# STRATEGIC PLANNING PRACTICES ADOPTED BY SELECTED MICRO-FINANCE INSTITUTIONS IN THE MANAGEMENT OF COMMUNITY HEALTH INSURANCE IN NAIROBI

BY

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# DECLARATION

This project is the result of my independent study and has not been submitted for a degree in any other university

19th NOV, 2012.

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This report has been submitted for examination with my approval as the university supervisor

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## DEDICATION

This project is dedicated to my dear husband Walter Otieno, my parents Mr and Mrs. Zakayo Mbevi, for the family sacrifice they made towards the success of this project. May the Lord Almighty bless you.

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I wish to register my sincere appreciation to the following, whose support and assistance has made it possible for me to undertake this project. I sincerely thank God for His enabling grace throughout this course. I remain indebted to Nairobi Baptist Church for facilitating me to undertake this course while still working and sincere thanks for the moral support given by the management.

I wish to express my gratitude to my supervisor, Dr. Z.B Awino, a lecturer at the University of Nairobi, for his professional guidance, advice and encouragement in developing the final project. Thanks to all lead professors in all the modules.

I wish to register my appreciation to all the Micro – Finance institutions that willingly gave their data, this enable me finish my project. Special thanks to my colleagues at Nairobi Baptist and classmates whom I consulted a lot in the development of this project. Lastly, I would like to thank my family members who stood with me through and understood when I went nights without sleep to meet deadlines.

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## ABSTRACT

The study's objectives included: to determine the strategic planning practices adopted by microfinance's in the management of community health insurance; and to establish challenges encountered by microfinance institutions in the implementation of community health insurance strategic plans. Consequently, the researcher undertook a cross sectional survey which was appropriate because of the investigations of organizations at the same point in time. The population of this study consisted of all microfinance institutions within Nairobi County as listed by the Association of Microfinance Institutions of Kenya (AMFI). However, the microfinance institutions in Kenya were purposively selected based on the following considerations: (1) the institution offered community health insurance to its clients; and (2) had its head offices physically located in Nairobi County or its environs. Primary data was collected by use of a questionnaire and it was distributed using electronic mail whereby data was collected from the Chief Executive Officer (CEO) / Managing Director (MD), Human Resource Manager, Finance Manager or Financial Controller and Project Managers involved in the management of community health insurance. Content analysis was used to analyze qualitative data while factor analysis was used to establish the strategic planning practices adopted by microfinance institutions in the management of community health insurance as well as the challenges encountered by the institutions in the implementation of community health insurance strategic plans.

Research findings indicated that development or evaluation of mission statement; analysis of strengths, weaknesses, opportunities and threats (SWOT analysis); thematic analysis of issues identified through SWOT; identification and prioritization of issues to be developed into objectives; and assigning of issues/objectives to responsible person for further development of timelines and resource requirements had been realized as strategic planning processes in regard to community health insurance by the microfinance institutions in Kenya. With regard to the challenges encountered by microfinance institutions in the implementation of community health insurance strategic plans, research findings indicated that employee resistance was the major source of challenge in the implementation of strategic planning in managing community health insurance by microfinance institutions in Kenya. The study therefore concluded that most challenges faced in the implementation of strategic planning in managing community health insurance by microfinance institutions in Kenya emanate from human related issues both from the managing and non management staff. Based on the study's conclusions, the researcher consequently makes several recommendations for policy and practice as well as for further research.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Strategic planning is the process undertaken to develop a range of steps and activities that will contribute to achieving the organizational goals and objectives. Strategic planning is a management tool used to turn organizational dream into reality. It attempts to systematize the process that enables an organization to attain its set goals and objectives. There are five general steps in the strategic planning process: goal/objective setting, situation analysis, alternative consideration, implementation and evaluation (Crittenden and Crittenden, 2000).

According to Jennings and Disney (2006) strategic planning is a commonly used management process, employed by managers in both the private and public sector to determine the allocation of resources in order to develop financial and strategic performance. They further cited that a survey of USA and European companies by Bain and Co. (2003) finding that strategic planning was used by eighty nine per cent of the sampled companies.

Pool (2004) indicated that strategic planning is a management process preparing executives' minds for identifying major opportunities within the organization that impact future decisions. This planning process entails managerial choices and signals organizational commitment to specific markets, competitive approaches, and methods of operation. In this process of strategic planning, organizations prepare the executive's mind by outlining goals that adjust the direction in response to a changing environment.

According to Farrah et al. (2007) strategic planning practices must incorporate three main components which are: plan development, plan execution, and plan review. Many of the functional areas within these components are similar in that all three require a team concept that is based on: ensuring the member's roles are defined, educating team members about the process, and using quality communication when interacting.

These practices will be sought in selected Micro finance institutions that offer community Health Insurance. However, Micro finance institutions are monetary institutions whose main focus is availing financial access to small scale businesses, micro-enterprises, poor and low income households who have difficulties in accessing deposit taking organizations and formal financial institutions. This is done by provision of non collateral credit, creation of entrepreneur culture, dissemination of business information and enabling linkages with banks (Njue, 2006).

### 1.1.1 Strategic Planning Practices

Nieboer (2011) indicates that in strategic business planning, several models have been designed to assist organizations in developing their portfolio policies. Today, numerous strategic planning process models are available, and most models include the development of a mission statement, followed by analysis, constructing and implementing goals, objectives and strategies. In addition, there is growing number of models aimed at the non-profit sector (e.g. Bryson, 2004; Allison and Kaye, 2005).

However, according to Center for Applied Research (2005) there is no single "best practice" on how to do successful strategic planning. The timing and process will differ depending on industry, market pressures, and the size and culture of the business. In the past, a five to ten year strategy time horizon was common, yet today we see how difficult it is to plan beyond two or three years. Strategic planning is typically oriented to a particular organization's circumstances at a particular time in its history.

Reflin (2009) indicates that best practices for strategic planning must incorporate the following: Board and staff members understand the organization's mission; The Executive Director and Board determine readiness for strategic planning process; Resources required for strategic planning are identified and managed appropriately; Planning includes information regarding client and community needs and organization capacity; Development of plan includes organization strengths, weaknesses, opportunities and challenges on a continuous basis and incorporates those observations into the strategic plan; Planning leadership team communicates openly and effectively about strategic planning process and progress to build trust and confidence and full participation in the planning process; Implementation of the plan is regularly monitored.

Board understands the work that has already been done by staff to respond to evaluation findings and improve products and services; Local demographic and statistical information is factored into planning efforts, A matrix is prepared by program or management function that identifies outcomes and connects them to the activities. The strategic plan is reviewed on an annual basis.

### 1.1.2 Microfinance Institutions in Kenya

Micro finance institutions are monetary institutions whose main focus is availing financial access to small scale businesses, micro-enterprises, poor and low income households who have difficulties in increasing deposit taking organizations and formal financial institutions. This is done by provision of non collateral credit, creation of entrepreneur culture, dissemination of business information and enabling linkages with banks (Njue, 2006).

According to Dondo and Ongila (2006) the World Bank defines Micro Finance Institutions (MFIs) as institutions that engage in relatively small financial transactions using various methodologies to serve low income households, micro enterprises, small scale farmers, and other who lack access to the traditional banking services. Financial intermediation is of great importance to the economy.

Dondo and Ongila (2006) indicate that MFIs can be categorized into two sub sectors, the informal and formal sub-sectors. The informal sector is for those who have no access to formal financial systems but are economically active and rely on traditional and informal financial systems. The features of these informal systems are that they are not regulated, involve saving transactions, membership based and are not subsidized. They include financial arrangement among relatives and friends, traditional money lenders, Rotating Savings and Credit Associations (ROSCAs) and Accumulating Savings and Credit Association (ASCAs).

The development of microfinance has benefited significantly from technical and financial assistance from bilateral and multilateral donors agencies in the last decade. Rukwaro (2001) in the study of credit rationing by Microfinance Institutions (MFIs) noted that the microfinance sub sector has emerged as an alternative source of credit to a large number of small micro enterprise (SMEs) in Kenya. The study found that 20% of MFIs obtain their lending capital from donor agencies, 50% from internal operations, 25% from borrowing and 5% from member's deposits. It is further noted that internal operations involve operating revolving funds that were initially financed by donor agencies.

However, microfinance institutions in Kenya have increased their product portfolio to include the provision of micro-health insurance among other targeted products among the low income population. Atim (1998) defined community health insurance as "any not-for-profit insurance scheme that is aimed primarily at the informal sector and formed on the basis of a collective pooling of health risks, and in which the members participate in its management." Community health insurance (CHI) has emerged as a possible means of: (1) improving access to health care among the poor; and (2) protecting the poor from indebtedness and impoverishment resulting from medical expenditures. From this definition, it is clear that the provision of micro-health as a product by microfinance institutions requires mobilization of adequate resources as well as adoption of appropriate strategic planning process to be successful. This paper is aimed at determining strategic planning practices adopted by selected micro-finance institutions in management of community health insurance in Nairobi County of Kenya.

Bahati (2006) concludes that the process of strategic planning as outlined by De Feo and Janssen is a common aspect of all the MFI operations in Kenya. This process describes ten steps for corporate strategy to become an integral part of an organization's culture. The first four of these steps, establishing a vision, agreeing on a mission, developing key strategies and developing strategic goals involve top management. The rest, namely, establishing values, communicating company policies, reviewing progress largely deal with operationalizing and control of the strategy.

According to Rock et al. (2008) reported that in Kenya effective governance assumes that the strategic planning process involves the board in a significant way, the board should include and expect strategic thinking to be part of the leadership qualities that the top executive brings to the institution. However, they noted that the distance and diversity of experiences of board directors enables them to bring a perspective to the institution unique from that of management.

Kahindi (2006) indicated that while microfinance's attempt to stimulate economic development and income generation in Kenya they have encountered challenges which are both internal and external. The internal constrains derives from programmatic and organizational capabilities, structures and decisions. The external challenges arise for the operating environment over which microfinance's have limited or no influence in particular restrictive government policies and practices that are a key factor inhibiting to the implementation of an effective microfinance.

In Kenya, perceived high risk of micro entrepreneurship and small businesses micro entrepreneurs who usually have no collateral to offer to microfinance providers against loans, they usually lack an alternate source of income, and have little, if any, formal education or training in the area of their business. As a result, commercial banks attribute a high credit risk to micro entrepreneurs and steer clear of this sector. Fortunately, the challenge is being resolved through the idea of group lending (social collateral against loans) which ensures good repayment rates (Kahindi, 2006).

### 1.1.3 Community/Micro Health Insurance among Selected Micro-finance Institutions

Community health insurance can be defined as a type of insurance where accessibility to essential health services is made available to individuals, families, groups and communities who are unable to afford formal health insurance schemes, through affordable premiums and low prices for health services. This cover has an emphasis of a specific geographical area. Health risks such as illness, accident or injury, which require households to incur medical treatment costs, are some of the most common concerns to low-income households. Risk pooling over a large number of people through health insurance schemes can provide at least partial protection against these health risks at an annual cost that is within the household budget.

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## 1.2 Research Problem

According to Center for Applied Research (2005) there is no single "best practice" on how to do successful strategic planning. The timing and process will differ depending on industry, market pressures, and the size and culture of the business. In the past, a five to ten year strategy time horizon was common, yet today we see how difficult it is to plan beyond two or three years. Strategic planning practices are therefore typically oriented to a particular organization's circumstances at a particular time in its history. Therefore, strategic planning practices will vary in different organizational and environmental contexts.

In this study's context, Muganga (2010) notes that while regulation is definitely not the sole factor responsible for the state of development of the Kenyan microfinance market (macroeconomic reforms have also played a key role) it constituted a facilitator to enhance growth of the industry, by setting standards, increasing efficiency and promoting fair competition while strongly protecting consumers. In sum, strategic planning can be considered from content or a process viewpoint. The content relates to the distinct elements of the strategic plan which differ from firm to firm. On the other hand, the process relates to the mechanisms for the development of the strategic plan and its subsequent deployment.

In Kenya, several studies have been undertaken over the years in the field of strategy and microfinance. For instance, Kimandi (2002) undertook a survey on segmentation practice of microfinance institutions in Kenya and reported that most microfinance institutions in Kenya adopted market segmentation as part of wider marketing strategy majorly aimed at cost leadership. Lengewa (2003) surveyed the competitive strategies used by NGO microfinance institutions in Nairobi and found that cost leadership and focus strategy were predominant among the institutions. Maru (2004) studied the strategic choices of survival within a changing environment: the case of Kenya microfinance institutions and the study's findings indicated that strategic formulation and implementation faced numerous challenges within most microfinance institutions.

More specifically, Mutonyi (2003) studied strategic planning within microfinance institutions in Kenya and reported that strategic planning process among most MFIs was at the development stage and implementation was still at its early stages. Kahindi (2006) looked into strategic planning practices and challenges involved in strategic planning in microfinance institutions in Kenya and listed several challenges relating to strategic planning in MFIs in Kenya including but not limited to: inadequate human and financial resources and insufficient top management involvement and support in the overall strategic planning process.

Findings of previous studies, particularly Mutonyi (2003) and Kahindi (2006) indicate that strategic planning in MFIs in Kenya requires further study in order to determine the adoption, implementation and challenges faced especially given the suggestion by Muntemba (2001) that several social issues like education and health pose as issues that have to inevitably be understood and addressed by all MFIs anywhere. This study therefore aimed at filling this knowledge gap by attempting to answer the following research question: what strategic plans have been adopted by selected microfinance institutions in managing community/micro health insurance in Nairobi?

## 1.3 Research Objectives

The study had two objectives.

i. To determine the strategic planning practices adopted by Microfinance's in the management of community health insurance.

ii. To establish challenges encountered by Microfinance institutions in the implementation of community health insurance strategic plans.

## 1.4 Value of the Study

The study contributes to the wider body of knowledge in strategic management by providing valuable information regarding community health insurance in the microfinance sector.

Being upcoming entrepreneurs the academicians will be furnished with relevant information regarding strategic management of community health insurance. This information can in turn be used by other researchers and authors in developing arguments for or against established theory in strategic management. The study's findings will also form a basis for further research.

Moreover, the study is of value to the stakeholders of the microfinance sector, like donors, central Bank, commissioners of insurance, capital markets authority and policy makers when formulating policies on development and poverty alleviation through micro financing. Management of Microfinance Institutions also benefit from the study's findings by helping them understand the strategic planning practices and the challenges involved in implementation of community health insurance.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Introduction

The literature review provides the reader with an explanation of the theoretical rationale of the problem being studied as well as what research has already been done and how findings relate to the problem at hand. The main purpose of literature review is to avoid unnecessary or intentional duplication of materials already covered. This chapter reviews literature on strategic planning models, the need for strategic planning, strategic planning process, strategic planning practices and characteristics of microfinance institutions.

## 2.2 Strategic planning models

Dincer et al. (2006) suggests that from the perspective of classical strategic management theory strategy is considered a deliberate planning process (formal), initiated by top management (top-down), based on an elaborate industry analysis (rational) and aimed at designing a cohesive grand strategy for the corporation (consistency). To assist in this process a number of analytical tools and techniques are developed, such as SWOT (strengths, weaknesses, opportunities, and threats) analysis, Porter's five forces industry analysis, the BCG growth-share matrix and McKinsey's 7S model. Consistent with this approach is the assumption that the chief executive officer (CEO) can design a grand strategy for the entire enterprise.

An effective strategic planning system for a firm will link long-range strategic goals with both mid-range and operational plans. In order to facilitate this activity, those involved in the strategic planning process collect data, forecast, model, and construct alternative scenarios. The standard approach to strategic planning would incorporate an external environmental analysis to identify the opportunities and threats facing the organization, and an internal analysis to identify the organization's strengths and weaknesses. Such a SWOT analysis may itself involve a number of different forms of analyses, for example, an examination of the industry structure and an examination of the resource base of the organization including the identification of core competencies (Dincer et al., 2006).

Another planning system characteristic is the extent to which strategies within organizations stem from a deliberate or an emergent process. Whether strategy formulation is, or can be, a deliberate process and the extent to which strategy emerges without any formal planning has been subject to debate (Ansoff, 1991; Mintzberg, 1991). If strategies emerge within an organization, it might be expected some of the standard tools and techniques of strategic planning would not be explicitly utilized or reported by such an organization. To put the findings of this study in context, the extent to which respondents considered the formulation of strategy in their organizations to be the result of a deliberate or of an emergent process is reported (Dincer et al., 2006).

According to O'Regan and Ghobadian (2002) the definitions of strategic planning encompass terms such as strategic thrust, corporate focus or strategic intent. Generally, common aspects of most definitions are concerned with the long-term direction of the organisation, defining what business the organisation should engage in, matching the activities of the business to the environment in order to minimize the threats and maximise opportunities, as well as matching the organization's activities to the resources available. As the environment is continually changing, it is also necessary for strategic planning to continually change in order to maintain a "balance" or "fit" with the external environment.

Strategic planning thus implies an attempt to alter a company's strength relative to that of its competitors, in the most efficient and effective way. Strategic planning focuses on the direction of the organisation and actions necessary to improve its performance. It is the process by which firms derive a strategy to enable them to anticipate and respond to the changing dynamic environment in which they operate. Johnson and Scholes (1997) encapsulate the meaning of strategic planning as the direction and scope of an organisation over the long term: which achieves advantage for the organisation through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill stakeholder expectations (O'Regan and Ghobadian, 2002).

According to Nieboer (2011) the development of business strategies, including models to conceptualize this development, is an important subject in strategic planning. Most models are normative, showing the stages that are seen as necessary or at least desirable in the development of business strategies. It often departs from the business mission, which is seen as the central objective of the organisation, to which the goals and strategies are subordinated. The business mission determines what to analyze. After the analysis, goals are formulated and worked out step by step towards individual actions.

### 2.2.1 Need for Strategic Planning

Competitive environments are changing at an accelerating, culminating in a high level of uncertainty. This growing uncertainty is the result of higher customer expectations, the dilution of borders between competitive environments and the move towards global competition. As the level in dynamics in a business environment increases, the development of strategies that will differentiate the organization from its competitors become the key success factor (Feurer and Chaharbaghi, 1996).

Ansoff and MacDonnell (1990) observe that strategic diagnosis identifies whether a firm needs to change its strategic behavior to ensure success in the future environment; if the diagnosis confirms the need, the next step is to select and execute specific actions, which will bring the firms aggressiveness and responsiveness in line with the future environment. Of particular relevance to this study are the key highlights Ansoff and MacDonnell terms as the positioning response and the real time response, the latter playing a long term role in the company's business direction and the latter enabling rapid response to short-term environmental shocks; both of these entailing strategic planning.

Okumus (2003) argues the strategic planning refers to why and how strategy is initiated. Key areas to be considered are: the new strategy should be consistent with the overall strategic direction of the company; the aims of the new initiative should be clearly identified; the expertise and knowledge of strategy developers in managing change are crucial; active participation from all levels of management is recommended; the potential impact of ongoing and future projects on the new initiative should be considered and the potential impact of the new strategy on other ongoing strategies projects should be assesses. Okumus (2003) also identifies some commonly used models and frameworks such as the strengths-weakness-opportunities-threats (SWOT) analysis, industry structure analysis, industry structure analysis and generic strategies for research and practicing managers in the area of strategy planning.

### 2.2.2 Strategic Planning Process

According to Schraeder (2002) the strategic planning process can be as simplistic or complex as necessary. Most important is that the strategic plan is developed to consider the unique needs and context that the target organization is operating within. Further, and more importantly, the strategic plan should be viewed as a tool that evokes action within the organization – a living document that guides the activities of the organization in a purposeful manner, not some show-piece that is shelved upon completion. He suggests the following steps should be undertaken during the strategic planning process: Development or evaluation of mission statement; Analysis of strengths, weaknesses, opportunities and threats (SWOT analysis); Thematic analysis of issues identified through SWOT; Identify and prioritize issues to be developed into objectives; Assign issues/objectives to responsible person for further development of timelines and resource requirements.

Dincer et al. (2006) indicates that the prescriptive strategic planning perspective builds on a number of sequential steps in the strategy development process, such as goal formulation, environmental analysis, strategy formulation, implementation and control.

Central to the conventional strategic management view is that there exists a positive association between strategic planning and corporate performance with the direction of causation from strategic planning to performance.

Jennings and Disney (2006) note that within its use as a resource allocation process the strategic planning process can serve a number of organizational roles: enabling organization-wide response to environmental change; protecting core technologies through helping to recognize and address uncertainties; providing an integrative device to address potential synergies and acting as a basis for divisional and business control. The development of strategy is an ongoing and often dispersed process. The strategic planning process forms a part of the administrative context established by corporate management, the formal planning and control system acting to bound, encourage and shape the emergent aspects of strategy development. The effective use of planning review also helps to develop and share intelligence, challenge and develop assumptions and hence inform the strategy process (Kaplan and Beinhocker, 2003).

It can be argued that a formal strategic planning process is a deliberate means to include factors and techniques in a systematic way to achieve specified tasks. In essence, it involves the establishment of a clear goal and the necessary processes to achieve it. It follows that a formalized strategic planning process has the following benefits: strategic planning is included on the corporate agenda; strategic planning is approached in a systematic manner; and the strategic planning process increases staff awareness and enhanced participation in the strategic plan (O'Regan and Ghobadian, 2002).

According to Pool (2004) the strategic planning process established at annual meetings includes the CEO and the senior corporate team. These executives review the strategies of the company's business units. An astute executive transforms these meetings from a redundant planning session into an effective management development meeting. This is not accomplished by "appraisal analysis", but; instead as "conversation reviews".

According to Pool (2004) a conversation is a shared discussion in which executives and the CEO exchange ideas to formulate strategy. True conversations will prepare and develop the minds of the executive team with strategies that impact the business positively. This learning process will promote creativity; one of the most important components in the strategic management process. The key goal is transferring organizational learning to the stakeholders; they are an integral part of the process. Achieving that outcome requires intensive preparation by all participants.

### 2.2.3 Strategic Planning Practices

According to Center for Applied Research (2005) there is no single "best practice" for how to do successful strategic planning. The timing and process will differ depending on industry, market pressures, and the size and culture of the business. In the past, a five to ten year strategy time horizon was common, yet today we see how difficult it is to plan beyond two or three years. Strategic planning is typically oriented to a particular organization's circumstances at a particular time in its history.

says there are a number of proven and effective practices and methodologies that can be adapted for virtually any business. These include: Using Reflin (2009), different parameters to set targets that require a shift from business as usual; Planning processes that are evolving and flexible. A continuous improvement philosophy guides the planning-process design; Communication of the strategic plan is a formal and significant element of the process and it is viewed as a measure of quality planning;

Planners emphasize action plans and strategic thinking. Planners expect strategic thinking to take place primarily at the business unit level; As the cycle time between strategic plans shortens, business planning is done within the context of a strong corporate vision or culture, even if a corporate strategy is not articulated; The role of strategic planning as a key element in the management system is explicitly recognized through strong links to other elements of the management system (e.g., strong human resources and organizational structures); Documentation of strategic thinking is stressed; The basis for competitive advantage and new business development is based on diverse competencies (Center for Applied Research, 2005).

Reflin (2009) indicates that best practices for strategic planning must incorporate the following: Board and staff members understand the organization's mission; The Executive Director and Board determine readiness for strategic planning process; Resources required for strategic planning are identified and managed appropriately; Planning includes information regarding client and community needs and organization capacity; Development of plan includes organization strengths, weaknesses, opportunities and challenges on a continuous basis and incorporates those observations into the strategic plan; Planning leadership team communicates openly and effectively about strategic planning process and progress to build trust and confidence and full participation in the planning process; Implementation of the plan is regularly monitored.

According to Reflin (2009) board understands the work that has already been done by staff to respond to evaluation findings and improve products and services; Local demographic and statistical information is factored into planning efforts; The Board reviews information from the field against which to compare organization's performance; A matrix is prepared by program or management function that identifies outcomes and connects them to the activities or strategies that the organization will use to reach these outcomes; The strategic plan is reviewed on an annual basis.

### 2.2.4 Benefits of Adopting Strategic Planning Practices

Strategic planning serves a variety of purposes in organizations, including to clearly define the purpose of the organization and to establish realistic goals and objectives consistent with that mission in a defined time frame within the organization's capacity for implementation.

Communicate those goals and objectives to the organization's constituents which helps in developing a sense of ownership of the plan. These practices ensure the most effective use is made of the organization's resources by focusing the resources on the key priorities. Provide a base from which progress can be measured and establish a mechanism for informed change when needed.

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According to Rock et al. (2008) adoption of strategic planning practices offers a platform where people's opinion can be listened to hence building consensus about where the organization is going. It provides clearer focus for the organization, thereby producing more efficiency and effectiveness. Strategic planning practices provides the glue that keeps the board members together, produces great satisfaction and meaning among planners, especially around a common vision, increases productivity from increased efficiency and effectiveness and helps in solving major problems in the organization (Farrah et al., 2007).

## 2.3 Characteristics of Microfinance Institutions

According to Robinson (2003) the term microfinance is derived from the term finance. Microfinance is the provision of financial services, primarily savings and credit to poor households that do not have access to formal financial institutions. Demand for microfinance services usually come from micro entrepreneur, people who operate tiny businesses (Micro-enterprises) or who because they do not have formal jobs survive by generating income for themselves in very small activities.

Micro credit in the name given to small loans made to very poor people who would normally be regarded as bad financial risk and so be unable to obtain funds through conventional banks. The microfinance sector is considered to be heavily dominated by Non–governmental organizations (NGOs), which are recently starting to look more like commercial institutions.

Taking into account the great profitability of the sector, it seems that this transformation process has been very successful and has impacted the region. It consists of a group of people borrowing one loan and spreading the amount between each other. If one cannot repay it, the other are required to cover his/her part (Robinson, 2003).

Solidarity lending dramatically reduces the cost of lending and is best applied in order to mend a weak structure. The alternative to these lending methods would be the building of strong institutions. Microfinance is a powerful tool of reducing poverty. It enables people to increase their income, to save and to manage risk. It reduces vulnerability and it allows poor households to move from everyday survival to planning for the future (Bakhtiari, 2006)

Microfinance is not yet widespread because a vast majority, in particular Africa, cannot access financial service (Beck and Soledad, 2005) even though poverty is officially wide spread and acute (World Bank, 2005). There are also great disparities in the level of development and performance of microfinance. While the developed microfinance institutions (MFIs) in South Asia and Latin America now face the challenge of now becoming more commercially viable , emerging MFIs in sub-Sahara Africa face other challenges to their very survival and core methodology (Barr and Fafchamps, 2006).

Institution sustainability has lately become a priority. This is arguably a response, in part, to the growing donor 'fatigue' with continually subsidized developmental work. It may also reflect the apparent shift to 'commercialization' from earlier 'charity'. Microfinance is responding by prioritizing repayment rates, creating good loan books, and managing client numbers rather than social intermediation. Repayment performance is a particularly key variable for the donor and international funding agencies on which many MFIs (especially in sub-Saharan Africa) still depend for their funding (Godquin, 2004). These indicators may nevertheless conceal the intervening process by which these much sought after results were achieved.

Kiai (2010) argues that one of the main assumptions behind the development of the micro finance sector is that the poor possess the capacity to implement income generating activities. They are simply limited by lack of access to capital due to the underdevelopment of the financial sector, the reluctance of microfinance institutions to lend to them, the failure of development projects and banks, and the fact that the informal financial sector is neither sufficiently large nor capable of responding to the challenges of development. By virtue of their design, microfinance programs can reach the poor and overcome the problems of asymmetric information and high transaction costs highlighted above.

However, according to Muntemba (2001) a number of significant issues have come up during the implementation of micro-credit activities in Africa that require serious consideration by all MFIs.

These include: Microfinance and the poor; Grants versus credit; Microfinance in rural, especially very remote areas; Microfinance in post-conflict situations; Sustainability; Markets for MFIs and for rural clients in particular; and Gender dimensions of microfinance. These among other social issues like education and health pose as issues that have to inevitably be understood and addressed by all MFIs anywhere.

Microfinance institutions engage in financial activities in many different ways, ranging from direct relations with borrower to a more indirect participation through the raising of Capital ( De Schrevel, 2005). Micro finance institutions raise funds in domestic or international capital markets for the lending operations of microfinance institutions. These funds can be raised in the form of bonds in domestic market, loans from banks and as donation from donors. large banking groups play a role in lending to microfinance institutions. Currently large commercial banks such as Citigroup, Deutsche Bank and Rabo bank have microfinance funds that provide capital to MFIs ( De Schrevel, 2005)

The purpose of microfinance is to improve access to credit for the entrepreneurial poor via innovative lending technologies designed to decrease problems of systematic information. The expectation is that micro finance Institutions offering more than one credit product, offer a wide product rage that enables its clients to borrow as per their financial ability.

According to Dondo and Ogila (2006) microfinance institutions provide for savings for their clients. Nevertheless, most microfinance institutions being NGOs, it is hard for them to offer their services as they are not regulated financial institutions most of the time. In this respect, commercial and microfinance orientated institutions, play an important role.

## 2.4 Strategy and Microfinance growth Kenya

Bahati (2006) concludes that the process of strategic planning as outlined by De Feo and Janssen is a common aspect of all the MFI operations in Kenya. This process describes ten steps for corporate strategy to become an integral part of an organization's culture. The first four of these steps, establishing a vision, agreeing on a mission, developing key strategies and developing strategic goals involve top management. The rest, namely, establishing values, communicating company policies, providing top management leadership, deploying goals, measuring progress with key performance indicators and finally, reviewing progress largely deal with operationalizing and control of the strategy.

According to Rock et al. (2008) reported that in Kenya effective governance assumes that the strategic planning process involves the board in a significant way, the board should include and expect strategic thinking to be part of the leadership qualities that the top executive brings to the institution. However, they noted that the distance and diversity of experiences of board directors enables them to bring a perspective to the institution unique from that of management.

Kahindi (2006) indicated that while microfinance's attempt to stimulate economic development and income generation in Kenya they have encountered challenges which are both internal and external. Microfinance's have limited or no influence in particular restrictive government policies and practices that are a key factor inhibiting to the implementation of an effective microfinance.

In Kenya, perceived high risk of micro entrepreneurship and small businesses micro entrepreneurs who usually have no collateral to offer to microfinance providers against loans, they usually lack an alternate source of income, and have little, if any, formal education or training in the area of their business. As a result, commercial banks attribute a high credit risk to micro entrepreneurs and steer clear of this sector. However, microfinance institutes (MFIs) are compelled to compensate for this risk by charging interest rates on loans .Fortunately, the challenge is being resolved through the idea of group lending (social collateral against loans) which ensures good repayment rates (Kahindi, 2006).

Muganga (2010) found that while regulation is definitely not the sole factor responsible for the state of development of the Kenyan microfinance market (macroeconomic reforms have also played a key role) it constituted a facilitator to enhance growth of the industry, by setting standards, increasing efficiency and promoting fair competition while strongly protecting consumers.

In sum, strategic planning can be considered from content or a process viewpoint. The content relates to the distinct elements of the strategic plan which differ from firm to firm. On the other hand, the process relates to the mechanisms for the development of the strategic plan and its subsequent deployment (Dincer et al, 2006).

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter covers the methodology used in the study. It presents the research design, study population, sampling procedure and the techniques used, data collection and analysis.

## 3.2 Research Design

According to Cooper and Schilder (2003) cross sectional survey involves collection of information from selected respondents through a survey instrument like questionnaires or interview and involves data collected at a defined time.

In order to determine strategic planning adopted by selected micro-finance institutions in management of community health insurance in Nairobi County of Kenya, the researcher adopted cross sectional survey which in a non-experimental, descriptive research method.

According to Chandran (2004) descriptive design is appropriate to describe and portray characteristics of an event, situation, and a group of people, community or a population. Specifically, the researcher undertook a survey which involved collection of information from selected respondents through a survey instrument like questionnaires or interview guides.

## 3.3 Study Population

The study's population consisted of all microfinance institutions within Nairobi County as listed by the Association of Microfinance Institutions of Kenya (AMFI). According to AMFI (2012) current membership stands at 50 institutions (see Appendix I) and ranges from large to small institutions which have diverse legal status ranging from microfinance banks,

Wholesale MFI's, Retail MFI's, development Institutions and Insurance companies which represent the entire landscape of the microfinance industry in Kenya. However, further sampling was undertaken in order to select members of the study's population that were relevant to the study's objectives by ensuring that the selected organizations did offer community health insurance.

## 3.4 Sampling Procedure

According to Cooper and Schilder (2003) purposive sampling allows the researcher to use hand-picked cases or subjects for the study which have the required information as per the objectives of the study.

The microfinance institutions in Kenya were purposively selected based on the following considerations: (1) the institution offered community health insurance to its clients: and (2) had its head offices physically located in Nairobi County or its environs.

## 3.5 Data Collection

There are two main sources of data: primary and secondary sources. Primary data is collected directly from original sources such as respondents through census or surveys while secondary data is indirectly acquired from existing sources like libraries, reports and publications (Chadran, 2004). This study collected both primary and secondary data relating to strategic planning practices adopted by selected micro-finance institutions in management of community health insurance in Nairobi County of Kenya.

Primary data was collected by use of a questionnaire as it allowed for more flexible and comprehensive data. According to Chandran (2004) a questionnaire is a measurement tool which translates research objectives into precise field questions following a logical sequence of the research objectives. The questionnaire becomes the means of obtaining evidence related to the research questions or hypotheses.

The questionnaire was divided into two sections, A and B containing both open ended and closed questions. Section A focused on the profile of the responding microfinance institution while section B contained questions on the research objectives. The questionnaire was distributed using electronic mail whereby data was collected from the Chief Executive Officer (CEO) / Managing Director (MD), Human Resource Manager, Finance Manager or Financial Controller and Project Managers involved in the management of community health insurance.

Secondary data was collected from the following sources: government publications, journals, industry reports, industry publications and individual organizational reports on community health insurance.

### 3.6 Data Analysis

Collected data was coded and analyzed using factor and content analysis. Content analysis was used to analyze qualitative data while factor analysis was used to establish the strategic planning practices adopted by microfinance institutions in the management of community health insurance as well as the challenges encountered by the institutions in the implementation of community health insurance strategic plans.

This was achieved by coding the collected data and using three major descriptive statistics for each single variable namely: distribution; central tendency; and dispersion. Frequency distribution tables were used to present distribution; Mean was used to estimate central tendency; while Standard Deviation (S.D) was used as a more accurate and detailed estimate of dispersion. Graphical methods were used for identifying patterns in the data. The Statistical Package for Social Sciences (SPSS) was used to analyze and present collected data using appropriate tables and graphs.

# CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

## 4.1 Introduction

This chapter highlights data analysis and findings of the study. Analyzed data consisted of primary data collected using a questionnaire from the Chief Executive Officer (CEO) / Managing Director (MD), Human Resource Manager, Finance Manager or Financial Controller and Project Managers, as well as secondary data from various organizational reports on community health insurance.

## 4.2 Microfinance Institutions demographics

This section highlights findings on the demographics of the responding microfinance institutions. The demographics indicate the duration of time since the corporation was established, the nature or type of the organization, the number of staff and nature of products or services offered by the respective microfinance institutions.

Findings indicated that all (100%) the respondent microfinance institutions have been in existence for more than a decade hence, the research findings from these institutions can be said to be reliable in reporting strategic planning practices adopted by selected micro-finance institutions in the management of community health insurance in Nairobi. They further indicated that 50% of the microfinance institutions were private limited companies while 50% were public limited companies. All (100%) the respondent microfinance institutions had one hundred (100) and above staff members. Findings further indicated that all (100%) the respondent microfinance institutions were offering micro-credit / loans, deposit taking / savings, community health insurance and business training. In addition, the microfinance institutions indicated that they were undertaking SME banking.

## 4.3 Strategic Planning Practices adopted and challenges facing microfinance institutions in managing community health insurance

This section highlights findings on the duration of time that microfinance institutions have offered community health insurance; extent to which various strategic planning processes in regard to community health insurance have been realized in the microfinance institutions; the importance of various strategic planning practices in managing community health insurance in the microfinance institutions; the major source of challenges in the implementation of strategic planning in managing community health insurance in the microfinance institutions; and the validity of various strategic management aspects in managing community health insurance in the microfinance institutions in Kenya.

Findings indicated that all (100%) of the microfinance institutions had been offering community health insurance for less than one (1) year. This finding indicates that community health insurance is fairly a new product / services in the Kenyan microfinance sector; hence the need for adoption and implementation of effective strategic planning practices by microfinance institutions.

Table 4.1 illustrates the extent to which various strategic planning processes in regard to community health insurance have been realized in the microfinance institutions. In order to measure the extent of realization, the researcher coded the respondents' considerations, where "Strongly agree" was given the value one (1.0), "Agree" was given the value two (2.0), "Neither agree nor disagree" was given the value three (3.0), "Disagree" was given the value four (4.0) and "Strongly disagree" was given the value five (5.0). According to the table, the respondents agreed that all the strategic planning processes in question had been realized as their means drew closer to two (2.0).

Standard deviation indicated the degree to which respondents were into consensus on the level of agreement and thus the lower the standard deviation, the more the respondents were in agreement over a particular response. This research finding indicates that although various strategic planning processes in regard to community health insurance have been realized by the microfinance institutions, such realization is not to a great extent as the respondents did not strongly agree on the same.

**Table 4.1: Realization of various strategic planning processes in regard to community health insurance**

| Strategic Planning Process | Mean | Std. Deviation |
|---|---|---|
| Development or evaluation of mission statement | 1.90 | 1.136 |
| Analysis of strengths, weaknesses, opportunities and threats (SWOT analysis) | 1.71 | 1.007 |
| Thematic analysis of issues identified through SWOT | 1.80 | 0.834 |
| Identify and prioritize issues to be developed into objectives | 1.81 | 1.167 |
| Assign issues/objectives to responsible person for further development of timelines and resource requirements | 1.86 | 1.108 |

Table 4.2 illustrates the importance of various strategic planning practices in managing community health insurance in the respective microfinance institutions. In order to measure the extent of realization, the researcher coded the human resource managers' considerations, where "Very important" was given the value one (1.0), "Important" was given the value two (2.0), "Neither important nor unimportant" was given the value three (3.0), "Unimportant" was given the value four (4.0) and "Very unimportant" was given the value five (5.0).

According to the table, the respondents indicated that development of plan including organization strengths, weaknesses, opportunities and challenges on a continuous basis and incorporation of those observations into the strategic plan; regular monitoring during implementation of the plan; and that the board reviews information from the field against which to compare organization's performance were very important strategic planning processes in managing community health insurance as their means drew closer to one (1.0) at 1.43, 1.48 and 1.43 respectively. All the other strategic planning practices in question were considered to be important in posing challenges in managing community health insurance as their means drew closer to two (2.0).

**Table 4.2: Importance of strategic planning practices in managing community health insurance**

| Strategic Planning Process | Mean | Std. Deviation |
|---|---|---|
| Board and staff members understand the organization's mission | 1.52 | 0.750 |
| The Executive Director and Board determine readiness for strategic planning process | 1.76 | 0.768 |
| Resources required for strategic planning are identified and managed appropriately | 1.50 | 0.688 |
| Planning includes information regarding client and community needs and organization capacity | 1.57 | 0.978 |
| Development of plan includes organization strengths, weaknesses, opportunities and challenges on a continuous basis and incorporates those observations into the strategic plan | 1.43 | 0.676 |
| Planning leadership team communicates openly and effectively about strategic planning process and progress to build trust and confidence and full participation in the planning process | 1.52 | 0.602 |
| Implementation of the plan is regularly monitored | 1.48 | 0.602 |
| Board understands the work that has already been done by staff to respond to evaluation findings and improve products and services | 1.76 | 0.539 |
| Local demographic and statistical information is factored into planning efforts | 1.67 | 0.796 |
| The Board reviews information from the field against which to compare organization's performance | 1.43 | 0.598 |
| A matrix is prepared by program or management function that identifies outcomes and connects them to the activities or strategies that the organization will use to reach these outcomes | 1.76 | 0.944 |
| The strategic plan is reviewed on an annual basis | 1.81 | 0.981 |

Figure 4.6 illustrates the major source of challenges in the implementation of strategic planning in managing community health insurance in the respective microfinance institutions. According to the figure, majority of the respondents (38%) indicated that employee resistance was the major source of challenge in the implementation of strategic planning in managing community health insurance in their respective microfinance institutions. 34% indicated that management commitments as a source of challenges in

the implementation of strategic planning in managing community health insurance, 14% indicated that product adoption and use while another 14% indicated that budgetary allocation as sources of challenges in the implementation of strategic planning in managing community health insurance in their respective microfinance institutions.

**Figure 4.1: Major source of challenges in the implementation of strategic planning in managing community health insurance**

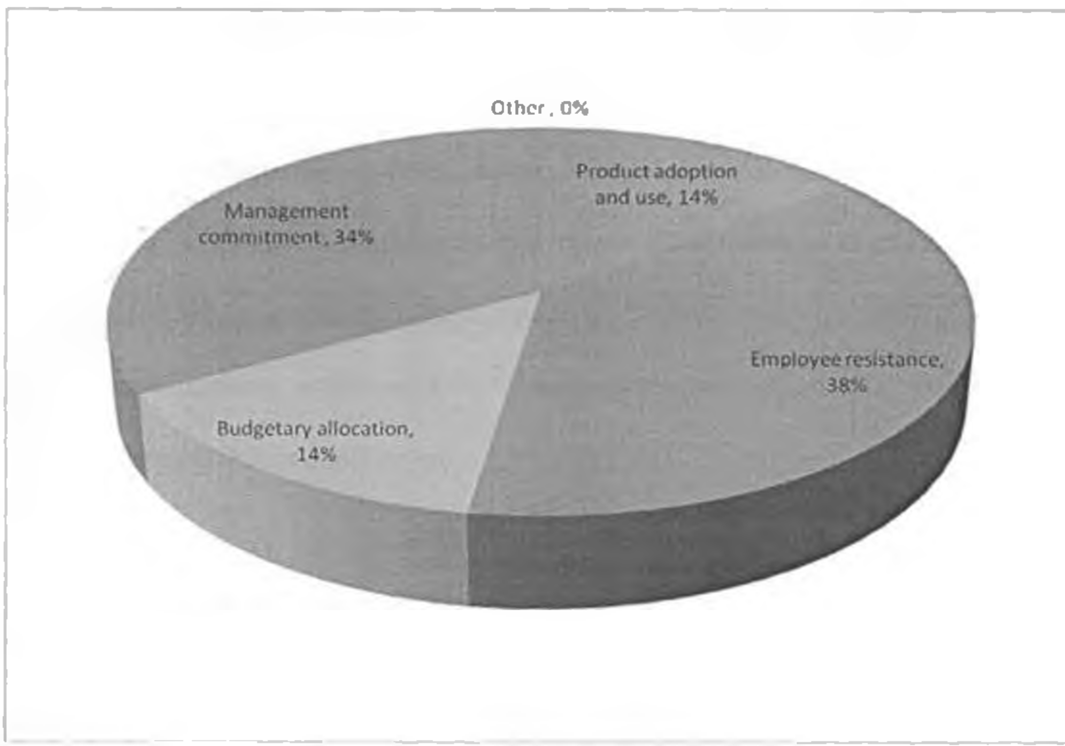


Table 4.3 illustrates the validity of various strategic management aspects in managing community health insurance in the microfinance institutions in Kenya. In order to measure the validity, the researcher coded the respondents considerations, where "Strongly agree" was given the value one (1.0), "Agree" was given the value two (2.0), "Neither agree nor disagree" was given the value three (3.0), "Disagree" was given the

value four (4.0) and "Strongly disagree" was given the value five (5.0). According to the table, the respondents strongly agreed that there was involvement of competent and skilled staff in the implementation of community health insurance in their respective microfinance organizations as its mean drew closer to one (1.0) at 1.33.

The respondents agreed that there was effective strategic planning in the implementation of community health insurance; there was approval of adequate funds for community health insurance budget; there was effective monitoring and evaluation in the implementation of community health insurance; and that there was effective reporting and strategic management in the implementation of community health insurance in their respective microfinance institution as their means drew closer to two (2.0) at 1.52, 1.76, 1.52, and 1.62 respectively. This research finding indicates that most strategic management aspects were valid in managing community health insurance in the microfinance institutions in Kenya.

**Table 4.3: Validity of Strategic Planning Aspects**

| Aspects of Strategic Planning | Mean | Std. Deviation |
|---|---|---|
| Effective strategic planning in the implementation of Community Health Insurance | 1.52 | 0.814 |
| Approval of adequate funds for Community Health Insurance budget | 1.76 | 0.889 |
| Involvement of competent and skilled staff in the implementation of Community Health Insurance | 1.33 | 0.796 |
| Effective monitoring and evaluation in the implementation of Community Health Insurance | 1.52 | 0.750 |
| Effective reporting and strategic management in the implementation of Community Health Insurance | 1.62 | 0.974 |

# CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Summary and conclusions

The researcher drew conclusions based on the study's objectives (in Chapter One) which included: to determine the strategic planning practices adopted by microfinance's in the management of community health insurance; and to establish challenges encountered by microfinance institutions in the implementation of community health insurance strategic plans.

Research findings indicated that development or evaluation of mission statement; analysis of strengths, weaknesses, opportunities and threats (SWOT analysis); thematic analysis of issues identified through SWOT; identification and prioritization of issues to be developed into objectives; and assigning of issues/objectives to responsible person for further development of timelines and resource requirements had been realized as strategic planning processes in regard to community health insurance by the microfinance institutions in Kenya.

In addition, findings indicated that development of plan including organization strengths, weaknesses, opportunities and challenges on a continuous basis and incorporation of those observations into the strategic plan; regular monitoring during implementation of the plan; and that the board reviews information from the field against which to compare organization's performance were very important strategic planning processes.in managing community health insurance by the microfinance institutions in Kenya.

With regard to the challenges encountered by microfinance institutions in the implementation of community health insurance strategic plans, research findings indicated that employee resistance was the major source of challenge in the implementation of strategic planning in managing community health insurance by microfinance institutions in Kenya. In addition. management's commitment was also reported as a source of challenges in the implementation of strategic planning in managing community health insurance by microfinance institutions in Kenya. It can therefore be concluded that most challenges faced in the implementation of strategic planning in managing community health insurance by microfinance institutions in Kenya emanate from human related issues both from the managing and non management staff.

## 5.2 Limitations of the study

The major limitations of this study related to time constraints, and geographic distance between the microfinance institutions. Time and geographical constraints were overcome by selecting a relatively small sample size that did not compromise the validity and reliability of the research findings

It was not possible to get 100% response from all targeted managers due to some managers' unavailability for interviews. Secondly, this study was limited to study strategic management practices adopted by selected micro finance institutions that practice community health insurance, hence not a representation of all micro finance institutions.

## 5.3 Suggestion for further study

The researcher recommends that further research should be undertaken to investigate the factors affecting strategic planning practices and strategy implementation by microfinance institutions in Kenya.

Further research could also be done to determine the factors affecting strategic planning and strategy implementation in the management of micro health insurance as well as managers' perception of strategic management practices and their impact.

## 5.4 Implication on policy, theory and practice

Management of microfinance institutions in Kenya should sensitize their staff on the importance and need to offer community health insurance to their clients and involve them in the strategic planning process in order to ensure that there is minimum employee resistance in managing community health insurance in their respective microfinance institutions.

Management of microfinance institutions in Kenya should ensure that they are committed in the adoption and implementation of strategic planning practices in managing community health insurance in their respective microfinance institutions. Microfinance institutions in Kenya should ensure that community health insurance is developed and adopted as a viable product / service through effective product testing and adoption of efficient marketing mix in the promotion of the product /service within their target consumers.

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Further research could also be done to determine the factors affecting strategic planning and strategy implementation in the management of micro health insurance as well as managers' perception of strategic management practices and their impact.

## 5.4 Implication on policy, theory and practice

Management of microfinance institutions in Kenya should sensitize their staff on the importance and need to offer community health insurance to their clients and involve them in the strategic planning process in order to ensure that there is minimum employee resistance in managing community health insurance in their respective microfinance institutions.

Management of microfinance institutions in Kenya should ensure that they are committed in the adoption and implementation of strategic planning practices in managing community health insurance in their respective microfinance institutions. Microfinance institutions in Kenya should ensure that community health insurance is developed and adopted as a viable product / service through effective product testing and adoption of efficient marketing mix in the promotion of the product /service within their target consumers.

Management of microfinance institutions in Kenya should ensure that there are adequate financial resources committed through sufficient budgetary allocation in the development and adoption of community health insurance as well as adequate funds to develop and implement strategic planning process in managing community health insurance in their respective microfinance institutions.

Management of microfinance institutions in Kenya should also continue ensuring that there is involvement of competent and skilled staff in the adoption and implementation of strategic planning process in managing community health insurance in their respective microfinance organizations.

Management of microfinance institutions in Kenya should ensure that regular monitoring and evaluation on implementation of strategic planning practices in done on a regular basis, in managing community health insurance in their respective microfinance institutions. This process should not include the staff members and their client to make it participatory and effective

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## APPENDICX 1: LIST OF MOCROFINANCE INSTTITUTIONS IN KENYA

1. AAR Credit Service
2. Action Aid
3. ADRA Kenya
4. Agakhan Foundation Micro credit Programme
5. Archdioceses of Nairobi
6. AREP
7. BIMAS
8. Care International
9. Christian Health Association of Kenya
10. Co-operative bank of Kenya
11. Crossbridge Credit Ltd
12. Daraja Trust
13. Ecumenical Church Loan Fund (ECLOF)
14. Elite Microfinance
15. Equity Building Society
16. Family Finance
17. Faulu Kenya
18. Ghetto Child Programme
19. Hope Africa
20. Jamii Bora
21. Jaru Micro credit Africa Ltd
22. Jitegemee Credit Scheme
23. KADET
24. Kenya Commercial Bank-Special Loan Unit
25. Kenya Gatsby Trust
26. Kenya Post Office Savings Bank
27. Kenya Small Traders and Enterprise Society

28. Kenya Women Finance Trust
29. K-Rep Bank Ltd
30. K-Rep Development Agency
31. Micro Kenya Ltd
32. Millenia Multipurpose Credit society
33. OIKO credit
34. Pride Africa
35. Private Sector Development Unit
36. SISDO
37. Skill Across Kenya
38. Small and Micro-Enterprise Programme ( SMEP)
39. Small Enterprise Credit Association
40. Smallholder Irrigation Scheme Development Organization
41. St. John's Community Centre
42. Sunlink Micro finance Partners
43. Undugu Society of Kenya
44. United Disabled Persons of Kenya (UDPK)
45. Vintage Management Consultants
46. WEDCO
47. Windows and Orphans Welfare
48. Window Development Fund
49. World Vision
50. Yehu Enterprise Support Services.

*Source:* Association of Microfinance Institutions of Kenya (2012)

## APPENDIX 11: QESTIONNAIRE

**Instructions:** *Please fill in the response to each question by ticking (√) and inserting your comments appropriately*

**Section A: Demographic data**

1. Name of organization.................................................................

2. How long ago was the organization established?

| | | | | | |
|---|---|---|---|---|---|
| 0 – 1 year | ( ) | 2 – 3 years | ( ) | 4 – 5 years | ( ) |
| 6 – 7 years | ( ) | 8 – 9 years | ( ) | 10 years and above | ( ) |

3. What is the nature / type of the organization?

| | |
|---|---|
| Non-Governmental Organization (NGO) | ( ) |
| Private Limited Company | ( ) |
| Public Limited Company | ( ) |
| Partnership | ( ) |
| Sole Proprietor / Business | ( ) |

Other (please specify)...........................................................

4. What is the number of staff in the organization?

| | | | | | |
|---|---|---|---|---|---|
| 0 – 20 | ( ) | 21 – 40 | ( ) | 41 – 60 | ( ) |
| 61 – 80 | ( ) | 81 – 100 | ( ) | 100 and above | ( ) |

5. What products / services are offered by the organization (tick as many as are appropriate)?

| | | | |
|---|---|---|---|
| Micro-credit / Loans | ( ) | Deposit Taking / Savings | ( ) |
| Community Health Insurance | ( ) | Business Training | ( ) |

Other (please specify).................................................................

**Section B: Strategic Planning Practices adopted and challenges facing Microfinance Institutions in managing Community Health Insurance**

6. How long has the organization offered Community Health Insurance?

| | | | | | |
|---|---|---|---|---|---|
| 0 – 1 year | ( ) | 2 – 3 years | ( ) | 4 – 5 years | ( ) |
| 6 – 7 years | ( ) | 8 – 9 years | ( ) | 10 years and above | ( ) |

7. Please rate extent to which the following strategic planning processes in regard to Community Health Insurance have been realized in your organization: *(Rating Scale. 1- Strongly agree; 2 – Agree; 3 – Indifferent; 4 – Disagree; 5 – Strongly disagree)*

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Development or evaluation of mission statement | | | | | |
| Analysis of strengths, weaknesses, opportunities and threats (SWOT analysis) | | | | | |
| Thematic analysis of issues identified through SWOT | | | | | |
| Identify and prioritize issues to be developed into objectives | | | | | |
| Assign issues/objectives to responsible person for further development of timelines and resource requirements | | | | | |

8. Please rate the importance of the following strategic planning practices in managing Community Health Insurance in the organization: *(Rating Scale: 1- Very important; 2 – Important; 3 – Indifferent; 4 – Unimportant; 5 – Very unimportant)*

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Board and staff members understand the organization's mission | | | | | |
| The Executive Director and Board determine readiness for strategic planning process | | | | | |
| Resources required for strategic planning are identified and managed appropriately | | | | | |
| Planning includes information regarding client and community needs and organization capacity | | | | | |
| Development of plan includes organization strengths, weaknesses, opportunities and challenges on a continuous basis and incorporates those observations into the strategic plan | | | | | |
| Planning leadership team communicates openly and effectively about strategic planning process and progress to build trust and confidence | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| and full participation in the planning process | | | | | |
| Implementation of the plan is regularly monitored | | | | | |
| Board understands the work that has already been done by staff to respond to evaluation findings and improve products and services | | | | | |
| Local demographic and statistical information is factored into planning efforts | | | | | |
| The Board reviews information from the field against which to compare organization's performance | | | | | |
| A matrix is prepared by program or management function that identifies outcomes and connects them to the activities or strategies that the organization will use to reach these outcomes | | | | | |
| The strategic plan is reviewed on an annual basis | | | | | |

9. In your opinion, what is the major source of challenges in the implementation of strategic planning in managing Community Health Insurance in the organization?

   Product adoption and use ( ) Employee resistance ( )

   Budgetary allocation ( ) Management commitment ( )

   Other (please specify) ................................................................................

   ....................................................................................................................

10. In a scale of 1 to 5 where; *1- Strongly agree; 2 – Agree; 3 – Indifferent; 4 – Disagree; 5 – Strongly disagree)*, are the following statements true in managing community health insurance in the organization?

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Effective strategic planning in the implementation of Community Health Insurance | | | | | |
| Approval of adequate funds for Community Health Insurance budget | | | | | |
| Involvement of competent and skilled staff in the implementation of Community Health Insurance | | | | | |
| Effective monitoring and evaluation in the implementation of Community Health Insurance | | | | | |
| Effective reporting and strategic management in the implementation of Community Health Insurance | | | | | |

*Thank you.*