

$$Y = X_1 x_1 + X_2 x_2 + X_3 x_3 + X_4 x_4 + b + \varepsilon$$

Where x_n = correlation coefficient, b = constant, and ε = standard error.

Simplified regression model:

$$\text{Performance} = \beta_1 * \text{Corporate Governance Mechanisms} + \varepsilon_1$$

After the analysis, the results were presented in tables. These visual tools were useful in the interpretation of results, drawing findings, and discussing them in relation to research questions and objectives.

3.8 Chapter Summary

The study presented a correlational research methodology achieved by collecting quantitative data (quantified using five-point Likert scale) from departmental heads, hospital management teams, and members of boards from faith-based hospitals in Murang'a and Kirinyaga Counties. The strategy was to use multiple regression model using PSPP statistical software to correlate between corporate governance mechanisms to hospital performance. The next chapter presents the results of the study.

CHAPTER 4: PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

In this Chapter, the results and outcomes of the study examining the influence of corporate governance mechanisms on the performance of faith-based hospitals, focusing on Murang'a and Kirinyaga Counties as case studies are presented. This chapter describes the sample and delves into both descriptive and correlational analyses to shed light on the relationship between corporate governance practices and hospital performance within the context of faith-based healthcare organizations. The purpose of this study was to investigate the perceived impact of corporate governance mechanisms on the performance of faith-based hospitals, as perceived by stakeholders (Directors, Departmental Heads, and Hospital Management Team) involved in these institutions.

4.2 Descriptive Statistics

The study targeted 120 respondents from faith-based hospitals in Kirinyaga and Murang'a Counties. After conducting the study, the response rate was 84% or 101 respondents. The respondents were grouped based on three demographics: level of employment/position, education level, and years of experience. Table 3 indicates that departmental heads took a relatively larger proportion of the respondents (42.2%), followed by board members (35.3%), and hospital management team (22.5%).

		Position			
		Frequency	Percent	Valid Percent-	Cumulative Percent
Valid	Board Member	36	35.3%	35.3%	35.3%
	Departmental Head	43	42.2%	42.2%	77.5%
	Hospital Management Team	23	22.5%	22.5%	100.0%
Total		102	100.0%		

Table 3: Level of Employment/Position

Table 4: Education level indicates that those respondents with college diploma took a relatively larger proportion of the respondents (46%), followed by bachelor's degree (43%), and post graduate degree (11%).

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Bachelor's Degree	44	43.1%	43.1%	43.1%
College Diploma	47	46.1%	46.1%	89.2%
Post Graduate Degree	11	10.8%	10.8%	100.0%
Total	102	100.0%		

Table 4: Education Level

Table 5: Years of Experience indicates that those respondents with more than 6 years of experience were 42%, 3-5 years 29%, 1-2 years 20%, and those with less than a year were 9%.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-2 years	21	20.6%	20.6%	20.6%
3-5 years	30	29.4%	29.4%	50.0%
6-10 years	42	41.2%	41.2%	91.2%
Less than 1 year	9	8.8%	8.8%	100.0%
Total	102	100.0%		

Table 5: Years of Experience

Table 6 presents descriptive statistics involving measures of central tendency: mean, standard deviation, variance, kurtosis, skewness, and range. Since the variables were measured using a five-point Likert scale, the mean can indicate how respondents perceived each variable on average. A mean score closer to 5 indicates how respondents perceived each variable on average. Expertise & Skills (ES), Transparency & Fairness (TS), Compensation (C), and Patient Feedback (PF) had a mean score between 4 and 5, indicating the level of agreement on the effects of these variables on Hospital Performance. Other variables show a lean towards disagreement on their effects on hospital performance. Standard deviation and variance show the level of variability on

the responses. A lower variability (low standard deviation and variance) indicates that respondents' responses were harmonious and vice versa is true. Normal Bed Occupancy, Timely Payment, and Donor Funding generated a greater variability, indicating a relatively higher level of disagreement among respondents' responses. The data also shows that the responses were negatively skewed; implying that the data is tailed towards the left.

Descriptive Statistics

	N	Mean	Std Dev	Kurtosis	S.E. Kurt	Skewness	S.E. Skew
ES	102	4.42	.70	4.48	.47	-1.51	.24
C	102	3.76	.71	1.69	.47	-.66	.24
TF	102	4.10	.76	1.24	.47	-.71	.24
PF	102	4.13	.84	1.81	.47	-1.17	.24
EMFR	102	3.68	.77	-.17	.47	-.28	.24
NBO	102	3.66	.95	.51	.47	-.82	.24
DF	102	1.90	.97	-.11	.47	.80	.24
FS	102	3.55	.87	.32	.47	-.52	.24
TP	102	2.92	1.07	-.88	.47	-.14	.24
Valid N (listwise)	102						
Missing N (listwise)	0						

Table 6: Descriptive Statistics

Where;

ES = Expertise & Skills

C= Compensation

TF = Transparency & Fairness

PF= Patient Feedback

EMFR= Efficient Management of Financial Resources

NBO= Normal Bed Occupancy

DF = Donor Funding

FS = Financial Stability

TP = Timely Payments



4.3 Inferential Statistics (Multiple Regression Models)

The study sought to explore or delve into understanding the relationship between corporate governance mechanisms (expertise & skills, compensation, and transparency & fairness) and hospital management using a correlational design. The correlational design was implemented using a multiple regression model where corporate governance mechanisms are independent variables and hospital performance variables are dependent variables. Hence each dependent variable is regressed against all corporate governance mechanisms variables using this equation.

$$Y_{HP} = a_{ES} \cdot X_{ES} + a_C \cdot X_C + a_{TF} \cdot X_{TF} + a_I \cdot X_I + b + \varepsilon$$

Coefficients, a , indicate the kind of relationship the dependent variables have with an independent variable in question. In the regression model, Multiple R shows the degree to which the variables fit the model. The results of the regression models can be presented in Table 7.

Coefficients of Independent Variables (p values)				
Independent Variables	Expertise & Skills	Compensation	Transparency & Fairness	R ²
Patient Feedback	-0.13(0.312)	0.05 (0.601)	0.44(0.001)	0.38
Efficient Management of Financial Resources	0.08(0.565)	0.11(0.277)	0.11(0.453)	0.22
Normal Bed Occupancy	0.07(0.582)	0.20(0.044)	0.20(0.128)	0.38
Donor Funding	-0.13(0.808)	-0.02(0.855)	0.01(0.919)	0.03
Financial Stability	0.20(0.135)	0.12(0.240)	0.08(0.576)	0.31
Timely Payments	-0.05(0.685)	0.14(0.173)	0.31(0.022)	0.34

Table 7: Regression Results

Patient Feedback (PF) was regressed against corporate governance mechanisms and outcomes presented on Table 6: Patient Feedback Regression Model. R Square indicates that variables are 38% fit to the regression model. Transparency & Fairness showed a significant positive correlation with patient feedback and timely payments. Compensation of the hospital boards indicated a positively correlations with normal bed occupancy of faith-based hospitals. The regression model of donor funding showed a weak fit of variables (R² = 3%).

4.4 Testing Hypotheses

H1: Diverse skills, expertise, and experience in the board (the size of the board and presence of difference board committees) is positively correlated with the performance of faith-based health facilities

Regression models indicate that diverse skills, expertise, and experience have no statistical relationship with hospital performance (efficient management of resources, normal bed occupancy, and financial stability) as $p > 0.05$. Hence, H1 is rejected.

H2: Efficient remuneration policies and procedures for the board (board compensation) are positively correlated with the performance of faith-based health facilities.

The regression model indicates that the compensation of the board is positively correlated with normal bed occupancy (a measure of hospital performance considered in this study). This positive relationship is statistically significant. The results found no other associations with other measures of performance. However, H4 cannot be rejected.

H5: Transparency & Fairness is positively correlated with the performance of faith-based health facilities.

Regression models indicate that transparency & fairness have a statistical positive relationship with patient feedback and timely payments; and negatively correlated with financial stability. However, the only statistically significant positive relationship between transparency and fairness is patient feedback and timely payments. Hence, H5 cannot be rejected.

4.5 Summary of Findings

The regression analysis explored the relationship between corporate governance mechanisms and hospital management. Transparency & Fairness demonstrated a significant positive correlation with patient feedback and timely payments, while Compensation was positively associated with normal bed occupancy. However, Efficient Management of Financial Resources, Donor Funding, and Financial Stability did not exhibit significant relationships with hospital performance. Hypotheses testing revealed that diverse skills, expertise, and experience in the board did not significantly correlate with hospital performance, rejecting the first hypothesis. Yet, efficient remuneration policies, represented by board compensation, positively correlated with normal bed occupancy, supporting the second hypothesis. Transparency & Fairness, as hypothesized,

positively correlated with patient feedback and timely payments, but not significantly with financial stability. These findings underscore the importance of transparency, fairness, and appropriate compensation policies in improving certain aspects of hospital performance.



CHAPTER FIVE: DISCUSSION

5.1 Introduction

In this chapter, we discuss the findings presented in Chapter 4 regarding the influence of corporate governance mechanisms on the performance of faith-based hospitals in Murang'a and Kirinyaga Counties. The chapter delves into the implications of these findings, explores potential explanations, and addresses the broader significance of the study. Additionally, we identify limitations and suggest avenues for future research.

5.2 Discussion

Interpreting the findings of the literature review reveals several critical insights into the relationship between corporate governance mechanisms and the performance of faith-based healthcare institutions. The comprehensive exploration of theoretical frameworks such as Agency Theory, coupled with empirical evidence from various contexts including Kenya and other countries, highlights the multifaceted nature of governance-performance dynamics.

5.2.1 Expertise and Skills

One key finding underscores the positive correlation between diverse expertise & skills among board members and hospital performance. Studies by Chen, Hsieh & Hsiao (2021) and Muiruri (2018) demonstrate that boards comprising individuals with varied backgrounds and competencies, including finance, healthcare management, and legal affairs, are better equipped to make informed decisions, mitigate risks, and drive organizational growth. This emphasizes the importance of strategic board composition in ensuring effective governance and enhancing organizational performance.

5.2.2 Transparency & Fairness

Another significant implication arises from the association between transparency & fairness in governance practices and improved hospital performance. Research by Abor & Tetteh (2023) and Kinyanjui, Gachanja, & Muchai (2015) suggests that transparent communication, ethical decision-making processes, and equitable treatment of stakeholders contribute to organizational resilience and sustainability. By fostering accountability and trust among stakeholders, transparent governance practices mitigate agency problems, enhance organizational efficiency,

and ultimately lead to better healthcare outcomes. This highlights the critical role of governance in promoting organizational integrity and ensuring the delivery of high-quality healthcare services.

5.2.3 Board Compensation

Furthermore, the positive correlation between board compensation and hospital performance underscores the importance of aligning incentives with organizational objectives. Studies by Cardinaels (2019) and Shay, Patrick & White, and Kenneth (2013) indicate that fair and competitive compensation packages can attract qualified individuals to serve on boards, incentivizing them to actively engage in governance activities and contribute to strategic decision-making processes. By appropriately rewarding board members for their contributions, healthcare institutions can enhance governance effectiveness, foster board engagement, and drive sustainable organizational performance.

Despite these valuable insights, it is essential to acknowledge the limitations of the existing literature. Many studies relied on self-reported data or small sample sizes, which may introduce bias and limit the generalizability of the findings. Additionally, the context-specific nature of many studies restricts their applicability to different healthcare settings and regions. Future research should address these limitations by utilizing larger, more diverse samples, incorporating objective performance measures, and exploring the transferability of findings across diverse cultural, regulatory, and organizational contexts. By adopting a holistic approach, considering diverse governance mechanisms, and embracing interdisciplinary perspectives, future studies can contribute to enhancing governance practices and driving improvements in healthcare delivery and outcomes.

5.2.4 Limitations and Future Directions

While the existing literature provides valuable insights into the relationship between corporate governance mechanisms and the performance of faith-based healthcare institutions, it is important to recognize and address the limitations inherent in the studies reviewed. One significant limitation is the reliance on self-reported data, which may introduce response biases and inaccuracies. Many studies utilized surveys or questionnaires to collect data on governance practices and hospital performance, relying on respondents' perceptions rather than objective metrics. This subjective nature of data collection may compromise the reliability and validity of

the findings, highlighting the need for alternative data sources and methodologies to corroborate and supplement self-reported data.

Moreover, several studies suffered from small sample sizes, limiting the generalizability of their findings. The majority of research focused on specific regions or countries, such as Kenya or Ghana, which may have unique contextual factors influencing governance-performance dynamics. This regional focus restricts the applicability of findings to broader healthcare contexts, necessitating more extensive and diverse samples to capture the heterogeneity of governance practices and their impact on hospital performance across different settings. Future research should strive to adopt a more comprehensive and representative approach, encompassing a wider range of healthcare institutions and geographical regions to enhance the external validity of findings.

Another limitation of the existing literature is the lack of longitudinal studies that examine the dynamic nature of governance-performance relationships over time. Many studies employed cross-sectional designs, providing snapshots of governance practices and performance outcomes at a single point in time. While cross-sectional studies offer valuable insights, they fail to capture the temporal dynamics and causal relationships between governance mechanisms and hospital performance. Longitudinal studies tracking changes in governance structures and performance indicators over time can provide a more nuanced understanding of the complex interplay between governance and performance, facilitating more robust causal inferences and predictive modeling.

Furthermore, the majority of studies focused predominantly on financial performance metrics, such as return on assets or profitability, neglecting other dimensions of hospital performance such as patient outcomes, quality of care, and stakeholder satisfaction. Healthcare organizations, especially faith-based institutions, operate within a broader social and ethical framework, where performance encompasses not only financial indicators but also the delivery of compassionate, patient-centered care and adherence to ethical principles. Future research should adopt a more holistic approach to performance measurement, incorporating a diverse array of indicators to capture the multidimensional nature of healthcare performance and the effectiveness of governance mechanisms in driving overall organizational success.

Lastly, there is a need for more comparative studies that examine governance-performance dynamics across different types of healthcare institutions, including public, private, and nonprofit organizations. While many studies focused on faith-based hospitals, comparative analyses with secular or government-run healthcare facilities can offer valuable insights into the unique contributions and challenges of faith-based governance models. By comparing governance practices and performance outcomes across diverse institutional contexts, researchers can identify best practices, inform policy decisions, and promote cross-sectoral learning and collaboration aimed at improving healthcare delivery and outcomes for all stakeholders.

5.3 Conclusion

In conclusion, this dissertation explored the intricate relationship between corporate governance mechanisms and the performance of faith-based healthcare institutions, with a focus on Murang'a and Kirinyaga Counties in Kenya. Through an extensive review of theoretical frameworks and empirical studies, key insights have emerged regarding the impact of governance practices on hospital performance. Theoretical foundations, particularly Agency Theory, have provided a lens through which to understand the dynamics of governance mechanisms within healthcare organizations. Agency Theory underscores the importance of aligning the interests of stakeholders, particularly between principals (such as shareholders or governing boards) and agents (such as management teams), to mitigate conflicts of interest and enhance organizational performance. The literature review has highlighted the significance of monitoring and incentive mechanisms in promoting effective governance and driving positive performance outcomes.

Empirical studies have offered valuable evidence regarding the relationship between specific governance mechanisms and hospital performance. Findings suggest that diverse expertise and skills among board members, transparency and fairness in decision-making processes, and appropriate compensation structures are associated with improved performance metrics such as patient feedback, normal bed occupancy, and financial stability. However, limitations in data collection methods, sample sizes, and study designs underscore the need for further research to validate and expand upon these findings.

Despite these limitations, this dissertation contributes to the existing body of knowledge by synthesizing theoretical perspectives, empirical evidence, and practical implications for stakeholders within the healthcare sector. By elucidating the mechanisms through which

governance practices influence hospital performance, this research provides valuable insights for policymakers, healthcare administrators, board members, and other stakeholders seeking to enhance the effectiveness and efficiency of faith-based healthcare organizations.

5.4 Recommendations

Based on the findings presented in this dissertation, several recommendations can be proposed to enhance the governance practices and performance of faith-based healthcare institutions. Firstly, it is imperative to strengthen the composition of the governing boards by ensuring diversity in expertise and skills among board members. This can be achieved by recruiting individuals with backgrounds in healthcare management, finance, law, and strategic planning, thereby bringing a wealth of knowledge and perspectives to board deliberations. Continuous professional development and training programs should also be encouraged for board members to keep them abreast of evolving industry trends and best practices. Additionally, the inclusion of stakeholders such as community representatives, healthcare professionals, and patient advocates can further enrich board discussions and decision-making processes.

Secondly, efforts should be made to enhance transparency and fairness within the organization. Clear and comprehensive disclosure policies should be implemented to promote transparency in financial reporting, executive compensation, and decision-making processes. Creating a culture of openness and accountability where stakeholders have access to relevant information and opportunities for meaningful engagement is essential. Establishing mechanisms for addressing conflicts of interest and ensuring fair and equitable treatment of all stakeholders, including patients, staff, and community members, is crucial for building trust and fostering positive relationships.

Thirdly, a review of compensation structures is recommended to ensure alignment with organizational goals, stakeholder interests, and industry benchmarks. Performance-based compensation models that tie executive remuneration to measurable outcomes such as patient satisfaction, quality of care, and financial sustainability should be considered. Regular reviews of compensation packages conducted by external experts or consultants can help ensure competitiveness and fairness in compensation practices.

Moreover, fostering a culture of continuous improvement is essential for driving organizational success. Promoting a culture of learning and innovation where staff are encouraged to identify

areas for improvement and contribute to problem-solving initiatives can lead to enhanced performance outcomes. Establishing feedback mechanisms to gather input from patients, employees, and other stakeholders on their experiences with healthcare services provided can inform quality improvement efforts and drive positive change.



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APPENDICES

Appendix I: Letter of Introduction

Dear Sir/Madam,

I would like to invite you to participate in a research study on the topic of influence of corporate governance mechanisms on the performance of faith-based hospitals in Murang'a and Kirinyaga hospitals. I am a researcher at Strathmore University, and I am conducting this study as part of fulfilling my Master of Business Administration (MBA) in Healthcare Management.

Your participation in this study will involve filling a brief questionnaire. The study will ask you about your experiences with corporate governance and your opinions on the factors that contribute to it. The survey should take no more than 10 minutes of your time to complete.

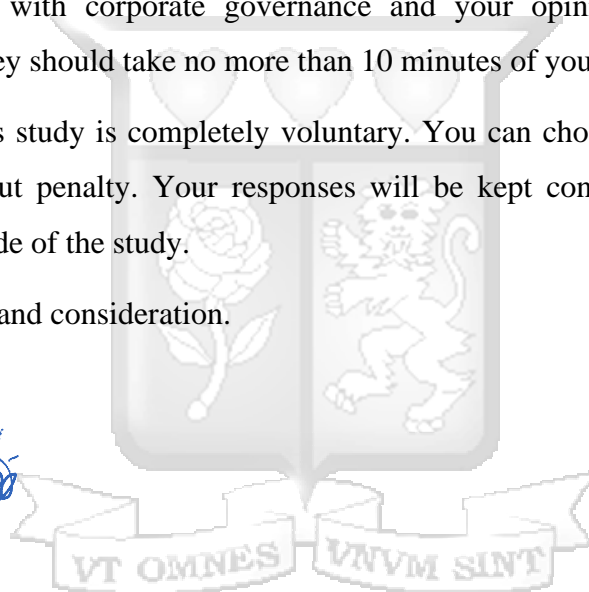
Your participation in this study is completely voluntary. You can choose to withdraw from the study at any time without penalty. Your responses will be kept confidential and will not be shared with anyone outside of the study.

Thank you for your time and consideration.

Sincerely,



John Kathobia Muchiri







Appendix I: Questionnaire

1/2/24, 1:56 PM

Questionnaire Fr. John Muchiri

Questionnaire Fr. John Muchiri

**THE INFLUENCE OF CORPORATE GOVERNANCE MECHANISMS ON THE
FAITH-BASED HOSPITALS' PERFORMANCE: A CASE STUDY OF MURANG'A AND
KIRINYAGA
COUNTY**

The purpose of this interview is to collect your opinion on The relationship between corporate governance and the performance of faith-based hospitals.

*

The survey planned to take not more than 10 minutes

*

Anonymity of the interviewee will be maintained at all cost

*

Your **NAME** is **NOT REQUIRED**

*

There are no right or wrong response! I am asking for your expression based on experiences, opinions and feelings on this subject for theoretical and practical application.

Appendix I: Research Instrument

1/2/24, 1:56 PM

Questionnaire Fr. John Muchiri

Section A: Background Information

Collecting demographic data to understand how corporate governance mechanisms are affected by level of employment, education, and work experience.

1. Level of Employment *

Mark only one oval.

- Board Member
 Hospital Management Team
 Departmental Head

2. Level of Education *

Mark only one oval.

- O-Level
 College Diploma
 Bachelor's Degree
 Post Graduate Degree

3. Years worked in the Institution *

Mark only one oval.

- Less than 1 year
 1-2 years
 3-5 years
 6-10 years

Section B: Corporate Governance Mechanisms

[Please indicates the level of agreement on each question based on the assessment of your hospital]

4. **Corporate Governance Mechanisms** *

Mark only one oval per row.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The presence of gender diversity in the board of directors of this hospital positively contributes to effective decision-making and governance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The board of this hospital has a diverse range of expertise and skills that enhances its ability to make informed and effective decisions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The compensation provided to board members is commensurate with their responsibilities and contributions to the organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transparency and fairness in determining board	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

1/2/24, 1:56 PM

Questionnaire Fr. John Muchiri

members
contribute to
effective board
governance
and
accountability
in this hospital

The board
members
provide
impartial
oversight and
ensure
accountability

The level of
independence
of the board
from hospital
management
and ownership
is effectively
demonstrated

Section C: Performance

5. *

Mark only one oval per row.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The hospital receives patient feedback regularly and keep on acting on Continuous Quality Improvement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The hospital efficiently manages its financial resources to minimize delays in payments and maintain a balanced budget.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The hospital often operates at a normal capacity/bed occupancy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The hospital often depends on donor funding to meet its financial obligations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The hospital demonstrates financial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Appendix II: Ethics Approval Letter



20th November 2023

Mr Kathobia Muchiri John,
kathobiajohn20@gmail.com

Dear Mr Kathobia,

RE: The Influence of Corporate Governance Mechanisms on the Faith-Based Hospitals' Performance: A Case Study of Murang'a and Kirinvaga County

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** research proposal. Your application reference number is **SU-ISERC1909/23**. The approval period is from **20th November 2023 to 19th November 2024**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC



