

**STRATEGY IMPLEMENTATION CHALLENGES FACED BY NATIONAL HOSPITAL
INSURANCE FUND IN KENYA**

NJAU HANNAH WANGARI

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DECLARATION

This research report is my original work and has not been presented for examination in any other university.

Signed Date.....

Njau Hannah Wangari
D61/75145/2009

This research project has been submitted for examination with my approval as University Supervisor.

Signed Date

Florence Muindi
Lecturer
School of Business
University of Nairobi

DEDICATION

To my father Simon Njau, mother Alice Njau, sisters Nyokabi and Wanjiru njau and my friend Allan karanja. Thank you for everything.

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ABSTRACT

Successful organizations stay tuned to their internal and external environments and adapt quickly and flexibly by changing their internal processes, systems, competencies, products and services. They implement these changes while continuing to operate efficiently and effectively. Besides the activities that need to be accomplished if a company wants to implement its strategies, one should not neglect variables in the organizational context that could hinder or represent obstacles to effective strategy implementation. The objective of this study was to investigate the strategy implementation challenges facing National Hospital Insurance Fund (NHIF).

The data used both primary and secondary data. An interview guide was used to guide the researcher in collecting data. Content analysis was used to analyze the qualitative primary data which had been collected by conducting interviews from the organization.

From the finding of this study the challenges which the institution encountered when they were implementing their strategies were; inadequate rewarding systems, sharing the vision of the CEO's was not achieved since the same was not shared by all of the staff but instead restricted to a few of the senior staff, non involvement of most employees and stakeholders in strategy formulation and implementation and existence of different groups pulling in different directions, delay or lack of necessary information, changes in economic conditions, inadequate resources, organizational leadership, Rigidity, management resistance to change and new ideas, promotion not been based on merit, bureaucracy. The challenges which were brought about by the culture were communication problems between the departments, lack of trust when the strategies threatens the culture, opposition of strategies, opposition of change within the organization, administrative, hinders full implementation of strategy, delayed services and also poor service delivery. It was recommended that the National Hospital Insurance Fund need to put in place mechanisms to ensure that their employees are properly motivated through rewards and sanctions, they should also put in place mechanisms to ensure the managements' vision is shared by all employees, they should also put in place mechanisms to ensure that strategies which are about to be implemented consider prevailing economic conditions and that they should distribute information to all stakeholders to avoid delay in implementing strategies.

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DEFINITION OF TERMS

AMREF	-	African Medical Research Foundation
CEO	-	Chief Executive Officer
NHIF	-	National Hospital Insurance Fund
MOH	-	Ministries of Health

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

New approaches to management in the public sector are imperative as government tries to implement new changes in all sectors of the economy. Market dynamics have created challenges for public organizations, with the emergence of the global economy, advances in technology, increased societal demands, and the need to provide more social services with fewer resources. As well, a widespread desire for increased organizational scrutiny has increased the pressure for change, given more accessible globalized information systems and heightened media attention critical of government inefficiencies in service delivery (Hubbard *et al.*, 2007). Response mechanisms have emerged within the private market to meet these recent challenges but government organizations have been slower to respond. This has mainly been due to fiscal constraints and the bureaucratic process in governments. However, a new approach, which incorporates modern strategic management tools, is necessary for the public sector to achieve improved performance and overall service quality.

In today's world, organizations cannot afford these challenges. To survive, they must be able to quickly create, deploy, and implement breakthrough strategies that help them to continually anticipate and meet current and future customer requirements (Viljoen and Dann 2000). In doing so, they must be able to align all internal and external resources around the plan. This sort of orientation necessitates approaches to strategic planning that involve all employees and stakeholders in the planning process and a planning process that can occur within a shortened time frame.

While current public policy models have certainly started to reflect a shift away from traditional thinking about organizational design and public management, a systematic process for creating and sustaining improved performance that reflects changes in the environment is clearly absent. The guiding principles in any strategic management process, whether in the public or private sector, are about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance. The difficulty in strategic management is the challenge of laying a foundation for success in the future while meeting today's challenges. Strategy implementation focuses on the distinct relationship between implementation and other various organizational elements. The implementation process is identified as being undertaken through a systematic approach which provides a link between strategic consensus and implementation success, (Sabatier and Weible 2007). There is a positive association between strategic consensus and firm performance. Environmental scanning is also important for identifying the human element as a key problem to be addressed during the implementation process. There is a general consensus that strategy implementation is important in an organization achieving its strategic options successfully.

1.1.1 The Concept of Strategy

A strategy is a plan of action designed to achieve a particular goal. Strategy embraces the overall purpose of an organization. It is the determination of the basic long-term goals and objectives of an enterprise, adoption of courses of action and the allocation of resources necessary for carrying out those goals. Thomson and Strickerland (2003),

observe that strategies are at ends and these ends concern the purpose and objectives of the organization. They are the things that organizations do, the paths they follow and the decisions they take in order to reach certain points or level of success. Mintzberg (1994) portrays strategy as a plan, a direction, a guide or course of action into the future and as a pattern, that is, consistency in behavior over time. Most organizations began their strategic planning cycle by updating and revising their business objectives in relation to performance reviews in key areas (such as people, standards and business development), achieved results and development priorities (Teare *et al.*, 1992).

Quinn (1980) defines strategy as a pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole. Webster (1994) calls this the building block of strategic management and notes that a secure foundation (strategy) is needed if the process (strategic management) is to function properly. In this sense strategy provides the link between where the organization is at present and where it would like to be in the future. According to Johnson and Scholes (2002) strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and fulfils stakeholders' expectations. Strategy is a unifying theme that gives coherence and direction to the actions and decisions of an individual or organization.

1.1.2 Strategy Implementation

Strategy implementation is the process of allocating resources to support an organization's chosen strategies. This process includes various management activities that are necessary to put strategy in motion and institute strategic controls that monitor progress and

ultimately achieve organizational goals. Strategy evaluation includes review of external and internal factors that are bases for strategies formulated, measuring performance and taking corrective action, if necessary. This is important as all strategies are subject to future modification depending on environmental turbulence (Robbins and Coulter, 1996).

Strategy formulation and implementation is an on-going, never-ending integrated process requiring continuous reassessment and reformation. Pearce and Robinson (2007) states that to effectively direct and control the use of the firm's resources, mechanisms such as organizational structure, information systems, leadership styles, assignment of key managers, budgeting, rewards and control systems are essential strategy implementation ingredients. The problem with strategy implementation is the de facto success rate of intended strategies. Judson (2008), it is as low as 70%. In fact some manager's mistake implementation as a strategic afterthought and a pure top-down-approach. Instead, management spends most of its attention on strategy formulation. This can be documented by the focus on strategy formulation in strategic management literature. To resolve this, strategic management should accomplish its very own shift of emphasis by moving from a 90:10 concern with strategy formulation relative to implementation to a minimum 50:50 proportion with each other (Grundy, 1998). Alexander (1991: p. 74) stated that: "one key reason why implementation fails is that practicing executives, managers and supervisors do not have practical, yet theoretically sound, models to guide their actions during implementation".

According to Thompson et al (2007), effective strategy implementation depends on competent personnel and effective internal organizational systems. No organization can hope to perform the activities required for successful strategy implementation without attracting, motivating and retaining talented managers and employees with suitable skills and intellectual capital. The task of implementing challenging strategic initiatives must be assigned to executives who have the skills and talent to handle and can be counted on to turn decisions and actions into results to meet established targets. Without a smart, capable result-oriented management team, the implementation process ends up being hampered by missed deadlines, misdirected or wasteful efforts. Building a capable organization is thus a priority in strategy execution.

1.1.3 Strategy Implementation Challenges

Bartlett and Ghoshal (1987) noted that in all the companies they studied “the issue was not a poor understanding of environmental forces or inappropriate strategic intent. Without exception, they knew what they had to do; their difficulties lay in how to achieve the necessary changes”. Supporting this, Miller (2002) reports that organizations fail to implement more than 70 percent of their new strategic initiatives. Given the significance of this area, the focus in the field of strategic management has now shifted from the formulation of strategy to its implementation (Hussey, 1998). There are some commonly used models and frameworks such as SWOT, industry structure analysis and generic strategies for researchers and practicing managers in the areas of strategy analysis and formulation in strategic management

Strategic management involves formulation, implementation and review. Strategy implementation can be said to be the most challenging of them all. Strategy is most effectively implemented when the people involved in the operations of the business are action-oriented and pragmatic. Effective strategy implementation is also a systems management activity that involves leading, motivating, organizing change, engineering business processes, and creating strong fits between strategy and how the business does things. Someone who intends to implement strategy must be able to put the strategic plan into action. He must be able to identify what needs to be done and start working on it in order for the targeted strategic and financial goals to be achieved. With all these factors involved, one can say that strategy implementation is more challenging and time consuming than strategy formulation.

The guiding principles in any strategic management process, whether in the public or private sector, are about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance. The difficulty in strategic management is the challenge of laying a foundation for success in the future while meeting today's challenges. Strategic planning is based on the premise that leaders and managers of public and nonprofit organizations must be effective strategists if their organizations are to fulfill their missions, meet their mandates, and satisfy constituents in the years ahead (Bryson, 1995).

1.1.4 National Hospital Insurance Fund In Kenya

The national hospital insurance fund was established in 1966 through an act of parliament with the sole purpose of providing affordable, accessible, sustainable and quality health insurance cover to as many Kenyans as possible (NHIF Handbook, 2004). The fund is managed by a representative board, that draws representatives from faith based organizations, workers unions, employers federations, the government, women organizations as well as farmers unions. NHIF has grown its membership over the years to the current two million contributors within the formal sector which is spread across 41,000 employers. The fund collects Kshs 4.7 every year of which 48% of the collections been used to pay medical claims while 22% is invested. Furthermore the fund has managed to reduce its operational expenses from 80% of total collection in 1998 to 30% by the year 2007, (2009). Since its inception, the fund has been offering cover for in-patient services, but with this growth the management decided to introduce the outpatient cover also. This is being administered through two international business models i.e. 'Free-For-Service' and 'Capitation' methods.

Over the last 20 years, the fund has not reviewed the rate of contributions by its members. The rates were capped at Kshs 320 per month for those earning shs 15,000 and above. Over time these rates have become insufficient to offer Kenyans comprehensive quality health care. The new benefits will therefore cover the whole spectrum of health needs from outpatient services to kidney dialysis for members. Studies have shown that most Kenyans spend more out of pocket cost to access outpatient services. Social Health Insurance scheme is one of the strategies for mitigating against catastrophic spending at

the point of care provision. It is therefore imperative that the Fund intervenes in this otherwise catastrophic out of pocket expenditure by introducing an outpatient cover. Kenya's Vision 2030 identifies the Health sector. One of the goals in Kenya's Vision 2030 is to improve the overall health outcomes and indicators of Kenyans by shifting focus from curative to preventive and promotive healthcare. Presently, access to quality healthcare still remains as a major challenge to majority of Kenyans. Kenya's Economic Recovery Strategy for Wealth and Employment Creation (2003) asserted that the high cost of healthcare in the country is one of the leading causes of poverty.

1.2 Statement of the Problem

For all the energy and resources invested in the pursuit of the perfect strategy, it's surprising to consider how little effort is directed towards implementation. Most strategies stumble in the implementation phase, regardless of their merit. Managing the process of implementation is often more difficult than coming up with the strategy in the first place – but ideas that cannot be translated into action serve little purpose (Allio, 2005). Strategy implementation involves change as organizations and their environment are constantly changing. Implementing strategy is tougher and more time consuming than crafting strategy. Many organizations have formulated excellent strategies but have not achieved excellent results due to poor strategy implementation. Studies have revealed that this failure is due to variety of managerial activities that are undertaken to implement strategy and implementing strategy takes adept managerial leadership. Managing resistance to change associated with strategy implementation also proves difficult for most organizations.

Whilst ensuring that Kenyans of all walks of life have access to quality and affordable healthcare, NHIF has gone through various changes in terms of internal restructuring, total quality management, cost rationalization, benefit maximization, financial mix restructuring, market penetration, product development, integrated communication and operational attainments. However, the Fund has encountered various challenges in the process of implementing the planned strategies which may impact negatively on the desired objectives of the strategies.

There are many local studies that have been done in Kenya regarding strategy implementation challenges. Some of the more recent studies include; Kiprop (2009) researched on challenges of strategy implementation at the Kenya Wildlife service and identified that a firm should focus on formal organizational structures and control mechanisms of employees while implementing its strategy. Muthuiya (2004) did strategy implementation and its challenges in non-profit organizations in Kenya, a case of AMREF and he found out that AMREF encountered challenges on inadequate resources, advocates and supporters of strategic decisions abandoning the process with resultant effect on staff commitment and enthusiasm, unsupportive organization structure, environmental factors and implementation period taking longer than anticipated. Koske (2003) studied strategy implementation and its challenges in public corporations, a case of Telkom Kenya. He found that the major challenges faced by the organization were poor management and resources, poor leadership style, lack of financial resources, limited IT capacity, government regulations and unsupportive culture. The conclusion

was that it was necessary for the company's strategy to be in line with the structure, leadership, culture, resources and supportive systems. Njuguna (2009) studied strategy implementation at St. Johns Community Centre and found out that the organization does not have a strategy for local resource mobilization and therefore depends on international donors whom they have to report to on their implementation.

No two organizations are perfectly similar and thus whatever challenges one organization encounters may not be the same with another organization. This applies to the NHIF because it is a unique organization in that it deals with the health insurance thus the challenges they face are mostly different from other organizations challenges. for one company may not work for the other. This research will therefore seek to identify the strategy implementation challenges facing National Hospital Insurance Fund (NHIF). This problem statement leads to the following question: what strategy implementation challenges does NHIF in Kenya face?

1.3 The Research Objectives

The objective of this study is to determine the strategy implementation challenges faced by NHIF in Kenya.

1.4 Importance of the Study

The study will be important to:

It will assist management of NHIF to address key factors that leads to low strategy implementation and thus have an insight on how to tackle the challenges for future successful implementation of strategy.

The government and regulators in the health sector will also find invaluable information in how good strategies can be adopted and as a result put in place policies that will guide and encourage other firms within and without the industry in implementing their strategies.

The study will create a monograph which could be replicated in other parastatals in Kenya. Most important, this research is further aimed at offering some practical suggestions on how to improve strategy implementation at NHIF. It will provide information to future scholars and researchers who might need to research on strategy implementation challenges in other parastatals.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are concept of strategy, strategy implementation and the strategy implementation challenges.

2.2 Concept of Strategy

Grant (1998) stated that strategy concept is about a “winning” game plan. Strategy is not a detailed plan or program of instructions; it is a unifying theme that gives coherence and direction to actions and decisions of an organization. It is the ability to recognize opportunities when they appeared and have the clarity of direction and flexibility necessary to exploit these opportunities. Levicki (2003) defined strategy as a document or set of concepts that form the plan for the future of an organization. Every organization will need a different plan which has to be tailor made for its particular and unique history, circumstances and capacity. Chandler (1962) defined strategy as the determination of the basic long term goals and objectives of an enterprise and the adoption of action and the allocation of resources necessary for carrying out these goals. This means that strategy is about managing new opportunities. The strategy that is chosen should be one that optimizes the resources available in order to achieve organizational goals and objectives.

Mintzberg and Quinn (1998) identify four interrelated definitions of strategy as a plan, perspective, pattern and position. As a plan, it is some sort of consciously intended course of action, a guideline to deal with a situation. As a pattern it integrates an organization's

major goals, policies and actions sequences into a cohesive whole. Strategy as a position becomes a mediating force or match between the organizations and its external and internal environments. Strategy as a position looks outside the organization seeking to locate the organization in the external environment and it in a cohesive position. Strategy as a perspective looks at the organization. In this respect it is a concept and a perspective shared by the members through their intentions and actions. While plans may go unrealized, patterns may appear without preconception and so the distinction between intended strategies and realized strategies is an important one. In fact, what managers say will be the company's action and what really happens is not always the same thing and in this context, realized strategies assume greater importance than intended ones (Costa and Teare, 1995).

Strategy is a deliberate search for a plan of action that will develop a business's competitive advantage and compound it. For any company, the search is an iterative process that begins with recognition of where you are now and what you have now. Your most dangerous competitors are those that are most like you. The differences between a firm and its competitors are the basis of its advantage. If a firm is in business and is self-supporting, then it already has some kind of advantage, no matter how small or subtle. The objective is to enlarge the scope of the advantage, which can only happen at some other firm's expense (Thompson, 2007).

2.3 Strategy Implementation

The execution of a strategy depends on individual members of organization especially key managers. Motivating and rewarding good performance for individuals and units are key success factors in effective strategy implementation. The reward system aligns activities and objectives of individuals and units with the objectives and needs of the firms' strategy (Shirley, 1983) Successful strategy implementation depend on a large part on how a firm is organized. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm's strategic objective. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's capacity to achieve superior efficiency, quality, innovation and customer responsiveness, (Gole, 2005).

According to David (2003), strategies which are implemented within an organization should support the culture associated with the firm. The proposed strategy should preserve, emphasize, and enhance the culture, in accordance with the culture supporting the proposed strategy (David 2003). Conflict management also plays an integral role within the implementation process. According to David (2003) the human element of strategic implementation plays a key role in successful implementation and involves both managers and employees of the organization. Both parties should directly participate in implementation decisions and communication that plays a key role in ensuring that this occurs (David 2003). Business performance is influenced by this human element of strategic implementation. Through providing performance incentives to employees

during the implementation phase, it is suggested by David (2003) that business performance will be positively influenced.

Strategic management involves formulation, implementation and review. Strategy implementation can be said to be the most challenging of them all. Strategy is most effectively implemented when the people involved in the operations of the business are action-oriented and pragmatic. Effective strategy implementation is also a systems management activity that involves leading, motivating, organizing change, engineering business processes, and creating strong fits between strategy and how the business does things. Someone who intends to implement strategy must be able to put the strategic plan into action. He must be able to identify what needs to be done and start working on it in order for the targeted strategic and financial goals to be achieved. With all these factors involved, one can say that strategy implementation is more challenging and time consuming than strategy formulation. The guiding principles in any strategic management process, whether in the public or private sector, are about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance. The difficulty in strategic management is the challenge of laying a foundation for success in the future while meeting today's challenges. Strategic planning is based on the premise that leaders and managers of public and nonprofit organizations must be effective strategists if their organizations are to fulfill their missions, meet their mandates, and satisfy constituents in the years ahead (Bryson, 2004).

Porters (2007), Five forces theory of strategic planning provides a framework that models an industry as being influenced by five forces. Porter assumed that companies, when implementing strategies, must do so within the framework of five forces; the force of suppliers, the force of buyers the force of substitute products, the force of new entrants and the force of competitive rivalry. The five-force model looks at the strength of the five distinct competitive forces, which, when taken together, determine long-term profitability and competition. The strategic business manager seeking to develop and edge over rival firms use this model to understand the industry context in which the firm operates (Porter,2007). Porter states that, in order to position the organization best, or to cope with the environment best, the strategist needs to understand the competitive structure of marketplace in which his or her organization operates. The 'Five Forces' model can be used to help strategists better understand the competitive dynamics of their marketplaces and align their organization successfully against each of the forces. The model can also be used to assess the general attractiveness of a market place and to help strategists decide whether, where and how to compete in a market place.

Mintzberg (1994) suggests that the traditional way of thinking about strategy implementation focuses only on deliberate strategies. Some organizations begin implementing strategies before they clearly articulate mission, goals or objectives. In this case strategy implementation actually precedes strategy formulation. Mintzberg calls that strategies that unfold in this way emergent strategies. Implementation of emergent strategies involves the allocation of resources even though and organization has not explicitly chosen its strategies. Most organizations make use of both deliberate and

emergent strategies. Whether deliberate or emergent, however, a strategy has little effect on an organization's performance until it is implemented (Mintzberg,1994).

2.4 Strategy Implementation Challenges

The level of success of a strategy depends on the degree of participation in planning and on acceptance of the goals, indicators and targets set. Therefore effective implementation of strategy plan is likely to be successful if it rests on meetings and consensus between the management and staff, rather than a top down imposition of plans and targets (Song, 1983). Successful strategy implementation therefore, must consider issues central to its implementation (David 1997)

Bartlett and Ghoshal (1987) noted that in all the companies they studied “the issue was not a poor understanding of environmental forces or inappropriate strategic intent. Without exception, they knew what they had to do; their difficulties lay in how to achieve the necessary changes”. Supporting this, Miller (2002) reports that organizations fail to implement more than 70 percent of their new strategic initiatives. Given the significance of this area, the focus in the field of strategic management has now shifted from the formulation of strategy to its implementation (Hussey, 1998). There are some commonly used models and frameworks such as SWOT, industry structure analysis and generic strategies for researchers and practicing managers in the areas of strategy analysis and formulation in strategic management

Formulating appropriate strategy is not enough. For effective strategy implementation,

the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Just as the strategy of the organization must be matched to the external environment, it must also fit the multiple factors responsible for its implementation (Bateman and Zeithaml, 1993). Strategic planning is process by which an enterprise develops a vision of the future and draws up goals, strategies and action plans for realizing the vision. Performance contracts are drawn from strategic plans which are based on strategies and targets. According to Jones and Hill (1997), implementation of strategy is a way in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively. Successful strategy implementation therefore, (David 1997) must consider issues central to its implementation which include, matching organizational structure to strategy, creating a supportive organizational culture among other issues.

Any institution attempting to change or adopt some strategies in the health insurance sector faces a number of formidable obstacles. While each organization faces its own particular array, the challenges which the insurance fund agencies face includes several political and institutional obstacles policy conflicts, political instability, weak institutional capacity. They also include several economic, health sector and financing-specific obstacles economic decline and slowed development, incomplete health sector development, and limited data on which to base informed decisions about likely outcomes of alternatives that might be adopted (Pine, 1994). Some of the obstacles for health insurance fund strategy implementation are similar to reforms in any sector that

seeks to generate new revenues and change the allocation and organization of public resources.

2.4.1 Organizational Structure

Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted (Lorsch 1967). Thompson and Strickland (1980) notes that strategy implementation involves working with and through other people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Structure (Thompson 1997) is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes. Strategies are formulated and implemented by managers operating within the current structure. The structure of an organization is designed to breakdown how work is to be carried out in business units and functional departments. People work within these divisions and units and their actions take place within a defined framework of objectives, plans, and policies. Successful strategy implementation depends on a large part on how a firm is organized. Owen (1982) agrees that strategy and structure need to be matched and be supportive of each other in order to achieve objective set. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm's strategic objective. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's

capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce and Robinson, 2007).

The organizational power structure is important because it influences decisions regarding the allocation of all kinds of resources necessary for strategy execution. Gurkov (2009) argue that even well prepared and sound plans die if the implementers fail to confront difficult organizational and political obstacles that stand in the way of effective implementation. Therefore, strategy executors must persuade all relevant employees to carry out all activities necessary to implement the strategy (Hrebiniak 2005b). Obviously, the top manager's guidance, support and active involvement in strategy implementation is critical (Brenes *et al.* 2008). If those in power do not care about or even resist execution of the strategy, the success of the implementation process is clearly jeopardized (Hrebiniak 2005b).

2.4.2 Reward and sanctions systems

The execution of a strategy depends on individual members of organization especially key managers. Motivating and rewarding good performance for individuals and units are key success factors in effective strategy implementation (Shirley, 1983). According to Cummings and Worley (2005), organizational rewards are powerful incentives for improving employee and work group performance. It can also produce high levels of employee satisfaction. Reward systems interventions are used to elicit and maintain desired levels of performance. To the extent that rewards are available, durable, timely, visible and performance contingent, they can reinforce and support organizational goals, work designs and employee involvement.

Reward system should align the actions and objectives of individuals with objectives and needs of the firm's strategy. Financial incentives are important reward mechanisms because they encourage managerial success when they are directly linked to specific activities and results. Intrinsic non-financial rewards such as flexibility and autonomy in the job are important managerial motivators. Negative sanctions such as withholding of financial and intrinsic rewards for poor performance are necessary to encourage managers' efforts (Pearce and Robinson, 2007)

2.4.3 Information Constraints

Data are limited on several aspects of the health care system that are essential for informed decision making by the insurance fund. In spite of the recognition of the potential advantages of user fees and related reforms, many Ministries of Health and health providers have been concerned that people will not be willing or able to pay for health services, that changing from systems where services are officially free of charge will create barriers for the poor, or that private or public sector fees will discourage utilization of high priority preventive and primary care services (Mbede *et al.*, 2003). Yet typically, little information exists on the local situation in the country considering the reform to help answer these questions.

Ministries of Health have also been concerned that fees will not raise adequate revenue to justify implementation costs or to improve quality. Too little information has been available about the effectiveness of various methods to protect the poor or about the

efficiency and quality of private sector providers. Lacking data on these issues, policy makers often delay making socially and politically difficult decisions.

2.4.4 Poor Economic Conditions

According to Shaw and Griffin (2007) poor and declining economic conditions have been perhaps the major factor forcing health insurance schemes to consider making significant changes in financing and organization of government health services. These conditions have eroded the resources needed for the government to live up to its commitment to provide minimally acceptable health care for all. Economic decline has not only limited the government's taxing capacity, it also limits the population's ability to pay for health services under cost recovery schemes. MOH concern that people would not be able to pay for health care and that fees would inhibit the population's use of needed services has been one of the major obstacles to adopting official charges in government health facilities strategy.

In addition, slow development of financial institutions and formal wage sector employment has limited the potential for health insurance to grow or for credit availability for start-up of private health providers.

Strategies often fail because the economic conditions they were intended to exploit change before the strategy takes hold.

2.4.5 Resources and Capacity

Some strategies fail because not enough resources were allocated to successfully implement them. Lack of resources is generally a bigger threat to capital-intensive strategies. Kubinski (2002) observed this failing in both “fast-growth, new companies that feel understaffed due to growth demands” and companies “under heavy competitive pressure” who felt they could not spare resources to drive strategic innovation.

It is generally a good idea to include financial evaluation of a (draft) strategic plan in the process – in part to ensure the strategy does not inadvertently destroy shareholder value and in part to ensure that sufficient resources (especially capital dollars) will be available to achieve implement. The process can be relatively simple – crafting a base case financial model and layering the impact of strategies on top of that base case. Alternatively, the process can be highly sophisticated, including an analysis of alternative funding sources, the impact of merger synergies on financial performance, and other considerations. Regardless of the degree of modeling sophistication employed, CEO’s can expect to make smarter strategic choices up-front and to deploy limited resources more effectively as a result.

2.4.6 Leadership and Management

Leadership is the key to effective strategy implementation. The role of the Chief Executive is fundamental because a CEO is seen as a catalyst closely associated with and ultimately is accountable for the success of a strategy. The CEO’s actions and the perceived seriousness to a chosen strategy will influence subordinate managers’

commitment to implementation. The personal goals and values of a CEO strongly influence a firm's mission, strategy and key long term objectives. The right managers must also be in the right positions for effective implementation of a new strategy (Jones and Hill, 1997). Top management goodwill and ownership to drive the process is also critical to effective implementation of strategy. According to Thompson (1997) the strategic leader must direct the organization by ensuring that long term objectives and strategies have been determined and are understood and supported by managers within the organizations who will be responsible for implementing them.

One of the biggest problems is usually the lack of co-ordination and clear guidelines by the managers (Hrebiniak 2005b). According to Kaplan and Norton (2006), this problem can be partly solved by using strategic maps which connect a strategy paper with an operative execution plan and can therefore substitute organizing efforts for strategy implementation. Another important function of leadership is to "sell" the strategy to everyone who matters (Hambrick Cannella 1989). A strategy must therefore be successfully communicated to the employees (Hrebiniak 2005b). Kaplan and Norton (2005) argue that on average 95% of an organization's employees are unaware of or do not understand the organization's strategy. And if the employees are unaware of the strategy, they surely cannot help the company implement it effectively.

2.4.7 Organizational Culture

Organizational culture refers to the shared values, attitudes and norms of behaviour that create the propensity for individuals in an organization to act in certain ways. One of the most common culture-related problems in organizations is a lack of trust (Hrebiniak

2005b), which usually results in poor or inadequate information and knowledge sharing between individuals and or business units responsible for strategy implementation. Organizational culture helps in nurturing and dissemination of core values.

Implementation of new strategy will be concerned with adjustments in the structure, employees, systems and style of doing things in order to accommodate the perceived needs of the strategy (Pearce and Robison, 2007). According to Wehrich and Koontz (1993) culture as the general pattern of behaviour, shared beliefs and values that members have in common. Culture can be inferred from what people may do and think within an organization setting. It involves the learning and transmitting of knowledge, beliefs and patterns of behaviour over time. This means organizational culture is fairly stable and does not change fast. It sets the tone for the company and establishes rules on how people should behave. The top managers create a climate for the organizations and their values influence the direction of the firm.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the proposed research design, data collection and the techniques for data analysis that was used.

3.2 Research Design

The study was modeled on a case study design. Kothari (1990) defines a case study as a powerful form of qualitative analysis and involves careful and complete observation of a social unit be it a person, family, cultural group or an entire community and or institution. The study focused on the challenges encountered by NHIF in implementing its strategies. By using case studies, researchers will be able to probe, collect data and explain phenomena more deeply and exhaustively (Mugenda and Mugenda, 2003).

3.3 Data Collection

The study used both primary and secondary data; Primary data will be collected using an interview guide. The interview guide was divided into sections in order to answer all the challenges affecting the implementation of strategies in the fund.

The respondents consisted of top management involved in strategy implementation and they include: managing director, strategy advisor, technical manager, operations manager, commercial division and the human resource officer. The respondents gave an insight into some of the challenges which they encountered when they were

implementing the set strategy. Secondary data will be collected from the organization's documents such as annual reports, strategic plan and end term evaluation.

3.4 Data Analysis

The data collected was qualitatively analyzed by use of content analysis techniques. The content analysis technique was used because it assisted in making inferences by systematically and objectively identifying specific messages and then relating them with their occurrence trends. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 2003). It involves observation and detailed description of objects, items or things that comprise the object of study.

The researcher used the data with an aim of presenting the research findings in respect to the adopted response strategies of Safaricom limited to macro environmental changes. According to Mugenda and Mugenda (2003) the main purpose of content analysis is to study the existing information in order to determine factors that explain a specific phenomenon. Kothari (2000) also observes that content analysis uses a set of categorization for making valid and replicable inferences from data to their context.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

The objective of the study was to establish strategy implementation challenges at the National Hospital Insurance Fund in Kenya. This chapter presents the analysis and results with regard to the objective and discussion of the same.

4.2 The Respondents Profile

The respondents comprised the top managers; the strategic advisor, the technical manager, the operations manager, a human resource officer and a representative of the commercial division of the National Hospital Insurance Fund. In total, the researcher interviewed five respondents out of the intended six respondents. This represented 83.3% response rate. All the respondents interviewed had university degrees with three of them having a Masters degree as well.

The respondents had worked in the organization for over six years thus having sufficient information regarding the organization. The respondents have been holding the current position for a different period of time, ranging from a period of two months to seven years and therefore the respondents have sufficient knowledge of the area in which they operate in.

The strategic advisor has been in the organization for five years, the technical manager ten years, the human resource officer nine years and the representative from the commercial division has been there for eleven years. They have all held different positions in the organization, rising up the ladder to their current position.

4.3 The Organization's Strategy

Since inception, the fund has gone through various changes in terms of internal restructuring and operational attainment. It means therefore that the fund's performance and operating environment has been given weighty attention. In line with this, the vision, mission, values, strategic objectives and tactics have been prepared to reflect the fund's relevance and strategic intent. A participatory approach in the formulation of the plan where the field managers, line managers, departmental heads and board members were all included. The plan aims to provide strategic direction of the NHIF for the next five years (2011 – 2016) in discharging its mandate.

The strategies to be adopted in the plan are: Total quality management, business process re-engineering, benefit maximization, financial mix restructuring, market penetration, product development and integrated communication. The strategic objectives of the organization are: to maximize benefits to members and protect their interests, communicate effectively with the staff of the organization and stakeholders clarifying their roles and expected contributions of the staff, institutionalizing the mission, vision, motto and corporate values, develop and implement change management programmes,

equip the responsibility centers with necessary capacities and finally utilize the monitoring and control systems effectively.

The vision of the National Hospital Insurance Fund is to be a world class social health insurance scheme. The Mission of the organization is to provide accessible, affordable, sustainable and quality social healthy insurance through effective and efficient utilization of resources to the satisfaction of stakeholders.

4.4 Strategy implementation challenges

This Study aimed at looking at the strategy implementation challenges faced by The National Hospital Insurance Fund. The challenges highlighted include: organizational structure, reward and sanctions, information constraints, poor economic conditions, resources and capacity, leadership and management and organizational culture.

4.4.1 Organization Structure

The National Hospital Insurance fund is headed by a board of governors from various ministries and faith based institutions. It is the representative of all key stakeholders and is charged with the running of the Fund through policy formulation and decision making on all policy matters. The CEO serves as the secretary to the board of governors; under the CEO are the General Managers, The Managers, Assistant Managers and Seniors officers respectively. The structure of the organization is such that people have the ability to rise up the corporate ladder with proper experience and education

The respondents opinion on the question of whether the Organizational Structure affects the implementation of strategies was that; the respondents were of the opinion that structure of the Fund was not a hindrance to the implementation of various strategies and instead observed that the current structure as it is acts as a complementing factor to the implementation of the strategies in the organization. The respondents noted that the structure ensures participation of employees in the Fund. They noted that the current structure provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and as a result lead to the enhancement of the organization capacity to achieve superior efficiency, quality, innovation and customer responsiveness.

The top down strategy formulation used by the fund therefore is seen as key in strategy implementation rather than a hindrance.

4.4.2 Rewards and Sanctions

The success of implementing any strategy in an organization will depend on the human resource asset, especially the managers. This point was appreciated by the respondents who did observe that in order to achieve the desired results in the Fund; rewards and sanctions play an important role. The respondents highlighted that reward and sanctions did exist in the organization, where the employees would get a yearly bonus, however, the respondents were unsure what criteria is used in rewarding as there were instances where non deserving people got rewarded.

The respondents agreed unanimously that reward and sanctions brought about a challenge in strategy implementation especially where they weren't aligned to the actions and objectives of individual with the objectives and needs of the fund's strategy. The respondents also unanimously agreed that there have been occasions where employees have been denied rewards because of poor performance. The respondents agreed that as much as financial rewards are important, non financial rewards such as autonomy in project supervision, recognition of the role they play are also equally important in the implementation of strategies.

4.4.3 Information Constraints

The respondents indicated that The National Hospital Insurance Fund does not involve its stakeholders in the implementation of its strategies where by they do not disseminate relevant information and they cited the rejection by the stakeholders of the new premium rates which the fund wanted to levy and anon representative of all stakeholders as a result of this challenge. The employees being also the stakeholders were not involved and therefore for effective strategy implementation, everybody should be made aware of the strategies to be implemented and make use of competent staff. The organization identifies its focal points when they are implementing the strategies as they tend to concentrate on the areas in which they have competitive edge over its competitors. The respondents highlighted that the organization employees are supportive of the strategies to be implemented to the extent that they are involved by being given necessary information otherwise they are not supportive and these may lead to sabotage on the part on the part

of the employees since they were not involved in the process of formulating the strategies.

The National Hospital Insurance Fund adopts a top-down structure, though good for controlling the activities of the organization, has impacted its decision making process and the flow of information in the organization. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment and communication process is considered. The other challenges which were brought by lack of information include low levels of customer satisfaction, opposition of strategies because employees have not gotten adequate information, missed targets and low speed of change.

4.4.4 Poor Economic Conditions

The respondents observed that changes in economic conditions affects implementation of organization strategies as the contributions to the fund depends on the revenue earned which at the same time depends on the economy, when the revenue collection is low most strategies cannot be implemented, it limits the insurance fund capacity to increase premiums and the public ability to pay and affects the informal sector registration thus lowering revenues received from the sector. On the issue of organization adaptability of its strategies and techniques to the current income distribution was that the respondents said the insurance fund needs to adapt its strategies and techniques because the strategies which they could be adopting requires high income and the income distribution available at that particular time is low thus resulting to unmet strategies.

All the respondents said that the fund customers who are the contributors of the funds pose a challenge to the process of strategy implementation as low customer satisfaction leads to loss of potential revenue which negatively reduces resources for strategy implementation, some of the customers oppose implementation of some strategies and negative criticism from customers are a big downturn to the implementation strategy because the customers might be reluctant to share information on how they want the new system improved but at the same time being at the forefront criticizing a system meant for them.

4.4.5 Resource Capacity

Strategy implementation requires availment of all the necessary resources which includes the monetary and non monetary resources for it to succeed. At NHIF, all the respondents said that though the resources were availed, it was not adequate. Financial and time resources were highlighted as the greatest constraint. The respondents argued that when there is time shortage for example given time is underestimated, external partners also delay in providing expected support in time. Human resource capacity in terms of qualifications, competence and numbers were also identified as a major constraint. A staff with adequate training in their roles in strategy implementation is a nerve centre in boosting the organization competence and qualification to handle demanding tasks. As far as resource is concerned setting and communicating deadlines that are workable as well as prioritizing on the policies is key. With financial resources, proper planning and prioritizing on the policies is a key factor to consider. It is also

important to set aside enough finances for the project while ensuring that staff are motivated and recognized for example. through reward and appreciation schemes.

The respondents observed that for successful implementation of the strategies, the task of implementing challenging strategic initiatives must be assigned to executives who have the skills and talent to handle and can be counted on to turn decisions and actions into results to meet established targets.

4.4.6 Leadership and Management

The respondents said that the leadership in the insurance fund is a challenge to strategy implementation. They supported this view by pointing out the various kinds of challenges faced by the organization that were as a result of leadership and management. Rigidity, management resistance to change and new ideas, promotion not been based on merit, non-involvement of all employees in strategy implementation, lack of visionary leadership together with poor leadership skills and bureaucracy together with the failure to embrace new ideas and innovational technology in business was noted as a challenge. In addition, some of the managers have been known to lack expected competence to ensure actualization of the strategies. Some of these leadership skills were found to be due to a lack of proper training and this could be solved by training those in the management positions.

The respondents were in agreement that they face a challenge in implementing and sharing the vision of the CEO's since the same is not shared by all of the staff but instead

restricted to a few of the senior staff, non involvement of most employees in strategy formulation and implementation and existence of different groups pulling in different directions. The challenge has impacted the process of strategy implementation by the employees who are under the CEO in the organization not working toward achieving the CEO's vision and this could derail and delay the implementations because the persons who are at the centre of implementation don't feel part and parcel of the process. This could therefore call for massive employment of resources by the CEO to satisfy his vision.

On the challenges posed by ineffective coordination and poor sharing of responsibilities, the respondents agreed that they shared the challenge. The findings show that lack of coordination and sharing of responsibilities in the insurance fund hinders effective implementation of the set strategies.

4.4.7 Organizational Culture

The values shared by the Fund's employees include providing sustainable, quality, accessible and affordable social healthcare to as many Kenyans as possible. The respondents agreed that the culture in their organization hindered its implementation of strategy. The culture factors that were identified by the respondents varied and included resistance to change, automation of system while clients and employees are used to manual system and the fear of the unknown. Some of the respondents indicated that there is a certain number of senior staff members that are used to a certain way of doing things in the organization and whenever new changes were introduced or change of strategy is

required to capture a certain opportunity or counter a given threat, the same group will be slow in decision making that will lead to the loss of opportunity. The respondents observed that when employees were used to a given way of life or doing things normal new ideas were seen as a threat to the existing culture and will naturally resist the same.

The respondents indicated that the challenges brought about by culture includes; communication problems between the departments, lack of trust when the strategies threatens the culture, opposition of strategies, opposition of change within the organization, administrative, hinders full implementation of strategy, delayed services and also poor service delivery. The respondents were in agreement that the challenges which they encounter pose challenges to the implementation of strategies as it leads to delay in service provision, results to employees resistance to performance contracts because they did not understand it fully.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objective of the study was to establish the strategy implementation challenges faced by the National Hospital Insurance fund. This chapter presents the summary, conclusions and recommendations of the same.

5.2 Summary of findings

The findings from the study were that the respondents have served in the organization for a period of over six years, they all had university degrees with three of them having a masters degree therefore they have sufficient knowledge of the area in which they operate in and thus they understand the challenges which the insurance fund faces in implementing its strategies

The National Hospital Insurance fund is headed by a board of governors chosen from various ministries and faith based institutions. It is the representative of all key stakeholders and is charged with the running of the Fund through policy formulation and decision making on all policy matters. The CEO serves as the secretary to the board of governors; under the CEO are the General Mangers, The Managers, Assistant Managers and Seniors officers respectively. The organization structure was said to enhance strategy implementation rather than hinder it and this was seen as a great achievement for the organization.

Rewards and sanctions were also seen as key to strategy implementation. The fund does give reward and sanctions to their employees but the procedure used to determine the employees to be rewarded was not clear. The fund withheld reward and sanctions to employees who had not achieved their targets and this was seen as necessary for a manager's effort.

The Insurance Fund in Kenya does not disseminate information on the strategies they want to implement to relevant stakeholders and these compromises the kind of strategies which the institution implements as it may not be acceptable to all the stakeholders. Delay or lack of information affects the implementation of the strategies in the organization and therefore they should ensure that they have all the facts before embarking on the implementation of the strategies. The organization uses the top-down approach where the strategies to be implanted are initiated from the top management and communicated to the employees who may not have to make contribution to it but only implement the strategy. The other challenges which were brought by lack of information include low levels of customer satisfaction, opposition of strategies because employees have not gotten adequate information, missed targets and low speed of change.

The changes in the economic conditions in the country affect implementation of strategies as the contributions to the fund depends on the revenue earned which at the same time depends on the economy, implementation of strategies requires resources which depends on the economy, it limits the insurance fund capacity to increase

premiums and the public ability to pay and affects the informal sector registration thus lowering revenues received from the sector. The organization does not adapt its strategies to the current income distribution despite the changes in the economy. When the revenue collection is low most strategies cannot be implemented, it limits the insurance fund capacity to increase premiums and the public ability to pay and affects the informal sector registration thus lowering revenues received from the sector.

In pursuit of achieving implementation of strategies, the insurance fund availed the resources though it was not adequate and therefore still affected the implementation of the strategies. Financial and time resources, human resource capacity in terms of qualifications, competence and numbers and working tools as well as adequate facilitation were the constraints highlighted by the respondents. The organization address the issue of resource limitation by giving targets to each branch on revenue collection and adopting all other means available to them while at the same time taking into consideration the right time to implement its strategies.

The leadership and management in the National Hospital Insurance Fund is a challenge to strategy implementation in the organization as it result to challenges like rigidity, management resistance to change and new ideas, promotion not been based on merit, non-involvement of all employees in strategy implementation, lack of visionary leadership together with poor leadership skills and bureaucracy together with the failure to embrace new ideas and innovational technology in business and some managers lacking expected competence to ensure actualization of the strategies. Ineffective

coordination and poor sharing of responsibilities result to challenges like few employees been in charge of the strategy implementation. Some of the solutions which were suggested by the respondents include team building, organizing workshops, communication, involving employees in decision making and engaging professionals to run the different departments within the organization.

The organizational culture in the organization hinders strategy implementation and brings about challenges like communication problems between the departments, lack of trust when the strategies threatens the culture, opposition of strategies, opposition of change within the organization, delayed services and also poor service delivery. The organization overcomes the challenges by through training, involving the employees in strategy formulation and implementation, explaining to the all employees the need for a different culture thus no need to panic and team building, discipline and holding workshops. Values and the beliefs shared by the members of the organization include providing quality, sustainable, affordable and accessible healthcare, customer is always right, integrity, responsiveness, accountability, truthfulness and respect.

5.3Conclusions

Strategy formulation and implementation is very vital for the functioning of any organization. From the findings, it was established that the structure of the organization enhanced strategy implementation in the fund, however, there are existing conflicts where the chief executive officer of the insurance fund vision is not shared by all and also existence of conflict in the implementation of strategic policies in the organization. The

factors which influenced the speed of strategy implementation include pressure from the stakeholders, political influence, focus, team work, managerial support and the management trying to repair damaged corporate image caused by poor communication and marketing strategies which had dented corporate image of the fund.

Another important conclusion from the study is that for effective strategy implementation, an organization needs to make the process of implementation all inclusive where the junior staff, customers, stakeholders are accommodated for each to feel part and parcel of the process. Further, the organization faces resistance from the employees on implementation of the strategies and these is due to non involvement of the employees. The organization does not disseminate relevant information on the strategies to the stakeholders and if they do so it's too late for them to contribute to strategy implementation. The other challenges which were brought by lack of information include low levels of customer satisfaction, opposition of strategies because employees haven't gotten adequate information, missed targets and low speed of change.

The economic conditions affect all sectors of the economy and the National Hospital Insurance Fund is not an exception as changes in the economy has affected implementation of strategies in the organization. The organization customers pose a challenge to the organizations operations and at the same time lack of training by the organization t the employees on strategy implementation also affects strategy implementation. The financial, time and human resources were identified as the greatest

resource constraint affecting the organization which results to challenges like work plans being negatively affected.

The insurance fund leadership and management were identified as a challenge to strategy implementation and it resulted to rigidity, management resistance to change and new ideas, promotion not been based on merit, non-involvement of all employees in strategy implementation, lack of visionary leadership together with poor leadership skills and bureaucracy together with the failure to embrace new ideas and innovational technology in business was noted as a challenge while at the same time ineffective coordination of responsibilities were identified as a challenge. The culture being practiced by the organization affects the implementation of the strategies and it results from the fear on the part of the employees on the consequences of the new culture.

5.3 Recommendations

The study recommends the following:-

The management of the National Hospital Insurance fund should put in place mechanisms to ensure that their employees are properly motivated through reward and sanctions based on their work output. As much as money is an important source of motivation; the employees should also get non monetary rewards such as recognition. The fund should therefore motivate through adequate rewards in recognition of the achievement of the targets. In addition the respondents pointed out that not only should these rewards be developed and extended to the staff but they also need to be aligned to

the actions and objectives of individuals with the objectives and needs of the firm's strategy

The management of the National Hospital Insurance Fund should put in place mechanisms to ensure that the management vision is shared by all the employees, it is also recommended that the management should be at the forefront in ensuring that there is effective coordination and sharing of responsibilities and that there is no conflict on the implementation of strategic policies. The study found out that not all the stakeholders and employees were involved in strategy formulation and implementation and therefore it is recommended that all the stakeholders and the employees should be part and parcel of the process thus the insurance fund should ensure that when they are designing and compiling a strategy to be implemented.

The recommendations to the leadership and management challenges include; team building, organizing workshops, communication, involving employees in decision making and engaging professionals to run the different departments within the organization.

The recommendation to the issue of resource limitation is by giving targets to each branch on revenue collection and applying all other means in their disposal to deal with the challenge. The respondents indicated that the organization takes into consideration the right opportunity to implement its strategies

The economic conditions affect all sectors of the economy and therefore it is recommended that the management of the insurance fund put in place mechanisms to ensure that the strategies which they are about to implement considers economic conditions prevailing at that particular period. At the same time the leadership and management of the insurance fund should not be an impediment to the implementation strategy and therefore it is recommended that they should be at the forefront in ensuring that the strategies succeed. All employees should also be trained so that they understand the purpose of strategy implementation, its benefits and how it will be implemented within the insurance fund.

The organization though it availed the resources, was not sufficient for strategy implementation and therefore it is recommended that they should avail the financial, time and human resource which were highlighted as the greatest constraint. The top management in the insurance fund should change the culture which they have been adopting in order to change the way things have been done previously so that they can ensure that the strategy succeeds.

There is need therefore for management to address resistance from staff and confusion created by culture. The respondents indicated that they overcome the challenges through training and team building, discipline and holding workshops. Values and the beliefs shared by the members of the organization include providing quality, sustainable, affordable and accessible healthcare, customer is always right, integrity, responsiveness, accountability, truthfulness and respect.

5.4 Recommendations for further research

The study confined itself to the National Hospital Insurance Fund. This research should be replicated in other Parastatals such as National Social Security Fund and the results are compared so as to establish whether there is consistency among the challenges facing such firms in their strategy implementation.

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**APPENDIX I: INTERVIEW GUIDE TO DETERMINE THE
STRATEGY
IMPLEMENTATION CHALLENGES OF THE NATIONAL
HOSPITAL INSURANCE FUND IN KENYA**

The interview guide will seek to achieve the following objective;

1. To determine the strategy implementation challenges of NHIF in Kenya.

Interview Questions

The following sections provide sample questions to be used in evaluating challenges of strategy implementation at National Hospital Insurance Fund (NHIF).

Background Information on the interviewees

1. What is the highest level of education you have received?
2. What current position in the organization do you hold?
3. How long have you been in this organization?
4. For how long have you been holding the current position?

Structure of the National Hospital Insurance Fund

1. Does the structure of the National Hospital Insurance fund pose a challenge to strategy implementation?
2. What kind of challenge and how do you deal with it?
3. What approach can you describe the organization strategy formulation to adopt?
Top down or bottom up?
4. How does this affect the process of strategy implementation?

5. What other challenges in strategy implementation are brought by the way the structure is organized?
6. How do you resolve them?

Reward and Sanctions

1. As an employee of the organization are you satisfied with the compensation package you receive for your services?
2. Does the reward system employed in the organization align the actions and objectives of the organization strategy?
3. Have there been incidences where the Fund withheld financial incentives of an officer due to poor performance?

Information Constraints

1. Does the organization disseminate relevant information on the strategies they want to implement to relevant stakeholders?
2. Does the delay or lack of necessary information delay implementation of organization strategies?
3. Does the structure in your organization pose a challenge to strategy implementation?
4. What approach can you describe the organization strategy formulation to adopt? Top down or bottom up?
5. What was the management reaction to strategy implementation challenges that exists in NHIF?
6. What other challenges in strategy implementation are brought by the way of lack of information?

Poor Economic Conditions

1. Does change in economic conditions affects implementation of organization strategies?
2. Does the organization adapt its strategies and techniques to the current income distribution?
3. Do the organizations customers pose a challenge to the process of strategy implementation?
4. Did you undertake training during the strategic implementation at your organization?

Resources and Capacity

1. Were the resources needed for strategy implementation availed?
2. Do you have any resource constraints hindering strategy implementation?
3. What kind of resources in particular?
4. Does the organization address the issue of resource limitation?
5. What other challenge in strategy implementation are brought by the resources and capacity?

Leadership and Management

1. Is leadership a challenge to the process of strategy implementation in your organization?
2. What kind of challenges do you face with leadership? How do you deal with such challenges?
3. Do you face the challenges posed by ineffective coordination and poor sharing of responsibilities? How do you address them?
4. What would you say are some of the solutions to these challenges?

Organization Culture

1. Does the Culture in your organization hinder strategy Implementation?
2. What challenges are brought about by culture?
3. How do you overcome them?
4. What are some of the Values and beliefs shared by the members of your organization?
5. Does this pose a challenge to the process of Strategy Implementation?
6. How do you overcome these challenges and still ensure the culture of the Organization is maintained?