



TURNAROUND STRATEGIES AND PERFORMANCE OF NATIONAL HOSPITAL INSURANCE FUND IN KENYA

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ABSTRACT

The objective of this study was to ascertain the impact of turnaround strategies on NHIF's performance in Kenya. The study specifically sought to determine the effects of repositioning, financial restructuring, organizational and market redefining turnaround techniques on NHIF's performance in Kenya. A census survey was conducted. Data were collected through semi-structured questionnaires for primary data and published reports for secondary data. A pilot study was conducted on 10% of respondents, ensuring content, construct, and convergent validity. Quantitative data were analyzed using SPSS version 23 for inferential and descriptive statistics, while content analysis was employed for qualitative data. Participants were provided with contact information for clarification, and their consent was obtained. Clear instructions outlining the study's purpose and voluntary participation were included in the questionnaire. The study revealed that Financial Restructuring ($r = 0.831$) had a supportive role, with a non-significant direct impact ($\beta = 0.267$, $p = 0.175$). Reorganization ($r = 0.758$) significantly improved performance ($\beta = 0.674$, $p = 0.002$). Repositioning ($r = 0.863$) had the strongest impact ($\beta = 1.244$, $p < 0.001$), while Market Redefinition ($r = 0.736$) also significantly boosted performance ($\beta = 1.310$, $p < 0.001$). The study therefore concluded that while financial restructuring provides a necessary foundation, reorganization, repositioning, and market redefinition are critical drivers of NHIF's performance improvement. Repositioning, in particular, was found to have the strongest positive effect, underscoring the importance of strategic renewal. The study hence recommended that NHIF should integrate financial restructuring with other strategies, prioritize reorganization efforts to enhance efficiency, refine its repositioning strategies to maintain market presence, and explore new market opportunities. Continuous adaptation and strategic refinement are essential for sustaining long-term success.

Key Words: *Repositioning, Financial Restructuring, Organizational, Market Redefining Turnaround*

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INTRODUCTION

In recent times, there has been a heightened interest in service management and public sector performance globally, emphasizing the critical need for organizations to perform effectively in order to achieve their objectives (Haksever, 2018). This is particularly relevant for NHIF, which must perform efficiently to meet its yearly predetermined goals. Organizations worldwide have recognized the significance of implementing effective turnaround strategies to enhance their performance (Shet, Patil & Chandawarkar, 2019). The effectiveness of these strategies is crucial for organizational survival and development (Schleicher, Baumann, Sullivan & Yim, 2019).

NHIF's performance is contingent upon its adaptability to environmental changes, necessitating the adjustment of turnaround strategies in response to these changes (Sadq, Othman & Mohammed, 2020). Globally, the measurement of public sector organizations poses challenges, but it is a highly relevant issue (Grossi, Kallio, Sargiacomo & Skoog, 2019). The application of performance management in the United States serves as a key tool for assessing the present situation and making decisions to improve service quality (Audenaert, Decramer, George, Verschuere & Van Waeyenberg, 2019).

Turnaround strategies, including financial restructuring, repositioning, reorganization, and market redefinition, are visible in US corporations and are considered indispensable in the dynamic business environment (Luu, 2019). In China, state corporations face annual performance challenges, necessitating constant adaptation through turnaround strategies (Westenholz, 2018). The ease of implementing these strategies in China is facilitated by technological advancements (Routledge, 2019). Malaysia's public sector reform has garnered international attention, particularly in performance evaluation and management (Kloot & Martin, 2016). The management of performance in Malaysia involves goal-setting and achievement through various assessment programs and

turnaround strategies to enhance service quality, transparency, and accountability (Hatry, 2017). In Sub-Saharan Africa, poor public sector performance is a prevalent issue due to inappropriate technologies, incompetence, defective capital structures, bureaucratic inflexibility, and ineffective turnaround strategies (Obasa, 2018).

In Kenya, the public sector's performance has been adversely affected by challenges such as inadequate performance feedback mechanisms, weak performance measures, and ineffective turnaround strategies (Ngumbau, 2016). External changes, including economic fluctuations, technological advancements, globalization, and evolving client demands, further necessitate thoughtful consideration by Kenyan corporations (Wachira and Anyieni, 2017). As organizations strive to achieve their objectives, the implementation of the right turnaround strategies is crucial to overcoming challenges and providing effective solutions (Jansen, Vera, and Crossan, 2016). Burnes (2019) defines turnaround strategies as a systematic way to ensure that change is carried out completely and smoothly, focusing on the larger implications of change on individuals or groups, enabling a shift from the past to the present and future situations.

Statement of Problem

The primary goal of any health fund is to ensure efficient service delivery to its members, and evaluating client satisfaction is a crucial aspect of continually assessing service provision (Donabedian, 2019). NHIF, with the objective of effective and efficient service delivery, has undergone significant reforms and changes through strategic planning. However, past performance assessments reveal that NHIF did not meet the expectations of its members, leading to concerns about the perceived lack of value for their contributions. The Fund's performance is currently on a downward trajectory, posing potential financial difficulties in the future if corrective strategies are not implemented promptly (Report of the Auditor-General, 2022).

Studies conducted by McDowell and Newell (2020) have identified issues such as delays in claims

payments and card processing as contributors to the negative public perception of NHIF. Despite offering an affordable package of 500 KSH per family per month, the scheme has struggled to attract a substantial number of Kenyans, with many viewing it as a program primarily designed for the employed. This situation has left a significant portion of the population vulnerable to the burden of high medical bills, exacerbating the challenges in a country grappling with persistent poverty (Wagura, 2019). Notably, even with the implementation of turnaround strategies, settling hospital bills remains a challenge for uninsured patients, compelling families to organize fundraising activities or sell property to meet medical expenses.

While prior research, exemplified by Mungai and Bula (2018) concerning turnaround strategies and Kenya Airways' performance, has underscored the considerable influence of such strategies on organizational effectiveness, their relevance to state corporations in Kenya remains uncertain. Despite the existence of several studies on turnaround strategies within the Kenyan context (Nacheri & Ogolla, 2015; Mbogo & Waweru, 2014; Kinyanjui & Ngugi, 2014; and Birir, et al., 2014), there's a noticeable dearth of research specifically probing the correlation between turnaround strategies and NHIF's performance in Kenya. Furthermore, the majority of these cited studies concentrated on the repercussions of turnaround strategies on private enterprises or foreign public sectors. As a result, this proposed study seeks to bridge this empirical void by scrutinizing the impact of turnaround strategies on NHIF's performance in Kenya.

Objectives of the Study

The overarching goal was to ascertain the impact of turnaround strategies on NHIF's performance in Kenya. The study was guided by the following specific objectives;

- To evaluate how repositioning turnaround techniques affects NHIF's performance in Kenya

- To assess how Kenya's NHIF's performance is impacted by financial restructuring turnaround initiatives.
- To ascertain how organizational turnaround tactics affect the NHIF's performance in Kenya.
- To ascertain how market redefining turnaround techniques affect NHIF's success in Kenya.

LITERATURE REVIEW

Balanced Scorecard Theory

A paradigm change in strategic management was ushered in by Robert S. Kaplan and David P. Norton's creation of the Balanced Scorecard (BSC) theory in the early 1990s. It unveiled a comprehensive framework intended to go beyond traditional financial measurements and assess organizational performance from a variety of angles. Kaplan and Norton promoted a well-rounded strategy that takes into account several points of view, including internal operations, learning and development, and customer pleasure. By integrating organizational strategy with operational operations, this holistic approach promotes a mutually beneficial link between strategic goals and operational results.

In the context of NHIF in Kenya, the relevance of the Balanced Scorecard theory cannot be overstated. As a linchpin of the healthcare sector, NHIF stands to benefit immensely from a balanced approach that transcends mere financial considerations. By embracing a holistic perspective encompassing customer satisfaction, internal efficiency, and continuous learning, NHIF can fortify its position as a cornerstone of healthcare provision in Kenya.

Goal-Setting Theory

The inception of Goal-Setting Theory by Locke in 1966 marked a seminal moment in the annals of organizational psychology. Locke's theory posits that specific and challenging goals engender superior performance compared to vague, generalized objectives. At its core, this theory underscores the potency of clear, unequivocal goals

as catalysts for heightened motivation and performance.

The salient premise of Goal-Setting Theory extends beyond individual endeavors to permeate organizational echelons, delineating a roadmap for collective achievement. Specific, challenging goals serve as beacons of direction, galvanizing individuals and organizations to channel their efforts towards tangible objectives. By crystallizing objectives, individuals can calibrate their efforts, surmount obstacles, and navigate the intricacies of complex tasks with unwavering resolve.

Resource-Based View Theory

A paradigm change in strategic management was signaled in 1991 by Barney's groundbreaking work on the Resource-Based View, or RBV, theory, which highlighted the critical role that internal resources and capabilities play in sustaining competitive advantage. Fundamentally, Resource-Based View holds that a company's ability to perform better depends on having valuable assets that are uncommon, one-of-a-kind, and non-replaceable. The crux of RBV theory lies in its emphasis on the heterogeneity and immobility of strategic resources across firms, underpinning the notion that competitive advantage emanates from the possession of distinctive capabilities. By cultivating a reservoir of unique resources and capabilities, firms can fortify their strategic positioning, erecting formidable barriers to imitation and replication.

Resource-Based View theory offers a compelling framework for NHIF to navigate the intricacies of the healthcare landscape, capitalizing on its internal reservoir of resources and capabilities to foster competitive advantage and strategic resilience. By embracing the tenets of RBV theory, NHIF can chart a course towards enduring success, enriching the lives of millions through its unwavering commitment to healthcare provision.

The Generic Strategy Theory

Porter's seminal work on the Generic Strategy Theory in 1985 crystallized the essence of strategic

choice, delineating a typology of competitive approaches for firms to pursue within their chosen market domain. At its core, the Generic Strategy Theory encapsulates a tripartite framework comprising cost leadership, differentiation, and focus strategies, each offering a distinct pathway to competitive advantage.

The Generic Strategy Theory offers NHIF a blueprint for competitive differentiation and strategic alignment, empowering the organization to navigate the complexities of the healthcare landscape with poise and purpose. By embracing the tenets of cost leadership, differentiation, or focus strategies, NHIF can chart a course towards enduring success, enriching the lives of millions through its steadfast commitment to healthcare provision.

Stage Theory of Successful Turnaround

Manimala's Stage Theory of Successful Turnaround, posited in 1991, represents a seminal contribution to the field of organizational revitalization, offering a structured approach for firms to navigate the treacherous waters of performance decline and recovery. Fundamentally, Manimala's approach outlines a four-phase framework that includes stopping illness, concentrating on core business, growing and expanding, and institutionalizing via culture building. Each step of the framework represents a crucial turning point in the turnaround process.

The Stage Theory of Successful Turnaround offers NHIF a structured approach for organizational revitalization, empowering the organization to navigate the complexities of performance decline with poise and purpose. By adhering to Manimala's prescribed sequence of stages, NHIF can orchestrate a comprehensive turnaround strategy, replete with targeted interventions and strategic imperatives, propelling itself towards a brighter, more prosperous future.

Empirical Literature Review

Restructuring Turnaround Strategy

In many organizational contexts, the burden of interest payments emerges as a significant impediment to financial viability, necessitating strategic interventions to alleviate financial distress. A study by Scherrer (2019) in the USA examined the impact of financial restructuring turnaround strategy on the financial competencies of businesses, revealing a nuanced interplay between strategic initiatives and financial outcomes. Utilizing a descriptive research design, the study underscored the efficacy of financial restructuring strategies such as debt deferral and equity conversion in bolstering financial resilience and competitiveness.

Turner and Radford (2020) conducted a desk review studying the effects of financial restructuring turnaround on the performance of agricultural firms in South Africa, elucidating the strategic imperatives underpinning financial revitalization in a sector grappling with myriad challenges. The study underscored the pivotal role of strategic partnerships and cost optimization initiatives in bolstering financial resilience and competitiveness.

Reorganization Turnaround Strategy

Amidst the throes of organizational distress, reorganization emerges as a potent antidote, offering firms a pathway to renewal and revitalization. Hoshino (2018) conducted a study on the reorganization turnaround strategy and its impact on the performance of commercial banks in Japan, illuminating the strategic imperatives underpinning organizational revitalization in a sector grappling with seismic shifts. Utilizing a descriptive research design, the study underscored the efficacy of strategic reorganization initiatives in enhancing performance resilience and fortifying organizational vitality.

By examining the connection between restructuring turnaround tactics and the performance of small and medium-sized businesses (SMEs) in Kenya, Sije, Omwenga, and Iravo (2020) illuminated the potentially transformative effects of strategic interventions in promoting organizational sustainability and resilience. The research outlined the characteristics of reorganization techniques using a descriptive survey approach, emphasizing their effectiveness in maximizing efficiency in operations and promoting performance recovery.

Conceptual Framework

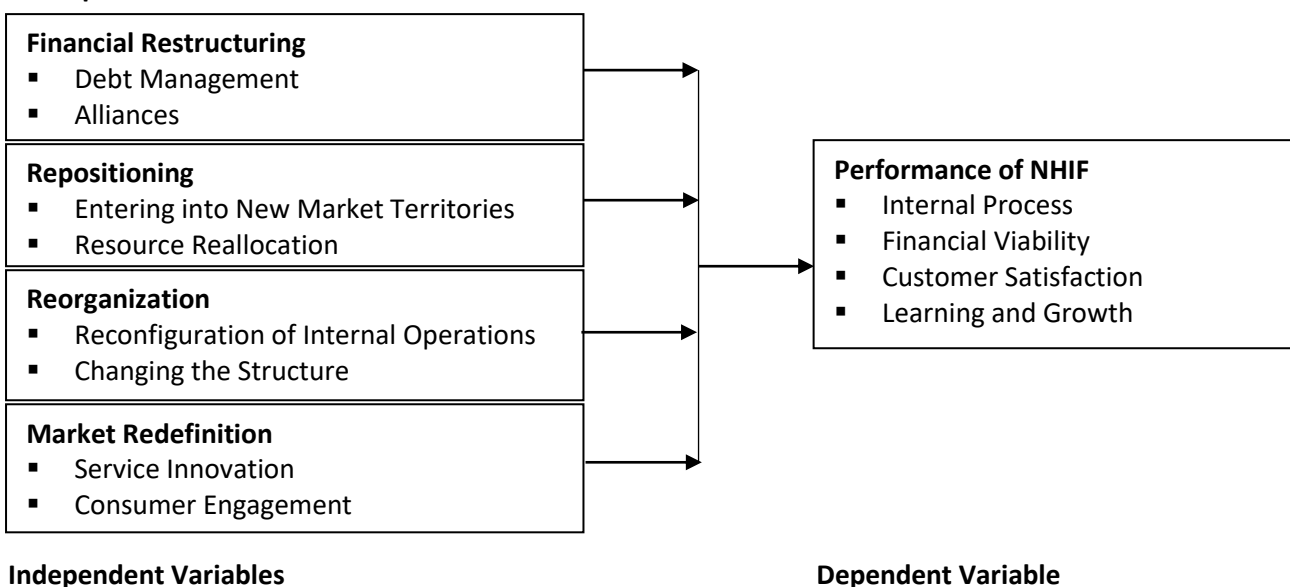


Figure 1: Conceptual Framework

METHODOLOGY

The research design, crucial for objective and clear evidence gathering, involved adopting a descriptive research design, as explained by Zikmund (2013). The National Hospital Insurance Fund (NHIF) offices in Nairobi County served as the study's unit of observation. The target audience consisted of 110 persons who held senior management roles in the firm, such as branch managers, managers, directors, and heads of departments. 110 people made up the study's sample size, representing the entire population.

The research collected data from primary and secondary sources. Semi-structured questionnaires were used to gather primary data while secondary data were gathered through published reports, including strategic plans and annual reports.

The accuracy of the instrument, reliability was evaluated using Cronbach's Alpha.

Quantitative data underwent both inferential and descriptive statistical techniques utilizing SPSS

version 23 software. The presentation of quantitative findings included percentages, means, and standard deviations. A multiple regression analysis model was employed to assess the impact of independent variables on the dependent variable. Qualitative data underwent content analysis, and a multiple regression analysis was also conducted for a comprehensive evaluation of the data. These analytical techniques provided a robust framework for examining the relationships between variables and deriving meaningful insights from the collected data.

RESEARCH FINDINGS AND DISCUSSIONS

Response Rate

The study administered a total of 110 questionnaires out of which 102 questionnaires were dully filled and returned. This represented a response rate of 92.7% as shown in Figure 2.

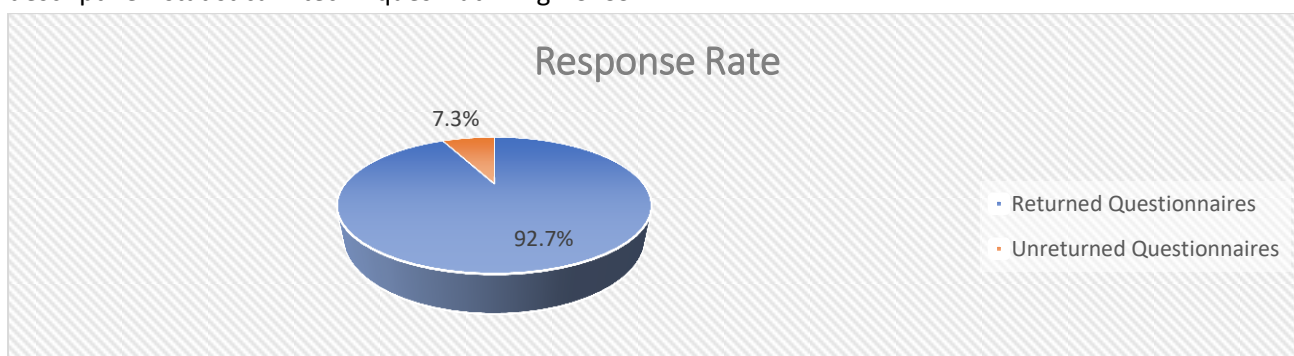


Figure 2: Response Rate

Source: Research Data (2024)

Descriptive Analysis

Financial Restructuring Turnaround Strategy

The first objective of the study was to evaluate how

repositioning turnaround techniques affects NHIF's performance in Kenya. The findings are as shown in Table 1.

Table 1: Financial Restructuring Turnaround Strategy

	N	Mean	Std. Deviation
I have expertise in the financial reorganization within this industry.	102	4.47	4.007
It is essential for the company to transform debt into equity.	102	4.08	.898
Converting equity into debt is advantageous for steering the company towards profitability.	102	4.21	.749
Collaboration or partnership yields more significant advantages for our company compared to individual efforts.	102	4.14	.821
Establishing strategic vertical alliances either develops or sustains strategic options for our company.	102	4.03	.814
Strategic vertical alliances play a crucial role in mitigating substantial financial risks that our business encounters	102	4.13	.713
Valid N (listwise)	102		

Source: Research Data (2024)

The results show that the majority, as shown by the mean of 4.47 and standard deviation of 4.007, strongly agreed that they have expertise in financial reorganization within this industry. This finding concurs with Mungai and Bula (2018), who revealed that financial restructuring requires specific industry knowledge and expertise to implement effectively. The results also show that the majority, as shown by the mean of 4.08 and standard deviation of 0.898, strongly agreed that it is essential for the company to transform debt into equity. This finding concurs with Umar (2023), who revealed that strategic financial restructuring, including debt-equity adjustments, can significantly improve a company's financial position.

The results show that the majority, as shown by the mean of 4.21 and standard deviation of 0.749, strongly agreed that converting equity into debt is advantageous for steering the company towards profitability. This finding concurs with Muturi and Odollo (2019), who revealed that successful turnarounds often involve a combination of financial restructuring activities to improve profitability. The results also well show that the majority, as shown by the mean of 4.14 and standard deviation of 0.821, strongly agreed that collaboration or partnership yields more significant

advantages for their company compared to individual efforts. This finding concurs with Cucaro (2019), who revealed that strategic alliances and collaborations can be crucial for successful turnarounds.

The results further show that the majority, as shown by the mean of 4.03 and standard deviation of 0.814, strongly agreed that establishing strategic vertical alliances either develops or sustains strategic options for their company. This finding concurs with Schweizer, and Nienhaus (2017), who revealed that strategic alliances can provide new opportunities and enhance a company's competitive position during turnarounds. The results lastly show that the majority, as shown by the mean of 4.13 and standard deviation of 0.713, strongly agreed that strategic vertical alliances play a crucial role in mitigating substantial financial risks that their business encounters. This finding concurs with Schweizer and Nienhaus (2017), who revealed that strategic partnerships can help distribute and mitigate financial risks during turnaround efforts.

Reorganization Turnaround Strategy

The second objective of the study was to assess how Kenya's NHIF's performance is impacted by financial restructuring turnaround initiatives. The findings are as shown in Table 2.

Table 2: Reorganization Turnaround Strategy

	N	Mean	Std. Deviation
I have experience with restructuring within our business.	102	3.99	.751
Adapting internal operations contributes to our organization's long-term performance improvement.	102	4.20	.821
By making adjustments to both internal and external activities, the business may make effective use of its resources while pursuing its goals.	102	4.01	.711
By implementing a consistent marketing message throughout the business, our firm may offer a coherent image to suppliers and consumers by modifying both internal and external activities.	102	4.10	.790
Modifying the structure enables our business to focus more successfully on a certain set of objectives.	102	4.03	.789
By removing redundant tasks and redundancies from the management structure, "runarounds" are less likely to occur.	102	4.09	.733
Valid N (listwise)	102		

Source: Research Data (2024)

The results show that the majority, as shown by the mean of 3.99 and standard deviation of 0.751, strongly agreed that they have experience with restructuring within their business. This finding concurs with Muturi and Odollo (2019), who revealed that organizational experience with restructuring is crucial for successful turnarounds. The results also show that the majority, as shown by the mean of 4.20 and standard deviation of 0.821, strongly agreed that adapting internal operations contributes to their organization's long-term performance improvement. This finding concurs with Wandera, (2019), who revealed that internal operational adaptations are essential for sustainable turnaround success.

The results show that the majority, as shown by the mean of 4.01 and standard deviation of 0.711, strongly agreed that by making adjustments to both internal and external activities, the business may make effective use of its resources while pursuing its goals. This finding concurs with Nduta and Deya (2020), who revealed that comprehensive restructuring, addressing both internal and external factors, is crucial for resource optimization during turnarounds. The results also well show that the majority, as shown by the mean of 4.10 and standard deviation of 0.790, strongly agreed that by implementing a consistent marketing message

throughout the business, their firm may offer a coherent image to suppliers and consumers. This finding concurs with Muzny and Simba F. (2019), who revealed that consistent communication and branding are important aspects of successful turnaround strategies.

The results further show that the majority, as shown by the mean of 4.03 and standard deviation of 0.789, strongly agreed that modifying the structure enables their business to focus more successfully on a certain set of objectives. This finding concurs with Immaculate and Kiiru (2022), who revealed that structural modifications can enhance strategic focus during turnarounds. The results lastly show that the majority, as shown by the mean of 4.09 and standard deviation of 0.733, strongly agreed that by removing redundant tasks and redundancies from the management structure, "runarounds" are less likely to occur. This finding concurs with Sulaiman et al. (2022), who revealed that streamlining management structures can improve efficiency and reduce operational issues during turnarounds.

Repositioning Turnaround Strategy

The third objective of the study was to ascertain how repositioning turnaround strategy affect the NHIF's performance in Kenya. The findings are as shown in Table 3.

Table 3: Repositioning Turnaround Strategy

	N	Mean	Std. Deviation
I have knowledge of implementing a repositioning strategy in our business.	102	4.09	.797
The adoption of a repositioning strategy has enhanced the overall performance of our business.	101	3.95	.931
By entering new markets, our organization may expand its knowledge and apply innovative, successful business strategies to a variety of industries.	102	4.07	.936
Our organization may gain from synergy via the sharing of ideas and learning from various markets and business cultures.	102	4.02	.820
Opening a shop in a new market excites consumers and draws attention from the media for our business.	102	4.20	.630
Our organization may attain economies of scale via the effective deployment of resources.	102	4.07	.824
Valid N (listwise)	102		

Source: Research Data (2024)

The results show that the majority, as shown by the mean of 4.09 and standard deviation of 0.797, strongly agreed that they have knowledge of implementing a repositioning strategy in their business. This finding concurs with Mungai, and Bula (2018), who revealed that knowledge of repositioning strategies is crucial for successful turnarounds. The results also show that the majority, as shown by the mean of 3.95 and standard deviation of 0.931, strongly agreed that the adoption of a repositioning strategy has enhanced the overall performance of their business. This finding concurs with Muturi, and Odollo (2019), who revealed that effective repositioning can significantly improve organizational performance during turnarounds.

The results show that the majority, as shown by the mean of 4.07 and standard deviation of 0.936, strongly agreed that by entering new markets, their organization may expand its knowledge and apply innovative, successful business strategies to a variety of industries. This finding concurs with Wandera, (2019), who revealed that market expansion can lead to knowledge acquisition and strategic innovation during turnarounds. The results also well show that the majority, as shown by the mean of 4.02 and standard deviation of 0.820,

strongly agreed that their organization may gain from synergy via the sharing of ideas and learning from various markets and business cultures. This finding concurs with Mwikya and Khamah (2020), who revealed that cross-market learning and synergies can enhance turnaround effectiveness.

The results further show that the majority, as shown by the mean of 4.20 and standard deviation of 0.630, strongly agreed that opening a shop in a new market excites consumers and draws attention from the media for their business. This finding concurs with Muzny and Simba (2019)), who revealed that market expansion can generate positive consumer and media attention during turnarounds. The results lastly show that the majority, as shown by the mean of 4.07 and standard deviation of 0.824, strongly agreed that their organization may attain economies of scale via the effective deployment of resources. This finding concurs with Bibeault (2017), who revealed that strategic resource deployment can lead to economies of scale, enhancing turnaround success.

Market Redefinition Turnaround Strategy

The fourth objective of the study was to ascertain how market redefining turnaround techniques affect NHIF's success in Kenya. The findings are as shown in Table 4.

Table 4: Market Redefinition Turnaround Strategy

	N	Mean	Std. Deviation
I've had experience putting our company's market redefinition approach into practice.	102	4.04	.795
If the market redefinition approach is neglected, our organization runs a serious danger of failing.	102	3.99	.838
Service innovation has shown a great deal of inspiration and lays out a desired future condition for our business.	102	3.87	.817
Well-chosen service innovations may help our business become more profitable by cutting manufacturing expenses.	102	4.05	.736
Our company's reputation improves when the innovation is made apparent to clients, raising the possibility that it will be seen as a market leader.	102	4.05	.825
Customers may continue doing business with us thanks to the consumer engagement approach, which has a good effect on our company's growth	102	4.04	.783
Valid N (listwise)	102		

Source: Research Data (2024)

The results show that the majority, as shown by the mean of 4.04 and standard deviation of 0.795, strongly agreed that they've had experience putting their company's market redefinition approach into practice. This finding concurs with Muzny and Simba (2019), who revealed that practical experience in market redefinition is crucial for successful turnarounds. The results also show that the majority, as shown by the mean of 3.99 and standard deviation of 0.838, strongly agreed that if the market redefinition approach is neglected, their organization runs a serious danger of failing. This finding concurs with Bibeault (2017), who revealed that market redefinition is often critical for avoiding organizational failure during turnarounds.

The results show that the majority, as shown by the mean of 3.87 and standard deviation of 0.817, strongly agreed that service innovation has shown a great deal of inspiration and lays out a desired future condition for their business. This finding concurs with Reger (2017), who revealed that service innovation can provide a clear vision for future success during turnarounds. The results also well show that the majority, as shown by the mean of 4.05 and standard deviation of 0.736, strongly agreed that well-chosen service innovations may help their business become more profitable by

cutting manufacturing expenses. This finding concurs with Bhattacharyya and Malik (2020), who revealed that strategic service innovations can improve profitability during turnarounds.

The results further show that the majority, as shown by the mean of 4.05 and standard deviation of 0.825, strongly agreed that their company's reputation improves when the innovation is made apparent to clients, raising the possibility that it will be seen as a market leader. This finding concurs with Fairley (2019), who revealed that visible innovation can enhance organizational reputation during turnarounds. The results lastly show that the majority, as shown by the mean of 4.04 and standard deviation of 0.783, strongly agreed that customers may continue doing business with them thanks to the consumer engagement approach, which has a good effect on their company's growth. This finding concurs with Al-abadleh (2018), who revealed that effective consumer engagement strategies can drive growth during turnarounds.

NHIF's performance in Kenya

The study determines the performance of National Health Insurance Fund Performance in Kenya and the findings are as shown in Table 5.

Table 5: NHIF's Performance in Kenya

	N	Mean	Std. Deviation
The effectiveness and efficiency of NHIF's internal operations significantly impact the performance of the company as a whole.	102	3.73	1.016
How well do you think the NHIF's internal procedures ensure that its beneficiaries get healthcare services on time and accurately?	100	4.15	.716
The NHIF has robust and stable financial viability, which enhances the organization's sustainability.	101	4.13	.783
In order to ensure stability and long-term survival, please grade NHIF's capacity to manage its financial resources properly.	102	4.27	.692
I am happy with the services that NHIF offers when taking into account aspects like communication, accessibility, and the general customer experience.	102	4.05	.801
Please indicate how well you believe NHIF responds to the needs and concerns of its clients and how much their offerings meet your standards for high-quality medical treatment	102	4.11	.807
Valid N (listwise)	102		

Source: Research Data (2024)

The results show that the majority, as shown by the mean of 3.73 and standard deviation of 1.016, strongly agreed that the effectiveness and efficiency of NHIF's internal operations significantly impact the performance of the company as a whole. This finding concurs with Al-abadleh (2018), who revealed that internal operational efficiency is crucial for overall organizational performance during turnarounds. The results also show that the majority, as shown by the mean of 4.15 and standard deviation of 0.716, strongly agreed that NHIF's internal procedures ensure that its beneficiaries get healthcare services on time and accurately. This finding concurs with Reger (2017), who revealed that effective internal processes are essential for service delivery in turnaround situations.

The results show that the majority, as shown by the mean of 4.13 and standard deviation of 0.783, strongly agreed that the NHIF has robust and stable financial viability, which enhances the organization's sustainability. This finding concurs with Pandit (2000), who revealed that financial stability is crucial for long-term sustainability in turnaround scenarios. The results also well show that the majority, as shown by the mean of 4.27 and standard deviation of 0.692, strongly agreed with NHIF's capacity to manage its financial

resources properly to ensure stability and long-term survival. This finding concurs with Muzny and Simba (2019), who revealed that effective financial management is critical for organizational stability and longevity during turnarounds.

The results further show that the majority, as shown by the mean of 4.05 and standard deviation of 0.801, strongly agreed that they are happy with the services that NHIF offers when taking into account aspects like communication, accessibility, and the general customer experience. This finding concurs with Muzny and Simba (2019), who revealed that customer satisfaction is a key indicator of successful turnarounds. The results lastly show that the majority, as shown by the mean of 4.11 and standard deviation of 0.807, strongly agreed that NHIF responds well to the needs and concerns of its clients and that their offerings meet standards for high-quality medical treatment. This finding concurs with Fairley (2019), who revealed that responsiveness to client needs and maintaining service quality are crucial for successful turnarounds in service-oriented organizations.

Inferential Analysis

Correlation Analysis

This section presents the results for correlation analysis that was conducted to test the nature and strength of the association between independent

(FRTS: Financial Restructuring Turnaround Strategy, STS: Reorganization Turnaround Strategy, RTS: Repositioning Turnaround Strategy, MRTS: Market Redefinition Turnaround Strategy) and dependent variables (PNHIF: NHIF's performance in Kenya). Table 6 presents the correlation matrix.

Table 6: Correlation Matrix

		FRTS	STS	RTS	MRTS	PNHIF
FRTS	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	102				
STS	Pearson Correlation	.761**	1			
	Sig. (2-tailed)	.001				
	N	102	102			
RTS	Pearson Correlation	.704**	.691**	1		
	Sig. (2-tailed)	.038	.102			
	N	102	102	102		
MRTS	Pearson Correlation	.790**	.642**	.590**	1	
	Sig. (2-tailed)	.005	.043	.069		
	N	102	102	102	102	
PNHIF	Pearson Correlation	.831**	.758**	0.863	.736**	1
	Sig. (2-tailed)	0.007	.000	.002	.003	
	N	102	102	102	102	102

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Keys: FRTS: Financial Restructuring Turnaround Strategy, STS: Reorganization Turnaround Strategy, RTS: Repositioning Turnaround Strategy, MRTS: Market Redefinition Turnaround Strategy and PNHIF: Performance of NHIF

Source: Research Data (2024)

The study reveals a strong positive correlation ($r = 0.831$, $p < 0.01$) between Financial Restructuring Turnaround Strategy (FRTS) and performance at NHIF (PNHIF). This significant relationship highlights the critical role financial restructuring plays in enhancing organizational performance. The results align with Mokaya's (2022) research, which emphasized that addressing financial distress through measures like cost reduction, asset restructuring, and debt management is fundamental in corporate turnarounds. These strategies are often essential in reversing organizational decline. The current study indicates that NHIF's performance improvements are closely linked to its financial restructuring efforts. These efforts may include cost-cutting measures, improved financial management practices, and

strategic reallocation of resources, all of which help streamline operations and enhance financial health, thus boosting overall performance.

The analysis shows a strong positive correlation ($r = 0.758$, $p < 0.01$) between Reorganization Turnaround Strategy (STS) and NHIF's performance. This underscores the importance of organizational restructuring in achieving performance improvements. The results are in line with the work of Kamencu and Deya (2018), who argued that successful turnarounds often involve a combination of retrenchment and recovery strategies, including changes in organizational structure, leadership, or processes. NHIF's performance enhancements can be attributed to its reorganization efforts, such as structural changes, leadership transitions, or the refinement of operational processes. These

initiatives are instrumental in creating a more agile and responsive organization, which is better positioned to navigate challenges and drive sustainable performance improvements.

The study finds a very strong positive correlation ($r = 0.863$, $p < 0.01$) between Repositioning Turnaround Strategy (RTS) and NHIF's performance, suggesting that strategic repositioning plays a pivotal role in organizational success. This finding is supported by the research of Rutou and Wanjira (2024), who emphasized the significance of strategic renewal in turnaround situations. They noted that successful turnarounds often involve reevaluating the organization's strategic position, including its market focus, value proposition, and competitive advantages. NHIF's performance improvements are largely attributable to its repositioning efforts, which may involve redefining its service offerings, shifting its target markets, or refining its competitive strategy. This allows NHIF to align more closely with market demands and enhance its relevance in the healthcare sector.

The analysis reveals a strong positive correlation ($r = 0.736$, $p < 0.01$) between Market Redefinition Turnaround Strategy (MRTS) and NHIF's performance. This indicates that market-oriented strategies are key to improving organizational outcomes. The findings resonate with Wamiti's (2021) research, which suggested that redefining market approaches—such as market segmentation, positioning, or expansion into new markets—is often vital for reversing an organization's decline. In NHIF's case, performance improvements are linked to its market redefinition efforts, which may include focusing on new customer segments, enhancing customer engagement strategies, or expanding into underserved markets. These initiatives help NHIF better meet customer needs and maintain competitiveness, leading to improved performance in the long term.

Model Summary

The model summary provides insights into the overall fit of the multiple regression analysis.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.842 ^a	.717	.770	.690

a. Predictors: (Constant), FRTS: Financial Restructuring Turnaround Strategy, STS: Reorganization Turnaround Strategy, RTS: Repositioning Turnaround Strategy, MRTS: Market Redefinition Turnaround Strategy and PNHIF: Performance of NHIF

Source: Research Data (2024)

With an R value of 0.842, there is a strong positive correlation between the predictor variables (FRTS, STS, RTS, and MRTS) and the dependent variable (PNHIF). The R Square of 0.717 indicates that 71.7% of the variance in NHIF performance can be explained by the four turnaround strategies. The Adjusted R Square of 0.770 provides a more conservative estimate, suggesting that 77% of the

variance is explained when accounting for the number of predictors. This high explanatory power demonstrates that the turnaround strategies collectively have a substantial impact on NHIF's performance. The standard error of the estimate (0.690) indicates the average deviation of predicted values from actual values, suggesting relatively good prediction accuracy.

ANOVA^a

Table 8: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.942	4	1.188	2.493	.000 ^b
	Residual	44.808	97	.477		
Total		50.750	101			

a. Dependent Variable: Performance at NHIF

b. Predictors: (Constant), FRTS: Financial Restructuring Turnaround Strategy, STS: Reorganization Turnaround Strategy, RTS: Repositioning Turnaround Strategy, MRTS: Market Redefinition Turnaround Strategy and PNHIF: Performance of NHIF

Source: Research Data (2024)

The ANOVA results show that the regression model is highly statistically significant ($F = 2.493$, $p < 0.001$). This indicates that the combination of turnaround strategies (Financial Restructuring, Reorganization, Repositioning, and Market Redefinition) significantly predicts NHIF performance. The model explains some variation in performance, as evidenced by the regression sum of squares (5.942). However, the larger residual sum of squares (44.808) suggests that while these strategies are important predictors, other factors not included in the model may also significantly influence NHIF performance.

The use of ANOVA in results is essential for several reasons. It aids in determining the statistical significance of the correlations identified in your regression study. The substantial F-value (2.493) and p-value ($p < 0.001$) demonstrate that the

amalgamation of turnaround tactics considerably forecasts NHIF's performance, consequently reinforcing their pertinence in enhancing organizational results. ANOVA evaluates the efficacy of your regression model by contrasting the regression sum of squares (5.942) with the residual sum of squares (44.808). This comparison indicates that while the model accounts for some variability in performance, the substantial residual implies that other variables may potentially considerably affect NHIF's performance. This comprehension not only bolsters the credibility of your study but also provides practical suggestions for NHIF's leadership, indicating that concentrating on certain turnaround techniques may yield more performance enhancements. The use of ANOVA enhances the study and provides a robust basis for examining the elements affecting NHIF's performance.

Coefficients^a

Table 9: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.230	.745		0.679	0.499
	FRTS	0.267	0.193	0.218	1.38	0.175
	STS	0.674	0.218	0.38	3.000	0.002
	RTS	1.244	0.227	0.934	5.348	0.000
	MRTS	1.310	0.202	0.880	6.446	0.000

a. Dependent Variable: Performance at NHIF

Source: Research Data (2024)

Keys: FRTS: Financial Restructuring Turnaround Strategy, STS: Reorganization Turnaround Strategy, RTS: Repositioning Turnaround Strategy, MRTS: Market Redefinition Turnaround Strategy and PNHIF: Performance of NHIF

The optimal model therefore became;

$$P = 3.230 + 0.267 \text{ FRTS} + 0.674 \text{ STS} + 1.244 \text{ RTS} + 1.310 \text{ MRTS} + \epsilon$$

Where

P = Composite index of Performance at NHIF

FRTS = Financial Restructuring Turnaround Strategy

STS = Reorganization Turnaround Strategy

RTS = Repositioning Turnaround Strategy

MRTS = Market Redefinition Turnaround Strategy

ϵ = Error Term.

The analysis shows that the coefficient for the Financial Restructuring Turnaround Strategy is $\beta=0.267$ with a p-value of 0.175, which exceeds the conventional significance threshold of 0.05. This suggests that while there is a positive relationship between the Financial Restructuring Turnaround Strategy and NHIF's performance in Kenya, the effect is not statistically significant. Specifically, a one-unit increase in the Financial Restructuring Turnaround Strategy is associated with an increase of 0.266 units in NHIF's performance.

Reorganization Turnaround Strategy

The coefficient for the Reorganization Turnaround Strategy is $B=0.674$, with a p-value of 0.002, indicating statistical significance ($p<0.05$). This finding suggests that the Reorganization Turnaround Strategy has a positive and significant impact on NHIF's performance in Kenya. A one-unit improvement in the Reorganization Turnaround Strategy is predicted to enhance performance by 0.654 units.

Repositioning Turnaround Strategy

The coefficient for the Repositioning Turnaround Strategy is $B=1.244$, with a p-value of 0.000, indicating a highly significant positive effect on NHIF's performance in Kenya ($p<0.05$). An enhancement in the Repositioning Turnaround Strategy by one unit is associated with an increase of 1.244 units in NHIF's performance.

Market Redefinition Turnaround Strategy

The coefficient for the Market Redefinition Turnaround Strategy is $B=1.310$, with a p-value of 0.000, suggesting a highly significant positive effect on NHIF's performance in Kenya ($p<0.05$). An improvement in the Market Redefinition Turnaround Strategy by one unit corresponds to a 1.310 unit increase in performance.

CONCLUSIONS AND RECOMMENDATIONS

The study concluded that while financial restructuring strategies show a strong positive correlation with NHIF's performance, their direct impact is not statistically significant when considered alongside other turnaround strategies. This suggests that financial restructuring may play a more supportive role in NHIF's turnaround efforts, potentially laying the groundwork for other more directly impactful strategies. The findings indicate that while addressing financial issues is important, it may not be sufficient on its own to drive substantial performance improvements. NHIF should view financial restructuring as a necessary but not sole component of its turnaround efforts, integrating it with other strategies for optimal results.

The study concluded that reorganization turnaround strategies have a significant positive impact on NHIF's performance. This indicates that efforts to restructure the organization, including changes in organizational structure, leadership, or operational processes, are crucial drivers of performance improvement. The findings suggest that NHIF's reorganization efforts have been effective in enhancing efficiency, improving resource allocation, or optimizing decision-making processes. The study underscores the importance of continuous organizational adaptation and improvement in driving performance. NHIF should continue to prioritize and refine its reorganization strategies as a key component of its ongoing turnaround efforts.

The study concluded that repositioning turnaround strategies have the strongest and most significant positive impact on NHIF's performance among all

strategies examined. This indicates that fundamental changes in NHIF's strategic position, including its market focus, value proposition, and competitive advantages, are critical drivers of performance improvement. The findings suggest that NHIF's efforts to redefine its strategic position in the market have been highly effective. The study emphasizes the importance of continuous strategic renewal and adaptation to changing market conditions. NHIF should continue to prioritize and refine its repositioning strategies as a cornerstone of its turnaround efforts and long-term success.

The study concluded that market redefinition turnaround strategies have a significant positive impact on NHIF's performance, second only to repositioning strategies. This indicates that efforts to redefine market approaches, including changes in market segmentation, positioning, or expansion into new markets, are crucial for improving performance. The findings suggest that NHIF's market redefinition efforts have been highly effective in enhancing its connection with its markets and customers. The study underscores the importance of market-oriented strategies in driving organizational performance. NHIF should continue to prioritize and refine its market redefinition strategies, ensuring they remain aligned with evolving customer needs and market dynamics.

The study recommended that NHIF should continue to pursue financial restructuring as a foundational element of its turnaround efforts. However, it should be integrated with other strategies to maximize its effectiveness. NHIF should focus on improving financial transparency, optimizing debt management, and enhancing cost efficiency. By doing so, the organization can create a stable financial base that supports other critical strategic initiatives. Additionally, NHIF should regularly review and adjust its financial restructuring plans to ensure they align with changing internal and external financial environments.

The study recommended that NHIF should prioritize ongoing reorganization efforts to enhance operational efficiency and decision-making

processes. This includes revising organizational structures to improve communication and streamline operations, as well as investing in leadership development and talent management. NHIF should also consider implementing robust performance management systems to monitor and reward staff contributions. By continuously adapting and refining its organizational structure, NHIF can improve resource allocation and operational effectiveness, which are crucial for sustained performance improvements.

The study recommended that NHIF should continue to refine its strategic repositioning efforts to maintain a strong market presence. This includes reassessing and possibly expanding its value proposition, ensuring it meets the evolving needs of its customer base. NHIF should invest in market research to better understand customer preferences and competitive dynamics. Additionally, the organization should focus on enhancing its branding and communication strategies to effectively convey its value to potential and existing customers. By maintaining a proactive approach to repositioning, NHIF can strengthen its competitive edge and ensure long-term success.

The study recommended that NHIF should continue to explore new market opportunities and refine its market segmentation strategies. This involves identifying underserved segments and tailoring services to meet their specific needs. NHIF should also consider expanding its services to new geographic regions or market segments where it can leverage its strengths. Additionally, the organization should engage in continuous market analysis to anticipate and respond to changes in market conditions and customer preferences.

The study recommends further research to explore the long-term effects of turnaround strategies on NHIF's performance, particularly focusing on customer satisfaction, stakeholder engagement, and regulatory impacts. Future studies should also consider comparative analysis with other health insurance organizations.

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