# THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

# Influence of Strategic Planning on Corporate Performance: A Case of National Hospital Insurance Fund, Kenya

#### **Oduor Juma Paul**

Ph.D. Student, Department of Business Administration, School of Business & Economics, Maseno University, Kenya

#### Abstract:

The major role of the ministry of health in Kenya is to promote the health status of Kenyans through access to effective and affordable services. To address citizens' major health sector challenges, the Kenya government, in 1966, set up NHIF to provide medical insurance coverage. Unfortunately, key stakeholders have raised dissatisfaction with service provision, sighting that the corporation has lost sight of its cardinal goals leading to the loss of funds ventured in by principals. In recent cases, regular system failure during the online self-service, including payment, and laxity in addressing client-related cases have been reported failure to timely remit funds to offset facilities bills like the case of Kenyatta hospital costing 311 million in 2017 suggests a lack of strategic plans. Whereas previous studies largely focused on funding, they never considered strategic planning in NHIF and more so in Busia, Western Kenya.

Moreover, no known studies have focused on a mission, objective, and vision that ensures improvement and, thus, better performance. The purpose of this study was to analyze the influence of strategic planning on corporate performance. It was guided by three objectives:

- To establish the influence of the mission statement on corporate performance,
- To establish the influence of an organization's objectives on corporate performance and
- To determine the influence of an organization's policies on corporate performance

The study covered scholars' work on empirical studies on strategic planning and performance and was guided by resource-based theory. The study employed a correlational research design targeting 49 NHIF staff as a population, of whom 4 were used for the pilot study and 45 for the actual study. The Census sampling approach was opted for as the target population was a manageable number. The research instrument was a questionnaire and questionnaire schedules. Instrument reliability was ascertained using Cronbach's Alpha coefficient, where all the variables met the threshold of 0.701, implying internal consistency.

In contrast, validity was ascertained by expert judgment from the school of business and economics. Data were analyzed using descriptive statistics (percentage), and inferential statistics were used to generate quantitative reports. In contrast, content analysis was used to analyze quantitative data, and it was presented in tables. Findings revealed that:

- The use of a mission statement in strategic decision-making was a statistically insignificant predictor of corporate performance  $\beta_1$ = .038 (p = .269),
- Organization's objectives were positive significant predictors of corporate performance ( $\beta_2$  = .429 (p = .000) and
- Organization's policies were positive significant predictors of corporate performance ( $\beta_3 = .432$  (p = .000)

These values of the organization's objectives and the organization's policies are statistically significant since the p-values are less than 0.05, meaning that a unit change in the use of an entity's objective and policies intensify results in an increase in performance of 0.429 and 0.432 respectively, all things being fixed. The study, therefore, concludes that a mission statement should not be embraced in an attempt to increase corporate performance. Using the organization's objectives and adopting policies in strategic planning should be embraced as they lead to increased corporate performance. The study recommends that the NHIF Busia branch should continue embracing objectives and policies in strategic decision-making as this was found to improve the corporate performance of funds. The importance of the study is that it presents an overview of the influence of strategic planning on corporate performance. This is intended to offer insights and additional sources of reference to researchers and NHIF policy-makers.

**Keywords:** Strategic planning, corporate performance

# 1. Introduction

This section presents:

- The background of the study,
- The statement of the problem,

- · General and specific objectives,
- Hypothesis,
- The scope of the study,
- Justification, and
- Conceptual framework of the study

#### 1.1. Background to the Study

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

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

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

Mwangi (2013) defined performance as a process of reviewing the overall organizational proceeds by determining how a business entity can reach its goals. It requires alignment of strategic and operational objectives and business set activities to manage performance. Performance is measured through growth, customer satisfaction, and technology.

- Organization growth- These are tasks and processes to develop and implement growth opportunities within an
  organization. Business development is the creation of long-term value for an organization from customers,
  markets, and relationships.
- Customer Satisfaction- According to Neupane (2014), Customer satisfaction is the measure of how an organization meets its products and services, which meet or exceed the customers' expectations.
- Remittance Remittances are compulsory non-refundable funds a principal beneficiary is required to pay monthly to continue enjoying benefits. These funds are later used to clear any medical bill that may outstand within a certain period.
- Technology- According to Babafemi (2015), technology is a method, system, and device resulting from scientific knowledge being used for practical purposes. It can also be a purposeful application of the information in the design production, utilization of goods and services, and the organization of human activities. In an organization, they are aligned to operations to simplify complexity and ensure efficiency for better performance to attain the goals.

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

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

Strategic planning is said to result in a better match between external environment variables and changing internal organization conditions of the firm. According to Schmidt (2005), the purpose of this match is to continuously realign the firms' objectives and strategies with changing conditions to improve the long-term performance of the

company. There are several advantages of strategic plans as far as the human capital and planning processes are concerned. These include:

- Identification and exploitation of future marketing opportunities,
- An objective view of management challenges,
- Provision of a framework for the review of plan execution and control of activities,
- Minimization of effects of adverse conditions
- Human capital advantages include:
- Helping integrate the behavior of individuals in the organization into a team effort,
- Providing a basis for clarification of individual responsibilities,
- Contributing to motivation,
- Encouraging forward thinking on the part of the staff,
- Encourage a favorable attitude to change and
- Creating awareness of challenges, strengths, and weaknesses

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

A mission statement shows the role by which an organization intends to serve the stakeholder in the short and medium-term plan. In its current customer service charter (2017), the NHIF states that its mission is 'To provide accessible, affordable, sustainable, equitable and quality social health insurance through optimal utilization of resources, to the satisfaction of stakeholders.' Being a corporate organization partly funded by the state, corporate and individual members, the fund lacks a policy system to recruit every citizen and bring them on board. Despite being in existence since its inception in 1966, the national health insurer (NHIF) has not achieved the capacity to be able to bring every citizen on board. In Kenya, informal sector workers, the aged, and the marginalized, who are the majority of the population, do not have access to the fund. However, it is a known fact that the country's economy would gain a lot if the majority of its citizens were to be healthy.

The NHIF objectives include:

- The effective recruitment of members,
- Collection of contributions and payout benefits,
- Enhancement of the funds' quality management system,
- Prudent management of resources,
- Development and maintenance of a strong customer relationship, and
- Development of relevant competencies
- These objectives have not been achieved in total

Cases of mischievous claims continue to follow the Fund through fraudulent claims. In a report for the Financial Year ended 2016, the Auditor General exposed a scam where the fund failed to explain how the cost of constructing its multi-storey car park went up by 340%. The project had initially been budgeted to cost Kshs 900, but by the time of the project completion, Kshs 3.4 billion had been spent. A further Kshs 626.6 million and Kshs 4.7 million respectively were also further spent in the project bringing additional expenditure to Kshs 4 billion. The Auditor General also raised the red flag on the funds' acquisition of a 10-hectare land in Karen, Nairobi, at the cost of Kshs 298.6 million, where ownership is in dispute, and the matter is still in court for litigation.

In a document sponsored by Oxfam titled 'Policy Brief on National Hospital Insurance Fund (NHIF)', the Fund outlines the policy considerations for promoting livelihoods and inclusion of vulnerable women, domestic workers, and women small scale traders from slums in Nairobi like Mukuru, Kibera, Korogocho, Mathare and Kawangware (https://kenya.oxfam.org). It analyzed the potential benefits to the target women. These challenges may derail the target women from enrolling. Explore easy remittance methods like staggered payments and other effective strategies to encourage women to register for the NHIF scheme. The policy recommendations are anchored in Article 1 of the Constitution, which commits the State to fulfill the Bill of Rights as the current Constitution (2010) recognizes the right to Health. The report concluded that there are huge opportunities for restructuring the wider coverage of the funds' programs through increased membership by vulnerable groups. The entry point is observed to be aggressive marketing

and raising awareness levels of NHIF to the target groups as an entry point. Other recommendations included ensuring the adequacy of benefits under NHIF and their accessibility.

NHIF is to work with the county government of Nairobi to increase coverage in Nairobi's informal settlements and establish public hospitals, i.e., dispensaries and health centers near them and encourage women to take control of their health and their children.

Several studies were done on mission, objectives, and policies in relation to performances.

Palmer and Short (2014) analyzed the mission statement of the association to Advance Collegiate School of Business (ACSB) in the USA using implementation and vision. The main results indicated that business school missions lacked comprehensiveness. They concluded that the differences in performance in business schools were attributed to mission components. In addition, Palmer's second study contradicted the earlier study done by West Eye Company limited early months of (2014) as the first study got a positive result. Amrane (2011) examined the relationship between mission statement and performance in Malaysian companies and reported mixed results of the mission statements although applied financial indicators. With respect to the impact of components, such as purpose values, self-concept for suppliers, society, and vision statement, the result show mixed results. More specifically, there is no relationship between ROA and components' mission statements.

On the contrary, with respect to ROE, there is a significant relationship between ROE and the purpose values self-concept for suppliers and society components of the mission statement. Finally, with earning per share EPS, the only component examined is the mission statement component that has a significant relationship with its purpose. However, unlike the proposed study, Arasa (2012) carried out his study at the University of Nairobi and overlooked the corporate direction and appraisal of the business environment. Very little was done to identify and analyze strategic issues as his dependent variables were used. He did not show definite decisions and results. Ali (2011) studied the effect of strategic planning in the Jordan banking industry, concentrated on consumer products and satisfaction as variables, and ignored commercial products. In addition, he never disclosed how mission directly affects performance, even after finding positive results and variation in relationships. Palmer and Short (2014) analyzed the mission statement of the association to advance the collegiate school of business (ACSB) in the USA. The main results indicated that business school missions lacked comprehensiveness. This study seeks to bridge such gaps and also to indicate if the mission statement directly influences strategic planning and performance.

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

Steve and Jawek (2015), in their study of organization objective performance and satisfaction at Kakila manufacturing Angola, noted a strong relationship. Strategic design and strategic analysis were tested. This result contradicted the one they previously carried on the Pelvic industry in 2013 despite using similar variables. Linda Parker (2010) studied the effect of objectives on performance with critical success and future scenarios in software engineering Institutes by using objectives. The result was positive after using critical success, mission, and vision as independent variables.

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

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

Barbara Jones and Damian (2012) studied the effect of policies for training and skills on improving innovation capabilities in a firm in Nesta and partners firm USA. Efficiency and effectiveness were tested. In their findings, they noted that there was a weak relationship between policies on training and skills and the overall improvement of a firm. Sabarwal Parwider. Fangy Lee Cooke (2010) conducted a study of Human Resource policies Strategy to improve Organizational performance a route for British Firms. Lee found that the procedures and policies strongly influence performances after testing leadership and objectivity as one variable. In the study on the effect of disciplinary procedures on employees' performance in the postal corporation of Kenya Nairobi, Maikara Amon Marucha (2013) procedures and policies were tested. The study found that there are firms that put in place disciplinary procedures to have unique performance in the policy and procedures for responding to Allegations of research misconduct (2016).

Seton Hall University found that they do effluence. In the above studies, Barbara and Jones (2012) study gave positive results after stating that one variable showed no relationship. Barbara and Jones study of 2012 gave a very weak relationship between variables. Sabarwal Kaur (2010), Barbara, and Jones were interested in policies during training and

not during the performance. Therefore their results were misgiving given the fact that not all who follow training policies will apply them during the performance. Sabarwal Kaur carried it in private profit-making but not a public entity. Therefore they, to some extent, differ in performance and workability. They concentrated on strategic planning and ignored results and performance, and in addition, none was carried out on NHIF and Busia in particular. This study seeks to bridge this knowledge gap.

#### 1.2. Statement of the Problem

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

#### 1.2.1 General Objective

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

# 1.2.2. Specific Objectives

The specific objectives were to:

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

#### 1.3. Research Hypotheses

The objectives were guided by the following hypotheses:

- H<sub>0</sub>: There is no significant influence of the mission statement on corporate performance.
- H<sub>0</sub>: There is no significant influence of an organization's objectives on corporate performance.
- H<sub>0</sub>: An organization's policies have no significant influence on corporate performance.

#### 1.4. Scope of the Study

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

#### 1.5. Justification of the Study

This study intended to highlight the challenges facing NHIF in providing its services in the western region of Kenya, given that the dynamics of every part of the country are not the same.

It was to help the NHIF policy makers and management come up with new ideas and programs that are beneficial to the health sector in Kenya, as well as provide meaningful insights and be the source of reference to other researchers in the future.

#### 1.6. Conceptual Framework

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

The study tried to establish a relationship between organizational policies and corporate performance. The intervening variables were not subjected to a statistical test. The study tried to establish:

- A relationship between the mission statement and corporate performance,
- A relationship between the organization's objectives and corporate performance,
- A relationship between an organization's policies and corporate performance

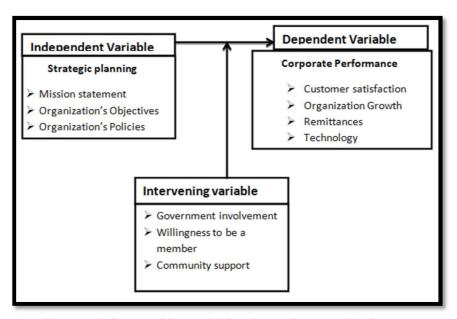


Figure 1: Influence of Strategic Planning on Corporate Performance Adopted from Self-Actualization (2018)

# 2. Literature Review

#### 2.1. Introduction

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

#### 2.2. Concept of Strategy

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

There are different forms of strategy (Johnson et al...2008). Corporate-level strategy is concerned with the overall scope of an organization and how value will be added to the different parts (business units) of the organization. This could include issues of geographical coverage, diversity of products/services of business units, and how resources are to be allocated between different parts of the organization. Business level strategy is the second which talks about how to compete successfully in particular markets or how to provide the best value services in the public service. The third level is the operating end of the organization It is also called operational strategies which concerns how component parts of an organization deliver effectively the corporate and business level strategies in terms of resources, processes, and people. Finally, political strategy is designed to accommodate a new balance of power among the external forces and limit pressure for an entity's change.

# 2.2.1. Theoretical Framework

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

#### 2.2.2. Resource-Based Theory

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

An organization develops competence in these resources, which become the source of a firm's competitive advantage right from planning to the output. Once an organization's bundle of resources is identified, it determines which of these resources represents the strengths and weaknesses of the organization. This will enable it to determine the sources of competitive advantage and capabilities to give it a strategic advantage by building on their value, ensuring their scarcity, and making them inimitable. The resource-based view of strategic management focuses resources on activities on different levels of organizations. At the corporate level, the interest is in the economies of scale, corporate resources, and costs of determining the industrial and geographical boundaries of the firm's activities, as Zacky (2013) asserted. He further stressed that at the business level, resources are focused on beating competition and profitability. At this level, an organization will focus on studying competitive advantage and how it will catapult the organization to profitability. Together, these contributions amount to what has been termed the best results in a wide variety of actions, also called games.

NHIF should efficiently and effectively utilize funds remitted monthly by its principal beneficiaries. Resources such as modern machines, new soft wares, etc. should be acquired to offer the best services that satisfy its clients.

Although many entrepreneurs believe in this, it is only beneficial to NHIF if put in place the mission, bearable policies, and achievable objectives.

The mission statement is a communication of an organization's purpose, usually expressed with public relations or marketing in mind. The mission statement provides direction and scope for the firm's activities. Mission describes the organization's aspirations and reasons for being in existence (Draft, 2012). It answers the following questions:

- What is an entity or business that the customers served?
- What are their needs seeking to address?

According to Crame (2010), the market-focused mission and strategy may provide stability and consistency of direction needed as a foundation for long-term strategy, more so the dynamic nature of the external environment. The organization's mission can help an organization realize its core objectives, including growth and profitability (high performance). Studies have been done on this, giving distinct results.

According to Barney and Griffin, organizational objectives serve four basic functions:

- They provide guidance and direction,
- They facilitate planning
- They motivate and inspire employees and
- They help organizations evaluate and control performance

According to Lathan (2012), goals affect individual performance through four mechanisms, goals direct action and effect towards goal-related activities and away from unrelated activities. Goals energize employees and lead to higher employee effort than easy goals. The goal affects persistence employees exert more effort to achieve high goals and motivate employees to use their existing knowledge to attain a goal or acquire the knowledge needed to do so. Setting individual performance goals provides a framework for translating the goals of the organization into smaller chunks that are then assigned to individual employees. Clear goals and objectives allow employees to monitor their own progress all year round and correct their efforts as necessary. If the employees know what they need to accomplish, they can look at the result and go and identify barriers to achieve those goals. Most employees want to know:

- What they need to accomplish,
- Why they are doing it, and
- How well they must do it

A policy is a broad guideline, methods for making, procedures, rules, forms, and administrative practices established to support and encourage work towards stated goals.

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

#### 2.3. Empirical Evidence

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

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

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

#### 2.3.1. Performance

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

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

Since customer satisfaction has been considered to be based on the customer's experience with a particular service encountered, it is a fact that performance is a determinant of customer satisfaction because service quality comes from the outcome of the service providers in an organization. Customer satisfaction is defined as a specific transaction (the difference between predicted service and perceived service), in contrast with attitudes that are more enduring and less situational-oriented. In addition, it is globally proven that quality performance leads to customer's satisfaction in both profit and non-profit making institutions. This is the reason why the price at times is assumed by some customers while making a choice.

#### 2.3.2. Organization Growth

These are tasks and processes to develop and implement growth opportunities within an organization. Business development is the creation of long-term value for an organization from customers, markets, and relationships. Growth is something for which an organization strives, regardless of its size. Small organizational growth is, in fact, used as one indicator of effectiveness for small businesses and is a fundamental concern of many practicing management (Peter, 2012). This growth may be in the form of an increase in, i.e., structures, profitability, number of customers or clients served, and quality of services, among others. To customers, the quality of services matters in the service industry.

#### 2.3.3. Remittance

#### 2.3.3.1. Remittance

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

#### 2.3.4. Technology in an Organization

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

#### 2.3.5. Customer Satisfaction

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

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

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

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

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

#### 2.3.6. The Influence of Mission Statement on Performance

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

Ali Alaweh (2011), in his study on the impact of mission statements on performance in the Jordanian Banking industry using customers' products or services, public image growth, and profitability, found that there was a weak, insignificant positive relationship between components and bank's performance after testing consumer products and satisfaction.

After testing strategic analysis and implementation, Alavi and Karani (2010) found that the existence of a mission statement is associated with organizational performance. Medline (2013) found a significant position relationship between the financial performance and quality and competitiveness of the mission's statement after testing evaluation formulation as variables. For that reason, she concluded that the mission statement has a significant impact on improving financial performance. However, there was inconsistency as the variables did not match with standards and ideas. Palmer and Short (2014) analyzed the mission statement of the association to advance the collegiate school of business (ACSB) School in the USA using implementation and vision variables. The main results indicated that business school missions lacked comprehensiveness. They concluded that the differences in performance in business schools were attributed to mission components. In addition, Palmer's second study contradicted the earlier study done by West Eye Company limited early months of (2014) as the first study got a positive result.

Amrane (2011) examined the relationship between mission and performance in Malaysian companies and reported mixed results on the mission statements. With respect to the impact of components: purpose values, self-concept for suppliers, society, and vision statement, the result show mixed results. More specifically, there is no relationship

between ROA and components' mission statements. On the contrary, with respect to ROE, there is a significant relationship between ROE and the purpose values self-concept for suppliers and society components of the mission statement. Finally, with earning per share EPS, the only component is the mission statement that has a significant relationship with its purpose.

However, unlike the proposed study, Arasa (2012) carried out his study at the University of Nairobi and overlooked corporate direction and appraisal of the business environment. But, very little is done to identify and analyze strategic issues. As his dependent variables were used, he did not show definite decisions and results. Ali (2011) studied the effect of strategic planning in the Jordan banking industry and concentrated on consumer products and ignored commercial products. In addition, he never disclosed how mission directly affects performance, even after finding positive results and variation in relationships. Palmer and Short (2014) analyzed the mission statement of the association to advance the collegiate school of business (ACSB) School in the USA. The main results indicated that business school missions lacked comprehensiveness. This study seeks to bridge such gaps and also to indicate if the mission statement directly influences strategic planning and performance.

# 2.3.7. Organizations' Objectives on Performance

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

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

# 2.3.8. Organizations' Policies and Performance

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

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

In the above studies, Barbara and Jones (2012) study gave a positive result after stating that one variable showed no relationship. Barbara and Jones study of 2012 gave a very weak relationship between variables. Sabarwal Kaur (2010) and Bakari Zainabu Kevin (2012) were more interested in human resources as a determinant of output and less in mission policies and objectives. In addition, Barbara and Jones were interested in policies during training and not during the performance. Therefore, their results were misgiving given the fact that not all who follow training policies will apply them during the performance. Sabarwal Kaur carried it in private profit-making but not as a public entity. Therefore, they, to some extent, differ in performance and workability. In addition, they concentrated on strategic planning and ignored results and performance. This study seeks to bridge this knowledge gap.

# 2.4. Summary of Literature Review

From the above literature, studies have been carried out in profit and non-profit making organizations across the world. Some were misgiving like the case of Sabarwal Kaur, Inconsistencies in the study of Barbara and Jones (2012) and Kaur (2010), and in addition, the studies of Kevin (2012) contradicted as the first study gave a strong relationship between variables yet his last study showed a weak relationship. No known study of considerable depth attempts to explicitly link the application of strategic planning to the performance of an organization and particularly on NHIF

operating in Kenya. For this reason, therefore, concluding that there is an influence of strategic planning on performance by only using the above studies will be misgiving as none was done on NHIF. This proposal study sought to bridge the gap.

# 3. Methodology

#### 3.1. Introduction

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

#### 3.2. Research Design

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

# 3.3. Area of Study

The study was carried out in NHIF Busia, within Busia county, which is the West County in Western Kenya, on latitude 0°, 25′ 59.99 N and longitude 34° 08′ 60.00 E. Latitude is the distance north or south of the equator and longitude is the distance East or West of the prime meridian. Busia County is found in the western part of Kenya. It borders Kakamega County to the East, Bungoma County to the North, Lake Victoria and Siaya County to the South, and the neighboring country of Uganda to the West. It covers a total land area of 1,695.1 km², and the Kenya National Bureau of Statistics (KNBS) projected the total population to be 933,993 people, i.e., 486,945 women and 447,048 men in 2017. According to https: www.geovista.psu.edu.com, the county has a GPS coordinate of latitude 0°, 25′ 59.99 N and longitude 34° 08′ 60.00 E. Latitude is the distance north or south of the equator, and longitude is the distance East or West of the prime meridian.

# 3.3.1. Target Population

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

# 3.3.2. Sample Size and Sampling Procedures

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

|   | Total Number of Staff | Number Sampled (Interviewed) |
|---|-----------------------|------------------------------|
| Branch manager                                | 1                     | 1                            |
| Assistant Manager                             | 1                     | 1                            |
| Operation manager                             | 1                     | 1                            |
| Assistant operation manager                   | 1                     | 1                            |
| Accounts officers                             | 4                     | 4                            |
| Registration and compliance officers          | 20                    | 20                           |
| Field/ compliance officers                    | 7                     | 7                            |
| Quality assurance officers for 7 sub-counties | 7                     | 7                            |
| Customer care                                 | 4                     | 4                            |
| I.T officers                                  | 3                     | 3                            |
| Total   | 49                    | 49                           |

Table 1: Sample Size and Sampling Procedures
Source: NHIF Busia 2018

Sample size refers to a portion drawn from a population. It may be used in a study that is intended to lead to statistical estimates of the attributes of the whole population (Mannay, 2010). In statistics, it is a subset of a population to be studied in detail and is representative of a whole (McNeill & Chapman, 2005). Sample size determination aids a researcher in choosing the number of observations to include in a statistical sample (Kombo & Tromp, 2006).

#### 3.4. Data Collection

# 3.4.1. Sources of Data

Primary data was specifically collected for the problem under study in the field. The questionnaire method was used to obtain the data from NHIF management staff, and secondary data were collected from studies done by other persons. This was done in library textbooks, newspapers, journal publications, company journals, manuals or unpublished work done by scholars, and websites for the database.

# 3.4.2. Data Collection Procedures

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

Primary data was collected from NHIF products. Some information on salient features regarding the challenges got from the NHIF staff in the county.

Secondary data was collected from circulars regarding NHIF products, NHIF magazines, manuals, and the internet.

#### 3.4.3. Data Collection Instruments

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

#### 3.4.3.1. Questionnaires

These are a group of printed questions designed carefully and structured to be used to gather information from the respondents. The researcher used a self-reporting questionnaire consisting of three sections.

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

In section B, the questions elicited responses on measures to improve the NHIF process and infrastructure and how the respondents rated them. The Likert scaling in section B was like in section A.

Section C elicited organization measures on employee productivity and contextual factors and how the respondents rated them.

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

# 3.4.4. Reliability of Research Instruments

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

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

# 3.4.4.1. Reliability Test Results

The results of the reliability test are presented in table 2 below.

| Indicator         | Cronbach's Alpha | No. of Items |
|-------------------|------------------|--------------|
| Mission Statement | 0.812            | 4            |
| Objective         | 0.778            | 4            |
| Policy            | 0.712            | 4            |
| NHIF Performance  | 0.704            | 3            |

Table 2: Reliability Test Table

From table 2, the Cronbach's alpha of 0.812, 0.778, 0.712, and 0.704 for Mission statement, Objective, Policy, and NHIF Performance were above the threshold value of 0.7. Therefore, it was concluded that the research instruments were reliable and hence could be used in the study.

#### 3.4.5. Validity of Research Instruments

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

# 3.5. Data Analysis and Presentation

Mugenda and Mugenda described data analysis as coding, categorizing, data entry, manipulation, and summarization of data. The data collected were refined to get rid of any errors and omissions. The completed questionnaires were scrutinized to ensure accuracy and consistency with other facts gathered. Data were uniformly entered as completely as possible and well-arranged to facilitate coding and tabulation.

Edited data were then assigned as numerical values so that the responses could be put in a number of categories and classes. The study used both descriptive and inferential statistics in data analysis, e.g., frequency tables, histograms, and percentages (%). Inferential statistics used include:

- Pearson's correlation coefficient to determine the relationship between study variables and
- Partial correlation to determine multiple variable variations

According to Kothari, a combination of the techniques was important because statistical methods tend to be strong in validity but weak in reliability. Hence their combination balanced the strengths and weaknesses of each of them.

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

# 3.5.1. Regression Analysis

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

 $Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$ 

Where:

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

β0 - Constant

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

X<sub>1</sub> - Mean scores of Mission Statement constructs

X<sub>2</sub> – Mean score of organization's Objective constructs

X<sub>3</sub> - Mean score of organization's Policies constructs

ε - Error term

Source: Adopted from Fairchild and MacKinnon (2009).

# 3.5.2. Hypotheses Testing

The study hypothesis H<sub>0</sub> was tested using Pearson's product-moment correlation coefficient to determine whether there was a relationship between strategic planning and corporate performance. This was done at the level of significance of 0.05, which is a statistically acceptable level in behavioral research, according to Kothari (2008).

# 3.6. Ethical Consideration

The researcher tried to seek and secure informed consent from respondents and interviewees before participating in the research. He made them aware of the purpose of the research and the expected benefits and assured

www.theijbm.com

them of the anonymity and privacy of the information in relation to the study. The instruments of the data are designed in such a way that the above will be achieved.

#### 4. Results and Discussions

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

# 4.1. Response Return Rate

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

# 4.2. Demographic Characteristics of the Sample

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

| Gender | Frequency Percent |       | Valid Percent | <b>Cumulative Percent</b> |  |
|--------|-------------------|-------|---------------|---------------------------|--|
| Male   | 12                | 26.7  | 26.7          | 26.7                      |  |
| Female | 33 73.3           |       | 73.3          | 100.0                     |  |
| Total  | 45                | 100.0 | 100.0         |                           |  |

Table 3: Respondents' Gender Source: Survey Data, 2018

Table 3 indicates that the majority (73.3%) of the respondents in the sample were females indicating that the majority of NHIF employees in Busia are males.

| Marital Status | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Single         | 5         | 11.1    | 11.1          | 11.1               |
| Married        | 40        | 88.9    | 88.9          | 100.0              |
| Total          | 45        | 100.0   | 100.0         |                    |

Table 4: Respondents' Marital Status Source: Survey Data, 2018

As shown in table 4, the majority (88.9%) of respondents were married, while only (11.1%) were single. This indicates that the majority of NHIF employees are mature people with a wealth of experience in strategy and corporate performance.

| <b>Education Level</b> | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------------|-----------|---------|---------------|--------------------|
| Secondary              | 1         | 2.2     | 2.2           | 2.2                |
| Certificate            | 8         | 17.8    | 17.8          | 20.0               |
| Diploma                | 12        | 26.7    | 26.7          | 46.7               |
| Degree                 | 18        | 40.0    | 40.0          | 86.7               |
| Above Degree           | 6         | 13.3    | 13.3          | 100.0              |
| Total                  | 45        | 100.0   | 100.0         |                    |

Table 5: Education Level Source: Survey Data, 2018

Table 5 indicates that:

- 18 (40.0 %) of the respondents are bachelor's degree holders,
- 12 (26.7%) are diploma holders, and
- Only 1 (2.2%) had attained secondary education level

This implies that data for the study was obtained from knowledgeable respondents who are seasoned strategic planning and corporate performance decision-makers, hence the reliability of the data.

|                   | Frequency | Percent | Valid Percent | <b>Cumulative Percent</b> |
|-------------------|-----------|---------|---------------|---------------------------|
| Below 1 year      | 3         | 6.7     | 6.7           | 6.7                       |
| 1-5 years         | 23        | 51.1    | 51.1          | 57.8                      |
| More than 5 years | 19        | 42.2    | 42.2          | 100.0                     |
| Total             | 45        | 100.0   | 100.0         |                           |

Table 6: Professional Working Experience Source: Survey Data, 2018

Table 6 shows the respondents' professional working experience in their current job. The results indicate that the majority (51.1%) of respondents had worked in their respective sections for the period between 1-5 years, indicating low labor turnover. 42.2% had worked for a period of more than 5 years, while 6.7% had worked for a period of less than 1 year. This implies that the data were obtained from respondents who had gained experience in strategic planning and corporate performance of the case study.

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

The extent of the mission statement in the case study was measured using four items.

Respondents were asked to rate the extent of mission statement elements practiced by the NHIF branch office.

Responses were elicited on a 5-point scale (1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent). These responses were then analyzed using frequencies, means, and standard deviations.

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

Table 7: Rating of Extent of Practice of Mission Statement Key: 1-No Extent, 2-Little Extent, 3-Moderate Extent, 4-Great Extent, and 5-Very Great Extent Source: Survey Data, 2018

Results presented in table 7 indicate that the practice of mission statements is applied to great extent. The overall mean response score for all the elements was 4.000, coded as great extent. It means that the mission statement is practiced by the NHIF branch to a great extent. The very greatly practiced element of the mission statement was on customer satisfaction focus (Mean = 5.000, Std. Dev. =0.5025). This result is in tandem with the theoretical postulations of Crame (2010), who argue that a mission statement should be market-focused to provide stability and consistency in a company's direction.

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

The organizations' objectives and extents of practice in the case study were measured using four items.

Respondents were asked to rate the extent of organization objectives elements practiced by the NHIF branch office.

Responses were elicited on a 5-point scale (1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent). These responses were then analyzed using frequencies, means, and standard deviations.

| Constructs Overall Mean = 4.00  | 5         | 4         | 3       | 2       | 1       | Mean | Std.<br>Dev. |
|---|-----------|-----------|---------|---------|---------|------|--------------|
| a. Our objectives are<br>SMART  | 2(4.4%)   | 43(95.6%) | 0(0.0%) | 0(0.0%) | 0(0.0%) | 4.04 | 0.2084       |
| b. Our objectives are easily understood                                 | 6(13.3%)  | 37(82.2%) | 2(4.4%) | 0(0.0%) | 0(0.0%) | 4.1  | 0.4168       |
| c. Our objectives are focused on satisfying customers                   |           |           |         |         |         |      |              |
| d. There is a<br>relationship between<br>achievements and<br>objectives | 38(84.4%) | 7(15.6%)  | 0(0.0%) | 0(0.0%) | 0(0.0%) | 5    | 0.3665       |
|   | 4(8.9%)   | 40(88.9%) | 1(2.2%) | 0(0.0%) | 0(0.0%) | 4    | 0.33         |

Table 8: Rating of Extent of Practice of Organizational Objectives Key: 1-No Extent, 2-Little Extent, 3-Moderate Extent, 4-Great Extent, and 5-Very Great Extent Source: Survey Data, 2018

Table 8 indicates that the practice of organizational objectives is applied to great extent. The overall mean response score for all the elements was 4.000, coded as great extent. It means that focus on organizational objectives is practiced by the NHIF branch to a great extent. The highly practiced element of the organizational objectives was on

customer satisfaction focus (Mean = 5.000, Std. Dev =0.3665). This finding is consistent with the theoretical predictions of Lathan (2012) that the practice of setting goals is an essential driver of organizational performance and should be embraced by all organizations.

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

The extent of practice of organization's policies in the case study was measured using four items.

Respondents were asked to rate the extent of organization's policies' elements practiced by the NHIF branch office.

Responses were elicited on a 5-point scale (1-No extent, 2-little extent, 3-moderate extent, 4-Great extent, and 5-very great extent). These responses were then analyzed using frequencies, means, and standard deviations.

| Constructs                      | 5         | 4         | 3       | 2       | 1       | Mean  | Std. Dev |
|---------------------------------|-----------|-----------|---------|---------|---------|-------|----------|
| Overall Mean = 4.00             |           |           |         |         |         |       |          |
| a. Policies are well formulated | 5(11.1%)  | 39(86.7%) | 1(2.2%) | 0(0.0%) | 0(0.0%) | 4.10  | 0.3582   |
| b. Policies are effective       | 5(11.1%)  | 37(82.2%) | 3(6.7%) | 0(0.0%) | 0(0.0%) | 4.04  | 0.4240   |
| c. Employees hardly deviate     | 4(8.9%)   | 38(84.4%) | 3(6.7%) | 0(0.0%) | 0(0.0%) | 4.022 | 0.3982   |
| from set policies               |           |           |         |         |         |       |          |
| d. Policies are set to ensure   | 35(77.8%) | 10(22.2%) | 0(0.0%) | 0(0.0%) | 0(0.0%) | 5.00  | 0.4204   |
| customer satisfaction           |           |           |         |         |         |       |          |

Table 9: Rating of Extent of Practice of Organizational Policies Key: 1-No Extent, 2-Little Extent, 3-Moderate Extent, 4-Great Extent, and 5-Very Great Extent Source: Survey Data, 2018

The results in table 9 indicate that the practice of organizational policies is applied to great extent. The overall mean response score for all the elements was 4.000, coded as great extent. It means that setting organizational policies is practiced by the NHIF branch to a great extent. The highly practiced element of the organizational policies was on customer satisfaction focus when setting policies (Mean = 5.000, Std. Dev =0.4204).

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

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

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

Table 10: Rating of Extent of Customer Satisfaction

Key: 1-No Extent, 2-Little Extent, 3-Moderate Extent, 4-Great Extent, and 5-Very Great Extent Source: Survey Data, 2018

Table 10 indicates that customer satisfaction is applied to great extent. The overall mean response score for all the elements is 4.000, coded as great extent. It means that customer satisfaction is pursued by the NHIF branch to a great extent.

# 4.7. Extent of Organizational Growth in NHIF Busia Branch

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

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

Table 11: Rating of Extent of Organizational Growth

Key: 1-No Extent, 2-Little Extent, 3-Moderate Extent, 4-Great Extent, and 5-Very Great Extent Source: Survey Data, 2018

Table 11 indicates that organizational growth is applied to great extent. The overall mean response score for all the constructs is 4.000, coded as great extent. It means that customer satisfaction is pursued by the NHIF branch to a great extent.

#### 4.8. Extent of Remittance in NHIF Busia Branch

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

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

Table 12: Rating of Extent of Remittance

Key: 1-No Extent, 2-Little Extent, 3-Moderate Extent, 4-Great Extent, and 5-Very Great Extent Source: Survey Data, 2018

The finding shown in table 12 indicates that the remittance of bills is applied to great extent. The overall mean response score for all the constructs is 4.000, coded as great extent. It means that bills remittances are done by the NHIF branch to a great extent.

# 4.9. Extent of Technology Use in NHIF Busia Branch

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

| Constructs                 | 5         | 4         | 3       | 2       | 1       | Mean  | Std. Dev. |
|----------------------------|-----------|-----------|---------|---------|---------|-------|-----------|
| Overall Mean = 4.00        |           |           |         |         |         |       |           |
| a. NHIF innovations online | 7(15.6%)  | 38(84.4%) | 0(0.0%) | 0(0.0%) | 0(0.0%) | 4.156 | 0.3665    |
| systems are up to date for |           |           |         |         |         |       |           |
| quick services             |           |           |         |         |         |       |           |
| b. Some NHIF services are  | 5(11.1%)  | 40(88.9%) | 0(0.0%) | 0(0.0%) | 0(0.0%) | 4.11  | 0.3178    |
| easily accessed online     |           |           |         |         |         |       |           |
| c. Online systems devised  | 16(35.6%) | 29(64.4%) | 0(0.0%) | 0(0.0%) | 0(0.0%) | 4.36  | 0.4841    |
| are user-friendly.         |           |           |         |         |         |       |           |

Table 13: Rating of Extent of Technology Use

Key: 1-No Extent, 2-Little Extent, 3-Moderate Extent, 4-Great Extent, and 5-Very Great Extent Source: Survey Data, 2018

Table 13 indicates that technology use in the NHIF branch is done to great extent. The overall mean response score for all the constructs is 4.000, coded as great extent. It means that technological use is done by the NHIF branch to a great extent.

#### 4.10. Influence of Mission Statement on Performance of NHIF

In order to establish the influence of mission statements on corporate performance, Pearson's correlation and multiple regression analyses were performed, and the results are summarized in tables 14 and 15 below.

|                   |                                   | Mission Statement             | Corporate Performance |
|-------------------|-----------------------------------|-------------------------------|-----------------------|
| Mission statement | Pearson Correlation               | 1                             | .173**                |
|                   | Sig. (2-tailed)                   |                               | (.002                 |
|                   | n                                 | 45                            | 45                    |
| Corporate         | Pearson Correlation               | .173**                        | 1                     |
| performance       | Sig. (2-tailed)                   | (.002)                        |                       |
|                   | n                                 | 45                            | 45                    |
| **. Correlat      | ion is significant at the 0.01 le | vel (2-tailed). Probability v | alues in parentheses  |

Table 14: Correlations between Mission Statement and Corporation Performance of NHIF Source: Survey Data, 2018

As shown in table 14, the correlation coefficient between mission statement and corporate performance is positive and significant (r = 0.173, p = 0.002, n = 45). This implies that using mission statements in strategic planning decision-making leads to increased corporate performance.

Table 18 exhibits the results of the multiple regression analysis. The results indicate that the use of mission statements in strategic decision-making was a positive insignificant predictor of corporate performance ( $\beta$  = .038 (p = .269). This value is statistically insignificant since the p-value is greater than 0.05. It can be inferred from this value that a unit change in the use of mission statement intensity leads to an increase in corporate performance of 0.038, all things being fixed. These results are in tandem with the findings of Alweh (2011), Amrane (2011), and Fallge (2006), who found that mission statements had an insignificant positive influence on the firm performance of universities and banking sector firms. However, the findings are at variance with those of Mwangi (2013) and Arasa (2012), who found that the mission statement had a significant positive influence on a firm's performance. Consequently, the null hypothesis was accepted.

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

Table 15: Model Summary

|  | Model  | Sum of Squares | df | Mean Square | F       | Sig.  |
|--|--|----------------|----|-------------|---------|-------|
| 1  | Regression                                   | 182.85         | 3  | 60.95       | 189.459 | .000b |
|  | Residual                                     | 98.764         | 41 | 0.322       |         |       |
|  | Total  | 281.614        | 45 |             |         |       |
|  | a. Dependent Variable: Corporate performance |                |    |             |         |       |
| b. Predictors: (Constant), Mission statement, organizational objectives, organization's policies |  |                |    |             |         |       |

Table 16: Anova<sup>a</sup> Source: Survey Data, 2018

| Model                     | Unstandardized<br>Coefficients |            | Standardized<br>Coefficients | t     | Sig.  |
|---------------------------|--------------------------------|------------|------------------------------|-------|-------|
|                           | В                              | Std. Error | Beta                         |       |       |
| (Constant)                | 1.291                          | 0.131      |                              | 9.824 | 0     |
| Mission statement         | 0.035                          | 0.031      | 0.038                        | 1.106 | 0.269 |
| Organizational objectives | 0.326                          | 0.037      | 0.429                        | 8.745 | 0     |
| Organization's policies   | 0.314                          | 0.036      | 0.432                        | 8.716 | 0     |

Table 17: Multiple Regression Analysis Estimation Results on the Influence of Strategic Planning on Corporate Performance A

a. Predictors: (Constant), Mission Statement, Organizational Objectives, Organization's Policies b. Dependent Variable: Corporate Performance Dependent Variable: Corporate Performance Source: Survey Data, 2018

# 4.11. Influence of Organizations' Objectives on Corporate Performance of NHIF

In order to establish the influence of the organization's objectives on corporate performance, Pearson's correlation and multiple regression analyses were performed, and the results are summarized in tables 15 and 16.

|                |                     | Organization's<br>Objectives | Corporate<br>Performance |
|----------------|---------------------|------------------------------|--------------------------|
| Organization's | Pearson Correlation | 1                            | .187**                   |
| objectives     | Sig. (2-tailed)     |                              | -0.001                   |
|                | n                   | 45                           | 45                       |
| Corporate      | Pearson Correlation | .187**                       | 1                        |
| performance    | Sig. (2-tailed)     | -0.001                       |                          |
|                | n                   | 45                           | 45                       |

Table 18: Correlations between Organization's Objectives and Corporate Performance

\*\*. Correlation Is Significant at the 0.01 Level (2-Tailed)

Probability Values in Parentheses

Source: Survey Data, 2018

As shown in table 18, the correlation coefficient between organization's objectives and corporate performance is positive and significant (r = 0.187, p = 0.001, n = 45). This implies that the intense use of an organization's objectives in strategic planning decisions leads to increased corporate performance. Similarly, table 18 indicates that the organization's objectives were a positive significant predictor of corporate performance ( $\beta = .429$  (p = .000). This value is statistically significant since the p-value is less than 0.05. It can be inferred from this value that a unit change in an organization's objective use leads to an increase in corporate performance of 0.326, all things being fixed. These results are in tandem with the findings of Steve and Jawek (2015) and Parker (2010), who found that an organization's objectives had a significant positive influence on firm performance. However, the findings are at variance with those of Green and Medlyne (2013) and McIluham (2010), who found that organization's objectives had either a weak or no influence on a firm's performance. Consequently, the null hypothesis was rejected.

# 4.12. Influence of Organizations' Policies on Performance of NHIF BSA

In order to analyze the influence of an organization's policies on corporate performance, Pearson's correlation and multiple regression analyses were performed, and the results are summarized in tables 15 and 17.

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

Table 19: Correlations between Organization's Policies and Corporate Performance

Source: Survey Data, 2018
\*\*. Correlation Is Significant at the 0.01 Level (2-Tailed)

Probability Values in Parentheses

Table 19 shows that the correlation coefficient between organization's policies and corporate performance is positive and significant (r = 0.789, p = 0.000, n = 45). This implies that the use of an organization's policies in strategic planning leads to increased corporate performance.

Similarly, table 18 indicates that an organization's policies were a positive significant predictor of corporate performance ( $\beta$  = .432 (p = .000). This value is statistically significant since the p-value is less than 0.05. It can be inferred from this value that a unit change in the use of an organization's policies leads to an increase in corporate performance by 0.432, all things being fixed. Thus, the null hypothesis that there is no significance in an organization's policies and corporate performance is, therefore, rejected.

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

# 5. Summary, Conclusions, and Recommendations

# 5.1. Summary of Findings

Based on multiple regression analysis estimates:

- Objective one found that the mission statement insignificantly positively influences corporate performance for the NHIF Busia branch.
- Objective two found that the organization's objectives positively significantly influence corporate performance, and
- Objective three found that organization's policies positively significantly influence corporate performance for the NHIF Busia branch.

#### 5.2. Conclusions of the Study

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

#### 5.3. Recommendations of the Study

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

# 5.4. Limitations of the Study

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

# 5.5. Suggestions for Further Research

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

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

# 6. Acknowledgment

Thanks to God, who is above all creation, for granting me this opportunity to undertake study at this level. I appreciate my supervisor Dr. Abong, o Beatrice for endless guidance and support regarding this academic journey. I must thank all the lecturers who successfully took us through the coursework and helped open our eyes to more knowledge.

I acknowledge the co-operation of my colleagues in the Masters of Business Administration programme Irene, Nashon, and Simiyu with whom we formed study groups and could freely critique each other's work appropriately. May I express my sincere gratitude to each one here who directly or indirectly offered support, encouragement, or participation at any level. I highly appreciate Mr. Okello Stephen (Idalang'i) and Mr. Vincent Auma for their individual input.

DOI No.: 10.24940/theijbm/2022/v10/i8/BM2207-022

# 7. Acronyms and Abbreviations

GDP - Gross Domestic Product

NHIF - National Hospital Insurance Fund

PESTE – Political Economic Social-Cultural Technological and Legal

SWOT - Strength Weakness Opportunity and Threats

**FSP** - Formal Strategic Planning

GoK - Government of Kenya

FB0s - Faith-Based Organizations

MOH - Ministry of Health

**KSSP** - Kenya Sector Strategic Plan

**RBV** - Resource-Based View

ROA - Return on Assets

- Return on Investment ROI

CEO - Chief Executive Officer

**ROE** - Return on Equity

**SPSS** - Statistical Package for Social Science

ROA - Return on Asset

**EPS** - Earning Per Share

USA - United States of America

TOC - Theory of Change

**SDM** - Strategic Decision Change

SEU - Subjective Expected Utility

**RBV** - Resource-Based View

UK - United Kingdom

- Kenya National Bureau of Statistics **KNBS** 

NCST - National Council of Science and Technology

APA - American Psychologists Association

**KSHS** - Kenya shillings ANOVA - Analysis of Variance

NGOs - Non-Governmental Organizations

BSA - Busia

# 8. Operational Definition

- Principal The registered NHIF person with a card.
- Dependent A child, i.e. (With less than 18 years) or spouse of a registered member.
- Corporate performance- A set of indicators that offer information on the level of achievement of objectives, goals, and results.
- Strategic planning- The process of using systematic criteria and rigorous investigation to formulate, implement and control strategy and formally document organization expectations.
- Customer satisfaction- Customer satisfaction measures how an organization meets its products and services that
  meet or exceed customers' expectations. It is mainly related to the whole consumption experience by the
  customers.
- Growth- These are tasks and processes to develop and implement growth opportunities within an organization.
- Government involvement- Any form of government intervention, be it favorable or unfavorable.
- Willingness to join- Beneficiaries' positive attitudes toward becoming members.
- Community support- Friendly environment.
- Voluntary A member who is self-employed and registered with the NHIF.

#### 9. References

- i. Alavi, M. T., Karami, A. (2009). Managers of Small and Medium Enterprises: Mission Statement and enhanced Organizational performance. Journal of Management Development, 28(31), 555 562.
- ii. Agu, A. N. (2017.). The Impact of Corporate planning on organizational Performance: A Case Study of Access Bank, Nigeria: www.repository.unn.edu.ng.
- iii. Alawneh, A. A. (2015). The impact of mission statement on performance: An Explanatory study in the Jordanian Banking industry www.m.www.na.businesspress.com
- iv. Akinyele, S. T., Fasobon, O. I. (2010) impact of Strategic planning on Organizational Impact Performance. Research Journal of Business Management 1(1):62-71.
- v. Al Ghandi, (1998). Strategic implementation and performance in Construction Companies. Pg (32-43).
- vi. Anderson, A. A. (2015): Theory of Change as a Tool for Strategic Planning. New York, USA. The Aspen Institute Roundtable on Community Change
- vii. Anwar, A., Bwisa, H., Otieno, R., Karanja, K. (2014): Strategic Decision Making: Process, Models and Theories. Nairobi, Kenya. Macrothinks Institute. Pg (77-110).
- viii. Arasa, R. (2012). The Relationship between Strategic Planning and Firms Performance International Journal School of Human and Social Science. 2(24), 43-49 www.ijhssnet.com
- ix. Aremu, M. A. (2000). Enhancing Organizational performance through Strategic Management: Conceptual and Theoretical Approach. Lagos, Nigeria, Bateman Publishers 9(187-195).
- x. Atieno, A.N.A. (2004).Strategic Alignment, Process Redesign, and Enterprise Resource planning Pg(1-40) http://www.emarldinsight.com
- xi. Babafemi, I.D. (2015). Corporate Strategy, Planning and Performance Evaluation. A Survey of Literature Ondo, Nigeria. American Research Institute for Policy Development
- xii. Bain and Company. (2015). Customer Retention is King: The Future Retention Marketing Pg(15-38)https://www.forbes.com
- xiii. Bakari, Z. (2015). Effect of organization policies on Employee performance. A case study Bamburi Cement Company Limited. www.repository.tukenya.ac.ke
- xiv. Barney, J. B., Griffin, R.W. (2012). Research Academy of Social Sciences.www.rassweb.org
- xv. Bravely, (2013: the Resource Based View and Business. Macrothinks Institute, Nairobi, Kenya.4 (127-165).
- xvi. Brown, W.A. (2005): Exploring the association between board and organizational performance in non-profit organizations. Non-profit management and leadership, Pg. (317-319).
- xvii. Cochran, C (2003).Customer satisfaction: Satisfaction: Tools Techniques and Formulas for Success. USA: Paton Professional as Division of Press LLC.
- xviii. Cooke, F. L. (2003).Plant Maintenance Strategy: Evidence four British Manufacturing firms International Journal of Global energy issue 35(287-309). https://emarldinsight.com
- xix. Creswell, J. W. (2003). Design. Qualitative, Quantitative, and Mixed Methods. Approaches. (2<sup>nd</sup> Ed). https://ucalgary.ca
- xx. David, F.R. (2009): The Effect of Planning on Organization Performance. (12th Ed). New Delhi, India, Prentice Hall.
- xxi. Dooley, D. (2003): Social Research Methods, New Delhi, Prentice Hall of India. 23 (32-45).
- xxii. Eisinga, R., Grotenhuis, M. T., Pelzer B. (2012). Statistical Tools and Analysis in Human Resource Management. Pg.(16-98)https://books.co.ke
- xxiii. Francis, O. (2014). Factors Influencing Strategic Implementation at Kenya Commercial Bank Limited in the Kenya University of Nairobi. Pg. 25-51.

- xxiv. Gates, L. P. (2010). Effects of Objectives with Critical Success Factors and Performance and Future Scenarios. Pittsburgh, USA. Carnegie Mellon University Press.
- xxv. Gigerenzer, G. (2001).International Encyclopedia of the social and behavioral science 5 (3304-3309). Oxford Publishers, UK: Elsevier.
- xxvi. Hansson, S. (2005).Decision Theory: A Brief Introduction. Stockholm, Sweden. Royal Institute of Technology.2 (12-22)
- xxvii. Hill N, Roche G and Allen R (2007). Customer satisfaction: The customer Experience through the Customer's Eyes. London: Cogent Publishing.
- xxviii. Hofer, C., Schendel, D. (2011). Goal Setting, Planning and Organizational Performance. International Journal of Management Business and Administration 15(1-6)https://www.science.direct.com
  - xxix. Jenster, P. (2013): The Relationship between Strategic Planning and Company Performance A Chinese Perspective. Journal of intelligence studies in Business 3(1-5).
  - xxx. Jenster, P., Silen, K.S. (2013). The relationship between strategic planning and company performance. A Chinese Perspective. Nordic International Management Institute (NIMI). https://www.researchgate.net
- xxxi. Kahnemean, D., Tversky, A. (1979): Prospect Theory: An Analysis of Decision under Risk. Pp. 263 292.
- xxxii. Kaplan, R.S and R.S and D.P. Norton (1992). The Balance Score Card Measuring that drives performance. Harvard Business Review 70(1) Pg.71-79.
- xxxiii. Kela. (2014). Customer Satisfaction. How to make happier customers with quality e-service. Master Thesis Media Management 2(5-17).
- xxxiv. Kenya National Bureau of Statistics (2017). 2(5-9). https://www.knbs.busia.or.ke
- xxxv. Kombo, D.K., Tromp, D.L. (2006). Proposal and Thesis Writing. An Introduction. Paulines Publication Africa Nairobi, Kenya. www.coursehero.com
- xxxvi. Koontz, H., O'Donnell, C. (2011). Principles of Management: An Analysis of Managerial functions 5(209-308). www.nraomtr.blogspot.com
- xxxvii. Kothari, C.R. (2008). Research Methodology: Methods and Techniques, 2<sup>nd</sup> Revised Edition New Age International (P) Limited, Publishers, New Delhi, India
- xxxviii. Kumar, P. (2015). Correlation between strategic planning and firm's performance Pg (64-74).www.imbs.com
- xxxix. Latham, G. P. (2008). The Effects of Learning Goal Difficulty Level and Cognitive Ability on Performance. Pg. (7-32).
  - xl. Leedy, D.L., Ormrod, J. E. (2015).Practical Research: Planning and Design 10<sup>th</sup> Edition. Pearson Education Limited. https://www.amazon.com
  - xli. MacMillan, Tampoe, (2000). Strategic Management: Process Content and Implementation O.U.P-Oxford University Press 3(17-83).
  - xlii. Maikara, A. M. (2014). Effects of Disciplinary Procedures on employees' performance in Postal Corporation of Kenya. www.ir.library.ku.ac.ke
  - xliii. Marlowe, H. A. (2012). Compelling Vision Statements, Actionable Mission Statements, and Guiding Value Statements. www.analyliticaconsulting.com
  - xliv. Mcneill, P., Chapman, A. (2005). Research Methods. 2(15-17) https://books.com
  - xlv. Mintzberg, H., (1994). The fall and rise of strategic planning.pp72, 107 -114. Harvard Business Review, Boston, USA. pg72, 107 114
- xIvi. Mugenda, O. M., Mugenda, A.G. (2003). Research Methods: Qualitative and Qualitative Approaches Pg (52-55). Acts Press, Nairobi, Kenya.
- xIvii. Mwai, M. M. (2013). Strategic Planning and Performance of the State Corporations of Government of Kenya. Student Projects in Humanities and Social Sciences.chss.uonbi.ac.ke
- xlviii. Mwangi, M. M. (2013). East Africa Tea Trade Association Strategic Plan. Nairobi, Kenya. Vas Consultant. http://www.chss.uonbi.ac.ke
- xlix. Mwaura, J.M. (2013). Strategy Implementation Performance in banking sector case study Chase bank Kenya.
  - I. Nachimias, C. and Nachimias, D. (1996).Research Methods in the Social Sciences. New York, St. Martins. www.journals.sagepub.com
  - li. Neupane, R. (2014). International Journal Science Management in business.1 (74-85).
  - lii. NHIF (2001): NHIF Ambulance Scandal.www.https:en.m.wikipedia.org
- Iiii. Nyaoga, R. B. (2011). Business Performance. http://www.ku.ac.ke
- liv. Oliver (2010). Satisfaction: A behavioral perspective on the consumer. New York, NY: McGraw Hill.
- lv. Oxfam, Atieno, A.N.A. (2004): Strategic alignment, Process Redesign, and Enterprise Resource Planning. www.emarldinsight.com
- Ivi. Oxfam, U.K. (2014): policy brief on National Hospital Insurance Fund (NHIF). www.https://kenya.oxfam.org.
- Ivii. Palmer, T. B., Short, J. C. (2014). Analysis of the Mission Statements in AACSB-Accredited Performance and Survival. http://www.eprints.covenantuniversity.edu.ng
- Iviii. Peter, (2013): Business Critics and Competitiveness 2(13-27).
- lix. Porter, M. E. (1985). Competitive Advantage: Creating and Sustaining Superior Performance. New York, USA. Free Press. pg 263 292.
- Ix. Priem, R. L., Butler, J.E., (2001): The Academy of Management Review. New York, USA. Academy of Management Publishers
- Ixi. Robert, A., Peter, K. (2012). The Relationship between Strategic Planning and Firm

- https://pdfs.semanticscholar.org
- Ixii. Sabarwal, P.K. (2014). An Analysis of how HR Policies and Procedures Impact on Employees Performance in New Zealand Organizations. www.unitec.researchbank.ac.nz
- Ixiii. Savage, L. (1954): The Foundations of Statistics. New York, USA. Wiley Publishers.
- lxiv. Schmidt, A. M., (2010). Strategic Planning and Corporate performance. What is the Relationship? Aarhus, Denmark. Arhus School of Business
- lxv. Situma (2009). Role of Executive Development in Strategic Implementation in KCB.
- Ixvi. Slovic, A., Tversky, A. (1974). Behavioral Science. Pg. 368 373.
- Ixvii. The Constitution of Kenya, (2010). Kenyan Law. National Council for Law Reporting. 2<sup>nd</sup> Edition. Nairobi, Kenya. www.kenyalaw.org
- Ixviii. Thompson, S. K. (2012). Sampling. https://books.google.com
- lxix. U.K. (2014): Policy Brief on National Hospital Insurance Fund (NHIF). www.https://kenya.oxfam.org
- lxx. Uvah, I.I. (2005). Problems, Challenges, and Prospects of Strategic Planning in Universities www.stratplanuniversities.com
- Ixxi. Weiss, C. (1995): New Approaches to Evaluating Comprehensive Community Initiatives. New
- lxxii. Winston, N.M, (2013). Relationship between Strategic Implementation and Performance in Commercial Banks in Kenya. University of Nairobi.
- Ixxiii. Wittenberg, D. (2013). How relevant is Long-Range Strategic planning https://hbswk.hbs.edu
- Ixxiv. Wood, D. R., La Forge R. L. (1979). The impact of Comprehensive Planning on Financial Performance. Academy of Management Journal Pg. 22, 516-522. Academy of Management. Chicago, USA.
- lxxv. Wood, S. (2011). The Intrafirm Context of Retail Expansion Planning. journals. sagepub.comwww. https://kenya.oxfam.org.
- Ixxvi. Yamane, T. (1967). A Simple formula to calculate sample Size. https://www.researchgate.net.
- Ixxvii. Zachy, (2013). Economic Scope of Business Firms 2(4-23).

# **Appendix**

# 1. NHIF Management Questionnaire

# 1.1. Research Questionnaire

#### 1.1.1. Questionnaires

- Answer the questions as honestly as possible
- Do not write your name

| 1.1.1.1. Section A<br>1. What is your of<br>Male<br>Female                         |   |
|--|---|
| 2. What is your r<br>Single<br>Married<br>Divorced<br>Windowed                     | marital status?<br>()<br>()<br>()<br>()         |
| 3. What is your h<br>Secondary<br>Certificate<br>Diploma<br>Degree<br>Above Degree | nighest level of education? ( ) ( ) ( ) ( ) ( ) |
| 4. When did you<br>Below 1yr<br>3-5 Yrs<br>More Than 5yr                           | become NHIF staff? ( ) ( ) ( )                  |

#### 1.1.1.2. Section B

Kindly indicate by marking/ticking () in the box extent to which the following have been given emphasis: Key Use scale 1-5 where 1= no extent, 2=little extent, 3= moderate extent, 4=Great extent, 5=Very great extent

| No | ISSUES Part I Mission   | 1 | 2 | 3 | 4 | 5 |
|----|---|---|---|---|---|---|
| 1  | Our mission statement reflects our objectives.                        |   |   |   |   |   |
| 2  | Our mission statement is specific, measurable, realistic, and timely. |   |   |   |   |   |
| 3  | Our mission statement is easily understood.                           |   |   |   |   |   |
| 4  | Our mission statement is focused on satisfying customer.              |   |   |   |   |   |
|    | Part II Objectives  |   |   |   |   |   |
| 6  | Our objectives are specific, measurable, and realistic.               |   |   |   |   |   |
| 7  | Our objectives are easily understood.                                 |   |   |   |   |   |
| 8  | Our objectives are focused on satisfying customers.                   |   |   |   |   |   |
| 9  | There is a relationship between achievements and objectives.          |   |   |   |   |   |
|    | Part III Policies   |   |   |   |   |   |
| 11 | Policies are well-implemented.  |   |   |   |   |   |
| 12 | Policies are effective.   |   |   |   |   |   |
| 13 | Employees hardly deviate from set policies.                           |   |   |   |   |   |
| 14 | Policies are set to ensure customer satisfaction.                     |   |   |   |   |   |

Appendix 1

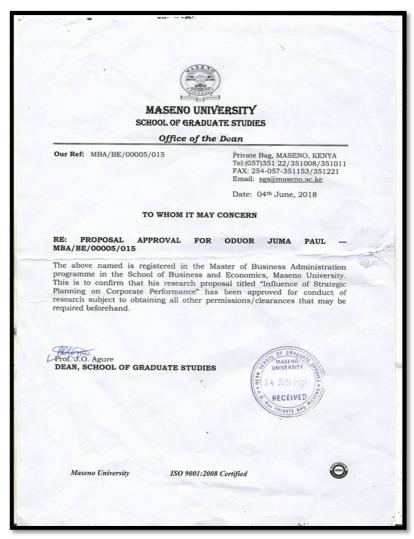
# 2. Organization Performance

To what extent do you think strategic planning has led to the following form of growth in your organization? Use scale 1-5 where: 1= No extent, 2= Little extent, 3= Moderate extent, 4= Great extent, 5= Very great extent

|    | Corporate Performance  | 1 | 2 | 3 | 4 | 5 |
|----|--|---|---|---|---|---|
|    | Customer Satisfaction  |   |   |   |   |   |
| 1  | Services offered by NHIF are convenient to facilities (hospitals). |   |   |   |   |   |
| 2  | NHIF staff do a follow-up after offering services.                 |   |   |   |   |   |
| 3  | Old Clients bring others for voluntary registration.               |   |   |   |   |   |
|    | Organization Growth  |   |   |   |   |   |
| 4  | Number of NHIF services has steadily increased.                    |   |   |   |   |   |
| 5  | New medical covers are regularly introduced.                       |   |   |   |   |   |
| 6  | Different forms of payments are introduced to reduce the           |   |   |   |   |   |
|    | possibility of penalties to clients.                               |   |   |   |   |   |
|    | Remittance   |   |   |   |   |   |
| 7  | Medical bills are paid in time.                                    |   |   |   |   |   |
| 8  | Medical bills are fully paid (no installments).                    |   |   |   |   |   |
| 9  | Bills paid are commensurate to services offered.                   |   |   |   |   |   |
|    | Technology   |   |   |   |   |   |
| 10 | NHIF innovated online systems are up to date for quick services.   |   |   |   |   |   |
| 11 | Some NHIF services are easily accessed online.                     |   |   |   |   |   |
| 12 | Online systems devised are user-friendly.                          |   |   |   |   |   |

Appendix 2

| —————————————————————————————————————— | Any other comment?              |
|--|---------------------------------|
|  | Thank you for your co-operation |



Appendix 3