ESTABLISHING THE IMPACT OF PERFORMANCE INSURANCE FUND

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C50/P/8981/05

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR A MASTER OF ARTS DEGREE IN LABOUR RELATIONS MANAGEMENT OF THE UNIVERSITY OF NAIROBI

November, 2014
DECLARATION

This research is my original work and has not been submitted for the award of a degree in this University or any other institution:

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C50/98981/2005

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

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DEDICATION

To my father Dr. J.W. Nyikal and mother Dr. (Mrs.) R.A. Nyikal.

To my loving daughter Monalisa Akinyi.

To my siblings Harold Omoke, Zeba Auma, Victor Aloo and Monica Adongo.

To my dear friend Hellen Okena.
ACKNOWLEDGEMENTS

Writing this project paper has been an experience of great learning and challenges. The successful completion has been the result of support and encouragement from many quarters.

My heartfelt gratitude and appreciation goes to my supervisor Dr. Mike Chepkonga under whose supervision and guidance this project was done to completion. Without his advice and support, the study would not have been a success.

I am sincerely grateful to my employer the National Hospital Insurance Fund for giving me time off to study and carry out my research and useful information provided by the Human Resource, Operations, Benefits and Quality Control Departments. Special thanks go to Mr. Peter Leitemu and Ms. Oseh Cherotich who are in the in-charge officers at the NHIF resource centre. I acknowledge my colleagues and personal friends at the workplace who offered constant encouragement and support whenever I approached them. I particularly thank Mr. R.K James, Branch Manager Nairobi Area for allowing me to collect data in the branch. I greatly appreciate the invaluable support all respondents and particularly the contributors and health service providers by taking their time to share their experiences and opinions. Finally but importantly, I am very grateful to my immediate family for their generous support during the study.

Glory be to the Almighty God for guidance and direction throughout the entire study period
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<th>ACRONYMS &amp; ABBREVIATIONS</th>
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<tr>
<td><strong>WHO</strong> : World Health Organization</td>
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<td><strong>PC</strong> : Performance Contracting</td>
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<td><strong>PDP</strong> : Professional Development Program,</td>
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<td><strong>ISO</strong> : International Standardization Organization</td>
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<td><strong>OHSAS</strong> : Occupational Health and Safety Standards</td>
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<td><strong>SA</strong> : Social Accountability</td>
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<td><strong>TQM</strong> : Total Quality Management</td>
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<td><strong>NHIF</strong> : National Hospital Insurance Fund</td>
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<td><strong>ROM</strong> : Result Oriented Management</td>
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<td><strong>ERSWEC</strong> : Economic Recovery Strategy for Wealth and Employment Creation</td>
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<tr>
<td><strong>GOK</strong> : Government of Kenya</td>
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<tr>
<td><strong>ICT</strong> : Information Telecommunication and Technology</td>
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<tr>
<td><strong>DPM</strong> : Directorate of Personnel Management</td>
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<td><strong>AAPAM</strong> : African Association for Public Administration and Management</td>
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<td><strong>SPSS</strong> : Statistical Package for Social Sciences</td>
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<td><strong>SWOT</strong> : Strength Weaknesses Opportunities and Threats</td>
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ABSTRACT

Performance contracting is a key obligation that the management strives to achieve its key indicators; however there are always challenges in an environment where there are factors unfavorable to its accomplishment. This study therefore sorts to contribute to knowledge by generating and documenting information on the impact of performance contracting on service delivery at the National Hospital Insurance Fund. The specific objectives of the study were to establish the customers’ perceptions on the impact of performance contracts on member registration; claims processing; decentralization of services and challenges affecting optimum service delivery and employee satisfaction at NHIF.

The study used both quantitative and qualitative data collection methods. The target populations of this study were customers who visit the NHIF head office between 5\textsuperscript{th} and 9\textsuperscript{th} of every month. This was used to get an average of customers who visited the branch between January up to March 2014. Purposive extreme sampling method was used to identify the period for research. Extreme case sampling was also used together with quota sampling method to divide the population from which the sample was derived. Nairobi area was selected through extreme case sampling due to the rich information that it has in relation to the research. Quota sampling method was used to stratify the area into geographical regions to establish the area with the highest population for the administration of this study. Systematic random sampling was used to systematically pick one (1) customer from every five (5) customers served across the counter. The researcher used extreme case sampling to pick key informants for purposes of verifying and validation data from the respondents.
This study concluded that, to recoup the specific benefits to performance contracting, NHIF has progressively disseminated its services through having more branches and satellite offices across the country. Information has been provided by NHIF through manuals, note book guides. The modes of communication adopted by the management which ensures adequate feedback and decentralization of services as the main lubricant to implementation of various services confirms that NHIF has managed to clearly give direction to effective delivery of services. Finally, NHIF needs more financial resources, less political interference and enhanced departmental cohesiveness in order to achieve its targets of providing excellent services.

This study recommends that NHIF management should employ more financial resources to help enhance service delivery through the Government allocation of more funds. Communication networks should be strengthened so that the members of the public are in a position to continuously have updates on the new developments at NHIF. NHIF management needs to fast track on payment of claims which take a while longer to process. Finally, to maintain synergy among the workers, there is need for regular Inter-departmental meetings and team building.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Performance Contracting is part of the broader public sector reforms aimed at improving efficiency and effectiveness in the management of the public service. A Performance Contract is a freely negotiated performance agreement between the Government, acting as the owner of a Government Agency, and the management of the Agency. It clearly specifies the intentions, obligations and responsibilities of the two contracting parties (Domberger, 1998).

According to Greer (1999), a performance contract constitutes a range of management instruments used to define responsibilities and expectations between parties to achieve mutually agreed results. It is a useful tool for articulating clearer definitions of objectives and supporting innovative management, monitoring and control methods, and at the same time, imparting managerial and operational autonomy to public service managers. It is therefore a management tool for ensuring accountability for results by public officials, since it measures the extent to which they achieve targeted results (Greer, 1999).

Greer (1999) has acclaimed performance contracting as an effective and promising means of improving the performance of public enterprises as well as government departments. He points out that essentially, a performance contract is an agreement between a government and a public agency which establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets (Hunter and Gates, 1998). They include a variety of incentive-based mechanisms for controlling public agencies—controlling the outcome rather than the process. The success
of Performance Contracts (PC) in such diverse countries as France, Pakistan, South Korea, Malaysia, India, and Kenya has sparked a great deal of interest in this policy around the world (Wheeler, F. 2001). A large number of governments and international organizations are currently implementing policies using this method to improve the performance of public enterprises in their countries.

In order to introduce prudent management and promote accountability and transparency in the public corporations and all state departments, the Kenyan Government, through the Economic Recovery Strategy for Wealth Creation (2003-2005) introduced the signing of performance contracts by permanent secretaries and chief executives of all public corporations. The performance contracts typically commit the management of public corporations and other state departments to certain targets, objectives and courses of action within a stipulated time frame. The contracts are expected to improve efficiency and raise the level of accountability and transparency in management of public resources.

1.1.1 Public Corporations
A public corporation can be defined as an activity of the government, whether central state or local, involving manufacturing or production of goods (including agriculture) or providing a service free of charge or for a price. Such activity may be managed either directly or through an autonomous body with the government having a majority holding (Narain, 1979). Public corporations are partially or fully government owned and controlled. Narain further points out that the establishment and continuance of a public corporation is a political decision, and its operation’s are controlled at strategic points by a system where the government has the final say.
There are approximately 200 public corporations in Kenya, which employ approximately 180,000 people. In an attempt to ensure and acquire control of all productive assets, the government formed the corporations to take up business and in the process, promote socialism and guarantee that the public derived maximum benefits from these resources (IEA, 1994). The government felt that its citizens would reap maximum benefits from such businesses if they were state owned. According to a study carried out by IEA (1994) the primary objectives of the corporations was a desire to take hold of the economy, to promote a Kenyan entrepreneurial class and to earn a share of the profit otherwise received by private sector.

According to the Kenya Economic Recovery Strategy paper (GOK, 2005) the government introduced performance contracting with the objective of controlling key aspects such as cost so that eventually organizations manage resources profitably without government intervention. The Government also wanted to control quality by shifting unnecessary organizational bureaucracies to putting emphasis on core organizational goals, focus on timely delivery of services and put in place effective feedback mechanisms. According to Kobia and Mohammed of Kenya Institute of Administration, the government’s goal of performance contracting is to improve performance by enhancing efficiency and effectiveness in service delivery. Performance contracting also helps in enhancing transparency and accountability among the Government agencies.

It is a government policy that all public institutions sign, in accordance with the Government Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) of 2003 – 2007 performance contracts. To date, majority of public enterprises and government institutions have implemented the PC with the exception of, a
few for example, the Judiciary, Foreign Affairs and the Disciplined Forces. The main reason for not implementing PC is the argument that determination of performance is dependent on external factors and not entirely on themselves. However such agencies are slowly adopting PC because the government does not impose targets on agencies as was originally perceived. The targets are negotiated such that the external factors affecting output are put into consideration before annual targets are set.

The use of Performance Contracts has been acclaimed as an effective and promising means of improving the performance of public enterprises as well as government departments. Essentially, a Performance Contract is an agreement between a government and a public agency which establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets. They include a variety of incentive-based mechanisms for controlling public agencies—controlling the outcome rather than the process. The success of Performance Contracts in such diverse countries as France, Pakistan, South Korea, Malaysia, India, and Kenya has sparked a great deal of interest in this policy around the world. A large number of governments and international organizations are currently implementing policies using this method to improve the performance of public enterprises in their countries. Performance Contracts represent a state-of-the-art tool for improving public sector performance. They are now considered an essential tool for enhancing good governance and accountability for results in the public sector.

International experience with privatization suggests that the process of implementing a well-thought-out privatization program is a lengthy one. Therefore, in the interim, it is imperative that immediate steps be taken to increase the efficiency of the public
enterprises and reduce further drain on the country’s treasury resulting from their losses. A rigorous performance contract exercise reveals the “true” costs and benefits associated with a particular public enterprise. This, in turn, provides a valuable basis for Privatization. Similarly, the Performance Contracts with government departments are being used extensively in developing countries to improve the delivery of public services and effectiveness of government machinery. Many countries have had success in improving the performance of their own public sector by designing Performance Contracts after carefully examining and adapting to their particular needs the lessons of the vast international experience with regards to Performance Contracts.

It is important to assess the impact of PC implementation on service delivery because through this the organization is able to get feedback on the nature of services it provides. Measures of service delivery represent a vehicle for holding an organization to account for the quality and quantity of services they provide. (Amin et al.,2008). This also highlights the extent to which public institutions have achieved the agreed performance targets. Public institutions and state corporations embraced PC as a response to voices of citizens and other stakeholders. Considering the resources used in implementing PC is it important to ensure the reasons for implementation are achieved.

1.2 Statement of the Problem

The Economic Recovery Strategy for Wealth and Employment Creation (2003-2007) outlines the Government’s commitment to improve performance, corporate governance and management in the public service through the introduction of Performance Contracts. The policy paper opens with a bold statement that “the public sector has become a
bottleneck to the overall development of Kenya.” There’s a perception that there is a lack of clarity and measurement parameters of the performance of the public sector (ERSWEC, 2003-2007). Performance contracts therefore originated from the perceptions that the performance of the public sector has consistently fallen below the expectations of the public, hence the need to invigorate it through systematic evaluation and monitoring of the workers output.

To date, two studies have been carried out on Performance Contracting at NHIF. One study was conducted by Gerald Kainga (2007) who focused on challenges facing implementation of PC at NHIF. The second was conducted by Shadrack Owando (2008) who explored the attitudes and perceptions of employees affecting implementation of PC at NHIF. However, both studies dates back to the initial stages of PC implementation at NHIF. Thus, nearly seven years since its implementation, no fully fledged study had been conducted on the results of PC, and more so, on the impact of PC on service delivery at the NHIF institution. Hence, the effect of the implementation of this management tool at NHIF is yet to be interrogated.

Given that PC had been fully operational since 2005, it is therefore important to examine the outcome of its implementation on service delivery, and more so its implications on the organization as a whole. The study is therefore borne out of the need to establish the extent to which performance contracting has impacted on service delivery at NHIF. This study is also motivated by the fact that despite efforts to implement PC strategy at NHIF, there has been consistent public outcry on its capacity to manage and effectively utilize
its resources satisfactorily. This lingering stakeholder concern suggests some level of dissatisfaction with the organization’s ability to deliver its mandate; hence the need to assess the extent to which adoption of the PC management strategy has impacted on service delivery at the organization.

1.3 Key Research Questions

The study was guided by the following research questions:

1. What is the customers’ perception on the impact of performance contracting on member registration and claim processing?
2. What is the customers’ perception on the impact of performance contracting on decentralization of services and customer feedback?
3. What challenges affect optimum service delivery and employee satisfaction at NHIF?

1.4 Study Objectives

1.4.1 General Objective

The main objective of the study is to assess the impact of performance contracting implementation on service delivery at NHIF.

1.4.2 Specific Objectives

1. To establish the customers’ perceptions on the impact of performance contracts on member registration; claims processing and decentralization of services.
2. To establish challenges affecting optimum service delivery, customer feedback and employee satisfaction.

1.5 Significance of the Study

This study is expected to provide an insight on the impact of performance contracting on service delivery in one of the many state corporations. More pertinently, it will enable
interested persons to know whether the reform initiative has positively impacted on service delivery at NHIF. Besides, the Kenyan Public Service reform secretariat and performance contracting steering committee will, hopefully, find the findings useful in its deployment of PCs to other service oriented State Corporations and government agencies who are yet to adopt the performance contracting e.g. the Judiciary and the Disciplined Forces. Other state corporations will also find the study useful in improving their respective performance contracting implementation.

Given that previous studies had focused on employee perception and challenges faced in implementation of PC at NHIF, this study is instrumental in answering the question of effectiveness and efficiency of the performance tool after its implementation. NHIF Management and in particular, Heads of Departments may use these results to gauge performance in general and to review organizational operations. It also points out the non-conformities affecting performance and, in this way it augments the little and largely inadequate PC information available in the country, thus enabling the respective organization to chart out suitable corrective actions.

Lastly, but not least, the study may also help to bridge an existing information gap on the impact of PC implementation on service delivery. Thus, serving as a reference material for future research. In this regard, the study may contribute to the knowledge on the subject matter.

1.6 Scope and Limitations of Study

This was a case study of the NHIF which happens to be one of the Kenyan state corporations who have embraced PC. The study focused on the impact of PC in service delivery. The aspects of service delivery examined were core claim processing, member
registration, decentralization, customers’ feedback and challenges affecting optimum service delivery.

One major limitation in this study is the use of sample results from one out of 32 NHIF branches namely, the NHIF headquarters. More results may be obtained in future through identifying key informants from all Branches and Service Points in the country despite the heavy financial implication. Secondly, the customers were limited to only those visiting NHIF headquarters during the peak revenue collection period. The peak revenue collection period runs from 1st to 9th of every month. An average of 525 customers visits the branch per day during this period. Thirdly, key informants were limited to those who had signed performance contracts and implementation committee members since they were better informed on PC issues and secondly, since they dealt with customers directly and therefore had relevant information for this study. Fourthly, customers had biases that affect findings positively or negatively, hence the limited generalization of the study findings. Another limitation are the response errors which are common when collecting data with the questionnaires.

1.7 Definition of key Terms and Concepts

The following Terms and Concepts feature prominently in the study:-

Performance contracting:-
It is a tool used by the government to ensure that institutions provide quality services at the right time.
Performance management:-
Agreement between the supervisors and staff members on the alignment of overall organization objectives in order to achieve the set standards.

Divisions:-
These are a set of departments with similar functional characteristics put together.

Departments:-
Those functional units that are tailored to assist in ensuring the organization implements its policies effectively.

Customers:-
These include the self employed, employees of different organizations and all admitting hospitals.

Claim processing:-
Payment of any hospital bill incurred by a patient and lodged by the treating hospital or individual for cases paid by the patient in cash.

Optimum service delivery:-
Attending to customers and meeting their needs as per their expectations.

Decentralization:-
Redistributing of functions and resources from the Headquarters to Branch Offices countrywide.
Customer feedback:-

Information coming directly from customers about the satisfaction or dissatisfaction they feel with services.

Contributors/customers:-

All individuals (employed or self employed) who remit monthly premiums in exchange of healthcare services.

Key informants:-

Senior Officers at NHIF with detailed information on the Organization’s staff and customers.

Customer perceptions:-

The way customers/contributors feel about services offered by the Organization.

Employee satisfaction:-

Level of contentment of employees with their jobs.

Service Delivery:-

Providing clients with solutions in regard to issues pertaining to their problems.
CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter contains a review of empirical and theoretical literature on performance contracting. It covers aspects of result based management, the rationale of performance contracting in Kenya, total quality management and challenges of implementing performance contracting. The chapter also defines the theoretical framework adopted in the study.

2.1.1 Overview of Performance Contracting in Kenya

The definition of performance contracting has been a subject of considerable debate among scholars and human resource practitioners (Smith, 1999). Smith (1999) for instance argues that while a common definition for performance contracting can be found, there are a considerable variety of uses and forms for quasi-contractual agreements. Between late 1980s and early 1990s the public sector in Kenya was faced with the challenge of poor and declining performance, which inhibited realization of sustainable economic growth (IEA, 1994). The Public sector had consistently fallen below expectations due to excessive regulations and controls, frequent political interference and poor leadership and management. Other reasons include outright mismanagement, bloated staff establishments, multiplicity of principals and non-performing employees.

In addition to regressing economic growth, the decline in Public Service resulted in poor performance, poor service delivery, degeneration of infrastructure and severe brain drain. The initiative to adopt Performance Contracts in public institutions was driven by
changes in the political environment in terms of securing better value for money in public services, encouraging greater openness and accountability, and for service improvements in dealing with the general public as consumers (Brown, 1996). In an effort to transform the entire public sector management, the Kenya Government introduced contractual improvements in delivery of service. This was done through the Economic Recovery Strategy for Wealth Creation (2003-2007), which outlines the Government’s commitment to performance, corporate governance, and management in the public service.

The objectives of performance contracts in the civil service include: improving service delivery to the public by ensuring that top-level managers are accountable for results, and in turn hold those below them accountable, reversing the decline in efficiency and ensuring that resources are focused on attainment of the key national policy priorities of the Government; institutionalizing performance oriented culture in the civil service through introduction of an objective performance appraisal system; measuring and evaluating performance; linking reward to measurable performance and strengthening and clarifying the obligations required of the Government and its employees in order to achieve agreed targets.

From the government’s side, the contracts are first of all expected to instill accountability for results at all levels of the organization and seeks to transform the performance culture to match that of the private sector thereby translating into improved service delivery in the public sector. Secondly, the contractual employment aims to reduce reliance by the Parastatals on the exchequer funding, compel them to give return to the government through payment of dividends or remittance of surpluses and also inculcate in the public sector the culture of linking reward to measurable output. Thirdly,
the contractual employment policy emphasizes placement of management of public sector organizations in the hands of competent managers as good as those in the private sector. With respect to changes in customer relations, new interfaces and instruments are installed, resulting in increased client-orientedness.

In order to move the implementation of the Public Service Response Performance forward, the Government developed and launched the Strategy for Performance Improvement in the Public Service in 2001. The Strategy sought to increase productivity and improve service delivery. It outlined the actions that were necessary to imbed long lasting and sustainable change in the way public services are offered. Underpinning this strategy was the Results Oriented Management (ROM) approach, which makes it necessary to adjust operations to respond to predetermined objectives, outputs and results. The adoption of this approach therefore demanded a paradigm shift in Government. This called for a transformation from a passive, inward-looking bureaucracy to one, which is pro-active, outward looking and results oriented; one that seeks ‘customer satisfaction’ and ‘value for money’. Consequently, the ministries’/departments were required to develop strategic plans, which reflected their objectives derived from the 9th National Development Plan, the Poverty Reduction Strategy Paper and based on the Medium Term Expenditure Framework (MTEF), Sectoral Priorities and Millennium development Goals.

In Kenya PC is governed by an Act of Parliament namely under State Corporations (Performance Contracting) Regulations, 2004, therefore all public institutions are legally bound. Thus the mainstream civil service and several public organizations have adopted performance contract concept. The need to focus scarce government resources on high
priority and core areas as a means of achieving effectiveness in service delivery was recognized as early as 1970s and reiterated in subsequent years. Brown (1996) noted among other things the need to improve efficiency and economy in administration of the civil service.

2.1.2 Result Based Management

Results-based management is a way of managing whereby an organization ensures that all of its processes, products and services contribute to the achievement of desired results. It depends on clearly defined accountability for results, and requires systematic monitoring, self-assessment and reporting on progress. (www.fao.org). The introduction of Result Based Management (RBM) in Kenya by the Government aimed at ensuring all public sector transformed into being more focused and responsive to the needs of those it serves. RBM is about institutional as well as individual performance, both in quality and quantity. The key elements of RBM include performance target setting, performance planning and performance monitoring and evaluation. Under performance target setting, the organization decides what is to be accomplished by individual employees as well as the organization as a whole. Performance planning is the process of developing appropriate approaches to achieving set targets of individual employees or the organization while performance monitoring and evaluation is the process of assessing organizational or individual against predetermined targets.

For this management approach to succeed two key components are required namely: a performance management information system and a strong enforcement mechanism. The framework is a key part of the government’s commitment to improving the performance of public service delivery and is based on agreed national principles and values. In order
to provide a mechanism that supports the achievement of Economic Recovery Strategy and achievement of Millennium Development Goals, all government agencies are expected to develop a strategic plan and strive to achieve its mission and objectives. Strategic planning should aim at strengthening and creating linkages with policy, planning and budgeting. The human resource function needs to be aligned with strategic goals of the organization. Individuals derive work plans from the strategic plan. The work plan forms the basis for the performance contract, which is then implemented, evaluated and the information used to inform decisions on performance improvement (Kobia and Mohammed, 2006).

2.1.3 Rationale of Performance Contracting

Kotter (1996) emphasizes that a performance management system engenders strategic evolution and ensures goal congruence. Likewise the performance contract derives its design and framework from the strategic plan of the organization. The plan contains the vision and mission of the organization as well as its core objectives. It is from these objectives that employees within the organization obtain specific objectives through which they are enabled to contribute to the whole. It is the culmination of these individual outputs into the organizational goals that eventually enable the organization to achieve more than its intended goals. When the organization achieves more than it is set out to achieve it becomes more profitable, more taxable, employs more people and ultimately contributes more to the entire economy.
The fundamental principle of performance contracting is the devolved management by outcome rather than by processes as has been in the public sector. It therefore provides a framework for changing behaviours in the context of devolved management structure. Performance contracting organizes and defines tasks so that management can perform them systematically, purposefully and with reasonable probability of achievement. Performance contract are based on the premise that “what gets measures gets done”; if you cannot recognize failure, you cannot correct it and if you can demonstrate results, you can win public support.

2.1.4 Performance Contracting As a Job Re–Design Model

Job design is defined by Cole (2000) as the process of determining the specific tasks to be performed, the method used in performing the tasks as well as how the job relates to other work in the organization. Performance contracts targets how specific tasks are carried out in relation to the organizational vision. Secondly they advocate for clear objectives and targets for achievement. The set targets and objectives allow for a degree of independence in determining how to do work, when to do it and design the result one wishes to achieve. As NHIF supervisors aim at meeting their targets they are compelled to encourage employees, reward them for good performance as well as deal with non–performing or undisciplined workers. By its very nature, the performance contracting changes the way a jobholder executes his/her duties with the aim of increasing output.

2.1.5 Total Quality Management

Performance contract subscribes to a performance management approach, which has deep roots in Total Quality Management. (TQM) (Creelman, 2001) The key focus of TQM is
continuous improvement. According to Oakland (2000) if an organization is to succeed over the long run, performance must begin to be measured by improvements as seen by the customer. By meeting customer requirements and prudent utilization of funds, NHIF will become a leader in healthcare insurance and enable the organization achieve its vision. A similar approach known as *Kaizan* is used in Japan. It encompasses principles such as customer orientation, zero defects on products, productivity improvements to meet customer requirements, as well as total quality control. It is these principles that have earned Japan second position in the economic realm after the United states of America. (Burnes,1996)

### 2.1.6 Steps in the Implementation of Performance Contract

According to Hunter and Gates (1998), the process of identifying performance targets is carried out after the budget process has been completed and institutions informed about their resource allocation. This ensures that targets are realistic and achievable within the available resources. The targets emanate from the institutions and are freely negotiated and not imposed arbitrarily by the government. The process of negotiation is carried out in two main phases. The first phase is the pre-negotiation consultations. At this stage the negotiating parties carry out a SWOT analysis in order to determine the institution’s performance capacity. This helps to determine whether the targets being developed are realistic, achievable, measurable, growth oriented and benchmarked to performance of similar institutions (Hunter and Gates, 1998).

The second phase is the negotiation process where all issues agreed upon are factored into the performance contract. The draft contract is then submitted to the performance contracting secretariat for vetting. The vetting process ensures among other things that
the contracts comply with the guidelines and that they are linked to the strategic objectives of the institutions, anchored on the strategic plans, growth oriented and relevant to the mandate of the institution. Performance evaluation by the ad hoc evaluation committee is based on a comparison of achievements against the targets agreed at the signing of the contract (Hunter and Gates, 1998).

The negotiation of targets to be included in the contract is conducted by the adhoc negotiation committee. The final contract is however between the government and the agency. The performance indicators are agency specific and are developed by the respective agencies upon agreeing on the targets (Wheeler, F. (2001). The actual achievements of the agencies are rated against the set performance targets negotiated and agreed upon at the beginning of the period. The resultant difference is resolved into weighted scores and ultimate performance denominated to a composite score- the value of a weighted average of the raw scores in a performance agreement. The critical requirement for each target is that they must be growth oriented and therefore must be improving with time (Domberger, 1998)

2.2 Performance Contract Implementation at NHIF

The transformation of NHIF in 1998 from a department of the Ministry of Health to a state of corporation was aimed at improving effectiveness and efficiency. Performance Contracting was introduced at NHIF in 2005. Initially only top management was involved and gradually different levels were included in the performance management system. Much as this was a government directive there were other factors that led to implementation of Performance Contracting by the Fund. NHIF customers were dissatisfied as a result of slow processing of claims, low hospital rebates, slow processing
of membership cards, poor customer service, lack of adequate information and slow payment process. The implementation of performance contracting in NHIF faced various challenges. These included unclear organizational objectives and strategies, lack of quantifiable measure/targets, lack of monitoring and evaluation programmes and poor communicated of strategies hence lack of ownership, necessary support and commitment by the employees.

The National Health Sector Strategic Plan 1999-2004 and the Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 also lay emphasis on affordable and accessible healthcare. PC was therefore seen as an instrument that will guide the Fund in refocusing its mandate by directing the necessary resources and realizing its goals. In line with PC, the management put in place programmes and mechanisms that continually develop and rationalize resources, embrace modern technology, restructure internal processes and procedures, redesign the organizational structure, re-brand the corporate identity and enhance benefits to customers. Secondly, they introduced a monitoring and control mechanism to continuously track progress and evaluate progress. The various departments, divisions and individuals are tasked with specific responsibilities upon which they are appraised.

The five yearly strategic plans provide framework for design of the organization’s performance contract as it contains the vision, mission and objectives of NHIF. The elements of performance contract include vision, mission, performance targets and service charter. The NHIF vision and mission have enabled the development of specific, measurable, attainable and time bound objectives. Objectives derived from the mission and vision entails critical actions of the Fund necessary to achieving both short and long
term goals. Performance targets represent the best NHIF can achieve and challenge the Fund to show improvements over previous performance. The targets are based on criteria with clearly defined values. (NHIF Strategic Plan, 2005-2010). The service charter outlines the quality and quantity of service that customers expect from NHIF. It states what the Fund does, services users can expect, the standards of the service and how users may seek redress for dissatisfaction. It is used as a target for measuring the quality of service delivery. (NHIF Strategic Plan, 2005-2010). The Fund’s Corporate Planning Division is responsible for drawing the tool used to evaluate performance at individual and departmental level. They are also responsible for negotiating the targets yearly with the government.

2.2.1 The Balanced Scorecard

Kaplan and Norton (1996) defines the balanced scorecard as a strategic implementation framework that typically contains four performance perspectives summarized as financial performance, customer knowledge, internal processes and learning and growth. Creelman (2001) says that the balanced scorecard has its origins in Total Quality Management (TQM) which involves meeting customer needs and requirements. Kaplan and Norton (1996) assert that all perspectives of the balances scorecard, internal and external must balance, and that an imbalance in one may result in imbalance of others. This means that if the organization seeks to save on financial costs then its internal processes must not hinder the process being too bureaucratic.

Secondly if employees are not trained and given targets, they may fail to be adequately innovative to meet customer needs. If customer needs are not met, the organization will fail to collect revenue and eventually the most basic internal processes may be
unsustainable. This process is highly supported by the performance contract and ensures that employees are committed to achievement of set targets. The initial inspiration behind introduction of the balanced scorecard rests in the monumental financial losses that were on the past made by Parastatals, and resultant slow economic growth (GoK, 2005), resulting from lack of focus and failure to meet specific goals. The balanced scorecard ensures all departments at NHIF work towards a common goal as it subscribes to a paradigm shift from emphasis on departmental goals to organizational goals.

The performance evaluation tool drawn by the Corporate Planning Division includes the four perspectives. The key elements in the tool are targets for a specific period, budgetary allocation for the task within the period, initiative towards meeting the set target, timeframe given for the specific target and key performance indicators. The Division assigns weight to performance indicators and submits monthly progress reports to all departments. Other ways in which performance is measured is through feedback from the bi-annual customer satisfaction survey, audit reports from ISO 9001:2008, OHSAS 18000 and SA 8000.

2.3 Theoretical Framework

A theory is a set of interrelated concepts, definitions and propositions that present a systematic view of phenomena by specifying relations between variables with the purpose of explaining and predicting phenomena (Kerlinger, 1965). According to Peil (1995) theories have three functions: to explain observed events in a systematic manner, to predict the outcome of events and relationships and to systematically summarize existing knowledge.
2.3.1 Structuration Theory

Anthony Giddens (1984) observed that human social activities are continually recreated by actors through the very means whereby they express themselves. He refers to the actors as knowledgeable agents. He further argues that all social actors are greatly aware of the conditions and consequences of what they do in their day today lives, and through this, we are able to understand why people respond in certain ways sometimes even out of the norm. Giddens argues that recurrent and deliberate social practices by people across time and space forms the focus of the theory of structuration.

Nevertheless, the aim of theoretical framework is to link the impact of PC on service delivery at NHIF to existing sociological theories. An analysis of structuration theory by Giddens indicates how ‘actors’ use the structures which are the rules and resources that are considered as properties of the social system to encourage or dictate what is to be done and how. Since NHIF has implemented the performance contract, its capacity to ensure positive impact on service delivery rely on the structures it has in place and how they influence the formation of norms by employees.

In relation to performance contract, the theory explains that actors recreate themselves in their environments. With implementation of PC the actors recreated themselves to incorporate the requirements into their structures. Given that Giddens (1984) credits ‘actors’ as being knowledgeable it means that rejection, acceptance or even modification of the contract is deliberate since actors understand what they are doing and the effect of their actions.
According Ogwayo (2007) sometimes actors cannot fully explain what they are doing even though they are aware they are doing it. If attitude toward the performance contract is negative the implementation of PC may fail hence the required objectives not met. If the attitude is positive then the actors change their way of thinking (recreating them) through the adaptation of a new way of working, which will be absorbed as part of the structures of the organization.

The limitation of this theory is that it does not provide freedom for self actualization by actors. Secondly it does not factor peoples attitude to work therefore there’s need to incorporate other relevant theories (Korir, 2005).

2.3.2 Theory X and Theory Y

McGregor (1960), reflecting on leadership and motivation at work took the available literature on organizations and examined contemporary managerial policy and practice. His conclusions were that there were two sets of assumptions about people underlying managerial attitude and behaviour. He gave the two sets of assumptions neutral labels of Theory X and Theory Y. In Theory X, McGregor asserts that the average human being has inherent dislike for work and that most people deliver when forced to work, controlled, directed and threatened to make them achieve organizational objectives. It is on this premise that the Government adopted the PC model of management in its Ministries and State Corporations. In Theory Y McGregor argues that work is as natural as play and rest. He also asserts that under suitable conditions people actively seek responsibility and are able to exercise imagination, ingenuity and creativity in the solution of organizational problems. Hence, freedom for NHIF staff members needs to be provided for so that they can fully utilize their intellectual potentialities and creativity.
Much as PC is being implemented at NHIF following directives from the Government it is important that the employees be rewarded so that organizational targets are achieved. It is important for employees to own the process and feel like their output is appreciated. The biggest single disadvantage of Theory X and Theory Y however is that they are put forward as a competing set of assumptions i.e. a manager is either motivated by Theory X or by Theory Y. Both sets of assumptions may be valid depending on the circumstances of the situation (McGregor, 1960).

McGregor’s Theory X and Y are suggestive of approaches that may be useful in management approaches toward success of PC. NHIF Management has made an effort to combine both theory X and Y by adopting positive aspects of both. There’s close supervision and to some extent control by supervisors however, employees are given the chance to exercise imagination, ingenuity and creativity in the solution of organizational problems. An example is whereby NHIF field officers are given monthly targets and are expected to draw their own work programs and strategies of meeting the targets. No follow ups are made by immediate supervisors however progress reports are expected from the field officers at the end of the month.

2.3.3 Motivation Hygiene Theory

In his motivation- hygiene theory (Herzberg, 1966) indicated that there are certain factors that persistently lead to employee satisfaction whereas certain factors persistently lead to dissatisfaction. He called the satisfiers motivators and the dissatisfiers hygiene factors. Motivators are closely connected to the job, while hygiene factors are connected to the environment. This theory advocates for factors that do not affect the content of the task at
hand. Secondly, the environment in which it is performed should dispense recognition for work well done, and skillfully distribute work so that each employee’s skills are adequately utilized (Gaconi, 2008).

Performance contract fits well in this theory as it advocates for removal of some controls while still focusing on employee output. Performance contract advocates for the regular feedback to employees rather than on follow up on small units of work that may not be significant to the overall organizational targets. Employees exercise some degree of independence when they are made to determine how to work, when to do it and design the kind of results he wishes to achieve. This is the principle of performance contract since an employee negotiates with the employer when setting targets to be achieved. In the process the task at hand becomes interesting to perform since it poses a challenge to the worker (Gaconi, 2008).

Herzberg’s theory advocates hygiene factors which include good supervision, recognition for work well done and skillful distribution of work. The Management of NHIF is expected to create a working environment that enhances job satisfaction and human dignity at work. This can be done by rewarding best performers, for example through awards and promotion. Secondly the quality of work can be improved by job enrichment, enlargement, and rotation, and through creation of autonomous work groups. Thirdly, management should make provision for career growth and development through seminars, conferences and training.
2.3.1 The Conceptual Model

Independent variables

- Result based management
- Total quality management of work
- Optimum service delivery
- Decentralization of services
- Customer feedback
- Policy / decision making

Dependent variable

Impact of performance contract:
- Quality services
- Efficiency
- Speedy service delivery
- Transparency & accountability
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section discussed site selection and description, target Population, unit of analysis, sampling Procedure, sample size, types of data, techniques of data collection, data collection tools, data processing and analysis.

3.2 Site Selection and Description

The study was conducted at the National Hospital Insurance Fund headquarters. NHIF was established in 1966 to provide a contributory health scheme for Kenyans regardless of race, colour or social status. This was to bridge the financing gap arising from the abolition of five shillings flat rate fee to health facilities. In response to challenges and experience faced by the organization, NHIF was transformed into a State Corporation under Act No 9 of 1998. The Fund’s mandate is to provide quality, affordable and accessible healthcare to Kenyans.

The Board of Management is 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 Chief Executive serves as the secretary to the Board of Management. The institution has seven (7) various departments tasked with specific responsibilities upon which they are appraised. These are: Operations and Customer Service, Benefits and Quality Control, Finance, Audit, Information and Technology, Legal and Corporate Affairs, Human Resource and Administration. The departments are headed by General Managers. NHIF has 32 fully autonomous branches across the country. Each of these branches offers all NHIF services including payment of benefits to hospitals and members. Smaller satellite offices and service points in district hospitals also serve these
branches. There are 2139 members of staff countrywide. The Organization is structured in 3 different levels namely Management, Departmental and Branch Offices.

**Figure 3.1: NHIF Organisational Structure**

![Organisational Structure Diagram]

Source: NHIF strategic plan, 2012
The PC model advocates for improved performance in the public sector and in the case of NHIF, healthcare to all Kenyan citizens. In Nairobi Area, the basis of this research, there are 49 Accredited Healthcare Providers that are recognized by NHIF and are allowed to offer services to members and claim reimbursement thereof. Accreditation of a healthcare provider takes into account the services, personnel, infrastructure and equipment among other issues that the institutions have. NHIF and service providers sign contracts that spell out the obligations of both parties.

### 3.3 Research Design

Nachmias and Nachmias (1996) defines research design as the program that guides the investigator in collecting, analysing and interpreting observations. It is the logical method of proof that allows the researcher to draw inferences concerning causal relationships among variables under investigation.

This was therefore a descriptive survey study meant to provide pointers for future studies on the impact of performance contracting on service delivery. Qualitative research methodology was given more weight in comparison with quantitative research. Qualitative research was suitable for better understanding of the impact of performance contracting. Survey design was used since the findings were to be generalized to the whole population. The study’s target populations were customers who visit the branch for various services and key informants from among the employees of NHIF. According to Mugenda and Mugenda (2003) target population is the set of individuals, cases or objects with some common characteristics, from which a researcher wants to generalize the results of the study.
3.4 Unit of Analysis and Observation

According to Mugenda and Mugenda (2003:4) units of analysis are units that are designed for purposes of aggregating their characteristics in order to describe some larger group or abstract phenomenon. Nachmias and Nachmias (1996:53) describe the units of analysis as the most elementary part of the phenomenon to be studied. To Singleton et.al (1988; 69) they are “what or whom to be analyzed”. In this study therefore, the units of analysis was the impact of performance contracting implementation on service delivery at NHIF while the unit of observation was the NHIF as an entity.

3.5 Sampling Procedure

The nature of this research was qualitative, in which case, personal experience was instrumental. The target population of this study are customers who visit the NHIF head office between 5\textsuperscript{th} and 9\textsuperscript{th} of every month. This was used to get an average of customers who visited the branch between January up to March 2014. This population was established out of monthly reports generated by NHIF on the number of clients they serve between these dates per month. This population was established from the NHIF statistical analysis to be an average of 758 clients who visited the Nairobi area offices between 5\textsuperscript{th} and 9\textsuperscript{th} in the months of January up to March 2014. In this case the researcher used purposive extreme sampling method where other dates were discriminated since the customers visiting are fewer. The same extreme case sampling was used together with quota sampling method to divide the population from which the sample was derived.

The researcher used Nairobi area which has three different branches as its area for research. Nairobi area was selected through extreme case sampling due to the rich information that it has in relation to the research. Quota sampling method was used to
stratify the area into geographical regions so as to establish the area with the highest population for the administration of this study. Nairobi area branch was identified and systematic random sampling method was used to systematically pick one (1) customer from every five (5) customers served across the counter. The average for the past three months between January up to March 2014 prior to the study was arrived at for purposes of this study which came to 758 target population. A total of 152 respondents were sampled from this population. This population comprises of customers who visited the premises between the 5th and 9th day in the month of June 2014 since this is the peak period for customers at this facility.

The research used extreme case sampling which means that, it focused on employees who had rich information as key informants for purposes of verifying and validation data from the respondents. Two key informants were therefore selected from every department within the seven divisions at NHIF. This was necessary for purposes of corroborating information given by the respondents. To this effect two senior most officers were purposively selected to help in validating the information. This was necessary because of the strategic position and roles they play in performance contract implementation.

3.6 Types and Sources of Data

The study used both primary and secondary data. Primary data was collected directly from the NHIF customers and partly from NHIF staff as key informants by use of questionnaires and interview guides. While secondary data was collected from NHIF and workers’ union documents; these records included NHIF strategic plan, user manuals, the management correspondence files, human resources information systems, policy papers such as standard operation procedures, human resource documents such as training policy
3.7 Data Collection Methods and Tools

The data was collected through the use of the questionnaires which was filled by the respondents, the other methods employed were personal interviews and key informant interviews. The data collection methods employed are described below:-

3.7.1 Questionnaires

The researcher used both open and close-ended questions in one questionnaire. The questionnaires were designed to cover the background of the respondents; their age, sex, level of education, marital status, and the detailed information on the impact of performance contracting on service delivery.

3.7.2 Personal Interviews

The researcher conducted face to face interviews with the respondents in some areas which needed clarification. These respondents; after handing in their completed questionnaires were engaged in personal interviews on various issues pertaining to performance contracting. When collecting the completed questionnaires, it was necessary to seek certain clarifications from the respondents on areas that looked vague. This was captured on the note book.

3.7.3 Key Informant Interviews

This method was used to explore the impact of performance contracting on service delivery, it helped to verify issues noted in the questionnaires, and ensured that a detailed qualitative data was collected. The key informants were 14 in total, 2 each from the seven
(7) NHIF departments. The researcher conducted a structured interview through a questionnaire guide.

3.7.4 Document Reviews

The documents reviewed on the impact of performance contracting were administration documents from the management, strategic plans, user manuals, standard operating procedures and performance appraisal forms.

3.8 Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of information collected. It involves examining what has been collected and making deductions and references (Kombo and Tirop, 2006). The study employed descriptive statistics to analyze the data obtained. Descriptive statistics involve collection, organization and analysis of all data relating to the population or sample under study.

According to Breakwell (2006) a descriptive research design is commonly represented by use of frequency charts, graphs and pie charts to tabulate the information gathered appropriately. In this study the descriptive data tools used were tables, graphs and pie charts. Statistical package for social sciences were also used in presenting data in tables, percentages and diagrams. The SPSS was used to analyse the data and presentation done in graphs and charts.

3.9 Problems Encountered At The Field

There was a serious delay from the NHIF authorities in getting permission for the study. The researcher had to call and make several visits as a follow-up for the letter written over a month to conduct the study.
Interviews with the key informants had to be postponed severally; this caused a delay in completing the study. Finally, the researcher faced financial constraints in the process of this study however sacrifices had to be made for the study to be completed successfully.
CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The purpose of data analysis is to summarize the completed observations in such a manner that they yield answers to the research questions in line with the main objectives of the study, which in this study was to assess the impact of performance contracting implementation on service delivery at NHIF. It is the purpose of the interpretation to search for the broader meanings of those answers by linking them to other available knowledge (Seltz C.J et al, 1959). This chapter focuses on the findings of the study undertaken through various data collection methods like personal interviews, questionnaires, document reviews etc. The study involved 152 respondents out of an average population of 758 clients visiting NHIF between 5\textsuperscript{th} and 9\textsuperscript{th} of every month and 14 key informants. The presentation and analysis of the data are as shown below.

4.2 Background Information

4.2.1 Age and Gender Distribution of Respondents

The Age and Gender distribution of respondents is shown below:

Table 4.1: Age and Gender Distribution of Respondents

<table>
<thead>
<tr>
<th>AGE RANGE</th>
<th>FREQUENCY</th>
<th>CUMMULATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MALE</td>
<td>FEMALE</td>
</tr>
<tr>
<td>18-30</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>31-40</td>
<td>34</td>
<td>27</td>
</tr>
<tr>
<td>41-50</td>
<td>38</td>
<td>16</td>
</tr>
<tr>
<td>Over 50</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>89</td>
<td>63</td>
</tr>
</tbody>
</table>
Majority of the respondents at 89 (58.55%) out of 152 were male. The respondents between the age of 18-30 formed only 11.18% of the respondents, the age range between 31-40 formed 40.13%, the range between 41-50 formed 35.53% while the respondents over 50 years in age formed 13.16%. From the above information the respondents between 31 and 40 years formed the bulk of the work force. This is therefore a young age group which stands to benefit from the NHIF products over a long period of time. It therefore gives NHIF hope of continuity and continued sustenance through their contributions.

4.3. Marital Status

The respondents are of different marital status as shown below:-

Table 4.2: The Marital Status of Respondents

<table>
<thead>
<tr>
<th>MARITAL STATUS</th>
<th>FREQUENCY</th>
<th>CUMMULATIVE</th>
<th>%</th>
<th>CUMM. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>49</td>
<td>49</td>
<td>32.24</td>
<td>32.24</td>
</tr>
<tr>
<td>Married</td>
<td>66</td>
<td>115</td>
<td>43.42</td>
<td>75.66</td>
</tr>
<tr>
<td>Widowed</td>
<td>11</td>
<td>126</td>
<td>7.24</td>
<td>82.89</td>
</tr>
<tr>
<td>Divorced</td>
<td>6</td>
<td>132</td>
<td>3.95</td>
<td>86.84</td>
</tr>
<tr>
<td>Separated</td>
<td>20</td>
<td>152</td>
<td>13.16</td>
<td>100.00</td>
</tr>
</tbody>
</table>

From the statistics, married respondents were more at 43.42%, 32.24% are single, 7.24% widowed, 3.95% divorced and 13.16% separated. Married respondents form the majority (43.42%); this means that due to high cost of Medicare, the married lot may tend to stick with a reliable health scheme unless an alternative is available. The married think futuristically and are therefore unlikely to sort alternative arrangements. The single respondents (32.24%) are a challenge to NHIF and thus needs to be handled with care lest they explore other options. Symbolic interactionists believe that people only remember and base their knowledge of the world on what has proven useful to them.
4.4 Respondents Level of Education

The respondents had various levels of education as shown below:-

Table 4.3: The Respondents level of Education

<table>
<thead>
<tr>
<th>Level Of Education</th>
<th>Respondents</th>
<th>Male</th>
<th>Female</th>
<th>Male %</th>
<th>Female %</th>
<th>Total %</th>
<th>Cumm. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td></td>
<td>4</td>
<td>9</td>
<td>2.63</td>
<td>5.92</td>
<td>8.55</td>
<td>8.55</td>
</tr>
<tr>
<td>Secondary</td>
<td></td>
<td>24</td>
<td>15</td>
<td>15.79</td>
<td>9.87</td>
<td>25.66</td>
<td>34.21</td>
</tr>
<tr>
<td>College</td>
<td></td>
<td>43</td>
<td>31</td>
<td>28.29</td>
<td>20.39</td>
<td>48.68</td>
<td>82.89</td>
</tr>
<tr>
<td>University</td>
<td></td>
<td>18</td>
<td>8</td>
<td>11.84</td>
<td>5.26</td>
<td>17.11</td>
<td>100.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>89</td>
<td>63</td>
<td>58.55</td>
<td>41.45</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

From the information, 2.63% male and 5.92% female hold primary education; consequently 15.79% male and 9.87% female have secondary education. Accordingly, 28.29% male and 20.39% female are college leavers and finally 11.84% and 5.26% of the respondents are university graduates. The majority of respondents at 65.79% are both college and university graduates. This translates to a well informed clientele who have an understanding of the operations of NHIF. Based on their level of education, their expectations are also high because of their knowledge ability. The Marxists and functionalists believe that schooling socializes people into the prevailing norms and values in the society. Education as a measure here helps to establish the understanding of the society on normal expectations vested in NHIF based on the respondents’ academic level.
4.5 The Respondents Employment Status

The respondents’ employment status is as shown below:

<table>
<thead>
<tr>
<th>Employment status</th>
<th>Male</th>
<th>Female</th>
<th>Totals</th>
<th>% -Male</th>
<th>% -Female</th>
<th>%</th>
<th>% Cumm.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>25</td>
<td>20</td>
<td>45</td>
<td>16.45</td>
<td>13.16</td>
<td>29.61</td>
<td>29.61</td>
</tr>
<tr>
<td>Public</td>
<td>27</td>
<td>13</td>
<td>40</td>
<td>17.76</td>
<td>8.55</td>
<td>26.32</td>
<td>55.92</td>
</tr>
<tr>
<td>Self employed</td>
<td>33</td>
<td>24</td>
<td>57</td>
<td>21.71</td>
<td>15.79</td>
<td>37.50</td>
<td>93.42</td>
</tr>
<tr>
<td>Retired</td>
<td>4</td>
<td>6</td>
<td>10</td>
<td>2.63</td>
<td>3.95</td>
<td>6.58</td>
<td>100.00</td>
</tr>
<tr>
<td>Total</td>
<td>89</td>
<td>63</td>
<td>152</td>
<td>58.55</td>
<td>41.45</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

From the table 4.5 above 21.71% male and 15.79% of female respondents are in self employment, consequently 16.45% male and 13.16% of female respondents are in private service employment. Accordingly 17.76% male and 8.55% of female respondents are in public service employment and finally 2.63% male and 3.95% of female respondents are retired. These retirees are assumed to be people who have vastly interacted with the society and thus there is synergy between their personal quest and social orientation to the society. The basic orientation of these retirees is vested on their level of social interaction.

4.6 The Respondents Membership Period

The respondents’ employment status is as shown below:
Table 4.5: The Respondents’ NHIF Membership Status

<table>
<thead>
<tr>
<th>Membership period (Yrs)</th>
<th>Male</th>
<th>Female</th>
<th>Totals</th>
<th>% -Male</th>
<th>% -Female</th>
<th>%</th>
<th>% Cumm.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 5</td>
<td>11</td>
<td>5</td>
<td>16</td>
<td>7.24</td>
<td>3.29</td>
<td>10.53</td>
<td>10.53</td>
</tr>
<tr>
<td>6 - 10</td>
<td>11</td>
<td>9</td>
<td>20</td>
<td>7.24</td>
<td>5.92</td>
<td>13.16</td>
<td>23.68</td>
</tr>
<tr>
<td>11-15</td>
<td>18</td>
<td>15</td>
<td>33</td>
<td>11.84</td>
<td>9.87</td>
<td>21.71</td>
<td>45.39</td>
</tr>
<tr>
<td>16-20</td>
<td>19</td>
<td>17</td>
<td>36</td>
<td>12.50</td>
<td>11.18</td>
<td>23.68</td>
<td>69.08</td>
</tr>
<tr>
<td>21-25</td>
<td>23</td>
<td>13</td>
<td>36</td>
<td>15.13</td>
<td>8.55</td>
<td>23.68</td>
<td>92.76</td>
</tr>
<tr>
<td>Over 26</td>
<td>7</td>
<td>4</td>
<td>11</td>
<td>4.61</td>
<td>2.63</td>
<td>7.24</td>
<td>100.00</td>
</tr>
<tr>
<td>Total</td>
<td>89</td>
<td>63</td>
<td>152</td>
<td>53.95</td>
<td>41.45</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

From the table above 7.24% male and 3.29% of female respondents have been members of NHIF for a period of up to 5 years; 7.24% males and 5.92% females for a period between 6 – 10 years. Accordingly 11.84% males and 9.87% of females have been members for a period between 11 – 15 years for the same reason 12.50% male and 11.18% of female respondents have been members for a period between 16 - 20 years and finally 4.61% male and 2.63% of female respondents have been members for a period over 26 years.

4.7 Impact of Performance Contracting on Member Registration and Claim Processing

To ascertain that there are issues affecting member registration, respondents were asked to confirm the extent to which the following variables affect member registration at NHIF. The responses were as follows:-

Table 4.6: Responses on Member Registration

<table>
<thead>
<tr>
<th>Issues affecting member registration</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessibility to the branches</td>
<td>10(7%)</td>
<td>22(14%)</td>
<td>26(17%)</td>
<td>42(28%)</td>
<td>52(34%)</td>
<td>152</td>
</tr>
<tr>
<td>Registration process is friendly</td>
<td>42(28%)</td>
<td>34(22%)</td>
<td>26(17%)</td>
<td>28(18%)</td>
<td>22(15%)</td>
<td>152</td>
</tr>
<tr>
<td>Simplicity of the registration process</td>
<td>48(32%)</td>
<td>40(26%)</td>
<td>22(14%)</td>
<td>30(20%)</td>
<td>12(8%)</td>
<td>152</td>
</tr>
<tr>
<td>Reasonable period of blocking the card from use</td>
<td>50(33%)</td>
<td>33(22%)</td>
<td>20(13%)</td>
<td>27(18%)</td>
<td>22(14%)</td>
<td>152</td>
</tr>
<tr>
<td>Promptness in card delivery</td>
<td>41(27%)</td>
<td>48(32%)</td>
<td>30(20%)</td>
<td>22(14%)</td>
<td>11(7%)</td>
<td>152</td>
</tr>
<tr>
<td>Reasonable and affordable cost of registration</td>
<td>15(10%)</td>
<td>30(20%)</td>
<td>33(21%)</td>
<td>41(27%)</td>
<td>33(22%)</td>
<td>152</td>
</tr>
<tr>
<td>Registration requirements clearly specified</td>
<td>18(12%)</td>
<td>23(15%)</td>
<td>33(22%)</td>
<td>38(25%)</td>
<td>40(26%)</td>
<td>152</td>
</tr>
<tr>
<td>Accountability and transparency in registration</td>
<td>19(12%)</td>
<td>21(14%)</td>
<td>33(22%)</td>
<td>39(26%)</td>
<td>40(26%)</td>
<td>152</td>
</tr>
</tbody>
</table>

Registration process is a systematic way of recording details of the public to benefit from the National Hospital Insurance Fund, through being recognised as beneficiaries after providing and submitting evidence to allow membership to such a scheme as per the NHIF Act. It therefore follows that a person must meet the basic requirements of the fund before registration.

The table above indicates that 34% of the respondents were of the view that accessibility to branches always affect membership registration, 28% agreed that it frequently affect, 17% were of the opinion that it sometimes affect, 14% argued that it rarely affects while 7% strongly believed that it does not affect.

Consequently, majority of respondents (62%) felt that accessibility to branches greatly affects registration of members into the scheme, whereas 21% felt that proximity to branches has a little effect on member registration and 17% remained neutral. Those who confirmed claimed that by having more closer branches to the people, more members were likely to register than the current registration statistics. The key informants
subsequently ascertained that branches has indeep enhanced member registration. Respondents felt that the information about the insurance is not properly disseminated at the grassroots unless one is attached to an organisation that would take the initiative to register them.

The respondents who felt that proximity has a lesser effect felt that individual perception towards the fund and their doubts whether the fund has any significance that has more impact than proximity to branches. Respondents also felt that sensitization process is also deficient and the negative publicity arising out of management of the NHIF funds.

Based on the table, 15% of the respondents were of the view that friendly registration process always affect membership registration consequently; 18% concur that it frequently affect, 17% were of the opinion that it sometimes affect, 22% argued that it rarely affects while 28% strongly believed that it does not affect.

It therefore means that an average number of respondents (33%) felt that registration process greatly affect NHIF membership. According to them the process is not friendly at all as the language used is incomprehensible and the form details so much information which is not necessary. The key informants re-affirmed this fact by stating elaborate measures that NHIF has put in place to mitigate against this like opening satellite offices. Whereas 33% felt that the process is friendly, manageable and easy 17% remained neutral.

From the table 8% of respondents were of the view that the simple registration process always affect registration, 20% agreed that it frequently affect, 14% were of the opinion that it sometimes affect, 26% argued that it rarely affects while 32% strongly believed that it does not affect. It therefore means that majority of respondents (58%) fealt that the
simple registration modalities has no effect on registration of members into the fund. To them fears like mismanagement of funds, discrimination of hospitals in terms of use of NHIF card and low rebates for hospitals should be adressed. Whereas 28% felt that simplicity of the process has a direct impact on registration. Accordingly, more people have been prompted to register despite the challenges that the fund faces and 14% claimed that it sometimes affect.

From table 4.7 above, 14% of respondents were of the view that card blockage always affect registration, 18% agreed that it frequently affect, 13% were of the opinion that it sometimes affect, 22% opined that it rarely affects while 33% strongly believed that it does not affect. Meaning that the respondents (32%) felt that blocking members card due to non payment of monthly contribution has always affected registration of members into the fund. To them the process takes too long to unblock the card which discourages most members as they either have to pay a penalty of five times the monthly contribution or forfeit using the card for the next two months after blockage. According to the key informants, card blockage has slowed the registration process as most members opt out of NHIF. Accordingly, they opt to stay for some period as non members until a catastrophe befalls them. This however cannot be avoided as it is a statutory regulation. There are 55% who believe that it does not affect and it also rarely affects registration. To them blocking of a card is for those who are already members and it has nothing to do with registration. It is a consequence of non compliance with NHIF rules and those who adhere to the rules enjoy the benefits without interruption.

From the above, 7% of respondents agreed that promptness in card delivery always affect registration, 14% agreed that it frequently affect, 20% were of the opinion that it
sometimes affect, 32% opined that it rarely affects while 27% strongly believed that it does not affect. Accordingly, 21% of respondents felt that the promptness in card delivery has always affected registration of members into the fund due to untimely delivery of the cards, the non registered members always believe that even in terms of service delivery, the same will be replicated.

The key informants admitted that there are challenges that lead to late delivery of cards to members. This promptness is a serious factor especially to a member who may not be cleared during hospitalisation. Whereas 20% felt that the promptness in card delivery has sometimes affected the registration. This to the respondents only affect somebody in time of need like during hospitalization and finally 59% claimed that it does not and rarely affect registration. To them registration is a one off thing that only affects the person registered and not somebody who has not been registered.

The table further shows that 22% of the respondents were of the view that reasonable and affordable cost always affect registration, 27% agreed that it frequently affect, 21% were of the opinion that it sometimes affect, 20% argued that it rarely affects while 10% strongly believed that it does not affect. It therefore means that 49% of respondents felt that reasonable and affordable cost has always and frequently affect registration of members into the fund due to income disparity among different income earning groups and high unemployment level which makes the prescribed rates high for most members. Whereas 21% felt that affordability has sometimes affected the registration.

Cost has a no effect on those who rarely get sick thus see no need of financial wastage however, for the frequently hospitalised, the cost is not an issue since the medical bills are quiet exorbitant and finally 30% claimed that it does not and rarely affect registration.
Most respondents were in the bracket of the employed who feel that the cost and what they are covered during hospitalization is reasonable. Some of them also argued that the hospital insurance by this institution is cheaper compared to what the private insurance charges and what they cover.

Based on the information above, 26% of the respondents were of the view that the registration requirements has been unclearly specified and thus affect registration, 25% agreed that it frequently affect, 22% were of the opinion that it sometimes affect, 15% argued that it rarely affects while 12% strongly believed that it does not affect. Meaning that the 51% of respondents felt that the registration requirements has always and frequently been clearly specified and thus affect registration of members into the fund. They argued that the requirements are fewer compared to previous situations when the requirements were so many. The key informants verified this by sampling two different registration forms which had totally different things as confirmation that NHIF has simplified the registration process.

Accordingly respondents find the process friendly and easy to complete within a very short time. Whereas 22% felt that affordability has sometimes affected the registration especially where the children are incorporated as beneficiaries. The requirement for children to be incorporated in the parents cover is that they need a birth certificate which has been a challenge to most applicants. The other issue is registering traditionally adopted children whose guardians do not have the legal documents to support the claim and finally 27% of respondents were of the view that the specified registration requirements do not and rarely affect registration. Most of these respondents argued that the simplicity or technicality of the requirements has no effect on registration. What
affects registration is lack of understanding and illiteracy level of the people being registered. The key informants confirmed that illiteracy levels have curtailed registration however, more staff have been deployed to assist in registering members.

For that reason, 26% of respondents were of the opinion that accountability and transparency always affect registration, 26% agreed that it frequently affect, 22% were of the opinion that it sometimes affect, 14% argued that it rarely affects while 12% strongly believed that it does not affect. This implies that 52% of the respondents observed that accountability and transparency always and frequently affect registration of members into the fund. They articulated that systems that are transparent in nature always attract high response and membership than systems which are corrupt and full of public outcry. They augued that NHIF membership has been affected by transparency challanges due to what is in public domain like the ongoing court cases involving high ranking individuals within the facility.

Whereas 22% felt that accountability and transparency has sometimes affected the registration due to public perception that NHIF is not able to manage large funds especially when the funds currently held by them cannot be accounted for. Finally 26% claimed that accountability and transparency does not and rarely affect registration. Most of these respondents argued that as a government backed institution there is continuity which helps dispel fears among membership. They augue that accountability is a problem even with the other competitors and therefore cannot discourage one from registering.

To ascertain whether there are issues affecting claim processing, the respondents were asked to confirm the extent to which the following variables affect claim processing at NHIF. The responses were as follows:-
Table 4.7: Effects on Claim Processing

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Friendly claim processing environment</td>
<td>38(25%)</td>
<td>30(20%)</td>
<td>33(22%)</td>
<td>25(16%)</td>
<td>26(17%)</td>
<td>152</td>
</tr>
<tr>
<td>Prompt payment of claims</td>
<td>42(28%)</td>
<td>38(25%)</td>
<td>35(23%)</td>
<td>17(11%)</td>
<td>20(13%)</td>
<td>152</td>
</tr>
<tr>
<td>Rebate amount provided is adequate</td>
<td>47(31%)</td>
<td>37(24%)</td>
<td>27(18%)</td>
<td>24(16%)</td>
<td>17(11%)</td>
<td>152</td>
</tr>
<tr>
<td>Rejected claims are clearly communicated</td>
<td>50(33%)</td>
<td>38(25%)</td>
<td>28(18%)</td>
<td>21(14%)</td>
<td>15(10%)</td>
<td>152</td>
</tr>
<tr>
<td>Claim attachments are clearly specified</td>
<td>10(6%)</td>
<td>36(24%)</td>
<td>24(16%)</td>
<td>38(25%)</td>
<td>44(29%)</td>
<td>152</td>
</tr>
<tr>
<td>Convenience of payment mode</td>
<td>44(29%)</td>
<td>37(24%)</td>
<td>28(19%)</td>
<td>23(15%)</td>
<td>20(13%)</td>
<td>152</td>
</tr>
<tr>
<td>Adherence to payment deadline</td>
<td>41(27%)</td>
<td>35(23%)</td>
<td>33(22%)</td>
<td>24(16%)</td>
<td>19(12%)</td>
<td>152</td>
</tr>
</tbody>
</table>

A friendly claim processing environment is an environment convenient for clients to monitor and follow their claims as and when they need clarification. From table above, 26(17%) of the respondents were of the opinion that the environment always affect claim processing, 25(16%) agreed that the environment frequently affect, 33(22%) were of the opinion that it sometimes affect, 30(20%) opined that the environment rarely affect claim processing while 38(25%) strongly believed that it does not affect. Implying that the respondents (33%) felt that a friendly environment has always and frequently affect members claim processing at the NHIF.

In environments which are hostile to members, they have always perceived corruption, tribalism and other bad practices as being condoned, whereas 22% felt that a friendly environment sometimes affects claim processing due to human perception like insecure surroundings, building with bad elevators, bad lighting which is an individual decision and finally 45% claimed that it does not and rarely affect claim processing. Most of these
respondents were convinced that the environment was a perception issue that had little or no effect on claim processing.

Prompt payment is a timely payment done to a client at the right time in the right form and at the right place. From the table given, 20(13%) of the respondents were of the view that timely payment always affect claim processing, 17(11%) agreed that timely payment frequently affect. According to these respondents, the claim process takes a shorter period than before and this brought optimism that it could still be improved. The claim vouchers nowadays require very few officers to pass them for cheque writing. 35(23%) were of the opinion that it sometimes affects.

These respondents were of the view that some well established hospitals with bulky claims are given more priority than the others however the process they concurred was improved, 38(25%) opined that timely payment rarely affect claim processing while 42(28%) strongly believed that it does not affect. Consequently, the respondents who claimed that prompt payment rarely affect claim processing were of the opinion that inadequate float make payments by NHIF a challenge.

Rebate is the amount to be paid per day or refunded to any client for any claim lodged by a customer. Consequently the researcher found out that 17(11%) of the respondents were of the view that the rebate provided is always adequate since it always exceed the normal bed charges to cover other medical consumables thus making patients have a walk in walk out system, 24(16%) agreed that the rebate provided is frequently adequate since in most cases it always covers the whole hospital bill thus the hospital is adequately taken care of by the payment, 27(18%) were of the opinion that it is sometimes adequate since there are occasions when the patient has to pay for some mandatory charges despite the
rebate covering the whole bill, 37(24%) argued that the rebate is rarely adequate while 47(31%) were of the view that it is not adequate at all since some medical bills always exceed the rebate thus most respondents claimed that they lose instead of gaining from the fund. This they explained with patients admitted in ICU where the bed charges alone is more than the rebate in most hospitals. The key informants corroborated this information by giving evidence of assorted requests made by different hospitals to increase their rebates.

Rejected claims are those claims that cannot be paid by NHIF due to certain defects like not attaching a national identification card on a claim when it ought to have been attached. From the table, 15(10%) of respondents established that the rejected claims are always communicated. The communication is done through the branches and various satellite offices, 21(14%) approved that the rejected claims are frequently communicated. The NHIF officers frequently visit the various hospital facilities to have clarifications over various claims and where they are not able to find they communicate the reasons for rejection.

This was established by the key informants as 28(18%) were of the opinion that the rejected claims are sometimes clearly communicated. Those who postulate this claim that whereas they communicate they always take a long time and after enquiry is when such is communicated, 38(25%) argued that the rejected claims are rarely communicated due to misplacement of the same claims which often forces the claimant to file a claim with duplicate copies for the claim to be honoured while 50(33%) claimed that the rejected claims are never communicated. Due to poor recording system at the NHIF, most claims
are never easy to trace even after re-submission of the rejected claim. To these respondents, NHIF does not care about their clients.

Claim attachments are the documents that are required to accompany any claim as a proof to NHIF that the payment requested is genuine and valid. From the table, 44(29%) of the respondents and key informants were of the view that the requirements are always clearly specified for any claim. This they confirmed from various circulars provided by NHIF and other pamphlets, accordingly, 38(25%) were of the opinion that the claim requirements are frequently specified, which was confirmed through the various circulars released by NHIF as presented by the key informants, consequently, 24(16%) of respondents were of the opinion that the claim requirements are sometimes clearly specified.

These 24 respondents cited cases where it was not clearly defined what a long stay is for the medical officers to fill the required NHIF form 36. 36(24%) were of the opinion that the claim requirements are rarely specified. The respondents claimed that they are only notified when they seek clarification. The various claim forms do not have the attached requirements inscribed while 10(6%) claim that the claim requirements are never specified. The respondents claimed that most of the claims had been rejected due to attachments which were not initially required. This has made most claims to remain unpaid. The key informants blamed lack of knowledge on the clients side which makes it hard to process any claim.

Convenient mode of payment is the most suitable and reliable way to make transfers to the various clients accounts. From the table above, 20(13%) of the respondents were of the view that there is always a convenient mode of payment since the claimant only needs to fill a bank detail form then the money is transferred electronically through EFT –
Electronic Money Transfer. This reduces the cost of travelling on the claimant’s side, 23(15%) opined that there is frequently a convenient mode of payment that makes cash transfers convenient and easy for clients, 28(19%) were of the opinion that sometimes the mode of payment is convenient however some respondents felt that cash transfer into the banks is inconveniencing to those claimants who have no bank accounts, 37(24%) argued that the mode of payment is rarely convenient since those who do not have bank accounts have to open them before any payment can be made which to them is unnecessary while 44(29%) claimed that the mode of payment adopted by NHIF is not convenient at all. These respondents want open cheque system or cash payment to be adopted so that their interests are also taken care of. The key informants raised concern over most clients who are seeking refunds as lacking bank accounts.

Adherence to payment deadline is the promise made by NHIF to remit certain payment to a claimant within a specific period. From the table above, 19(12%) of respondents were of the view that there is always adherence to payment deadline, 24(16%) opined that there is a frequency of adherence to payment deadline, 33(22%) of the respondents were of the opinion that there is sometimes adherence to payment deadline, however most of the times it is always associated with continuous follow up by different claimants, 35(23%) argued that NHIF rarely adhere to payment deadline as it mostly take more than two months before making any payment. This increases the outstanding balances which brings financial crisis to various hospitals, while 41(27%) of the respondents claimed that there is no adherence to payment deadline at all since most claims must be followed before any payment can be made by NHIF. The key informants also established that most customers claims are never paid on time due to wrong / lack of attachments.
4.8 Impact of Performance Contracting on Decentralization of Services

To ascertain that there is adequacy of NHIF in decentralization, respondents were asked to rate the following factors affecting decentralization at NHIF. The responses were as follows:

**Scale: 5. Excellent 4. Extremely good 3. Good 2. Fair 1. Poor 0. Don’t know**

**Table 4.8: Impact on Decentralization of Services**

<table>
<thead>
<tr>
<th></th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessibility of services by customers</td>
<td>68(45%)</td>
<td>30(20%)</td>
<td>21(14%)</td>
<td>18(12%)</td>
<td>14(9%)</td>
<td>1(0%)</td>
<td>152</td>
</tr>
<tr>
<td>Enhanced communication</td>
<td>52(34%)</td>
<td>28(18%)</td>
<td>27(18%)</td>
<td>20(13%)</td>
<td>12(8%)</td>
<td>13(9%)</td>
<td>152</td>
</tr>
<tr>
<td>Response time to complaints raised and adherence to schedules (promptness)</td>
<td>43(28%)</td>
<td>39(26%)</td>
<td>42(28%)</td>
<td>25(16%)</td>
<td>0(0%)</td>
<td>3(2%)</td>
<td>152</td>
</tr>
<tr>
<td>Sensitization of members</td>
<td>57(37%)</td>
<td>36(24%)</td>
<td>21(14%)</td>
<td>11(7%)</td>
<td>20(13%)</td>
<td>7(5%)</td>
<td>152</td>
</tr>
<tr>
<td>Simplified procedures</td>
<td>70(46%)</td>
<td>31(20%)</td>
<td>21(14%)</td>
<td>24(16%)</td>
<td>4(3%)</td>
<td>2(1%)</td>
<td>152</td>
</tr>
</tbody>
</table>

Decentralization is the process whereby services are brought closer to the customers by opening regional, divisional and satellite offices across the country. This makes it easier for various potential customers to access the NHIF services in all areas within the country.

From the information, 45% of the respondents were of the opinion that decentralization of services is excellent and accessibility to services is now possible, 20% established that it is extremely good, 14% were of the opinion that it was good, 12% opined that it is fair, 9% were of the opinion that it is poor while 0% did not know. It therefore means that majority of respondents (65%) felt that decentralization of services had adequately
impacted on the various services offered by the facility. The key informants were of the same mind that decentralization had trickled down most services to the people.

This was due to the fact that information pertaining to NHIF was closely available, requests could easily be made at many accessible offices and claims could also be followed from the branches, whereas 14% of the respondents who rated good were of the opinion that some services could be handled by the branches adequately though more needed to be done, however the 12% who rated decentralization fairly felt that whereas it was a good idea, most services were not well co-ordinated and even the customer service attendants were not well versed with the experiences in NHIF thus lacked concrete responses to various issues raised which made the services inaccessible as expected and finally 9% who rated the services poor were of the opinion that the process was hurried as there were no proper mechanisms to implement the decentralisation.

Based on the table above, 34% of the respondents were of the conviction that decentralization of services was excellent and therefore has enhanced communication, 18% opined that it is extremely good, 18% were of the opinion that it is good, 13% argued that it is fair, 8% were of the opinion that it is poor while 9% did not know.

It therefore means that majority of respondents 52% felt that decentralization of services has enhanced communication. This is due to the fact that most satellite offices are now open for enquiries and information is readily available, the service providers also have staff who organise for sensitization programs in churches, funerals and different functions, whereas 18% who rated good were of the opinion that communication has been enhanced but the mechanisms were not well spelt out and some customers are not conversant with them, however the 13% who rated communication fairly felt that NHIF
does not have the financial muscle to put in place proper models of communication in a
decentralised system and finally 8% who rated the services poor were of the opinion that
enhanced communication in a decentralised system was a big challenge for NHIF going
by the services they had been receiving.

Response time is the period between when a client raises a complaint and when the
complaint is actually resolved. This in business cycles is the turnaround time which in
most cases is derived from the organizational service charter. The table also clarifies that
28% of the respondents were of the view that response time to complaints was excellent.
This was as a result of the shorter period taken to respond to complaints, adherence to
service charter and giving definite and relevant response to issues raised, 26% were of the
view that it was extremely good due to adherence to time schedules, the information
given is satisfactory and the staff are well versed with the issues related to their
complaints.

Consequently 28% of respondents were of the opinion that it was good because
information partaining to assorted issues is always available though not very
comprehensive, 16% argued that it was fair since the language in use was not friendly to
all customers thus making the information less useful. Whereas the information is
available, inadequacy of staff to operate those service points was wanting and finally 2%
did not know. The key informants were definate on this issue because decentralisation of
services had taken route. They reaffirmed that decetrnalization had greatly improved
services.
Sensitization of members involves giving or imparting knowledge to the customers on what NHIF does and how it is beneficial to customers who are admitted as members. It elaborates the reasons for the existance of NHIF to members and provides for opportunities for those who are in other insurance schemes to explore the other options available in the market. The table points out that 37% of the respondents were of opinion that sensitization of members was excellent and has given the public much information about NHIF, most of the respondents in this category were hearing about the NHIF the first time through sensitization, some customers also did not know of the extra products that the facility has but through sensitization they now had the information, Accordingly, 24% agreed that it was extremely good due to the publicity it was given and the forums targeted by NHIF which are customer friendly, 14% were of the opinion that it was good because the product was available to people, 7% argued that it was fair since they had never had of any medical scheme and due to the schemes’ connectivity to members of the public,13% who rated the sensitization as poor opined that the way the whole process was done was wrong and better modalities could have been put in place. To these respondents, sensitization should be both structured and unstructured to cater for all categories of the public and finally 5% did not know. This group of respondents were neither members nor interested in joining any government managed insurance scheme.

A procedure is a process that takes one through steps used to perform a task or execute a function. These procedures are mostly structured and spelt out in the user manuals for consistency purposes and observation of standards. The table further emphasize that 46% of the respondents were of the opinion that the simplified procedure was excellent. The respondents made this observation due to the manuals and handbooks available to them
showing clearly the whole process, the staff were also available to take them through the
process.

Subsequently, 20% of respondents opined that it was extremely good due to the fact that
what used to take them months to acquire could only take them a few days or weeks like
getting a new NHIF card, 14% were of the opinion that it was good because the forms
which were used before required a lot of information, however this has since been
simplified, 16% argued that it was fair because they felt that the paperwork ought to be
done away with completely, 3% were of the opinion that it was poor since forms were
being given yet there was inadequate staff to help the illiterate people to fill and provide
the necessary documentation while 1% did not know.

It therefore means that majority of respondents (66%) felt that the procedures were
simplified and thus decentralization of services had adequately impacted on the various
services offered by the facility. However the 3% who rated the services poor were of the
opinion that the procedures could still be simplified and an assistance desk for the semi
illiterate be put in different branches to help sort this group of customers. The key
respondents, in their submission admitted that procedures have now been more
simplified.

In the order of priority, most respondents wanted accessibility of services to be enhanced,
communication improved and procedure of NHIF simplified. These were critical areas to
them given the importance they attached to the scheme which was better compared to
other medical schemes and therefore could attract more membership if properly managed.
The respondents also felt that all services should be decentralized to the branches like
processing and payment of claims instead of taking them to county offices. The respondents also had kind words for the employees whom they felt were more proactive and were therefore in touch with the public.

4.9. Impact of Performance Contracting on Customer Feedback

To ascertain that there is adequate communication between NHIF and its customers, the respondents were asked to rate the following factors affecting customer feedback at NHIF. The responses were as follows:-

**Scale: 5. Excellent 4. Extremely good 3. Good 2. Fair 1. Poor 0. Don’t know**

**Table 4.9: Impact on Customer Feedback**

<table>
<thead>
<tr>
<th></th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>0</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accurate feedback</strong></td>
<td>21(14%)</td>
<td>37(24%)</td>
<td>68(45%)</td>
<td>13(8%)</td>
<td>10(7%)</td>
<td>3(2%)</td>
<td><strong>152</strong></td>
</tr>
<tr>
<td><strong>Rating of services</strong></td>
<td>30(20%)</td>
<td>34(22%)</td>
<td>51(34%)</td>
<td>22(14%)</td>
<td>13(9%)</td>
<td>2(1%)</td>
<td><strong>152</strong></td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>38(25%)</td>
<td>55(36%)</td>
<td>48(31%)</td>
<td>9(6%)</td>
<td>1(1%)</td>
<td>1(1%)</td>
<td><strong>152</strong></td>
</tr>
<tr>
<td><strong>Overall process</strong></td>
<td>32(21%)</td>
<td>29(19%)</td>
<td>45(30%)</td>
<td>28(18%)</td>
<td>17(11%)</td>
<td>1(1%)</td>
<td><strong>152</strong></td>
</tr>
<tr>
<td><strong>Simplified procedures</strong></td>
<td>20(13%)</td>
<td>31(20%)</td>
<td>70(46%)</td>
<td>30(20%)</td>
<td>1(1%)</td>
<td>0(0%)</td>
<td><strong>152</strong></td>
</tr>
<tr>
<td><strong>Speed of services</strong></td>
<td>18(12%)</td>
<td>25(17%)</td>
<td>55(36%)</td>
<td>46(30%)</td>
<td>8(5%)</td>
<td>0(0%)</td>
<td><strong>152</strong></td>
</tr>
<tr>
<td><strong>Accountability and transparency</strong></td>
<td>27(18%)</td>
<td>17(11%)</td>
<td>85(56%)</td>
<td>15(10%)</td>
<td>6(4%)</td>
<td>2(1%)</td>
<td><strong>152</strong></td>
</tr>
</tbody>
</table>

Customer feedback is a process where the customers give information or observations on various services that are being offered by NHIF. This is critical for improvement and assessment of the NHIF strengths, weaknesses, challenges and opportunities. From the table above, respondents were asked to comment on the impact of performance contracting on customer feedback.

In terms of accuracy of feedback from the table above, 14% of respondents were of the opinion that it as excellent. This was based on the level of confidence they had with the information provided to them by the staff, the consistency of the information and its
authenticity. Accordingly, 24% opined that it was extremely good due to adherence to time schedules given to the clients to receive feedback, the information given is provided in pamphlets and other relevant materials that could be relied on like posters and the NHIF website, 45% were of the opinion that it was good because of their past experience with the system, their prior knowledge about NHIF and the mode of delivery of the information. The key respondents in their own submission, agreed that most services are readily available and accessible to the public.

For that reason, 8% opined that it was fair since most products introduced by NHIF are not well articulated to customers, 7% of the respondents rated accuracy in feedback as poor. Respondents were not confident of the responses given by NHIF officers and finally 2% did not know.

In terms of rating of various services offered by NHIF, 20% of the respondents were of the view that it was excellent. This was due to quick registration process, turn around time, enhanced decision making, 22% opined that it was extremely good due to accessibility of services, prompt action and flexible discreet decisions, 34% were of the opinion that it was good because most issues were being sorted however unsatisfactory the answers could be, 14% of respondents were of the opinion that it was fair since the services are available but not up to the expected standards like the period taken to process claims and the petty reasons for rejecting claims, 9% of the respondents rated customer services as poor due to some conflicting interpretations of issues especially where sectional and departmental heads provide conflicting decisions and finally 1% did not know.
Efficiency is the relative level of skills and competencies required to offer various services. In terms of efficiency from the table above, 25% of the respondents rated it as excellent due to its level of effectiveness, shortened period of services delivery and branding that has made NHIF be in the minds of the public, 36% opined that the level of efficiency was extremely good due to good organisational practices, stated quality objectives and policies of NHIF.

Accordingly, 31% were of the opinion that the level of efficiency was good because timely and prompt services but the bureaucratic process made the whole process tedious, 6% argued that it was fair since the staff were many atimes not well versed with immediate responses on various issues raised by clients, 1% of the respondents rated the level of efficiency as poor due to shortage of stationery and other documentations required by clients and finally 1% did not know. Based on the above, the key informants were on the view that based on performance indexing, the level of efficiency had greatly improved.

Overall process is an overview of different functions performed by the organisation. In terms of overall process as per the table above, 21% of respondents rated it as excellent due to well co ordinated activities, quality standards, strategic plans put in place, 19% were of the view that the overall process was extremely good due to good administrative practises and synergy within the organisation, however, 30% were of the opinion that it was good because of the standard operating procedures put in place, 18% opined that the overall process was fair since certain standards and procedures are not adhered to like time schedules in service charters, 11% of respondents rated the processes as poor due to
mishandling of their concerns and lack of clarity of information and finally 1% did not know.

In terms of simplified procedures from the table above, 13% of respondents were of the view that it was excellent due to the availability of staff to explain the technical areas to the full comprehension of the respondents, 20% were of the view that the simplified procedures was extremely good due to availability of reference materials, 46% were of the opinion that it was good because of ease of reference and clear direction, little paperwork, the short period it takes to get a response or claim payments, 20% of the respondents rated the procedures as fair due to its complexity to them, lack of readily available guidance and finally 1% rated it as poor because they could not get information they wanted. The researcher therefore concludes that NHIF has functional systems that ensure customer feedback.

Speed of services delivery at NHIF is the rate at which provision of services are executed to the satisfaction of the customer. This speed of service delivery also goes with the quality of that service. When a service is offered quickly yet it does not meet the customers expectation then it may not entice the customer. In terms of speed of delivery of services as per the table above, 12% of the respondents were of the view that it as excellent due to consistency of service provision, the quality of services offered within the shortest period, consequently, 17% opined that the speed of service delivery were extremely good due to presentations displayed in delivery charters which clearly show the length of time for feedback and action.
Accordingly, 36% were of the opinion that it was good because of accessibility to the service provider (NHIF), 30% argued that the speed of service delivery was fair since there is somehow some response, the employees can give some advice though not well polished and the customers were taking time before receiving services, 5% of the respondents rated speed of services as poor due to issues not being addressed as promised, so many follow ups before a final acceptable action is taken and rigid decision lines taken by the NHIF employees. This was also confirmed by the key informants due to the procedural rigidities involved in some decisions. Certain decisions have to be approved at higher levels which affect service delivery, therefore feedback is slowed.

Accountability and transparency is all about being responsible to someone for actions taken; about being able to explain, clarify, justify actions and being open, frank and honest in all communications, transactions and operations. The respondents were therefore asked to give their opinions whether the systems were transparent and thus could emit feedback.

In terms of accountability and transparency therefore, 18% of respondents were of the opinion that it was excellent due to clarity of procedures, processes and various operations, 11% agreed that accountability and transparency was extremely good due to various explanations given pertaining to assorted processes and procedures, being honest about delays and free flow of information, 56% of respondents were of the opinion that it was good because of availability of justification for delays, clarity of processes though slow.
Accordingly, 10% of respondents opined that accountability and transparency was fair due to its complexity and bulkiness of the information given which makes it hard for one to comprehend the system and 4% of respondents rated it as poor due to the difficulty of staff to own up any action finally 1% rated it as poor because they could not get information they wanted. Whereas the key informants confirmed that accountability was there, they highlighted the current court cases relating to previous employees and technically dissapproving the theory.

4.10 Challenges to Optimum Service Delivery

To ascertain that there is quality service delivery, the respondents were asked to rate the following factors constraining service delivery at NHIF. The responses were as follows:-

**Table 5.0: Challenges to Optimum Service Delivery**

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate resources</td>
<td>11</td>
<td>16</td>
<td>24</td>
<td>47</td>
<td>54</td>
<td>152</td>
</tr>
<tr>
<td>Management rigidity</td>
<td>17</td>
<td>40</td>
<td>30</td>
<td>34</td>
<td>31</td>
<td>152</td>
</tr>
<tr>
<td>Political interference</td>
<td>9</td>
<td>18</td>
<td>21</td>
<td>38</td>
<td>66</td>
<td>152</td>
</tr>
<tr>
<td>Level of sensitization and awareness</td>
<td>26</td>
<td>43</td>
<td>29</td>
<td>24</td>
<td>30</td>
<td>152</td>
</tr>
<tr>
<td>Overambitious targets</td>
<td>39</td>
<td>35</td>
<td>22</td>
<td>27</td>
<td>29</td>
<td>152</td>
</tr>
<tr>
<td>Lack of departmental cohesiveness</td>
<td>13</td>
<td>24</td>
<td>17</td>
<td>41</td>
<td>57</td>
<td>152</td>
</tr>
<tr>
<td>Communication</td>
<td>11</td>
<td>14</td>
<td>26</td>
<td>42</td>
<td>59</td>
<td>152</td>
</tr>
</tbody>
</table>

The resources in this case implies the funds needed to expand units, purchase capital items as indicated in the table above; 54(36%) of respondents were of the view that availability of resources as a factor always affect service delivery consequently, 47(31%) of the respondents indicated that it frequently affect service delivery subsequently,
24(16%) indicated that it sometimes affect while 16(10%) indicated that it rarely affect service delivery and finally 11(7%) indicated that inadequate resources does not affect service delivery. From the above data, availability of resources is a factor that consistently affects service delivery to a significant extent.

Management is not directly involved in delivering services to the clients and therefore is not privy to the shortcomings that employees are bound to face in meeting the various service targets. Respondents who felt that resources sometimes affect service delivery argued that NHIF has not adequately budgeted for most services offered, thus leading to under-funding of different activities in the organization. Respondents who claimed that resources are never a factor blamed inadequate service delivery on the wrong attitude of the employees and their lack of up to date information to serve them well.

Management rigidity is modeled from the leadership styles adopted by the organization which are democratic, autocratic and leisze faire. Because of the nature of the organization under research, which is aligned towards the bureaucratic model a number of respondents’ claimed that it denies the employees room to make free decisions as commands must be complied with. Respondents therefore postulated that each style of management has an impact on service delivery.

The style of management adopted guarantees workers their safety, job security, personal development etc. Rigidity can also instill both fear and confidence that would finally ensure smooth service delivery. Bureaucracies create order and discipline in work settings. Organizations therefore set rules and regulations in order to evolve a chain of command that will function if workers respect the hierarchy and obey instructions given
by their superiors. The key informants confirmed that NHIF uses both bureaucratic style and open door policy which has worked well for the provision of service delivery.

The table shows that 31(21%) of respondents opined that management rigidity always affect service delivery at NHIF; 34(22%) claimed that it frequently affect while 30(20%) indicated that it sometimes affects, 40(26%) of the respondents opined that it rarely affects and finally 17(11%) of the respondents indicated that management rigidity has no effect on service delivery. The respondents opined that a manager’s style of management will persuade the workers to do what the manager wants done. The style will make workers rebel or work closely with the manager to attain the set targets. This style is coined from the organizational culture.

Political intrusion is the art of meddling with the operations and smooth running of the organisation by the political class. It therefore curtails persuasive decisions from being made since those decisions must comply with the desires of the bourgeoisie. In terms of political interference from table above, 66(43%) of the respondents claimed that it always affect service delivery. This was due to the fear that the political elite instill in the leadership of various government departments e.g the case of former NHIF Mr. Kerich being taken to court over corruption. Whether the allegations are true or false it will persuade the next CEO’s decision.

Accordingly, 38(25%) were of the opinion that political interference frequently affect service delivery due to contribution of government to NHIF in terms of expanding its mandate through various legal frameworks and facilitation e.g the rule that all employers must register their employees with NHIF, 21(14%) were of the opinion that it sometimes affect service delivery. This they reported that despite politics theatrics, all organisations
are protected by law and no politician has a right to advance his/her interest in any organisation.

Consequently, 18(12%) of the respondents opined that political interference rarely affect service delivery as organisations are run by strategic plans and objectives which must be implemented in order to realise service delivery finally 9(6%) of respondents opined that politics has no role in service delivery. According to them service delivery is curtailed by the management who does not have the skills and technical knowhow. As a result, the key informants mentioned political interference as a key impediment to service delivery. This they adduced to interests in political appointments at the senior management and board of management level.

Sensitization and awareness is a state of imparting some experience or knowledge about an issue or a particular problem to a person or group of persons. In this context it entails NHIF updating the members of the public on the products that they are offering and how the products can benefit them. In that context and as per the table above, 30(20%) of the respondents were of the view that sensitization and awareness always affect service delivery.

According to the respondents, most clients have no clue on the processes and procedures which ultimately lead to conflicts and dissatisfaction among them, the commands are also not clear to them in terms of who to approach in case of clarification. Accordingly, 24(16%) opined that sensitization and awareness frequently affect service delivery due to inadequate staff to carry out the campaign and the indifference of management on the need of carrying out awareness assuming that as a public institution the public ought to
know the kind of services offered, 29(19%) were of the opinion that it sometimes affect service delivery.

They reasoned that whereas some members of the public are aware, there is a percentage which knows nothing however, NHIF has never taken time to do road shows in divisions and even at the local level in order to tap more members. According to these respondents some members of the public have no need to know attitude and thus cannot be persuaded to know, 43(28%) of the respondents were of the view that it rarely affect service delivery as awareness is a component that is not related to those who receive the service but to those who are expected to be brought on board as potential clients.

Service delivery therefore relates to those who are trapped in the organisation due to a claim they need paid or a service which they have to receive finally 26(17%) of the respondents claimed that sensitization and awareness has no role in service delivery. To them service delivery is pegged on those who visit the facility for services and not those who are to be sensitized. This was confirmed by key informants who mentioned various routine clinics which attract minimal public participation.

Overambitious targets are goals which are overstretched and thus not attainable as per the road map laid to achieve them. These are goals which are far above the capacity of NHIF to achieve like rolling a universal health insurance scheme for all Kenyan citizens when managing the current membership may be a challenge. In this context and as per the table above, 29(19%) of the respondents were of the view that overambitious targets always affect service delivery.

According to these respondents, most of the times NHIF has rolled programs in their outreach stations without adequate staff to manage those areas thereby affecting the flow
of services, 27(18%) were of the opinion that overambitious targets frequently affect service delivery due to focus on those areas at the expense of offering the basic services that are more critical and dear to the clients, management has therefore shifted focus to managing programs like covering outpatient services when inpatient services is still posing a great challenge in terms of uploading and updating members records on admissions, preparing records within 24 hours on patients admitted in various facilities and covering inpatients fully for all the services rendered.

Consequently, 22(14%) of respondents were of the opinion that it sometimes affect service delivery. This they argued that when such targets are well planned for and managed then they are bound to be a plus to NHIF but the problem is the implementation mechanisms which most often overlap thereby making it hard to achieve targets, 35(23%) of the respondents claim that it rarely affect service delivery as most NHIF programs are functional and the other targets are meant to reinforce what was already in place and functional finally; 39(26%) of the respondents opined that overambitious targets has no role in service delivery.

These respondents believe that an overambitious target is what makes the organisation world class. Those targets are meant to make employees work smart and be innovative. It makes NHIF up its game in a market full of competition from other medical insurance providers. Based on the above, key informants were of the view that most of these targets are not over-ambitious but short fall occasioned by inadequate funding by the government.
Departmental cohesiveness is synergy required of any group of people working together towards achieving a particular goal. In that context and based on the table above, 57(37%) of the respondents were of the view that departmental cohesiveness always affect service delivery. According to these respondents, most departments are not well co-ordinated and therefore do not cohere with other related departments. The respondents also claimed that most employees seem not to know what the other departments are doing, consequently, 41(27%) agreed that departmental cohesiveness frequently affect service delivery.

The respondents claimed that when following claim payments then most of the times departments accuse one another of delaying the whole process which is not usual for a cohesive team, 17(11%) were of the opinion that it sometimes affect service delivery. Respondents argued that most employees have not intergrated well into the systems thus the problem of departmental conflicts however; the management has put in place visible mechanisms that may counter the challanges of lack of cohesiveness like the development of organisational structure which shows the interrelationship between departments and satellite offices.

In that regard, 24(16%) of the respondents were of the view that it rarely affect service delivery because of the principle of separation of powers and delegation of responsibilities and finally 13(9%) of the respondents claimed that departmental cohesiveness has no role in service delivery. These respondents claimed that each department understands its role and execution of such roles has insignificant relation to cohesiveness. As departments execute their roles, they ultimately meet the core functions of the organisation which is anchored on service delivery. Besides that, key informants
mentioned mistrust and shadow boxing among employees as key to NHIF under-
performance in certain functions.

Communication is about dissemination of information within the organization both
horizontally and vertically. In that context of the table above, 59(39%) of the respondents
were of the opinion that communication always affect service delivery. According to
these respondents, the greatest challenge for NHIF in terms of delivery of services is
communication with the clients as individuals or corporate, the other challenge is the
mode of communication to a diversified chain of clientele who are of different social
class, races and tribes, 42(28%) agreed that communication frequently affect service
delivery.

The respondents claimed that most clarification are only received by clients when they
travel to the branch offices however most of them feel that more should be posted on the
organisation website, e-mail and outlook addresses for public information, 26(17%) were
of the opinion that it sometimes affect service delivery. Respondents argued that the
information they receive is after raising an issue that needs to be addressed based on
certain policies, some also mentioned that the supervisors do not convey any
management decisions to the branches and satellite offices making it hard for them to
receive proper feedback on matters raised, 14(9%) of the respondents claim that it rarely
affect service delivery because employees are always hellbent on sabotaging the system
so that the management is portrayed negatively and finally 11(7%) of the respondents
claimed that Communication has no role in service delivery. These respondents claimed
that communication like systems flow is a natural process that will always be there in any organisation. The problem is with rigid employees who refuse to work to create the impression that there is a problem.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes findings on the impact of performance contracting implementation on service delivery at the NHIF on the basis of the study objectives. It also makes relevant conclusions and recommendations in addition to suggesting areas for further research.

The study was a survey research that sought to identify, describe, analyze and interpret the existing situation at the particular point in time. Its specific objectives were:

1. To assess the impact of performance contracting implementation on service delivery at NHIF.
2. To establish the customers’ perceptions on the impact of performance contracts on member registration; claims processing; decentralization of services at NHIF.
3. To establish challenges affecting optimum service delivery and employee satisfaction at NHIF.

5.2 Summary of Findings

Impact of Performance Contracting On Member Registration and Claim Processing

The following factors were noted as affecting member registration accessibility to branches (62%), cost of registration(49%), registration requirements(51%) and accountability and transparency(52%) due to inadequate registration points, thus the need to open more satellite branches. Accountability needed attention due to the nature of the fund which is the only government owned medical insurance fund, consequently they noted that the registration process was much simpler.
Accordingly, registration procedures (50%), simplicity of the process (58%), period taken to block the card (55%) and promptness in card delivery (59%) had little impact on registration due to the administrative nature of the issues like denying members who refuse to comply with NHIF rules access to use their cards.

The claim attachments (54%) was noted to have an effect on claim processing due to attachment of various circulars citing procedures and requirements for claim purposes however, friendly claim processing environment (45%), prompt payment of claims (53%), adequate rebate provision (55%), clear communication of rejected claims (58%), convenience of payment modes (53%) and adherence to payment deadlines (50%) were noted to have less effect on claim processing due to human perception regarding non-existing issues like bad elevators, bad lighting, individual perception and inadequate funding to execute payments.

Whereas respondents felt that it was due to the bureaucratic and stringent procedures, the key informants felt that, the whole thing depends on hospitals who are used to giving incomplete documents.

**Impact of performance contracting on decentralization of services**

The following factors were noted to have an impact on decentralisation, accessibility of services by customers (65%), enhanced communication (52%), response time to complaints (54%), sensitization of members (61%) and simplified procedures (66%) due to availability of information and services close to the members, well informed staff members attached to the devolved units, adherence to service charters, availability of procedure manuals and handbooks. However, respondents also appealed for more
simplified procedures and decentralisation of all services like processing of claim payments at the branch level.

**Impact of Performance Contracting On Customer Feedback**

Efficiency (61%) was most rated as having high impact on customer feedback due to the shortened feedback period, adherance to quality objectives and policies. The following factors like accurate feedback (83%), rating of services (76%), overall process (70%), speed of delivery (65%), simplified procedures (79%) and accountability (85%) however did have an impact though not per excellence due to accessibility to the public, availability of accurate information, turn around time, strategic plans put in place, consistency of service delivery and enhanced decision making.

**Challenges to optimum Service delivery**

Inadequate financial resources (67%) political interference (68%) lack of departmental cohesiveness (64%) and communication (67%) were found to pose major challenges to optimum service delivery due to inadequate budgetary allocation for most services offered, fear of political class interfering with NHIF operations, too much bureaucracy as a result of government procedures and rigidities, lack of coordination and synergy among related departments and communication lapses and breakdown within NHIF. Level of sensitization and awareness (36%) and overambitious targets (37%) were found to have less effect on optimizing service delivery due to advantages that different management styles bring to the organization e.g. autocratic style which is meant to create order and proper command, public attitude of opting not to know or developing less
interest. Consequently, lack of planning and implementation mechanisms adopted by NHIF could pose a challenge other than the ambitious target.

5.3 Conclusion

On the impact of performance contracting on service delivery, this study concludes that, to recoup the specific benefits to performance contracting discussed earlier, NHIF has progressively disseminated its services through having more branches and satellite offices across the country. Information has been provided by NHIF through manuals, note book guides, internet, circulars and public engagements like sensitization in churches and funerals.

The modes of communication adopted by the management which ensures adequate feedback and decentralization of services as the main lubricant to implementation of various services confirms that NHIF has managed to clearly give direction to effective delivery of services.

On the challenges to optimum service delivery, this study concludes that NHIF needs more financial resources, less political interference and enhanced departmental cohesiveness in order to achieve its targets of providing excellent services.

5.4 Recommendations

From the findings of the study, the researcher makes the following recommendations:

1. To mitigate on the challenges to service delivery, inadequate financial resources was noted as a major factor to implementation of performance targets. The NHIF management should therefore employ more financial resources since this will assist in the improving the time taken to fully implement most performance targets. To achieve this, the Government should increase annual funding to help
mitigate the shortfall. This should be done in the shortest time possible to cater for
the expansion programs organized by NHIF.

2. Communication networks should be strengthened so that the members of the
public are in a position to continuously have updates on the new developments at
NHIF. This should be through sites like outlook, face book, release of pamphlets,
public road shows and other sensitization mechanisms.

3. Based on the responses relating to the impact of PC on service delivery, the NHIF
management needs to fast track on payment of claims which take a while longer
to process.

4. Inter-departmental meetings and team building should be enhanced to bring some
synergy within NHIF. Continuous seminars also need to be conducted to
enlighten the employees on the need to relate positively with one another and to
appreciate the role of each department in achieving the overall strategic
objectives.

5.5 Recommendations for further studies

Finally, it’s recommended that the same study be conducted after a period of three years
when the current strategic plan ends so as to establish if there was any significant change
as a consequence of the implementation of the strategic plan.
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Appendix 1: Letter of Introduction

QUESTIONNAIRE ON THE IMPACT OF PERFORMANCE CONTRACTING IMPLEMENTATION ON SERVICE DELIVERY AT THE NATIONAL HOSPITAL INSURANCE FUND

Respondent no………………………………………………………………………

Dear Respondent,

I am a Masters of Arts student, in the Labor Management Relations class at the University of Nairobi. I am presently carrying out a study on the impact of performance contracting implementation on service delivery at the National Hospital Insurance Fund. In particular, I would appreciate to know your opinion on the impact of Performance Contracting on: Member registration and claim processing at NHIF, Claim processing at NHIF, Decentralization of services at NHIF, Customer feedback at NHIF and Challenges affecting optimum service delivery at NHIF.

The information collected from you will be strictly confidential and your identity will be kept anonymous since you are not required to reveal your name both during interview and on the questionnaire. Please note that your honest opinion in answering the questions will be vital in understanding the subject under study.

Thanks in advance.

Yours faithfully

Nyikal, Annabel Muga
Appendix 11: Contributor/Customer Questionnaire

INSTRUCTIONS;
Do not write your name on this questionnaire.
Please give honest and correct answers to the questions asked in this questionnaire. Tick the appropriate information in the box and where necessary explain.

A) Background information

1. Gender
a) Male    b) Female

2. Age range
a) 18-30    b) 31-40    c) 41-50    d) Above 51

3. Marital status
a) Single    b) Married    c) Widowed
   d) Divorced    e) Separated

4. Level of education
a) Primary    b) Secondary    c) College    d) University    e) None

5. Employment status?
   a) Private    b) Public    c) Self employed    d) Retired

6. How long have you been a member of NHIF?
   a) Up to 5 yrs    b) 6-10 yrs    c) 11-15 yrs    d) 16-20 yrs
   e) 21-25 yrs    f) over 26 yrs
B. Impact Of Performance Contracting On Member Registration And Claim Processing


<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Accessibility to the branches</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Friendly registration process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Simplicity of the registration process</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>c) Reasonable period of blocking the card from use</td>
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<td>d) Promptness in card delivery</td>
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<td>e) Reasonable and affordable cost of registration</td>
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<tr>
<td>f) Registration requirements clearly specified</td>
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<td>g) Accountability and transparency in registration</td>
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8. In your opinion, what other variables affect registration at NHIF?

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9. If NHIF was to make improvement in the areas listed above, which item(s) would you prefer to be emphasized on in the order of priority and why?

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10. What challenges did you encounter in receiving the services in No. 7
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11. In your opinion, to what extent do the following variables affect claim processing at NHIF?


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<tbody>
<tr>
<td>a) Friendly claim processing</td>
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<td>b) Prompt payment of claims</td>
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<td>c) Rebate amount is adequate</td>
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<td>d) Rejected claim are clearly communicated</td>
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<td>e) Claim attachments clearly specified</td>
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<td>f) Convenience of payment mode</td>
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<td>g) Adherence to payment deadline</td>
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12. In your opinion, what other variables affect claim processing at NHIF?
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13. If NHIF was to make improvement in the areas listed above, which item(s) would you prefer to be emphasized on in the order of priority and why?
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14. What challenges did you encounter in following payment for claims?

C. Impact Of Performance Contracting On Decentralization Of Services

15. In your view, how would you rate the adequacy of NHIF in decentralization of its services?

   Scale: 5. Excellent  4. Extremely good 3. Good  2. Fair  1. Poor  0. Don’t know

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<tr>
<th>Item</th>
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<th>0</th>
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<tbody>
<tr>
<td>a) Accessibility of services by customers</td>
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<td>b) Enhanced communication</td>
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<td>c) Response time to complaints raised and adherence to schedules</td>
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<td>d) Sensitization of members</td>
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<tr>
<td>e) Simplified procedures</td>
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</table>

16. For improvement purposes, which item(s) would you prefer to be emphasized on in the order of priority and why?.................................................................

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17. Which other NHIF services are still in need of decentralization? Explain your answer……………………………………………………………………………………………
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18. In your own opinion did decentralization of services impact on workers performance? Explain your answer…………………………………………………………..
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D). Impact Of Performance Contracting On Customer Feedback

19. How would you rate the impact of PC on customer feedback at NHIF?

Scale: 5. Excellent  4. Extremely good 3. Good  2. Fair  1. Poor  0. Don’t know

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<tbody>
<tr>
<td>a) Accurate feedback</td>
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<td>b) Rating of services</td>
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<td>c) Efficiency</td>
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<td>d) Overall process</td>
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<td>e) Simplified procedures</td>
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<td>f) Speed of services</td>
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<td>g) Accountability and transparency</td>
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20. In your opinion, what other variables affect customer feedback at NHIF?
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21. If NHIF was to make improvement, which variable(s) would you prefer to be more emphasized on and why?

22. In your opinion, what are the strong areas identified at NHIF on customer feedback and why?

E. Challenges to Optimum Service delivery at NHIF

23. In your view, what challenges constrain optimum service delivery to customers at NHIF?
24. To what extent does each of the following additional factors constrain service delivery to customers at NHIF?


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<th>Factor</th>
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<tbody>
<tr>
<td>a) Inadequate resources</td>
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<td>b) Management rigidity</td>
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<td>c) Political interference</td>
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<td>d) Level of sensitization and awareness</td>
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<td>e) Overambitious targets</td>
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<td>f) Lack of departmental cohesiveness</td>
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<td>g) Communication</td>
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25. If NHIF was to make improvement in the areas listed above, which item(s) would you prefer in the order of importance to be given preference and why?

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26. In your opinion, how would the areas identified above be handled and why?

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Appendix 111: Senior Officers’ Interview Guide

Given the recent adoption and limited understanding by some implementation officials, PC implementation is facing some challenges in some institutions/organizations. I request that we discuss the impact of performance contracting implementation on service delivery at NHIF under the following guidelines:

- The impact of performance contracting on member registration.
- The impact of performance contracting on claim processing.
- The impact of performance contracting on decentralization of services.
- The impact on performance contracting on customer feedback.
- Challenges affecting optimum service delivery and employee satisfaction at NHIF.