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MASTER OF BUSINESS LEADERSHIP

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RESEARCH TOPIC


**AN ASSESSMENT OF THE EFFECTS OF AN INFLATIONARY ENVIRONMENT
ON HEALTH INSURANCE PERFORMANCE: A CASE OF PREMIER SERVICE
MEDICAL AID SOCIETY**

This dissertation is submitted to the Bindura University of Science Education in partial fulfilment of the requirements of the Master of Business Leadership degree

APPROVAL FORM

The undersigned certify that the undersigned have read and recommend to the Bindura University of Science Education for acceptance: A dissertation with title “**An Assessment of the effects of an inflationary environment on the health insurance performance: A Case Study of Premier Services Medical Aid Society**” by in partial fulfilment of the requirements for the Masters in Business Leadership (MBL) degree qualification.

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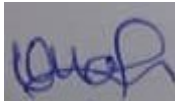
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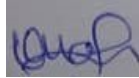
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DEDICATION

This dissertation is dedicated to my family and friends

ACKNOWLEDGEMENTS

I give thanks to all people who made a positive contribution towards my completion of this dissertation

ABSTRACT

The purpose of this section is to provide a summary of the entire research. The study was based on four objectives that were meant to establish the impact of hyperinflation on the creation customer relationships, financial stability, health insurance coverage and strategies to mitigate the effects of a hyper-inflationary environment. The research was guided by the theory of dynamic capabilities. Extant literature indicated that an inflation environment had disruptive effects on business activities across different economic jurisdictions and sectors of the economy and industry. The study followed the dictates of a pragmatic research philosophy which permitted for the inclusion of both the qualitative and quantitative aspects. The research population was composed of employees at PSMAS. A sample size of 184 was selected from a unit of analysis of 340. Data was collected using a questionnaire. The main research findings indicated that hyperinflation has significantly impacted the affordability, availability, and comprehensiveness of health insurance, causing difficulties for customers in maintaining their policies and affecting the stability and reliability of health insurance providers. A hyperinflationary environment was found to negatively impacted health insurance providers' financial stability, solvency, quality of medical insurance, reserve maintenance, capitalization, cost forecasting, and premium setting, resulting in difficulties in providing quality insurance and managing finances. This study highlighted that hyperinflation has significantly altered insurance coverage, affecting specific services and treatments, and limiting the benefits offered by insurance policies, particularly in specialized healthcare services that may not be fully covered by insurance. Even though initiatives have been made towards mitigating the effects of hyperinflation on health insurance, the full impact of these mitigatory strategies is yet to be fully explored. The recommendations for PSMAS to manage hyperinflation include negotiating long-term contracts, diversifying suppliers, implementing cost-effective measures, open communication, supplier performance monitoring, and collaboration with government entities. They also suggest investing in assets, minimizing expenses, and implementing cost management, membership growth, emergency reserves, and cost-sharing mechanisms.

KEYWORDS

Hyper-inflation, health insurance, PSMAS, financial stability

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CHAPTER 1

INTRODUCTION

Introduction

Inflation is an essential component of any economy, as it reflects changes in the cost of goods and services over time. While moderate inflation is often considered beneficial for economic growth, an inflationary environment has mixed effects on various sectors, including the insurance industry. Understanding the impacts of inflation on health insurance performance is crucial for policymakers, insurers, and stakeholders to make informed decisions and develop robust strategies. This study aims to assess the effects of an inflationary environment on health insurance's performance. Specifically, it examines the implications of rising prices and the devaluation of currencies on insurance companies' profitability, premium pricing, claims settlement, and investment practices. The study explores how insurers mitigate the adverse effects of inflation and identify potential opportunities that emerge during such economic conditions.

1.1 Background to the Study

In a developing economy, health insurance is crucial because it offers protection against a wide range of risks and uncertainties. The contribution of health insurance to economic development is realised through risk reduction and includes the provision of financial security, business expansion, ease of investing, and employment creation. It also includes catastrophe recovery, risk assessment and management, social services, oversight, and conformity economic toughness.

Health insurance is a crucial tool for individuals, businesses, and organisations in a developing economy given that it provides defence against potential harm and losses, guaranteeing monetary stability and encouraging business growth (Leon and Nakayama, 2020). Additionally, it encourages investment by protecting investors, creating job opportunities, and assisting in the recovery from major calamities. Businesses that provide health insurance assess risks through underwriting and risk analysis, manage them, and promote a culture of risk management. It fosters social welfare by easing access to high-quality medical care by providing protection against health-related risks, such as medical insurance. Operating under a

regulatory framework upholds transparency, equity, and accountability, which increases a developing economy's resilience and promotes stability and prosperity.

Numerous studies have looked at how the insurance industry performs under such conditions. Zulfiqar *et al*, (2020) underscored that the affordability of health insurance plans be considerably impacted by inflation, especially if premiums rise more quickly than income growth. To ascertain sustainable premium growth rates in an inflationary environment, Woolhandler and Himmelstein, (2020) have examined historical data to establish the relationship between inflation and insurance industry premiums. The study concentrated primarily on issues with acquiring insurance at a time when the Covid-19 pandemic was destroying the health delivery system.

Kinney (2020) explored the effect of inflation on insurance utilization and costs and established that inflationary pressures may lead to increased insurance costs. As a result, health insurance plans face challenges in providing coverage for these rising costs and ensuring the financial performance of their benefits packages. Gangopadhyaya and Garrett, (2020) have examined the potential impact of inflation on usage patterns of insurance services. Results have shown a marked decline in the demand for insurance services under hyperinflation and the subsequent impact on health insurance costs at the height of the Covid-19 pandemic. Measures to improve the performance of the health insurance in an inflationary environment have also been studied. Erlangga, *et al*, (2021) have suggested various strategies including cost-sharing mechanisms disease management programs and utilization management tools to curb rising insurance costs. These initiatives aim to strike a balance between maintaining affordable premiums and providing adequate coverage for medical expenses.

The authors also found that hyperinflation led to increased policy cancellations and lower premiums. Valero *et al*. (2020), revealed that hyperinflation negatively affected the financial performance of health insurance companies in Venezuela. The authors found that hyperinflation had a significant impact on the companies' profitability, solvency, and financial strength. De Wet *et al*. (2020), showed that hyperinflation caused a decline in the underwriting capacity of health insurance companies in South Africa. (Azeez *et. al* 2021) focused on the scalability and performance of health insurance to minimise out-of-pocket expenditures within the context of the Nigerian healthy delivery system. The research established that inflationary

pressure negatively affected the scalability of national health insurance. Inclusivity and accessibility of health insurance were also adversely affected.

Within the Zimbabwean context, the research by Mhazo, Maponga and Mossialos (2023), emphasises that the current type of inflationary environment perpetuates inequalities with respect to access to health insurance. Tax-based health financing model in Zimbabwe is characterised by perpetual deficits and the imposition of user fees, which are socially exclusive. The study advocated for a change in basic assumptions from private health insurance to national health insurance coverage, which also considers the informal sector. In a study focusing on the determinants of demands for health insurance among public service employees in Zimbabwe, Maradze, Nyoni and Nyoni (2020) indicated that the premium payment was one of the key determinants of the demand for health insurance. Therefore, the continuous upward review of premiums negatively affects the demand for health insurance amongst public service employees.

A significant number of Zimbabweans do not have access to health insurance, which results in the use of public health care systems to access health care. This implies that the prevailing inflationary environment further entrenches the exclusion of Zimbabweans from health insurance. Existing literature suggests that there is a poor supply of health insurance within the Zimbabwean context, with premiums and tariffs that must be paid to access health insurance being one of the main determinants of the demand for private health insurance. It stands to reason that the prevailing inflationary environment, which is the effect of increasing the general price level, negatively affects the inclusivity of the generality of Zimbabweans towards the usage of health insurance.

While there is a substantial body of research on health insurance and its impact on insurance access, there is relatively little information about its performance in a hyperinflationary environment. By addressing this research gap, a study focusing on this topic will contribute to the existing knowledge base on health insurance theory and expand our understanding of how insurance systems adapt to unique economic challenges. It is within this context that the current study is interested in evaluating the performance of maintaining health insurance in the wake of an inflationary environment.

1.2 Statement of the Problem

A hyper-inflationary environment that characterises business operations in Zimbabwe threatens to derail the gains that have been made by the Premier Services Medical Aid Society over the years and affects the access to health by a significant size of the population Zimbabwean (Musuka *et al.*, 2021). The health insurance firm has marginally shed its 70% market share in the Zimbabwean health insurance industry. However, the effects of rising prices are not limited to PSMAS alone; the entire industry of commerce is feeling its effects. The failure by PSMAS to implement appropriate strategies to navigate through an inflationary environment threatens the sustainability of the firm as it risks losing its market share. At present, a sizeable number of supply chain partners have developed an aversion towards the PSMAS. Maradze, Nyoni and Nyoni (2020) highlight that apart from inflation, the health insurance firm has a poor record of settling claims when they fall due for payment to service providers. As a result, PSMAS clients have been experiencing rising denial of service, mainly from private sector medical supply chain partners, a scenario that has adversely affected the financial and qualitative performance of PSMAS. Emerging medical insurance firms that have implemented robust inflation-adjusted medical aid policies are threatening to take away the market leadership position from PSMAS. It is within this context that the current research looks forward to analysing the effects that a hyperinflationary environment has on the performance of PSMAS with the view of devising strategies that can enhance the operational viability of the firm in the health insurance industry in Zimbabwe.

1.3 Research Objectives

The study is based on the following objectives:

- i. To assess the impact of hyperinflation on the ability of health insurance to maintain long term customer relations
- ii. To evaluate the challenges faced by health insurance providers in maintaining financial stability and solvency in a hyperinflationary context
- iii. To analyse the impact of hyperinflation on the insurance coverage.
- iv. To investigate strategies to mitigate the effects of hyperinflation on health insurance performance.

1.4 Research Questions

The study is based on the following questions:

- i. To what extent does a hyperinflationary environment impact on the ability of health insurance to maintain long term customer relations?
- ii. How has the financial stability of health insurance providers been affected a hyperinflationary environment?
- iii. How does hyperinflation affect the coverage of insurance?
- iv. Which strategies mitigate the effects of hyperinflation on health insurance performance?

1.5 Significance of the Study

By addressing these research questions this study aims to generate insights into the unique challenges faced by health insurance systems in hyperinflationary environments. The findings inform policy makers, insurance providers on potential strategies and interventions required to ensure the availability and affordability of health insurance coverage amidst rising inflation rates. Ultimately the research aims to contribute to the development of sustainable health insurance models that effectively mitigate the detrimental effects of hyperinflation on insurance access and financial protection.

1.5.1 Theoretical Significance

Hyperinflation has severe economic consequences leading to a rapid increase in prices loss of purchasing power and economic instability. By examining the performance of maintaining health insurance during hyperinflation the study shed light on the challenges individuals and insurance providers face in such an environment. This deepen our understanding of how hyperinflation affects access to insurance and the long-term viability of health insurance systems.

In a hyperinflationary environment insurance provider face increased risks due to the skyrocketing costs of medical services and supplies. Studying the performance of the health insurance in this context help identify effective risk management strategies that insurance companies adopt. For instance, it may suggest the need for innovative pricing models or the inclusion of inflation-indexed clauses in insurance policies.

Policymakers often look to research to inform their decisions regarding insurance systems and insurance policies. The study provides valuable insights for formulating policies that ensure access to insurance during periods of economic instability through highlight the importance of government intervention or the need for regulatory mechanisms to mitigate the negative impact of hyperinflation on health insurance. While there is a substantial body of research on health insurance and its impact on insurance access there is relatively less known about its performance in hyperinflationary environment. By addressing this research gap a study focusing on this topic contribute to the existing knowledge base on health insurance theory and expand our understanding of how insurance systems adapt to unique economic challenges.

1.5.2 Contributions to methodology

The research looks forward to a pragmatic approach which encompass the use of both quantitative and qualitative research methods. This enable the study to develop a comprehensive appreciation of the impact that inflation has on the performance of medical insurance. The use of the qualitative approach allows the study to generate qualitative and subjective perspectives while quantitative approach enable the application of statistical inference of research outcomes of the relation to their generalization

To conduct this study, a comprehensive analysis of existing literature, financial reports, and industry data be undertaken. This research provides insights into previous studies conducted globally and examine the specific circumstances and impacts of inflation on the health insurance. The study also draws on real-world case studies and interviews with industry experts to gain valuable perspectives and experiences. The findings of this research not only contribute to the existing literature on the effects of inflation on the health insurance but also provide practical recommendations for insurers and policymakers to navigate an inflationary environment effectively. Understanding how these impacts manifest within the insurance industry is crucial for insurers to adapt their products, risk management strategies, and investment approaches.

1.5.3 Contributions to practice

Outcomes of this research contribute to once the creation of inflation adjusted medical insurance premiums that do not progressively decimate the purchasing power of members in as much as it promotes the financial viability of the Premier Service Medical Aid Society health insurance members.

1.6 Assumptions of the Study

The study assumes a hyperinflationary environment, a health insurance system, affordability, accessibility, and the impact of high inflation rates on the value of currency and purchasing power. It assumes the health insurance industry remains operational, economic stability, and the behaviour of insured individuals. The study also considers data availability, such as enrolment rates, premium levels, utilization patterns, economic indicators, and inflation rates, to analyse the performance of maintaining health insurance in this environment.

1.7 Delimitations of the Study

The scope of this research is evaluated in respect of geography, research participants and time.

1.7.1 Geographical Delimitations

Services for health insurance are offered everywhere. The current study, though, was concentrated on Premier Service Medical Aid Society health insurance services. This decision was justified by the knowledge that the researcher lives in Harare and that it was easy to gather information from respondents at Premier Service Medical Aid Society. Furthermore, Harare has the highest concentration of health insurance providers, making it possible to choose the perfect sample size to produce accurate and reliable research findings.

1.7.2 Research Participant Delimitations

Research participants in the study be delimited to staff members of the Premier Service Medical Aid Society

1.7.3 Data Period Delimitations

Data used in this study span from a 12-month period is from June 2022 to July 2023 which is a period which was characterised by a rapid depreciation of the Zimbabwe dollar.

1.8 Limitations of the Study

Participant recruitment may be difficult for research in a hyperinflationary setting, which could lead to a small sample size and restricted access to trustworthy data sources. To offer a more comprehensive view of health insurance performance, the study considers gathering

information from a sizable sample and carrying out a longitudinal investigation. Strict data verification procedures are put in place to guarantee data accuracy and dependability. To complement the quantitative data, qualitative techniques such as case studies and expert interviews are employed. The robustness and reproducibility of the results were strengthened by identifying and accounting for confounding variables using statistical modelling and sensitivity analysis.

1.9 Organisation of the study

This research has five chapters that are arranged in a sequential fashion from the introductory chapter to the conclusion. Chapter 1 provides the historical background of the study, focusing on the influence that a hyperinflationary environment has on the operations of the health insurance sector around the club. From this background, the statement of the research problem was formulated, which inspired the creation of research objectives and research questions that guide the rest of the research process. The chapter also highlighted the delimitations and the limitations of the study, the research assumptions, and the significance of the research.

Chapter 2 highlights the literature review on the concept of inflation as well as the sustainability of health insurance schemes. The chapter articulates the theoretical framework as well as the empirical literature on previous studies that the study has undertaken in a related line of research. The main purpose of undertaking a literature review is to critically highlight areas of agreement and points of difference between the current research and existing literature, with the aim of contextualising the current study within the framework of the body of knowledge.

Chapter 3 is responsible for providing a road map of the entire research by contextualising the techniques that were followed in data collection, data measurement, and data analysis. This chapter highlights the selection of an appropriate research philosophy, which guides the choice of the research design, research strategy, and research approach. The research population and sampling strategy are also outlined. Research instruments, data collection, and analysis approaches, as well as ethical considerations associated with data collection, are also highlighted in this chapter.

Chapter 4 highlights the data presentation, analysis, and discussions of research outcomes in line with the objectives of the study. The chapter begins with an overview of the response rates from the study and descriptive statistics, and then highlights each of the research objectives. The

research findings are then discussed in comparison with empirical literature to identify new additions to the existing knowledge base, which can help contextualise the current study.

Chapter 5 summarises the entire research process by providing answers to research questions, concluding on each of the outcomes of the objectives of the study established in the introductory chapter, and putting across appropriate managerial and policy recommendations that possibly be adopted to improve the performance of the health insurance sector in the wake of a hyperinflationary environment. The chapter goes further to propose additional areas of research that might have emanated from undertaking the study but did not fall within the scope of its objectives.

1.10 Chapter summary

The chapter gave the study's historical context, concentrating on how a hyperinflationary climate affects the activities of the local health insurance industry. From this context, the research problem statement was developed, which served as the basis for the development of the research objectives and research questions that guide the remaining stages of the research process. The chapter also focused on the research delimitations, study limitations, research assumptions, and research significance to the body of knowledge. The next chapter provides a detailed and critical review of the literature in line with the objectives of the study.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

The previous video highlighted the introduction to the link between inflation and the performance of organisations in the health insurance sector. It outlined the background information, research problems, and forwarded research objectives. The global economy is facing challenges, including unstable inflation rates, which impact health insurance. Premier Service Medical Aid Society (PSMAS) is a prominent health insurance provider known for its robust coverage and comprehensive benefits. This literature review examines the impact of inflation on PSMAS' performance, identifying key factors influencing health insurance performance during inflationary periods. The study provides an overview of inflation, challenges faced by health insurance providers, strategies employed to mitigate negative effects, and the importance of conducting a case study on PSMAS. The findings were relevant for health insurance providers and policymakers.

2.1 History of the organisation

Premier Service Medical Aid Society, or PSMAS, is a Zimbabwean medical aid charity. A group of civil workers looking for reasonably priced healthcare services created PSMAS in 1930. Only a handful of white employees were permitted to obtain medical coverage during the early years of medical aid, which was established in 1930 by a special committee charged by the Public Service Association (Mhazo, Maponga, & Mossialos, 2023). According to Mhazo et al. (2023), the programme exclusively allowed Asian and black government personnel in 1952. Prior to independence, black participation was very low, but after independence, the proportion of black members of PSMAS increased gradually, accompanied by a predominately white membership. PSMAS's primary function is to offer its members medical aid services, such as health insurance, facility access, and financial support for medical bills.

To make it clear that membership in PSMAS was now open to the commercial sector, the organisation changed its name from Public Service Medical Aid Society to Premier Service Medical Aid Society in 2001, when it opened to the private sector (PSMAS, 2023). There were

certain limitations placed on other members of the public service medical assistance society who were not employed by the government. Premier Service Medical Investments (PSMI), PSMAS's investment division, was established in 2003 (PSMAS, 2023).

In terms of management, PSMAS is overseen by a board of directors responsible for setting the organisation's strategic direction and ensuring its financial and operational performance. The day-to-day operations of PSMAS are carried out by an executive management team led by a chief executive officer (CEO) or managing director. In regards to revenue, PSMAS generates income primarily through membership fees paid by its members in exchange for healthcare coverage. Additional sources of revenue may include investments, partnerships with healthcare providers, and government subsidies or contracts for providing healthcare services.

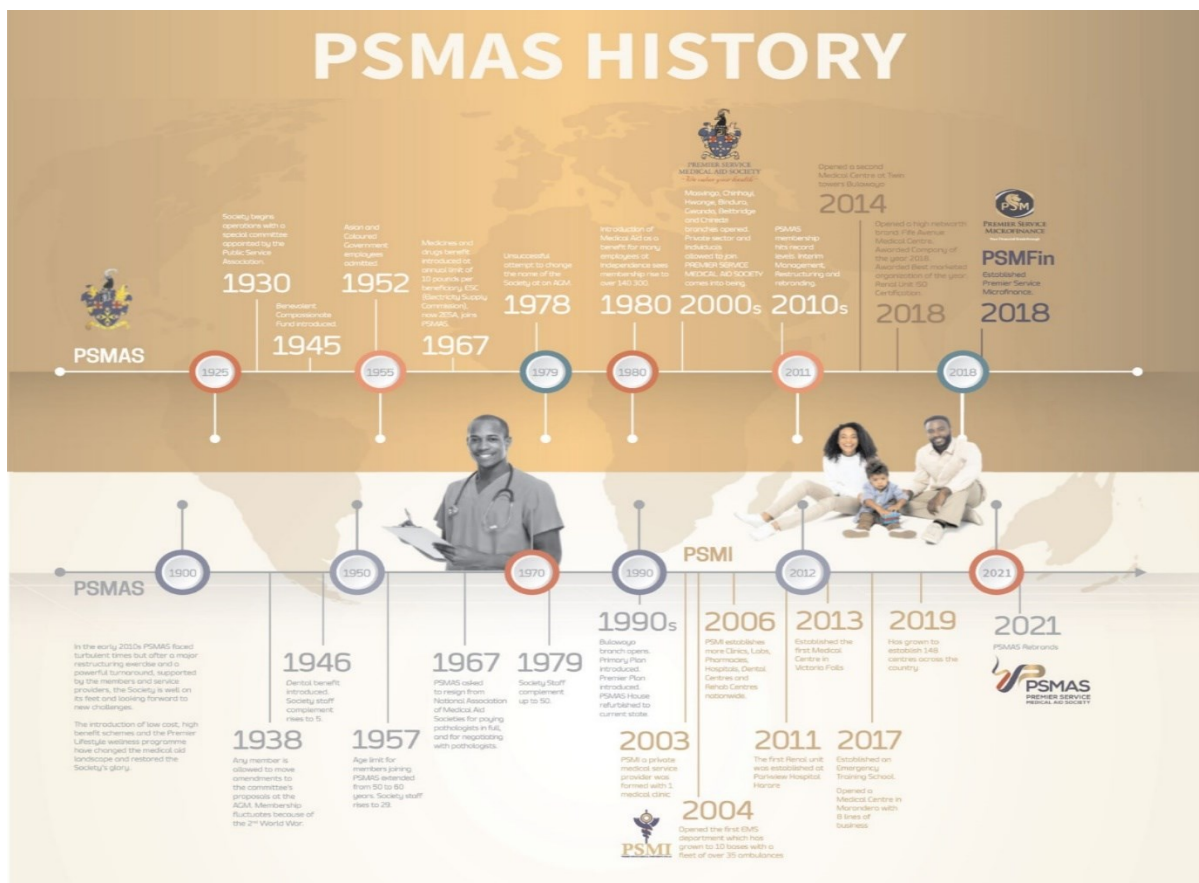


Figure 2.1: The PSMAS journey

From the early years of the society's formation, membership increased gradually over time. In 1930, there were 47 members, and by 1979, there were 41266 (Mhazo et al., 2023). The figures increased to 610 000 by 2003. The figures increased to 864 000 in 2018 (PSMAS Marketing Presentation). During its expansion, PSMAS opened 15 branches that are presently operational

throughout Zimbabwe. The number of employees increased in tandem with the business's expansion. Due to the country's economic difficulties, several employees have left the workforce in quest of better opportunities. The competitive pressure was attributed to the political landscape like government dominance, economic factors like the hyper-inflationary environment, which saw labour seeking greener pastures elsewhere, sociological factors like member tastes and preferences where more innovative products are offered by competitors, and technological factors like the use of complicated and late adoption of systems.

Through the implementation of sustainable social investments, structuring and implementing social investments, identifying worthwhile social investments and measuring their impact, protecting the environment and climate through social investments, and empowering communities through social investments, PSMAS aims to create sustainable CSR initiatives. The society has a long-standing history of operating morally and responsibly, as well as actively participating in the communities in which it is based. The basic principles that have governed PSMAS and continue to guide it are reflected in this Corporate Social Responsibility Statement, or CSR Statement. Its goal is to guide society and make it easier for possible investments in corporate social responsibility to be considered.

2.2 Definitions of key terms

In this section, key terms are defined as they are applied in the study.

Hyperinflation is a period of sustained price rises measured using the Consumer Price Index (CPI). A hyperinflationary environment affects business investments and savings from households. Within the context of this study, hyper-inflation is reviewed in relation to the effects it poses on the business prospects of PSMAS.

Health insurance encompasses the provision of insurance coverage associated with health-related risks such as falling ill due to natural or induced methods, including falling pregnant, getting involved in traffic, and other accidents. Health insurance operates on the principle of pooling risks, where many members agree to pay regular premiums in return for the provision of health insurance coverage that is provided on demand.

Organisational performance is the determinant of the extent to which an organisation can achieve its goals and objectives. There are a variety of measures to determine the performance

of organizations. However, within the spectrum of the current research, only financial and non-financial performance measures are considered.

2.3 Inflation Trends in Zimbabwe

The data shows the historical inflation rates in Zimbabwe from 2022 to 2022. In 2022, the inflation rate was 3.02%, and it increased slightly to 3.47% in 2022. In 2022, the inflation rate rose to 3.73%, with a small increase of 0.26%. From 2021 to 2021, the inflation rates were negative, indicating a decrease in prices. In 2021, the inflation rate was 1.64%, but it decreased to -2.43% in 2021. From 2020 to 2020, the inflation rates were low, with decreases or minor positive changes. In 2020, the inflation rate was -1.54%, but it increased slightly to 0.89% in 2017. In 2020, the inflation rate was 10.62%, which was a significant increase compared to the previous years.

Zimbabwe Inflation Rate - Historical Data		
Year	Inflation Rate (%)	Annual Change
2022	3.47%	0.44%
2022	3.02%	0.44%
2022	3.47%	0.44%
2022	3.73%	0.26%
2021	1.64%	-2.09%
2021	-0.20%	-1.83%
2021	-2.43%	-2.23%
2020	-1.54%	0.89%
2017	0.89%	2.44%
2020	10.62%	9.72%
2021	255.31%	244.69%
2020	557.20%	301.90%
2021	98.55%	-458.66%

Table 2.1: Inflationary trends in Zimbabwe

The data shows the historical inflation rates in Zimbabwe from 2022 to 2022. In 2022, the inflation rate was 3.02%, and it increased slightly to 3.47% in 2022. In 2022, the inflation rate rose to 3.73%, with a small increase of 0.26%. From 2021 to 2021, the inflation rates were negative, indicating a decrease in prices. In 2021, the inflation rate was 1.64%, but it decreased

to -2.43% in 2021. From 2020 to 2020, the inflation rates were low, with decreases or minor positive changes. In 2020, the inflation rate was -1.54%, but it increased slightly to 0.89% in 2017. In 2020, the inflation rate was 10.62%, which was a significant increase compared to the previous years.

However, from 2021 to 2021, the inflation rates experienced substantial increases. In 2021, the inflation rate was 255.31%, which saw a substantial increase of 244.69% compared to the previous year. In 2020, the inflation rate rose dramatically to 557.20%, showing an increase of 301.90%. The most recent data for 2022 shows an inflation rate of 104.71%, with an increase of 6.16% compared to the previous year. Overall, the data indicates a volatile inflation situation in Zimbabwe, with periods of both moderate and extremely high inflation rates.

The significant inflation rates in Zimbabwe have implications for health insurance in the country. Firstly, the high inflation rates indicate that the cost of healthcare services and medical treatments is likely to increase rapidly (Kurnianingtyas, Santosa and Siswanto, 2021). As prices rise, health insurance providers may need to adjust their premiums to keep up with the rising costs. This could make health insurance unaffordable for many individuals and could result in a decrease in the number of people being able to afford or access health insurance coverage (Dizaji and Najafabadi, 2023). Secondly, the volatility in the inflation rates could lead to instability in the health insurance market (Eseta, Lemma and Geta, 2020). Insurance companies may struggle to accurately forecast and predict future healthcare costs due to the unpredictable inflation rates. This could result in the insurance plans being poorly priced, which could cause financial strain for the insurers and impact the availability and quality of coverage options for consumers (Leon and Nakayama, 2020).

Additionally, the hyperinflation experienced in recent years, particularly in 2020 and 2021, may have had a negative impact on the overall economy. This could lead to a decrease in the overall income and purchasing power of individuals, making it even more challenging for them to afford health insurance premiums (Ramgobin *et al.*, 2021). Overall, the high inflation rates in Zimbabwe could make it difficult for individuals to afford health insurance and for insurance providers to offer stable and affordable coverage options (Khazaei and Azizi, 2020). The instability in the market and the impact on the economy could further exacerbate the challenges in the health insurance sector.

2.3.1 Long term customer relations building in a hyperinflationary environment

An inflationary environment it's been linked with being inability of corporations to maintain long-term relationships with their difference supply chain partners. There does not seem to be a direct link between hyperinflation and relationship building. Hyperinflation is a situation where the prices of goods and services rise rapidly within a short period of time, leading to a decrease in the purchasing power of the currency. This have widespread negative effects on the economy, such as eroding savings, reducing investment, and causing economic instability. On the other hand, relationship building is the process of establishing and nurturing positive connections with others, whether in personal or professional contexts. While economic conditions, including hyperinflation, certainly impact relationships by causing stress and uncertainty, the link between hyperinflation and relationship building seems tenuous at best.

However, in a broader sense, hyperinflation and relationship building could be indirectly linked in the context of business relationships. In a hyperinflationary environment, businesses may face heightened financial pressures, which in turn affect their ability to maintain and build relationships with customers, suppliers, and partners. Additionally, individuals may experience heightened stress and anxiety during hyperinflation, which could impact their personal relationships. While hyperinflation and relationship building may not have a direct causal link, there are potential indirect impacts on relationship building in both personal and business contexts. It is important for individuals and organizations to be aware of these potential impacts and take proactive steps to mitigate any negative effects on their relationships.

2.3.2 Financial stability and solvency in a hyperinflationary context

Inflation have both positive and negative effects on financial stability and solvency in the health insurance sector. In terms of positive effects, moderate inflation leads to higher premiums for health insurance companies, which increase their revenue and strengthen their financial position. This help health insurance companies cover the rising costs of healthcare services and maintain solvency. Additionally, inflation positively impact investment returns, which further improve a health insurance company's financial stability.

However, there are also negative effects of inflation on the health insurance sector. High inflation leads to increased healthcare costs, such as medical supplies and labour, which strain the financial resources of health insurance companies. This led to higher claim pay-outs and lower profitability, potentially impacting their solvency. Organisations operating in a hyperinflationary environment experienced adverse financial conditions that threatened their solvency and sustainability. Extant literature has proven that the inability of central authorities to manage galloping inflation affects the business climate, which also negatively impacts the ability of businesses operating within an inflationary environment to establish viable financial plans that enable businesses to navigate through strategic inflection points.

Overall, while moderate inflation has some positive effects on financial stability and solvency in the health insurance sector, it is essential for health insurance companies to effectively manage the impact of inflation on their costs, premiums, and investments to maintain their financial health.

2.3.3 Hyperinflation and health insurance coverage.

Health insurance coverage refers to a system in which individuals or groups pay a premium to an insurance company in exchange for financial protection against the costs of medical care. This coverage typically includes benefits such as reimbursement for medical expenses, treatment, and preventive care. The research indicates that inflation have a significant impact on health insurance coverage. As the general price level increases, the cost of healthcare and medical services also rises. This means that health insurance premiums, deductibles, and out-of-pocket costs may also increase, making it more expensive for individuals and families to afford adequate health insurance coverage.

In addition, inflation affect both the cost of health insurance for individuals and the overall affordability of coverage. For individuals, rising premiums and out-of-pocket expenses make it more challenging to maintain health insurance coverage. Additionally, employers offering health insurance benefits may face higher costs due to inflation, which could lead to reduced coverage or an increased financial burden for employees. Extant literature shows that inflation has a significant impact on health insurance coverage as it led to higher premiums and out-of-pocket costs, making it more challenging for individuals and businesses to afford and maintain adequate health insurance protection.

2.3.4 Strategies to mitigate the effects of hyperinflation on health insurance

Inflation typically leads to an increase in the cost of healthcare services and medical treatments. This creates a financial burden on individuals who do not have health insurance, as they would need to bear the full cost of medical expenses out of pocket (Gangopadhyaya and Garrett, 2020). Health insurance provides a safety net by covering a significant portion of these costs, thus protecting individuals from excessive healthcare expenses. Kurnianingtyas, Santosa and Siswanto (2021) argued that inflation also results in economic uncertainty, making it difficult for individuals to budget for unexpected medical emergencies. Health insurance offers financial protection by covering expenses related to hospitalisations, surgeries, medications, and other necessary treatments.

This coverage helps individuals and families feel more secure during times of crisis. In an inflationary environment, healthcare costs tend to rise disproportionately, making high-quality medical services less affordable (Mwembe *et al.*, 2020). Health insurance provides access to a broader network of healthcare providers, including specialists, hospitals, and clinics that might otherwise be prohibitively expensive. This ensures individuals receive timely and comprehensive healthcare services, thereby improving their overall health outcomes (Vučković *et al.*, 2020).

Health insurance encourages preventative care and regular check-ups, which help identify and address potential health issues before they become major and costly problems (Kurnianingtyas, Santosa and Siswanto, 2021). By promoting early intervention and ongoing maintenance, health insurance leads to long-term cost savings for both individuals and the healthcare system. Inflationary environments often bring financial and economic uncertainties. By having health insurance, individuals have peace of mind knowing that they are protected against the rising costs of healthcare (Dizaji and Najafabadi, 2023).

This allows them to focus on their overall well-being without worrying excessively about potential medical expenses. Garedeu *et al.* (2020) states that health insurance becomes increasingly appealing in an inflationary environment due to rising healthcare costs, protection against unexpected medical emergencies, access to better quality healthcare, potential long-term cost savings, and the peace of mind it provides. In this environment, the appeal of health insurance increases for several reasons.

2.4 The Business Environment

Business are operating in a dynamic environment that is associated with rapid changes (Teece, 2020) Businesses are no longer facing traditional problems they are accustomed to, they are now being faced with unique dilemmas that cannot be unruffled. The state of dynamic in the business environment is captured by the acronym VUCA which stands for a Volatile, Uncertain, Complex and Ambiguous (Gao, Feng and Zhang, 2021). The essence of VUCA is to portray the business environment as a rapidly changing arena full of unpredictable changes (McCausland, 2022). The business environment has drastically changed from the pre-industrial era that was characterised with the production concept, where market for products was guaranteed (de Andrade, Gusmão and Silva, 2021:7374).

A VUCA business environment is characterised by high levels of uncertainty, technological advancement, globalisation and complex socio-organisational systems (Shahbaz and Parker, 2021:71). Long-term strategic planning, which rose to prominence in the American-dominated global economy of the 1960s, assumes a knowable world where problems were identified, quantified, and solved, reducing future uncertainty (Terblanche *et al.*, 2022:1). The current business environment is synonymous with customer sophistication, consumerism, protectionism, competitive rivalry and service co-production which has made strategizing quite a challenge (Browne and Foss, 2023:514). Meng *et al.* (2023:1) reiterates that organisation is experiencing increasing pressure in a turbulent operating environment.

A volatile environment signifies rapid change, a world where nothing long remains static. In the business environment. Volatility stems from shorter time to market, rapid new product development-process duration and evolving customer demands (Roxas, Rivera and Gutierrez, 2021:609). Volatility were countered through strategic vision, which involve the creation of the future competitiveness of the current business. Vision is what the company visualizes to do in the future and what its goals are. Vision includes a view of the organisation's future developments. Even if the operating environment is volatile, a business that has a sound vision be able to navigate through the turbulent times since it has a clear description of its business intentions (Rawlings Smith and Rushton, 2023:263). A clear vision helps to keep employees focused on what is essential to do and what are the priorities amongst the myriad of activities, demands and opportunities that may emerge.

Uncertainty describes the unpredictability of our world; we don't know what comes next. Uncertainty is exacerbated in a geo-political economy, where we cannot predict the future because we lack clarity about the challenges and their current and future outcomes (Malterud and Kamps, 2021:517). To counter an uncertain environment, strategic leaders need a thorough understanding of the business requirements. Therefore, incorporating their input and insights in navigating an uncertain environment helps the organisations to stay abreast of environmental changes (Hadar *et al.*, 2020). Leader must set clear expectation and boundaries of objectives that each member of the organisation must play to achieve the organisational goals.

Complexity indicates that the causes of change are many and interwoven. The environment under stress, climate change is a living reality not just a future trend. These environmental complexities imply that business no longer be bystanders in a system that gives it life in the first place (Manimuthu *et al.*, 2022). Complex requires clarity of purpose in crafting winning strategies that overturn a complex scenario. Organisations must be clear about what is the organisations is capable and incapable of doing. Ambiguity acknowledges that firms often do not know the terms of the struggle, which levers affect which outcomes, and does not see the whole picture before making decisions (Canzittu, 2022). Ambiguity increases doubt, slows decision-making and results in missed opportunities. To deal with ambiguity in a VUCA environment, there is need for agility (Sum, 2022). An ambiguous situation is not clear and is filled with doubt. Agility demands that strategic leaders react flexibly and swiftly to the dynamic environmental variables affecting the business.

Implementing change or strategy in a VUCA context requires people who are focused, committed, engaged, involved and flexible (Bourne, 2021). In a VUCA business environment, it is essential to stay ahead of competition by embracing the solution-after-next phenomenon, whereby firms pre-empt change and create futuristic solutions for dilemmas that are not yet evident (Stein, 2021;484). The strategic focus must be to go beyond empowerment by turning every job into a business. This entails promoting an entrepreneurial organisation that accepts risk taking. Strategists excel at moving from one moment to the next with a clear vision of priorities but flexible, evolving strategy (Piana, 2020).

A turbulent business environment is defined as the amount of change and complexity surrounding the macro business operating environment (Shliakhovchuk, 2021;229). Business organisations operate under the dictates of the macro environment which is comprised of

government regulation, technological innovation, globalisation, socio-economic factors which affect level of turbulence. A business environment is on characterised by a high degree of interconnectedness between the business and it operating environment (McCausland, 2022). A common theme in defining a turbulent business environment is the emphasis on dynamism, predictability and complexity (Shujaat Mubarik *et al.*, 2023).

The notion of a turbulent business environment was conceptualised from the influential works of Igor Ansoff who identified five levels of a turbulent business environment as comprising repetitive stable, no change, industry expanding with slow incremental changes, industry is experiencing fast incremental changes, industry is experiencing discontinuous but predictable change and industry change are completely surprise not predictable. A turbulent business environment scenario is associated with environmental stability since industry predict environment changes with relative ease and align their organisational resources in line with the anticipated environment changes. There is complete visibility of future change scenarios which enable industry to prepare long terms strategic plans to expand their business interests. This change condition brings about business expansion prospects with no anticipated shifts that may potentially disrupt the market performance of business. A repetitive stable business environment is rare since business organisation are under a constant state of change considering the current technological disruptions. The world has become a global village such that events in another business environment ha ripple effects on another business environment.

When industry is experiencing slow incremental changes, business leaders extrapolate and forecast environment changes with relative predictability (Sarid and Levanon, 2023). The pace of change is slower than the responsiveness of the organisation, allowing organisations to plan and execute their plans with precision (Stein, 2021). These strategic changes might entail business process re-engineering aimed at repositioning organisations ahead of turbulent business environment changes (Bourne, 2021). Strategic manoeuvres under this environment change condition enable business organisation to enjoy first mover advantages which are associated with being the leader in introducing value added solutions and innovations in industry (Seliverstova, 2021).

Under conditions of fast incremental changes, environmental changes are equal to business ability to respond to change (Sum, 2022). These turbulent business environmental changes might be driven by the market entry of a global competitor with technology effects in the local

market. Such a condition tests the state of preparedness of organisations in introducing state of the art equipment in its operations to meet the challenge posed by the competitor. Industry is experiencing discontinuous but predictable change result in frequency of turbulent shifts is high which cause environmental changes to be less predictable since change occurs rapidly than the business respond (Browne and Foss, 2023). This level of turbulent business environment demand corporate entrepreneurial prowess to seek new avenues to counter discontinuous change (Kipley, Helm-Stevens and Lookinbee-Kipley, 2020).

The business environment is also associated with industry changes are completely uncertain and unpredictable. Change conditions under this turbulent business environment level are surprising and unpredictable (Meng *et al.*, 2023). Profits do not follow growth and past successful strategies are rendered ineffective (Browne and Foss, 2023). The turbulent business environment level is characterised by multiple change shifts in a year. Strategic responses to this level involve restructuring the business to respond to change with relative ease (Terblanche *et al.*, 2022). An organisation must do away with functional silos and bureaucracy in responding to organisational change. It is essential to create flexible organisational structures and enhance employee empowerment in decision making in order to capture value in the dynamic “hit of the moment” (Roxas, Rivera and Gutierrez, 2021). The works of Schumpeter and Moeller (2022) proposed the notion of creative destruction, which a phenomenon whereby a firm does not wait for external forces to inspire its change processes, but look forward to create a competitor within its structures in a manner that promotes breakthrough thinking.

Challenges provided by an unpredictable turbulent business environment demand that an organisation like adopt a paradigm shifts in the manner in which it conduct its operations and embrace world class principle that emphasise of visionary leadership and fostering organisational learning through valuing employee and treating them as partners (Shuguang and Shuyang, 2021). The main focus has to be on creating value through breakthrough thinking (Canzittu, 2022). In this turbulent business environment, innovation and leadership are key success factors. The market is willing to pay premium prices for advanced value-added technological solutions (Shliakhovchuk, 2021).

The works of Lewin and Volberda, (1999) proposed a co-evolutionary strategic response which were implemented by organisations to navigate a turbulent business environment. A successful implementation of a coevolution strategy is premised on seven key characteristics that include specificity, reciprocity, simultaneity, multi-level response, multi-directional causalities, history

and development dependence and learning (McCausland, 2022). Specificity depends on the use of an evolution agent which enable organisations to accommodate selective pressures from the environment (Manimuthu *et al.*, 2022). Reciprocity is whereby environmental change influence a repetitive reaction from business which generate a circular causality and inter-dependency between the business and the environment.

Simultaneity occurs when both the environment and the internal processes and structures in a business change concurrently (Meng *et al.*, 2023). Multi-level operation is whereby the environment and business inspire firm to adopt new business models. Multi-directional causalities occur when parts of organisations evolve in response to environmental changes (Meng *et al.*, 2023). History and development dependence occur when there are adjustments between business and the environment inspired by past level of knowledge and accumulated experiences (Shahbaz and Parker, 2021). Finally, learning occurs when business and the environment increase their level of knowledge and mutual.

Some apparent shortcomings of the coevolution model toward a turbulent business environment is that it assumes there is a symbiotic co-existence between business and the environment (Terblanche *et al.*, 2022). In real-life, business is affected by what happens in the macro environment.as such a single business has not affected at all on the operation of macro environmental factors. Hence, organisations need to possess dynamic capabilities that enable the company to performance repetitive tasks consistently A turbulent business environment demands exceptional leadership capabilities on the part of organisations (Armstrong, 2021). These incorporate possessing attributes such as problem-solving skills, process identification, environmental surveillance and systems management.

2.4.1 The Business cycles

An economy operates in a series of booms and slumps which represent fluctuations in economic activity over a period of time (Baltussen *et al.*, 2023). Changes in economic activity correspond to changes in business conditions (Mankiw, 2020:702). Economists distinguish four phases of the business cycle; the peak, recession, trough and expansion (Ncube, Soonawalla and Hausken, 2021). The peak is a point in the business cycle when business activity reaches a temporary maximum. This is the point characterised by full employment and the level of national output is closer to its productive capacity. The price levels are likely to rise during the peak phase of the business cycle. The concept of the business cycle is linked

with the Phillips curve by asserting that in a boom when income is high unemployment is low (Okeke, 2021).

A recession is a phase of the business cycle where there is a decline in total output, employment and income. This downturn is characterised by a contraction in economic activity in many sectors of the economy (Balashova, Mikhaylov and Lazyrin, 2021). During a recession, people may reduce their demand for luxury and durable goods a condition which influences a decline in full employment levels due to demand-deficient unemployment (Sloman, Garratt and Guest, 2020). A fall in income further triggers a decline in production since demand decreases which intensifies the decrease in the level of economic activity. From a banking perspective, a recession is associated with a fall in the demand for bonds resulting in a shift in the demand curve to the left (Mishkin, 2007).

A recession is associated with fewer investment opportunities since firms are unwilling to build up their stocks and consumer are unwilling to borrow fearing inability to repay loans (Baltussen *et al.*, 2023). Moreover, banks are unwilling to advance loans. The resultant reduction in bank lending and borrowing exacerbates an economy deeper into a prolonged recession (El-Gamal, 2022). Keynesians argue that government navigate their economies out of a recession by adopting active stabilisation fiscal policies (Sloman, Garratt and Guest, 2020). A typical business cycle is illustrated in Figure 2.1.

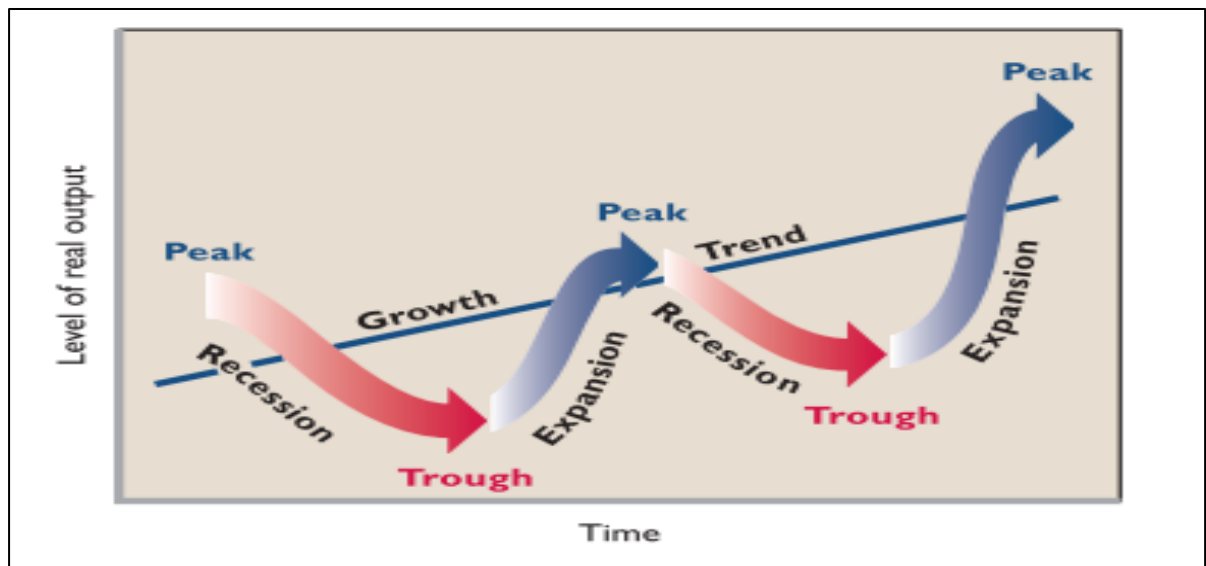


Figure 2.2: Phases of the business cycle

Source: (McConnell and Brue, 2008:127)

A trough is a lowest point in the business cycle that is also known as the depression. This phase is synonymous with depressed production, output and employment levels. The fourth phase in a business cycle is the expansion or recovery phase where the amount of goods and services produced increases which influences a positive increase in national income as shown by an outward shift in aggregate demand.

2.5 Organisational performance

Organisational performance seeks to assign scientific centred around outcomes measures to assess the effectiveness of a company's marketing strategy (Soewartini *et al.*, 2017). Numerous organisational achievement measurements are used in the marketing function, some of which may not provide a consistent and rational picture of marketing investments (Grønholdt and Martensen, 2020). The actions taken by a company during the marketing process are measured by organisational performance (Nirawati and Prayogo, 2021). However, Nupus and Ichwanudin (2020) propose the use of various types of metrics for assessing organisational performance. Limakrisna and Yoserizal (2020) emphasised the consumer contentment, acquisition of customers, and client profitability determine organisational performance according to the viewpoint of the customer.

Sales quantity, shares of the market, revenue growth, and efficiency are examples of quantitative indicators of organisational performance (Nupus and Ichwanudin, 2020). Customer loyalty along with the capacity to create and introduce creative goods and services which have been well welcomed by the marketplace are examples of qualitative indicators of organisational performance. Given the foregoing, the current study focused on perceived quality as a subjective variable influencing organisational performance. Three statistical indicators of organisational performance were also used, including growth in earnings from sales, competitor share, and efficiency.

2.5.1 Quantitative determinants of organisational performance

Quantitative measures of organisational performance were operationalized to determine the performance of the medical aid society sector of the economy by employing various methods and metrics. This might incorporate the use of financial performance evaluation they include analysing financial metrics such as revenue growth, profitability, return on assets, return on investment, and cost efficiency (Khazaei, 2021). These measures help determine the sector's ability to generate and manage funds efficiently.

Membership growth and retention measurements consider assessing the number of members the medical aid societies attract and retain over time indicate their market share and popularity (Eseta, Lemma and Geta, 2020). Monitoring membership growth rates, renewal rates, and customer satisfaction surveys provide insights into their service quality and member loyalty. Kong, Feng and Ye (2020) stress that claims management and processing efficiency which measure the turnaround time for claims processing and the ratio of claims paid to claims received indicate how efficiently medical aid societies handle claims. Lower turnaround times and a higher ratio of claims paid demonstrate effective claim management (Leon and Nakayama, 2020).

Albort-Morant *et al.*, (2017) emphasised on health outcomes and patient satisfaction: Quantitative measures also evaluate the impact of medical aid societies on the health outcomes of their members. This were measured by analysing healthcare utilization rates, such as the number of preventive screenings conducted per member, chronic disease management, hospital readmission rates, and patient satisfaction scores. The use of Network adequacy: Assessing the number and quality of healthcare providers within a medical aid society's network indicate the availability and accessibility of healthcare services. Metrics to evaluate network adequacy include the number of hospitals, clinics, doctors, and specialists in the network per member or per geographic area.

Evaluating the effectiveness of risk management programs, such as wellness initiatives and disease management, were quantified by measuring health risk factors in the population, such as smoking rates, obesity rates, and disease prevalence (Ramgobin *et al.*, 2021). Monitoring solvency ratios, capital adequacy, and compliance with regulatory requirements indicate the financial health and adherence to industry standards. Regulatory compliance also be measured by analysing any penalties or sanctions imposed on medical aid societies for non-compliance (Luiz dos Santos and Vieira Marinho, 2020).

2.5.2 Qualitative determinants of organisational performance

Perceived quality, customer feedback, customer satisfaction, and customer experiences are all important qualitative determinants of organisational performance in the medical aid society sector. These factors play a significant role in shaping the reputation, trustworthiness, and success of healthcare organisations. Perceived quality refers to customers' subjective evaluation of the overall quality of products or services offered by a medical aid society. It

encompasses factors such as the reliability, effectiveness, and safety of healthcare services. This perception greatly influences customers' decision-making process and their likelihood of continuing their membership with a specific medical aid society. Positive perceptions of quality enhance the reputation and competitiveness of the organisation, leading to increased customer retention and acquisition (Keller, 2021).

Kegoro and Justus (2020) emphasised that customer feedback provides valuable insights into the strengths and weaknesses of a medical aid society's services. It helps in identifying areas for improvement, optimizing internal processes, and addressing customer concerns. Organizations that actively collect and act upon customer feedback are more likely to foster a customer-centric culture, improve service delivery, and ultimately enhance customer satisfaction. Furnival, Boaden and Walshe (2021) reiterated that negative feedback, if not promptly addressed, result in customer dissatisfaction and potentially lead to a decline in reputation and customer loyalty.

Raut *et al.*, (2021) specified that customer satisfaction reflects customers' evaluation of their overall experience with a medical aid society. It is influenced by various factors, including the perceived quality of services, customer service responsiveness, waiting times, and ease of accessing healthcare resources. High levels of customer satisfaction indicate that the organisation is meeting or exceeding customer expectations, resulting in positive word-of-mouth, customer retention, and increased market share. Conversely, low levels of satisfaction lead to customer churn and negative reputation (Pfister, Schwaiger and Morath, 2020).

Customer experiences encompass the interactions and encounters that customers have with a medical aid society at various touch points, including inquiries, claims processing, and member support. Positive customer experiences involve seamless and transparent processes, personalized services, and efficient problem resolution. These experiences significantly impact customer satisfaction, loyalty, and advocacy. Organizations that prioritize creating exceptional customer experiences tend to gain a competitive advantage and foster long-term relationships with their members (Zeithaml *et al.*, 2021).

2.6 Theoretical Framework

A theoretical framework refers to a conceptual structure or model that guides the research and analysis in a study. It provides a blueprint for understanding and interpreting the phenomena

under investigation. The framework consists of various theories, concepts, and hypotheses that help to explain the relationships and dynamics between variables being studied.

2.6.1 Dynamic capabilities

Using dynamic capabilities as an ideal theoretical model would be pertinent and helpful in the study's assessment of the impact of an inflationary environment on Premier Service Medical Aid Society's health insurance performance. The term "dynamic capabilities" describes a company's capacity to use its resources effectively and efficiently to accomplish marketing goals and obtain a competitive edge. In this study, the application of dynamic capabilities as a theoretical model would facilitate a thorough comprehension of how Premier Services Medical Aid Society effectively navigate and address the obstacles presented by an inflationary environment.

As per Reimann, Carvalho, and Duarte (2021), the organisational performance of an organisation was impacted by its dynamic capabilities. According to Prazogo and Nirawati (2021), the client allegiance component of e-marketing skills deals with the utilisation of business resources to generate the required revenue and market circumstances. Istighfaroh and Nuraeni (2020) posit that a company develops its dynamic capabilities when it studies the impact of its technologies, knowledge, and processes for deploying both tangible and intangible assets. This allows the company to comprehend the complex nature of customer demands and meet those needs with unique products and services that go above and beyond their expectations, thereby increasing advertising effectiveness and building brand equity.

Ali *et al.* (2020), who emphasised that despite an environment of enough firm assets, firms could fail to develop customer-preferred products because they do not have dynamic capabilities made up of skilled staff as well as seasoned management, emphasised the unique role played by dynamic capabilities. By deploying novel value-creating tactics that are difficult for rival companies to imitate, dynamic capabilities allow businesses to gain an everlasting competitive edge (Bocken and Geradts, 2020).

Organisational assets that are invisible but were used to keep a competitive advantage in a given market are called dynamic capabilities. Unlike other tangible organisational resources that were bought or acquired, they comprise marketing competencies that are developed from knowledge-based skills that are formed during time spent engaged in a certain company activity. Romero and Yagüe (2020) emphasised brand equity, loyalty to customers, and brand

as essential marketing attributes that a business possess. Employing these marketing skills has been found to give a company a clear advantage. Qureshi (2017) asserts that, in contrast to tangible assets, marketing abilities are distinguishing and provide defensibility, making them difficult for rivals to imitate; hence, they are a component of a sustained competitive advantage.

The main idea that guides this study is the concept of marketing capacities, which refer to an organisation's capacity to use the resources at hand in order to maintain its marketing effectiveness and gain an advantage over competitors (Amoako, Obuobisa-darko and Marfo, 2021). A company may have dynamic marketing skills that fall into the categories of value (V), rarity ((R) imitability (I), and non-substitutability (N). The VRIN architecture of corporate assets is the name given to the viewpoint.

By enabling the company to develop plans that improve its effectiveness as well as efficiency in the implementation of its resources, an organisation's combination of intangible as well as tangible assets must deliver strategic advantage to the corporation (Barney, 2020). The VRIN framework's other three elements act as preventative measures against redundancy. Assets for the company need to be uncommon and challenging to find for both current and potential rivals. If the dynamic capabilities that businesses possess are plentiful and widely available to other entities, companies are unable to establish a durable competitive edge (Amoako, Obuobisa-darko and Marfo, 2021).

Since immaterial assets are difficult to assign to or used by competitors in the same business with similar productivity and efficacy, they were chosen as the optimal source for uncommon assets in this study. It is challenging to exactly replicate intangible resources, and they cannot be replaced by different resources. The VRIN concept has implications for organisational competences in that a company must determine immaterial assets that give it an ongoing edge over competitors by enhancing its marketing effectiveness.

The study analyse how Premier Services Medical Aid Society identify and understand the changing needs and preferences of customers in an inflationary environment. By assessing their dynamic capabilities in terms of customer research and segmentation, the organisation develops targeted strategies to meet customer expectations effectively. Through a dynamic capability's lens, the study explores ways in which Premier Service Medical Aid Society differentiate itself from competitors in an inflationary environment. It investigates dynamic

capabilities such as brand management, pricing strategies, and effective communication to create a unique selling proposition and gain a competitive edge.

Dynamic capabilities emphasize the importance of relationship building with customers (Peterson *et al.*, 2020). The study can examine how Premier Service Medical Aid Society can leverage its dynamic capabilities to maintain strong customer relationships even in an inflationary context. This may include strategies related to customer service, customer retention, and loyalty programs. Dynamic capabilities can help an organisation optimize resource allocation in an inflationary environment (Nguyen *et al.*, 2021). By assessing Premier Service Medical Aid Society's dynamic capabilities in terms of budgeting, resource allocation, and marketing planning, the study can provide insights into how the organisation can effectively allocate resources and make informed decisions to adapt to changing economic conditions.

2.7 Empirical studies

2.7.1 Global perspective

Gangopadhyaya and Garrett (2020) have examined the potential impact of inflation on the usage patterns of insurance services. This research was undertaken at the height of the COVID-19 pandemic, when the demand for medical insurance was at its peak. The accompanying economic depressions brought about by the closure of the global economy are a strategy to mitigate the spread of the contagion, which also negatively affects prices in other economies. As a result, some economies experienced periods of rising prices and increasing demand for medical insurance and health care at the height of the pandemic. Results from the study by Gangopadhyaya and Garrett (2020) have shown a marked decline in the demand for insurance services under hyperinflation and the subsequent impact on health insurance costs at the height of the COVID-19 pandemic.

Erlangga *et al.* (2021) conducted a study whose focus was on proposing measures to improve the performance of health insurance in an inflationary environment. Erlangga *et al.* (2021) have suggested various strategies, including cost-sharing mechanisms, disease management programmes, and utilisation management tools, to curb rising insurance costs. These initiatives aim to strike a balance between maintaining affordable premiums and providing adequate coverage for medical expenses. The study highlighted that proper management of medical insurance schemes can reduce incidences where members make out-of-pocket transactions to settle medical bills.

Research undertaken in Venezuela by Valero *et al.* (2020) revealed that hyperinflation negatively affected the financial performance of health insurance companies. The study established that there was an exponential increase in the demand for medical insurance at a time when medical aid organisations did not have adequate financial resources to settle the claims. This mismatch between claims and financial capability to pay negatively affected the sustainability of medical insurance in Venezuela. This research has significant implications with regards to the relationship between inflation and organisational performance within the context of Zimbabwean medical insurance. However, the differences between this study and the prior study were identified with respect to the focus of attention. The previous study was done in Venezuela, while this study is being done in Zimbabwe.

Related research undertaken by Woolhandler and Himmelstein (2020) has looked at historical data to determine the relationship between inflation and insurance industry premiums to determine sustainable premium growth rates in an inflationary environment. The study was undertaken. At a time when the COVID-19 pandemic was ruining the health service system, the study focused primarily on problems with insurance acquisition. Outcomes from the standard indicated that inflation negatively affected the financial gains of medical insurance companies given that premium growth was considered while costs increased.

Research by Kinney (2020) explored the effect of inflation on insurance utilisation and costs. The main outcomes from the research established that inflationary pressures may lead to increased insurance costs. This is an effect negatively affecting health insurance plans, which experience challenges in providing coverage for these rising costs and ensuring the financial performance of their benefit packages. Ultimately, the study by Kinney (2020) highlighted that an inflationary environment has an inverse relationship with insurance utilisation, while there is a direct relationship with cost increases.

2.7.2 African perspective

De Wet *et al.* (2020) conducted the research in South Africa, which focused on the influence that inflation had on the financial variability of organisations in terms of profitability, financial strength, and solvency. Research results indicated that inflation influenced the furniture availability of organisations despite their sectors of operation and significantly resulted in a decline in the underwriting capacity of health insurance companies in South Africa. The study also went further to suggest that the laws of the national health insurance scheme in South

Africa also affected the demand for private health care insurance, which reduced the capacity of private health insurance to adequately respond to inflationary pressure.

The work of Azeez *et al.* (2021) focused on the scalability and performance of health insurance to minimise out-of-pocket expenditures within the context of the Nigerian healthy delivery system. The research established that inflationary pressure negatively affected the scalability of national health insurance. It was highlighted that measures meant to improve the inclusivity and accessibility of health insurance were also adversely affected by inflation. The main contribution of this study in relation to the current research is that it clearly articulates the effects associated with operating in an inflationary environment with respect to the scalability of insurance coverage and the need to minimise out-of-pocket payments by medical insurance company clients.

2.7.3 Local perspective

Within the Zimbabwean context, there are several studies that you can undertake with the aim of establishing the link between inflation and the sustainability of business operations in general. In a typical study that was done by Mhazo, Maponga, and Mossialos (2023), it was emphasised that the current type of inflationary environment perpetuates inequalities with respect to access to health insurance.

A related study undertaken within a similar economic environment by Chipunza and Nhamo (2023) highlighted that the tax-based health financing model in Zimbabwe is characterised by perpetual deficits and the imposition of user fees, which are socially exclusive. The study advocated for a change in thinking from private health insurance to national health insurance coverage, which also considers the informal sector. However, these proposals have the effect of decimating the influence of private health care coverage in Zimbabwe towards the launch of the national health insurance coverage that is offered by the government. The apparent paradox in this line of reasoning is that the previous Medical Aid Society was optimised to provide public medical health care coverage, but it is failing for a variety of reasons, one of which is inflationary pressure.

In a study focusing on the determinants of demands for health insurance among public service employees in Zimbabwe, Maradze, Nyoni, and Nyoni (2020) indicated that the premium page was one of the key determinants of the demand for health insurance. Therefore, the continuous

upward review of premiums negatively affects the demand for health insurance amongst public service employees.

2.8 Conceptual framework

The conceptual framework relates the research variables in a study. Within the perspective of this research, the conceptual framework is illustrated in Figure 2.1.

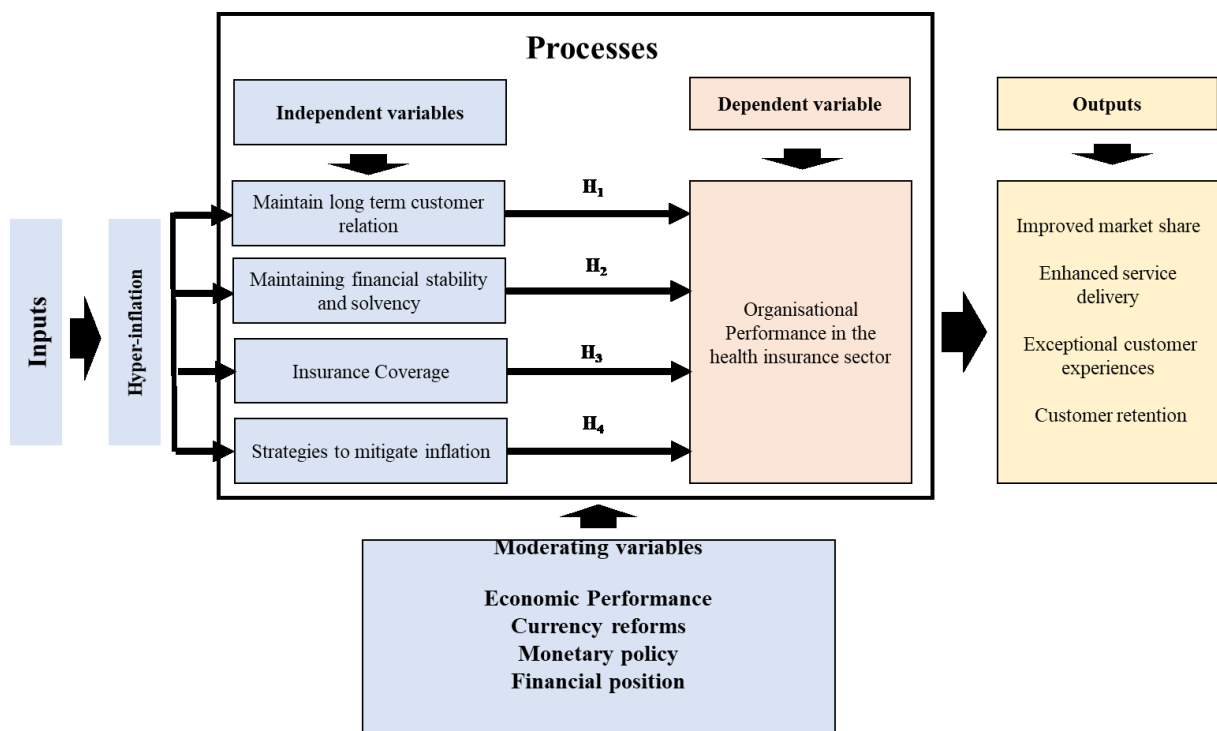


Figure 2.3: Conceptual framework

Including maintaining long-term customer relations, maintaining financial stability, insurance coverage, and strategies to mitigate inflation as predictor variables in a model linking hyperinflation to health delivery service quality is relevant for several reasons:

2.8.1 Customer Relations

Long-term customer relations are essential for sustaining business operations during times of economic instability. Loyal customers can provide a stable revenue stream, even in the face of hyperinflation. Moreover, satisfied customers are more likely to overlook minor service disruptions caused by inflationary pressures.

2.8.2 Financial Stability

Maintaining financial stability is crucial for ensuring uninterrupted service delivery. By including financial stability as a predictor variable, the model can assess how well-prepared healthcare providers are to weather inflationary shocks. Financially stable organizations are better equipped to invest in necessary resources and infrastructure to maintain service quality.

2.8.3 Insurance Coverage

Inflation can lead to rising healthcare costs, making insurance coverage a critical factor in ensuring access to quality healthcare services. Including insurance coverage as a predictor variable allows the model to analyse the extent to which insurance mitigates the impact of hyperinflation on health delivery service quality.

2.8.4 Strategies to Mitigate Inflation

Implementing effective strategies to mitigate the effects of inflation, such as cost-control measures or diversification of revenue streams, can help healthcare providers maintain service quality despite economic challenges. By including these strategies as predictor variables, the model can assess their effectiveness in offsetting the negative impact of hyperinflation on health delivery.

2.8.5 Moderating conditions

These are factors that influence the relationship between the predictor and dependent variables. These factors include the monetary policy which influences the money supply and interest rates that mainly determines the level of inflation in an economy. The monetary policy is in turn influenced by the overall economic performance which also influences the levels of financial stability within PSMAS.

2.8.6 Outputs

These are the expected outcomes derived from the interplay of research variables. It is anticipated that the research will culminate in improved market share, enhanced service delivery, exceptional customer experiences and customer retention among other deliverables. By incorporating these variables into the model, the study can gain a comprehensive understanding of the relationship between hyperinflation and health delivery service quality, and identify strategies to mitigate the adverse effects of inflation on healthcare provision.

2.9 Chapter Summary

The chapter provided a detailed review of literature on the notion of inflationary environment. The chapter was guided by the theory of dynamic capabilities which stipulate that organisations can reposition themselves in a turbulent operating environment by emphasising on its differential advantages brought about by its firm resources, marketing competencies and capabilities. The business environment was discussed at length as it the key determinant of the operating conditions for all organisations. Literature review also touched on the business from where an inflationary environment were discerned. The inflationary trends in Zimbabwe were highlighted. The notion of health insurance was also discussed with special mention being on the effect that an inflationary environment has on business performance. The notion of organisational performance was also reviewed from both a quantitative and qualitative perspectives.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

The focus of this study is on research methods used to investigate the impact of an inflationary environment on the performance of health insurance businesses in Zimbabwe. The chapter's focus is on outlining the adopted research philosophy, the selection of acceptable research designs, the research approach, and the research strategy. In addition, the chapter articulates and defines the research population in plain words. This chapter includes discusses data collection methods and research tools that were employed in data collection. They intend to set the parameters for the empirical application of data collecting, measurement, and analysis by clearly defining analysis methodologies, reliability and validity considerations, and research ethics.

3.1 Research Philosophy

The research was guided by the application of a positivist research philosophy which emphasized on the use of empirical methods and scientific approaches in the collection and verification of data (Starostin, 2021). Positivism is a philosophical approach that emphasizes the use of scientific methods to study and understand the world. It involves objective and measurable observations, empirical evidence, and the application of deductive reasoning to establish causal relationships. The decision to use positivism was justified by the need to collect huge amounts of data from a sample of respondents so is to promote statistical inferences and generalization of research findings to the rest of the population (Hays and Mckibben, 2021). Positivism was selected since it provided the basis upon which research findings were subjected to statistical analysis, verification and generalization through the process of repetition

Positivism was used since it promoted objectivity in research by advocating for unbiased observations and measurements. The effects of an inflationary environment on health insurance performance were studied objectively by collecting and analysing data related to key performance indicators such as claim ratios, premium levels, and customer satisfaction. This approach ensured that the study's findings were not influenced by subjective opinions or biases (Eisend and Kuss, 2021). The use of positivism encouraged the use of quantitative data that was measured and analysed statistically. When assessing the effects of an inflationary

environment on health insurance performance, quantitative data such as inflation rates, healthcare costs, and insurance expenditure provided factual evidence to support or refute hypotheses. This approach enabled the study to establish the magnitude and significance of the relationship between inflation and health insurance performance.

The application of positivism emphasized the establishment of causal relationships between research variables. By applying positivist principles, the study explored whether an inflationary environment directly affected health insurance performance or if there were intervening factors that mediate this relationship. This approach allowed for the identification of cause-and-effect dynamics and provides insights into the mechanisms through which inflation impacts health insurance performance. Positivism aimed for generalizable findings that where be applied beyond the specific case under study. By adopting a positivist approach, the study can generate systematic and replicable knowledge about the effects of an inflationary environment on health insurance performance. This knowledge contributed to formulating broader policies and strategies that address the challenges of health insurance in inflationary contexts.

Positivism emphasized the importance of research that has practical implications. By studying the effects of an inflationary environment on health insurance performance from a positivist perspective, the study provided evidence-based recommendations to policymakers, insurers, and healthcare providers. These recommendations included measures to mitigate the negative impacts of inflation on health insurance affordability, adjust premiums or coverage options, and enhance risk management strategies.

3.2 Research Approach

The study was based on the application of a deductive research approach. This research approach fell in with a quantitative methodological design. A study plan highlighted the procedures followed in the information collection process, which allowed for statistical inference. The use of conventional data collection that was dispersed over an adequate period resulted in the selection of a survey research approach in keeping with the statistical underpinnings of this investigation. According to its widespread use in the research industry as a statistical way of collecting data from a chosen sample of people who participated using standardised processes, the deployment of a survey research strategy was chosen. A survey strategy was implemented through the distribution of online questionnaires to research

participants with the view of collecting their opinions on the effect that hyperinflation had on the performance of the health insurance industry.

3.3 Research Design

A case study research design was justified since it provide a detailed and comprehensive understanding of a specific situation or phenomenon (Saunders, Lewis and Thornhill, 2021). In this study, a case study design allows to thoroughly examine the effects of an inflationary environment on the health insurance performance of Premier Service Medical Aid Society, including the various factors, dynamics, and complexities involved. A case study design enabled the examination of the unique contextual factors and specific circumstances surrounding Premier Service Medical Aid Society. By focusing on a specific case, better identify how the inflationary environment impacts the health insurance performance and avoid generalizing findings that may not apply to other organisations or societies.

Case studies involve gathering data from multiple sources and methods, including interviews, observations, documents, and records. This allows to obtain a rich and diverse set of data to fully explore the effects of an inflationary environment on health insurance performance. In this study, gathered information from relevant stakeholders within Premier Service Medical Aid Society, such as employees, policyholders, managers, and healthcare providers. Case studies often have a longitudinal perspective, enabling to examine changes over time. In this study, a case study design helped understand the evolving effects of an inflationary environment on health insurance performance by examining the data and trends from different time points. This longitudinal perspective allowed for a more accurate analysis of the long-term impact of inflation on Premier Service Medical Aid Society.

Case studies provide practical insights and recommendations for real-world applications. By focusing on Premier Service Medical Aid Society, this study generated specific recommendations for managing the effects of an inflationary environment on health insurance performance. These recommendations were valuable for policymakers, health insurance providers, and other stakeholders who are interested in mitigating the negative impacts of inflation on health insurance.

3.4 Research Population

According to Sreejesh, Mohapatra, and Anusree (2021), a research population is a collection of people or components that are significantly affected by the study's findings. Employees of Premier Service Medical Aid Society made up the research population from this study's point of view. The premise for identifying the research population allowed mathematical findings to be operationalized, allowing results from a representative group of survey participants to be regarded as typical of the nation's whole medical aid service industry. According to the corporate website of Premier Service Medical Aid Society, 340 employees are directly employed by the medical aid service provider. These folks make up the study's sample population.

3.5 Sample Size

Statistical techniques were used to select a representative sample size that could closely resemble the characteristics of people, as well as the demographic profiles of respondents, if they are represented in the population of employees at Premier Service Medical Aid Society. Statistical techniques incorporated the use of empirical methods of determining the sample size through the application of the Yamane formula in the determination of a representative sample size which was statistically determined at 293 respondents. The Yamane formulas was calculated as follows:

$$\begin{aligned} & \frac{N}{1 + Ne^2} \\ = & \frac{340}{1 + 340 \times 0.05^2} \\ = & \frac{340}{1 + 0.85} \\ = & 184 \end{aligned}$$

A simple size of 184 respondents forms the basis of data collection in this research.

3.5.1 Sampling Methods

Stratified sampling was used to collect data from different categories of employees within the organisation based on their areas of specialization in terms of functional departments. This ensure that there's a proportional representation of respondents across the entire organisation.

3.6 Data sources

They start the subscribed to the quantitative research methodology which until the utilization of a combination of primary and secondary data sources in the collection of information from prospective respondents in a manner that could ensure high levels of validity and reliability of research findings.

3.6.1 Secondary data

The collection of secondary data was important in this research since it was available and could be utilised to ascertain the extent of the impact that the inflationary environment had on the performance of the Premier Medical Aid society. The advantages provided using secondary data, particularly with respect to inflationary statistics, are that these have been predetermined and authenticated. Secondary data on inflationary statistics is calculated using the consumer price index, which represents a valid and reliable with respect to the trends in inflation in the country. As a result, the researcher is not expected to recalculate or predetermined the level of inflation but to ascertain and analyse the effect that inflation has on the performance of the previous medical aid society. The main drawback associated with relying on secondary sources of data is that some information might be outdated and might not adequately address current research findings. To resolve this main issue, we should also consolidate the application of inflation statistics with the collection of primary data.

3.6.2 Primary data

Primary data was collected on the grounds of the validity it brings to my study with respect to the ability to generate fresh insights in a study based on the impact of inflation on the performance of the health insurance sector in Zimbabwe. The benefits associated with the application of primary data collection were that the research instrument that was used for the purposes of collecting primary data was designed in line with the objectives of the study. This ensured that only relevant data was collected to resolve the objectives of the research.

3.7 Research instruments

A structured questionnaire designed along a 5-point Likert scale was an appropriate research instrument to collect data. A structured questionnaire allows for standardization of questions and response options, ensuring that all participants are provided with the same set of questions and response categories. This helps in minimizing bias and ensuring the consistency of data collection. Likert scales are commonly used in research to measure attitudes, opinions, and

perceptions of individuals. In the case of assessing the effects of an inflationary environment on health insurance performance, Likert scale items could measure participants' perceptions of changes in premiums, coverage, access to care, reimbursement rates, and overall satisfaction with the health insurance service.

The 5-point Likert scale provides a limited range of response options, making data analysis relatively straightforward. The responses were easily quantified and analysed using descriptive statistics, such as means and frequencies, allowing for comparisons across different demographic or contextual factors. Likert scales allow researchers to include multiple items within a single construct or dimension, helping to capture various aspects of the research topic. For example, the questionnaire could include multiple items related to different aspects of health insurance performance affected by inflation, enabling a comprehensive assessment.

The use of a structured questionnaire with a Likert scale allows for comparability with previous studies. By utilizing established Likert scale items or creating new ones aligned with previous research, researchers compared and build upon existing knowledge, aiding in the understanding of trends and changes over time (Bougie and Sekaran, 2021). A structured questionnaire was administered efficiently and easily to many participants, ensuring a wide range of perspectives are captured. Additionally, Likert scales provide a format that is familiar and relatively simple for respondents to understand and complete.

3.8 Data Collection Procedure

To generate valid and reliable insights in a study focusing on assessing the effects of an inflationary environment on health insurance performance, a structured questionnaire was distributed using online surveys. The questionnaire was created using online survey platforms such as Google Forms. The link to the questionnaire was shared via email or posted on relevant websites, forums, or social media groups related to health insurance or medical aid societies. This method allowed for easy distribution to a wide range of participants, ensuring a diverse sample. Email distribution was used for individuals who are members or stakeholders of the Premier Service Medical Aid Society. The email included personalised messages explaining the purpose of the study and the importance of their participation. This method ensured that the questionnaire was received directly by the target audience, increasing the likelihood of a relevant response.

In-person distribution was also used, where the structured questionnaire was distributed in person by setting up information booths or desks at Premier Service Medical Aid Society offices or relevant healthcare events. This method allowed for face-to-face interaction with potential respondents, providing an opportunity to explain the study and address any queries or concerns. Participants filled out the questionnaire on the spot or took a physical copy home and returned it later.

The questionnaire provided clear instructions for each question to avoid any confusion or misinterpretation. The structured questionnaire should include questions or scales that have been tested for validity and reliability, ensuring the accuracy and consistency of the data collected. To ensure a representative sample, a stratified sampling technique was employed to target different demographic groups with a proportional representation of members within Premier Service Medical Aid Society. Participants were assured of the privacy and confidentiality of their responses. Anonymity should be maintained, with no personal identifiers requested in the questionnaire. Before distributing the questionnaire widely, it is important to pilot test it.

3.9 Data analysis

Descriptive statistics aim to describe and summarize the data collected in a study (Bougie and Sekaran, 2021). In the context of studying the impact of hyperinflation on the performance of the health insurance sector in Zimbabwe, descriptive statistics would involve presenting information about the health insurance sector's performance indicators before and during a period of hyperinflation. This could include measures such as the number of insured individuals, premiums collected, claims paid, and financial reserves.

Inferential statistics go beyond describing the data to make inferences or draw conclusions about a larger population based on a sample. In the study mentioned, inferential statistics could be used to generalize the findings of the impact of hyperinflation on the health insurance sector performance in Zimbabwe to the entire sector or specific sub-groups within the sector, based on the sample data collected.

3.10 Reliability and Validity

Reliability refers to the consistency and dependability of the data collected in a study. To ensure reliability, researchers studying the impact of hyperinflation on the health insurance sector in Zimbabwe should use standardized and validated measurement tools and collect data from multiple sources to reduce bias or error. Additionally, conducting pilot studies and implementing rigorous data collection and management procedures enhanced the reliability of the study.

Validity refers to the accuracy and appropriateness of the interpretations and conclusions drawn from the data. To ensure validity in the study, researchers need to select appropriate measurement instruments and techniques that assess the relevant aspects of the health insurance sector's performance accurately. They should also ensure that the data collected truly reflects the impact of hyperinflation on the health insurance sector and not influenced by other confounding factors. Establishing a clear research design and using appropriate statistical analysis techniques enhanced the validity of the study (Sreejesh, Mohapatra and Anusree, 2021).

3.11 Ethical Considerations

The study incorporated the following ethical considerations:

The researcher ensured that participants were fully informed about the objectives, procedures, potential risks, benefits, and their rights before participating in the study. It was important to obtain their voluntary consent without any form of coercion. Protecting the privacy of participants was done by ensuring that their personal information and responses were kept confidential. Participants were assured that their data was used only for research purposes and would not be disclosed to unauthorised individuals.

Assessing the potential risks and benefits of the study was done to ensure that the benefits outweigh any potential harm to participants. Measures were taken to minimise any physical, psychological, or social harm that might arise from participating in the study. The researcher ensured that the selection process for participants is fair, transparent, and unbiased. Participants should be selected based on relevant criteria, avoiding any form of discrimination or exclusion. The researcher ensured the accuracy and integrity of the data collected during the study. The researcher avoided fabrication, falsification, or any other form of misconduct that could compromise the reliability of the findings. Considering the potential impact of the study on the

health insurance sector and the wider community the researcher considered whether their study could potentially divert scarce resources away from urgent healthcare needs or hinder access to important services.

The researcher endeavoured to generate research findings that contributed to improving the health insurance sector in Zimbabwe. Researchers aimed to produce knowledge that were practically applied to alleviate the challenges posed by hyperinflation and contribute to overall societal well-being. Ethics were observed by involving relevant stakeholders, such as health insurance providers, government authorities, and patient representatives, in the research process to ensure that their views and perspectives were considered. Researchers should seek to actively engage with the community to foster cooperation, trust, and transparency.

3.12 Chapter summary

The guidelines for the research philosophy, research design, research strategy, and research approach that were used in the process of gathering accurate and reliable data that could be used for inferences based on statistics are described in this portion of the research. That analysis was based on several participants of 183 respondents, which was used in the study. The chapter explained that efforts were made towards building a solid framework that might promote the accomplishment of research objectives based on the utilisation of an amalgam of information from both primary and secondary sources. Considering validity and dependability as well as adhering to international norms for research ethics, the investigation findings are analysed, presented, and discussed in the following chapter.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND DISCUSSIONS

4.0 Introduction

The last chapter was an account of the research methodology that was followed in designing the study to generate reliable and valid research results that were compliant with empirical research. The contribution of this chapter is to explain the logical process of presenting data, analysing it, and discussing it. In relation to empirical literature. This chapter brings out new insights into the link between an inflationary environment and organisational performance, with the emphasis being on health insurance companies operating in public the chapter begins with an analysis of the responses to the questionnaire and the demographic profiling of respondents in relation to their highest level of education, working experience within the Premier Service Medical Aid Society, age group, and gender. Descriptive statistics, using the mean and the standard deviation, were used to describe the four research objectives. Also included in this chapter are inferential statistics, mainly correlation and regression statistics. The chapter also includes a discussion of research results in relation to empirical literature.

4.1 An analysis of the questionnaire responses

The questionnaire was sent to a total of 186 respondents, the overall responses received stood at 149. Research results are shown in Table 4.1.

Questionnaire administered	Responses received	Responses not received	Response rate	Non-response rate
186	149	37	80.97%	19.03%

Table 4.1: Questionnaire responses

Source: Inflationary environment and health insurance survey (2023)

Table 4.2 indicates that a total of 149 respondents were able to successfully complete the questionnaire out of the possible 186 giving an overall response rate of 80.97%. Extant research methodology literature stipulate that an overall response rate of 50% is acceptable for social studies (Schindler, 2022). Given a response rate of 80.97%, the research results of this study

were a valid account of regarding the effects that an inflationary environment has on the performance of the health insurance industry in Zimbabwe.

Inflation has severe adverse effects on consumer decision-making, particularly with respect to the medical insurance sector, which is largely considered an unsought service. Clients are most likely to substitute health insurance services for other essential services, especially when they experience rising prices. This arises from the realisation that the consumption of medical insurance services is not immediate. This has the effect of improving the validity of research findings, given that the insights that were expressed in this study have been drawn from a cross-section of people who have experienced the various effects that an inflationary environment has on the business performance of the Premier Service Medical Aid Society in Zimbabwe.

4.2 Respondent demographics

This section outlines the demographics of respondents in terms of gender, age groups, highest levels of education, and working experience. These variables are key to research in profiling the respondents.

4.2.1 Gender of respondents

Research results in respect of the gender of respondents are shown in figure 4.2.

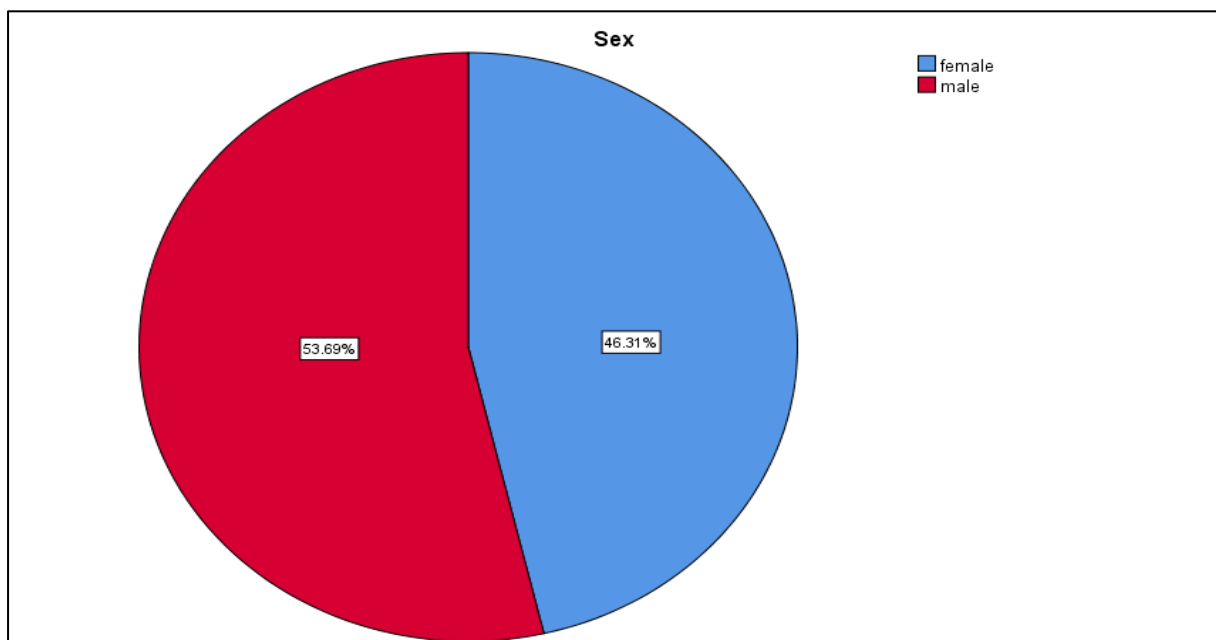


Figure 4.1: Gender

Source: Inflationary environment and health insurance survey (2023)

The gender distribution of participants was dominated by males, who made up 53.69%, while females composed the remaining 46.31%. This distribution of participants closely imitates the gender distribution of employees within the Premier Services Medical Aid Society. The gender distribution within the context of this study provides gender diversity in appreciating the influence that inflation has on organisational performance. It also reflects the differences in the influence that gender has on occupational positions within the previous society, which might influence the implementation of policies that might improve the overall performance of the organisation.

In this context, gender is an influence, especially when it comes to decision-making and priority ranking related to the allocation of financial resources, which might be necessary to improve the industrial relations and occupational welfare of employees within the Premier Service Medical Aid Society. Extant research shows that operating in an inflationary environment negatively affects the welfare of breadwinners, who have the responsibility to take care of their families. This was found to negatively affect their job performance, which might ultimately result in poor organisational performance. Therefore, there is an indirect link between gender and organisational performance that is moderated through inflation.

4.2.2 Age groups of respondents

The age group of respondents was used as the basis upon which the views and opinions of people from a wide range of backgrounds could be understood in relation to the influence that inflation has on the performance of companies in the health insurance sector. Research results with respect to the age group of research participants are shown in Figure 4.1.

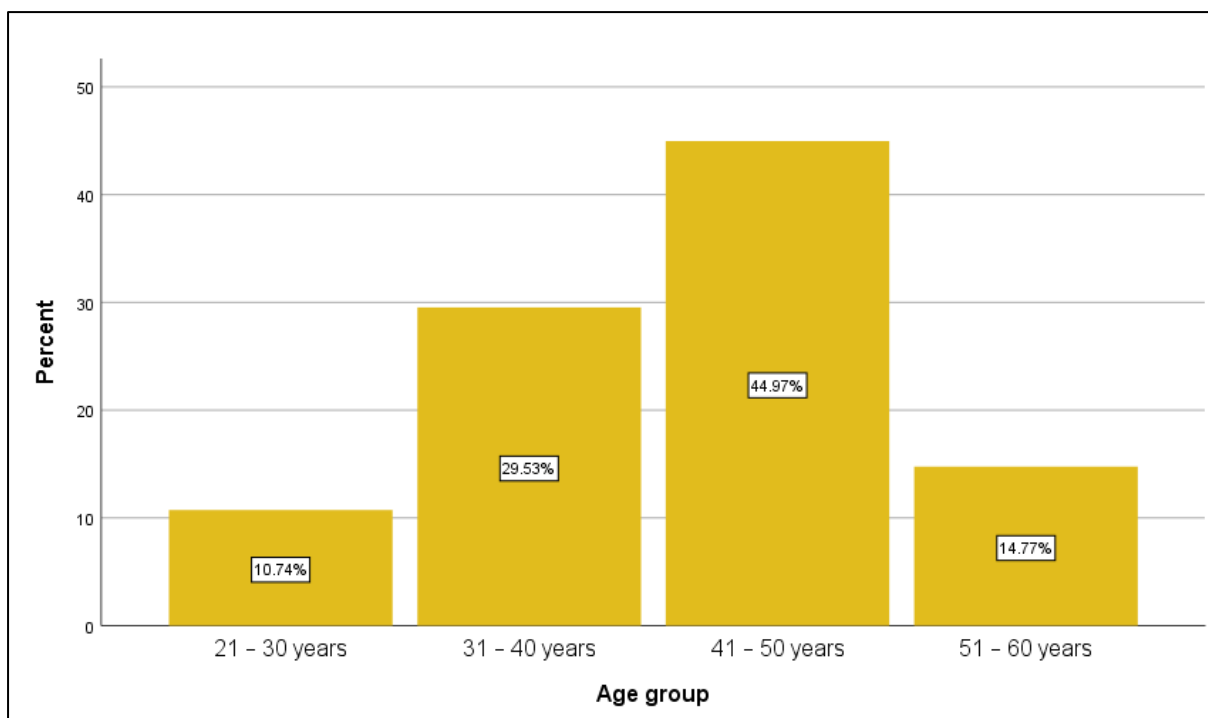


Figure 4.2: Age groups

Source: Inflationary environment and health insurance survey (2023)

The distribution of correspondence in terms of age group appears to follow a normal distribution curve, with the majority clustered in the middle and fewer outliers. This is because 44.97% of research participants indicated that they fell within the 41–50 age group. These mature and experienced employees have shared insights with regards to the effects of their failed inflation heads on the operations of the Premier Service Medical Aid Society over the years.

The respondents we met up with, 10.74%, indicated that they were between 21 and 30 years of age. These were mainly new employees and graduate trainees who had just begun with the Premier Service Medical Aid Society. They are likely to have a wealth of experience operating in a hyperinflationary environment given that they were raised in an economic condition that was characterised by price increases, which negatively affected consumer demand. Respondents who indicated that they were between 51 and 60 years of age made up 14.77%. Insights from these respondents are critical to this study since they have been exposed to different phases of price stability and are better placed to provide a detailed account of how such different phases of inflation affected the performance of the medical insurance sector in Zimbabwe, with the emphasis being on the Premier Service Medical Aid Society.

4.2.3 Working experience at PSMAS

Research results on the working experience of respondents are shown in Figure 4.3.

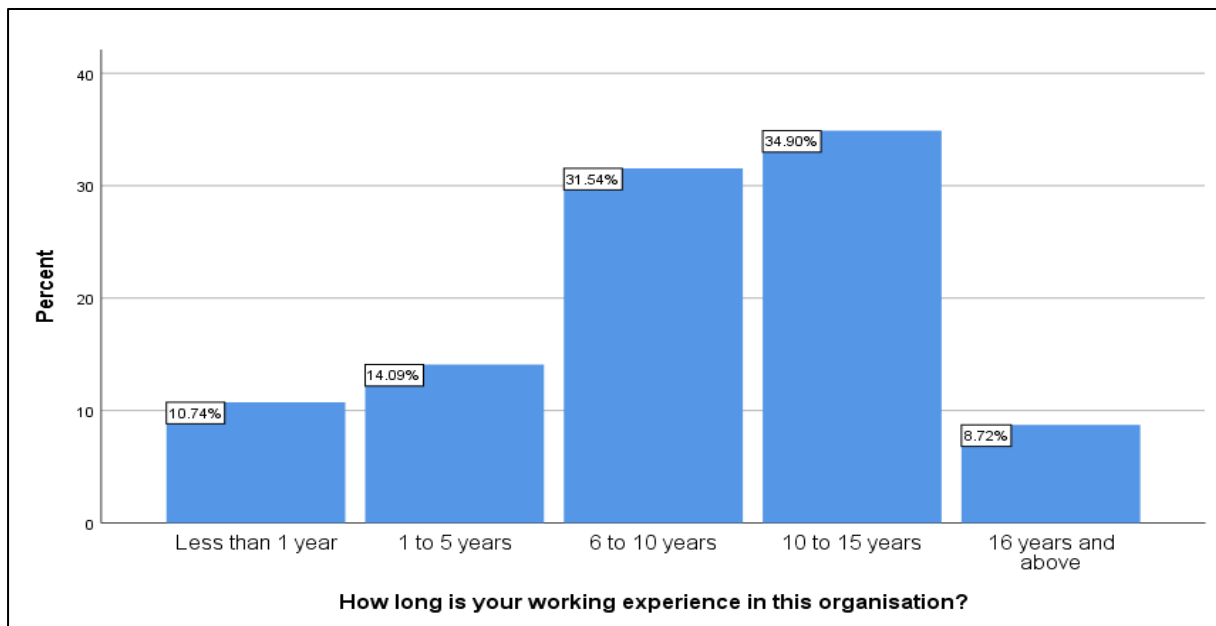


Figure 4.3: Working experience

Source: Inflationary environment and health insurance survey (2023)

The periods of experience at the Premier Services Medical Aid Society were used as the basis to ascertain the level of familiarity of research participants regarding various aspects of operations within the company. This relates to how the company's performance was analysed with respect to the overall performance of the economy, particularly with respect to inflation.

Research results of the working experience of respondents show that the majority, who made up 34.9%, were employed by the Premier Service Medical Aid Society between 10 and 15 years. Those who had more than 16 years of experience within the organisation composed 8.72%. Research results and insights from these respondents validate the outcomes of this study. Since they are generated by people who have experienced different inflationary periods and how they have affected the overall performance of the organisation in respect of the ability to generate favourable relationships and sustain the operations of the business in terms of the quality of service delivery to customers, The research results generated in this study are a reflection of the diversity of opinions emanating from people who have experienced different phases of inflation and how they have affected the quality of service delivery and overall performance of the Premier Service Medical Aid Society within the health insurance sector.

4.2.4 Highest level of education

The highest level of educational attainment of respondents was used as the basis for deciding on their literacy and awareness levels regarding inflationary trends and organisational performance. Education was included based on the claim that the higher the level of education, the more aware and financially enlightened respondents are in terms of appreciating the effects that inflation has on the performance of companies in the medical insurance sector. According to Figure 4.3, most research participants, who made up 50.34%, indicated that they held a specialist degree, which is their highest educational qualification.

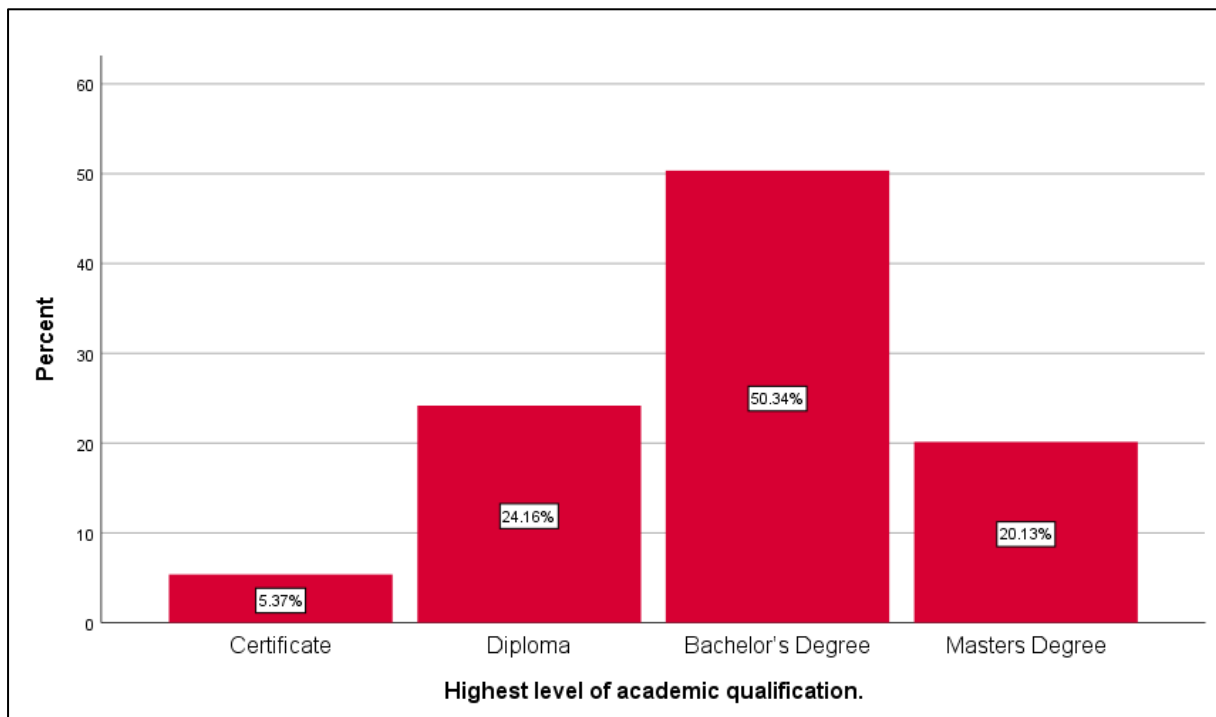


Figure 4.4: Highest education attainment

Source: Inflationary environment and health insurance survey (2023)

Research results on the highest level of education are illustrated in Figure 4.4 indicate that 20.13% have a Master's degree as their highest level of qualification. While 5.37% of research participants indicated that they had a certificate as their highest level of education, the research results generated in this study with respect to the highest level of education indicate that most participants to the standard were assumed to have an acceptable level of economic literacy in terms of appreciating the effects that operating in an inflationary environment has on business prospects and performance within the medical insurance sector.

It stands to reason that the research insights that are expressed in this study are an accurate reflection of the views and opinions of people who participated from a position of knowledge and awareness of the effects that inflation has on the performance of businesses in the health insurance sector in Zimbabwe. The validity of this perspective is guaranteed by the realisation that those participants in the study have been working for the Premier Service Medical Aid Society for an extended period. Hence, they are better positioned to provide a detailed and accurate account of the effects that inflation has on the performance of the company. In addition, participants in this study stay in Zimbabwe and are partially remunerated using the local Zimbabwe dollar currency. This again helps to validate their outcomes since they are aware of the effects that inflation has on their personal financial welfare.

4.3 Descriptive statistics

Descriptive statistics provide a summary of key data points like average health insurance premiums, claims, and healthcare costs, providing an overall view of health insurance performance in an inflationary environment. They identify central tendencies, such as mean, median, and mode, and help understand data variability, such as standard deviation and range. Comparing health insurance performance before and during an inflationary environment can identify trends. Descriptive statistics also serve as a basis for further analysis, allowing researchers to test hypotheses and make predictions about inflation's effects on health insurance performance.

4.3.1 The impact of hyperinflation on long term customer relations

Descriptive statistics on the impact of hyperinflation on long term customer relations are shown in Table 4.2.

	Mean Score	Mean	Std. Dev
Hyperinflation affected the affordability of health insurance for customers	Agree	4.05	1.508
Hyperinflation has influenced the availability and comprehensiveness of health insurance coverage	Agree	4.18	1.419
Customers have experienced any difficulties in maintaining their health insurance policies due to hyperinflation	Agree	3.93	1.492
Hyperinflation has impacted the stability and reliability of health insurance providers in maintaining long-term customer relations.	Agree	4.07	1.462
Valid N = 149			

Table 4.2: The impact of hyperinflation on long term customer relations

Source: Inflationary environment and health insurance survey (2023)

The 5-point Likert scale of measurement was used as the basis for rating responses on a scale of 1 to 5. Responses closer to 1 were an indication that respondents strongly disagreed with the statement. Responses closer to 5 indicated that respondents strongly agreed with the statements. Responses closer to 3 indicate the level of neutrality of respondents, who neither agreed nor disagreed with the statement. Because of this scale of measurement, responses received with respect to the objective, which measures the impact of hyperinflation on long-term customer relations, indicated that the generality of respondents appeared to agree with the statement that measured the influence of inflation on customer relationships. In the final analysis, it was stated that hyperinflation has significantly impacted the affordability, availability, and comprehensiveness of health insurance, causing difficulties for customers in maintaining their policies and affecting the stability and reliability of health insurance providers.

4.3.2 Hyperinflationary and financial stability challenges

Descriptive statistics on the link between hyperinflation and challenges in maintaining financial stability are shown in Table 4.3.

	Mean Score	Mean	Std. Dev
Hyperinflation has affected the financial stability and solvency of health insurance providers	Agree	4.05	1.508
Health insurance providers have been failing to provide quality medical insurance and managing their finances during a period of hyperinflation	Agree	4.08	1.323
Health insurance providers have experienced difficulties in maintaining adequate reserves and capitalization in a hyperinflationary context.	Agree	3.85	1.539
Hyperinflation has negatively impacted the ability of health insurance providers to accurately forecast costs and set premiums.	Agree	3.94	1.372
Valid N = 149			

Table 4.3: Hyperinflationary and financial stability challenges

Source: Inflationary environment and health insurance survey (2023)

Descriptive statistics indicate that the generality of respondents agreed that an inflationary environment is the effect of affecting the financial stability of the Premier Service Medical Aid Society. This is characterized by the financial constraints that the Medical Aid provider experience with regards to the payment of service providers for medical services rendered to members. Such a scenario resulted in a rising number of service providers refusing to accept Premier Service Medical Aid Society Medical Aid cards and demanding payment up front for the provision of services. Within this context, the health insurance company was failing to provide quality medical insurance to its customers which negatively affected only its competitiveness and overall performance within the insurance sector. It was also highlighted that the resolution by the Premier Service Medical Aid Society board to benchmark its policies, denominated in the United States dollars created financial stability which assisted the health insurance to provide reliable services to its clients.

4.3.3 The impact of hyperinflation on the insurance coverage

Descriptive statistics on the impact of inflation on insurance coverage as shown in Table 4.4.

	Mean Score	Mean	Std. Dev
There are noticeable changes in the coverage provided by your insurance company due to hyperinflation.	Agree	4.19	1.422
Are there any specific services or treatments that have been affected by the impact of hyperinflation on insurance coverage?	Agree	3.91	1.312
Hyperinflation has led to limitations in the benefits or coverage offered by your insurance policy.	Agree	3.91	1.466
Hyperinflation has impacted access to specialized healthcare services that may not be fully covered by medical insurance	Agree	3.92	1.368
Valid N = 149			

Table 4.4: The impact of hyperinflation on the insurance coverage

Source: Inflationary environment and health insurance survey (2023)

Research results indicate that most respondents believed an inflationary environment negatively effects on the coverage of health insurance. The end user market is negatively affected by this limited coverage of health insurance particularly provided by the Premier Service Medical Aid Society. This has been characterized by the decreasing number of health service providers that include medical facilities and pharmaceutical companies who are caning to accept Premier Service Medical Aid Society is reputable health insurance when providing health services. This is affected the scalability of the Premier Service Medical Aid Society in terms of its outreach and negatively affected the levels of customization associated with the limited scope of service providers who are prepared to accept Premier Service Medical Aid society.

Therefore, hyperinflation has significantly altered insurance coverage, affecting specific services and treatments, and limiting the benefits offered by insurance policies, particularly in specialized healthcare services that may not be fully covered by insurance.

4.3.4 Strategies to mitigate the effects of hyperinflation on health insurance

Descriptive research relating to strategies to mitigate the effects of hyperinflation on health insurance is shown in Table 4.5.

	Mean Score	Mean	Std. Dev
Premium repricing strategies insurance provider has implemented to mitigate the effects of hyperinflation.	Agree	3.71	1.552
Alternative financing options help manage the impact of hyperinflation on healthcare costs	Strongly Agree	4.77	.651
The introduction of programs to increase transparency and accountability can capacitate the ability of medical insurance to respond to the challenges posed by hyperinflation	Agree	3.60	1.700
Collaborative partnerships can assist PSMAS provider to lower the adverse effects of hyperinflation	Agree	4.00	1.498
Valid N = 149			

Table 4.5: Strategies to mitigate the effects of hyperinflation on health insurance

Source: Inflationary environment and health insurance survey (2023)

The mean score of 4.77 was recorded for the statement, *Alternative financing options help manage the impact of hyperinflation on healthcare costs*. The lowest mean score of 3.71 was recorded for the statement, *Premium repricing strategies insurance provider has implemented to mitigate the effects of hyperinflation*. Generally, research participants agreed that premium repricing, alternative financing options as well as the implementation of collaborative partnerships were implemented as possible strategies that can leverage the performance of the Premier Service Medical Aid Society and mitigate the effects of hyperinflation on the performance of the medical insurer.

4.4 Inferential statistics

Inferential statistics were operationalised using correlation tests and regression test. The justification for using inferential statistics was to ascertain the magnitude and orientation of effects that high by inflation has on the overall performance of the Premier Services Medical Aid Society. This was ascertained by focusing on the significance value the better value and to the critical values at 95% confidence interval.

4.4.1 Correlation tests

The purpose of correlation tests was to highlight the cause and effect associations in respect of four aspects that made up the independent variable namely relationship building, challenges associated with operation viability, insurance coverage and strategies. These variables as they relate to the overall level of organisational performance are illustrated in Table 4.6.

		REL	CHA	INC	STR	OP
Relations (REL)	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	149				
Challenges (CHA)	Pearson Correlation	-.271**	1			
	Sig. (2-tailed)	.001				
	N	149	149			
Insurance Coverage (INSC)	Pearson Correlation	.167*	-.032	1		
	Sig. (2-tailed)	.042	.694			
	N	149	149	149		
Strategies (ST)	Pearson Correlation	-.230**	.069	-.441**	1	
	Sig. (2-tailed)	.005	.404	.000		
	N	149	149	149	149	
Organisational Performance (OP)	Pearson Correlation	.589**	.016	.451**	.122	1
	Sig. (2-tailed)	.000	.842	.000	.139	
	N	149	149	149	149	149

Table 4.6: Correlation tests

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

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

Source: Inflationary environment and health insurance survey (2023)

Correlation test results indicate that and inflationary environment negatively affects relationship building with key stakeholders that impacts on organisational performance. This is demonstrated by a Pearson correlation coefficient of 0.589 which demonstrates moderate positive and statistically significant correlation between deteriorating industrial relations and organisational performance that affected by high inflation. Challenges posed by rising prices were found to have statistically insignificant effect on organisational performance. This is evidenced by a significant value of 0.842 and a Pearson correlation coefficient of 0.016. These statistics indicates that there was a weak and positive correlation between challenges posed by high inflation and the performance of medical insurance.

Correlation test results indicate that inflation affect the coverage of health insurance which impairs performance of the health insurance company. This is confirmed by a weak, positive correlation between insurance coverage and organizational performance ($r= 0.451, p = 0.000$). In addition, strategies implemented to mitigate and address effects of inflation on organizational performance were found to have a weak, positive and statistical insignificant contribution on improving the overall level of organizational performance, given a correlation coefficient of 0.122 and a p-value of 0.139 which is above the critical value of 0.05. This implies that current strategies meant to curb the negative effects of inflation are being rendered ineffective to enhance the overall level of organizational performance.

4.4.2 Regression tests

Regression tests were applied using model summary and regression coefficients.

4.4.2.1 Model summary

The regression model summary serves to illustrate the contribution that variables in the overall regression model can make towards explaining the relationship between the independent and dependent research variables. This is illustrated in table 4.7.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.844 ^a	.713	.705	1.545

a. Predictors: (Constant), Strategies, Challenges, Relations, Insurance Coverage

Table 4.7: Model Summary

Source: Inflationary environment and health insurance survey (2023)

The overall linear correlation coefficient of 0.844 shows that the predictor variables that were considered in this study, namely strategies, challenges, relationship building, and insurance coverage, have a strong, positive, and statistically significant combined influence on the level of organisational performance of the Premier Service Medical Aid Society. The model summary shows that 71.3% of variations in organisational performance were attributed to the predictor variables that were considered in this research. This leaves 28.7% of changes in organisation performance because of other factors that were not considered in the computation of the regression equation. The marginally small Standard Error of the Estimate of 1.545 is an indication of the goodness of fit of the regression equation in explaining the relationship between inflation and organisational performance.

4.4.2.2 Regression coefficients

The purpose of considering the regression coefficients is to appreciate the contribution of individual variables, is they affect the overall level of organizational performance is demonstrated in Figure 4.8.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-3.029	1.130		-2.681	.008
Relations	.405	.029	.660	13.836	.000
Challenges	.123	.032	.178	3.845	.000
Insurance Coverage	.347	.030	.573	11.492	.000
Strategies	.357	.035	.514	10.172	.000

Table 4.8: Regression coefficients

Source: Inflationary environment and health insurance survey (2023)

The standardised beta coefficients indicated that mitigating the inflation effects through building industry-wide relations has a strong effect on improving organisational performance. (0.660), followed by improvement in insurance coverage (0.573) strategies to enhance the performance of Premier Service Medical Aid Society (0.514). Challenges encountered because of inflation were found to have a contribution to organisational performance of 0.178. All four research variables that were considered in the computation of the regression model were found to have a statistically significant effect on organisational performance, given that their distinct computed significance values were less than the statistically determined critical value of 0.05. Based on the unstandardized beta coefficients, the following regression equation is generated: Organizational performance = -3.029 + 0.405 + 0.123 + 0.347 + 0.357. This multiple regression equation indicates that all four variables have a positive contribution to improving the overall level of organisational performance.

4.5 Analysis of research findings

This section provides a critical analysis of the research findings that were generated in this study.

4.5.1 The impact of hyperinflation on long term customer relations

Research results have established that a hyperinflationary environment has the effect of affecting the ability of the Premier Service Medical Aid Society to sustain long-term customer relationships with its customers and supply chain partners. The health insurance company has been in the limelight for reasons other than inflation. Corporate governance issues and allegations of misappropriation of funds have intensified the adverse effects caused by inflation, particularly with respect to supply chain partner relationship building. The company has been failing to settle payments due to service providers on time. This has led to a rising number of service providers refusing to accept the Premier Service Medical Aid Society as a form of payment in a manner that seriously affects industrial relations.

The end-user markets, who are members of the Premier Service Medical Aid Society, must endure the failure to get the required medical attention due to the poor corporate reputation that the medical services provider had assumed in the market. The failure to develop strong strategies to hedge against the negative effects of inflation has therefore adversely affected the ability of the Premier Service Medical Aid Society to build strong upstream and downstream supply chain relationships.

4.5.2 Hyperinflationary and financial stability challenges

Research results indicate that inflation has affected the financial stability of the Premier Service Medical Aid Society. Since then, it has become difficult for the medical aid service provider to make financial plans that are based on the use of the local currency. In most cases, the financial plans are overtaken by events and rendered useless by the passage of time. This has inspired the management at the Premier Service Medical Aid Society's decision to use the United States dollar, which is a stable currency upon which financial plans are based. This initiative was driven by the industry standard that medical aid societies provide United States dollar-denominated policies to their clients as a way of improving the quality of service delivery while at the same time generating financial stability, which is essential in the creation of long-term and sustainable relationships with supply chain partners.

4.5.3 The impact of hyperinflation on the insurance coverage

Research results indicated that a hyperinflationary environment has a negative effect on the scalability of service provision provided by the Premier Service Medical Aid Society. This is evidenced by the limited number of service providers who are prepared to accept medical insurance cards as a form of payment for medical services rendered. In most instances, it was found that the government in public institutions was caning to accept Premier Service Medical Aid Society medical aid cards as a form of legitimate payment and settlement for medical services rendered. However, a growing number of private sector providers of medical services, such as pharmacies and other private medical and health facilities, had developed a proclivity against accepting the Premier Service Medical Aid Society's medical aid cards as a legitimate form of payment.

The effect of this development was that most public health institutions are poorly equipped to deliver quality health care, yet they are accepting Premier Service Medical Society Medical Aid cards. Properly resourced private sector health institutions are refusing payment from medical aid providers like Premier Service Medical Aid Society. This has the effect of limiting the sphere of influence and coverage of health insurance provided by the Premier Service Medical Aid Society. Ultimately, customers end up not getting access to the required medical attention due to the failure of their service provider to settle its use with various supply chain partners in a manner that compromises service delivery.

4.5.4 Strategies to mitigate the effects of hyperinflation on health insurance

Results from the study have highlighted that existing strategies that are being implemented to mitigate the negative effects of inflation on organisational performance are yet to take maximum effect across the medical supply chain. This were attributed to the lag time that exists between the implementation of a strategy and its effect being felt in the market. Nevertheless, the decision to denominate medical aid premiums in United States dollars was meant to provide financial stability to the organisation and to ensure that an increasing number of medical supply chain partners are prepared to accept the Premier Service Medical Aid Society as a legitimate form of payment for the provision of medical services. The efficacy of this strategy is likely reliant on the prevailing corporate reputation in the market regarding the ability of the medical aid service provider to remain consistent in the payment of various medical supply chain partners for services rendered to their customers.

4.6 Discussions of research findings

The contribution of this section to the research is to highlight the main areas of similarity between outcomes generated in this study and extant literature, as well as to isolate points of difference between this research and existing literature. This is essential to contextualise current research findings in the body of knowledge, which helps in identifying the contributions that the current study is making towards our understanding of the effects that inflation has on the overall performance of companies in the medical insurance sector.

4.6.1 The impact of hyperinflation on long term customer relations

This study shows that building long-term, sustainable connections with various upstream and downstream supply chain partners is severely impacted by inflation for companies in the medical insurance business. This study's findings support previous research that shows that, in the absence of effective mitigation techniques, inflation disrupts current supply chain connections by influencing pricing stability amongst chain participants. According to Zulfiqar *et al.* (2020), inflation has a significant influence on the affordability of health insurance policies, particularly when premiums increase faster than income growth. The unaffordability of insurance policies affects relationship building with customers who are unable to change service providers.

4.6.2 Hyperinflationary and financial stability challenges

According to recent research findings, the Premier Service Medical Aid society's ability to maintain its financial stability is negatively impacted by a hyperinflationary environment. Similar conclusions were drawn from a research by Kinney (2020), which examined how inflation affected insurance costs and usage and found that inflationary pressures could raise insurance premiums. Because of this, health insurance plans have difficulties covering these growing expenses and guaranteeing the viability of their benefit offerings. It demonstrates that the study's findings seem to support previous research showing that inflation has a detrimental impact on medical insurance's capacity to grow in connection to financial stability.

4.6.3 The impact of hyperinflation on the insurance coverage

The research results of this study established that inflation has a negative effect on the scalability of medical insurance. These results corroborate similar findings that we established in a study by Gangopadhyaya and Garrett (2020), which found that there was a marked decline

in the demand for health insurance services under hyperinflation and the subsequent impact on health insurance costs at the height of the COVID-19 pandemic.

4.6.4 Strategies to mitigate the effects of hyperinflation on health insurance

Current research results have established that strategies to mitigate the effects of inflation had a weak impact on improving the overall performance of the previous medical society. These results are distinguished from outcomes from a study by Erlangga, *et al*, (2021) that suggested various strategies, including cost-sharing mechanisms, disease management programmes, and utilisation management tools, to curb rising insurance costs. These initiatives aim to strike a balance between maintaining affordable premiums and providing adequate coverage for medical expenses.

4.7 Chapter summary

This chapter presented research findings that were collected from a cross section of employees at the Premier Service Medical Aid Society regarding the impact that a higher inflationary environment has on the performance of the organization. Respondents to the start they were drawn from a diversity of age groups, highest level of attainment, working experience in gender which tend to validate research outcomes is portraying the views and opinions of people from different social and economic backgrounds. Descriptive statistics suggested that the environment is affecting the ability of the health insurance in upscaling its activities since a significant number of service providers are unwilling to accept its Medical Aid cards as a form of legitimate payments for medical services rendered to their clients. This has negatively affected the relationship building between the society and its different supply chain partners. These studies also established that existing strategies to mitigate the effects of inflation on organizational performance appear to be ineffective since the impact is not yet been found across the medical supply chain. Current research findings that were established in this study confirmed existing literature on the impact that inflation has on the operational viability and ultimate organisational performance. The one coming chapter provides a detailed summary of the entire research process with the intention of generating answers to research objectives and making proper recommendations and courses of action that management must take in the face of the effects that inflation has on organisational performance. The chapter also proposes areas of additional research that have emanated from the study but might have fell outside the scope of its objectives.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The previous chapter was a presentation of research findings its analysis and discussions. These chapter picks up to provide a summary of key research findings which leads to the provision of answers to research questions into the extent to which the study was able to achieve research objectives. The chapter also proposes key managerial and practical recommendations because of research findings that we established in this study. The chapter also focuses on areas of additional research are also proposed as well as the contributions of this study to the education 5.0 framework.

5.1 Summary of the research

The purpose of this section is to provide a summary of the entire research. The study was based on four objectives that were meant to establish the impact of hyperinflation on the creation customer relationships, financial stability, health insurance coverage and strategies to mitigate the effects of a hyper-inflationary environment. The research was guided by the theory of dynamic capabilities. Extant literature indicated that an inflation environment had disruptive effects on business activities across different economic jurisdictions and sectors of the economy and industry. The study followed the dictates of a pragmatic research philosophy which permitted for the inclusion of both the qualitative and quantitative aspects. The research population was composed of employees at PSMAS. A sample size of 184 was selected from a unit of analysis of 340. Data was collected using a questionnaire. The main research findings indicated that hyperinflation has significantly impacted the affordability, availability, and comprehensiveness of health insurance, causing difficulties for customers in maintaining their policies and affecting the stability and reliability of health insurance providers. A hyperinflationary environment was found to negatively impacted health insurance providers' financial stability, solvency, quality of medical insurance, reserve maintenance, capitalization, cost forecasting, and premium setting, resulting in difficulties in providing quality insurance and managing finances. This study highlighted that hyperinflation has significantly altered insurance coverage, affecting specific services and treatments, and limiting the benefits offered

by insurance policies, particularly in specialized healthcare services that may not be fully covered by insurance. Even though initiatives have been made towards mitigating the effects of hyperinflation on health insurance, the full impact of these mitigatory strategies is yet to be fully explored.

5.2 Conclusion

The purpose of a conclusion is to provide answers to research questions and to analyse the extent to which the study has been able to resolve research objectives. Regression statistics show an unstandardized beta value of 0.405. This indicates that the one percent improvement in customer relations due to the ability to mitigate the negative effects of inflation is associated with 0.405% improvements in the overall performance of the Premier Service Medical Aid Society. The strategic implications of this are that the ability to maintain favourable relations across supply chain partners despite the presence of an inflationary environment enhances the ultimate performance of the organisation in qualitative terms with respect to positive customer experiences and satisfaction ratings.

Regression statistics show an unstandardized beta value of 0.125 for financial stability. The strategic implications of this are that an improvement in financial stability by 1% because of managing inflation is associated with an improvement in the overall level of organisational performance by 0.123%. A high inflationary environment negatively affects the financial bottom line of Premier Service Medical Aid Society since it makes premiums cheaper and service provision more expensive.

As a result, health insurance is compelled to continuously increase its monthly premiums for its clients in a manner that affects loyalty and levels of customer satisfaction with the quality of services received. There has been a noticeable increase in customer defections because of the higher level of customer dissatisfaction with the services provided by Premier Service Medical Aid Society. These customer defections further intensify the already precarious and unstable financial position of the organisation.

Regression statistics show an unstandardized beta value of 0.347 for insurance coverage. These statistics indicate that an improvement in insurance coverage by 1% is associated with an improvement in the overall organisational performance at the Premier Service Medical Aid Society by 0.347%. The strategic implications of these statistics are the ability of medical

insurance to create sustainable relationships with enough partners in the entity acceptability of the Premier Service Medical Aid Society across the diversity of the health delivery system, inclusive of the private and public sectors.

Regression statistics with regards to strategies to mitigate the effects of hyperinflation indicates that 1% improvements in the implementation of mitigated strategies is associated with a 0.357% change into overall organizational performance it's the Premier Services Medical Aid society.

5.3 Recommendations

This section highlights the main recommendations and proposed courses of action that management at the Premier Service Medical Aid Society can possibly implement to improve the overall performance of the organisation within the context of a hyper-inflationary environment.

The Premier Service Medical Aid Society (PSMAS) can take several measures to mitigate the effects of hyperinflation on its relationships. The Premier Service Medical Aid Society can negotiate long-term contracts with its supply chain partners to lock in prices and terms, thus providing stability and predictability during times of hyperinflation. Premier Service Medical Aid Society can diversify its supplier base to reduce reliance on a single source, thereby spreading risk and potentially accessing more favourable pricing and terms from different partners. Moreover, Premier Service Medical Aid Society can work with its supply chain partners to identify cost-effective measures to streamline operations, optimize inventory management, and reduce waste. Open and transparent communication with supply chain partners regarding the effects of hyperinflation can help build trust and foster collaboration in finding mutually beneficial solutions.

Premier Service Medical Aid Society may need to negotiate adjusted payment terms with suppliers to accommodate the challenges of hyperinflation, such as shorter payment cycles or indexing payments to inflation rates. Regularly monitoring supplier performance to ensure quality standards are maintained despite economic challenges and addressing any issues promptly can ensure the maintenance of good relationships during difficult times. In addition, Premier Services Medical Aid Society can engage with relevant government entities to advocate for policies and support measures to help stabilize the economy and mitigate the

impacts of hyperinflation. Working closely with supply chain partners to identify innovative solutions to the challenges of hyperinflation, such as exploring alternative sourcing options or introducing new technologies to enhance efficiency. By taking proactive steps and fostering open communication with its supply chain partners, Premier Service Medical Aid Society can mitigate the effects of hyperinflation on their relationships and build resilience in the face of economic challenges.

Premier Service Medical Aid society can consider investing in assets such as commodities, real estate, or precious metals, which tend to retain their value during periods of hyperinflation. The PSMAS can diversify its investment portfolio to minimise risk and maximise returns. This can involve investing in a variety of asset classes, including stocks, bonds, and alternative investments. PSMAS can periodically review and adjust its pricing and premiums to account for the impact of hyperinflation. This may involve regular assessments of the current economic environment and making incremental adjustments to premiums in line with inflation rates. In the face of hyperinflation, PSMAS can consider using currency hedging strategies to protect against fluctuations in the value of the local currency. This can involve entering into financial contracts, such as forward contracts, to lock in exchange rates and mitigate currency risk.

Premier Service Medical Aid Society can implement cost management and efficiency measures to minimise operating expenses and maximise profits. This can involve reviewing and optimising internal processes, negotiating better vendor contracts, and identifying areas for cost savings. To boost financial stability, PSMAS can focus on growing its membership and increasing its market share. This can involve targeted marketing efforts, offering competitive benefits and incentives, and expanding services to attract and retain customers. To mitigate the impact of hyperinflation, PSMAS can build up emergency reserves to ensure it has a cushion to weather economic uncertainties. This can involve setting aside a portion of profits in a reserve fund to cover potential losses or unexpected expenses. In addition, PSMAS can explore opportunities for external funding or partnerships to infuse capital and strengthen financial stability. This can involve seeking investment from strategic partners or securing debt financing to support growth initiatives.

In a hyperinflationary environment, the cost of healthcare services and treatment can rapidly increase. To ensure adequate coverage, the Premier Services Medical Aid Society should regularly review and adjust their premiums to keep pace with rising healthcare costs. The Premier Services Medical Aid Society should consider offering multiple coverage options to

cater to members' varying needs and financial capabilities. This could include a range of coverage levels, from basic to comprehensive, allowing members to choose the level of coverage that best suits their budget and healthcare needs. Introduce cost-sharing mechanisms, such as co-payments and deductibles, to help manage rising healthcare costs. This can help mitigate the impact of hyperinflation on the finances of the Premier Service Medical Aid Society while still providing members with access to quality healthcare services. Premier Service Medical Aid Society can negotiate discounted rates with healthcare providers to ensure that members have access to affordable medical care despite hyperinflation. This can help reduce the overall cost of healthcare services and alleviate financial strain on members.

Emphasise the importance of preventive care and wellness initiatives to minimise the need for costly treatments. The Premier Service Medical Aid Society can offer incentives for members who participate in health screenings, wellness programmes, and other preventive measures to help manage overall healthcare costs. Premier Service Medical Aid Society can explore the use of innovative technologies, such as telemedicine and digital health platforms, to provide cost-effective and efficient healthcare services. This can help reduce the need for in-person consultations and streamline the delivery of healthcare in a hyperinflationary environment. Premier Service Medical Aid Society can enhance member education and communication to ensure members understand the potential impact of hyperinflation on healthcare costs and coverage. This can help members make informed decisions about their healthcare needs and financial planning. The Premier Service Medical Aid Society can work closely with government and regulators to address the unique challenges of providing insurance coverage in a hyperinflationary environment. This can help advocate for policy changes and support measures to stabilize the healthcare system amid economic instability.

Premier Service Medical Aid Society can implement cost controls. This involves establishing strict budgeting and cost control measures to minimise the impact of hyperinflation on operational expenses. This may include a regular review of expenses, renegotiating contracts with suppliers, and identifying areas for cost savings. Premier Service Medical Aid Society can diversify its investment portfolio to include assets that are less susceptible to the effects of hyperinflation, such as foreign currencies or real assets like gold or real estate. Premier Service Medical Aid Society can develop a dynamic pricing model that considers the rapidly changing economic environment. This could involve regularly adjusting prices for premiums and services to reflect changes in the cost of living and inflation. Premier Service Medical Aid

Society can focus on efficiency and productivity to maximise output with limited resources. This could involve streamlining processes, improving workflow, and increasing employee productivity.

Premier Service Medical Aid Society can work closely with healthcare providers to negotiate favourable pricing and payment terms and explore innovative ways to provide cost-effective healthcare services to members. In addition, the Premier Service Medical Aid Society can offer financial education and resources to members to help them navigate the impact of hyperinflation on their healthcare costs and provide guidance on managing their budgets and healthcare expenses. It is imperative for the Premier Service Medical Aid Society can to regularly monitor economic indicators and adapt society's strategies as needed to mitigate the impact of hyperinflation on its operations and member services. This may involve scenario planning and stress testing to ensure resilience in the face of economic volatility.

5.4 Research contributions to Education 5.0

Investigating how inflation affects investment in the medical insurance sector, including factors such as reduced purchasing power, increased costs of operations, and the subsequent impact on industrialization and innovation. Assessing how inflation can stimulate the development and adoption of new technologies in the medical insurance sector. This may include exploring innovations in digital healthcare, telemedicine, and data analytics to mitigate the impacts of inflation on organisational performance.

Examining the role of government policies and regulatory frameworks in promoting industrialization and innovation in the medical insurance sector amidst inflation. Moreover, analysing the effectiveness of existing policies and identifying potential areas for improvement or intervention can contribute valuable insights. Investigating how inflation affects market competition, entry, and exit of organisations within the medical insurance sector in addition, assessing the impact of inflation on innovation incentives, market consolidation, and the emergence of new players can provide insights into the dynamics of industrialization.

5.5 Areas of further research

This research specifically focused on the impact of inflation on organisational performance. Inflation is just one of the macro-economic fundamentals that influence the creation of a conclusive operating environment for business performance. Future research can focus on the

interplay between inflation and exchange rates, which have been proven to be key stumbling blocks towards improvements in the overall level of business performance for organisations operating in Zimbabwe. In addition, this research was delimited to the health insurance sector in Zimbabwe with the PSMAS being the focus of the study. Instead of focusing on a single institution, future research can possibly focus on the entire health insurance sector in the country to develop a holistic appreciation of the effect that inflation has on business performance.

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APPENDIX A: Questionnaire

Dear respondent

My name is Viola Mudokwani. I am a Bindura University of Science Education Master of Business Leadership student. I am undertaking an academic research focused on the *An Assessment of the effects of an inflationary environment on the health insurance performance: A Case Study of Premier Services Medical Aid Society*. Kindly spare your valuable time to respond the following questions. Indicate your opinions by tick on the preferred response that closely resembles your opinions. You are not required to identify yourself in any way. Be assured that your responses were used for academic purposes only and as grouped data.

Section A: Respondent Demographics

1. Kindly indicate your gender

Male Female

2. In which age group do you fall?

21 – 30 years 31 – 40 years 41 – 50 years
51 – 60 years 61 years and above

3. How long is your working experience in this organisation?

Less than 1 year 1 – 5 years 6 – 10 years
11 – 15 years 16 years and above

Indicate your highest level of academic qualification.

Certificate Diploma Bachelor's Degree
Master's Degree PhD other

Key

Symbol	Item
SA	Strongly Agree
A	Agree
IN	Indifferent/Neutral
D	Disagree
SD	Strongly Disagree

Section B: impact of hyperinflation	SA	A	IN	D	SDA
Hyperinflation affected the affordability of health insurance for customers					
Hyperinflation has influenced the availability and comprehensiveness of health insurance coverage					
Customers have experienced any difficulties in maintaining their health insurance policies due to hyperinflation					
Hyperinflation has impacted the stability and reliability of health insurance providers in maintaining long-term customer relations.					

Additional remarks

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Section C: Challenges faced by health insurance providers	SA	A	IN	D	SDA
How has hyperinflation affected the financial stability and solvency of health insurance providers?					
health insurance providers have been failing to provide quality medical insurance and managing their finances during a period of hyperinflation					
Health insurance providers have experienced difficulties in maintaining adequate reserves and capitalization in a hyperinflationary context.					
Hyperinflation has negatively impacted the ability of health insurance providers to accurately forecast costs and set premiums.					

Additional remarks

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Section D: Collaborative Infrastructure Sharing	SA	A	IN	D	SDA
There are noticeable changes in the coverage provided by your insurance company due to hyperinflation.					
Are there any specific services or treatments that have been affected by the impact of hyperinflation on insurance coverage?					
Hyperinflation has led to limitations in the benefits or coverage offered by your insurance policy.					
Hyperinflation has impacted access to specialized healthcare services that may not be fully covered by medical insurance					

Additional remarks

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Section E: Collaborative health financing	SA	A	IN	D	SDA
Premium repricing strategies insurance provider has implemented to mitigate the effects of hyperinflation.					
Alternative financing options help manage the impact of hyperinflation on healthcare costs					
The introduction of programs to increase transparency and accountability can capacitate the ability of medical insurance to respond to the challenges posed by hyperinflation					
Collaborative partnerships can assist PSMAS provider to lower the adverse effects of hyperinflation					

Additional remarks

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Organisational Performance	SA	A	IN	D	SDA
The challenges faced by PSMAS in an inflationary environment affect its service delivery.					
The implementation of specific strategies or measures implemented by medical insurance organizations to improve their performance in an inflationary environment					
Risk management practices of medical insurance organizations are in mitigating the impact of inflation on their performance					
USD premiums positively impact on the financial performance of the medical aid sector					

Additional remarks

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