Strategic Choice and Performance Empirical Evidence from Mission Hospitals in Kiambu County Kenya

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Abstract
The modern business environment is highly dynamic and the management of every firm is compelled to make effective decisions for the company to remain relevant. Strategic choice is a critical element in the process of formulating a strategy. As a result of the threats that organizations are exposed to, organizations are adopting strategic choices to enhance performance. Despite the challenges that mission hospitals in Kiambu County encounter in the health industry, they are still luring away clients from public hospitals. Therefore, this study’s main objective was to establish the influence of strategic choice on performance of mission hospitals in Kiambu County. Specifically, the study embarked on four objectives; to establish the influence of organizational structure on the performance of mission hospitals in Kiambu County; to determine the influence of technology on performance of mission hospitals in Kiambu County; to determine the influence of leadership on the performance of mission hospitals in Kiambu County; and to establish the effect of resource acquisition on performance of mission hospitals in Kiambu County. The theories that guided this study were the agency theory, open systems theory, contingency theory, and the resource based theory. This study adopted a descriptive design. The study targeted the big four mission hospitals Africa Inland Church Kirkab Mission Hospital; Africa Inland Church cure International Hospital; Presbyterian Church of East Africa. Kikuyu Hospital; and Nazareth Hospital) in Kiambu County. The target population was 80 senior, middle, and operational managers and a census was employed. A semi-structured questionnaire was utilized for data collection. Regression results revealed that organizational structure, technology, leadership and resource acquisition were highly significant on the performance of mission hospitals in Kiambu County in Kenya. The study recommended that mission hospitals in Kiambu County should create organizational structures which are in line with the goals being pursued by the mission hospitals. On technology the study
recommended for effective management and use of technology infrastructure planning, on leadership, the researcher recommends that leadership development be cascaded to all level of employees/management. This is to help the mission hospitals achieve its objectives on service delivery. On resource acquisition the study recommends that managers should look for ways of motivating human resource in the organization for better performance. Mission hospitals should encourage more training and development of employees to enhance knowledge and skills if they want to sustain performance.

**Keywords:** Strategic, Choice, Performance, Mission, Hospitals

1. **Introduction**

Strategic choice entails an understanding of the anticipations of the shareholders of the firms, identifying the available options, and evaluating as well as selecting the suitable strategic options for execution (Githinji & Administration, 2015). Strategic choices are the activities that guide the future strategy and generate options for selection and implementation. Strategic choices create the way forward for the organization as they develop commitment and mobilization of support in the firm. Before the management of an organization makes strategic choices, there is a need to generate strategic options as well as alternatives early and then measure their suitability against certain set standards to make judgments for execution (Wangui, 2011).

Mission hospitals are faith-based institutions that provide health care. These hospitals were established by Christian missionaries with an aim to help the vulnerable and disadvantaged in the community. Mission hospitals aim at making profits and offering social benefits. There are a number of mission hospitals in Kenya but only a few of them have extended their operations beyond the main locations. The number of registered mission hospitals operating in Kenya is 100. Out of these, only a few have satellite clinics or do mobile clinics, and these hospitals are concentrated in urban areas with majority being situated in Nairobi (Kioi, Cowden, & Karodia, 2015). Mission hospitals are more developed and are thought to be important in delivering quality patient care. Approximately 47% of Kenyans attend private facilities when they are sick and mission hospitals compete with public hospitals as well as other non-governmental hospitals.

Performance indicators can be both financial as well as non-financial (Lebans & Euske, 2006). This study will adopt financial stability, service quality, and customer satisfaction as the performance measures.
1.1 **Statement of the Problem**

Mission hospitals operate in a highly turbulent business environment because of globalization and technological advancement, competition from new entrants, political anxieties, and social reforms (Nderitu, 2016). These challenges have an effect on the country’s economic development, the growth of the health sector in Kenya, as well as the performance of individual mission hospitals. Because of the threats that organizations are exposed to, there is a need to have the right strategic choices to enhance the performance of a firm (Ansoff, Kipley, Lewis, Helm-Stevens, & Ansoff, 2019).

A report released by Citizen TV by Raquel Muigai (2019, January 24) indicated that a girl had walked into PCEA Kikuyu Mission Hospital in Kiambu County for an eye surgery but surgery ended up in a missing teeth puzzle and the girl was battling for her life following a botched eye surgery in Hospital. According to the Consumer Federation of Kenya (2017, September 5), Kijabe AIC Hospital was on the fraud spotlight following huge, patient exploitation. The report indicated that a patient had been admitted at the facility for two days but upon death on the theater table the operation bill was KSH. 313,000 which raised an alarm as it was a case of fraud in hospital billing.

Despite the challenges that mission hospitals in Kiambu County encounter, they are luring away clients from public hospitals and there has been an increase in the number of patients who seek for treatment from mission Hospitals in Kiambu County. However, the main problem the mission hospitals are facing is how to maintain a constant increase of the number of patients and still continue to offer quality services (O'Meara, Obala, Thirumurthy, & Khwa-Otsyula, 2013).

Kamau et al, (2018) investigated the relationship between corporate governance and strategic choices and performance of Kenyan financial organizations using and observed that strategic choices significantly influence performance of an organization. However, the study targeted financial institutions. Gaturu (2018) studied the correlation between strategic management practices and organizational performance of Kenya’s mission hospitals and results exposed a positive association between strategic control, composition of the board of directors, strategic evaluation, capabilities of the hospitals and organizational performance. Nevertheless, the study used strategic management practices as the independent variable while current study seeks to establish the influence of strategic choice on performance of mission hospitals in Kiambu County.

Muhindi (2012) assessed organizational factors that affect the implementation of strategic planning in mission hospitals in Kiambu County. Findings supported that internal as well as external factors influence the
adoption of strategic planning. The study however ignored the contribution of strategic choice on performance of Mission Hospitals in Kiambu County.

Muya and Kimando (2018) conducted an investigation of the effect of information system, leadership and governance on service quality in public hospitals in Kiambu County and established that information system, leadership and governance influenced service quality in the public hospitals, with information system and leadership and governance affecting the current service quality positively. However, the study failed to establish the influence of organizational structure, technology, leadership, and resources acquisition on performance of mission hospitals in Kiambu County. Since there is little study that has been conducted on how strategic choice influences performance of mission hospitals in Kiambu County, this study will address this gap.

1.3 Objectives of the Study

i. To establish the influence of organizational structure on the performance of mission hospitals in Kiambu County in Kenya.

ii. To determine the influence of technology on the performance of mission hospitals in Kiambu County in Kenya.

iii. To determine the influence of leadership on the performance of mission hospitals in Kiambu County in Kenya.

iv. To establish the effect of resource acquisition on the performance of mission hospitals in Kiambu County in Kenya.

2. EMPIRICAL REVIEW

2.1 Organizational Structure and Performance

Organizational structure is the anatomy of the firm, offering the foundation within which a business functions (Njiru, 2014). It is the sum total of how a firm divides labor into different tasks and attains task coordination (Robbin, & DeCenzo, 2005.). Organizational structure describes the intended formal framework of the planned configuration of job positions as well as duties and lines of authority within the firm.

A study by Njiru (2014) examined whether organizational structure affects financial performance of commercial state firms in Kenya using a survey research design where 34 only commercial state corporations were studied. Questionnaires were employed to collect data. The study employed SPSS to analyze data and inferential, correlational as well as multiple linear regressions were used. Findings revealed that financial performance and organizational structure are positively correlated with financial performance of commercial state companies in Kenya. However, the study failed to assess how organizational structure affects the performance of Mission hospitals in Kiambu County and it focused only on the financial dimension ignoring the non-financial performance and thus the current study will fill this gap.
2.2 Technology and Performance

Technology involves knowledge as well as capabilities, like those found in the machines and the members of the organization, techniques and procedures for transforming inputs into outputs, as well as the activities or processes associated with technology applications (Kimani, 2015).

Jane (2016) studied the impact of technology on the performance of the telephone companies in Kenya. To obtain in-depth results, the study utilized descriptive and explanatory designs and the targeting 381 employees. The study employed stratified random sampling and the sample size was 170 participants. Data collection used a questionnaire and reliability was tested through the cronbach’s alpha reliability coefficient of 0.7. Inferential statistics simple linear regression was employed in testing the hypothesis for the study. The analysis employed stata statistical package version 11.0 to help in the analysis of data. The study findings indicated that technology significantly explains the difference in performance of mobile phone firms and concluded that firms should invest further in modern technology to enhance performance. However, the study targeted the mobile phone companies and not mission hospitals and thus the current study will determine the effect of technology on performance of mission hospitals in Kiambu County.

Kimani (2015) explored the impact of information technology on organizational performance in Population Services Kenya through a descriptive survey. Data was primary in nature and was collected by means of a semi-structured questionnaire. The target population involved the 438 employees of the Population Service Kenya and a census was conducted. The study results showed a positive correlation between the level of information Technology (IT) and the performance of Population Services Kenya. However, a study needs to be conducted to ascertain whether technology as a strategic choice influences the performance of Mission hospitals in Kiambu County.

2.3 Leadership and Performance

Leadership is the process of influencing as well as directing individuals towards the attainment of the company objectives (Northhouse, 2007). Leadership is a crucial factor in organizational performance; it is the connection amongst the soul and body of an organization. Organizations are seeking to survive in the dynamic external environment by training besides developing their leaders to provide them with the required skills to keep the company ahead of the competitors (Torkal & Looise, 2010).

Kuria et al (2016) sought to establish the effect of leadership on the performance of the Health Sector in Kenya using a descriptive survey design. Stratified sampling was used to select 384 employees from the chosen Kiambu and Machakos Level 5 hospitals and Kenyatta National Hospital. Data
collection used questionnaire and interview guides and analyzed using qualitative as well as quantitative procedure. Multiple linear regression model was used to determine the relationship between the variables and SPSS version 24 aided in the analysis of data. The study exposed that leadership influences employee performance in the health sector in Kenya. However, the study was not conducted in Mission Hospitals in Kiambu County and therefore this study will fill the gap by investigating how leadership as a strategic choice influences the performance of Mission hospitals in Kiambu County.

2.4 Resources Acquisition and Performance

Resources play an essential role in the survival of the firm, growth, stakeholder management, and performance of organizations. Human resources contribute to the overall performance of the firm (Rose & Kumar, 2007) and for the business to achieve better performance it should invest in its human resources through education and training and development (Lazear, 2009). Gakenia (2015) explored the impact of organizational resources on the performance of mobile phone firms in Kenya. Descriptive survey and exploratory design were used and respondents were picked using stratified random sampling. Data was collected using a questionnaire. The study findings supported that organizational resources positively and significantly influence organization’s performance. The study therefore concluded that a organizations should train their workers to improve on the skills to enhance performance. However, the study was conducted in mobile phone companies and thus the present study will target Mission Hospitals in Kiambu County.
2.5 Conceptual Framework

**Figure 2.1: Conceptual Framework**

- **Independent Variable**
  - Organizational Structure
    - Decision making process
    - Hierarchical levels
    - Flow of communication
  - Technology
    - Billing technology
    - Electronic payment
    - Ease of use of technology
  - Leadership
    - Determining firm’s vision
    - Organizational controls
    - Motivation
    - Ethical practices
  - Organizational Resources
    - Core competencies
    - Adequacy of funds
    - Employee empowerment
    - Availability of physical resources
- **Dependent Variable**
  - Performance of Mission Hospitals in Kiambu County
    - Financial stability
    - Service quality
    - Customer satisfaction

Source: Researcher (2019)

3. Research Methodology

The research design used in this study is descriptive design. A descriptive survey is applicable to this study because it involves collecting data from different mission hospitals located in Kiambu County and that the study intends to produce statistical information on strategic choices and performance of Mission hospitals in Kiambu County. According to Kothari (2009) a research design defines a conceptual structure and outline for data collection, quantification, and analysis.

3.1 Target Population

The target population was the mission hospitals in Kiambu County. Target population refers to entire group to whom the findings from the
research would be generalized; it is a group of focus from which the respondents or objects for measurements are drawn (Cooper & Schindler, 2014). Kiambu County has eleven (11) mission hospitals (see appendix 3) and this was the target population.

The 11 mission hospitals include A.I.C Kijabe Medical Centre, P.C.E.A Hospital Kikuyu, P.C.E.A Kikuyu Orthopaedic 3 Rehabilitation Centre, Gaichanjiru Catholic Hospital, AIC-Cure International Children’s 5 Hospital, AIC Githumu Hospital, Immaculate Heart of Mary Hospital, Kalimoni Mission Hospital, Mary Help of The Sick Mission Hospital, St. Matias Mulumba Hospital, and Nazareth Mission Hospital. However, because some of these hospitals are small, this study focused on the big four mission hospitals in Kiambu County as follows: AIC Kijabe Mission Hospital; AIC Cure International Hospital; PCEA Kikuyu Hospital; and Nazareth Hospital. This study then targeted a total of 80 senior, middle and operational managers.

3.2. **Sampling and Sample Size**

A census of the top, middle, and operational managers of the four hospitals was conducted. Although studies intend to gather information about a population, they generally study a smaller group (a sample) that is judiciously drawn from the target population and these findings used to make assumptions about the entire population (Kothari, 2004). The process of selecting a small group with all the characteristics of the population is called sampling (Ritchie, Lewis, & Elam, 2013). Since a target population of 80 top, middle and operational managers is small, the study adopted a census. Therefore the sample size was 80.

3.3 **Data Collection Instrument**

A structured questionnaire were administered to top, middle, and operational level managers. Questionnaires allow the assignment of numeric values as well as statistical data analysis (Mugenda & Mugenda, 2003). Moreover, Fraenkel and Wallen (2000), questionnaires can be administered to several individuals at the same time and have fairly high response rate, close to 100 percent. The questionnaire were divided into various sections as per the study objectives.

4. **Research Findings and Discussion**

4.1 **Response Rate**

The questionnaires which were distributed were 80 of which 72 were correctly filled and returned a response rate of 90%. This was a very good response rate because according to Kothari (2007) a response rate of more than 70% is reasonable for analysis. This was a very important profile distribution for this study since the respondents were the right people with adequate
information relevant to this study hence best placed to give the appropriate responses. The high response rate was due to the procedures of data collection where the researcher first notified the sampled responses prior to collecting the data, used questionnaires that were distributed by the researcher and also through the follow up calls that were made to ensure the respondents didn’t forget to fill the questionnaires.

4.2 Regression Analysis

The study carried out regression analysis to establish the statistical significance relationship between the independent variables and the dependent variable. According to Marshall and Rossman (2006) regression analysis is a statistics process of estimating the relationship between variables. Regression analysis helps in generating equation that describes the statistics relationship between one or more predictor variables and the response variable.

The study conducted a multiple regression analysis to test the impact among the study predictor variables made possible through the use of SPSS by coding, entering and computing the measurements of the multiple regressions. The summary of the model is as shown in Table 4.1.

<table>
<thead>
<tr>
<th>Table 4.1: Model Summary</th>
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<tr>
<td>Model</td>
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</tr>
</tbody>
</table>

a. Predictors: (Constant), organizational structure, technology, leadership and resource acquisition

The model had an average adjusted coefficient of determination (R²) of 0.933. This implies that 93.3 percent of the variation in the dependent variable (performance of mission hospitals in Kiambu County in Kenya) was explained by the independent variables: Organizational structure, technology, leadership and resource acquisition. The remaining 6.7 percent of the variations can be accounted for by other variables other than those discussed in this study. This also implied that there existed a strong positive relationship between independent variables and the dependent variable.

The ANOVA technique was used to test the model significance, the study results are as tabulated in Table 4.2 below.

<table>
<thead>
<tr>
<th>ANOVA*</th>
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<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>Regression</td>
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<tr>
<td>Residual</td>
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<tr>
<td>Total</td>
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</table>

a. Dependent Variable: performance of mission hospitals in Kiambu County in Kenya
b. Predictors: (Constant), Organizational structure, technology, leadership and resource acquisition
The ANOVA statistics showed a valid regression model at \((F = 248.780, P < 0.05)\) with 4 degrees of freedom and its p-value was 0.000. This implies that the overall model was statistically significant. F statistics being 0.000 which was less than 0.05. This implies that the independent variables are good predictors of the performance of mission hospitals in Kiambu County. Moreover, the research employed the coefficient table to assess the model of the study among the independent and dependent variables. The results are as tabulated in Table 4.2.

**Table 4.3: Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.848</td>
<td>.203</td>
<td>4.188</td>
<td>.000</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>.049</td>
<td>.022</td>
<td>.172</td>
<td>2.233</td>
</tr>
<tr>
<td>Technology</td>
<td>.060</td>
<td>.034</td>
<td>.155</td>
<td>1.761</td>
</tr>
<tr>
<td>Leadership</td>
<td>.046</td>
<td>.016</td>
<td>.184</td>
<td>2.807</td>
</tr>
<tr>
<td>Resource acquisition</td>
<td>.168</td>
<td>.030</td>
<td>.516</td>
<td>5.633</td>
</tr>
</tbody>
</table>

Table 4.3 shows that all the independent variables are significant related to the dependent variable as all the four independent variables met the rule of thumb where the p-value is less than 0.05.

From Table 4.3, the regression coefficient for organizational structure was positive implying that organizational structure increased the performance of mission hospitals in Kiambu County in Kenya. The coefficient had a p-value of 0.005 which was less than 0.05 and the conclusion is that organizational structure had a significant effect on performance of mission hospitals in Kiambu County in Kenya. These findings were consistent with those ofOGOLLAH (2012), who found that the organizational structures and processes need to match its environment for a firm to achieve the desired performance.

The regression coefficient for technology was found to be positive. This implied that the more technology application the higher the performance. The coefficient had a p-value of 0.009 which is less than 0.05 and the conclusion was that technology application plays a critical role.

On leadership, the regression coefficient was also positive implying that influence of leadership improved performance of mission hospitals in Kiambu County in Kenya. The coefficient had a p-value of 0.007 which is less than 0.05. Thus, leadership had a significant influence on the performance of mission hospitals in Kiambu County in Kenya. The findings concur with that of NAMUSONGE, and IRAYO (2016) sought to establish the effect of leadership.
on the performance of the Health Sector in Kenya. The study found that leadership influences employee performance in the health sector in Kenya.

The regression coefficient for resource acquisition was positive implying that performance of mission hospitals in Kiambu County in Kenya improved positively if resource acquisition was practiced effectively. The coefficient had a p-value of 0.000 and the conclusion was that resource acquisition had a significant influence on performance of mission hospitals in Kiambu County in Kenya. The findings of this study concur with those of Bryson, John, Fran, & Colin, (2007) who found that resources play an essential role in the survival of the firm, growth, stakeholder management, and performance of organizations.

The overall model as shown on Table 4.3 indicated that organizational structure, technology, leadership and resource acquisition were highly significant at p=0.005, p=0.009, p=0.007 and p=0.000 respectively. The overall test result is shown by the following equation:

\[ Y = 0.005X_1 + 0.009X_2 + 0.007X_3 + 0.000X_4. \]

Where;
Y was performance of mission hospitals in Kiambu County in Kenya, X_1 was organizational structure, X_2 technology, X_3 was leadership and X_4 was resource acquisition.

The use of resource acquisition has the most influence with the coefficients of correlation (beta) of 0.168. Next, it is followed by the application of technology with beta of 0.060, appropriate organizational structure with beta of 0.049 and lastly effective leadership with beta of 0.046. In short, the value of coefficients of correlation shows that the performance of mission hospitals in Kiambu County can be improved by maximizing the resource acquisition.

**Conclusion and Policy Implication**

Based on the findings the study concludes that Organizational structure is a vital for the development of a complete provision of service transfer in the hospitals and so as to maintain the hospitals in course, there should be an actual organizational structure approach preparation that will let all the strategies, goals, and plans to be understood into actions that will lead to effective health care.

On technology the study concludes that most of Mission hospitals had introduced new technologies and adoption was growing fast in the mission hospitals in Kiambu County. In most mission hospitals there was a technology transfer and the adoption of technology had reduced the costs of operation and increased on returns. For improved service provision execution and embracing of technology approach is a requirement, it offers effective admission and distribution of data. The absence of sufficient, planned, dependable and
suitable data leads to the misconduct of the health of patients, assets and period in adding the non-existence of suitable scheme to accomplish and distribute information hinders effectiveness of the healthy sector.

The study further concludes that the mission hospital had several leadership development strategies that contributed to improvement in service delivery. It was also noted that leadership of the mission hospital were committed to service delivery, thus the top priority on leadership development strategies. Leadership plays a central role in strategy implementation and if not properly managed poses challenges. However, a lack of leadership commitment and specifically strategic leadership by top management of the mission hospitals has been identified as one of the major barriers to performance of mission hospitals in Kiambu County.

On organizational structures the study recommends that mission hospitals in Kiambu County should create organizational structures which are consistent with the strategic objectives being pursued by the mission hospitals. Since organizations do not operate in isolation, organizational structure should be responsive to the environment. This will enhance their competitiveness through timely and quality response to customer hence increased performance.

On technology the study recommended for real controlling and practice of technology setup preparation and financing must be agreed importance to simplify the positioning and usage of technology, progress in-provision teaching for workforce to increase ability for by means of technology and progress software instruments for distribution of data and development of message in the health care sector and to rise use of inside and local area linkages to advance interior and exterior information transfer.

On leadership the study recommends that the mission hospitals to adopt Leadership development strategies in the hospital should be enhanced so as to improve on service delivery. The government should review the financing of the hospitals in terms of leadership development since it plays a critical role in service delivery. Based on the research findings, the researcher recommends that leadership development be cascaded to all level of employees/management. This is to help the mission hospitals achieve its objectives on service delivery to both patients and suppliers among other customers.

In this study, the researcher examined how resources acquisition affected performance of mission hospitals in Kiambu County in Kenya, based on the findings of the study. Resources was found to be statistically significant in influencing the performance of mission hospitals in Kenya; therefore, managers should look for ways of motivating human resource in the organization for better performance. Mission hospitals should encourage more training and development of employees to enhance knowledge and skills if
they want to sustain performance this human resource was found to play a bigger role.

References: