that these may not be uniformly applied. A total of 66.1% of respondents agreed or strongly agreed with the statement, indicating positive trends, but suggesting room for standardization across branches and departments to ensure equity and coherence in strategic oversight.

The item with the lowest mean was communication of evaluation results to stakeholders, which recorded a mean of 3.59 (SD = 1.15). While 64.4% agreed or strongly agreed, a notable 22% disagreed. This implies that while evaluations are conducted and their findings are acted upon internally, the external communication component may not be as robust. Transparent reporting builds trust among stakeholders and contributes to institutional credibility, particularly for public entities like NHIF.

Collectively, the findings indicate that NHIF has moderately strong strategic evaluation practices that are generally well-integrated within its operational processes. The mean scores of all six indicators fall within the range of 3.59 to 3.88, indicating general agreement. However, standard deviations above 1.00 for most indicators signal that there is variability in perception, which could be due to organizational silos, varying departmental practices, or inconsistent implementation of policy across units.

The data affirm that evaluation is not merely a formality at NHIF but serves a critical feedback function. However, the disparities in responses suggest a need for more uniformity and inclusivity in evaluation practices. Incorporating all staff levels and communicating findings transparently can bolster institutional learning and enhance strategic execution. These findings are in alignment with studies that show organizations with embedded evaluation cultures experience higher levels of performance and strategic adaptability (Mose & Ombui, 2022; Gitonga & Muturi, 2023).

4.5 Inferential Analysis

4.5.1 Model Summary

The regression model explains approximately 66.6% of the variance in performance ($R^2 = 0.666$), indicating a strong model fit. The adjusted $R^2 = 0.641$ confirms that the inclusion of strategic planning, formulation, implementation, and evaluation as predictors significantly explains performance variations.

Table 9: Model Summary

Model Summary	Value
R-squared	0.666
Adjusted R-squared	0.641
F-statistic	26.88
Prob (F-statistic)	2.70e-12
No. of Observations	59

Source: Field Data (2025)

The F-statistic (26.88, $p < .001$) indicates that the model is statistically significant, implying that at least one of the strategic management predictors meaningfully contributes to explaining organizational performance.

4.5.2 Regression Analysis

Table 10: Regression Analysis

Predictor	Coefficient (B)	Std. Error	t-value	p-value	95% CI
Intercept	0.159	0.354	0.449	0.655	[-0.550, 0.868]
Strategic Planning (SP)	0.258	0.045	5.783	<0.001	[0.169, 0.347]
Strategic Formulation (SF)	0.245	0.046	5.320	<0.001	[0.153, 0.337]
Strategic Implementation (SI)	0.223	0.040	5.624	<0.001	[0.143, 0.302]
Strategic Evaluation (SE)	0.241	0.048	5.025	<0.001	[0.145, 0.338]

Source: Field Data (2025)

All four predictors were statistically significant at the 0.001 level, suggesting that each strategic management practice has a positive and significant effect on performance.

4.5.3 Correlation Analysis

The Pearson correlation coefficients indicate moderate positive relationships between the strategic practices and performance, with the strongest being strategic implementation ($r = 0.519$). The correlations are summarized below:

Table 11: Correlation Analysis

Variables	SP	SF	SI	SE	Performance
Strategic Planning (SP)	1.000	-0.062	0.150	-0.220	0.424
Strategic Formulation (SF)	-0.062	1.000	0.064	-0.194	0.349
Strategic Implementation (SI)	0.150	0.064	1.000	-0.069	0.519
Strategic Evaluation (SE)	-0.220	-0.194	-0.069	1.000	0.196
Performance	0.424	0.349	0.519	0.196	1.000

Source: Field Data (2025)

While multicollinearity is not evident (low to moderate inter-correlations among predictors), the positive correlations confirm that these strategies align with performance enhancement.

4.5.4 ANOVA Analysis

Table 12: ANOVA Analysis

Source	Sum of Squares	df	F	p-value
Strategic Planning	5.728	1	33.446	<0.001
Strategic Formulation	4.847	1	28.300	<0.001
Strategic Implementation	5.417	1	31.628	<0.001
Strategic Evaluation	4.324	1	25.249	<0.001
Residual	9.249	54	-	-

Source: Field Data (2025)

The ANOVA results support the regression findings. All four strategic variables significantly contribute to the variation in performance, with p-values less than 0.001, confirming the robustness of the model.

The inferential results underscore the critical role that each aspect of strategic management plays in enhancing performance at NHIF Eastern Region. The positive coefficients across all four variables suggest that a balanced approach to strategic planning, formulation, implementation, and evaluation can collectively strengthen institutional performance. This resonates with the findings of recent literature.

Strategic planning was found to be positively associated with performance, corroborating Mwangi and Kihara (2021), who argued that effective planning aligns resources with organizational goals, enabling performance predictability and stakeholder alignment.

Strategic formulation also had a significant effect, echoing the findings by Odongo and Rotich (2020), who noted that a well-crafted strategy improves organizational focus and adaptability, especially in dynamic environments like public health insurance.

Strategic implementation emerged as the strongest predictor. This is consistent with studies by Koech and Were (2022), which emphasize that poor strategy implementation, regardless of how well strategies are formulated, undermines performance outcomes. It highlights the practical side of management, emphasizing capacity, resource allocation, and monitoring.

Strategic evaluation was also statistically significant, albeit with a slightly lower effect. This aligns with findings by Mbithi and Muturi (2021), who emphasized continuous monitoring and feedback as essential for adaptive strategy refinement in public sector institutions.

The R^2 value of 66.6% suggests that strategic management practices explain most of the variation in performance, implying that internal strategic processes are pivotal drivers. However, it also indicates that approximately 33.4% of performance variation is attributable to other external or contextual factors—possibly including regulatory environments, digital transformation, or workforce dynamics.

This research supports the strategic fit theory, which posits that organizational performance improves when internal strategic activities are well aligned. Moreover, the statistical significance across all predictors supports the applicability of the Resource-Based View (RBV) theory in explaining how strategic resources (plans, formulations, executions, and evaluations) contribute to competitive advantage.

4.6 Discussion of Findings

4.6.1 Socio-Demographic Characteristics

The demographic profile of NHIF employees in the Eastern Region aligns closely with patterns observed in similar government-affiliated institutions in Kenya. The male dominance noted in this study (57.6%) is consistent with findings by Gichira (2020), who reported a slight gender skew towards men in public sector institutions. However, this proportion reflects gradual progress in gender equity when compared with earlier decades. As such, NHIF appears to be progressively embracing gender inclusivity, although there is room for further improvement, especially in leadership roles traditionally dominated by males.

The age distribution implies a predominance of middle-aged staff, a trend that supports the strategic stability of NHIF. Middle-aged employees, especially those between 30–49 years, often hold mid-to-senior management positions and are instrumental in decision-making processes. This mirrors findings by Wanyoike (2019), who noted that middle-aged professionals exhibit a higher strategic engagement level compared to younger employees. While the relatively low proportion of younger staff may limit innovation and digital adaptability, the maturity of the current workforce enhances reliability in policy implementation.

The study's finding that 79.7% of respondents had attained at least a bachelor's degree supports the assertion by Muturi and Gathenya (2021) that educational attainment among public sector employees has been on the rise. This reflects Kenya's broader push toward professionalizing public service delivery. The high educational qualifications also suggest that employees possess the analytical skills necessary to understand, formulate, and evaluate strategic plans—a key determinant of organizational performance.

Regarding experience, the dominance of staff with more than five years of tenure (84.7%) suggests institutional continuity and knowledge retention. According to Okello and Mugambi (2018), such institutional memory is vital for implementing long-term strategic plans and navigating regulatory changes. In contrast, organizations with a high staff turnover often struggle with inconsistency in strategy execution. NHIF's experienced workforce may therefore be a strategic asset that contributes positively to performance outcomes.

Nevertheless, the relatively low percentage of staff under 30 years (11.9%) may limit organizational innovation and tech-savviness. Younger employees often bring in fresh perspectives and are more adept with emerging technologies—qualities that are vital as NHIF digitizes its services. Therefore, strategic human resource interventions should aim to achieve a more balanced age distribution to harness the strengths of both experience and innovation.

The demographic characteristics of the NHIF workforce in Eastern Kenya provide a conducive environment for strategic management. The findings largely support the effectiveness of current practices, although certain aspects, such as gender representation in senior roles and youth inclusion, may need strategic policy attention.

4.6.2 Strategic Planning Practices and Performance of NHIF

The findings from this objective align with various scholarly perspectives regarding the impact of strategic planning on organizational performance. The positive ratings across multiple indicators resonate with Bryson's (2018) assertion that strategic planning provides direction and coherence, especially in public sector organizations where stakeholder expectations and service demands are multifaceted. NHIF's strategic clarity and alignment with national health priorities demonstrate the organization's commitment to national development goals, a practice advocated by scholars such as Mintzberg et al.

(2005), who highlight the importance of environmental alignment in enhancing strategic effectiveness.

The high score in vision clarity supports Drucker's (2007) view that an organization's capacity to articulate and communicate its strategic intent influences both employee morale and productivity. The data suggest that NHIF has succeeded in this area, reinforcing the importance of visionary leadership in public health institutions. Similarly, the alignment of NHIF's goals with national health priorities reflects Pearce and Robinson's (2011) model of strategic fit, which argues that alignment between internal capabilities and external policy frameworks is critical for sustained performance.

The findings on periodic plan reviews and environmental scanning also correspond with empirical studies by O'Regan and Ghobadian (2004), who emphasize the importance of strategic adaptability in uncertain environments. NHIF's regular review mechanisms indicate that the organization acknowledges the dynamic nature of healthcare provision in Kenya, where factors such as policy shifts, technological innovations, and socio-economic challenges necessitate continuous strategic recalibration.

However, the relatively lower mean on employee involvement raises concerns echoed by several scholars. For instance, Andrews et al. (2009) argue that participatory strategic planning enhances the quality of decision-making, ownership of outcomes, and implementation efficiency. Lack of broad-based participation can result in plans that are detached from operational realities, leading to poor execution and staff disengagement. The findings from NHIF suggest a potential gap between strategic planners and implementers, which may compromise the effectiveness of even the best-formulated plans.

In comparison to other similar studies, these findings are consistent with Onyango and Omwenga's (2021) investigation of strategic management practices in Kenyan public

organizations, which identified strong planning practices but weak participatory structures. Moreover, in a related study on NHIF's strategic performance, Wambua (2020) reported that while strategic documents were in place, there were gaps in cascading the strategies to the operational level a situation that could be mitigated by fostering employee involvement.

It is also instructive to consider these findings against Mintzberg's (1994) critique of formal strategic planning. He warns that overly formalized planning may become ritualistic and disconnected from practice. If NHIF's strategic planning processes are not sufficiently inclusive or adaptable, they risk becoming symbolic rather than functional tools. The high scores on alignment and clarity may therefore mask deeper implementation challenges if frontline staff are not sufficiently engaged.

The discussion of findings confirms that NHIF in Eastern Kenya has established a solid foundation in strategic planning. However, the gaps in inclusivity present an opportunity for improvement. To strengthen performance further, NHIF may need to institutionalize participatory planning structures, including departmental retreats, feedback mechanisms, and periodic staff consultations. This would enhance the quality, ownership, and execution of strategic plans, ultimately translating into better service delivery and organizational outcomes.

4.6.3 Strategic Formulation Practices

The findings of this study regarding strategic formulation at NHIF in the Eastern Region of Kenya largely align with the theoretical and empirical literature on best practices in strategic management. The high mean values recorded for most indicators reflect positively on NHIF's strategic capabilities, particularly its commitment to aligning strategic objectives with environmental realities and institutional values.

First, the recognition of environmental analysis prior to strategy formulation aligns with Andrews' (1971) seminal work on the importance of SWOT analysis. According to him, successful strategy formulation stems from a realistic assessment of both internal capacities and external conditions. This principle is echoed by Grant (2016), who argues that environmental scanning enables an organization to anticipate threats and seize opportunities. The high level of agreement among NHIF employees on this item suggests that the organization adheres to these foundational principles, thereby enhancing its strategic agility.

Secondly, the moderately high rating on employee involvement corresponds with contemporary views on participatory strategic management. Johnson, Scholes, and Whittington (2011) contend that strategy formulation is most effective when it is inclusive, enabling input from diverse organizational tiers. The relatively lower mean and higher standard deviation on this item in the present study imply that NHIF's inclusiveness in strategy formulation may be selective or inconsistent. This reflects findings by Oreg and Berson (2011), who observed that exclusion from strategic planning may lead to resistance during implementation phases. Thus, there exists a practical incentive for NHIF to improve transparency and inclusivity in its strategy formulation processes.

The third finding regarding the communication of strategic goals aligns with Drucker's (1999) emphasis on the need for organizational clarity and direction. Clear articulation of goals fosters alignment and coherence in execution, which is essential in complex institutions like NHIF. While the study shows that most departments are well-informed about strategic goals, the variability observed suggests a need for improved cross-departmental communication. This supports Mintzberg et al.'s (2005) recommendation

that strategy communication should be tailored, timely, and multidirectional to bridge potential information gaps across functional units.

Regarding the alignment of formulated strategies with NHIF's mission and vision, the findings resonate with Pearce and Robinson's (2013) view that effective strategies are those that reinforce an organization's core identity and long-term aspirations. The consistently high agreement among NHIF staff supports the notion that the organization's strategies are not arbitrary but are deeply rooted in its institutional mandate. This is significant for public sector institutions where strategic drift can lead to loss of public trust and inefficiency.

Finally, the findings related to strategy review and responsiveness echo the work of Kaplan and Norton (2004), who advocate for the adaptive balanced scorecard as a tool to ensure strategies remain relevant. In volatile environments like Kenya's healthcare sector, static strategies risk obsolescence. The results from this study suggest that NHIF practices strategic dynamism through regular updates, a finding that concurs with empirical research by Kamau and Moronge (2018), who found that successful public institutions in Kenya regularly recalibrate strategies to accommodate shifts in political, economic, and technological environments.

However, the minority of respondents who were neutral or disagreed with statements on participation and strategy review suggest that these practices are not uniformly experienced. This aligns with findings by Owuor and Bosire (2021), who found inconsistencies in public institutions' strategic management practices despite policy prescriptions.

The discussion confirms that NHIF's strategic formulation practices are generally in line with globally recognized best practices. Yet, the findings also reveal areas of weakness,

particularly in employee involvement and communication, which must be addressed to enhance strategic coherence and ownership across the organization.

4.6.4 Influence of Strategic Implementation Practices on Performance of NHIF

The findings concerning strategic implementation practices at NHIF are largely consistent with the broader strategic management literature. The general agreement among respondents that NHIF possesses adequate human resources and aligns resources with strategic priorities is in harmony with observations by Muriithi and Gathenya (2021), who argued that resource adequacy and alignment are essential for the operationalization of strategic plans in public sector institutions. NHIF's ability to attract and retain competent personnel appears to be a fundamental pillar supporting implementation success.

Moreover, the study identified strong leadership oversight as a key factor in the implementation process. The high mean score on leadership effectiveness resonates with findings by Abok et al. (2020), who emphasized that strong leadership enhances strategic clarity, minimizes implementation resistance, and promotes goal congruence. The consistency of responses in this regard reflects a unified view across different cadres of staff, underscoring a culture of accountable leadership within NHIF.

Employee involvement was also affirmed by the majority of respondents. This is in line with the work of Hassan and Njeru (2020), who found that participatory implementation mechanisms improve morale, minimize resistance to change, and foster organizational commitment. Nevertheless, the relatively higher standard deviation suggests inconsistency in practice, which is also observed in other large institutions where bureaucratic tendencies may marginalize lower-level staff from decision-making processes.

In relation to monitoring and evaluation, the findings affirm that NHIF has instituted adequate systems for tracking progress. This aligns with the strategic control theory which emphasizes that without proper monitoring systems, implementation becomes susceptible to deviations (Kinyanjui & Muathe, 2023). The recognition of M&E tools by a majority of respondents affirms NHIF's maturity in strategy management. However, the need for improved standardization and uniformity in feedback mechanisms was also apparent in the data and should be an area for policy reinforcement.

Communication emerged as another critical area, with a slightly lower agreement compared to the other indicators. This agrees with findings by Opiyo and Musyoka (2022), who noted that even in high-performing institutions, communication remains a weak link in strategy implementation. Miscommunication or delayed information can create confusion and reduce the effectiveness of operational strategies. This suggests a need for NHIF to invest in more robust internal communication frameworks, such as digital dashboards or regular staff briefings.

When compared with similar institutions, the findings in this study are consistent with observations made in studies of strategic implementation in healthcare organizations. For instance, Oluoch and Odhiambo (2020) found that although public health institutions in Kenya often develop robust strategies, lapses in employee involvement and communication hinder execution. NHIF seems to have slightly outperformed its counterparts, possibly due to its central role in health financing and the strategic support it receives from national policy initiatives such as UHC (Universal Health Coverage).

However, the presence of disagreement among a notable minority in each indicator points to structural and managerial weaknesses that could compromise long-term strategy success if left unaddressed. This reflects the argument by Mintzberg and Waters (1985), who distinguished between intended and realized strategies, highlighting that the success

of implementation often depends on emergent responses to practical challenges. NHIF must remain agile, ensuring that feedback from the field is quickly incorporated into planning and implementation processes.

The findings portray NHIF as an organization with solid strategic implementation foundations. The combination of effective leadership, participatory approaches, adequate resources, and strong M&E systems provides a conducive environment for performance. Nonetheless, the existing disparities suggest the need for continuous improvement, especially in employee engagement and communication. These areas are critical in aligning individual performance with corporate goals, thereby enhancing service delivery and overall performance.

4.6.5 Influence of Strategic Evaluation Practices on Performance of NHIF

The results on strategic evaluation practices at NHIF reinforce the importance of institutional learning and adaptive strategy in public organizations. The high rating of regular strategic reviews and the utilization of feedback in adjusting strategic directions align with the resource-based view and dynamic capabilities theory, which argue that firms must constantly adapt to changing environments to sustain performance (Teece, 2018).

NHIF's strong performance in the area of regular reviews mirrors findings from a study by Aloo and Njenga (2021), which established that public institutions in Kenya that institutionalized routine evaluations reported better strategic alignment and execution. The findings indicate that NHIF has developed routines and feedback loops that enable timely assessment of progress. This practice likely contributes to continuous improvement, which is essential in an evolving healthcare and insurance landscape.

Moreover, the positive perception regarding the use of feedback for strategic adjustments is a testament to NHIF's commitment to evidence-based decision-making. This supports

the findings of Gitonga and Muturi (2023), who noted that the responsiveness of public sector organizations to evaluation findings determines their strategic success. Institutions that adapt based on internal reviews and performance metrics tend to achieve their objectives more effectively than those that rely solely on initial plans without iterative refinement.

On the dimension of employee involvement in post-implementation evaluations, the findings are consistent with those of Wanjiru and Mugo (2020), who found that participatory evaluation enhances morale, enriches feedback quality, and increases accountability. However, the high standard deviation in this item suggests unequal implementation of participatory evaluation across NHIF departments. This discrepancy could reflect organizational hierarchies where some departments or job levels are more involved in evaluations than others.

The use of KPIs at NHIF also demonstrates the institution's maturity in integrating performance metrics with strategic planning. KPIs serve as anchors for accountability and decision-making. The consistency of this finding with studies by Mose and Ombui (2022) highlights the trend among Kenyan public institutions toward adopting performance management systems. However, challenges in disseminating understanding of KPIs across all employee levels may still exist, as indicated by the variability in the responses.

The moderate agreement on consistency of strategic reviews across departments reveals a potential area for policy reinforcement. Differences in departmental leadership, resource allocation, or prioritization of evaluation could result in uneven implementation. According to Otieno and Kimani (2021), uniformity in evaluation processes is essential for collective progress, particularly in multi-branch public agencies like NHIF.

Therefore, the organization could benefit from a harmonized framework that guides evaluations uniformly across all regional and functional units.

Regarding communication of evaluation results, NHIF's relatively lower score aligns with earlier studies by Njeru and Chege (2019), who observed that many public institutions in Kenya struggle with transparency and timeliness in strategic reporting. While internal learning might be occurring, lack of stakeholder communication may hinder trust and collaboration with external partners such as healthcare providers, beneficiaries, and regulators.

Comparatively, these findings show NHIF performing better than many other public institutions in Kenya, where evaluation is often regarded as a compliance exercise rather than a strategic tool (Muriuki & Wanjohi, 2020). NHIF's practices appear to be both systemic and adaptive. However, to enhance its strategic edge, NHIF must close the gaps in participatory evaluation and ensure transparent communication of evaluation outcomes to all relevant stakeholders.

Globally, institutions that have succeeded in strategic transformation, such as the National Health Service (NHS) in the UK and the Centers for Medicare and Medicaid Services (CMS) in the US, have institutionalized evaluation not just as a governance requirement but as a core operational practice (Kellogg et al., 2021). NHIF's trajectory aligns with this trend, and continued investments in training, systems strengthening, and communication platforms will be critical to sustaining gains made thus far.

NHIF has made commendable strides in implementing strategic evaluation practices. Regular reviews, feedback utilization, and KPI adoption form a solid foundation for performance management. Nevertheless, there is room for improvement in enhancing inclusivity in evaluation processes and increasing transparency in communicating

findings. Strengthening these areas can further institutionalize strategic learning and propel NHIF toward more impactful healthcare financing outcomes.



CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the summary of key findings, conclusion, and recommendations based on the research objectives. The study sought to assess how strategic management practices specifically strategic planning, strategic formulation, strategic implementation, and strategic evaluation influence the performance of the National Health Insurance Fund (NHIF) in the Eastern Region of Kenya. The findings of the study, drawn from descriptive and inferential statistics, have been synthesized to draw informed conclusions and practical recommendations. Furthermore, the chapter identifies areas for further research to address gaps and broaden understanding of strategic management in public health insurance organizations.

5.2 Summary of Findings

The study focused on evaluating the influence of strategic management practices on organizational performance at the NHIF in the Eastern Region. A census survey involving 59 respondents was conducted, and data were analyzed using both descriptive and inferential techniques. The study was guided by four objectives, each corresponding to a core strategic management function.

On strategic planning, the findings revealed that most respondents agreed that NHIF engages in thorough environmental scanning, sets realistic strategic goals, and aligns strategic plans with national health priorities. The descriptive results showed a high mean score, suggesting general satisfaction with the planning function. The inferential analysis further indicated a statistically significant positive relationship between strategic planning and performance ($\beta = 0.258, p < 0.001$). This suggests that planning provides a

foundation for aligning resources with institutional goals and fosters a proactive organizational culture. The study noted that strategic planning was moderately correlated with performance ($r = 0.424$), highlighting its importance as a guiding framework.

Regarding strategic formulation, respondents generally agreed that the NHIF develops strategies through consultative processes and that staff are adequately involved. The descriptive statistics revealed high agreement on the clarity and adaptability of formulated strategies. The regression analysis showed a positive and significant effect ($\beta = 0.245$, $p < 0.001$), confirming that formulation is critical for setting direction and enabling responsiveness to policy changes and emerging health needs. Correlation results ($r = 0.349$) indicated a moderate link between formulation and performance, supporting the idea that inclusive and context-sensitive strategies drive improved outcomes.

Strategic implementation was identified as the most influential variable in the study. Respondents indicated that NHIF provides adequate resources for strategy execution, ensures coordination among departments, and adheres to timelines. With the highest mean score among all strategic dimensions, implementation was recognized as a critical success factor. The regression coefficient for implementation was the highest ($\beta = 0.223$, $p < 0.001$), and it also registered the strongest correlation with performance ($r = 0.519$). This underscores that even the most well-developed plans require effective execution mechanisms, including leadership, communication, and accountability structures.

In terms of strategic evaluation, findings indicated that NHIF periodically reviews strategies, uses performance indicators, and incorporates stakeholder feedback. Although strategic evaluation had a relatively lower mean score compared to the other variables, it still showed a positive and significant relationship with performance ($\beta = 0.241$, $p < 0.001$). The correlation ($r = 0.196$) was lower but still indicative of a positive link. The results suggest that while NHIF has adopted strategic evaluation practices, there is room

for enhancing the use of real-time data and adaptive feedback mechanisms to foster continuous improvement.

The model summary indicated that the four variables collectively explained 66.6% of the variance in performance ($R^2 = 0.666$). This high explanatory power confirms that strategic management practices are central to enhancing public sector organizational effectiveness. The ANOVA and F-statistic results further affirmed the model's statistical significance ($F = 26.88, p < 0.001$).

The study also revealed demographic insights most respondents had significant work experience and professional qualifications, contributing to the reliability of responses. The socio-demographic analysis further suggested that managerial perceptions were consistent across gender and education levels, reinforcing the credibility of the data collected.

In summary, all four strategic management practices planning, formulation, implementation, and evaluation positively influence the performance of NHIF. However, strategic implementation emerged as the strongest predictor. This points to the need for robust execution frameworks that support timely, resource-backed, and well-communicated strategy deployment. The findings align with contemporary literature and provide empirical support for theories such as the Resource-Based View (RBV) and Strategic Fit Theory, which emphasize the alignment between organizational capabilities and external demands for sustained performance.

5.3 Conclusion

The study concludes that strategic management practices play a critical role in shaping the performance of public health insurance institutions such as the NHIF. Strategic planning, as a foundational process, ensures the alignment of institutional goals with

environmental realities and policy demands. It provides a roadmap for resource allocation and capacity building. The positive and significant relationship between strategic planning and performance confirms that when institutions anticipate change and plan accordingly, they are more likely to achieve their service delivery mandates.

Strategic formulation emerges as equally vital, enabling the organization to translate plans into actionable strategies that respond to evolving public health needs. The consultative nature of the strategy development process at NHIF ensures that policies are contextually relevant, which enhances stakeholder buy-in and implementation success. The significant impact of formulation on performance underscores the importance of inclusive, evidence-based strategy development in public sector organizations.

The study's most notable finding is the preeminence of strategic implementation as the most influential determinant of performance. The NHIF's ability to execute its strategies effectively through proper resource deployment, interdepartmental coordination, and regular communication mechanisms contributes greatly to its operational efficiency and service delivery quality. This finding affirms that the value of strategy lies not only in its design but more importantly in its execution.

Strategic evaluation, while often overlooked, is shown to be a significant component of the strategic management cycle. The NHIF's periodic reviews and feedback mechanisms ensure that strategies remain relevant and are adjusted as needed to improve efficiency and impact. However, the relatively lower correlation suggests that the organization may benefit from more robust and data-driven evaluation mechanisms.

Overall, the study concludes that the integration of these four strategic functions creates a synergistic effect, reinforcing the organization's capacity to meet performance targets. The findings validate the theoretical proposition that internal strategic capabilities, when properly aligned, lead to improved organizational outcomes. This conclusion is

particularly relevant for state corporations, which operate in dynamic environments requiring strategic agility and institutional resilience.

5.4 Recommendations

- i. **Enhance Strategic Evaluation Mechanisms:** NHIF should invest in advanced real-time data analytics and performance dashboards to allow continuous monitoring of key performance indicators. These mechanisms will enable departments to track progress against strategic goals in real-time. And improve its strategic evaluation practices, ensuring timely corrective measures and informed decision-making. Additionally, the institution should establish a quarterly strategic review process where departmental heads are involved in order to analyze trends, identify bottlenecks, and implement timely corrective measures.
- ii. **Prioritize Execution Excellence:** While planning and formulation are crucial, NHIF must enhance the actual implementation of the strategic plans by focusing more on improving execution frameworks, including resource tracking systems and implementation accountability mechanisms. This requires establishing a robust execution framework that includes a resource tracking system that is centralized which logs all allocation and utilization of human, financial and material resources per project; a performance incentive mechanism to promote a results-oriented culture for every successful execution and clearly outlined accountability structure where every strategic initiative is assigned to specific officer with defined timelines and evaluation criteria.
- iii. **Foster Participatory Strategy Development:** To enhance ownership and performance, NHIF should institutionalize stakeholder participation especially from county offices during strategic planning and formulation stages. To ensure

a greater alignment between policy and practice, NHIF should conduct preplanning consultative forums with stakeholders; by introducing a feedback loop system where there is submission of real-time operational challenges by field officers and developing capacity building sessions at county level to help strengthen local understanding and implementation of national strategic goals.

5.5 Suggestions for Further Research

- i. Comparative Studies Across Counties: Future studies should explore the influence of strategic management practices across different regions in Kenya to identify contextual differences and best practices.
- ii. Examine External Moderators: Additional research should investigate the influence of external factors such as regulatory changes, political environment, and technological disruption on the relationship between strategy and performance.
- iii. Longitudinal Analysis of Strategic Cycles: A longitudinal study could provide deeper insights into how changes in strategic management practices over time impact organizational performance in public health agencies.

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APPENDICES

Appendix I: Consent Form

Research Project Title:

Assessing the Impact of Strategic Management Practices on the Performance of the National Health Insurance Fund in Kenya's Eastern Region

I am a Master of Business Administration (Strategic Management) student at Mount Kenya University. In the requirements as part of my studies, I am currently undertaking a research study on the National Health Insurance Fund (NHIF) in the Eastern Region of Kenya. I would like your participation in this research.

A questionnaire shall be applied to collect data. We will treat all the information you give us with high confidentiality, and this information will only be used in academic matters. Any information gathered, in the form of notes, transcripts and electronic records, will be stored safely and destroyed after completing the research. All your answers will be anonymous, and any results cannot be connected with your name. The findings will concretely defend the scholarly argument and can be based on pseudonyms of privacy when representing the findings in academic seminars or journal articles.

Participation is by no means obligatory. You will only have to respond to a question you feel comfortable responding to, and you may dismiss yourself out of the study at any stage without stating the reason. If you have any questions or concerns regarding the study or its outcomes, you may reach out to me directly at qabalemoh87@gmail.com or via phone at 0706542111.

For any ethical concerns or complaints, please contact: Office of the Secretary
MKU Ethics Review Committee
P.O. Box 342 – 01000
Thika, Kenya

Consent Statement

I confirm that I have read and understood the information provided above. I have had the opportunity to ask questions, and I am aware that my participation is voluntary. I also

understand that I can choose to withdraw from the study at any time without giving a reason. I willingly agree to take part in this research study.

Participant's signature _____ Date _____

Researcher's signature  _____ Date 27/08/2024 _____



Appendix II: Questionnaire

The primary aim of this survey is to gather data to assess the impact of strategic management practices on performance within the National Hospital Insurance Fund in the Eastern Region of Kenya. Your responses will remain confidential and will solely contribute to enhancing performance within the organization. Please indicate your responses by marking a tick (✓) where appropriate. Your name is not required.

Section A: Background Information

1. Indicate your gender in the box provided

Male

Female

2. Please tick the highest education level you have attained

Secondary school certificate

Tertiary college certificate

Diploma

Undergraduate degree

Postgraduate degree

3. Number of years working in your position?

0-5 years

6-10 years

11 -15 years

Over 15 years

Section B: Strategic Planning Practices

Using a point Likert scale, choose an appropriate indicator among the following: (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and (5) strongly agree; indicate your level of agreement during the role of strategic planning practices in influencing organization performance in NHIF.

Strategic Planning Practices	5	4	3	2	1
The NHIF management leads the strategic management planning of NHIF.					

The major administration plan is also read to the NHIF staff regularly before implementation.					
NHIF determines and keeps an optimum fit to enhance the quality of goods and services.					
NHIF is specifying and achievable to make sure that there is cost reduction.					
The goals that aid the shortening of the lead time are assisted by the use of environmental scanning conducted by the organization, which aids in defining and accomplishing certain objectives.					
Strategic planning increases performance in NHIF as compared to trial-and-error learning.					
There are other strategic options available to the NHIF strategic planning manager.					

Section C: Strategic Formulation Practices

On the five-point Likert scale, you will choose an appropriate indicator among the following: (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and (5) strongly agree; indicate your level of agreement concerning the impact of strategic formulation of practice on organization performance in NHIF.

Strategic Formulation Practices	5	4	3	2	1
NHIF has a vision, mission and core values that have been mentioned as strategic direction					
As an employee, NHIF has its key strategy and plan of vision, mission and core values, and key objectives of the association.					
Strategic formulation is one of the core activities that the management of the NHIF considers primary.					
During strategy formulation, all the resources within NHIF (physical, financial, human, etc) are evaluated.					
NHIF identifies competitors, evaluates the objective of their success, and includes this point in strategic development.					

The relationship between the NHIF strategic behaviour and choice and the environmental developments are aligned, and the incorporation of the same is bridged in the strategy formulation.					
NHIF formulates its strategic plan, which the employees indulge in.					
NHIF establishes a policy which assists in formulating a strategy to enhance the compliance index.					
In the evaluation of strategies, NHIF makes plans every year with a view to enhancing the quality of goods and services.					
The success of strategy formulation at NHIF is expected to cause key actors to move around as a team, which is put in place, committed and charged with implementing new strategy.					

Section D: Strategic Implementation Practices

On a five-point Likert scale, use the appropriate indicator among the following: (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and (5) strongly agree, and indicate how far you agree that strategic implementation practices have an impact on the organization performance in NHIF.

Strategic Implementation Practices	5	4	3	2	1
The strategy is communicated comprehensively to staff members at NHIF.					
Strategy implementation has sufficient resources attached to it					
The NHIF strategy is based on its structure.					
NHIF's strategy was fully anchored on what it aimed to achieve and what it was anticipated to perform.					
NHIF is also interested in implementing an organizational strategy that improves its performance.					
Motivation is increased to make the implementation of the strategy successful.					
Top management's commitment to improving transparency and accountability is exemplary.					

Section E: Strategic Evaluation Practices

You have to select an appropriate indicator based on the following: (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and (5) strongly agree; at the five-point Likert scale, mention your score on the level of agreement about how strategic evaluation practices can affect NHIF organization performance.

Strategic Evaluation Practices	5	4	3	2	1
NHIF has a strategy for monitoring, evaluating and controlling implementation					
The performance of every management strategy plan is well-defined and measurable.					
NHIF management considers strategy management at the management level.					
The strategy formulation is done on the standard premise, and the adjustment move is made on the promise of auspicious higher performance.					
The existence of effective communication channels in NHIF improves strategic performance evaluation.					
The successful implementation of the strategy is carried out and evaluated at the end of the use stage, and restorative actions are delivered.					
The report on internal capabilities will inform us on how to make moves.					
Evaluation involves prospective outcomes and unforeseen results and provides strategic messages to reign in decision-makers, and overshadow partners.					

Section C: Performance

The following statements address the organizational performance as an effect of strategic management practice. Pick an appropriate indicator in each case about the performance of the organization or organization's performance on a five-point Likert scale: Strongly agree (SA)=5, Agree(A)=4, Undecided (U)=3, Disagree(D)=2, and Strongly Disagree (SD)=1.

NHIF Performance	5	4	3	2	1
The enrollment in the membership has changed.					


The current subscribers are happy with NHIF services					
There have been increased referrals of friends to enroll to join NHIF membership by the customer.					
Members are entitled to benefit from their contribution to NHIF					
NHIF's quality of products/services and use of resources have increased.					
The profit margins of NHIF in the past two years have shown a substantial rise.					
At this point in your organization, the inclusion of the congruence model into your organization has led to a significant amount of positive change in performance.					

THANK YOU



Mount Kenya University

Appendix III: ERC Letter


Mount Kenya University

REF: MKU/ISERC/4768 Date: 17 February 2025
TO: QABALE ADAN MOHAMED
REG: MBA/2022/48009

Dear Sir/Madam,

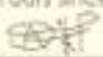
RE: IMPACT OF STRATEGIC MANAGEMENT PRACTICES ON PERFORMANCE OF NATIONAL INSURANCE HEALTH FUND IN EASTERN REGION, KENYA


This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **3490**. The approval period is **17/02/2025 - 16/02/2026**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**


Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research.portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,

Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC


MOUNT KENYA UNIVERSITY
ETHICS REVIEW COMMITTEE
P. O. Box 342-01000,
THIKA

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.
Tel: +254 20 287 8000, Cell: +254 709 153 000
Email: info@mku.ac.ke, Web: www.mku.ac.ke
Chartered and ISO 9001: 2015 Certified

Appendix IV: Introduction Letter

**Mount Kenya University**

DIRECTORATE OF GRADUATE STUDIES

MBA/2022/48009

18th February, 2025

*National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA*

Dear Sir/Madam,


RE: QABALE ADAN MOHAMED - REGISTRATION NO. MBA/2022/48009

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is **“Impact of Strategic Management Practices on Performance of National Health Insurance Fund Eastern Region, Kenya.”** It has been cleared by the University’s Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **March, 2025 and May, 2025**.

Any assistance accorded to the student will be highly appreciated.

Thank you.


Mount Kenya University
P. O. Box 342-01000, THIKA
Office of the Director,
Graduate Studies

Dr. Samuel M. Karenga, PhD
Director, Graduate Studies
Enc.

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.
Tel: +254 20 287 8000, Cell: +254 709 153 000



MRU/SHA/ADM/001/1

14TH March 2025

Dear Sir/Madam,

TO WHOM IT MAY CONCERN

RE: RESEARCH AUTHORIZATION- QABALE ADAN MOHAMED

Reference is made to letter Ref. NO NACOSTI/P/25/416631 dated 11th March 2025

Authority is hereby granted to Qabale Adan Mohamed to carry out and conduct a research on "Impact of Strategic Management Practices on Performance of National Health Insurance Fund Eastern Region, Kenya" in Eastern Region, for the period ending 11th March 2026.

The person(s) undertaking this research is bound by all ethical rules and regulations governing surveys of this nature, and will carry it out professionally without interfering with normal work routine.

SOCIAL HEALTH AUTHORITY
BRANCH MANAGER
4 MAR 2025
Edith Gitagia
MERU BRANCH
For: Branch Manager - Meru

Appendix VI: Similarity Index

QABALE ADAN MOHAMED

INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON PERFORMANCE OF NATIONAL INSURANCE HEALTH FUND IN...

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 Mount Kenya University

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