INFLUENCE OF STRATEGIC EVALUATION ON OPERATIONAL EFFICIENCY OF NATIONAL SOCIAL SECURITY FUND IN KENYA

Nyabuto Rose Osebe ✉

School of Business, Jomo Kenyatta University of Agriculture and Technology, Kenya

nyabutorose11@gmail.com

Wanyoike Daniel M.

School of Business, Jomo Kenyatta University of Agriculture and Technology, Kenya

Abstract

This study evaluated the influence of strategic evaluation on operational efficiency in the National Social Security Fund in Kenya. The specific objective was to determine the influence of risk mitigation on operational efficiency of the organization. The study adopted the value chain and Mintzberg theories. The study used descriptive research design where target population comprised of 74 NSSF managers. Census method was adopted. The collected data using structured questionnaires were coded and analyzed using SPSS Version 21. Various statistical measures including frequencies, percentages, means, standard deviations, correlation analysis and regression analysis were applied. Research hypothesis was tested at 95% confidence level. The study findings were presented using tables. It was established that risk mitigation ($r = 0.557$; $p < 0.05$) was positively, moderately and significantly related to operational efficiency of the NSSF. Strategic evaluation characterized by risk mitigation explained 31.0% of operational efficiency at the pension fund. The null hypothesis were rejected. The study concluded that mitigating risks was likely to result in improved operational efficiency of the pension scheme. The study recommends that the NSSF should always have in place a sound risk identification system. The study recommended that as part of their strategic evaluation, the management of this pension fund should put great emphasis on how pertinent risks should be mitigated in order to enhance efficiency of operations at the organization.

Keywords: National Social Security Fund, operational efficiency, risk mitigation, strategic evaluation

INTRODUCTION

Efficiency is a concept of performance. Therefore, operational efficiency and performance management are associated. The foregoing is alluded to the fact that a highly efficient entity is expected to post high performance, and the reverse is also true. According to Armstrong (2004), performance management is described as a strategic and integrated approach aimed at delivering sustained success to organizations by enhancing the performance of the persons who work with those entities. Developing the capacity of both individuals and teams, the performance is likely to be bolstered. Performance management encapsulates the process of work planning, monitoring, and evaluation with the object of continuous improvement of individuals and teams, and ultimate success of the organization (Akata, 2003).

In Indonesia, strategy evaluation practice and effectiveness has been the subject of much of academic debate in the Western Context. An investigation into the strategic management process and its effect on firms performance in the Indonesian context, reveal that strategic evaluation has important contributions in achieving a better organization performance (Sosiawani, Ramli, Mustafa &Yusoff, 2015).

In the case of South Africa, the Public Service Commission (PSC), each department under the various ministries is required to come up with a five-year strategic plan. The plan must in alignment with the government strategic direction (PSC, 2008). The strategic plans are in tandem with the electoral cycles both at the national and provincial levels. However, their evaluation is more frequent. The bottom line of strategic evaluation is the understanding of what should be the focus of the evaluation. It is further postulated that at provincial level, departmental strategic plans ought to be in cue with the growth and development strategies and as such should rhyme with the local integrated development plans. The strategic plans are crucial in that they facilitate the preparation of budgets by each department which are submitted to the Treasury and eventually to Parliament or provincial legislature for approval.

In Kenya, the strategic evaluation concept started much later with evidence of the first strategic evaluation plan being the Economic Recovery Strategy for Wealth and Employment Creation (ERS) of 2003 – 2007 (Mwangi, 2013). Strategic evaluation is now accepted by Government as a key tool in Results Based Management. It is applied together with other tools such as performance contracting, service charters and performance appraisal as a means of improving operational efficiency in public service delivery (Malei, 2015).

Public sector in Kenya particularly parastatals are considering crafting strategic evaluation to acts as a guide in policy formulation and developing detailed plans that will helping them achieve their strategic goals. National Social Security Fund (NSSF) is one of the institutions that have realized the worth of adopting a strategic evaluation plan which was one of

the reforms agenda of 2013 by the public service. This was aimed at enabling State Corporations to provide quality services to the public (Maina, 2014). Personnel practices and governance issues affect effectiveness of strategic management process especially on evaluation (Thuo&Katuse, 2013). Environmental analysis and stakeholder involvement are key in enhancing full implementation of strategic plans (Okwako, 2013). Additionally, public participation and adequate funding are important elements in the strategic management process (Rintari & Moronge, 2014).

The National Social Security Fund (NSSF) was established in 1965 through an Act of Parliament Cap 258 of the Laws of Kenya. The Fund initially operated as a Department under the Ministry of Labour until 1987 when the NSSF Act cap 258 was amended transforming the Fund into a State Corporation under the Management of a Board of Trustees. The Act was established as a mandatory national scheme whose main objective was to provide basic financial security benefits to Kenyan upon retirement. The Fund was set up as a Provident Fund providing benefits in the form of a lump sum. The NSSF Act, No.45 of 2013 was assented to on 24th December, 2013 and commenced on 10th January, 2014 thereby transforming NSSF from a Provident Fund to a Pension Scheme to which every Kenyan with an income shall contribute a percentage of his/her gross earnings so as to be guaranteed basic compensation in case of permanent disability, basic assistance to needy defendants in case of death and a monthly life pension upon retirement.

The overall position of NSSF after changes in the external environment is seen as rigid and ready to face competition from other pension schemes providers. Financial management has improved and the corporate image is also changing tremendously. However it was felt that a change in the top management would go a long way in improving the operations of NSSF (Gichumbi, 2008). The reform effort has resulted to a detailed manpower and succession planning which effectively addresses the future needs of the group and career development of individual employees. NSSF has opened membership to the self-employed and all other groups of workers in the informal sector under the new NSSF Act. The other change initiatives include the introduction of diversified benefits which include funeral grant which is now payable to meet basic burial expenses of a deceased member. Customer service has considerably improved with members now able to access their benefits from branches all over the country and further, the claims settlement period has been reduced from 60 days to 21 days (Nyororo, 2006).

Statement of the Problem

Strategic evaluation plays a significant role in achieving better organizational performance. As a result, the strategic evaluation concept was introduced in Kenya's public sector during the mid-

1980's in quest for efficiency in government administration. The concept has, therefore, helped public institutions in becoming more result oriented. It is imperative for the NSSF, which is one the State corporations to execute its operations in a very effective manner to meet the needs of pensioners who at the time of retirement have no income from active employment. Operational efficiency of the NSSF in Kenya has, however, been of major concern over the years. As per the NSSF annual report for the financial year 2016/2017 processing time for standard claims was 14 working days against set target of 12 days for the said year. Reducing benefits processing time for standard claims to 5 working days by 2019 was one of the strategic objectives of NSSF in its Corporate Strategic Plan of 2014/2019. However, this has not been achieved as per the Funds' performance for the last 36 months. As at June 2017 number of days taken to pay standard claims was 14 days compared to NSSF Uganda where payments are made within 2 days. The foregoing is against expectations granted that Kenya is ahead of its neighbors in East Africa in virtually all socio-economic spheres. This has been the case despite the Fund's efforts to enhance operational efficiency by embracing strategic evaluation and the adoption of Social Security and Pension Administration System (SSPAS) and System Administration Programme (SAP) whose aims were to enhance operational efficiency as stipulated in NSSF Corporate Strategic Plan of 2009/2014. This study therefore assessed the influence of strategic evaluation on operational efficiency of NSSF in Kenya.

Objective of the Study

To examine the effect of risk mitigation on operational efficiency of National Social Security Fund

Research Hypothesis

H_{01}: There exists no statistically significant effect of risk mitigation on operational efficiency of National Social Security Fund.

THEORETICAL REVIEW

This study was based on both the value chain theory and Mintzberg's theory.

Value Chain Theory

The value chain theory was proposed by Porter (1985) in his book "Competitive Advantage: Creating and Sustaining Superior Performance". The theory postulates that a value chain is a collection of activities that are performed by a company to create value for its customers (Van Vliet, 2010). Value chain approaches have been used to guide product and process

innovations, Businesses use collaborative value chain concepts to identify efficiencies and competitiveness both within and among firms to build win-win relationships. Governments can use value chain approaches as tools to protect threatened links and facilitate upgrading of others to generate greater returns (Webber & Labaste, 2010).

As applied to this study, the theory holds that strategic evaluation processes would influence operational efficiency. This is true since each of the strategic evaluation plans may be regarded as a value chain activity and the best product can be achieved by adding value in each of the stages (Saha, 2011). Therefore, an organization needs to focus on the entire value chain rather than focus on a particular aspect (Reji, 2013). Only when an organization arranges its strategic evaluation process into systems and systematic activities will it be able to produce something for which customers are willing to pay a price (Recklies, 2001). Therefore, in relation to value chain theory, the NSSF and other pension funds, they have to understand the entire value chain which means they have to systemize their strategic evaluation for them to achieve efficiency in their operations.

Mintzberg Theory

This theory was adopted from Henry Mintzberg's thesis on the nature of managerial work in 1973. Mintzberg's empirical research involved observing and analyzing the actual work habits and time management of Chief Executive Officers (CEOs). The theory postulates that the relationship between strategy and planning is a constant theme (Kumar, 2015). This theory provides potential answers to critical questions about current theoretical constructs in archival thinking. Management is incorporated into every aspect of an organization and involves different roles and responsibilities. Henry Mintzberg defined ten management roles within three categories namely interpersonal, informational, and decisional. Each of the three categories embraces the different roles

According to Minzberg, interpersonal involves the figurehead, leader and liaison. The figure head performs a number of routine duties of legal or social nature while the leader motivates and activates subordinates, performs staffing, training and associated duties. The role of liaison is to maintain a self-developed network of outside contacts and informers who provide favors and information.

Informational involves the mentor, disseminator and the spokesman. According to Minztberg the mentor seeks and receives a variety of special information (much of it current) to develop a thorough understanding of the organization and the environment and emerges as the nerve center of internal and external information for the organization. Disseminator's role is to transmit information received from outsiders or from other subordinates to members of the

organization. Some information is factual; some involves interpretation and integration of diverse value positions of organizational influences. Disseminating what is of value, and how, is a critical informational role whereas the Spokesman transmits information (plans, policies, results, and etcetera) within and outside of the organization and serves as an expert on the organization's industry.

Decisional includes the entrepreneur, disturbance handler resource allocator and negotiator each performing different roles. Entrepreneur searches the organization and its environment and initiates improvement projects to bring about change; and supervises design of certain projects as well. Disturbance handler takes corrective action when the organization faces important, and unexpected disturbances. Resource allocator allocates the organization's resources, and makes or approves of all significant organizational decisions while the negotiator represents the organization at major negotiations.

A manager's job is never static; it is always dynamic. At any given time, a manager may carry out some combination of these roles to varying degrees, from none of the time to 100 percent of the time. Throughout an individual's working life, a person may hold various management positions that call upon different roles. No one person can be all things to all people. While these ten roles are highly useful in framing organizational leadership, to expect one person to fill each role in a large organization is impractical. Instead, hiring managers will hire people with one or two specific roles in mind, thereby creating a team of managers capable of handling the wide variety of challenges in the business world today.

As applied to this study, the theory holds that performance review would influence operational efficiency. This is true considering the fact that performance review is aimed at ensuring that an organization's goals and objectives are being achieved in an efficient and effective way (Molofo, 2012). However, the theory does not provide an articulate model of the managerial context and dismisses level in hierarchy which is important in establishing accountability (Fowke, 2010), an important element in ensuring operational efficiency.

EMPIRICAL LITERATURE REVIEW

An empirical study done by Karami (2008) sought to find out the relationship between risk mitigation to strategic evaluation in the British electronic manufacturing industry. Using empirical evidence and a survey of 132 CEOs, the study concluded that there is a significant relationship between environmental scanning and the success of the firm in SMEs in the electronic industry. The study recommended that in order to apply the strategic risk mitigation system in the firm and benefit from it, there is need to consider risk mitigation as a base for strategic evaluation process.

A study was conducted by Zhang, Majid and Foo (2010) to establish the risk mitigation and information literacy skills at the workplace. The overview found out that majority of the studies investigating risk mitigation focused on easily measurable variables such as frequency of scanning, use of different kinds of information sources and scanned environmental sectors. They suggested that other activities such as needs identification, information processing, organizing, dissemination and utilization should also be given focus. They proposed a model to address these limitations that also covers the influence of information literacy skills on final outcome of risk mitigation. Risk mitigation conducted during the strategic planning exercise also play a significant role towards the success of the strategic evaluation and the desired outcomes.

A study conducted by Jalal (2011) on evaluation of risk mitigation (RM) in Bahrain. The study indicated that risk mitigationis a process used by firms to handle risks and seize opportunities related to the achievement of their goals. RM provides a framework for managing risk, which typically involves identifying particular activities applicable to the firm's goals, evaluating them and their magnitude of impact, determining a response scheme, and monitoring progress. This study measured the awareness of Bahrain financial sector of Risk Mitigation and if companies maintain an effective RM framework. The results showed success since all organizations were aware of RM and had an efficient RM framework in place.

In a study conducted by Sev, Alabar, and Wombo (2012) investigated the role of risk mitigation in enhancing operational efficiency in Dangote Cement PlcGboko plant Nigeria it was revealed that risk mitigation can enhance improvement in operational efficiency and innovation. Through monitoring the relevant environments, an organization is able to identify opportunities and threats affecting its operations and make the necessary financial resources and knowledgeable experts available in order to enhance its competitiveness

In a study conducted by Nyaga (2014) to determine the level of evaluation of risk mitigation by pension fund management organizations in Kenya and also to evaluate the impacts of enterprise risk management on the firm's financial performance, using regression results it was revealed that event identification, risk evaluation, goal setting, and communication of information had negative impacts on the financial performance of fund management firms while, internal environment, response of risk and control activities had positive impacts on the fiscal performance of pension investment firms in Kenya. The study recommended that the pension fund management firms in Kenya must hire robust enterprise risk management practices, improve on internal environment evaluation procedures and control activities as these are likely to determine their financial performance in one way or another.
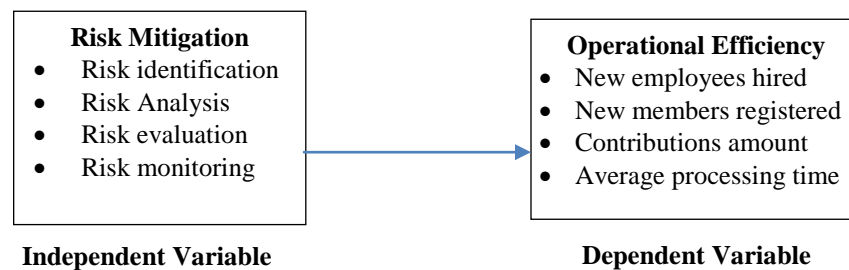
Muteti, (2014) carried out a study on the relationship between fiscal risk mitigation practices and financial performance of commercial banks in Kenya. Findings from this study

showed that all banks had a formal risk mitigation system in place and that all the banks had similar risk mitigation environment, policies and procedures. Similarly, the banks used very efficient levels of risk monitoring and management information systems and internal controls. They, however, had various mixes of risk monitoring schedules and there was a disparity between the various banks in the responsibility for identifying, managing and controlling risks as well as back up of system and data files. The overall finding was that banks have highly effective risk mitigation practices and there was a strong relationship between bank performance and efficiency of the bank's risk mitigation practices.

An investigation by Wambua and Omondi (2016) examined the factors affecting risk mitigation of organizations. The study focused on East Africa Breweries Limited as a case study. Using case study research design and a sample of 75 respondents comprising of top, middle and low level management ranks they found that Organizational strategy and information communication technology (ICT) are important in predicting environmental scanning.

CONCEPTUAL FRAMEWORK

Figure 1: Conceptual framework

Risk Mitigation
- Risk identification
- Risk Analysis
- Risk evaluation
- Risk monitoring

Independent Variable

Operational Efficiency
- New employees hired
- New members registered
- Contributions amount
- Average processing time

Dependent Variable

In the conceptual framework depicted in Figure 1, there are two different types of variables namely; independent and dependent variables. Independent variable is risk mitigation while the dependent variable is operational efficiency. As outlined by the framework, in order to efficiently undertake risk mitigation, NSSF needs to conduct risk identification, analysis, evaluation and monitoring.

METHODOLOGY
Research Design

This study was conducted by adopting a descriptive research design. This research design seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitudes, behaviour or values (Mugenda & Mugenda, 2003). The design is ideal

because it ensures complete description of the situation, making sure that there is minimum bias in the collection of data and finding out the what, where and how of a phenomenon (Kothari, 2008).   In reference to the present study, the chosen research design facilitated description of issues touching on all aspects of strategic evaluation (risk mitigation, resource accountability, and learning processes) and also operational efficiency of the NSSF in Kenya. The design further guided the determination of the effect of strategic evaluation on operational efficiency of the mentioned pension fund.

Target Population

A population is defined as an entire group of individuals, events or objects with some common observable characteristics (Mugenda & Mugenda, 2003).   The target population for this study constituted the 74 managers working with the National Social Security Fund in Kenya. They comprise of the managers that are involved in strategic evaluation and, therefore, are anticipated to be in a position to give the right information. The members of the target population also constituted the study population since the study comprised of all the management staff working with the NSSF in Kenya. Distribution of the study population is as outlined in Table 1.

Table 1: Distribution of the study population

Name of Managers	Number of Managers
Branch managers	60
Investment Managers	3
Operations Managers	6
Corporate affairs managers	3
Strategy Research and Development Manager	2
Total	**74**

Source: Human Resource, National Social Security Fund (2017)

Census Design

Census design involves including all members of the study population in the study itself. To this effect, all members have a 100% chance to participate in the study. According to Kothari (2004), census design eliminates both the sampling error and sampling bias in addition to enhancing the generalizability of the study results to the study population. Given that the study population was relatively small (N < 100), the census design was necessitated (Kothari, 2008). Therefore, due to the small size of the study population (N = 74), the study used census design to include all the managers in the study. Therefore all the 74 managers participated by providing information on the strategic evaluation and operational efficiency of NSSF in Kenya.

Research Instrument

A research instrument is a tool that facilitates collection of data from respondents. The choice of instrument is determined by the study objectives, research design and also the research approach (quantitative or qualitative or both). In the context of the present study, the research design was descriptive while the approach was quantitative. Therefore, a structured questionnaire which contains exclusively close-ended questions was used to aid in data collection. The questionnaire was self-designed. In relation to the study variables the questions therein were on a 5-point Likert scale.

Pilot Testing

The pilot testing of the research instrument was done on a cross-section of management staff working with the National Hospital Insurance Fund (NHIF) in Nakuru Branch. The choice of the NHIF for the pilot study was that it was similar to the NSSF in terms of services it extends to the public The participants of the pilot study constituted 10% of the sample size which is 7 (Cooper & Schilder, 2011). The rationale of conducting the pilot study was in order to determine both the validity and reliability of the data collection instrument.

Validity testing

According to Kimberlin and Winterstein (2008), validity is a test that seeks to determine the extent to which a research instrument facilitates collection of requisite data as it purports. In other words, it aims to test whether the data collected using the instrument of choice can manage to effectively address the study objectives or not. To ensure the content validity in the study, the researcher sought expert opinion from the assigned University supervisor. The supervisor assessed the items contained in the questionnaire for legibility, clarity, comprehensiveness and capacity to adequately and appropriately address the study variables and objectives. Based on the feedback, the tool was revised to address probable shortcomings.

Reliability testing

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). In this study, reliability of the research instrument was tested using the Cronbach's Alpha Coefficient (α). A summary of reliability test results is as indicated in Table 2.

Table 2: A Summary of reliability test results

Study Construct	Number of Test Items	Cronbach's Alpha
Risk mitigation	8	0.887
Operational efficiency	5	0.722

According to the illustrations shown in the above tables, the 2 study constructs, that is, risk mitigation (0.887) and operational efficiency (0.722) returned alpha values greater than recommended reliability threshold of Cronbach's alpha coefficient equal to or greater than 0.7 ($\alpha \geq 0.7$). Therefore, the entire research questionnaire was found to be reliable enough for use in the data collection for the main study.

Data Collection Procedure

Data were collected from primary sources through use of a set of structured questionnaires. An authorization letter was collected from Jomo Kenyatta University of Agriculture and Technology prior to collection of data for the study. Drop-and-pick later method was adopted where respondents were allowed a duration of one week to fill the questionnaires after which the filled ones were duly collected. In the case of managers working at far-flung branches of the NSSF, the questionnaires were emailed to them. They were required to fill in the questionnaires and email back the filled ones to the researcher within one-week period.

Data Processing and Analysis

The collected data were analyzed using the Statistical Package for Social Sciences (SPSS) Version 24 software. The analysis captured both descriptive and inferential statistics. Descriptive statistics included frequencies, percentages, means, and standard deviations. On the other hand, inferential statistics were in form of Pearson's correlation and multiple regression. The following regression model was adopted.

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$

Where;

Y	represents	Operational Efficiency
β_0	represents	Constant
X_1	represents	Risk Mitigation
ε	represents	Error term
β_1,	represents	Regression coefficient of the Independent Variable

The null hypothesis was tested at 95% confidence level. The findings of the study were presented in statistical tables that were accompanied by pertinent interpretations and discussions.

RESULTS AND DISCUSSIONS

Response Rate

In ordinary circumstances, some of the questionnaires issued to the respondents in respect of a given study fail to be filled, returned or are filled incompletely or inappropriately. In this regard, therefore, there is a certain allowable threshold of the proportion of appropriately filled questionnaires subject to the nature of the study (Nulty, 2008). In this study, a total of 74 questionnaires were issued. The questionnaires that were filled and collected from the respondents were 64. However, the ones that were appropriately and completely filled were 60. Therefore, the response rate was 81.08%. The conspicuously high response rate was attributed to the fact that the administration of the questionnaires was conducted by the researcher in person.

Descriptive Statistics

Descriptive statistics for risk mitigation

The study examined the perceptions of the management staff working with the NSSF in regard to risk mitigation adopted by the institution. The views in this respect are as shown in Table 3. The analyzed data were on a 5-point Likert scale ranging from 'never (N)' to 'seldom (Se)' to 'sometimes (S)' to 'often (O)', and ultimately to 'always (A)' which were represented by integers 1 to 5 respectively.

The study established that half (50.0%) of the managers held the view that the NSSF often employ an effective risk identification system. An additional 40.0% believed that the institution always used an effective risk identification system. It was also found that 40.0% and 36.7% of the managers stated that they often and always respectively, able to identify the areas that affect organizations set goals and objectives. Though majority (50.0%) of the participating management staff stated that they always knew the techniques that can be used to analyze risks in the organization, a substantive number (23.3%) only seldom knew about the said techniques.

An equal number of managers believed that the identified risks were sometimes (26.7%) and often (26.7%) measured. On average, however, the identified risks were often measured (mean = 3.90). There was good variation in the opinions of the respondents (std dev = 0.838). While 33.3% of the respondents opined that the frequency of evaluating risks in their

departments was utmost conducted sometimes, an equal proportion admitted that the evaluation was often done (33.3%) and a similar number (33.3%) was of the view that the evaluation was always carried out. Expectedly, there was large variation in the opinions of the participating management staff (std dev = 1.033) which was relatively bad in that it depicted that some of the respondents held extreme opinions.

Most of the managers working with the NSSF in Kenya (36.7%) held the view that risks in their departments were often reviewed while a substantive number (33.3%) stated that the review was sometimes effected. On average, the management staff opined that the review was often carried out and the variation in their opinions was good (mean = 3.77; std dev = 0.890). Although most of the managers (30.6%) stated that risks were often reported by their departments, there was extreme variation in the opinions of the managers regarding the same (std dev = 1.078). Majority of the respondents opined that at the NSSF, monitoring of the identified risks was sometimes effected (40.0%). In tandem, there was extreme variation (std dev = 1.057) in the views of the managers regarding monitoring of risks.

Table 3: Descriptive statistics for risk mitigation

	N	A	O	S	Se	N	Mean	Std. Dev.
How often does your organization employ an effective risk identification system	60	40.0	50.0	10.0	0	0	4.30	.646
How often are you able to identify the areas that affect organizations set goals and objectives	60	36.7	40.0	20.0	3.3	0	4.10	.838
Do you know the techniques that can be used to analyze risks in your organization	60	50.0	16.7	23.3	6.7	3.3	4.03	1.149
How often are the identified risks measured	60	30.0	26.7	26.7	16.7	0	3.90	.838
What is the frequency of evaluating risks in your department	60	33.3	33.3	20.0	13.3	0	3.87	1.033
Kindly state the frequency of reviewing risks in your department	60	23.3	36.7	33.3	6.7	0	3.77	.890
How often are risks reported by your department	60	30.0	26.7	26.7	16.7	0	3.70	1.078
How often is the monitoring of the identified risks effected	60	26.7	23.3	40.0	6.7	3.3	3.63	1.057

Descriptive statistics for operational efficiency

The study further analyzed the opinions of managers working with the State's pension fund regarding operational efficiency in the institution. The results to this effect are as shown in Table 4. The respondents were required to rate operational efficiency based on specified parameters on a scale of 5 points. According to the scale, integers 1 to 5 represented 'very poor (VP)', 'poor (P)', 'average (A)', 'good (G)', and 'very good (VG)' respectively.

The study established that, there was general agreement amongst the managers that there was a good number of new members registered with the NSSF against the set targets (mean = 4.17); the number of new employers registered with the NSSF against the set targets was also good (mean = 4.10); and that the speed of services delivered against the specifications on customer service charter was satisfactory or good (mean = 4.00). Majority of the respondents (N > 50.0%) stated that the foregoing parameters were either good or very good. In the same light, there was good variation in their views regarding the same aspects (std dev < 1.000).

The study further established that 40.0% of the managers held the opinion that growth in the amount of contributions against the set targets was good with only 3.3% indicating that the growth was poor. Moreover, 36.7% of the respondents opined that the average processing time of members' dues upon maturity was good, while an equal number of managers viewed the processing time to be average. However, there was a general agreement that the average processing time was good (mean = 3.80) with the respondents expressing similarity in their views (std dev = 0.840).

Table 4: Descriptive Statistics for Operational Efficiency

	n	VG	G	A	P	VP	Mean	Std. Dev.
The number of new members registered with the NSSF against the set targets	60	30.0	56.7	13.3	0	0	4.17	.642
The number of new employers registered with the NSSF against the set targets	60	30.0	50.0	20.0	0	0	4.10	.706
Speed of service delivered against the specifications on customer service charter	60	36.7	30.0	30.0	3.3	0	4.00	.902
Growth in the amount of contributions against the set targets	60	23.3	40.0	33.3	3.3	0	3.83	.827
Average processing time of members' dues upon maturity	60	23.3	36.7	36.7	3.3	0	3.80	.840

Inferential Statistics

The inferential statistics used in this study included Pearson's correlation coefficient (r), coefficient of determination (R^2), F-statistic (F), regression coefficient (β_n), and T-statistic (t). These statistics were used to determine the relationship between the risk mitigation and operational efficiency. The R^2 was used to illustrate the proportion of the operational efficiency that could be explained by risk mitigation, whereas F-statistic was used to test the significance of the regression model. The β_n indicated the extent to which the risk mitigation influenced operational efficiency. The T-statistic was used in testing the null hypothesis.

Correlation analysis

The study examined the relationship between the parameter characterizing strategic evaluation (that is, risk mitigation) and operational efficiency using Pearson's correlation coefficient (Tables 5). It was established that there existed a positive, moderate and statistically significant relationship between risk mitigation and operational efficiency ($r = 0.557$; $p < 0.05$). The results were interpreted to mean that the more risks were mitigated, the greater the likelihood that operational efficiency at the NSSF would be moderately improved. Given that operational efficiency and outcomes are directly related, the results of this study were in agreement with previous findings made in a study conducted by Zhang et al (2010) that established that risk mitigation play a significant role towards the success of strategic evaluation and also desired organizational outcomes. Moreover, the present study's results were in concurrence to Jalal's (2011) earlier findings that awareness of risk mitigation was linked to an efficiency risk mitigation framework. In other words, there was a nexus between risk mitigation and efficiency.

Table 5: Correlation between risk mitigation and operational efficiency

		Operational Efficiency
Risk Mitigation	Correlation Coefficient	.557[**]
	Sig. (2-tailed)	.000
	N	60

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

Influence of risk mitigation on operational efficiency

The section presents the results in relation to the influence of risk mitigation, as a parameter of strategic evaluation, on operational efficiency at the NSSF. The first part as illustrated in Table 6 outlines the extent to which the risk mitigation explain operational efficiency. The study as shown by the results ($R^2 = 0.310$) established that risk mitigation explained 31.0% of operational efficiency at the pension fund.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.557[a]	.310	.298	.49817

a. Predictors: (Constant), Risk Mitigation

The study further tested the suitability of the following regression model and the results to this effect are as shown in Table 7.

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

According to the results of the F-statistics (F = 26.037; p < 0.05), it was found that the model was suitable for further analysis.

Table 7: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.462	1	6.462	26.037	.000[a]
Residual	14.394	58	.248		
Total	20.856	59			

a. Predictors: (Constant), Risk Mitigation   b. Dependent Variable: Operational Efficiency

The influence of risk mitigation on operational efficiency is depicted by the regression coefficient (β_1) as shown in Table 8. The regression model was interpreted as shown below.

Y= β_0 + β_1 X_1 + ϵ

Y= 2.294 + 0.434 X_1

The results indicated that 0.434 unit of risk mitigation led to an increase of operational efficiency by 1 unit while other factors were held constant (β_0 = 2.294). According to the study results, as part of their strategic evaluation, the management of this pension fund should put great emphasis on how pertinent risks should be mitigated in order to enhance efficiency of operations at the organization. These results mirror findings made in a past study conducted by Karami (2008) which underscored the importance of considering risk mitigation as a base for strategic evaluation process. The results further concurred to the findings made in a study carried out by Zhang et al (2010). The latter study had noted that risk mitigation which is conducted during the strategic planning exercise play a significant role towards the success of the strategic evaluation and the desired outcomes. In addition, the results were in agreement with observations made in a study conducted by Sev et al (2012) where it was found that risk mitigation could enhance improvement in operational efficiency.

Table 8: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	2.294	.337		6.814	.000
Risk Mitigation	.434	.085	.557	5.103	.000

The results of the analysis indicated in Table 8, particularly in respect of the t-statistics, were also employed in testing the null hypothesis as illustrated below. The hypothesis was tested at 95% confidence level which is equivalent to 0.05 precision level (p-value).

Testing Null Hypothesis (H_{01})

H_{01}: There exists no statistically significant effect of risk mitigation on operational efficiency of National Social Security Fund.

H_A: There exists statistically significant effect of risk mitigation on operational efficiency of National Social Security Fund.

The results of t-statistics were (t = 5.103; p < 0.05).

The results meant that the effect of risk mitigation on operational efficiency was found to be statistically significant.

Therefore, the null hypothesis (H_{01})was rejected, and the alternate hypothesis (H_A) taken to be true.

CONCLUSION AND RECOMMENDATIONS

The study concluded that the NSSF often employ an effective risk identification system. NSSF was also concluded to mostly use an effective risk identification system. According to the study findings, it was inferred that managers working with the NSSF often identified the areas that affect the organization's set goals and objectives. In the same vein, it was concluded that risks were evaluated frequently. Moreover, the study concluded that mitigating risks was likely to result in improved operational efficiency of the pension scheme. The results were in support of the views held by Zhang et al (2010).

In respect of risk mitigation and in order to enhance operational efficiency, the study recommends that the NSSF should always have in place a sound risk identification system. The identified risks are supposed to be measurable in order to effectively mitigate them. It is recommendable to regularly review and monitor risks within the organization. The identified risks should be reported to the relevant entities by the managers in charge of respective departments.

LIMITATIONS OF THE STUDY

Accessibility of the managers working with the NSSF in Kenya was the greatest challenge. This was due to the fact that the scope of the study involved all managers working the pension scheme in the entire country. In order to address this limitation, the researcher adopted two approaches of data collection. The first one, is where the managers were physically met at their

offices mainly in the head offices having made prior arrangement with the human resource department. Far-flung managers were accessed through emails. Another limitation was on validity of the research instrument particularly in the case of respondents who were not physically met. This was due to the fact that, the researcher was not in a position to explain to them the content of the questionnaires. In this regard, the research questionnaires were ensured to contain precise and concise questions which were also explicit making it easier for respondents to understand what there were being asked.

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