

**RELATIONSHIP BETWEEN ORGANISATIONAL  
CLIMATE DIMENSIONS AND PERFORMANCE OF  
NATIONAL REFERRAL HOSPITALS IN KENYA**

**ANN WANJIKU RINTARI**

**DOCTOR OF PHILOSOPHY**

**(Human Resource Management)**

**JOMO KENYATTA UNIVERSITY OF  
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**Relationship between Organisational Climate Dimensions and  
Performance of National Referral Hospitals in Kenya**

**Ann Wanjiku Rintari**

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Philosophy in Human Resource Management in the Jomo Kenyatta  
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## DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

Signature..... Date.....

**Ann Wanjiku Rintari**

This thesis has been submitted for examination with our approval as the university supervisors:

Signature..... Date.....

**Prof. Hazel Gachunga, PhD**

**JKUAT, Kenya**

Signature..... Date.....

**Prof. Eng. Thomas Senaji, PhD**

**KeMU, Kenya**

## **DEDICATION**

This thesis is dedicated to my dear husband Steve and our little ones Nina and Chris.

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As with most significant undertakings, this thesis proposal represents the collective wisdom of many not just one; am grateful to the almighty God for giving me the grace and strength to complete this piece of work.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>OC</b>	Organizational Climate
<b>HC</b>	Health Care
<b>OCB</b>	Organizational Citizenship Behavior
<b>WHO</b>	World Health Organization
<b>HR</b>	Human Resource
<b>MoH</b>	Ministry of Health
<b>CVM</b>	Competing Values Model
<b>KNH</b>	Kenyatta National Hospital
<b>MTRH</b>	Moi Teaching and Referral Hospital
<b>HR</b>	Human Relations
<b>IP</b>	Internal Processes
<b>OS</b>	Open Systems
<b>RG</b>	Rational Goals

## DEFINITION OF TERMS

- Competing Values Model:** This is a model by Quinn and Rohrbaugh which provides a framework that underlie organizational climate (Patterson, 2005).
- Human Relations:** this refers to relationships between groups of people especially in a place of work. Human relations address interpersonal behaviors (Castro & Martins, 2010).
- Internal Processes:** this refers to all the activities and key processes required in order for the company to excel at providing the value expected by the customers. They are the lead indicators where management intervention is possible to affect customer and financial outcomes (De Simone, 2014).
- Open Systems:** An open system is a system that interacts with its environment with an aim of system renewal and growth (De Simone, 2014).
- Organizational climate:** The perceptions that organisation members' share of fundamental elements of their organisation (Castro & Martins, 2010).
- Organizational culture:** The deep structure of organizations which is rooted in the values, norms and beliefs held by organizational members (Zakari, Pokoru & Owasu, 2013).

**Organizational performance:** The actual output or results of an organization as measured against its intended outputs. It encompasses three specific areas of firm outcomes: financial performance, product market performance and shareholder return (Richard, Devinney, Yip & Johnson, 2009).

**Rational Goals:** Rational goals are goals that are based on facts or reason (De Simone, 2014).

## ABSTRACT

This study aimed at establishing the relationship between organizational climate dimensions and organizational performance in National Referral hospitals in Kenya. Specifically, the study intended to establish the relationship between human relations, internal processes, open systems, rational goals and organisational performance in National referral hospitals in Kenya. Guided by the philosophy of logical positivism, a mixed design involving quantitative and qualitative designs was used to obtain information from sample of 746 drawn from a population of 2961 health workers from the two National referral hospitals in Kenya namely, Kenyatta National Hospital and the Moi Teaching and Referral Hospital. The health personnel were classified as doctors, pharmacists, nurses, clinical officers and public health officers. Primary data was collected using a semi-structured questionnaire. A pilot test was carried out to obtain some assessment of the question's validity and the likely reliability. This was tested using Cronbach's Coefficient Alpha. Data was analyzed using SPSS and to test the hypotheses of the study, t and F tests were used. Correlation and regression analysis were carried out to determine the relationships between the variables used. The results provided statistical evidence that a positive and significant influence exists between Organizational Climate Dimensions and performance of the National Referral Hospitals in Kenya. Specifically, all the climate dimensions tested in this study were found to have significant and positive influence on the performance of National Referral Hospitals. These dimensions were human relations, internal processes, open systems, rational goals. The study however found out that Open systems had the least effect on the performance of national referral hospitals in Kenya while internal processes had the greatest effect on the performance of national referral hospitals in Kenya. In the practice, this study recommends that the National Referral Hospitals in Kenya should work towards having a more positive and supportive work climate as this has a significant influence on performance.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Over the previous four decades, the impact of organizational environment on firm performance has interested both scholars and practitioners (Putter, 2010). Earlier on the hygiene factor theory by Herzberg 1959 proposed that less sympathetic working climates (such as those with deficient communications and interactions between leader and follower, or strained interpersonal relationships and supervision) may expressively contribute to employee discontent and decline in business performance. Subsequent research indicates that indeed climate is associated with a diversity of vital outcomes (including but not limited to staff turnover intentions, employee gratification, customer satisfaction and financial performance) at the individual, group and organizational levels (Oneill & Arendt, 2008).

Organizational climate refers to the perceptions that organization members share of fundamental elements of their organization. The nature of climate therefore distinguishes perceptions function as a frame of reference for the realization of some congruity between conduct and the system's practices and procedures. Furthermore, satisfaction is a personal assessment of an organization's practices and procedures, people in the organizational structure will tend to disagree more on their satisfaction than on their account of the system climate (Castro & Martins, 2010).

Climate is a sustained norm of an organization which makes it different from other administrations and includes the perceptions of all organizational members with admiration to such dimension as self-sufficiency, trust, cohesiveness, sustenance, recognition, innovation and justice; fashioned by member interaction; serves as a the solid foundation for interpreting the situation; depicts the prevailing norms and attitudes of the organization' customs; and serves as a source of impact for shaping conduct. The

progression of the measurement of the dimension of organizational climate may be traced back to a historical early in the 20th century. The most communal method of assessing Organisation Climate is through subdimension that make up the construct (Thumin & Thumin, 2011). During the previous two decades, service organizations have begun to emphasize on productivity development, customer satisfaction and largely extra effective management. In such a set-up, a renewed interest about the role of imperceptible resources in defining organizational performances has risen (Kamaruddin & Abeysekera, 2013).

This is predominantly imperative for healthcare services. Scholars have discussed the relevance of intangible resources as drivers of outstanding performances in the health sector (Zigan & Desombre, 2008). However, the studies are still few and more information is needed about the role and the value of intangible resources in performance development of Health care organizations. Research has recommended Organasation Climate as an intangible factor, which expressively impacts performance of healthcare organizations (Zigan & Desombre, 2008). Several studies have emphasized the link between climate and a diverse of vital performances at the individual, group and organizational level within healthcare organizations (Wienand, Cinotti & Bisagni, 2007).

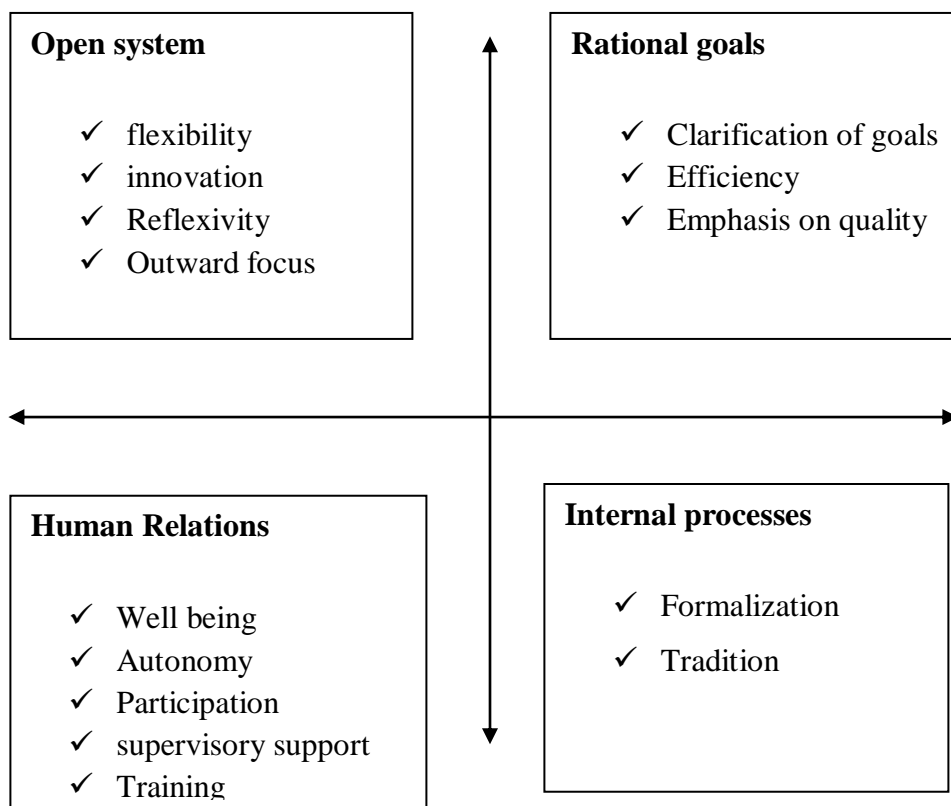
In fact, Organasation Climate exerts a commanding impact on employees' conduct in workplace and plays a vital role in any organizational process development that requires the application of a major organizational change. This study will analyze performance of healthcare organizations and in particular National referral hospitals in Kenya.

### **1.1.1 Organizational Climate**

For organizations fixated on motivation and performance it's imperative to think how to create an optimistic organizational climate and support cultural values promoting staff well-being. The analysis of organizational climate tackles the problem of what dimension to include in this analysis (De Simone, 2014). A clear theoretical framework,

Competing Value Model, was adopted to drive this choice. Patterson *et al* (2005) proposed an Organizational Climate Measure that utilizes Quinn and Rohrbaugh's (1983) Competing Values Framework. The Competing Value Model provides a framework of values that underlie organizational climate. It has four dimensions which include human relations, core processes, open systems and rational goals

(see fig. 1)



**Figure 1.1: Competing values model: Organizational climate**

*Source: De Simone (2014)*



By combining these orientations Quinn and colleagues aimed to deliver a map that is crucial in identifying the expected topography of a climate measure, applicable to a wide range of organizations; the CVM is a decent representation of the multi-dimensionality of administrative climate (De Simone, 2014). The dimensions clearly illustrate that climate can be steadily linked to other business functions and is a chief contributor to the overall effective functioning of an organization. If managers are aware of these dimensions they will be more equipped to ensure that employees are happy and that work is carried out effectively.

This will contribute towards achieving the long-term objectives of the organization and maintaining competitive advantage. The CVM clearly demonstrates that regardless of the status or approach of the organization, climate remains a vital element of business success. The competing values model provides a crucial conceptual basis for comprehending the complex nature of health care organizations' performance and for more largely conceiving of the notion of organizational climate

### **1.1.2 The Health Sector**

Throughout the past two decades, service organizations have begun to emphasize on productivity enhancement, on customer satisfaction and, largely, on a more effective management (Mouritsen, Thorbjørnsen, Bukh & Johansen, 2005). In such a scenario, a rehabilitated interest about the role of intangible resources in defining organizational performances has risen. This is predominantly valuable for healthcare services. Numerous scholars have discussed the bearing of intangible resources as pillars of outstanding performances in the health sector.

Zigan and Desombre (2008) specifically addressed organizational climate as predictor of superior performances, where organizational climate stands for a distinguishing feature of an organization, resulting from a synergic combination of numerous intangible resources correlated to human, relational and structural dimensions of the organization.

The ever growing niche between the supply of health care providers and the need for their services is known as a key issue with regards to healthcare and development worldwide. The World Health Organization (2014) report envisioned a global shortage of 4.3 million health workers, plus 2.4 million physicians, nurses and midwives. Translated into access to healthcare, the shortage means that over a billion persons have no access to healthcare.

Many nations are impacted by the shortage and 57 countries have been recognized as being 'in crisis' with regard to health workers per population with 36 of these countries being in sub Saharan Africa. An active personnel policy will solve the three teething challenges of refining staffing procedures, improving the performance of the current labor-force, and slowing the rate at which workers leave the health labor-force (WHO, 2014).

Organizational climate can play a role in all these areas, providing a means by which health systems can attract and retain essential and highly sought-after health care professionals. A supportive organizational climate also assists to build a better motivated, more satisfied and better performing labor-force (Zigan & Desombre, 2008). The global health sector is characterized by, insufficiently resourced and neglected health systems, poor human resources (HR) planning, management practices and structures. There are substandard working conditions characterized by heavy workloads, absence of professional autonomy, poor supervision and support, long working hours, unsafe workplaces, inadequate career structures, poor remuneration/unfair pay, poor access to desired supplies, tools and information and limited or no access to professional development opportunities.

In Africa, attaining the Health Millennium Development Goals (now sustainable development goals, SDGs) will necessitate substantial investments in training of a dynamic and expert health labor-force. Health sectors in Africa are facing grave challenges in producing, employing, incentivizing, motivating and managing result-

based performance. Globally, Africa ranks the lowermost in the availability of health personnel. (WHO, 2010). The health sector in Kenya has undergone turbulent times with the doctors, clinical officers, nurses besides other health workers going on strike several times in the years 2011, 2012, 2013, 2014,2015,2016 and 2017.

The health sector is labor-intensive and dependent on its labor-force for the precise application of the knowledge and technical skills in providing health care services. Human resources in the sector epitomizes both strategic capital and a critical resource for the performance of the health system. The state has made noteworthy progress, including scaling up the staffing of additional health workers, reviewing health worker wages and benefits and solidification human resource policies and practices (Kiambati, Kiio & Toweett, 2013).

However, conferring to the World Health Organization (2010) Kenya's health sector is branded by a severe shortage of health employee, with an average of 1.3 health employee per 1,000 population, 43% below the WHO requirement. In addition, Kenya is challenged with an inability to entice and retain health workers-predominantly in the public sector-as well as with performance management matters, unequal distribution of staff, and fading productivity among the health labor-force. This status quo is further heightened by the migration of health workers to countries in the region and internationally. Despite these challenges, the Government of Kenya wishes to improve access and equity of indispensable health care services. Article 43 1 as of the Kenyan constitution 2010 says that every single person has the right to the uppermost attainable standards of health, which includes the right to health care services including reproductive health.

In line with the vision 2030 and the Constitution of Kenyan 2010, the Government has set critical and ambitious targets for providing health services to its population. These include becoming the regional provider of high-quality for highly-specialized health care, thus opening Kenya to “health tourism”. Better-quality access to health care for all

will come through: provision of a robust health infrastructure network countrywide, refining the quality of health service delivery to the highest standards, elevation of partnerships with the private sector and providing access to those left out from health care for financial or other reasons (MoH, 2012).

In order to attain these national goals and objectives, provision of an optimum and well managed health labor-force with appropriate skills, equitably distributed across the country, is critical. This labor-force must function in a caring organizational climate and they must have individual capacity to perform. In Kenya, health services are provided through a network of over 4,700 health amenities nationwide with key stakeholders including the Department of Health (MOH) and parastatal organizations, and the private sector, which consist of private for-profit, Faith Based Organizations (FBOs), and NGO facilities.

the community health structure comprises of levels of health amenities: national referral hospitals, provincial overall hospitals, district hospitals, health centers, and dispensaries. The public delivery system is organized as follows: Level 1 - Community, Level 2- Dispensaries, Level 3 - Health centers, Level 4- District referral hospitals (47), Level 5- Provincial referral hospitals (10) and Level 6 - National referral hospitals (2). Dispensaries (lowest level) are predestined to be the system's first line of contact with patients. Health centers offer precautionary and curative services. The district hospitals are the first referral hospitals and Provincial hospitals act as referral hospitals to their district hospitals. They act as an intermediate between the national level and the districts.

They further report that there are only two national referral hospitals - Moi Referral and Teaching Hospital in Eldoret and Kenyatta National Hospital in Nairobi. The state referral hospitals are at the peak of the healthcare system, providing sophisticated diagnostic, therapeutic, and rehabilitative services (Rok 2011). A referral hospital is a hospital that provides multifaceted clinical care to patients referred from lower levels.

This study will emphasize on the relationship between organizational climate and the performance of national referral hospitals in Kenya (Level 6 hospitals).

## **1.2 Statement of the Problem**

The growing gap between the supply of health care professionals and the demand for their services is documented as a key issue for healthcare and development worldwide. An active labor-force strategy will address the three core tasks of improving recruitment, improving the performance of the existing labor-force, and slowing the rate at which employee leave the health labor-force (WHO, 2014). Organizational climate can play a role in all these areas, providing a means by which health systems can entice and retain essential and highly sought-after health care professionals. A supportive organizational climate also assists to shape a better motivated, more satisfied and better performing labor-force (Zigan & Desombre, 2008).

In Kenya, Health services are distributed through a network of over 4,700 health facilities countrywide, with the public sector system accounting for about 51 percent of these facilities. The public health sector comprises of the following levels of health facilities: Level 1 - Community, Level 2- Dispensaries, Level 3 - Health centers, Level 4- District referral hospitals, Level 5- Provincial referral hospitals and Level 6 - National referral hospitals. Health services are unified as one goes down the hierarchy of health structure. The two national referral hospitals are Kenyatta National Hospital in Nairobi and Moi Referral and Teaching Hospital in Eldoret. The national referral hospitals are at the peak of the healthcare system, providing sophisticated diagnostic, therapeutic, and rehabilitative services (RoK, 2011).

According to Koros, (2018) KNH, a National Referral Hospital has been associated with milestones and ills in the same breath. Stories of great medical firsts like the separation of conjoined twins are juxtaposed with allegations of negligence, insecurity, overcrowding, long treatment waiting list and broken-down equipment.” Further,

according to a study by Lesiyampe (2013), various factors continue to compel the performance and limit the output of National Referral hospitals in Kenya. These include, poor pay, lack of job satisfaction, excessive bureaucracy, the weak functioning of the health system and a poor working environment, where supplies are low or absent and critical equipment is not maintained and consequently, many industrial actions like strikes have been witnessed in agitation for improvement.

Despite the fact that countless studies have been conducted in different sectors, relating organizational climate and performance, this has not been done for National referral hospitals in Kenya. The studies conducted include A study conducted in Israel by Vashdi, Gadot and Shlomi (2013) that utilized participation, innovation, flexibility and clarity of goals sub dimensions from the competing values model.

A study by Putter (2010) conducted in Netherlands that utilized responsibility, quality, outward emphasize, pressure to produce and efficiency sub dimensions from the competing values model, A study by Ali and Patnaik (2014) conducted in India utilized performance feedback, tradition, and communication sub dimensions from the rival values model, A study by Wakocha, Amah and Umoh (2013) conducted in Nigeria utilized Support and Flexibility. A study by Luthans et al. (2008) utilized occupation characteristics and obligation sub dimensions from the competing values model, A study by Chandrakumara (2002) in Columbia utilized clarity of goals, reward, leadership and job characteristics sub dimensions from the opposing values model and a study conducted in Kenya by Mathini (2001) utilized leadership, support and formalization sub dimensions from the competing values model. It is clear that each of all these studies that were conducted utilized just a few sub dimensions from the organizational climate dimensions frame work. The findings of these studies also indicated inconsistent results.

This study therefore will utilize the complete organizational climate dimensions framework that includes (Human relations dimensions, internal processes dimensions, Open systems dimension and rational goals dimensions) and will study all the 17 sub-

dimensions in the framework. The study will show the O.C dimension that has the utmost impact on organizational performance and the one with the least impact in the National referral hospitals in Kenya. It is also clear that most empirical studies were done in the West and less is known about the impacts of organizational climate elsewhere and predominantly in the health sector in Kenya and that available literature that has been reviewed by the researcher does not identify any comparable studies in Kenya. Further, precise calls by Luthans (2008) and Putter (2010) that further studies need to be conducted in the field to discover the relationship between organizational climate and performance, make this study noble. This study will therefore seek to explore the relationship between organizational climate and performance in the National Referral Hospitals in Kenya.

### **1.3 Objectives**

#### **1.3.1 General Objective**

The overall objective of this study was to examine the relationship between organizational climate and performance in National referral hospitals in Kenya.

#### **1.3.2 Specific Objectives**

The specific objectives were:

1. To evaluate the relationship between human relations and performance in National Referral hospitals in Kenya .
2. To establish the relationship between internal processes and performance in National Referral hospitals in Kenya
3. To determine the relationship between open systems and performance in National Referral hospitals in Kenya

4. To examine the relationship between rational goals and performance in National Referral hospitals in Kenya.

#### **1.4 Hypothesis**

A hypothesis is a logical speculated relationship between two or more variables uttered in the form of testable statements (Waiganjo, 2013). This study sought to test the following hypothesis:

**H<sub>0</sub>1:** Human relations have no substantial relationship with performance of National Referral hospitals in Kenya.

**H<sub>0</sub>2:** Internal processes have no substantial relationship with performance of National Referral hospitals in Kenya.

**H<sub>0</sub>3:** Open systems have no substantial relationship with performance of National Referral hospitals in Kenya.

**H<sub>0</sub>4:** Rational goals have no substantial relationship with performance of National Referral hospitals in Kenya.

#### **1.5 Justification of the Study**

Organizational climate plays a major role in the performance of an organization. Since organizational climate is the beliefs, values, philosophies and traditions that are existent in an organization. Moran and Volkwein (1992) prolonged upon this definition by proclaiming that it is a relatively enduring characteristic of an organization which differentiates it from other organizations, exemplifies members shared perceptions about their organization, is fashioned by member interaction, serves as a basis for interpreting the situation and acts as a source of impact for shaping conduct. Organizational climate is what distinguishes one organization from another.



A clear understanding of OC therefore is very assist to any organization and this study will give valuable insights into OC dimensions and how they relate to organizational performance. The health sector in Kenya has been facing numerous challenges such as inadequate health facilities, poor staffing and training, unfair remuneration among others and this has had a negative effect on performance (Lesiyampe, 2013). Thus, though the health sector contributes greatly to the economic development of the country, there lacks a theoretical model that would advise on organizational climate issues. This study will provide a unifying organizational climate model that emphasize on human relations, internal processes, open systems and rational goals while relating them to organizational performance.

Organizational climate has been investigated mostly in the developed countries, with a few climate researches done in Africa, emphasizing on job satisfaction, employee motivation. There seem to be a scarceness of research interest in this area, specifically interrogating the health sector in Kenya, the discoveries of this study, therefore may be valuable to researchers and academicians in providing more knowledge on contributions of organizations climate to organization's performance. This research will contribute to knowledge by investigating climatic factors and scrutinizing some of the organizational factors that create the unique genetic makeup of an organization's labor environment and how this impacts organizational performance.

### **1.6 Scope of the Study**

This study covered the National referral hospitals in Kenya i.e. Moi Teaching and Referral Hospitals in Kenya (MTRH), and Kenyatta National Hospital (KNH) and was dealing with the association between organizational climate (human relations, internal process, open system and rational goals) and organizational performance. The target population for this study was 2961 and the health personnel to be studies were classified as doctors, pharmacists, nurses, clinical officers and public health officers.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviews theoretical literature that underpins the study and empirical literature correlated to the variables being studied as depicted in the conceptual framework. relevant theories and past studies have been reviewed. The chapter further looks into the relationship among variables, that is, how the predictor variables relate to the response variable. The chapter also recognizes the knowledge gaps to be filled by the study.

#### **2.2 Theoretical Framework**

Theoretical framework is a collection of interconnected ideas based on theories. It is a reasoned set of propositions which are derived from and supported by data or evidence. It tries to clarify why things are the method they are grounded on theories. It is therefore a wide-ranging set of assumptions about the nature of phenomena (Kombo & Tromp, 2006). This study is supported by four theories which are Douglas McGregor's theory X and Y (1960), Herzberg's two factor theory (1959), the systems theory (1940), Goal setting theory (1960).

##### **2.2.1 Herzberg Two Factor Theory**

Organizational climate being the perceptions that employees share of essential elements of the organization plays a key role in employee satisfaction hence their motivation. If the staffs perceive their organizational climate as being positive and supportive, then they will be inspired to perform. In the late 1959 Fredric Herzberg introduced the two-factor theory which explained employee job satisfaction. This theory was founded on two hundred engineers and accountant responses collected in the USA regarding their

private state of mind towards their working environments. Herzberg well-defined two sets of factors in deciding employees working attitudes and degree of performance, named Motivation & Hygiene Factors (Stello, 2011). Motivation Aspects are Intrinsic Factors that will increase employees' job satisfaction; while Hygiene Factors are Extrinsic Factors to avert any employees' discontent. Herzberg broadened that full supply of Hygiene Factors will not automatically result in employees' job satisfaction. In order to upsurge employees' performance or productivity, Motivation aspects must be addressed.

Two-Factor Theory is closely correlated to Maslow's hierarchy of desires but it presented more factors to measure how persons are motivated in the workplace. This theory maintained that meeting the lower-level desires (extrinsic or hygiene factors) of individuals would not inevitably motivate them to exert effort, but would only thwart them from being dissatisfied. In order to motivate employees, higher-level desires (intrinsic or motivation factors) must be supplied. The insinuation for organizations to utilize this theory is that meeting employees' extrinsic or hygiene factors will only prevent employees from becoming enthusiastically dissatisfied but will not motivate them to contribute extra effort toward better performance.

To inspire employees, organizations should emphasize on supplying intrinsic or motivation factors (Stello, 2011). This theory explains how the internal processes of an organization should be conducted. According to the Internal Process dimension, a high-performance organization runs smoothly, without unwarranted internal strain. Stability, obviousness, and control are valued, and information management, communication and augmented decision-making are key processes (De Simone, 2014). Management must ensure that the internal processes that ensure that the stability, predictability and control of an organization are in place to avert the employees from being discontented and that they also promote internal processes that will motivate employees to contribute additional efforts toward better performance. This theory is however criticized on the bases of the fact that Herzberg's research was steered during the late 1950s within a

thirty-mile radius of Pittsburg, which was at the period a center for heavyweight industry. It was a time of full employment and nearly 100% consumption of plants and facilities. Although demographical info of the employee studied was not clearly stated by the authors in the literature, it is implied that the most of the employee studied were white males. It was also a period of hefty unionization. This is in stark contrast to the present work environment of customer-service oriented jobs, high unemployment rates, idle and shut plants, the diverse labor-force, and the decline of unionization (Stello, 2011). It is therefore not clear whether the two-factor theory is still pertinent considering the historical setting in which it was developed. This theory deals so much with internal processes and so it provisions the internal process variable.

### **2.2.2 Douglas Mc Gregor Theory X and Y**

In 1960 Douglas Mc Gregor well-defined contrasting assumptions about the nature of humans in the work place. These expectations are the basis of Theory X and Theory Y teachings. Theory X says that the average human being is lazy and self-centered, lacks ambition, hates change, and longs to be told what to do. The corresponding managerial approach emphasizes total control. Employee motivation, it says, is all about the fear and the pain. Theory Y upholds that human beings are active rather than passive shapers of themselves and of their environment. They long to grow and assume responsibility.

The best method to manage them, then, is to manage as little as possible. Give them water and let them bloom, say the Y-types. There can be slight doubt that Theory Y is a good thing, and that McGregor did an even better thing in conveying it to the care of managers. The enormous and objective bureaucratic machines of the modern economy are often very hard on the soul, as was apparent even in McGregor's day. We need the experts to retell us that business is all about individuals; that if you believe in people, they'll believe you back and that if you don't, your most valuable assets won't show up tomorrow morning. Many managers and many companies took McGregor's message to heart and learned how to assist themselves by assisting their people flourish. The

glittering pot of gold at the end of the Theory Y rainbow is the fact, now an ordinary, that many of the most successful companies in the world are routinely rated the best places to work (Steward, 2010). Theory X managers emphasize the chain of command, reward-or-punishment motivational techniques, and close supervision of subordinate conduct along rigidly well-defined behavioral parameters.

McGregor claimed that classical management practice was hindering rather than assisting organizations solve problems, meet goals, and deliver a product in a reliable manner. A Theory X management style assumes that people are interested in safety and physiological desires rather than higher desires, however, he believes that workers could move beyond lower desires and seek to meet social or esteem desires (Steward, 2010). According to Choudhury (2011), managers should identify the art of managing organizational climate. If manager feels that because of organizational climate employees are in anguish and their productivity is declining, he/she should change the climate. One should maintain a comfortable organizational climate. Manager should identify that which the member of the organization believes.

Employees' values and beliefs impact their state of mind about organizational policies, practices, and procedures. Organizational philosophy and climate are interconnected. Employees' values and beliefs are part of culture and their perception about organizational policies, practices and procedures are part of organizational climate. Choudhury (2011) further says that Mc Gregor has stated how a manager manages the climate within the organization. Mc Gregor introduced XY theory. He says that if manager finds that workers need constant supervision, their motivation of work is only money, they are not to be trusted, not so accountable, not ambitious, then the manager should apply 'X' climate, so that organizational productivity can be achieved. On the other hand, if managers believe that employees are accountable, ambitious, their source of motivation is not only money but also recognition, they can be trusted, having matured character and thought, innovative and creative, then manager should apply 'Y'

climate. This theory explains how management with the employees and the consequences of such relations. It therefore supports the human relations variable.

### **2.2.3 Systems Theory**

Systems theory was proposed in the 1940's by the biologist Ludwig Von Bertalanffy, and furthered by Ross Ashby in 1956. According to Hoyle (2009), systems theory is an alternative approach to understanding, managing and planning organizations. Systems theory can deliver a fresh perspective for approaching employee-relations initiatives, allowing managers to appreciate their employees' importance and position as a vital system in the organization. Systems theory is less of a management methodology as it is a method of analyzing and thinking about organizations. It puts forth the value that organizations, like living organisms, are made up of several component subsystems that must work together in harmony for the larger system to succeed. Departments, work groups, business units, facilities and individual employees can all be considered component systems of the organizations (Hoyle, 2009). Organizations must also operate as an open system since they must liaise with the environment to survive. It utilizes resources and exports resources to the environment. It cannot seal itself off. Every single system that must liaise with the environment to survive is an open system. Open systems theories assess the organization as embedded in an environment, and thus part of a system that includes other organizations as well as political, economic, social, and cultural institutions. The organization itself is also theorized as a system, composed not just of individual employee but also of formal and informal groups of individuals and of processes for exchanging resources with the environment.

Open systems theories seek out to explain the conduct of individuals within the organization in terms of impacts from the environment. From an open systems perspective, the conduct of the organization as a whole is explained by its efforts to manage its relationship with its environment, including other organizations (Bradley,

Pallas, Bashyal, Berman & Curry, 2010). This theory supports the open systems variable.

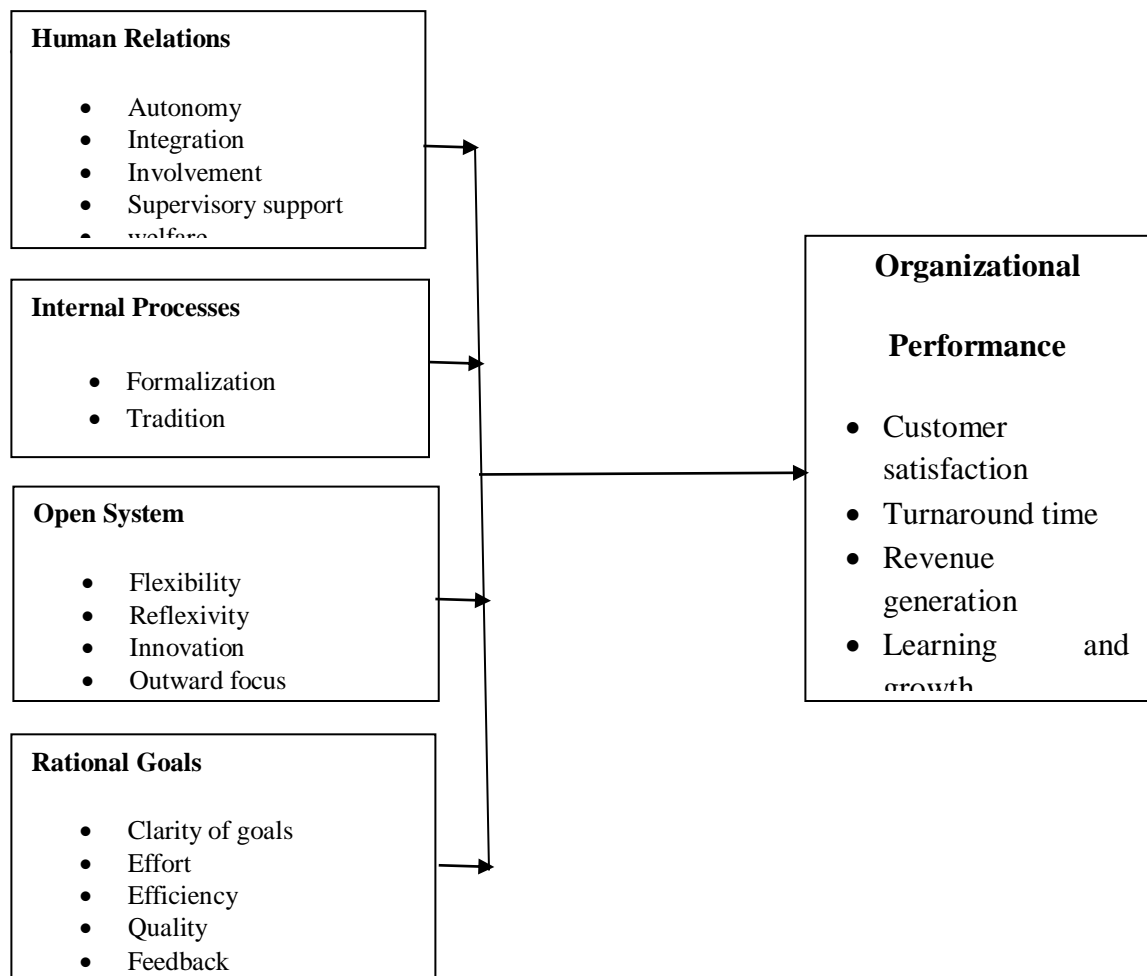
#### **2.2.4 Goal Setting Theory**

Goal setting theory has been the most researched, utilized, and recognized theory of work motivation in the field of industrial and organizational psychology. The theory began with the early work on stages of aspiration developed by Kurt Lewin and has since been primarily developed by Dr. Edwin Locke, who began goal setting research in the 1960s. According to this theory, there is an inductive relationship between goal setting and improved production performance. A goal is the intention of an action or task that a person consciously desires to attain or obtain. Goal setting involves the conscious process of establishing stages of performance in order to obtain desirable outcomes. This goal setting theory simply states that the basis of motivation is the desire and intention to reach a goal (Vance, 2013). If individuals or teams find that their current performance is not attaining desired goals, they typically become motivated to upsurge effort or change their strategy. Locke and Latham (2002) stated that the goal setting theory was based on the premise that much human action is determined, in that it is directed by conscious goals. The decision to set a goal results from discontent with current performance levels. Setting an objective should include setting a structure that directs actions and conducts which improve the substandard performance. Setting a goal will change a person's conduct in order to work towards achieving the set goal. Goal-setting theory predicts that people will channel effort toward accomplishing their goals, which will in turn impact performance. Locke and Latham (2002) found a direct linear relationship between goal difficulty, level of performance, and effort involved.

This relationship will remain positive, as long as the person is dedicated to the goal, has the requisite ability to attain it, and doesn't have conflicting goals. Goal mechanisms impact performance by increasing enthusiasm to reach set goals. These mechanisms are ideas that impact conduct in groups or persons, which serve to increase attention to a

goal, energy in pursuing a goal, persistence in attaining a goal, and ability to strategize to reach a goal. When an individual or team can focus attention on conducts that will accomplish a goal, they also divert attention a method from conducts that will not realize the goal (Vance, 2013). This theory supports the rational goals variable.

### 2.3 Conceptual Frame Work



**Independent variable**

**Dependent variable**

**Figure 2.1: Conceptual Frame Work on organizational climate and performance**



## **2.4 Review of Variables Related to the Study**

### **2.4.1 Human Relations**

The human relations dimension is resulting from an organic or natural assess of organizations, which are seen as political arenas where multiple stakeholders and coalitions liaise and where emphasis is placed on the satisfaction of stakeholders' desires and on activities expected by the organization to survive (De Simone, 2014). The sub-climate dimension that represent this dimension include autonomy, integration, involvement, supervisory support, training and welfare (Patterson *et al.*, 2005). Independence is correlated to job design. Autonomy is all about allowing employees to enjoy more freedom and independence with regard to the work that they do and the procedures that they utilize.

According to Babenko (2018), the need for autonomy is involved with the degree to which a person feels that her or his goals and actions are self-chosen and self-endorsed. That when these psychological desires are continuously supported by the environment, individuals are more likely to initiate and engage efficiently in personal and professional activities and experience well-being. In contrast, unmet psychological desires can weaken individuals' functioning and negatively impact their quality of life. When employees feel that management trusts them to take the initiative and make their own work-correlated decisions they tend to be more motivated to do a good job and receive good feedback. Previous studies have utilized job autonomy to predict work outcomes. These researches designate that job autonomy became the critical antecedent for many positive work outcomes.

Langfred and Moye (2004) found the positive impacts of job autonomy on job performance. Job autonomy improves performance because a worker with high job autonomy will observe that he/she trusted to perform the task. This perception positively impacts their intrinsic motivation and the effectiveness in working. Workers that are

given high autonomy will feel that the results of their job are determined by their efforts, actions and decisions so, they will feel more satisfied. Another work result that correlated to job autonomy is job stress. Job autonomy permit individuals to limit their exposure to stressors and able to choose their task or allow individuals to limit the more stressful tasks, thereby reducing state of mind of threat and encouraging positive coping conducts (Koufteros, Peng & Teixeira, 2014). Furthermore, Kauffeld (2006) found positive association between job autonomy and worker's capability and creativity.

Generally speaking, researches in job autonomy have showed the reliable relationship between job autonomy and work outcomes. To the degree that autonomy is high, work outcomes will be viewed by employees as depending substantially on their own efforts, initiatives, and decisions, rather than on the suitability of instructions from the boss or in a manual of procedures. This condition has positive impacts on the employees because they perceive themselves as more capable and more ingenious thereby cumulative their self-efficacy. Employee with high self-efficacy will put forth more effort and is more likely to persist when run into obstacles or negative experiences (Kreitner and Kinicki, 2004). On the other hand, employee with short self-efficacy is apt to give up, believing the hitches merely prove that he or she was unable to do the job.

Therefore, job design with high autonomy will be powerful in impact employees' performance, satisfaction and reduce job stress. Due to competitive challenges imposed by globalization, Organizations that want to succeed have to boost their connections with other organizations in order to acquire and mobilize complementary resources for their core activities. In fact, there has been a growing consensus among researchers regarding the importance of integration.

One characteristic of studies about integration is the investigation of its potential impacts on organizational performance outcomes. Frohlich and Westbrook (2001) are among the first authors to empirically validate that organizations with high levels of incorporation achieve superior firm performance when compared to organizations with low levels of

integration. Stank Empirical studies on internal and external combination have demonstrated impacts on financial performance and competitive capabilities, customer service performance, product innovation, and customer satisfaction, and overall performance of a firm (Koufteros, Peng & Teixeira, 2014). Employee participation emphasizes on the level of input that employees are allowed to make with regard to company decision-making and problem-solving, predominantly when it concerns them.

When employees are fortified to be involved in company procedures, they are more likely to be dedicated to achieving overall organizational success. Today's business environment is rapidly changing with increasing turbulence and uncertainty. Such external circumstances do not allow reliable prediction of the future and creating long-term plans. Companies are under pressure to seek new policies and to make quick decisions to overcome the changes. As the rate of change upsurges, so does the need for fast and immediate response, which implies higher organizational elasticity. Such conditions increase the status of the involvement of talented employees and their input into the management process.

Employees, who possess knowledge, skills and abilities, gain wider strategic importance. Involving employees in decision -making and problem solving, primarily is due to the need of the organization to develop cross-functional relationships and exploiting the total potential of employees.

Employee involvement is a process of participation and authorization of employees in order to utilize their input towards attaining advanced individual and organizational performance. Involvement is well-defined as the employee participation in decision making and problem solving, and augmented autonomy in work processes. Consequently, employees are expected to be more motivated, more dedicated, more productive and more satisfied with their work (Chatleska & Sofijanova, 2013). Most jobs in organizations are performed by human beings. During the 18th century which was characterized by industrialization, many observers feared that machines would one

day eradicate the need for people at work in an organization. In reality the opposite has been occurring. People are more vital in today's organizations than ever before.

Human beings have competences that drive organizational performance along with other resources such as money, materials and information. As Thomas J. Watson, founder of International Business Machine (IBM) said “you can get capital and elevate buildings, but it takes people to build a business” (Bohlander & Snell, 2004). What Watson said is very fundamental when it comes to organizational productivity in terms of growth and success. The kind of conduct and attitude exhibited by employees in an organization towards work can impact either positively or negatively organizational productivity based on the kind of relationship that exists between employees and management. According to Cheema, J.R., and Asra-Ul-Haq, M. (2017), Staff involvement refers to the systematic participation of staff members in organizational decision-making processes and it may comprise different types and levels. For instance, it can be direct or through representatives, long term or short term, and formal or informal.

In organizational conduct literature, staff involvement is known to be a substantial determinant of organizational performance predictors such as job obligation and job gratification (Bakiev, 2013). Unterrainer, Palgi, Weber, Iwanowa and Oesterreich (2011) claimed that staff involvement in decision-making processes develops state of mind of belonging to the organization and upsurges job satisfaction, staff loyalty and productivity, and decreases revenue. However, such outcomes can only be attained if the involvement practices are embedded with true spirits, otherwise such practices have the potential to backfire and cause confrontation and discouragement among staff members that can in turn cause poor performance (Cheema *et al.*, 2017). Research has indicated that employees can impact organizational productivity positively when they are willing and are more dedicated to organizational goals that are in relation to productivity.

Willingness and obligation can be displayed by employees towards work if employees are consulted in decision making and do participate in the affairs of the organization. Thus, for management to win the obligation of employees to get work done appropriately, individual employees should not be treated in seclusion, but must be involved in matters concerning themselves and the organization. It is for this matter that management should allow employee participation in decision making on matters that impact employee in organizations to show their obligation to organizational goals (Chatleska & Sofinova, 2013). Supervisory support refers to the socio-emotional concerns of the supervisor, and denotes the degree to which the supervisor creates a facilitative climate of psychological support, mutual trust, friendliness, and usefulness for his subordinates.

Once the employees identify that their performance and interest towards their work is constantly supervised by their immediate supervisor who is involved about them as well as provides adequate socio-emotional support for them, then they will feel positive about their job. According to Qureshi, M.A. and Hamid, K.B. (2017), Supervisor support refers to the method supervisors behave as they assist their employees to determine the skills, knowledge, and attitudes. Bhatti *et al.* (2013) indicates that supervisors play a vital role in employee effectiveness and Without getting support from the supervisor, the transfer of training process cannot be successful. This is because the employee will tend to lose emphasize when they are not being supervised or being supervised. According to Putter (2013), the support can be in terms of emotional, instrumental, and at the same time support which are provided before and after the learning process. Apart from that, Ismail, (2010) stated that the supervisor is also accountable for allocating budget for their employee's developmental drive. Supervisor support therefore is critical in increasing job satisfaction and performance (Qureshi *et al.*, 2017) Supervisory care leads an employee to high level performance work with satisfaction and motivation. It is theorized that employees who believe their superiors are considerate leaders will be

more dedicated to their organizations than those who do not observe their managers as such (Hossain & Aktar, 2012).

It is clear that the role of supervisor has now become increasingly challenging as well as extremely critical as he has to work as a bridge between the management & the employees. Currently, supervisory support refers to the socio-emotional concerns of the supervisor, and denotes the degree to which the supervisor produces a facilitative climate of psychological support, mutual trust and friendliness. Representing the organization, the supervisor commonly determines the returns to subordinates and ratifies the formal and informal measures of the organization. In a social contract situation, inputs of subordinates effect the delivery of rewards by the supervisor. Thus, professed distributive justice would likely boost trust in the supervisor.

How supervisors liaise with subordinates in communicating routine fairness, which is interactional justice, is more vital than actual fair conduct (Hossain & Aktar, 2012). As supervisors are observed as representatives of the organization, and have responsibility to direct and evaluate performance of subordinates, employees would perceive their supervisor's encouraging or critical orientation toward them as indicative of the organization's support. It indicates to the beliefs of the employees about the degree to which their supervisors care for their well-being and further that employees combine the treatment that they get from representatives of the organization and make overall perceptions regarding how much the organization gives value to their contributions and takes care of their well-being and benefits.

The strength of the relationship would also be contingent on the level to which subordinates perceive supervisor's relation with their organization. Supervisors who are alleged as that the organization gives them value and treats well, would be thought more on behalf of the organization and thus will have more effect on perceived organizational support or favor (Eisenberger *et al.*, 2002). Subordinates perception regarding status given to their direct supervisor by the organization, as well as the certainty of the

employees that support of the manager denotes support of organization, would increase when there is an increase in employees' perceptions that organization is involved about wellbeing, the supervisor has a role and authority in decisions taken by the organization.

The supervisor's informal organizational status plays a mediating role in relationship between perceived manager support and support of the organization (Naqvi & Anjum, 2012). According to Lin and Krongboonying (2015) supervisor support is connected with positive work result. He claimed that employees who have a high perception of supervisor support are capable of addressing the requirements for appreciation, respect, and social character and produce the performance that is beyond job execution and expected performance for the organization. Supervisory support refers to the socio-emotional concerns of the manager, and denotes the degree to which the supervisor forms a facilitative climate of psychological nourishment, mutual trust and openness to his subordinates. Once the employees identify that their performance and passion towards their work is constantly supervised by their instant supervisor who is involved about them as well as provides adequate socio-emotional support for them, then they will feel positive about their job.

Supervisory care leads an employee to high performance work with satisfaction and motivation. It is theorized that employees who believe their superiors are considerate leaders will be more dedicated to their organizations than those who do not perceive their managers as such (Hossain & Aktar, 2012). It is clear that the function of supervisor has now become increasingly challenging as well as extremely critical as he has to work as a bridge between the management & the employees. At present, supervisory support refers to the socio-emotional concerns of the supervisor, and denotes the degree to which the supervisor creates a facilitative climate of psychological support, mutual trust and friendliness.

Representing the organization, the supervisor largely determines the returns to subordinates and enacts the formal and informal procedures of the organization. In a social contract setting, inputs of subordinates impact the distribution of rewards by the supervisor. Thus, perceived distributive justice would likely improve trust in the supervisor. How supervisors liaise with subordinates in communicating procedural fairness, which is interactional justice, is more vital than actual fair conduct (Hossain & Aktar, 2012). As supervisors are alleged as representatives of the organization, and have responsibility to direct and evaluate performance of subordinates, employees would assess their supervisor's encouraging or critical orientation toward them as revealing of the organization's support.

It indicates to the beliefs of the staffs about the degree to which their supervisors care for their well-being. Employees combine the treatment that they get from representatives of the organization and make overall perceptions regarding how much the organization gives value to their contributions and takes into consideration of their well-being and benefits. The strength of the relationship would also rest on the level to which subordinates perceive supervisor's relation with their organization. Supervisors who are alleged as that the organization gives them value and treats well, would be thought more on behalf of the organization and thus will have more effect on perceived organizational support or favor (Eisenberger *et al.*, 2002).

Subordinates perception regarding status given to their direct supervisor by the organization, as well as the belief of the employees that support of the supervisor denotes support of organization, would increase when there is rise in employees' perceptions that organization is involved about well-being, the supervisor has a role and authority in decisions taken by the organization. The supervisor's informal organizational status plays a mediating role in relationship between perceived supervisor backing and support of the organization (Naqvi & Anjum, 2012). According to Lin and Krongboonying (2015), the amount supervisor support is connected with positive work result. He claimed that employees who have a high perception of supervisor support are



capable of addressing the requirements for appreciation, respect, and social character and produce the performance that is beyond job execution and expected performance for the organization.

Welfare refers to the degree to which the organization takes upkeep of the employees and values their health and safety (Patterson *et al.*, 2005). Promoting safe working environments and a healthy environment leads to a decrease in nonattendance and turnover and an increase in employee morale. When employees feel that the organization looks after their interests and that everybody is treated fairly and equally they feel less negative towards their work environment.

Welfare is a corporate attitude or obligation reflected in the expressed care for employees at all levels, underpinning their work and the atmosphere in which it is performed. It includes but not limited to sponsoring social club and sports facilities as appropriate, supervising staff and works' canteens, managing sick clubs and savings schemes; dealing with superannuation, pension funds and leave endowments, making loans on hardship cases; placing legal aid and issuing guidance on personal problems; making long service endowments; providing aid to staff relocate to another area and providing fringe benefits such as payment during sickness, luncheon vouchers and other indirect advantages ( Daniel & Okereke, 2010).

The idea of employee welfare has been utilized by many organizations as a strategy of improving productivity of employees predominantly in the health sector since work correlated glitches can cause poor quality of life for employees and a deterioration in performance (Manzini & Gwandure, 2011). The role of welfare activities is to promote economic development by growing efficiency and productivity with the underlying value being making workers give their loyal services ungrudgingly in genuine spirit of co-operation and the overall well-being of the employee.

Naturally welfare services may not unswervingly relate to an employee's job but the presence or absence of the services is notable through employee performance, attitude, and high or low labor turnover. It is claimed that, welfare services can be utilized to secure the labor force by providing suitable human conditions of work and living through minimizing the hazardous effect on the life of the employee. Further, welfare facilities assist in raising employees' standards of living. This makes employee to concentrate towards work and thus increases their productivity and foster better industrial relations, assist organizations' visibility and admiration (Manzini & Gwandure, 2011)

#### **2.4.2 Internal Processes**

the Internal Process dimension denotes the classic bureaucracy. The sub-dimension that signify this dimension are Validation which is involved with formal rules and procedures and Custom which is the degree to which established methods of doing things are valued (Patterson *et al.*, 2005). Formalization is well-defined as the degree to which the organization is involved with implementing and upholding a system of strict rules and measures (Patterson *et al.*, 2005). It also concerns the degree to which jobs in the organization are standardized Formalization is high in companies where every single thing is done firmly conferring to the book and the breaking of rules is not tolerated. It is an integral part of up-to-date bureaucratic organizational structure.

Organizations are expected to observe to formal practices and rules in order to ensure smooth functioning. Lack of rules and regulations may cause chaos and anarchy in an organization and doubt within employees. Formalization serves as the rudder which assists steer the boat of an organization in the right direction. The idea formalization is an organizational characteristic. It implies to the amount of written documentation in an organization. The documentation can be about rules, job descriptions, procedures and policy manuals. The drive of these documents is to describe conduct and activities; it

ensures that all employees reply to recurrent situations in a precise method that suits the organization.

Because validation defines procedures about jobs, it can be presumed that the degree of formalization has a bearing on how jobs and tasks are done (Bunderson & Boumgarden, 2010). A number of studies have emphasized on the need for formalization in service-severe companies. One advantage of a formalized process is appealed to be that it becomes more predictable and manageable.

Some studies claim to have verified the benefits of formalization in these contexts. Crevani, Palm and Schilling (2009) for instance, have revealed that a more formalized process can contribute to augmented speed of new service growth and positively impact the effectiveness of service-intensive companies like the health sector. Organizational formalization has been a recurrent emphasis of both theoretical and empirical examination in organization conduct literature for a long time. According to Edvardsson, (2011), formalized service development processes contribute directly to the haste of a firm's new services development efforts. Process formalization routinize a given support activities, systematizes knowledge, and offers sequences of steps that enhance learning about innovation.

He further says that, a formalized process makes it possible to reduce miscommunication, eliminate non-value-added activities, and improve project flow. Some antecedents of modernization success are closely associated to formalization. Adapting formalization during New Service Development can be beneficial for confirming client fit, speeding up the development process and minimizing errors that can result from risky and poor planning. A study by De Brentani (2001), found that, firms that achieved the best performance for low tended to device a formal system that include up-front activities, such as early market studies and customer idea evaluations, formal idea screening, and business case analysis. In case of new service design, these companies prudently mapped out alternate processes and service patterns.

Menor and Roth (2008), proved in their empirical study of retail banking, that formalized services have a positive relationship with performance. More formalized processes make it possible to grow the right services with fewer delays. Formalization therefore is a serious success factor in the service industry. Formalization has also been identified with organizational bureaucracy.

The idea of organizational formalization has its roots in Weber's theory of bureaucracy (Bunderson & Boumgarden, 2010). Weber (1978) well-defined the bureaucratization process as 'discharge of business according to calculable rules and without respect to persons'. The idea of formalization is vital to the description of a bureaucracy (Joseph & Ganesh, 2011). Traditional organizations have a conventional approach to managing the business and adhere to set long-established rituals. These organizations are said to have strong cultures (Patterson *et al.*, 2005). Managers will keep doing things the same way they have always done and be resistant to new ideas, methods and procedures.

Organizations with a strong culture create pure and coherent values and suppose that members approve and care deeply about those values. Academics and practitioners have advertised the virtues of strong organizational cultures that emphasize strategically relevant values. By increasing members' consideration of organizational Objectives, ties to one another, and obligation, organizations with strong cultures increase the likelihoods that members can implement those ideas collectively thus increase organizational performance.

Though some researchers have interrogated how well strong cultures advance bottom-line performance, a growing body of research and a host of obvious examples validate how organizations achieve strategic advantages through strong cultures. Strong cultures may, however, levy a degree of stability on organizations, and such stability has mixed implications for performance. Yu and Wu (2009) discovered that stability traits such as a firm's mission, consistency, and normative integration, were correlated to its profitability. Precisely, organizations with strong cultures had greater returns on

investments, but only in the short run; after three years the relationship amid cultural consistency and performance became negative (Ahmad, 2012).

Strong cultures may enhance short-term success but inhibit long-term organizational performance; they may even contribute to enduring failure by averting organizations from adapting to changing eventualities. Muendo (2014) discovered that organizations with robust cultures were most effective when their environments favored misusing, or fully executing existing objectives using prevailing organizational information and approaches, rather than sightseeing, or discovering and developing new purposes using new approaches. He reasoned that incremental alterations to organizational procedures were easier in strong philosophy firms because participants have an decided upon framework for interpreting environmental feedback and a common set of procedures for replying to different signals from the environment. Using the same perceptive, however, the agreed upon framework and set of procedures may inhibit an organization's ability to embark on more radical strategic shifts.

Latta (2009) proposed that organizations with robust cultures are capable of only limited change because members are predominantly resistant to changing those sturdily held and widely shared values. This confrontation limits the range of permissible value changes to those that are well-matched with existing core values. Thus, even when strong culture organizations could advantage from changes that require adjusting their core values, resistant members may prevent such change from occurring. Conferring to Yu and Wu (2009), strong cultures can be adaptive, but cannot withstand fundamental changes that directly challenge their basic assumptions

### **2.4.3 Open Systems**

The climate sub-dimension which are likely to reflect this orientation are Flexibility, which is an alignment toward change. Innovation which is the degree of inspiration and support for new ideas and ground-breaking approaches. Outward emphasize which is the

degree to which the organization is responsive to the wants of the customer and the marketplace in overall, and Reflexivity which is involved with revising and reflecting upon objectives, Strategies, and work procedures, in order to adapt to the wider environment (Patterson *et al.*, 2005). Flexibility refers to an ability of firms to respond and adjust to environmental changes. To develop elasticity organizations should exercise strategic leadership, build dynamic core competence, emphasize and develop human capital, effectively utilize new manufacturing and information technologies, device new organization structure and, have innovative culture. Flexibility provides many advantages to businesses.

Flexible firms rapidly shift from one policy to another. So, they can realize different strategic actions in the modest arena. Also, flexibility enables businesses to obtain maintainable competitive advantage by making businesses become more proactive. Proactive firms can analyze their environment and evaluate the external opportunities and threats better than other firms. Thus, they can take gain of opportunities while protecting themselves against the environmental threats. Furthermore, empirical evidences have proposed that flexibility impacts business performance positively.

According to Ahmad., Kahwaji, Durrah, and Allil (2016), Flexibility largely refers to the capacity of the control system of the organization to monitor the variations that occur in the work setting in all respects and adapt to variables. It has to do with the ability of the organization to change or respond to various risks in the work place. Strategic flexibility therefore is the ability of the organization to conduct a SWOT analysis and appropriately respond to the opportunities and threats appropriately as the external environment presents them. An organization should therefore be able to rapidly adapt to market trends and variables and other crises and work dynamically.

They should be able to adjust and to emphasize on various strategies. Strategic flexibility comprises the ability of organizations to reply to opportunities and environmental variables (Leseure, 2013). Organizations success in today's business

environment rests on its ability to adapt to changing market conditions and adapt to crises. Although most of the international organizations adopt new practices as structural total quality management and deliver management in a timely manner to stay within the framework of the competition, but these practices are not sufficient, as they contribute only in constant enhancement and not working to generate a competitive advantage; whereas their interest is supposed to be directed towards the strategic suppleness because it supports the development of future strategies, it will enable the organization to adapt and respond rapidly to various changes that occur during crises. The idea of strategic flexibility therefore includes the ability of organizations to respond rapidly to opportunities and changes. (Ahamad *et al.*, 2016) In addition to this, flexibility may improve the innovation performance of a firm in a dynamic environment. Flexibility can impact innovation performance by providing more supple processes and structure (Zhou & Wu, 2010). Innovation is a sub dimension of the open system dimension.

It is the most vital source of competitive advantage since, innovation can result in new products that better satisfy customer desires, can improve the quality of existing products, or can reduce the costs of making products that customers want. Therefore, organizations that want to become more innovative in their processes, products, or services must contemplate flexibility as an alternative (Cingoz & Akdogan, 2011). Despite the many definitions of innovation, the various definitions tend to be reasonably similar in their approach. Innovation can occur in three methods: as a process, as discrete items including products and services and as an attribute of the organization (i.e.an innovative organization).

These three innovation types are not mutually exclusive. Rather they are conceptually well-matched and inextricably linked as the innovation process that culminates with innovation items and firms that cycle through the procedure relatively frequently are described as innovative. Innovation is about assisting organizations grow. Innovation can be regarded as a purposeful and emphasized effort to achieve change in an organization's economic or social potential. Growth in an organization can take place in

a number of methods, such as for instance, better service quality and shorter lead times. Innovation can happen at all levels in an organization, starting all the method from Top level, mid-level and even lower operational levels. Failing to innovate is quite literary dying. Certainly, companies that have developed their ability to develop successful new products and quality services have established themselves as market leaders. Effective innovation must involve all areas of an organization with the potential to impact every single discipline and process (Bessant, 2009).

Innovation includes the formation of new products and processes. Perhaps innovation is the most vital source of competitive advantage. It is innovation that stimulates competitors. Since innovation provides a firm with unique advantages (which competitors lack), it can be regarded as the chief source of competitive advantage. Uniqueness enables the firm to make itself distinct from competitors and put higher prices on its products or substantially reduce its costs compared to competitors. Product innovation is the process of producing new products regarded as valuable by customers and which enhance a firm's authority on pricing (Hosseini, Soltani & Mehdizadeh, 2018)

The power of the innovation aptitude construct is that it is generally realizable to all these domains, as it co-relates to the organizational potential to convert new concepts into commercial and community value. (Fagerberg & Nelson, 2004), is very explicit in stating that innovation is work rather than genius; successful innovation requires hard, emphasized, and decisive work. The process of innovation in organizations can integrate both incremental and radical change. Incremental innovation produces small recurrent changes and is often noticeable in organizations in the form of constant improvement. Innovation is challenging and faces qualms that are existent in both incremental innovations, such as updated versions or extensions of existing products and processes, and radical innovation that base upon the development or application of new ideas and novel technologies (Frank *et al.*, 2016).



However, the ultimate test of any innovation - new products or services - is the market place. Innovative firms advance and sustain their competitive advantage through the development of new market offerings which are attractive to existing and new customers. Such new products are crucial because of their ability to become a means of market share gain and revenue growth (Maccurtain, Flood, Ramamoorthy, West & Dawson, 2008). The other sub dimension of open system is reflexivity which is the degree to which team members jointly reflect upon the team's objectives, tactics and processes as well as their wider organizations and environments, and adjust to them accordingly. Reflexivity in an organizational setting involves individuals or teams reflecting upon their preferred work methods and adjusting them where necessary according to the desires of the task or environment. Reflexivity is more than merely reflecting on what has already taken place.

It is a multifaceted idea involving questioning, reviewing, evaluating, debating and adapting. A team demonstrating high reflexivity as one characterized by greater detail, inclusiveness of potential problems, long and short-range planning. He claims that activities such as planning can create a 'conceptual readiness' for innovation (Maccurtain *et al.*, 2008).

#### **2.4.4 Rational Goals**

The climate sub-dimension which reflect this dimension are: Precision of organizational goals which is involved with clearly defining the goals of the organization. Effort, which is how tough People in organizations work towards achieving goals. Efficiency, which is the degree of importance placed on employee efficiency and productivity at work. Quality, where the emphasize is given to quality measures and Performance feedback (Patterson *et al.*, 2005). According to Weber and Weber (2001), goal clarity is the degree to which employee understand an organization's goals and the means for achieving those goals precisely. People are objective. They are driven by their sense of drive, desire, and value.

Researches show that task performance is impacted positively in organization with precise goal clarity than in organization with no goal clarity at all. Goal clarity impact organization obligation by impacting task performance of employees. Goals Improvement can serve to illuminate the person's role in organization and to intensify the person's awareness of associations among his obligation and responsibilities of others. If goals of employment are illuminated, a substantial source of role uncertainty is reduced, this in turns impact employee clarity of expectation.

Goals are sources of professional Challenge the level of challenge being impacted by goal difficulty. Amplification in difficulty of goal increases job difficulty. Goal clarity not only boost importance of task but also bring sense to otherwise routine jobs. Goal setting and feedback are interconnected bond that formulate their importance to one another.

Notably, performance feedback is a decisive component of all performance management systems (Aguinis, 2009). Performance feedback can be well-defined as information about an employee's past conducts with admiration to established standards of employee conducts and results. The objective of performance feedback is to improve individual and team performance, as well as employee engagement, motivation, and job satisfaction (Aguinis, 2009). The incongruity between performance feedback's envisioned and actual consequences constitutes a key concern to employees, managers, and organizations. Although managers share an instinctive understanding that feedback plays a vital role in improving individual and team performance, many managers do not know how to deliver feedback efficiently. More precisely, managers quite often provide feedback in a manner that is excessively emphasized on employees' weaknesses. Yet, the same managers are classically uninformed that such weaknesses-based feedback repeatedly fails to advance employee performance.

To fully reap the benefits of using feedback, managers should otherwise principally rely on a strengths-based approach to feedback that comprises of identifying employees' areas of positive conduct and results that stem from their knowledge, skills, or talents (Bouskila, Yam & Kluger, 2011). Quality is another sub-dimension of the coherent goals dimension. Quality is something that has always fascinated the attention of managers and leaders in organizations. Nowadays, organizations seek out to improve their performance through growing the quality of their services. As many researchers contend, organizations need to deal with both internal and external customers. Successful organizations need to emphasize on the quality of services offered to both internal and external clients.

Such organizations must foresee the changing desires of their customers so as to offer high-quality services and this will enable them to achieve high performance thus giving them a competitive advantage. Quality can be both internal and external. The impression of internal service quality was first introduced by those who considered the employees as internal customers. They argue that providing the external customers with excellent services requires the provision of fulfillment and quality services to internal customers. Internal service quality refers to what employees feel about the quality of services they receive from or offer their colleagues. Internal service quality functions as a link to connect employee satisfaction and loyalty to customer satisfaction, loyalty as well as organizational development and profit (Naser, Yazarloo & Khiju, 2012).

According to Wu and Cheng (2013) service quality is the acuity of customers toward whether service is decent or bad, the result of contrast between the service customers expect to get and what they actually receive. When the former is deducted from the latter and the difference is greater than zero, the quality of service customers get is ideal or satisfactory. Organizations need to expand the quality of their internal service so that they may provide external customers with better quality services Thus, the quality of internal services impacts employee satisfaction. (Zhen & You, 2003). High quality

services increase employee satisfaction, which results in external customers' satisfaction and increased organizational performance.

Liang and Wang (2010) believes that attention to internal service quality is the initial point for employee's stakeholders and external customer's satisfaction and eventually enhanced organizational performance. Internal service quality and internal customer satisfaction donate to external customer satisfaction, which ultimately impacts organizational performance (Huang & Lee, 2015).

#### **2.4.5 Organizational Performance**

The access to the service of public hospitals and the quality of the service provided is predominantly vital for the larger part of the population that cannot afford the access to private hospitals. As public hospitals are the only affordable option for a large part of the population an improvement in the performance of the hospitals is vital for the quality of life and conditions for the popular Kenyans. In overall, the idea of organizational performance is based upon the impression that an organization is the charitable association of productive assets, including human, physical, and capital resources, for the drive of achieving a shared drive. Those providing the assets will only commit them to the organization so long as they are contented with the value they receive in exchange, relative to alternative utilizes of the assets. As a significance, the essence of performance is the creation of value.

So long as the value created by the utilize of the contributed assets is equal to or greater than the value expected by those contributing the assets, the assets will continue to be made obtainable to the organization and the organization will continue to exist. Therefore, value creation, as well-defined by the resource provider, is the essential overall performance criteria for any organization. How that value is created is the essence of most empirical research in management. Conversely, how that value is measured is of essence. Numerous scholars have deliberated the relevance of intangible

resources as drivers of exemplary performances in the health sector (Zigan *et al.*, 2008). However, the studies are still few and more information is needed about the function and the value of intangible resources in performance enhancement of Health Care organizations.

Several studies have stressed the link between climate and a variety of vital performances at the individual, group and organizational level within healthcare organizations (Wienand, Cinotti, Nicoli, & Bisagni, 2007). OC can have substantial positive or negative impacts on organization and its performance. It is, therefore, reasonable to claim that OC is of great importance in understanding how an organization works and creates value. The climate is correlated to service industries and, in specific, to knowledge intensive service industries, as the vast majority of their results is characterized by intangibility, heterogeneity, and instantaneous production and consumption (Wienand *et al.*, 2007). To analyze the performance of National Referral hospitals in Kenya, the study emphasized on customer satisfaction, Turnaround Time, Revenue generation and Learning and growth.

## **2.5 Empirical Review**

According to Dana, Gadot and Shlomi (2013) one of the greatest promising explanations about change and development in organizational performance builds on the involvement of the work atmosphere and organizational climate. The organizational climate is a social assembly that can either promote performance or hamper it, and thus may be well-thought-out buffer between individual skills and motivation and numerous work results. Studies have also found climate to be an expressively intermediate element between employees' skills and motivation on the one hand, and a series of performance-correlated variables on the other. Such variables comprise of micro-level and individual-based work outcomes (i.e job satisfaction, job obligation, creativity, supportive human relations, pro-social conduct, and Organizational Citizenship Conducts) as well as macro-level performance variables (i.e. Productivity, profit and quality of service).

More specifically, studies have also proposed that public sector motivation is reinforced when the social environment is supportive and encourages individuals to spend time, effort and resources in assisting the organization grow and develop. Therefore, the atmosphere in the community workplace is anticipated to impact the quality of the services rendered to citizens. Citizens as client's advantage from dealing with more satisfied public servants and enjoy better attention, responsiveness, and good will when dealing with red tape and cumbersome bureaucratic dealings. Nevertheless, few studies have examined the meaningful effect of organizational climate on performance in the public sector. Moreover, those studies have not examined multiple dimension of organizational climate and have emphasized exclusively on either the micro or macro perspective of organizational performance (Dana, Gadot & Shlomi, 2013).

According to Okoya (2013), one of the greatest auspicious explanations about change and development in organizational performance builds on the contribution of the work atmosphere and organizational climate. The organizational climate is a social structure that can either promote performance or obstruct it, and thus may be considered a buffer between individual skills and motivation and various work outcomes. Studies have also found climate to be a meaningful intermediate element between employees' skills and motivation on the one hand and various performance-correlated variables on the other.

Such variables include micro-level and individual-based work outcomes (i.e. job satisfaction, job obligation, creativity, assist human relations, and Organizational Citizenship Conducts) as well as macro-level performance variables (i.e. productivity, profit and quality of service). According to Carlucci and Schiuma (2012), In the past two decades, in line with the public service organizations have started to emphasize on productivity improvement, customer satisfaction and, largely, a more effective administration. In such a situation, a renewed interest about the significance of intangible resources in determining organizational performances has augmented and this is particular binding for healthcare (HC) services. Recently, scholars have been

deliberating the relevance of intangible resources as pillars of exemplary performances in hospitals but the studies are still few and more knowledge is needed.

Research has proposed organizational climate (OC) as an intangible factor, which substantially impacts performance of HC organizations and several studies have stressed the relation between climate and a variety of vital performances at the individual, group and organizational level within HC organizations. According to Umoh, Amah and Wokocha (2013), organizational climate can impact how employees perform within an organization because the method people feel and the method they perform are strongly associated.

A poor organizational climate categorized by lack of recognition, lack of trust, cohesion, organizational support, accountability etc., may cause low productivity, insignificant profitability, decline in market share and perhaps high employee turnover. Because the literature did not suggest a precise and direct historical association between organizational climate and employee performance, understanding the connection between organizational climate and employee performance would assist organizational leaders in growing productivity through developing the organizational climate. According to Gisemba, Mukulu, Orwa and Auka (2015), many business executives coincide that the ability to drive business growth and device new innovative ideas are numerous of the top priorities in organizations in the 21st century. They said that Holistic obligation to building the competence and supportive organizational climate are needed for an organization to become entrepreneurial.

## **2.6 Critique of Existing Literature**

Organizational climate being the perceptions that employees share of fundamental basics of the organization plays a key role in employee satisfaction hence their motivation. If the labor-forces perceive their organizational climate as being positive and supportive, then they will be motivated to perform. In the late 1959 Fredric Herzberg introduced the

two-factor theory which explained employee job satisfaction (Aktar, Sachu & Ali, 2012). This theory is however criticized on the bases of the fact that Herzberg's research was conducted during the late 1950s within a thirty-mile radius of Pittsburg, which was at the time a center for hefty industry. It was a time of complete employment and nearly 100% application of plants and facilities. Although demographical info of the workers examined was not obviously stated by the authors in the literature, it is disguised that the majority of the employee studied were white males. It was also a period of heavy unionization.

This is in stark disparity to the current work environment of customer-service oriented jobs, high unemployment rates, idle and closed plants, the diverse labor-force, and the decline of unionization (Stello, 2011). It is therefore indistinct whether the two-factor theory is still applicable considering the historical context in which it was developed. In 1960 Douglas Mc Gregor well-well-defined contrasting assumptions about the nature of humans in the work place. These assumptions are the basis of Theory X and Theory Y teachings. Theory X declares that the average human being is lazy and self-centered, lacks ambition, hates change, and longs to be told what to do.

The corresponding managerial approach highlights total control. Employee motivation, it says, is all about the fear and the pain. Theory Y upholds that human beings are active rather than passive shapers of themselves and of their environment. They long to develop and assume responsibility. The weakness with this approach is that the behavior of employees is not necessarily as a result of their “inherent nature “, but many times as a significance of the nature of organizations in which they work. The method that management views its employees results in a self-fulfilling prophecy. If employees are regarded as indolent and lazy, they will start to behave in such a manner and will necessitate close supervision and Direction. Furthermore, Theory X fails because it does not consider human motivation. In contrast to Theory X, or the conventional approach to management, McGregor proposed an alternative approach based on “more adequate



assumptions about human nature “, which he called Theory Y (Sorensen & Minihan, 2011).

In this perspective, management's role is not simply direction, but in organizing the resources for an enterprise to meet its objectives, whether they be human or material. People are not passive, and it is the responsibility of management to provide opportunities for the growth of their employees, to issue their potential by creating the conditions so that people can harness their efforts to achieve organizational objectives. This perspective rests on the assess of human beings, that rather than being indolent and seeking direction, humans actually are the reverse. According to McGregor under suitable conditions, unimagined resources of artistic human energy can become obtainable within the organizational setting. One criticism of this assess was that it resulted in the over delegation of duty by managers. Many times, managers fail to understand that the change in the direction of theory Y cannot be achieved overnight, and that it will require extensive alteration of the attitudes of management and workers alike (Schein, 2011). Systems theory was proposed in the 1940's by the biologist Ludwig Von Bertalanff. Systems theory is an interdisciplinary theory about every single system in nature, in society and in numerous scientific domains as well as a framework with which we can examine phenomena from an all-inclusive approach. Systems thinking, comes from the shift in attention from the part to the whole, considering the observed reality as an integrated and interacting Unicom of phenomena where the individual of the single parts become indistinct. Organizational climate is about how people perceive vital elements of their organization.

Individual employees are the ones that together form the organization. These members must work in harmony in order to make a positive organizational climate that will bring about positive results since the members interaction impacts the organizational climate. However, an organization is made up of different individual who perceive things differently and they may not necessarily interpret things in a similar method this may

therefor make system thinking difficult and thus negatively impact goal achievement (Castro & Martins, 2010).

## **2.7 Research Gaps**

A study by Mathini (2001) examined the relationship between school organizational climate and pupils' academic performance in primary schools in Nairobi. The sample was 40 schools out of 177 schools. The study resolved that there was a substantial association between organizational climate and performance of primary school teachers. This study unlike the above study will emphasize on the health sector and will emphasize specifically on national referral hospitals.

A study by Litchman (2007) investigated the effects of an organization's climate on performance of supply chain managers in Michigan. The respondents were 68 supply chain managers from Michigan companies. Questionnaires were utilized and descriptive analysis was done. The results provided support for the theory that perceived that organizational climate does impact performance. In this study only, managers were utilized but in the proposed study other employees will be considered too. This study only utilized descriptive statistics and did not utilize inferential statistics. In the proposed study, data will be analyzed using both descriptive and inferential statistics. The proposed study unlike this study will be conducted in Kenya.

A study by Vashdi, Gadot and Shlomi (2011) examined numerous organizational climates and their connection with politics and performance in public organizations. The study population was 2102 teachers from 108 public schools in Israel. The findings indicated that multiple climates in the school environment are positively correlated to teacher satisfaction and school level achievements. This study was conducted only in the public sector but the planned study will be conducted both in the public sector and in the private sector and it will offer a comparison of the two climates. This study also focused

on the types of climates but however, the proposed study will emphasize on the dimension of organizational climate.

According to Umoh, Amah and Wakocha (2013) organizational climate and organizational performance literature does not recommend a precise and direct historical link between organizational climate and employee performance, therefore, further studies should be conducted so as to understanding the relationship between organizational climate and employee performance and this would aid organizational managers in increasing productivity through developing the organizational climate.

A study by Ali and Patnaik (2014), investigated the impact of organizational climate and organizational culture on managerial effectiveness. The respondents were 100 managers from private and public activities in Delhi India. The findings of this study were that culture impacted the managerial effectiveness in public undertakings while organizational climate did not and that organizational climate impacted managerial effectiveness in private undertakings while organizational culture did not. Whereas this study emphasized on only managers, the proposed study will have respondents who are not only in the management position. This study was done in India but the planned study will be done in Kenya. The study also emphasized on both organizational climate and culture and despite the fact that the two are different, many times they are utilized interchangeably. The anticipated study will utilize only one of them i.e. organizational climate to ensure clarity of the idea. This study also did not consider the health sector but the proposed study will consider the health sector. This study purposes at filling part of the existing knowledge gaps by establishing the affiliation between organizational climate and organizational performance.

## **2.8 Summary**

Organizational climate perceptions are associated with a numerous vital outcome at individual and organizational level, such as, for instance, job satisfaction individual job performance customer's perception of service quality innovative conduct in HC and top management team's innovation and so on. Since OC exerts a powerful impact on the conduct of employees in workplace and plays a critical role in any organizational process development that requires the execution of a major organizational change. More in overall OC can have substantial positive or negative impacts on organization and its performance. It is, therefore, reasonable to claim that OC has a great importance in understanding how an organization works and creates value.

The study of organizational climate is pertinent to service industries, as the huge majority of their yields is categorized by intangibility, heterogeneity, and simultaneously production and consumption .

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter contains the researcher's philosophical paradigm that would provide guidance on the methods of research to be utilized in the application of this research towards the realization of stated objectives. The chapter further provides a description of the research design, the target population and also describes the sampling procedures and the sample size that was utilized in the study. It also converses development and administration of the research instrument, its validity and reliability as well as data collection and analytical procedures that will be utilized in the study.

#### **3.2 Research Design**

##### **3.2.1 Philosophical Argument**

Methods of social research are strictly correlated to different views of how social reality should be studied. Social research is impacted by theory practical considerations epistemology, ontology as well as values. Epistemology is involved with what is and should be considered as knowledge in discipline. It is about answering the question of how we know what we know. It is vital for the researcher to be explicit about the epistemological foundations of the study because identifying this orientation can assist frame the research design. The method we think about the development of knowledge impacts the method we go about doing research (Ashworth, 2003). This has led to two major schools of thought i.e. positivism and social constructionism. Positivism views reality as universal, objective and quantifiable.

Therefore, from this viewpoint, reality is the same for you as well as for me and through the application of science, we can identify and see that reality. However, in adopting the

belief that a single universal reality exists for all of us and that this reality can be discovered through systematic investigations, then it fails to recognize the ability of the human person to make logic of his or her world (Ashworth, 2003). On the other hand, the social constructionism assess provides a different perspective with what to assess the world that permits the exceptional variances of individualist to come into emphasize while at the same time permitting the essential sameness that unites human beings to be identified (Ashworth, 2003)

### **3.2.2 Research Design**

The proposed design falls within the positivist paradigm more than it falls on the constructionist paradigm. This is because this research orientation assumes that to be useful, a research exercise must be based on theory, hypothesis and quantitative data and that it is likely to over utilize the results. However, it has an element of the social constructionism orientation because in this the exclusive differences of individual experiences are considered and also qualitative data is analyzed. A research design can be understood as the structure of research.

It is the glue that holds all of the elements of research together (Dolnard & Delno, 2009). It can be regarded as a preparation of conditions for collection and analysis of data in a manner that purposes to combine significance with the research drive. It is the conceptual structure within which research is directed. It institutes the blue print for the collection, measurement and analysis of data (Kothari, 2003). This study deployed a descriptive survey research design. Descriptive survey research design is a technique of collecting information by administering questionnaires to a sample of individuals. It can be utilized when gathering information about people's attitudes, opinions, behaviors or any of the variation of education or other social issues (Dolnard & Delno, 2009). Further this study utilized the mixed methods approach of inquiry. According to Creswell (2003), in the mixed method of inquiry, both qualitative and quantitative methods of data collection are utilized. Creswell (2003) further explains that the reason why this is a

good method is the recognition that all methods have limitations and that the biases inherent in any single approach could be neutralized by the other approach.

Quantitative approach emphasizes measurement and data is analyzed in a numerical form to give precise description. It is also known as the scientific method and has traditionally been considered as the traditional mode of inquiry in both research and evaluation. This style of inquiry follows quite a lot of logical and distinct steps from identifying and stating research problem to making suitable conclusions and inferences to the population. Quantitative approach places emphasis on methodology, procedure and statistical measures to test hypothesis and make predictions (Waiganjo, 2013). On the other hand, Qualitative approach is more profoundity and provides detailed answers. It provides information about the phenomenon being studied, and established patterns, trends and relationships from the information gathered. The qualitative research provides greater depth to response and understanding which forms a link with the respondents.

Qualitative research is characteristically rich with detail and insights into participants' experiences of the world and thus more meaningful. It assists in gaining new perspectives on things about which much is already known (Waiganjo, 2013). This study aims at giving a complete description of the connection between organizational climate and organizational performance in National referral hospitals in Kenya.

### **3.3 Target Population**

Target population refers to the larger population to which the researcher ultimately would like to over utilize the results of the study. It is thus the entire group of individuals, events or objects having a common observable characteristic (Berg, 2001). The target populace for this study was 2961 drawn from the two National referral hospitals in Kenya namely, Kenyatta National Hospital and the Moi Teaching and Referral Hospital. According to the Health Management Information System, health personnel can be classified as doctors, pharmacists, nurses, clinical officers and public

health officers. The study highlighted on the two referral hospitals in Kenya since they have sufficient information for the study

**Table 3.1: Target Population**

	<b>Population</b>	<b>Percentage</b>
Doctors	283	10
Dentist	35	1
Pharmacists and Pharmacy Technologist	79	3
Nurses	2389	80
Clinical Officers	128	4
Public Health Officers	48	2
<b>Total</b>	<b>2961</b>	<b>100.0</b>

*Source: Health Management Information System, Ministry of Health, 2014*

### **3.4 Sampling Frame**

According to Zikmund *et al.* (2010), a sampling frame is the list of rudiments from which a sample may be drawn. This frame provides a list that the scholar can work with and operationalize. The sampling frame of this study is a list of health staffs in the two main referral Hospitals in Kenya i.e. Kenyatta National Hospital and Moi Teaching and Referral Hospital.



### 3.5 Sample and Sampling Technique

A sample frame for this study is a list that includes every single member of the population from which a sample is to be taken (Kothari, 2004). For the drive of this study, the sample frame was 2961 health workers drawn from the two main referral hospitals in Kenya (Kenyatta National Hospital and Moi Teaching and Referral Hospital) these health workers are classified as doctors, pharmacists, nurses, clinical officers and public health officers. Sampling is done to some basics of a population so that conclusions about the whole population can be drawn. The ultimate test of a sample is how well it denotes the population it purposes to (Kothari, 2004). This study utilized stratified random sampling. According to Kothari (2004), a population is stratified based on various features of the population and a sample is picked from each stratum.

In this study, the referral hospitals were divided into 7 sub-sections /strata each sub-section forming a stratum. A random sample was picked from each stratum and this ensured that the sampling error was considerably reduced and that the characteristics of the population were more precisely represented.

The study utilized Yamane (1967) simplified formula to calculate sample size for the population of individuals at 97% confidence level and a precision level of 0.03%

$$n = \frac{N}{1+N(e)^2}$$

Where

n = Sample size

e = level of precision, 3%

N = Population size; 1100 for MTRH and 2096 for KNH

$$n = \frac{2961}{1+2961(0.03)^2}$$

$$= 747$$

**Table 3.2: Sampling Procedure and Sample Size**

	<b>Population</b>	<b>Sample</b>	<b>Percentage</b>
Doctors	283	165	22
Dentists	35	32	4
Pharmacists and Pharmacy technologist	79	66	9
Nurses	2389	344	46
Clinical Officers	128	97	13
Public Health Officers	48	43	6
<b>Total</b>	<b>2961</b>	<b>747</b>	<b>100</b>

Source: Health Management Information System, Ministry of Health, 2014

### **3.6 Data Collection Procedure**

The study applied a structured questionnaire to solicit responses. A questionnaire is a technique of eliciting feelings, beliefs, practices, perceptions or attitudes of individuals. Questionnaires were utilized because they are comparatively economical, easier and quicker to administer. Questionnaires also enable quantitative and qualitative analysis of data. Both closed and open-ended questions were utilized where closed ended questions were anchored on a five-point Likert measurement scale (Yeasmin & Rahman, 2012).

Questionnaires were self-administered and some research assistants were enlisted and trained to enable the researcher obtain quality results. The National referral Hospitals i.e. KNH and MTRH were contacted and permission to access them will be obtained. The questionnaires were then distributed to the respondents and they were given time to fill them. The researcher also took care of the common methods bias. The common methods bias is the variance that is attributed to the measurement method rather than the construct the measure denotes.

There are both statistical and procedural methods of addressing the joint method bias. This study utilized the procedural method to control the common method bias. This was done by randomizing the questions in the questionnaire and administering the questionnaire on independent variables and on dependent variables at different times.

### **3.7 Pilot Testing**

The questionnaires were pretested to ensure clarity and content validity prior to them being administered. Reliability analysis for testing reliability and the internal reliability of the data items was conducted using the Cronbach's alpha. The questionnaire was pilot tested in the National referral hospitals in Kenya (KNH and MTRH). The respondents were 10% of the population that did not form part of the sample. This percentage is largely recommended by social researchers, according to Mugenda and Mugenda (2003). After pilot testing, the questionnaires were revised to incorporate the feedback that was provided. Reliability which is a measure of internal consistency and average correlation was measured using Cronbach's alpha coefficient which ranges between 0 and 1 (Kipkebut, 2010). Higher alpha coefficient values mean that scales are more reliable. As a rule of thumb, acceptable alpha should be at least 0.70 or above

### **3.8 Data Analysis**

For a given study, a single outcome from the respondents with admiration to the study characteristic is known as datum, the plural of which is data. Data analysis comprises of examining what has been collected in a survey and making conclusions and inferences, it involves discovery underlying structures, extracting vital variables, detecting any anomalies and testing any underlying assumptions. It involves scrutinizing the acquired information and making inferences (Dolnard & Delno, 2009). Quantitative data was received and analyzed using expressive and inferential statistics. Descriptive statistics is the term given to the analysis of data that assists describe, illustrate or summarize data in a sensitive method such that patterns might emerge from the data.

However, they do not allow us to make conclusions outside the data we have analyzed or reach deductions regarding any hypotheses we might have made. They simply assist us describe our data. In this case, the researcher utilized both numerical and graphical summaries. Inferential statistics on the other hand, enable the researcher to make interpretations from the sample into the population. In this case, multiple regression was utilized since there were many variables that ought to be studied simultaneously. It was utilized to govern whether organizational climate under study together impacted organizational performance. The statistical package for Social Sciences (SPSS) version 22 and Microsoft Excel was utilized (Waiganjo 2013). Data was presented in graphs, tables and pie charts.

### **3.9 Statistical Model**

The following multiple linear regression model was used to determine the relationship between organizational climate and organizational performance in National referral hospitals in Kenya.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where

Y= Performance

$\beta_0$  = constant or the autonomous response that does not depend on the four predictor variables in this study.

X<sub>1</sub> = Human Relations

X<sub>2</sub> = Internal Processes

X<sub>3</sub> = Open Systems

X<sub>4</sub> = Rational goals

e = Error term

An examination of the coefficients associated with the dimensions of OC was to indicate the extent of the contribution by each of the independent variables.

### **3.9 Data Presentation**

The analyzed data was presented in charts, graphs and tables. Interpretation and formulation of generalization was done through analytical interpretive and writing skills. Analysis and reports were done concurrently and in constant prose.

#### **3.9.1 Test of Hypothesis**

To test a hypothesis means checking whether the hypothesis is valid or not based on the data that the researcher has collected (Kothari, 2004). The main drive of hypothesis testing is to determine the precision of the study hypotheses due to the detail that the researcher has gathered a sample of data and not a census (Cooper and Schindler, 2003). To test hypothesis in this study, t and F test were carried out.

### 3.9.2 Variable definition and Measurement

**Table 3.3: operationalization of study variables**

Type Variable	of	Variable name	Operationalizing indicators of Variables
Dependent Variable		Organizational Performance	<ol style="list-style-type: none"> <li>1. Customer satisfaction</li> <li>2. Turnaround Time</li> <li>3. Revenue generation</li> <li>4. Learning and growth</li> </ol>
Independent Variable		<ol style="list-style-type: none"> <li>1. Human Relations</li> <li>2 Internal Processes</li> <li>3. Open System</li> <li>4. Rational Goals</li> </ol>	<p>Perceived human relations in an organization which are measured by:</p> <p>The Internal Process dimension represents the classic bureaucracy. It is measured by:</p> <ol style="list-style-type: none"> <li>1. Formalization which is concerned with formal rules and procedures and 2. Tradition which is the extent to which established ways of doing things are valued</li> </ol> <p>The open systems dimension is measured by:</p> <ol style="list-style-type: none"> <li>1) <i>Flexibility</i>, an orientation toward change.</li> <li>2) <i>Innovation</i> the extent of encouragement and support for new ideas</li> <li>3) <i>Outward focus</i> the extent to which the organization is responsive to the needs of the customer</li> <li>4) Reflexivity is reviewing and reflecting upon objectives, Strategies</li> </ol> <p>This variable is measured by:</p> <ol style="list-style-type: none"> <li>1) <i>Clarity of organizational goals</i> which is concerned with clearly defining the goals of the organization.</li> <li>2) <i>Effort</i>, how hard People in organizations work towards achieving goals.</li> <li>3) <i>Efficiency</i>, the degree of importance placed on employee efficiency and productivity at work.</li> <li>4) <i>Quality</i>, where the emphasis is given to quality procedures and Performance feedback</li> </ol>

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATIONS

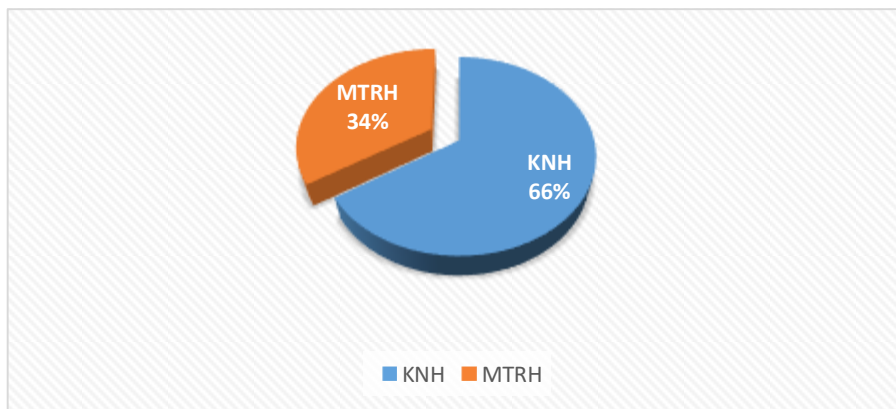
#### 4.1 Introduction

The aim of the study was to dissect the relationship between organizational climate and performance in the main referral hospitals in Kenya. The precise objectives were to determine how Human Relations, Open systems, Internal Processes and Rational Goals relate to organizational performance in referral hospitals in Kenya.

#### 4.2 Response Rate

A total of 747 questionnaires were administered to both MTRH and KNH. They are the key referral hospitals in Kenya. A total of 525 questionnaires were returned. This is 70% of the distributed questionnaires.

According to Mugenda and Mugenda (2003), a response rate of 70% and above is acceptable



## **Figure 4.1: Response Rate**

### **4.3 Data Preparation Strategies**

Before using data analysis techniques, (Malhotra (1999) suggest examining the data and examining descriptive statistics so that the researcher is conversant with the data and understands the relationships between variables. The data preparation strategy includes the basic cleaning and screening, editing, coding, data entry, verification and treatment of lost data.

#### **4.3.1 Cleaning and Screening**

After entering the raw data into SPSS, the data was checked for accuracy by managing frequencies, to identify out-of-range values and by checking 100% of data entries against the original questionnaire. All errors were data entry errors and these were corrected in the SPSS data base

#### **4.3.2 Outliers**

May occur due to data recording errors or errors in responding, or extraordinary observations from the majority of respondents (Hair, Finch & Curran, 1995). The outliers occurring from data recording errors were discovered in the data cleaning stage and were corrected. Most of the measurement items were close-ended and therefore provided a fixed range of scores under the Likert scale. There were no outliers occurring from extreme values in the range of scores.

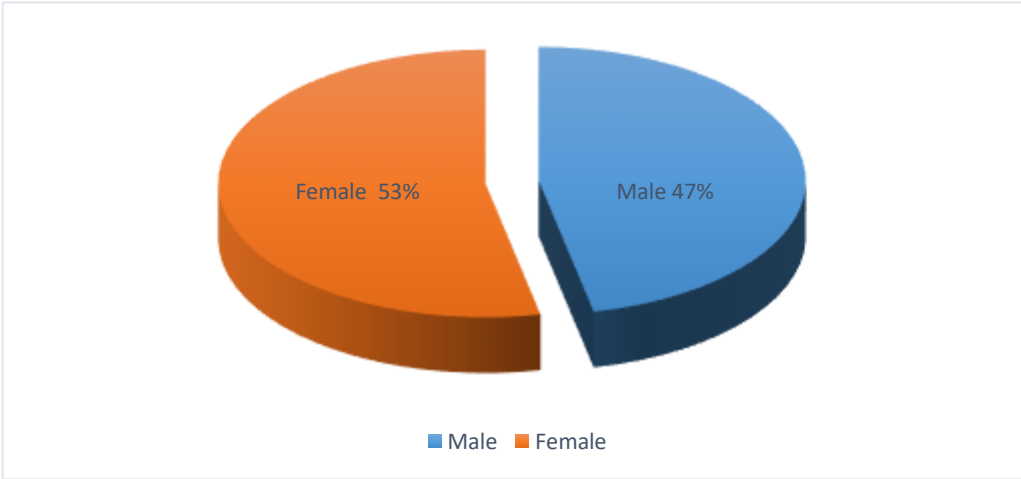
### **4.4 Descriptive statistics**

This study pursued to establish the demographic features of the respondents in terms of gender, age, job title, education level and years worked



**4.4.1 Gender of the respondents**

the study wanted to establish the age of the respondents and the outcomes were presented in figure 4.2.

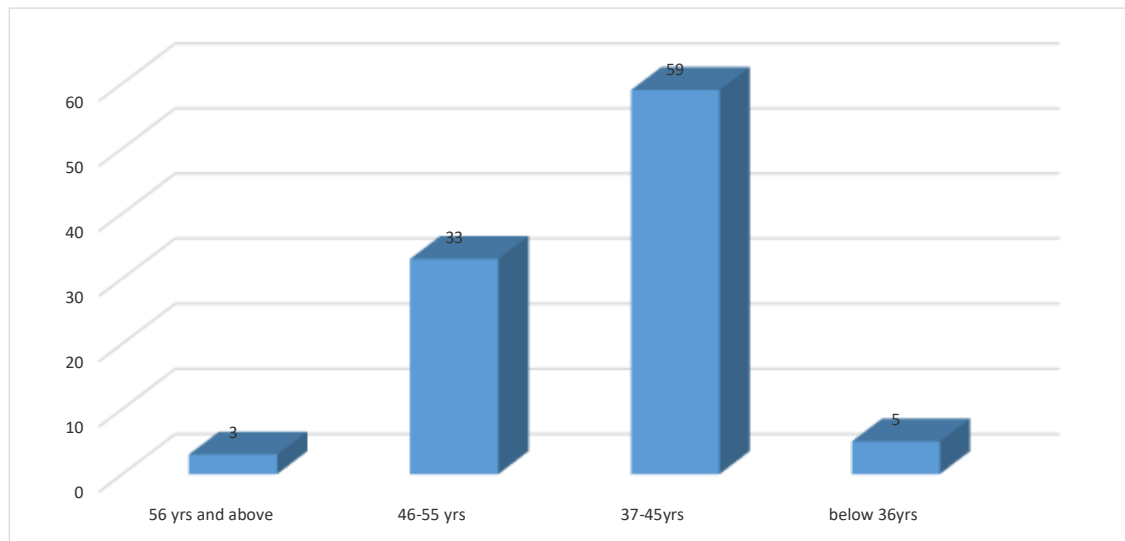


**Figure 4.2: Gender of the respondents**

The findings indicate that 53% of the respondents were female, while 47% were male. This implies that the main referral hospitals in Kenya are largely dominated by females in terms of gender. These findings contradict a study by Lesiyampe (2013) that discovered that there were more male staff than female staff in the National Referral hospitals /

#### 4.4.2 Age of the respondents

The study intended to find out the age of the respondents and the results are presented in figure 4.3.

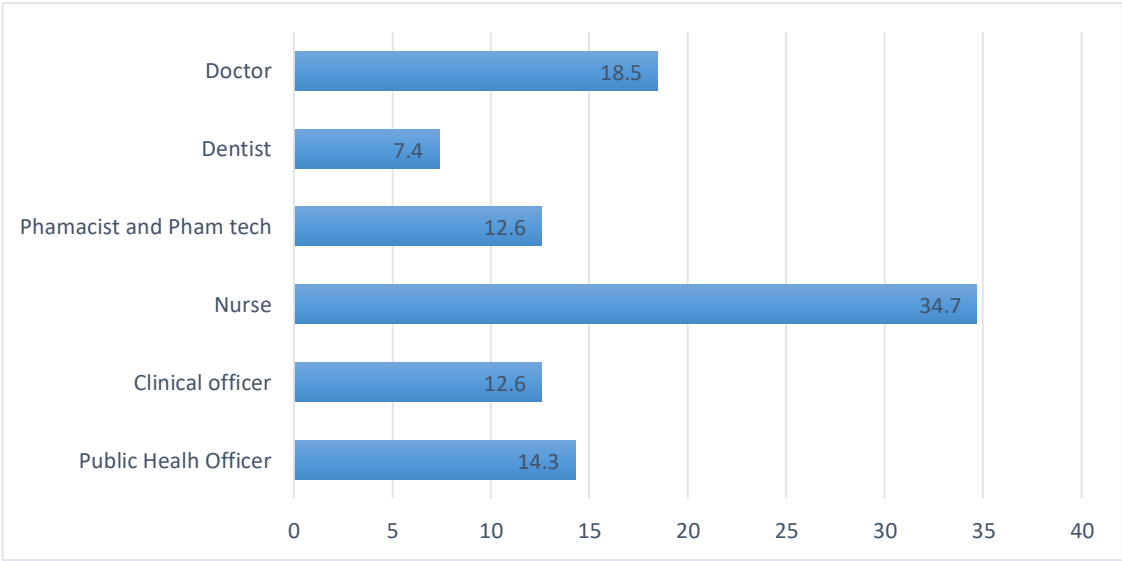


**Figure 4.3: Age of the respondents**

According to these findings, 3% of the respondents were 56 years and above, 33% of the respondents were between 46-55 years, 59% of the respondents were between 37-45 years of age while 5% were below 36 years. The study indicates that the popular health care labor-force is in their middle ages hence relatively young (between 37 yrs-55 yrs). This is a great advantage to the health sector. Young people can work under pressure, they are energetic and can respond easily to the changing desires of the clients.

### 4.4.3 Job Title

This study intended to find out the current positions for the respondents. The findings are presented in figure 4.4.



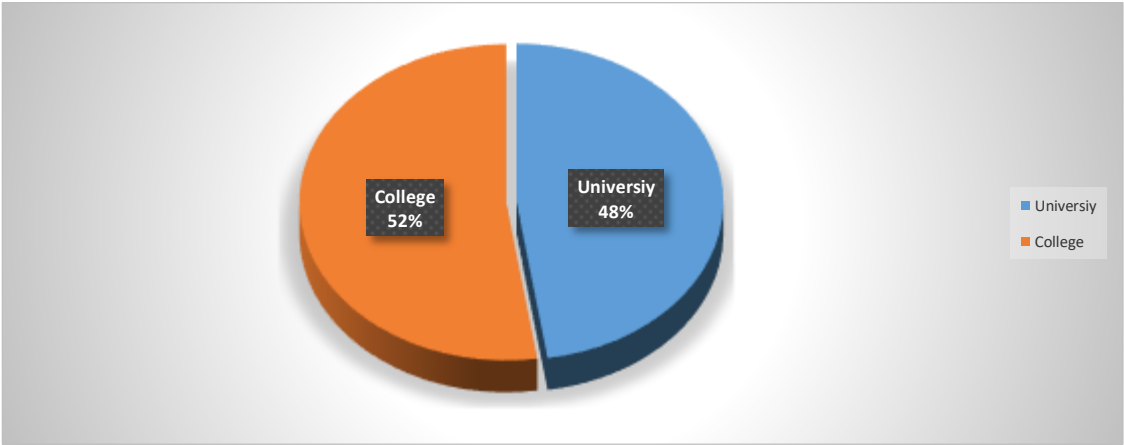
**Figure 4.4: Job Title**

The results indicate that 14.3% of the respondents were public health officers, 12.6% of the respondents were clinical officers, 34.7%, of the respondents were Nurses, 12.6% of the respondents were pharmacists, and 7.4% were dentists while 18.5% of the respondents were doctors. These results specify that the majority of the respondents

were nurses (34.7%). The studies further indicate that the least were dentist (7.4%). The literature and real-life experience have it that nurses form the highest number of health labor-force. It can therefore be presumed from the findings that the current study collected data from the right sources implying that the consequences give a true picture of what is happening in the main referral hospitals in Kenya. These findings agree with a study by Wakaba *et al.* (2014) who exposed that Nurses are the key professional element of the front-line staff in most health systems and their contribution is documented as essential to delivering safe and effective care, with associations demonstrated between adequate nurse recruitment levels and positive care outcomes. Their study further discovered that in Kenyan health sector, there are about 10 nurses for each doctor in the public sector.

**4.4.4 Education Level of the Respondents**

The study further sought to establish the education level of health staff in the national referral hospitals. The results will be presented in figure 4.5.

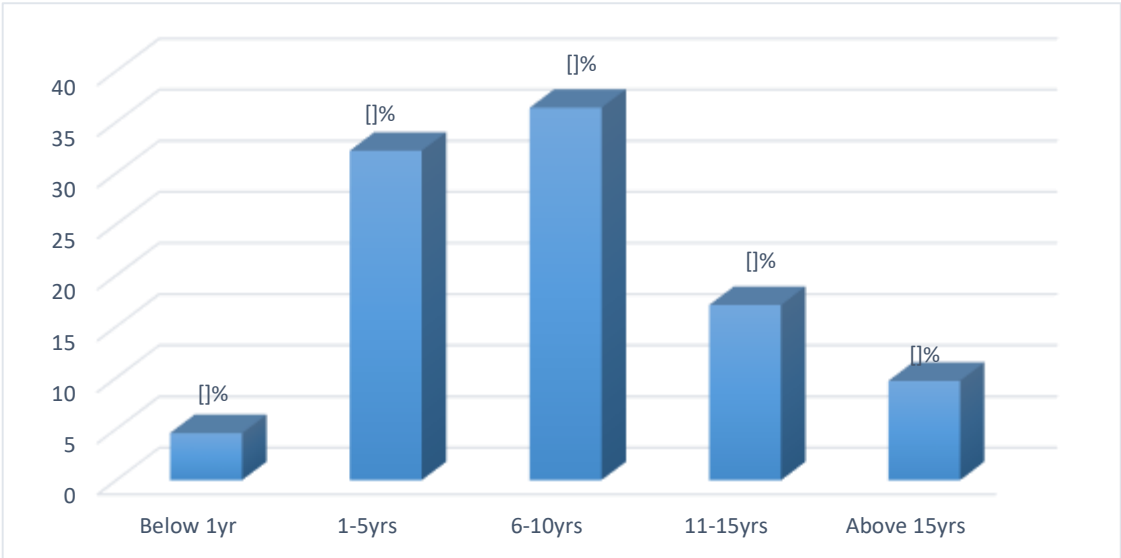


**Figure 4.5: Education Level**

The findings in figure 4.5 indicate that all the health staff are educated with 48% being degree holders and 52% being college graduates. The implication of this is that the health staff are competent enough to handle health issues in the main referral hospital in Kenya. This also shows that the interviewees were able to respond to the questionnaires and participate in the interview schedules professionally. These findings agree with a study by Lesiyampe (2013), who established that all health staff at the National Referral hospitals in Kenya are educated with more health staff being college graduates than those who hold university degrees

**4.4.5 Years worked**

Further, the study sought to establish the length of service in the health sector. The results are presented in figure 4.6.



**Figure 4.6: Years Worked**

The findings indicate that 4.6% of the respondents had worked for 1 year and below in the referral hospitals, 32.2% of the respondents had worked for 1-5years in the national referral hospitals, 36.4% a period of 6-10 years, 17.1% 11-15years while 9.7% of the respondents had worked for a period of above 15years. These findings therefore specify that the majority of the respondents have adequate years of experience with a majority (36.4%) having 6-10years of experience. This is very positive because it is a pointer that the health care workers in the main public referral hospitals in Kenya are well experienced hospitals in Kenya are well experienced.

## **4.5 Pilot Test**

### **4.5.1 Reliability Testing**

Mugenda and Mugenda (2003) described reliability as a measure of the step to which a research instrument delivers the same results after being recurrent over and over again. In research, reliability is impacted by random error which is basically the deviation from the correct measurement because of issues that the researcher has not addresses adequately. These errors can be as a result of coding that is not correctly done, instructions that are not clear, interviewers and interviewee getting too worn out, interviewer's bias (Zikmund *et al.*, 2010). In this study, the questionnaires were pretested to ensure clarity and content validity prior to them being administered.

Reliability analysis for testing reliability and the internal consistency of the data items was conducted using the Cronbach's alpha. The questionnaire was pilot tested in the National referral hospitals in Kenya (KNH and MTRH). The respondents were 10% of the population that did not form part of the sample. This percentage is largely recommended by social researchers, according to Mugenda and Mugenda (2003). After pilot testing, the questionnaires were reviewed to incorporate the feedback that was provided. Reliability is a degree of internal consistency and average correlation was

measured using Cronbach's alpha coefficient which ranges between 0 and 1 (Kipkebut, 2010).

Higher alpha coefficient values mean that scales are more reliable. As a rule of thumb, acceptable alpha should be at least 0.70 or above. The findings indicated that, human relations had a coefficient of 0.8240, internal processes had a coefficient of 0.7076, Open Systems had a coefficient of 0.7201, Rational goals had a coefficient of 0.7311, Organizational Performance had a coefficient of 0.8008. All constructs depicted that the value of Cronbach's Alpha was greater or equal to 0.7000 and thus, the study constructs were reliable. Reliability of the constructs is shown on table 4.1

**Table 4.1: Reliability Test of Constructs**

<b>Construct</b>	<b>No of Items</b>	<b>Cronbach's Alpha</b>
<b>Human Relations</b>	<b>10</b>	<b>0.8240</b>
<b>Internal Processes</b>	<b>6</b>	<b>0.7076</b>
<b>Open Systems</b>	<b>6</b>	<b>0.7201</b>
<b>Rational Goals</b>	<b>8</b>	<b>0.7311</b>
<b>Organizational Performance</b>	<b>10</b>	<b>0.8008</b>

#### **4.5.2 Multicollinearity**

Multicollinearity is said to occur when there is a high degree of relation between independent variables. However, when the sample is great, the problem of multicollinearity is not known to exist. Therefore, this study ensured that the sample is large enough so that the problem of multicollinearity does not occur. In the event that multicollinearity problem occurs in a study, the problem can be solved by eliminating one of the highly corcorrelated variables. A correlation test was carried out using SPSS. Where a determinant of 0.0001 is present, there is no multicollinearity. The determinants

for the study variables were as follows. Human relations 0.485, Internal processes 0.275, Open systems 0.455 and Rational goals 0.387. These determinants were greater than the threshold of 0.0001. The study therefore resolved that the independent variables human relations, internal processes, open systems and rational goals do not have the problem of multicollinearity

## **4.6 Study Variables**

### **4.6.1 Human Relations**

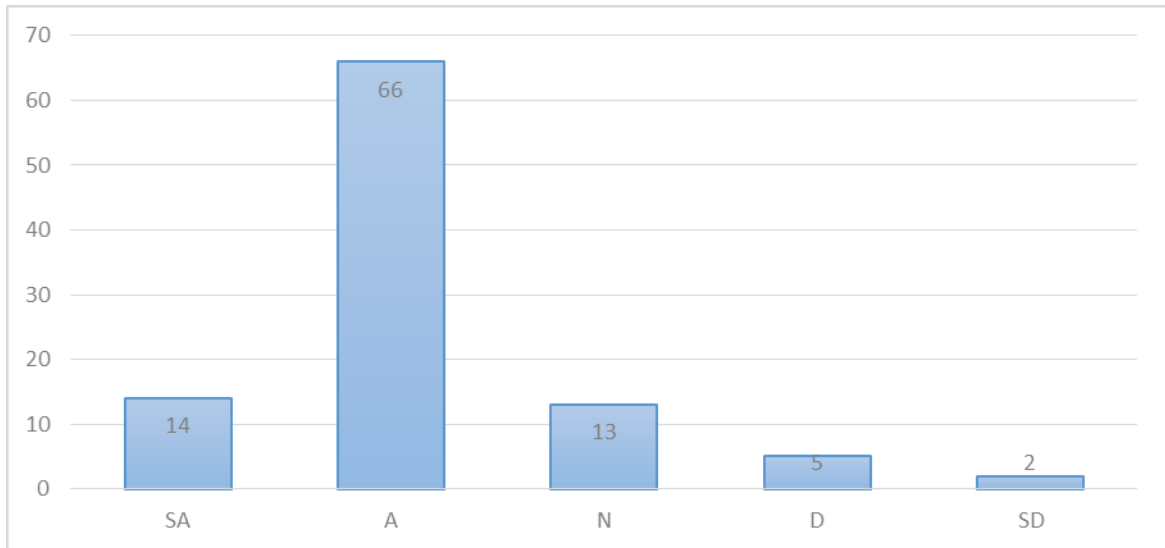
Human relations are derived from an organic or natural assess of organizations, which are seen as political arenas where multiple stakeholders and coalitions liaise and where emphasize is placed on the satisfaction of stakeholders' desires and on activities expected by the organization to survive (De Simone, 2014). The sub-climate dimension that represented this dimension include independence, integration, participation, supervisory sustenance, training and welfare (Patterson *et al.*, 2005). The study sought after to establish the relationship between human relations and organizational climate. The respondents using a likert scale of 1(strongly agree) - 5(strongly disagree) were requested to specify their level of agreement or disagreement with the statements.. The responses were presented in table 4.2.



**Table 4.2: Descriptive Statistics on Human Relations**

	SA		N	D	SD		Std
Construct	%	%	%	%	%	Mean	Dev
Management let people make their own decisions much of the time	14	66	13	5	2	3.848	0.776
People are suspicious of other departments	2	29	35	34	0	2.996	0.845
There is very little conflict between departments here	11	44	30	13	2	3.469	0.929
Management involve people when decisions are made that affect them	4	35	27	29	5	3.027	1.017
Supervisors here are really good at understanding peoples' problems	9	39	33	19	0	3.379	0.889
Supervisors can be relied upon to give good guidance to people	7	51	24	14	4	3.442	0.930
People are not properly trained when there is a new machine or bit of equipment	4	15	24	52	5	2.631	0.941
The company only gives people the minimum amount of training they need to do their job	3	59	27	11	0	3.543	0.729
This company pays little attention to the interests of employees	34	50	7	7	2	4.118	0.892
This company cares about its employees	0	5	5	30	60	1.535	0.785

The study sought to find out the extent to which management let people make their own decisions. The responses are presented in figure 4.7.



**Figure 4.7: Extent to Which Management let people make their own decisions much of the time**

Majority of the respondents (80%), strongly agreed and agreed that Management let people make their own decisions much of the time, 13% of the respondents were neutral on the same while 7% of the respondents disagreed that management let people make their own decisions most of the time. The respondents further indicated their level of agreement or disagreement on whether management involve people in decisions that concern them. The study found out that, 4% of the respondents strongly agreed that management involve people in decisions that affect them, 35% of the respondents agreed that management involve people in decisions that affect them while 27% of the respondents were neutral on the matter However, 29% and 5% of the respondents

disagreed and strongly disagreed respectively that management involve people in decisions that affect them.

Through an interview guide, the study sought to establish from the interviewees whether the management trust them to takes the initiative and make their own work-correlated decisions and does this affect their work performance in any way. It was established that 62% of the respondents reported that the management trust them to takes the initiative and make their own work-correlated decisions. The respondents stated that when employees feel that management trusts them to take the initiative and make their own work-correlated decisions they tend to be more motivated to do a good job and receive good feedback.

*“The management trusts me when carrying out initiatives aimed at promoting performance”*

*“Am always at peace due to the fact that the organization trust how I carry out my chores”*

*“Identification with the team is strengthened when levels of trust create a team environment that is safe for risk-taking ”*

*“a sense of confidence that the team will not embarrass, reject, or punish someone for speaking up”*

The findings agreed with those of Edmondson (1999) who posits that the levels of trust in the team directly impact the ability of the team to realize these outcomes. Learning is impeded, measured by reduced effectiveness, when trust is low. “Energy and creativity are diverted from finding comprehensive, realistic solutions, and members use the problem as an instrument to minimize their vulnerability whereas in high-trust groups there is less socially generated uncertainty and problems are solved more effectively.” This confidence stems from mutual respect and trust among team members.

Reina (2010) also adds that trust sets the tone and direction of teamwork. This dimension of trust represents mutually serving intentions and is the starting point of a team relationship. When teams have Trust, each member has faith that the others will behave as expected. Team members care about one another as people and hold each other's best interest in mind. This is the foundational dimension of trust teams need to be effective. Team members build this trust when they do what they say they will do, engendering a mutual view of reliability and trust within the team. Any member who can't deliver steps up, renegotiates the task and is supported.

Furthermore, the study sought to probe the extent to which interviewees (employees) in the organization are involved in problem solving and decision making in matters that concern them. It was established that employees are involved in problem solving issues. Majority of the respondents (43%) indicated that when employees are encouraged to be involved in company procedures, they are more likely to be committed to achieving overall organizational success.

*"I am always involved in making decisions about the health of patients"*

*"Before a patient is discharged, I must be consulted first"*

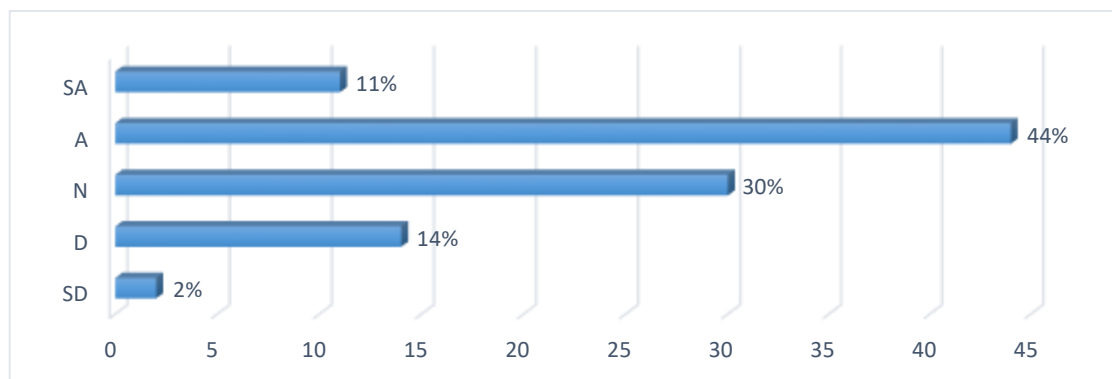
*"I am responsible for signing the admission and discharge summary of the patients"*

All the above reasons buttress what Apostolou (2002) wrote that "when employees 'own' the organization, they feel personally responsible for its performance and by involving people in the initial processes of decision-making, genuine commitment is obtained even if the original ideas are not theirs." He stated further that organizations that involve their employees in decision making have evolved beyond merely telling people what is going on, to actively seeking their contribution to the decision-making process." It is therefore obvious that a whole company of skilled and capable problem

solvers will have a distinct competitive advantage over an organization that only a few key distributors and an array of drones (Apostolou, 2002).

Also, a study by Chatleka and Safijanova, (2013) found out that employee involvement results in a more motivated, more committed and more satisfied labor-force. He said that involving employees in decision making and problems solving meets the organization's need to develop cross functional relationships and exploit employees' total potential. Further, a study by Langfred and Moye (2004) found the positive effects of job autonomy on job performance. Job autonomy enhances performance because a worker with high job autonomy will perceive that he/she trusted to perform the task. The results therefore agree with the study by Langfred and Moye (2004) and the study by Chatleka and Safijanova, (2013) since the national referral hospitals encourage employee participation in decision making

The study further sought to find out whether there were conflicts between departments at the National Referral hospitals and the results are presented in figure 4.8.

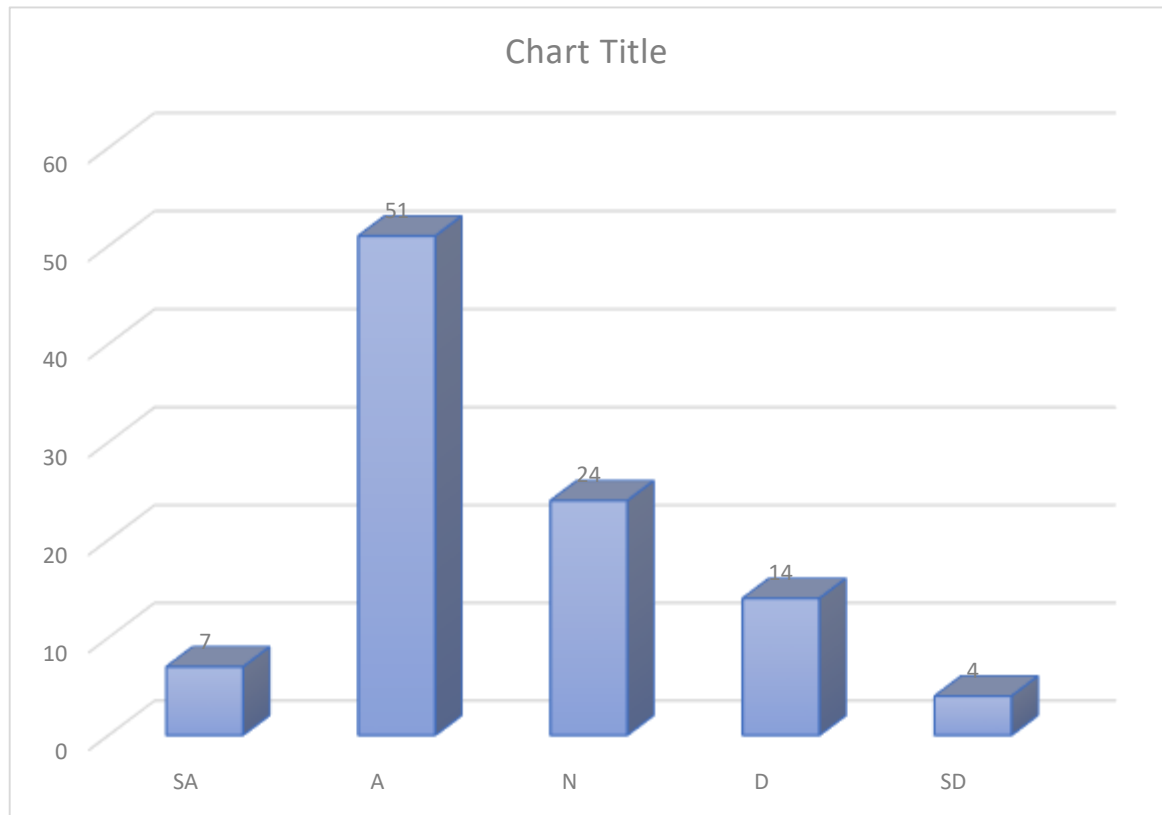


**Figure 4.8: Extent to which there are conflicts between departments**

The results revealed that 11% of the respondents strongly agreed that there were very little conflicts between departments, in referral hospitals in Kenya, 44% of the respondents agreed that there were very little conflicts between departments at the referral hospitals in Kenya while 30% of the respondents were neutral on the matter. 14% of the respondents disagreed that there are very little conflicts between departments in referral hospitals in Kenya while only 2% strongly disagree. The findings as revealed by an 11% strong agreement is an indication that that legitimate differences may exist between departments in any organization. It may seem easier to live with unresolved misunderstanding than to face the fact that real, fundamental differences do exist and so demand recognition and management (Deetz & Stevenson, 2011).

Conflict in organizations is a daily occurrence because a consensus of opinion concerning rules governing the organization seldom exists among staff and line employees. They see one another as adversaries, and not as partners working towards a common goal as the case should be in the organization. There are potentials for conflict in practically every decision that the manager must make. Coping efficiently and effectively with potential and Bonafede conflicts is possibly one of the most important aspects of the manager's position (Nebgen, 2009).

The study sought to find out the extent to which supervisors can be relied upon. The results were presented in figure 4.9.



**Figure 4.9: Extent to which supervisors can be relied upon**

Majority of the respondents that is 9% and 39% strongly agreed and agreed that supervisors are good at understanding people’s problems, 33% of the respondents were neutral on the same, while only 19% disagreed that supervisors at the referral hospitals in Kenya are good at understanding people’s problems. None of the respondents strongly disagreed with the statement. Further, 7% of the respondents strongly agreed that supervisors at the referral hospitals in Kenya can be relied upon, 51% agreed that the supervisors can be relied upon and 24% of the respondents were neutral on the mater. However, 14% and 4% respectively, agreed and strongly agreed that supervisors at the main referral hospitals in Kenya cannot be relied upon. The study further sought to find

out the extent to which leaders create a facilitative climate of mutual trust, friendliness and assistfulness. It was established that leaders create a facilitative climate of mutual trust, friendliness and assistfulness to a great extent. The respondents cited that supervisory support leads an employee to high performance work with satisfaction and motivation.

*“I am always supported by my senior employees ”*

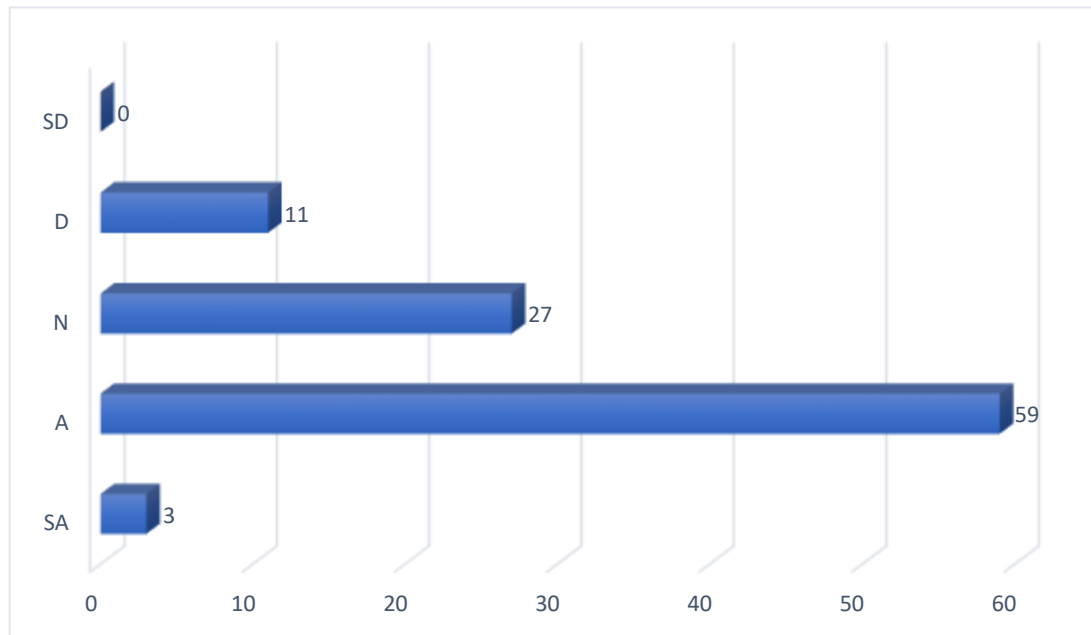
*“I am responsible in supporting my junior staff ”*

Callanan (2004) argues that if leaders do not have complete confidence in the abilities and intentions of lower-level workers, an empowerment strategy is unsuccessful even before it starts. However, trusting completely often proves to be a very difficult task for leaders who are used to coordinating and controlling from the top. If leaders cannot let go of this mindset and grant employees the resources they need to function independently, empowerment will be superficial and limited in its contribution to effective leadership.

A study by Hossain & Aktar, (2012) found out that supervisory support leads an employee to high performance work with satisfaction and motivation. According to their study, employees who believe their superiors are considerate leaders will be more committed to their organizations than those who do not perceive their managers as such. These results agree with the study by Hossain and Aktar, since majority of the respondents believe that supervisors can be relied upon.

The study further sought to find out whether people are properly trained when there is a new machine or bit of equipment at the National Referral hospitals in Kenya. The results are presented in figure 4.10.





**Figure 4.10: Extent to which the company gives people minimum amount of training**

The findings of the study indicated that, 4% and 15% of the respondents strongly agreed and agreed respectively that people are not properly trained when there is a new machine or bit of equipment. 24% of the respondents were neutral on the statement while 52% and 5% disagreed and strongly disagreed respectively that people are not properly trained when there is a new machine or bit of equipment. Further, 3% of the respondents strongly agreed that the company gives people the minimum amount of training they need to do their jobs, 59% strongly agreed that the company gives people the minimum amount of training they need to do their jobs while 27% was neutral on the same. Only 11% of the respondents disagreed with the statement that the company gives people the minimum amount of training they need to do their jobs. In regard to the interview guide, the study sought to find out whether employees prepared in terms of training when they

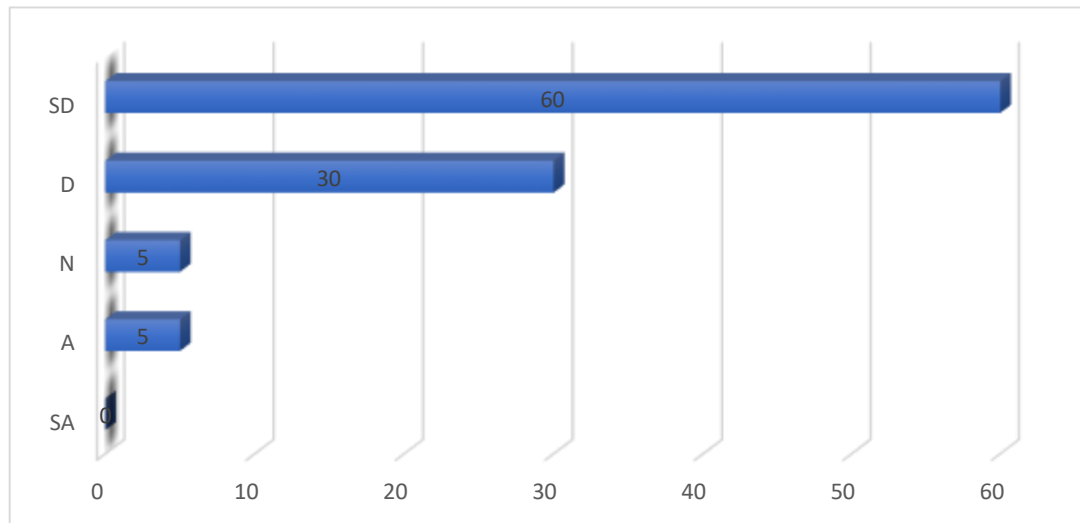
have to take up new assignments. It was established that a relatively large number of employees were well trained to take up emergency assignments.

*“Am always getting trained through CMEs and locums”*

*“Am pursuing a certificate in HIV so as to assist on matters concerning counselling, PMTCT and guidance on new drug regimen”*

In relation to the above, Wright and Geroy (2001) note that employee competencies change through effective training programs. It therefore not only improves the overall performance of the employees to effectively perform their current jobs but also enhances the knowledge, skills an attitude of the workers necessary for the future job, thus contributing to superior organizational performance. He further elaborates the concept by stating that training facilitate organization to recognize that its workers are not performing well and a thus their knowledge, skills and attitudes needs to be molded according to the firm needs.

It is always so that employees possess a certain amount of knowledge correlated to different jobs. However, it is important to note that this is not enough and employees need to constantly adapt to new requirements of job performance. In other words, organizations need to have continuous policies of training and retaining of employees and thus not to wait for occurrences of skill and performance gaps. The study sought to establish whether the National Referral Hospital pays attention to the interest of the employees. The responses were presented in figure 4.11.



**Figure 4.11: Extent to which the company cares about its employees**

According to the study, 34% and 50% of the respondents strongly agreed and agreed that the National Referral hospitals pays little attention to the interests of the employees, 7% of the respondents were neutral on the same while 7% and 2% of the respondents disagreed and strongly disagreed with the same. Further, only 5% of the respondents agreed that the referral hospitals care about the employees, 5% of the respondents were neutral while 30% and 60% of the respondents both disagreed and strongly disagreed with the fact that the referral hospitals cared about its employees. A study by Lesiyampe (2013) found out that a number of factors continue to constrain the performance and limit the output of health care providers in Kenya. These include, poor pay, lack of job satisfaction, excessive bureaucracy, the weak functioning of the health system and a poor working environment, where supplies are low or absent and critical equipment is not maintained and as a result, many industrial actions like strikes have been witnessed in agitation for improvement. These findings therefore agree with the study by Lesiyampe (2013) that more needs to be done so that the health workers feel that their interests are taken care of. The study sought to probe the opinion on the management's

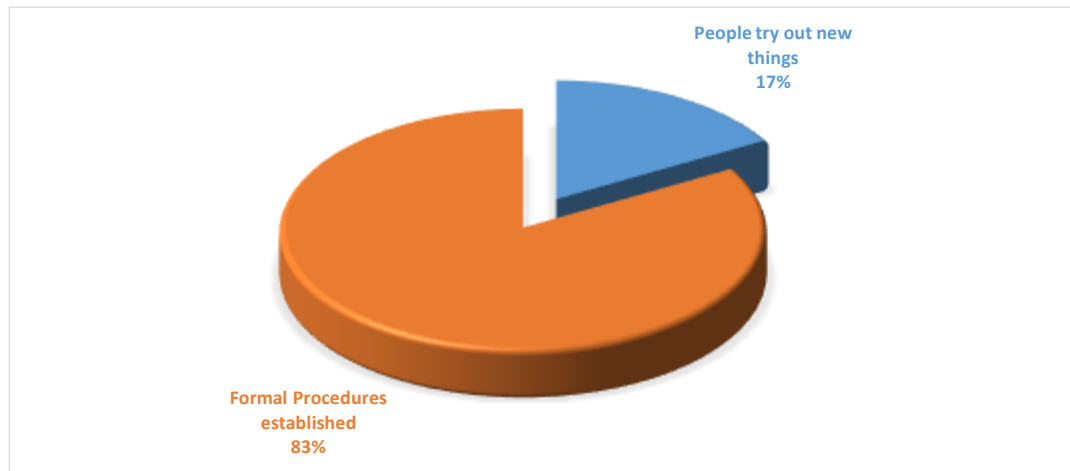
commitment to promoting safe working conditions, a healthy environment and general employee wellbeing. It was established that employee welfare has been used by many organizations as a strategy of improving productivity of employees especially in the health sector since work correlated problems can lead to poor quality of life for employees and a decline in performance.

*“I am in a registered hospital warfare which is responsible for promoting the demands of the workers”*

Gerber et al., (1998) argue that working conditions are created by the interaction of employees with their organizational climate and this includes psychological and physical working conditions. Working conditions include labor-force issues and workplace issues. Generally, they encompass a range of issues from work itself to sanitary facilities and other conveniences that aid employees in the discharge of their responsibilities. Sekar (2011) argues that the relationship between work, the workplace and the tools of work, workplace becomes an integral part of work itself. The management that dictate how, exactly, to maximize employee productivity center around two major areas of focus: personal motivation and the infrastructure of the work environment.

#### **4.6.2 Internal Processes**

The Internal Process dimension represents the classic bureaucracy. The sub-dimension that represented this dimension are Formalization which is concerned with formal rules and procedures and Tradition which is the extent to which established ways of doing things are valued (Patterson *et al.*, 2005). The study sought to determine whether there were formal procedures in the organization and whether these formal procedures were established or the employees were allowed to try out new things. The results were presented in figure 4.12.



**Figure 4.12: Internal Processes**

In response to whether there were formal procedures in the organization, 100% of the respondents agreed that there are some formal procedures in place in their organization. However as shown in figure 4.13, 83.2 of the respondents said that the formal procedures are established while 17% of the respondents said that people are allowed to try out new things. It is indeed a positive thing that formal procedures are established in referral hospitals in Kenya. According to Bunderson and Boumgarden, (2010), organizations are required to adhere to formal practices and rules in order to ensure smooth functioning. The absence of rules and regulations may lead to chaos and anarchy in an organization and behavioral uncertainty within employees. Formalization serves as the rudder which assists steer the boat of an organization in the right direction.

**Table 4.3: Descriptive Statistics on Internal Processes.**

Construct	SA	A	N	D	SD	Mean	Std Dev
	%	%	%	%	%		
It is considered extremely important here to follow the rules	6	79	12	3	0	3.884	0.534
People can ignore formal procedures and rules if it helps to get the job done	0	6	24	70	0	2.362	0.591
Nobody gets too upset if people break the rules around here	0	5	17	79	0	2.259	0.533
Senior management like to keep to established traditional Ways of doing things	2	70	24	3	1	3.709	0.564
The way this organization does things has never changed Very much	16	55	20	8	2	3.764	0.868
Management are not interested in trying out new ideas	17	30	37	7	9	3.381	1.126

The study sought to establish whether there were clear and documented procedures for all tasks in their hospitals, and how this impact performance. It was established that there were clear and documented procedures for all tasks in the hospitals. The respondents established that the procedures and rules in order to ensure smooth functioning. Formalization serves as the rudder which assists steer the boat of an organization in the right direction.

*“There are several written procedures for carrying out tasks in the hospital”*

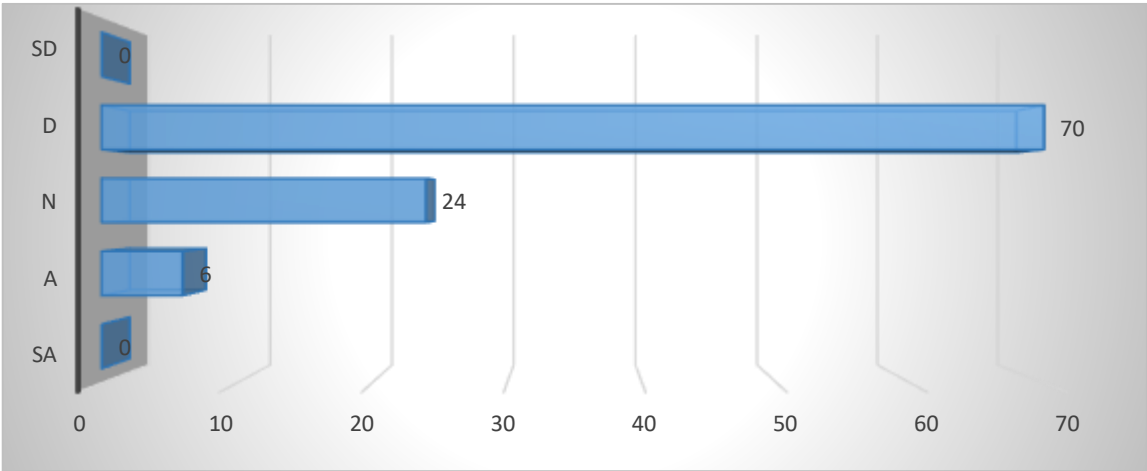
*“I usually use the available protocols for carrying out procedures”*

This agrees with a study by Markus (2014) who argues that complex organizational systems in contemporary turbulent market environments have to respect a number of

prerequisites in order to have a chance of survival and eventually success. Large organizations have numerous application areas often including but not limited to intelligent transport systems, logistics, traffic, work flow and process management, pervasive computing, catastrophe management, anticrime/terrorism actions, ecology and nature preservation systems, smart cities, intelligent energy distribution, smart Internet services, share trading, infrastructural services for citizens and other.

The study further sought to establish the relationship between internal processes and Organizational Performance in National Referral hospitals in Kenya. The respondents using a scale of 1 (strongly agree) – 5 (Strongly disagree) were requested to indicate their level of agreement or disagreement with the statements. The responses were presented in Table 4.3.

The study sought to find out how people respond to rules and regulations in National referral hospitals in Kenya. The results are presented in figure 4.13.

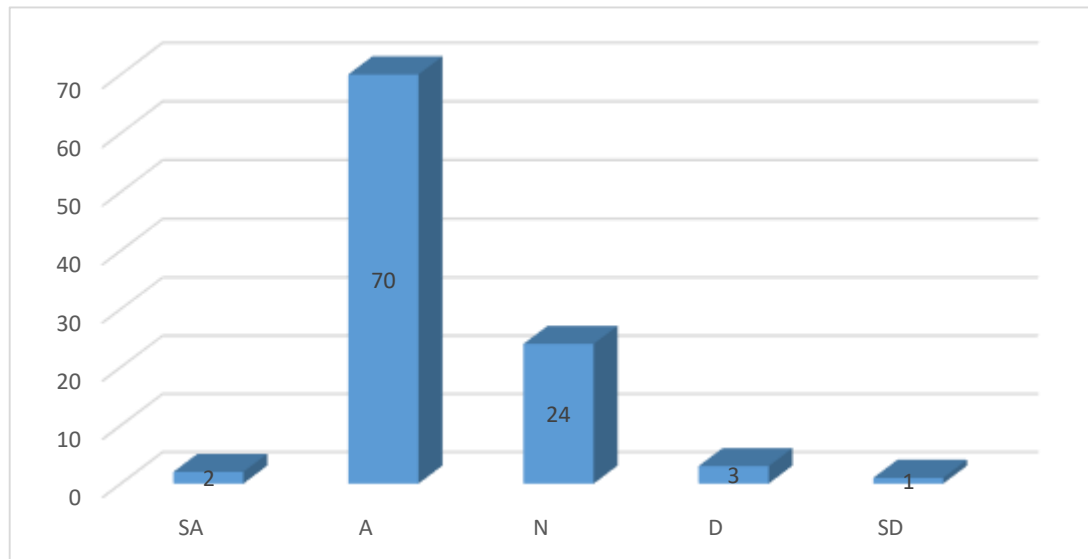


**Figure 4.13: Extent to which people can ignore formal procedures and rules if it assists to get the job done**

According to the findings of the study, 6% and 79% of the respondents strongly agreed and agreed respectively that it is considered extremely important to follow rules in the main referral hospitals in Kenya. 12% of the respondents were neutral on the matter while 3% of the respondents disagreed that it is considered extremely important to follow rules. Further still, 6% of the respondents agreed that people can ignore formal procedures and rules if it assists to get the job done, 24% of the respondents were neutral on the matter while 70% of the respondents disagreed that people can ignore formal procedures if it assists get the job done. These findings are in line with a study by Bunderson and Boumgarden (2010) who found out that, the purpose of formalization is to describe behavior and activities; it ensures that all employees respond to recurrent situations in a specific way that suits the organization. They said that because formalization describes procedures about jobs, it can be assumed that the degree of formalization has an impact on how jobs and tasks are done.

Further, the study sought to find out the extent to which senior managers keep to established ways of doing things. The respondents were required to either strongly agree, agree, be neutral, disagree or strongly disagree with the following statements. Nobody gets too upset if people break the rules around here, senior management like to keep to established ways of doing things. The results are presented in figure 4.14





**Figure 4.14: Extent to which senior management like to keep to established traditional ways of doing things**

The results indicate that 5% of the respondents agreed that nobody gets too upset if people break rules at the main referral hospitals in Kenya, 17% of the respondents were neutral on the matter while 79% of the respondents disagreed with the statement that nobody gets too upset if people break rules at the referral hospital in Kenya. Further still, 2% and 70% of the respondents strongly agreed and agreed respectively that senior management like to keep to established traditional ways of doing things and 24% of the respondents were neutral on the matter, while 3% and 1% of the respondents however strongly disagreed and agreed respectively with the statement that senior management like to keep to established ways of doing things. The study sought to establish whether managers keep doing things the way they have always done. It was established that most of the managers are still doing things the way they have always done. As per the respondents, the strong cultures are capable of only limited change because members are especially resistant to changing those strongly held and widely shared values.

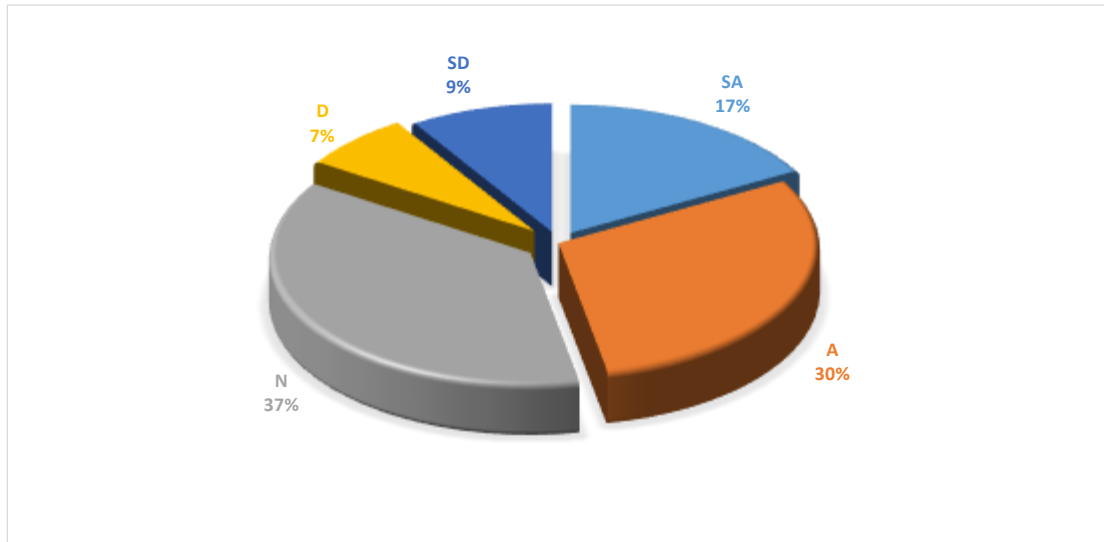
Additionally, the study sought to find out whether there are new ideas, methods and procedures readily acceptable. It was established that there were very few ideas and as such resistance limits the range of permissible value changes to those that are compatible with existing core values. Thus, even when strong culture organizations could benefit from changes that require modifying their core values, resistant members may prevent such change from occurring.

*“The ideas that have been made by the hospital are appreciated by the clients ”*

*“The procedures are up to standard thus assist in enhancing clients’ needs ”*

The results review that there are some formal rules that should not be broken at the National referral hospitals in Kenya and that there is a strong culture in place since management like to keep to established ways of doing things. These findings agree with a study by Patterson *et al.*, (2005) who found out that organizations that keep to established, traditional ways of doing things are said to have strong cultures. He argued that though some researchers have questioned how well strong cultures improve bottom-line performance, a growing body of research and a host of salient examples demonstrate how organizations attain strategic advantages through strong cultures. Strong cultures may, however, impose a level of stability on organizations, and such stability has mixed implications for performance.

The study also sought to establish the extent to which management was interested in trying out new things. The respondents were required to either, strongly agree, agree, be neutral, disagree or strongly disagree with the statement that management are not interested in trying out new ideas. The results are presented in figure 4.15.



**Figure 4.15: Extent to which management are not interested in trying out new things**

As per the results above, 16% and 55% of the respondents strongly agreed and agreed respectively that the way the organization does things has never changed very much, 20% Of the respondents were neutral on the matter while 8% and 2% disagreed and strongly disagreed respectively. Further, the findings revealed that 17% and 30% of the respondents strongly agreed and agreed that management are not interested in trying out new ideas, 37% of the respondents were neutral on the statement while 7% and 9% of the respondents disagreed and strongly disagreed with the statement that management is not interested in trying out new ideas.

These findings show that the management at the national referral hospitals are keen to try out new things. This is because the health sector is dynamic and there is need to embrace new ways of doing things.

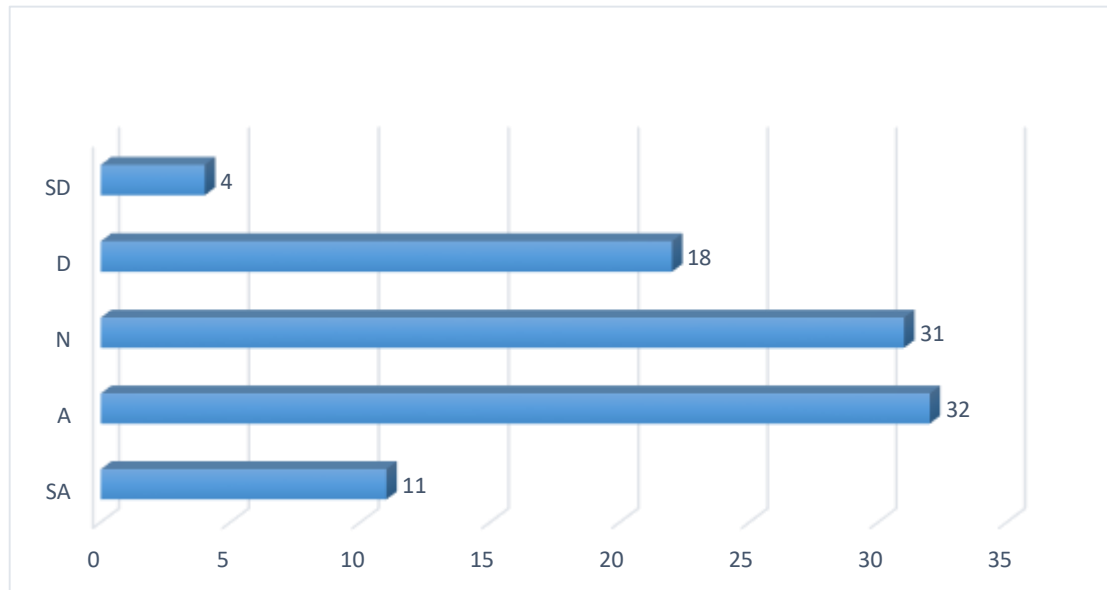
### 4.6.3 Open Systems

According to De Simone (2014), an open system is a system that interacts with its environment with an aim of system renewal and growth. Organizations, like living organisms, are made up of numerous component subsystems that must work together in harmony for the larger system to succeed. They must operate as an open system because they must interact with the environment to survive. An organization consumes resources and exports resources to the environment. It cannot seal itself off (Hoyle, 2009). The study sought to find out the relationship between open systems and organizational performance. The respondents using a likert scale of 1(strongly agree) – 5(strongly disagree) were requested to indicate their level of agreement or disagreement with statements on acceptance of new ideas, response to change, customer service, and work methods. The responses were presented in table 4.4.

**Table 4.4: Descriptive statistics on Open systems**

	SA	A	N	D	SD	Mean	Std
Construct	%	%	%	%	%		Dev
New ideas are readily accepted here	0	62	27	9	2	3.507	0.714
This company is quick to respond when changes need to be made	11	36	31	18	4	3.356	0.945
This organization is quite inward looking; it does not concern itself with what is happening in the market place	2	20	28	46	4	2.689	0.899
Ways of improving service to the customer are not given much thought	14	66	14	4	2	3.848	0.776
In this organization, the way people work together is readily changed in order to improve performance	6	12	23	59	0	2.659	0.916
The methods used by this organization to get the job done are often discussed	4	27	45	13	11	3.008	1.009

The study sought to find out whether the NRHs are quick to respond when changed need to be done. The results are presented in figure 4.16.



**Figure 4.16: The extent to which the company is quick to respond to changes**

The results indicate that 11% and 32% strongly agreed and agreed that the referral hospitals are quick to respond when changes need to be done. However, 18% and 4% disagreed and strongly disagreed that the company is quick to respond when changes need to be done. Further still, 62% of the respondents agreed that new ideas are readily accepted at the referral hospitals in Kenya, while 27% of the respondents were neutral on the matter. 9% and 2% disagreed and strongly disagreed that new ideas were accepted at the referral hospitals in Kenya.

The study sought to find out how readily respondents' organization adapt to the changes that have been introduced in the organizations. It was established that the organization exercise strategic leadership, build dynamic core competence, focus and develop human

capital, effectively use new manufacturing and information technologies, implement new organization structure and, have innovative culture.

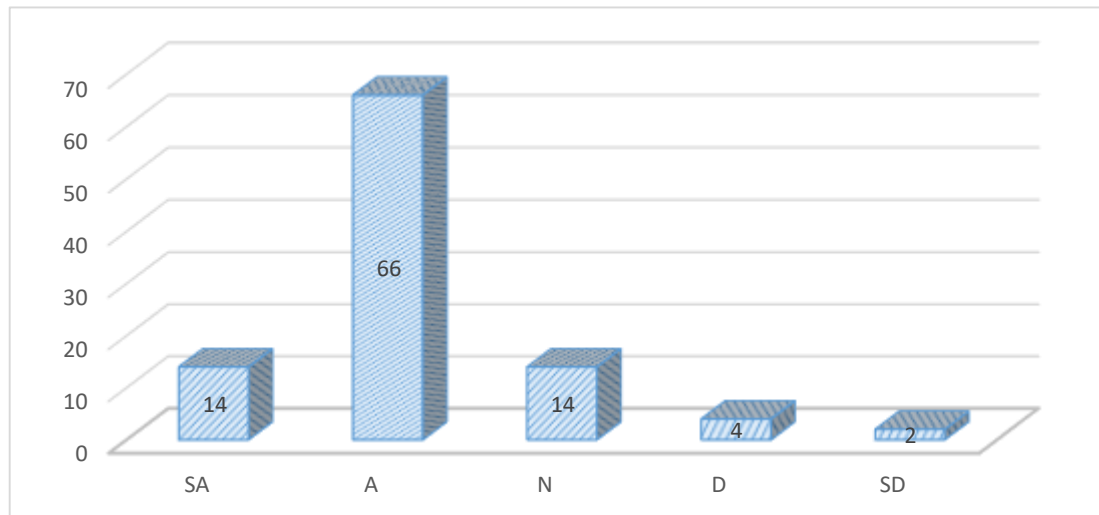
*“Clients sometimes find it hard to change ”*

*“New stuffs make it hard for most of us to adapt (e.g. new machines such as resuscitative”*

The results indicate that the National Referral Hospitals are quick to respond when changes need to be done and that new ideas are readily accepted at the NRHs. These findings agree with Maccurtain, Flood, Ramamoorthy, West and Dawson, (2008) who describe the ability to respond to the changes and the ability to come up with new ideas and products as innovation. They further say that innovation (new products or services) is the ultimate test in the market place. Innovative firms gain and sustain their competitive advantage through the development of new market offerings which are appealing to existing and new customers. Such new products are critical because of their ability to become a means of market share gain and revenue growth.

Change cannot be avoided when it occurs, hence it is unstoppable. The inevitability of change has made most organizations to adapt and consider it as part of the company's existence. Change can bring positive and negative impacts to organizational outcomes and because of this, the need to manage the change has become an urgent concern. Moreover, management decisions are dependent on how the change is emphasized and taken into consideration because of the impacts brought by the internal and external drivers such as culture, leadership and organizational changes that is driven by economic, political, social, environmental factors and even business trends (Lucey, 2008).

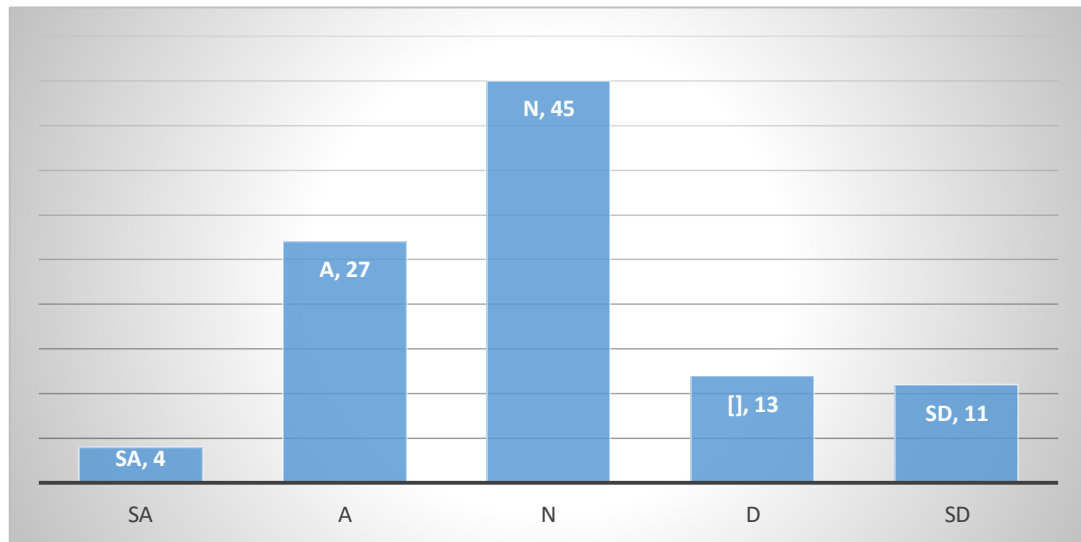
The study sought to find out whether ways of improving service to customers are given much thought. The responses are presented in figure 4.17.



**Figure 4.17: Ways of improving services to customers are not given much thought**

The study indicates that, 14% and 66% of the respondents strongly agreed and agreed that ways of improving services to customers are not given much thought. 14% of the respondents were neutral on the issue while, 4% and 2% strongly disagreed and disagreed that ways of improving services to customers are not given much thought. The study sought to find out from the interviewees whether the organization readily respond to client needs. It was established that the organization responds to concerns such as questioning, reviewing, evaluating, and debating.

The study sought to establish whether the methods used to get the job done are often discussed the respondents were required to strongly agree, agree, be neutral, disagree or strongly disagree on the following statements, that the way people work together is readily changed to improve performance and that the methods used to get the jobs done in referral hospitals in Kenya are often discussed. The findings are presented in figure 4.18.



**Figure 4.18: methods used to get the job done are often discussed**

The results indicate that, 6% and 12% of the respondents strongly agreed and agreed that the way people work together is readily changed to improve performance while 23% of the respondents were neutral on the matter. However, 59% of the respondents disagreed with the statement that the way people work together is readily changed to improve performance. Further, 4% and 27% of the respondents strongly agreed and agreed that the methods used to get the jobs done in referral hospitals in Kenya are often discussed. 45% of the respondents were neutral on the matter while 13% and 11% of the respondents disagreed and strongly disagreed respectively. The study further sought to find out whether the systems in place encourage innovation. It was established that the systems available encouraged innovation. The study also sought to find out the innovations that have been experienced in the hospital and if they can be attributed to the organizational climate in place. The respondents indicated new products or services which are appealing to existing and new customers as the innovations. The innovation resulted in new products that better satisfy customer needs, improve the quality of existing products, or reduce the costs of making products that customers want.



*“The hospital’s rapid innovation system has fastened service provision”*

*“New innovation systems have led to better services and thus an increase in number of patients”*

The results indicate that the way people work together at the national referral hospitals is not readily changed to improve performance and that the majority of the respondents neither agreed nor disagreed on whether the methods used to get the job done were discussed or not. These findings were not in agreement with MacCurtain *et al.*, (2008) who emphasized on the ability of individuals and teams in an organization to work together reflecting, upon their preferred work methods and modifying them where necessary according to the needs of the task or environment as reflexivity. He said that this can give an organization a competitive advantage.

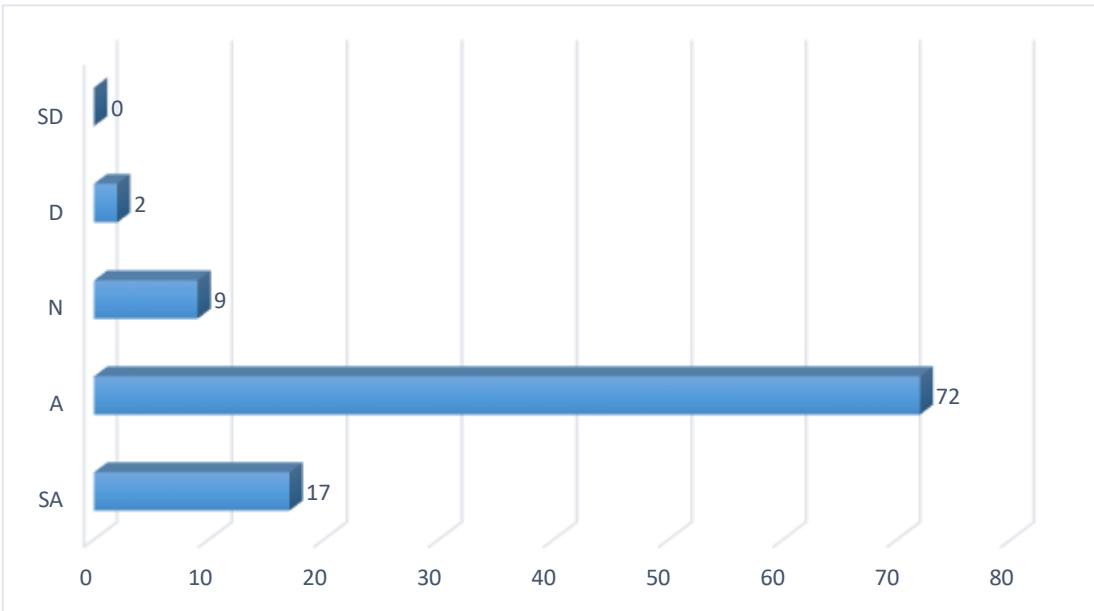
#### **4.6.4 Rational Goals**

According to De Simone (2014), rational goals are goals that are based on facts or reason. The study sought to find out the relationship between rational goals and organizational performance. The respondents using a Likert scale of 1(strongly agree) – 5(strongly disagree) were requested to indicate their level of agreement or disagreement with statements on the aims of the company, amount of work done, quality standards. The responses were presented in table 4.5.

**Table 4.5: Descriptive statistics on Rational Goals**

Construct	SA	A	N	D	SD	Mean	Std Dev
People aren't clear about the aims of the company	7	42	37	14	0	3.415	0.817
Time and money could be saved if work were better organized	17	72	9	2	0	4.046	0.574
People are enthusiastic about their work	0	11	31	42	16	2.364	0.875
People here get by with doing as little as possible	2	2	8	74	15	2.008	0.654
People don't have any idea how well they are doing their job	0	32	21	40	7	2.785	0.972
In general, peoples' workloads are not particularly demanding	7	2	5	76	10	2.181	0.887
This company is always looking to achieve the highest standards of quality	8	53	26	9	4	3.514	0.911
This company does not have much of a reputation for top-quality products	2	18	19	52	9	2.493	0.932

The study sought to establish whether time and money could be saved if work was better organized. The respondents were required to strongly agree, agree, be neutral, disagree or strongly disagree on the following statements. People aren't clear about the aims of the company and that time and money could be saved if work was better organized. The results are presented in figure 4.19.



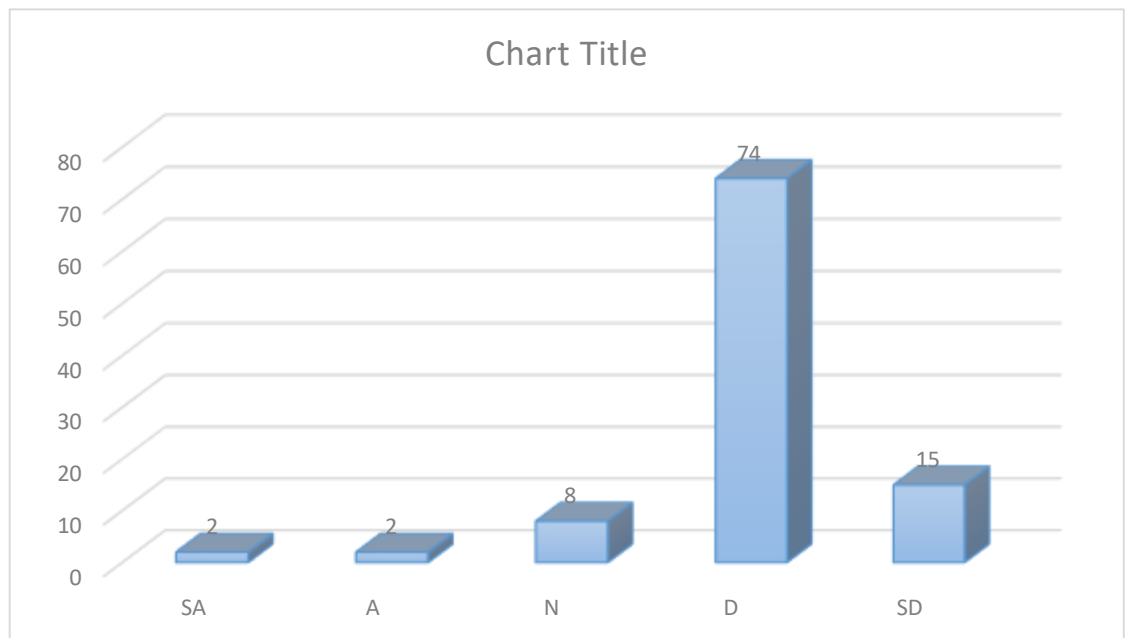
**Figure 4.19: Time and money could be saved if work was better organized**

The results indicate that 7% and 42% strongly agreed and agreed respectively that people aren't clear about the aims of the company, 37% of the respondents were neutral while 14% of the respondents disagreed that people aren't clear about the aims of the company. 17% and 72% respectively strongly agreed and agreed that time and money could be saved if work was better organized. 9% of the respondents were neutral while 2% of the respondents disagreed that time and money could be saved if work was better

organized. A study by Weber and Weber (2001), reveals that people are driven by their sense of purpose, desire, and value.

The study shows that task performance is affected positively in organization with specific goal clarity than in organization with no goal clarity at all. The study concludes that goal clarity impacts organization commitment by affecting task performance of employees.

Further, the study sought to establish whether people get by, by doing as little as possible and the results were presented in figure 4.20.



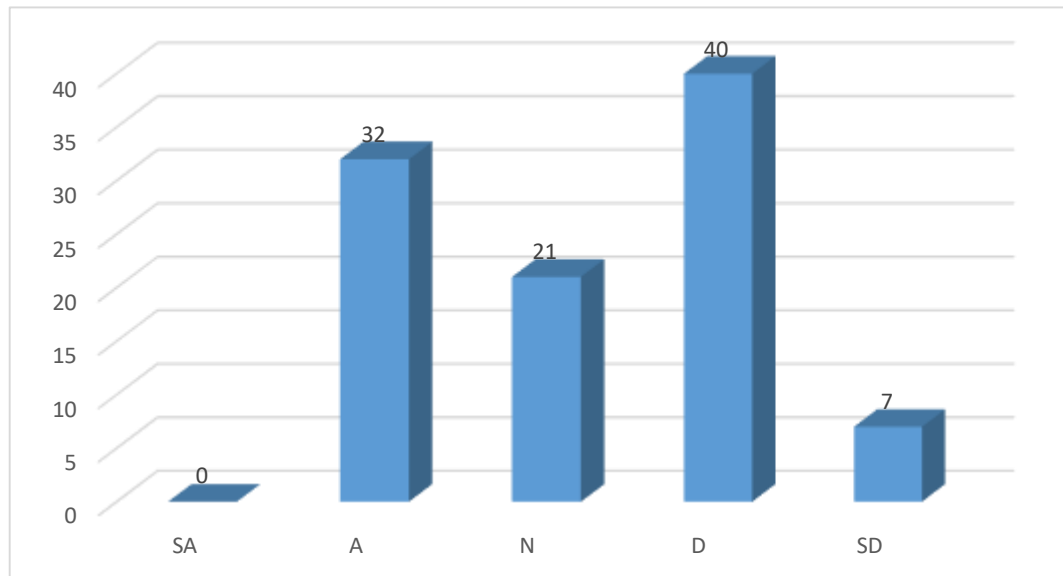
**Figure 4.20: People get by with doing as little as possible**

The results indicate that 11% of the respondents agreed that people were enthusiastic about their work, 31% of the respondents were neutral while 42% and 16% disagreed

and strongly disagreed that people are enthusiastic about their work. 2% and 2% of the respondents strongly agreed and agreed that people get by with doing as little as possible. 8% of the respondents were neutral with the statement that people get by with doing as little as possible while 74% and 15% disagree and strongly disagree that people get by with doing as little as possible. 7% and 2% of the respondents strongly agree and agree respectively that people's workloads are not particular demanding. 5% of the respondents were neutral on the statement that people's workloads are not particular demanding. 76% and 10% of the respondents respectively disagreed and strongly disagreed that people's workloads are not particular demanding.

These responses generally show that people feel that they do too much work which is demanding. These findings are in line with a study by Zigan and Desombre (2008) who found out that there is a growing gap between the supply of health care professionals and the demand for their services is recognised as a key issue for healthcare and development worldwide. They are also in agreement with a report by World Health Organisation (2010), who reported that Kenya's health sector is characterized by a severe shortage of health staff, with an average of 1.3 health staff per 1,000 population, 43% below the WHO requirement. In addition, Kenya is challenged with an inability to attract and retain health workers (especially in the public sector) as well as with performance management issues, unequal distribution of staff, and diminishing productivity among the health labor-force. This situation is further aggravated by the migration of health workers to countries in the region and internationally.

The study sought to establish whether the workers received feedback on how well they were doing their job. The results are presented in figure 4.21.



**Figure 4.21: People do not have an idea how well they are doing their job**

The results indicate that 32% of the respondents agreed that people do not have an idea how well they are doing their job, 21% of the respondents were neutral while 40% and 7% of the respondents disagreed and strongly disagreed that people do not have an idea how well they are doing their job. The study sought find out how the interviewees receive performance feedback and how does this impact their performance. It was established that feedback improve individual and team performance, as well as employee engagement, motivation, and job satisfaction.

*“I do often get recommendations from the management on how I do my job ”*

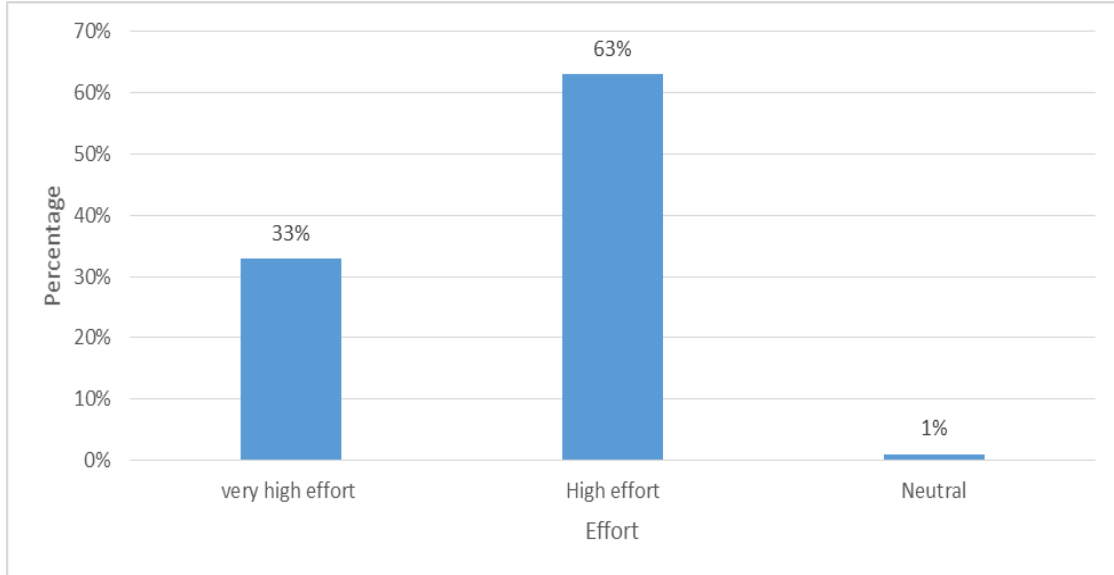
*“I always perform my duties as required but I have always gotten any feedba ”*

These findings indicate that employees at the national referral hospitals know how well they are doing their job. These findings agree with recommendations by Aguinis (2009), who found out that the goals of performance feedback are to improve individual and

team performance, as well as employee engagement, motivation, and job satisfaction. It is therefore positive that more employees at the referral hospitals know how well they are doing their job than those who don't know.

Furthermore, an effective employee feedback mechanism has to provide the reward of praise and recognition while also being able to keep a close watch over any incoming or outgoing pain signals which should be solved (Harwood, 2014). A proper feedback mechanism should assist one solve problems before they escalate hereby being of great use to the organization and the employee himself. The employees' opinions are also measured correctly when the mechanisms are properly put in place. Ideally, feedback should be a constant dialogue that involves various channels such as social media, telephones, emails, surveys, focus groups, and many more. As per Singh (2014), proper feedback ought to be timely and relevant and used by the employee to know how they are doing in terms of performance progression thus it should be provided on a regular and continuous process after every stage is accomplished. The rating should be done by a trained supervisor, one who can observe the performance of the employee closely (Vlachos, 2013).

The study asked the respondents to describe the effort that workers put towards goal achievement in their hospital. The findings are indicated in figure 4.22



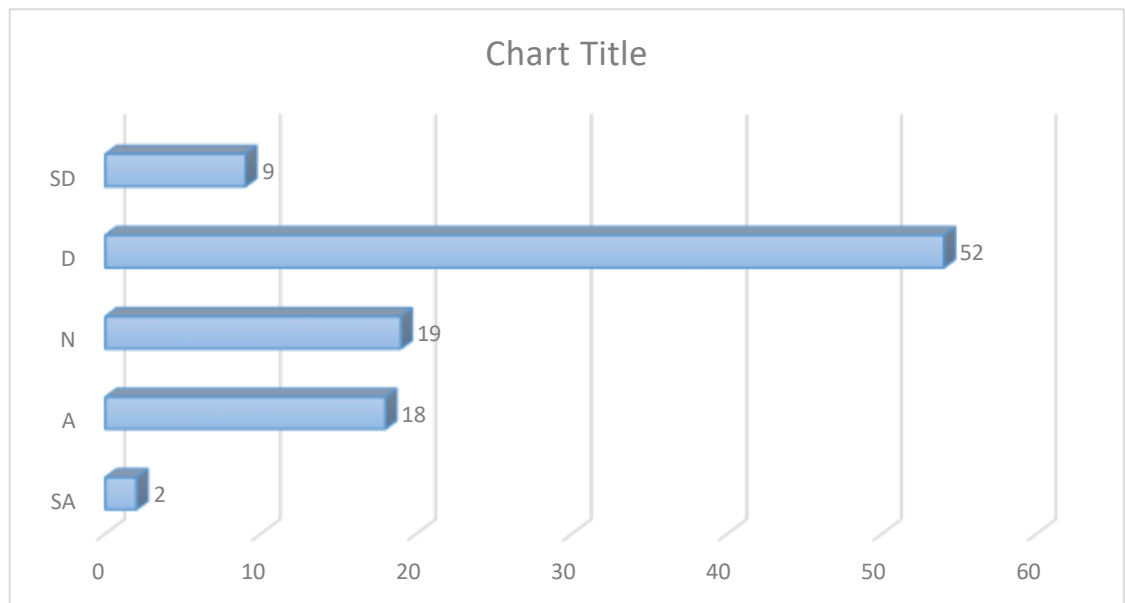
**Figure 4.22: Effort that workers put towards goal achievement**

The results indicate that 63% of the respondents indicated that the effort that workers put towards goal achievement in their hospital was high, 33% of the respondents indicated that the effort that staff put towards goal achievement in their hospital was very high while only 1% of the respondents were neutral that the effort that staff put towards goal achievement in their hospital. These findings indicate that employees at the national referral hospitals indicated the effort that workers put towards goal achievement in their hospital was high. This finding agrees with a study by Bandura and Carvone (1999) who argue that specific goals lead to greater achievements compared to non-specified or vague well-defined goals. Therefore so-called ‘do-your-best-goals’ are not sufficient to generate optimal performance. However, since specific goal-setting is not always easy to implement, for instance due to a lack of information about the potential range of performance outcomes, even broadly formulated goals like maximizing the output or minimizing the input can lead to significantly improved performance. Due to the design of this experiment, our formulated goals are not specified further than maximizing the



output quantity, maximizing the number of assembled goods having a well-defined quality level and using as little energy as possible to perform the task.

The study sought to establish whether the national referral hospitals have a reputation for top quality services. The respondents were required to either strongly agree, agree, be neutral, disagree or strongly disagree on the following statements. That the company is looking to achieve the highest standards of quality and the company does not have much of a reputation for top quality services. The results are presented in figure 4.23.



**Figure 4.23: This Company does not have much of a reputation for top quality services**

The results indicate that 8% and 53% strongly agree and agree that the company is looking to achieve the highest standards of quality while 26% of the respondents were neutral on the statement that the company is looking to achieve the highest standards of quality. 9% and 4% of the respondents respectively disagree and strongly disagree that

the company is looking to achieve the highest standards of quality. 2% and 18% of the respondents strongly agree and agree that this company does not have much of a reputation for top quality services. 19% of the respondents were neutral on the statement that this company does not have much of a reputation for top quality services while 52% and 9% of the respondents respectively disagree and strongly disagree that this company does not have much of a reputation for top quality services.

Majority of the respondents said that the NRHs in Kenya are looking to achieve the highest standards of quality and they also agreed that the NRHs are known for top level services. These findings agree with the fact that the NRHs are the public health facilities that offer the highest level of health care. Also, the study sought to establish from the interviewees the quality of the services delivered in the hospital. It was established that the organization provides high quality services increase employee satisfaction, which results in external customers' satisfaction and increased organizational performance.

*“I get the better services compared to other hospitals”*

*“I prefer NRHs when compared to other hospitals due to the high-quality services”*

*“Am always satisfied with the services in this NRHs ”*

These findings agree with the recommendations by Zhen and You, (2003) who recommended that high quality services increase employee satisfaction, which results in external customers' satisfaction and increased organizational performance. Liang and Wang (2010) believes that attention to service quality is the starting point for employee's stakeholders and customer's satisfaction and eventually improved organizational performance. Service quality and customer satisfaction eventually impacts organizational performance (Huang & Lee, 2015).

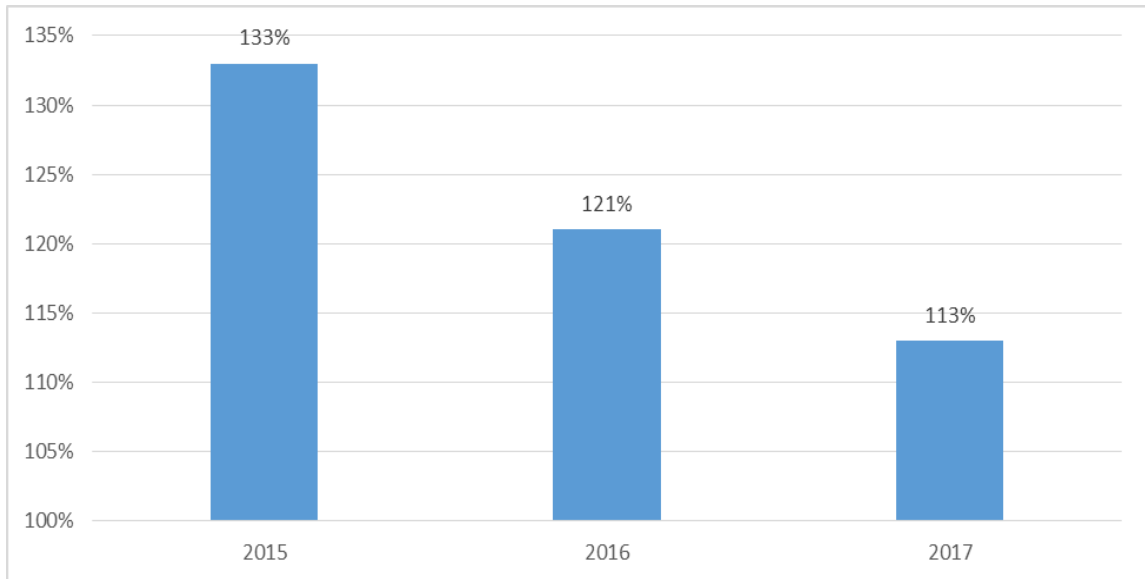
#### 4.6.5 Referral hospitals performance

The performance of the referral hospitals in Kenya was the dependent variable upon which this study intended to investigate. Due to sensitivity/confidentiality concerns, this study was unable to obtain actual performance figures and relied on those items that intended to capture performance based on the perception of the respondents. Further the study sought to evaluate the overall performance of the National Referral Hospitals in Kenya. The respondents using a Likert scale of 1(strongly agree) – 5(strongly disagree) were requested to indicate their level of agreement or disagreement with statements on performance in the National Referral Hospitals. The results are presented in table 4.2.

**Table 4.6: Descriptive statistics on Referral Hospitals Performance**

<b>Construct</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>	<b>Mean</b>	<b>Std</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>		<b>Dev</b>
Services are readily available to all parties regardless of their status.	0	8	24	67	1	2.383	0.648
Appointment time are strictly observed and adhered to.	0	5	32	37	27	2.147	0.867
Our clients take the shortest time possible to be served	4	3	3	58	32	1.895	0.918
The health worker patient ratio is adequate	2	5	12	63	18	2.091	0.798
The employees are generally demotivated	11	68	10	7	4	3.739	0.907
The hospital offers adequate opportunities for growth	5	55	29	11	0	3.526	0.750
We have opportunities to enhance our revenue	2	36	47	11	5	3.173	0.839
We are able to meet all our financial goals.	3	2	10	56	29	1.935	0.862
The hospitals are struggling to meet its financial obligations.	24	53	6	10	7	3.779	1.131
Our hospital is able to purchase all the necessary equipment	0	0	3	63	34	1.689	0.521

The study sought to establish the percentage bed occupancy in prime care centers. The results are presented in the figure 4.24

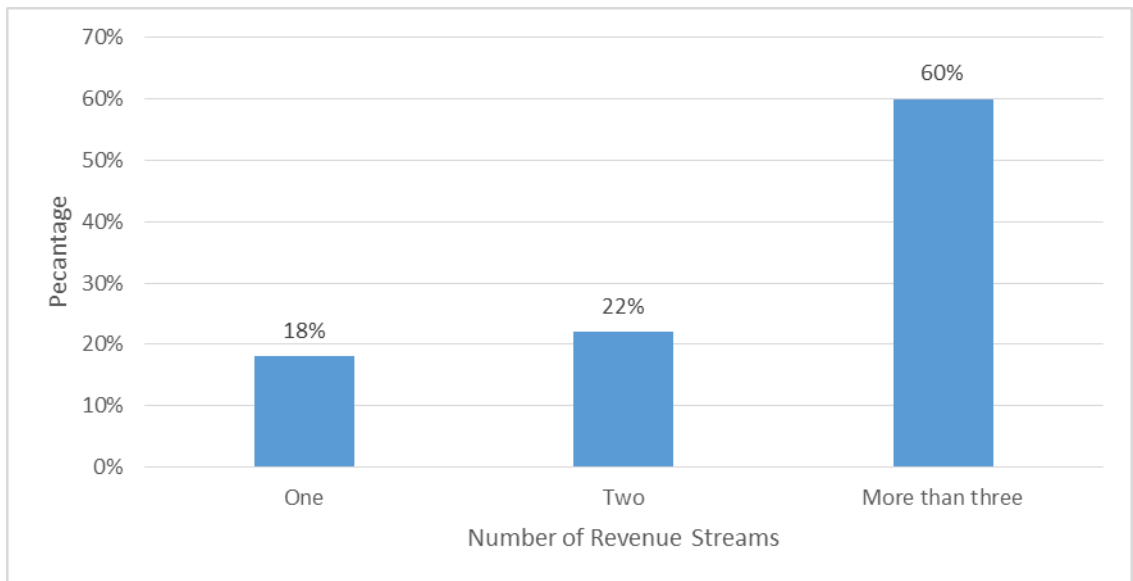


**Figure 4.24: Percentage bed occupancy in prime care centers**

From the study findings, it was revealed that in the year 2015, the percentage of bed occupancy in prime care centers was 133%. In 2016, the percentage of bed occupancy in prime care centers reduced to 121% while in 2017, the percentage of bed occupancy in prime care centers was 113%. The findings imply that the bed occupancy rate during the year 2015 and 2016 was extremely high. This is an indication that the performance of the hospitals during these years was relatively low thus a high prevalence of comorbidities, low resolvability, low emergency resource reserve or an imbalance between supply and demand. However, the relative decrease in the percentage of bed occupancy in 2017 is an indication of improved performance of the hospital management. The findings therefore imply that the bed occupancy rate tends to improve as the years go by. This is also in agreement with a study by Raspin (2009) who argued that the improvement in Hospital's management information system to gather, analyze,

store and control clinical, administrative and financial information in a complete and integrated manner has led to a minimization of bed occupancy rate. Key data and information required to plan and guide daily operations are nowadays available to management fast enough and in a format that would support efficient delivery of services.

The study further sought to establish the number of revenue streams (e.g. one stop diagnostic center) that the hospital has. The results are presented in figure 4.25.

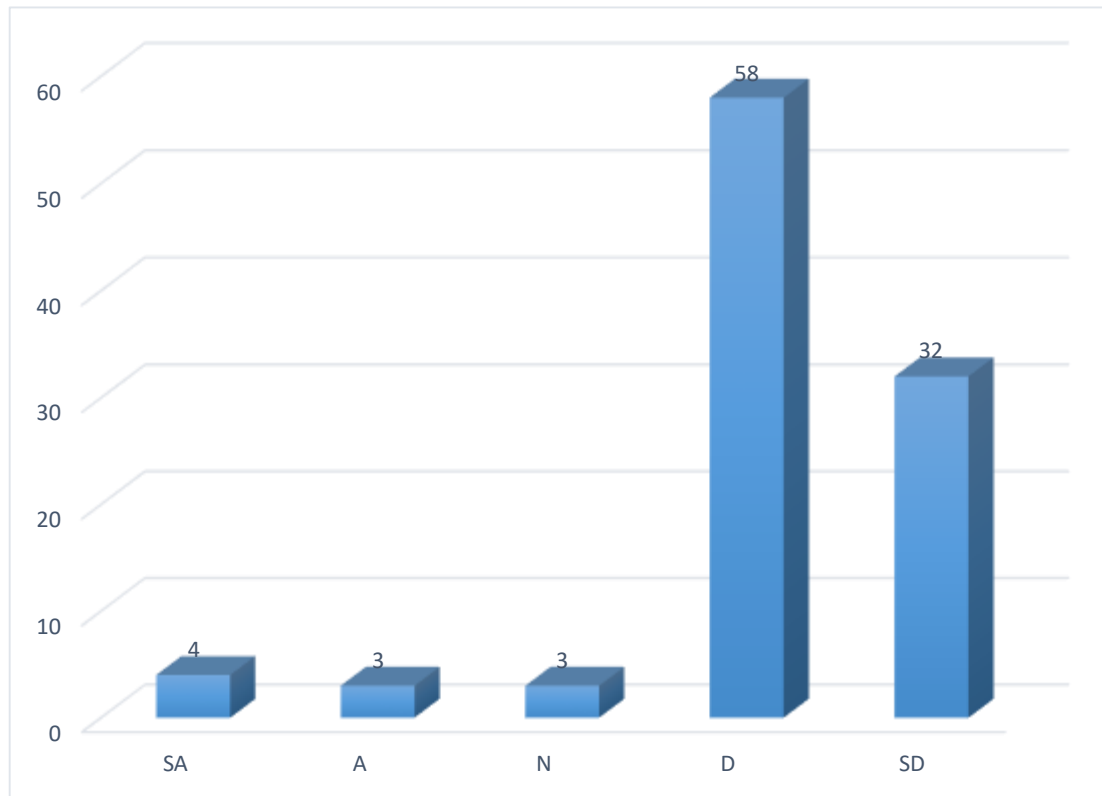


**Figure 4.25: Number of revenue streams (one stop diagnostic center) that the hospital**

According to the findings, 60% of the respondents indicated more than 3 one stop diagnostic center as the number of revenue streams that the hospital has, 22% of the respondents indicated 2 as number of revenue streams that the hospital has while 18% of the respondents indicated 1 as the number of revenue streams that the hospital. It was established in Kenyatta national hospital, that there are 8 revenue streams which include

prime cancer center, one stop diagnostic center, commercialization of pharmacy, commercialization of laboratory services, commercialization of X-ray services, reviewed user free charges, credit pre-assessment of patients at entry points, and day care center. In Moi Teaching and Referral Hospital, it was revealed that there are 4 revenue streams which include commercialization pharmacy, commercialization of laboratory services, commercialization of X-ray services and reviewed user free charges. These findings show that the number of revenue streams that the national hospitals have is more than three. The findings are in concurrence with those of Van Lent *et al.* (2012) who argued that there is already a relatively high degree of efficiency in capacity use and hardly any redundancy when it comes to revenue streams. They further argued that most organizations embark on revenue streams to improve the quality and efficiency of all outpatient services such as cancer types that provided diagnostics for at least 50 new patients with the same (suspected) tumor diagnosis per year. Revenue streams also aid in decreasing the amount of patient visits and the period of uncertainty to a minimum, preferably one day. In popular terms: reduction of “sleepless nights” for patients under suspicion of serious diagnosis (Van Lent *et al.*, 2012).

The study sought to evaluate whether clients take a short time to be served. The respondents were required to either strongly agree, agree, be neutral, disagree or strongly disagree with the following statements. That services are available to all parties regardless of their status that the clients take the shortest time possible to be served and that the health workers patient ratio is adequate. The findings are presented in figure 4.26.



**Figure 4.26: Our clients take the shortest time possible to be served**

According to the findings, 8% of the respondents agreed that services are readily available to all parties regardless of their status, 24% of the respondents were neutral while 67% and 1% disagreed and strongly disagreed respectively. These findings are in line with further findings in which 4% and 3% of the respondents strongly agreed and agreed that clients take the shortest time to be served and 3% of the respondents were neutral. However, 58% and 32% of the respondents respectively disagreed that the clients take the shortest time possible to be served. Further, the findings revealed that 2% and 5% of the respondents respectively strongly agreed and agreed that the health workers patient ratio is adequate, 12% of the respondents were neutral on the statement

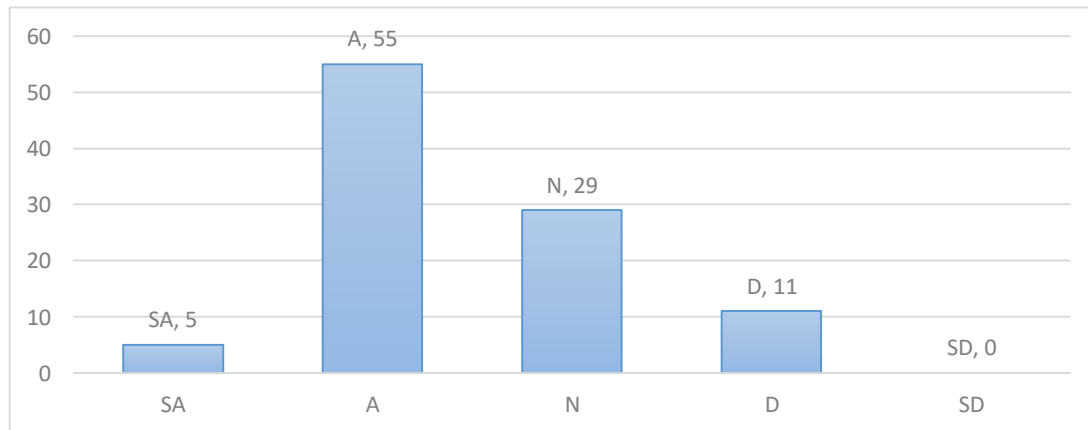
while 63% and 18% of the respondents disagreed and strongly disagreed that the health worker patient ratio is adequate in referral hospitals in Kenya.

These findings agree with the WHO (2010) report that Africa ranks the lowest in the availability of health personnel. This can further be explained by the WHO (2010) report that Kenya's health sector is characterized by a severe shortage of health staff, with an average of 1.3 health staff per 1,000 population, 43% below the WHO requirement. A study by Wu and Cheng (2013) revealed that service quality is the perception of customers toward whether service is good or bad, the result of comparison between the service customers expect to get and what they actually receive.

They argued that organizations need to improve the quality of their internal services so that they may provide external customers with better quality services thus, improving customer satisfaction. These findings are in also in agreement with the findings of a study by Lesiyampe, (2013) that a number of factors continue to constrain the performance and limit the output of health care providers in Kenya. These include, poor pay, lack of job satisfaction, excessive bureaucracy, the weak functioning of the health system and a poor working environment, where supplies are low or absent and critical equipment is not maintained and as a result, many industrial actions like strikes have.

The study further sought to establish whether the national referral hospitals offered its employees opportunities for growth. The results are presented in figure 4.27.

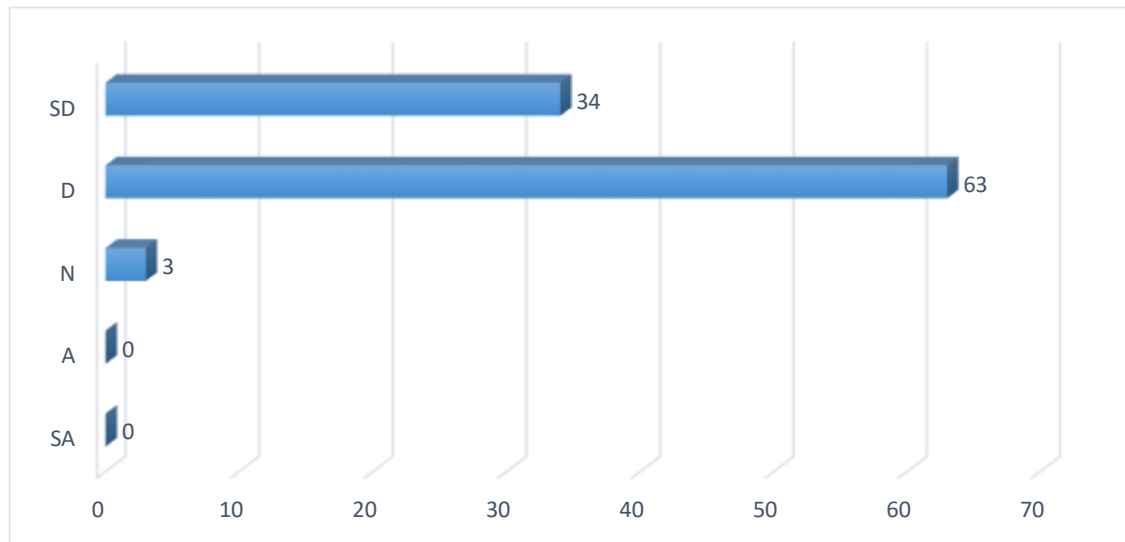




**Figure 4.27: The hospital offers adequate opportunities for growth**

The findings of the study indicate that 5% and 55% respectively strongly agreed and agreed that the hospital offers adequate opportunities for growth, 29% of the respondents were neutral while 11% of the respondents disagreed that the hospitals offer adequate opportunities for growth.

Finally, the study sought to evaluate whether the National referral hospitals were able to purchase all the necessary equipment for their operations. The respondents were required to either strongly agree, agree, be neutral, disagree or strongly disagree with the following statements. That the referral hospitals have opportunities to enhance their revenue and that the referral hospitals are able to meet their financial goals. The findings are presented in figure 4.28.



**Figure 4.28: Our hospital is able to purchase all the necessary equipment**

The results indicate that 2% and 36% of the respondents strongly agreed and agreed that the referral hospitals have opportunities to enhance their revenue, 47% of the respondents were neutral to the statement while 11% and 5% disagreed and strongly disagreed that the referral hospitals have opportunities to enhance their revenue. Further, 3% and 2% of the respondents of the respondents strongly agreed and agreed that the referral hospitals in Kenya are able to meet their financial goals, 10% are neutral while 56% and 29% disagreed and strongly disagreed that the referral hospitals are able to meet their financial goals. Further, none of the respondents agreed with the statement that the referral hospitals are able to purchase all the necessary equipment, 3% of the respondents were neutral, while 63% and 34% respectively disagreed and strongly disagreed that the hospital is able to purchase all the necessary equipment.

The study sought to establish the value-added services currently in place in National Referral hospitals aimed at expanding and improving services to its clients. The

respondents cited patients' safety, quality of the images, quality of interpretations, service to patients and referring physicians, cost containment and assisting build the hospital's business as the value-added services. The respondents reported that;

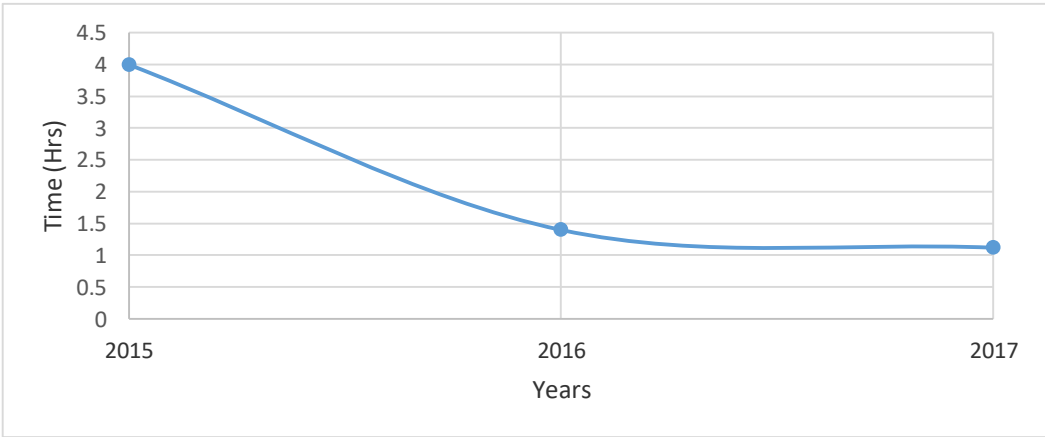
*"Hospital executives should think through the potential impact of these lost values before allowing their radiology departments to be broken up by the intrusion of other specialists or tele radiologists working at remote locations"*

*"If the hospital allows its radiology department to become fragmented by the intrusion of other specialists or teleradiology companies in remote locations, most of these added values would be lost, and chaos would ensue"*

The findings agree with a study by Mukamel and Mushlin (1998) who posited that providing consumers with more value-added services have been one of the major developments in the health care services towards satisfaction. The main avenue has been by supplying clients with information about the quality of alternative health plan choices, although there has also been some movement towards reporting on the quality of hospital and physician groups as well. Parallel to that, there has been a vast expansion of medical information available to the lay public through the Internet, even though the accuracy of this information is, by its nature, often suspect. Whether the availability of such information does in fact lead to better consumer choices is a hotly debated topic, and the resolution is still up in the air. Some published studies have found little impact of quality information on bettering consumer choice (Chernew & Scanlon, 1998), although others have found a positive impact (Mukamel & Mushlin, 1998). The study sought to establish the number of centers of excellence the hospitals (cancer center, gastroenterology, and renal center) had. It was established that the hospital has more than three centers of excellence.

The study further sought to establish the target number of innovations that National Referral Hospitals come up with per year. It was established that takes a multi dimensional approach to performace management providing a link between organisational strategy and operational performance. The generic balanced score card has been designed to capture holistic organsational performance by being bult around four key perspectives which are financial, customer, internal business, innovation and learning. As per the RoK (2011) report, successful innovation that needs to be employed by hospitals and this must involve four main commitments: a willingness to invest in innovations, working with physicians and others to customize an information system to meet specific needs and culture of the institution; nurturing and encouraging buy-in so new systems will be utilized and their benefits will be realized and devising information technology systems that provide real-time feedback to providers as they are caring for patients ROK (2011).

The study sought to find out how long the clients waited to see the doctor. The responses are presented in figure 4.29



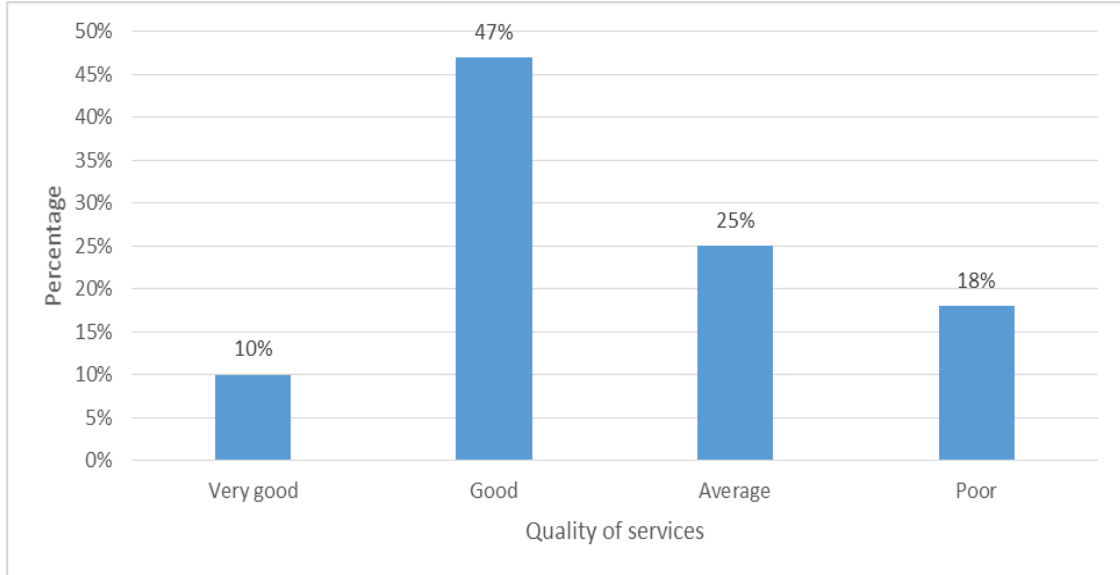
**Figure 4.29: Duration clients waited to see the doctor**

The findings of year 2015 revealed that the respondents waited to see the doctor for four hours (240 minutes). The findings also revealed that the respondents waited to see the doctor for four 1 hour and 40 minutes while in 2017, the respondents indicated that they waited to see the doctor for 72 minutes. The findings imply that the time taken by clients to see a doctor has improved when comparing 2017 to 2016 and 2015. This is an implication the efficiency of the national hospitals in serving customers have improved thus promoting organizational performance. This agrees with a study by Wanyenze *et al.* (2010) who argue that the mean waiting time of a patient in a facility is one measure used to determine the efficiency of health care delivery in health facilities.

This agrees with the study by Oche and Adamu (2013) who posited that the service delivery to the patients in the national hospitals has been made a first priority by the management dynamic and doctors have embraced new ways of doing things. The up to date system of giving appointments, (walk- in as per need) that is well organized has been shown to improve performance (Zhu *et al.*, 2012).

Furthermore, the findings in relation to long waiting times concur with the study by Lane *et al.* (2010) who found that long waiting hours have been shown to be significantly longer in teaching hospitals, public hospitals and outpatient trauma centers. Staff shifts have little effect upon mean waiting times, until a decision to admit is made.

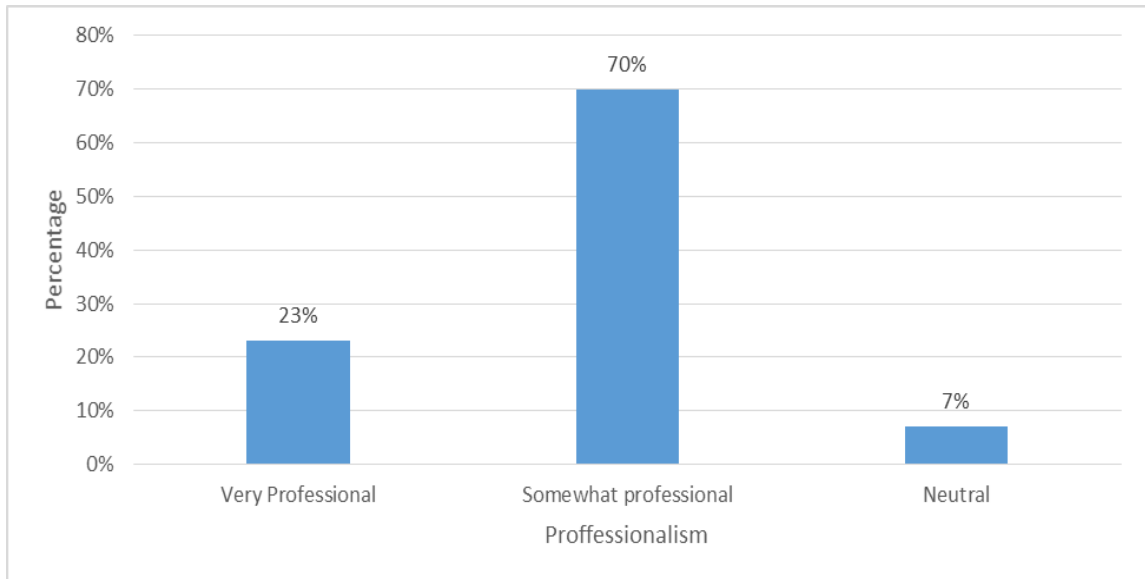
The study further sought to find out the quality of services the clients received. The results are presented in the figure 4.30.



**Figure 4.30: Quality of services received**

Majority of the respondents that is 47% agreed that the quality of services they received today was good, 10% agreed that the quality of services they received today were very good, 25% of the respondents indicated that the quality of services you have received today was average while 18% agreed that the quality of services you have received today was poor. These findings show that the quality of services was received today was good and thus can impact satisfaction. This is in agreement with the study by Boulding *et al.*, (1993), who while focusing on the segments of repurchasing and moreover the availability to recommend as measures of customer dedication, found positive associations between service quality and repurchase desires and capacity to propose to others. Wong (2005) also argues that service quality decidedly impacts customer dedication. This is in light of the fact that service quality has been found to identify with behavioral outcome particularly as informal, protestation, proposal and exchanging (Al-Rousan, Ramzi & Mohamed, 2010).

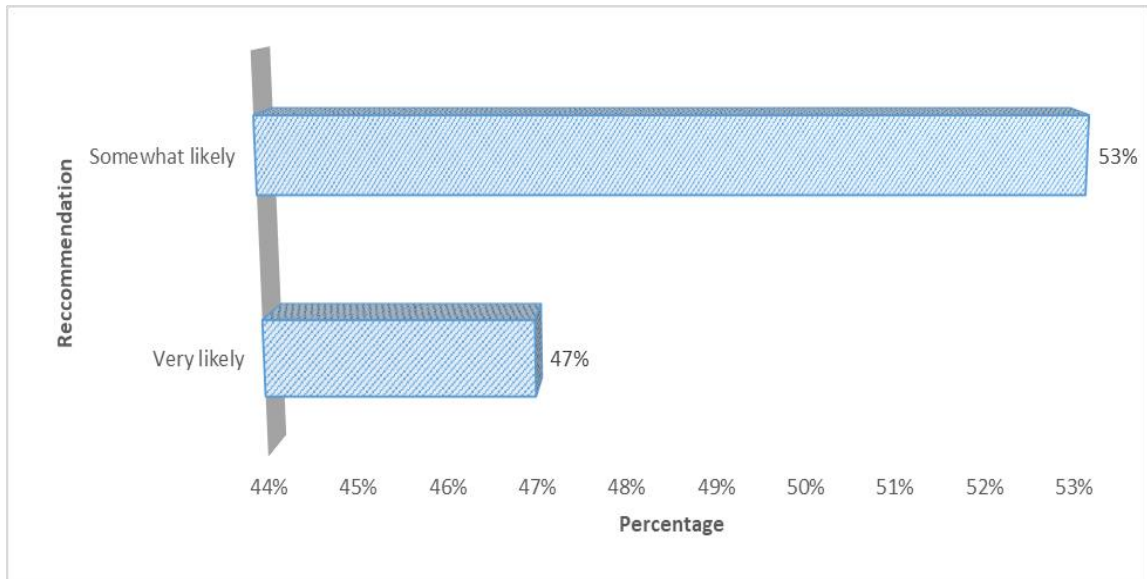
The study further sought to rate the professionalism from the staff. The findings are as follows.



**Figure 4.31: Professionalism from the staff**

The findings of the study indicate that 70% rated the staff as somewhat professional, 23% of the respondents indicated the staff as professional while 7% of the respondents were neutral in rating the professionalism from the staff. Professional staff tend to carry out effective roles in an organization. This result concurs with Bureau of labor statistics (2008) report which explained that the nurses with long experiences in the hospitals prefer to move to public clinics so as to get rid of evening and night shift duties, this movement give chance for new professional nurses to be hired by hospitals and may be correlated to the fact that nurses through their experience they gain knowledge that enable them to enhance their performance. McLaughlin and Kaluzny (2006) emphasized that nurses learn from experience and they become capable to view their performance and develop strategies to enhance it.

The study further sought to know how the respondents would recommend the facility to a friend or a family member. The findings are as follows.



**Figure 4.32: Recommendation of facility to a friend or a family member**

In response to recommendation, 53% of the respondents recommend the facility to a friend or a family member as somewhat likely while 47% of the respondents recommend the facility to a friend or a family member as very likely. It is indeed a positive thing that the referral hospitals are being recommended to family members and friends. This is in concurrence with Gronroos (2011), who argues that service quality plays a role in customers' loyalty, which on the other hand aids in recommendation of friends to the facility. Service quality is dependent on two variables: expected service and perceived service. Expectations are beliefs about the level of service that will be delivered by a service provider and they are assumed to provide standards of reference against which the delivered service is compared (Bitner *et al.*, 2003). If there is congruence between the performance and the expectations, then a customer is said to be satisfied. Nevertheless, Parasuraman (2010) mention that if customer's expectations are superior



to the performance of the service, the service quality is deemed to be unsatisfactory which results in dissonance on the part of the customer. The service will be considered excellent if perceptions exceed expectations. The study sought to establish suggestions aimed at improving quality in the facility. It was established that a link between climate and a variety of important performances at the individual, group and organizational level within healthcare organizations should be established.

#### **4.7 Tests of Normality**

Normality tests are used to determine if a data set is well modeled by a normal distribution, and to compute how likely it is for a random variable underlying the data set to be normally distributed (Farrel & Rogers, 2006). Many of the statistical procedures including correlation, regression, t tests, and analysis of variance, namely parametric tests, assume that the data follows a normal distribution (Ghasemi & Zahediasl, 2012). The normality tests are supplementary to the graphical assessment of normality. The main tests for the assessment of normality are Kolmogorov-Smirnov (K-S) test, Lilliefors corrected K-S test, Shapiro-Wilk test, Anderson-Darling test, Cramer-von Mises test, D'Agostino skewness test, Anscombe-Glynn kurtosis test, D'Agostino-Pearson omnibus test, and the Jarque-Bera test.

Among these, the Shapiro-Wilk Test is more appropriate for small sample sizes (< 50 samples), but can also handle sample sizes as large as 2000 (Ghasemi & Zahediasl, 2012). The null hypothesis is that distribution is normal while the alternative hypothesis is that distribution is not normal. If the Significance value of the Shapiro-Wilk Test is greater than 0.05, the data is normal. If it is below 0.05, the data significantly deviate from a normal distribution.

**Table 4.7A: Test results for all variables using Shapiro-Wilk test of normality.**

Shapiro – Wilk			
	Statistic	df	significance
Human Relations	0.930	525	0.236
Internal Processes	0.956	525	0.605
Open Systems	0.925	525	0.166
Rational Goals	0.954	525	0.479
Performance	0.942	525	0.914

All the variables in this study had P values greater than 0.05 i.e. Human Relations 0.236, Internal Processes 0.605, Open systems 0.166, Rational goals 0.479 and performance 0.914. This study therefor failed to reject their corresponding null hypothesis ( $H_{01}$ ,  $H_{02}$ ,  $H_{03}$ ,  $H_{04}$ ,  $H_{05}$ ) respectively and concluded that the data set for these variables are normally distributed and therefore the data was deemed fit for linear regression modelling.

**Table 4.7B: Multicollinearity Test**

Collinearity Statistics		
	Torre lance	VIF
Human Relations ( $X_1$ )	0.671	1.490
Internal Processes ( $X_2$ )	0.683	1.465
Open Systems ( $X_3$ )	0.831	1.203
Rational Goals ( $X_4$ )	0.761	1.315

Multicollinearity occurs when independent variables in a regression model are correlated. This correlation is a problem because independent variables should be independent. If the degree of correlations between variables is high it can cause problems during the fitting of the model and interpretation of the results (Frost, 2015). As a rule of thumb, a VIF value that exceeds 5 indicates a pragmatic amount of multicollinearity (James et al 2014). All the variables in this study had a VIF lower than 5 i.e. Human Relations 1.490, Internal Processes 1.465, Open Systems 1.203 and Rational Goals 1.315. This study therefore concluded that there was no Multicollinearity.

#### **4.8 Correlation Analysis**

Table 4.8 shows the bivariate linear correlations among organizational climate dimensions in this study and the performance of National referral hospitals in Kenya. The study revealed that human relations ( $X_1$ ) has a positive and significant impact on the performance of National referral hospitals in Kenya ( $r = 0.641^{**}$ ,  $P = .000 < 0.005$ ). Literature has identified human relations as an important organizational climate dimension that impacts organizational performance. This means that as human relations improve in the National Referral hospitals, there is a significant positive change in performance. The study also indicates that there is a positive and significant impact of internal processes on organizational performance in National referral hospitals in Kenya ( $r = 0.738^{**}$ ,  $P = .000 < 0.005$ ) This means that when the national referral hospitals adopt internal processes that are good and acceptable, then organizational performance will increase. This is in line with literature.

The results further indicate that open systems have a positive and significant impact on the performance of national referral hospitals in Kenya ( $r = 0.478^{**}$ ,  $P = 0.000 < 0.05$ ).

This study intended to test whether open systems is one of the key factors influencing performance in national referral hospitals in Kenya and finally the bivariate correlation results revealed that rational goals have a positive and significant impact on performance in National referral hospitals in Kenya ( $r = 0.696^{**}$ ,  $P = .000 < 0.005$ ). According to literature, when people have rational goals, they get a sense of direction and this impacts performance positively. The study indicates that compared to the other three variables, (human relations, open systems and rational goals), Internal processes have the strongest and significant impact on the performance of National referral hospitals in Kenya while Open systems have the least impact on the performance of referral hospitals in Kenya.

**Table 4.8: Correlation Analysis for the Linear Relationship between Organizational**

Climate (X1, 2, 3, 4) and Organizational Performance

		Performance (y)	x1 Human Relations	x2 Internal Processes	x3 Open systems	x4 Rational Goals
Performance (Y)	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	525				
Human Relations (X1)	Pearson Correlation	.641 <sup>**</sup>	1			
	Sig. (2-tailed)	.000				
	N	525	525			
Internal Processes (X2)	Pearson Correlation	.738 <sup>**</sup>	.485 <sup>**</sup>	1		
	Sig. (2-tailed)	.000	.000			
	N	525	525	525		
Open Systems (X3)	Pearson Correlation	.478 <sup>**</sup>	.275 <sup>**</sup>	.387 <sup>**</sup>	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	525	525	525	525	
Rational Goals (X4)	Pearson Correlation	.696 <sup>**</sup>	.455 <sup>**</sup>	.356 <sup>**</sup>	.254 <sup>**</sup>	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	525	525	525	525	525

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

Correlations between independent variables were all less than 0.9 indicating lack of Multicollinearity.

## **4.9 Regression Analysis**

The research used multiple regression analysis to determine the linear relationship between the dependent and independent variables. All the five null hypotheses stated in chapter one was tested using regression models to determine the relationship between the dependent variable which is organizational performance and the independent variables which are human relations, internal processes, open systems and rational goals. The R square also known as coefficient of determination is the statistic used to evaluate model fit. R square is 1 minus the ratio of residual variability. The R square is an indicator of how well the model fits the data e.g. R square close to 1.0 indicates that we have accounted for almost all the variability with the variables specified in the model. The coefficient of determination R square and correlation coefficient (R) shows the degree of association between dependent and independent variables.

### **4.9.1 Test of Hypothesis one**

H<sub>01</sub> - Human relations have no significant relationship with organisational performance in referral hospitals in Kenya.

To test a hypothesis means to tell on the basis of the data the researcher collected, whether or not the hypothesis seems to be valid (Kothari, 2004). The purpose of hypothesis testing is to determine the accuracy of the study hypotheses due to the fact that the researcher has collected a sample of data and not a census (Cooper and Schindler, 2003). To test hypothesis one, which had the null hypothesis that Human relations have no significant relationship with organisational performance in referral hospitals in Kenya, a linear regression was carried out. The results of the linear regression indicate that R<sup>2</sup> is equal to 0.41. This is indicating that Human relations have a significant relationship with organisational performance in referral hospitals in Kenya and that human relations explained 41% of the variations in performance. The remaining 59% of variation was explained by other variables.

**Table 4.9: Human Relations**

<b>Model Summary</b>	
<b>R</b>	<b>R Square</b>
<b>0.641</b>	<b>0.411</b>

Table 4.10: shows results of ANOVA. F-test results of 365.029 and the critical values of F-test at 0.05 degrees of freedom. This means that the model is valid (F=365.029,  $P < 0.001$ ). P-value is .000 which is less than 5% level of significance. Human relations have a significant effect on organizational performance, hence the explanatory variable human relations are good in explaining total variation in the performance of referral hospitals in Kenya. Therefore, we reject the null hypothesis and conclude that there is a linear relationship between human relations and organizational performance in Kenya.

**Table 4.10: ANOVA**

	Sum Squares	of df	Mean Square	F	Sig.
Regression	58.111	1	58.111	365.029	.000
Residual	83.260	523	.159		
Total	141.372	524			

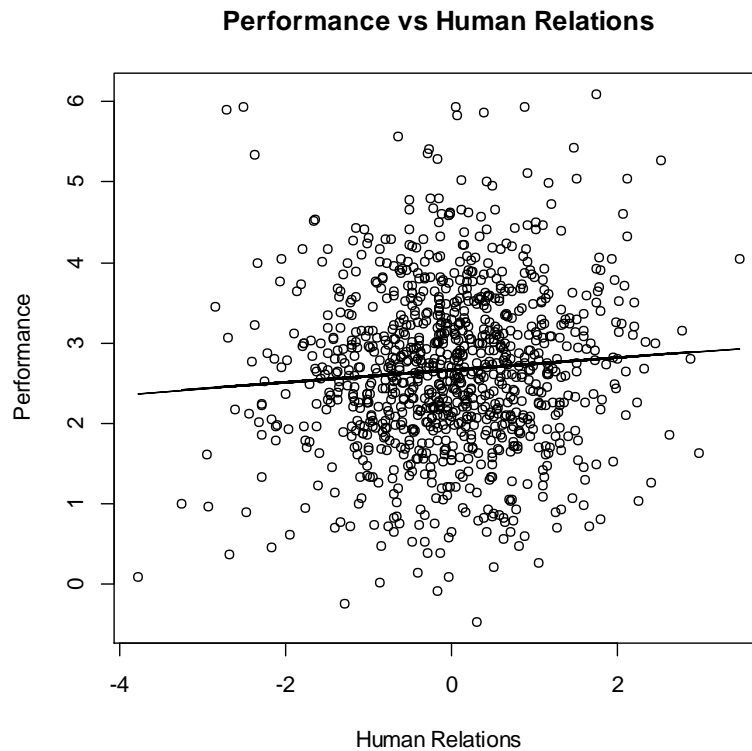
To test this hypothesis further, the beta coefficient was computed and t test used to test the relationship between human relations and organizational performance. The hypothesis  $H_0: B_1 = 0$  versus  $H_1: B_1 \neq 0$  was tested. This was tested at 5% significance

level. The results indicate that t test found that  $B$  coefficient was statistically significant since t value at 5% is  $34.375 > \text{critical } t = 1.96$ . The null hypothesis was rejected since t test indicated that  $\beta$  coefficient was different from zero at 5% significant level. The equation  $Y = B_0 + B_1X_1 + e$  was then replaced by  $Y = 2.691 + 0.079X_1$ . This shows that when other factors are held constant, a unit change in human relations will result to 0.079 increase in performance. Human relations positively and significantly impact the performance of referral hospitals in Kenya. ( $B_1 = 0.079$ ,  $P = 0.000 < 0.005$ ). Since the t test indicated that the  $B$  coefficient was different from Zero, the null hypothesis was rejected.

**Table 4.11: Coefficient**

	Unstandardized		Standardized		t	Sig.
	Coefficients		Coefficients			
	B	Std. Error	Beta			
(Constant)	2.691	.078			34.375	.000
x1(Human Relations)	.079	.004	.641		19.106	.000

Figure 4.33 shows a scatter graph of human relations on performance in National referral hospitals in Kenya. The diagram indicates a positive linear relationship which is an indication that human relations impacts performance in National Referral Hospitals in Kenya. Therefore, the null hypothesis is rejected and we accept the alternative hypothesis that Human Relations has a positive and significant effect on Performance in Kenya.



**Figure 4.33: Scatter Diagram on Human Relations**

**1. Discussion of findings on the relationship between human relations and the performance of referral hospitals in Kenya.**

The stated null hypothesis for this study was  $H_0$ : human relations has no significant effect on performance in referral hospitals in Kenya. According to the study, there is a linear relationship between human relations and the performance of referral hospitals in Kenya. It also revealed that human relations have a significant effect on performance in referral hospitals in Kenya, this is because human relations explained 41% of the



variations in performance. These findings agree with a study by Xesha, Iwu, Slabbert and Nduna (2014) who found out that without strong relationships, it becomes impossible to achieve organizational success. The study expresses the opinion that management need to have good customer and employee relationships that will carry them through challenging and difficult times. This will enable them to share struggles, resources and best practices, which can really give them an edge. Relationships are difficult, but various studies show that they can be managed. Jackson *et al.* (2009) concluded that the reality about organizational relationships is that they are just like any other relationships, they require lots of effort to maintain and they must be mutually beneficial to all the stakeholders and that both management and the labor-force must be willing to give, share and support, not just take or receive.

#### 4.9.2 Test of Hypothesis Two

H<sub>2</sub> - Internal processes have no significant relationship with organisational performance in referral hospitals in Kenya.

The results of the linear regression indicate that the R<sup>2</sup> is equal to 0.54. This is indicating that Internal processes have a significant relationship with organisational performance in referral hospitals in Kenya, and that internal processes explained 54% of the variations in performance. The remaining 44% of variation was explained by other variables.

**Table 4.12: Internal Processes**

Model Summary	
R	R Square
0.738	0.544

Table 4.13: shows results of ANOVA. F-test results of 624.302 and the critical values of F-test at 0.05 degrees of freedom. This means that the model is valid ( $F=624.304$ ,  $P=0.000<0.005$ ). P-value is .000 which is less than 5% level of significance. Internal Processes have a significant effect on organizational performance, hence the explanatory variable internal processes are good in explaining total variation in the performance of referral hospitals in Kenya. Therefore, we reject the null hypothesis and conclude that there is a significant relationship between internal processes and organizational performance in referral hospitals in Kenya.

**Table 4.13: ANOVA**

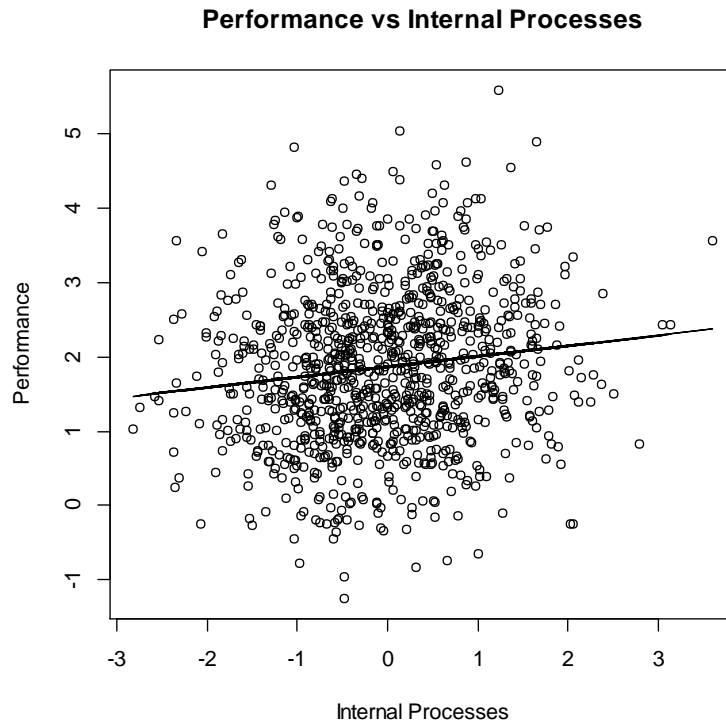
	Sum of Squares	df	Mean Square	F	Sig.
Regression	76.927	1	76.927	624.304	.000
Residual	64.444	523	.123		
Total	141.372	524			

To test this hypothesis further, the beta coefficient was computed and t test used to test the relationship between internal processes and organizational performance. The hypothesis  $H_0: B_2 = 0$  versus  $H_1: B_2 \neq 0$  was tested. This was tested at 5% significance level. The results indicate that t test found that  $B$  coefficient was statistically significant since t value at 5% is  $20.409 > \text{critical } t = 1.96$ . The null hypothesis was rejected since t test indicated that  $\beta$  coefficient was different from zero at 5% significant level. The equation  $Y = B_0 + B_2X_2 + e$  was then replaced by  $Y = 1.880 + 0.168X_2$ . This shows that when other factors are held constant, a unit change in internal processes, will result to 0.168 increase in performance. Internal processes positively and significantly impacted the performance of referral hospitals in Kenya. ( $B_1 = 0.168$ ,  $P = 0.000 < 0.05$ ). Since the t test indicated that the  $B$  coefficient was different from Zero, the null hypothesis was rejected.

**Table 4.14: Coefficients**

1	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.880	.092		20.409	.000
x2 (Internal Processes)	.168	.007	.738	24.986	.000

Figure 4.34 shows a scatter graph of Internal Processes on performance in National referral hospitals in Kenya. The diagram indicates a positive linear relationship which is an indication that Internal Processes impacts performance in National Referral Hospitals in Kenya. Therefore, the null hypothesis is rejected and we accept the alternative hypothesis that Internal Processes has a significant effect on Performance in Kenya.



**Figure 4.34: Scatter Diagram on Internal Processes**

**2. Discussion of findings on the relationship between internal processes and the performance of referral hospitals in Kenya**

The stated null hypothesis for this study was  $H_0$ : Internal processes have no significant relationship with organisational performance in referral hospitals in Kenya. According to the study, there is a linear relationship between internal processes and the performance of referral hospitals in Kenya. It also revealed that internal processes have a significant effect on performance in referral hospitals in Kenya, this is because internal processes explained 54% of the variations in performance. The study indicates that compared to the other three variables, (human relations, open systems and rational goals), Internal

processes have the strongest and significant impact on the performance of National referral hospitals in Kenya.

According to Patterson *et al.* (2005), the Internal Process dimension represents the classic bureaucracy. The sub-dimensions that represented this dimension are *Formalization* which is concerned with formal rules and procedures and *Tradition* which is the extent to which established ways of doing things are valued. All of the respondents agreed that there are some formal procedures in place in the national referral hospitals in Kenya. Therefore, from the findings we can infer that the referral hospitals in Kenya have internal processes (formalization and traditions) that positively impacts their performance. These findings agree with a study by Crevani, Palm and Schilling (2009) that have shown that internal processes can contribute to increased speed of new service development and positively impact the effectiveness of service-intensive companies like the health sector.

#### 4.9.3 Test of Hypothesis three

H<sub>3</sub> - Open systems have no significant relationship with organisational performance in referral hospitals in Kenya.

The results of the linear regression indicate that the R<sup>2</sup> is equal to 0.22. This is indicating that open systems have a moderate relationship with organisational performance in referral hospitals in Kenya, and that open systems explained 22% of the variations in performance. The remaining 78% of variation was explained by other variables.

**Table 4.15: Open Systems**

<b>Model Summary</b>	
<b>R</b>	<b>R Square</b>
<b>0.478</b>	<b>0.229</b>

Table 4.16: shows results of ANOVA. F-test results of 155.055 and the critical values of F-test at 0.05 degrees of freedom. Then we reject the null hypothesis and conclude that there is a linear relationship between open systems and organizational performance in Kenya. It is also revealed that open systems have a significant effect on organizational performance since P-value is .000 which is less than 5% level of significance.

**Table 4.16: ANOVA**

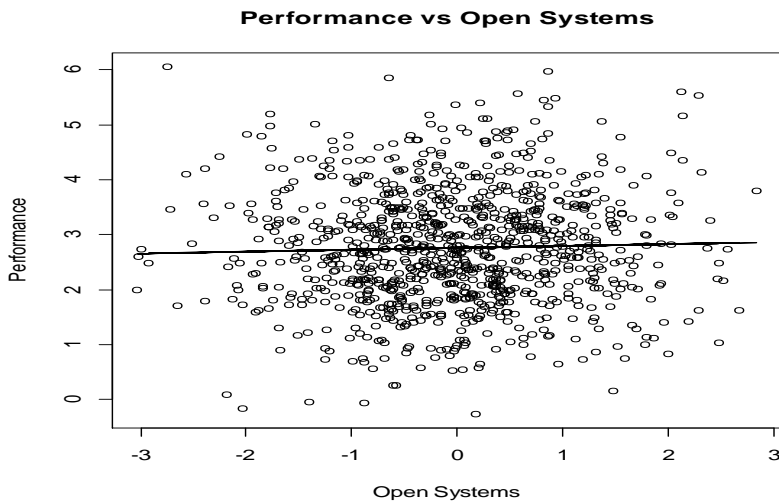
	Sum of Squares	df	Mean Square	F	Sig.
Regression	32.328	1	32.328	155.055	.000
Residual	109.043	523	.208		
Total	141.372	524			

To test this hypothesis further, the beta coefficient was computed and t test used to test the relationship between open systems and organizational performance. The hypothesis  $H_0: B_3=0$  versus  $H_1: B_3 \neq 0$  was tested. This was tested at 5% significance level. The results indicate that t test found that  $B$  coefficient was statistically significant since t value at 5% is  $24.678 > \text{critical } t = 1.96$ . The null hypothesis was rejected since t test indicated that  $\beta$  coefficient was different from zero at 5% significant level. The equation  $Y=B_0+B_3X_3+e$  was replaced by  $Y=2.772+0.080X_3$ . This shows that when other factors are held constant, a unit change in internal processes, will result to 0.080 increase in performance. Internal processes positively and significantly impacted the performance of referral hospitals in Kenya. ( $B_3=0.080$ ,  $P=0.000 < 0.005$ ). Since the t test indicated that the  $B$  coefficient was different from Zero, the null hypothesis was rejected.

**Table 4.17: Coefficients**

	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	2.772	.112			24.678	.000
x3(Open Systems)	.080	.006	.478		12.452	.000

Figure 4.35 shows a scatter graph of Open Systems on performance in National referral hospitals in Kenya. The diagram indicates a positive linear relationship which is an indication that Open Systems impacts performance in National Referral Hospitals in Kenya. Therefore, the null hypothesis is rejected and we accept the alternative hypothesis that Open Systems has a significant effect on Performance in Kenya.



**Figure 4.35: Scatter Diagram on Open Systems**

### **3. Discussion of findings on the relationship between Open Systems and the performance of referral hospitals in Kenya**

The stated null hypothesis for this study was  $H_03$ : Open systems have no significant relationship with organisational performance in referral hospitals in Kenya. According to the study, there is a linear relationship between open systems and the performance of referral hospitals in Kenya. It also revealed that open systems have a moderate effect on performance in referral hospitals in Kenya, this is because they explained 22% of the variations in performance. The study indicates that compared to the other three variables, (human relations, internal processes and rational goals), open systems have the least impact on the performance of National referral hospitals in Kenya. 98.5% of the respondents said that the organization is keen to find out what is happening in the external environment while only 1.5% said that they perceived the organization as not being keen to find out what is happening in the external environment.

From the findings, we can therefore infer that the national referral hospitals in Kenya are keen to find out what is happening in their environment and this positively impacts their performance. These findings agree with , Hoyle (2009) who in their study found out that Organizations must operate as an open system. This is because they must interact with the environment to survive. However, the findings do not agree with a study by Bradley, Pallas, Bashyal, Berman & Curry, (2010) who found out that Open systems seek to explain the behavior of individuals within the organization in terms of impacts from the environment but they do not directly impact organizational performance.

#### **4.9.4 Test of Hypothesis four**

$H_4$  . Rational goals have a significant relationship with organisational performance in referral hospitals in Kenya

The results of the linear regression indicate that the  $R^2$  was 0.485. This is indicating that rational goals have a significant relationship with organisational performance in referral



hospitals in Kenya, and that rational goals explained 48% of the variations in performance. The remaining 52% of variation was explained by other variables.

**Table 4.18: Rational Goals**

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Model Summary	
R	R Square
0.696	0.485

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Table: 4.19 shows results of ANOVA. F-test results of 491.952 and the critical values of F-test at 0.05 degrees of freedom. Then we reject the null hypothesis and conclude that there is a linear relationship between rational goals and organizational performance in Kenya. It is also revealed that rational goals have a significant effect on organizational performance since P-value is .000 which is less than 5% level of significance.

**Table 4.19: ANOVA**

---

	Sum of Squares	df	Mean Square	F	Sig.
Regression	68.523	1	68.523	491.952	.000
Residual	72.848	523	.139		
Total	141.372	524			

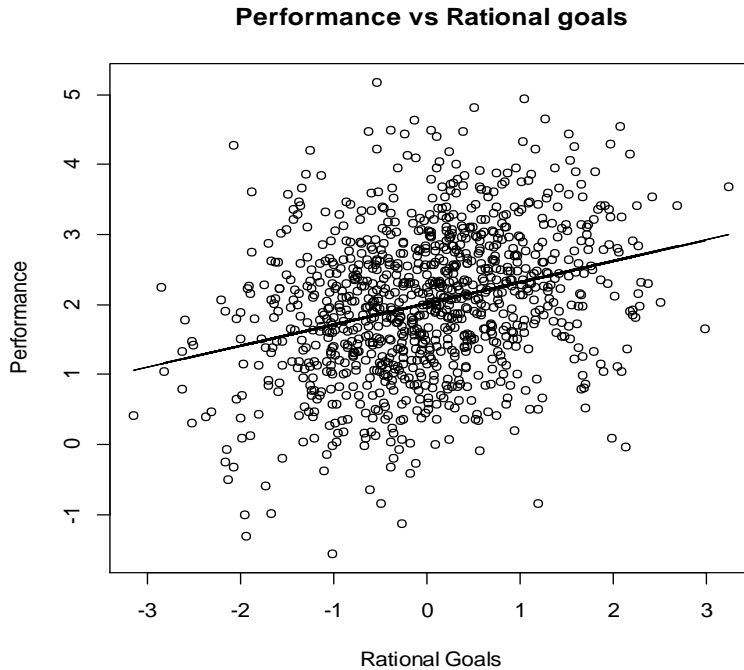
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To test this hypothesis further, the beta coefficient was computed and t test used to test the relationship between open systems and organizational performance. The hypothesis  $H_o: B_4 = 0$  versus  $H_1: B_4 \neq 0$  was tested. This was tested at 5% significance level. The results indicate that t test found that  $B$  coefficient was statistically significant since t value at 5% is  $21.470 > \text{critical } t = 1.96$ . The null hypothesis was rejected since t test indicated that  $\beta$  coefficient was different from zero at 5% significant level. The equation  $Y = B_0 + B_4 X_4 + e$  was replaced by  $Y = 2.056 + 0.313 X_4$ . This shows that when other factors are held constant, a unit change in internal processes, will result to 0.080 increase in performance. Internal processes positively and significantly impacted the performance of referral hospitals in Kenya. ( $B_4 = 0.313$ ,  $P = 0.000 < 0.005$ ). Since the t test indicated that the  $B$  coefficient was different from Zero, the null hypothesis was rejected.

**Table 4.20: Coefficients**

	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.056	.096		21.470	.000
x4			.696		
(Rational Goals)	.313	.014		22.180	.000

Figure 4.36 shows a scatter graph of Rational goals on performance in National referral hospitals in Kenya. The diagram indicates a positive linear relationship which is an indication that Rational Goals impacts performance in National Referral Hospitals in Kenya. Therefore, the null hypothesis is rejected and we accept the alternative hypothesis that Rational Goals has a significant effect on Performance in Kenya.



**Figure 4.36: Scatter Diagram on Rational Goals**

#### **4. Discussion of findings on the relationship between Rational Goals and the performance of referral hospitals in Kenya**

The stated null hypothesis for this study was  $H_0$ : Rational goals have no significant relationship with organisational performance in referral hospitals in Kenya. According to the study, there is a linear relationship between rational goals and the performance of referral hospitals in Kenya. It also revealed that rational goals have a significant effect on performance in referral hospitals in Kenya, this is because rational goals explained 48% of the variations in performance. This therefore means that the study rejected the null hypothesis and embraced the alternative hypothesis. That rational goals significantly impact organizational performance. These findings agree with Weber and Weber (2001), who found out that People are goal-oriented and that they are driven by their sense of

purpose, desire, and value. They found out that Researches show that task performance is affected positively in organization with specific goal clarity than in organizations with no goal clarity at all Goal clarity impact organization commitment by affecting task performance of employees.

#### 4.9.5 The combined effects of all Variables (Multiple Regression)

This study further sought to test the combined effect of the four variables (human relations, Internal processes, Open systems and rational goals) on the performance of referral hospitals in Kenya. Multiple linear regression analysis was performed. The results are presented in table 4.19.

**Table 4.21: Combined effect Model**

Model Summary	
R	R Square
0.899	0.809

The multiple regression results indicate that the independent variables, organizational climate dimensions studied (human relations  $x_1$ , internal processes  $x_2$ , open systems  $x_3$ , rational goals  $x_4$ ), explain 80.9% of the total variations in the dependent variable which is the performance of referral hospitals in Kenya ( $R^2 = 0.809$ ). The remaining 19.1% of variation was explained by other variables. The model fits the data well since  $R^2$  being 80.9% is above the recommended threshold of 70%. Further, Table 4.22 shows results of ANOVA.

**Table 4.22: ANOVA**

	Sum Squares	of df	Mean Square	F	Sig.
Regression	114.327	4	28.582	549.553	.000
Residual	27.045	520	.052		
Total	141.372	524			

F-test results of 549.553 and the critical values of F-test at 0.05 degrees of freedom. The model revealed that organizational climate dimensions (human relations  $x_1$ , internal processes  $x_2$ , open systems  $x_3$ , rational goals  $x_4$ ) have a significant combined effect on organizational performance since the P-value is .000 which is less than 5% level of significance.

To test this hypothesis further, the beta coefficient was computed and t test used to test the relationship between the independent variables (human relations, internal processes, open systems and rational goals) and organizational performance. Coefficient results are presented in table 4.23

**Table 4.23: Coefficients**

	Unstandardized		Standardized		
	Coefficients		Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	.682	.078		8.787	.000
x1	.025	.003	.202	8.627	.000
x2	.099	.005	.435	18.760	.000
x3	.025	.004	.150	7.121	.000
x4	.185	.010	.411	18.701	.000

The multiple regression results indicate that all the independent variables human relations  $X_1$  ( $B_1 = 0.025$ ,  $P=0.000<0.005$ ), internal processes  $X_2$  ( $B_2 = 0.099$ ,  $P=0.000<0.005$ ), open systems  $X_3$  ( $B_3 = 0.025$ ,  $P=0.000<0.005$ ), rational goals  $X_4$  ( $B_4 = 0.185$ ,  $P=0.000<0.005$ ), are significant and positively relate to the performance of referral hospitals in Kenya. The constant  $B_0$  is also positive and significant. Based on the findings of the multiple regressions, the study rejected the null hypothesis  $H_{01}$ ,  $H_{02}$ ,  $H_{03}$ ,  $H_{04}$  and  $H_{05}$  in favor of the alternative hypothesis  $H_1$ ,  $H_2$ ,  $H_3$ ,  $H_4$ , and  $H_5$  and concludes that organizational climate dimensions from the competing values model have a significant positive impact on performance.

These findings are in line with a study by De Simone, 2014 who found out that the CVM climate dimensions (human relations, internal processes, open systems and rational goals) are good representation of the multi-dimensionality of organizational climate and these dimensions illustrate that climate can be strongly linked to other business functions and is an important contributor to the overall effective functioning of an organization. If

managers are aware of these dimensions they will be more equipped to ensure that employees are happy and that work is carried out effectively. This will contribute towards achieving the long-term objectives of the organization and maintaining competitive advantage.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents summaries of the study findings, as guided by precise objectives as well as conclusions and recommendations for action. The recommendations were deduced from the conclusions and discussions of the findings. .

#### 5.2 Summary

This study sought to determine the relationship between organizational climate dimensions and organizational performance in Kenya. Specifically, the study investigated Human Relations, Internal Processes, Open systems and rational goals and their relationship to organizational performance

Specific Objective One: To determine the relationship between human relations and: To determine the connection between human relations and organizational performance in Kenyan referral hospitals. The human relations dimension is derived from an organic or natural assess of organizations, which are seen as political arenas where multiple stakeholders and coalitions liaise and where emphasize is placed on the satisfaction of stakeholders' desires and on activities expected by the organization to survive (De Simone, 2014). The sub-climate dimension that embody this dimension included autonomy, integration, involvement, supervisory care, training and welfare (Patterson et al., 2005). This study explored the relationship between human relations and organizational climate in Kenyan referral hospitals. The outcomes from this study specify that Human relations have a substantial relationship with organizational performance in Kenyan referral hospitals and that human relations explained 41% of the variations in performance. The results further indicate that a unit change in human relations, will result to 0.079 increase in performance. Human relations positively and



substantially impacted the performance of Kenyan referral hospitals. ( $B1=0.079$ ,  $P=0.000<0.005$ ). These findings agree with a study by Xesha, Iwu, Slabbert and Nduna (2014) who discovered that without strong relationships, it becomes impossible to achieve organizational success. The study expresses the opinion that management need to have good customer and employee relationships that will carry them through challenging and difficult times.

This will allow them to share struggles, resources and best practices, which can really give them an edge. Relationships are difficult, but various studies show that they can be managed. Jackson (2009) resolved that the reality about organizational relationships is that they are just like any other relationships, they require lots of determination to maintain and they must be mutually beneficial to all the stakeholders. The study also discovered that most of the respondents reported that the management trust them to takes the initiative and make their own work-correlated decisions. The respondents stated that when employees feel that management trusts them to take the initiative and make their own work-correlated decisions they tend to be more motivated to do a good job and receive good feedback.

The findings agree with those of Edmondson (1999) who posits that the levels of trust in the team directly impact the ability of the team to realize these outcomes. Learning is impeded, measured by reduced effectiveness, when trust is low. It was discovered that employees are involved in problem solving issues. The study discovered that when employees are encouraged to be involved in company procedures, they are more likely to be dedicated to achieving overall organizational success. This concurs with a study by Chatleka and Safijanova, (2013) who discovered that employee involvement results in a more motivated, more dedicated and more satisfied labor-force. He said that including employees in decision making and problems solving meets the organization's need to develop cross functional relationships and exploit employees' total potential. The study discovered that leaders create a facilitative climate of mutual trust, friendliness and assistfulness to a great degree. The respondents cited that supervisory support leads an

employee to high performance work with satisfaction and motivation. This agrees with Callanan (2004) who argues that if leaders do not have complete confidence in the abilities and intentions of lower-level workers, an empowerment strategy is unsuccessful even before it starts

Specific Objective Two: To establish the relationship between internal processes and To establish the association between internal processes and organizational performance in Kenyan referral hospitals. The Internal Process dimension denotes the classic bureaucracy. The sub-dimension that represent this dimension are Formalization which is involved with formal rules and procedures and Custom which is the degree to which established methods of doing things are valued (Patterson *et al.*, 2005).

This study investigated the relationship between internal processes and organizational climate in Kenyan referral hospitals. The findings of the study designate that Internal processes have a substantial relationship with organizational performance in Kenyan referral hospitals, and that internal processes explained 54% of the variations in performance. Further, the results reveal that when other factors are zero, a unit change in internal processes, will result to 0.168 increase in performance. Therefore, the variable internal processes are good in explaining total variation in the performance of Kenyan referral hospitals. The study indicates that compared to the other three variables, (human relations, open systems and rational goals), Internal processes have the strongest and substantial impact on the performance of National Kenyan referral hospitals.

These findings are in line with a study by Crevani, Palm and Schilling (2009) that have demonstrated that internal processes can contribute to increased speed of new service development and positively impact the effectiveness of service-intensive companies like the health sector. Also, the findings concur with studies by Khachian, Pazargadie, Manoochui and Bahghan (2013) who assert that the internal environment of any organization comprises firm-correlated factors that impact its capacity to achieve set

objectives, develop and implement a viable plan, which consequently contributes to its performance.

Internal environment can also be described as the key internal aspects that need to be aligned within an organization for improved performance or effective change implementation. Further, the study discovered that there were clear and documented procedures for all tasks in the hospitals. The respondents established that the procedures and rules in order to ensure smooth functioning.

Formalization serves as the rudder which assists steer the boat of an organization in the right direction. This is in line with a study by Markus (2014) who argues that complex organizational systems in contemporary turbulent market environments have to respect a number of prerequisites in order to have a chance of survival and eventually success. It discovered there were very few ideas and as such confrontation limits the range of permissible value changes to those that are well-matched with existing core values. Thus, even when strong culture organizations could advantage from changes that require adjusting their core values, resistant members may prevent such change from occurring. These findings agree with a study by Patterson et al., (2005) who discovered that organizations that keep to established, traditional methods of doing things are said to have strong cultures.

Specific Objective Three: To determine the relationship between open systems and organizational performance in Kenyan referral hospitals. The open systems climate dimension is derived from the systems theory and according to Hoyle (2009) systems theory is an alternative approach to understanding, managing and planning organizations. It provides a fresh perspective for approaching employee-relations initiatives, allowing managers to understand their employees' importance and position as a vital system in the organization. It is a method of analyzing and thinking about organizations. The climate sub-dimension which reflect this dimension are Flexibility, which is an orientation toward change.

Innovation which is the degree of encouragement and support for new ideas and innovative approaches. Outward emphasize which is the degree to which the organization is responsive to the desires of the customer and the marketplace in overall, and Reflexivity which is involved with reviewing and reflecting upon objectives, Strategies, and work processes, in order to adapt to the wider environment (Patterson *et al.*, 2005). According to the findings, open systems have a moderate relationship with organizational performance in Kenyan referral hospitals, they explained 22% of the variations in performance. The discoveries additional revealed that open systems have a substantial effect on organizational performance since P-value was .000 which is less than 5% level of significance.

However, the study indicates that compared to the other three variables, (human relations, internal processes and rational goals), open systems have the least impact on the performance of National Kenyan referral hospitals. From the findings, we can therefore conclude that the national Kenyan referral hospitals are keen to discover what is happening in their environment and this positively impacts their performance. These findings agree with Hoyle (2009) who in their study discovered that Organizations must operate as an open system.

This is because they must liaise with the environment to survive. However, the findings do not agree with a study by Bradley, Pallas, Bashyal, Berman & Curry, (2010) who discovered that Open systems seek to explain the conduct of individuals within the organization in terms of impacts from the environment but they do not directly impact organizational performance. The study discovered that that the organization practices strategic leadership, build dynamic core competence, emphasize and develop human capital, effectively utilize new manufacturing and information technologies, implement new organization structure and, have innovative culture. These findings agree with Maccurtain, Flood, Ramamoorthy, West and Dawson, (2008) who describe the capacity to respond to the changes and the ability to come up with new ideas and products as

innovation. They further say that innovation (new products or services) is the ultimate test in the market place.

Innovative firms gain and sustain their competitive advantage through the development of new market offerings which are attractive to existing and new customers. Such new products are crucial because of their capacity to become a means of market share gain and revenue growth. The respondents indicated new products or services which are appealing to existing and new customers as the innovations. The innovation resulted in new products that better satisfy customer desires, improve the quality of existing products, or reduce the costs of making products that customers want. These findings were not in agreement with Maccurtain, et. al, (2008) who emphasized on the ability of individuals and teams in an organization to work together reflecting, upon their preferred work methods and adjusting them where necessary according to the desires of the task or environment as reflexivity. He alleged that this can give an organization a competitive advantage

Specific Objective Four: To dissect the relationship between rational goals and organizational performance in Kenyan referral hospitals the rational goals variable was derived from the goal setting theory. This has been the most researched, utilized, and well-known theory of work motivation in the field of industrial and organizational psychology. According to this theory, there is an inductive relationship between goal setting and enhanced production performance. A goal is the aim of an action or task that a person consciously desires to achieve or obtain. Goal setting involves the conscious process of establishing levels of performance in order to obtain desirable outcomes. This goal setting theory basically states that the source of motivation is the desire and intention to reach a goal (Vance, 2013). The climate sub-dimension which reflect this variable are: Clarity of organizational goals which is involved with clearly defining the goals of the organization. Effort, which is how hard People in organizations work towards achieving goals.

Efficiency, which is the degree of importance placed on employee efficiency and productivity at work. Quality, where the emphasize is given to quality procedures and Performance feedback (Patterson et al., 2005). According to the findings, rational goals have a substantial relationship with organizational performance in Kenyan referral hospitals, they explained 48% of the variations in performance. The findings further indicate that when other factors are zero, a unit change in internal processes, will result to 0.080 increase in performance. This therefore means, that that rational goals substantially impact organizational performance.

These findings agree with Weber and Weber (2001), who discovered that People are goal-oriented and that they are driven by their sense of drive, desire, and value. The study can therefore conclude that task performance is impacted positively in organization with rational goals than in organizations with no rational goals at all and that goals impact organization obligation by impacting task performance of employees.

It also revealed that rational goals have a substantial effect on performance in Kenyan referral hospitals, this is due to rational goals explained 48% of the variations in performance. As Cameron (2010) resolved, the rational-goal approach to assessing organizational effectiveness applies only in those organizations that have clearly well-defined, time bound and precisely measurable operative goals between human relations and organizational performance in Kenyan referral hospitals. The study discovered that feedback improve individual and team performance, as well as employee engagement, motivation, and job satisfaction. These findings designate that employees at the national referral hospitals indicated the effort that workers put towards goal achievement in theirhospital was high. These findings agree with recommendations by Aguinis, (2009), who discovered that the goals of performance feedback are to improve individual and team performance, as well as employee engagement, motivation, and job satisfaction.

It is therefore positive that more employees at the referral hospitals know how well they are doing their job than those who don't know.

The overall Objective Five: To dissect the Relationship between Human Relations, Open Systems, Internal Processes, and Rational goals (organizational Climate) on organizational Performance in National Referral Hospitals in Kenya. Organizational climate refers to the perceptions that organization members share of fundamental elements of their organization (Castro & Martins, 2010). To examine the relationship between organizational climate and performance an organizational climate measure, the competing values model (CVM) was utilized. The CVM has four dimensions which include Human Relations, Internal Processes, Open systems and Rational Goals.

The study resolved that all the independent variables, variables human relations X1 ( $B1 = 0.025$ ,  $P=0.000<0.005$ ), internal processes X2 ( $B2 = 0.099$ ,  $P=0.000<0.005$ ), open systems X3 ( $B3 = 0.025$ ,  $P=0.000<0.005$ ), rational goals X4 ( $B4 = 0.185$ ,  $P=0.000<0.005$ ), are substantial and positively relate to the performance of Kenyan referral hospitals. These findings are in line with a study by De Simone, (2014) who discovered that the CVM climate dimensions (human relations, internal processes, open systems and rational goals) are good representation of the multi-dimensionality of organizational climate and these dimensions illustrate that climate can be strongly linked to other business functions and is a vital contributor to the overall effective functioning of an organization.

If managers are aware of these dimensions they will be more equipped to ensure that employees are happy and that work is carried out effectively. This will contribute towards achieving the long-term objectives of the organization and maintaining competitive advantage. The study further resolved that internal processes had the greatest impact on performance with an  $R^2$  of 0.544 and that open systems had the least impact on performance with an  $R^2$  of 0.229. These findings come to an agreement with a study by Crevani, Palm and Schilling (2009) that have revealed that internal processes can contribute to increased swiftness of new service development and positively impact the effectiveness of service-intensive companies like the health sector.

### 5.3 Conclusions

Specific Objective One: To determine the relationship between human relations and organizational performance in Kenyan referral hospitals. Based on the outcomes of this study, human relations impact the performance of national Kenyan referral hospitals. Human relations had a positive and substantial linear relationship on various measures of organizational performance measures that were utilized in this study. The study has confirmed several human relations strategies that organizations utilize to impact performance in Kenyan referral hospitals. Overall, it confirms autonomy, integration, involvement, supervisory support, training and welfare. This could therefore be resolved that without good human relations it becomes problematic to achieve organizational success.

Specific Objective Two: To establish the relationship between internal processes and to distinguish the relationship between internal processes and organizational performance in referral hospitals in Kenya. According to the study, internal processes substantially impacted performance in National referral hospitals in Kenya. Having established formal rules and procedures ensures smooth functioning and the absence of rules and regulations may cause chaos and anarchy organization and also behavioral uncertainty among employees. The discoveries indicate that there are established traditions in the referral hospitals in Kenya. 72% of the respondents alleged that there is an established method of doing things. This is a pointer of strong culture which conferring to Strong cultures may, however, impose a level of stability on organizations, and such stability has mixed implications for performance. Nevertheless, there is a linear and substantial relationship between internal processes and organizational performance in National referral hospitals in Kenya

Specific Objective Three: To evaluate the relationship between open systems and organizational performance in referral hospitals in Kenya. The study confirms that to survive, the national referral hospitals must liaise with the external environment.



According to the study, 95% percent of the respondents confirmed that the National referral hospitals are keen to discover what happens in the external environment. It can be resolved therefore that open systems are a vital variable that explains, to a greater degree, the variations in National referral hospital's performance. This means that those when the national referral hospitals are conscious about their external environment, they are able to achieve superior performance. Therefore, the National referral hospitals should always endeavor to be in tune with its environment..

Specific Objective Four: To dissect the relationship between rational goals and organizational performance in referral hospitals in Kenya. Finally, this study revealed that a substantial positive impact exists between rational goals and the performance of National referral hospitals in Kenya. From the finding, it can be resolved that if workers in National referral hospitals would have clear goals, they would perform better. Leaders in these hospitals need to be in the forefront in demonstrating how to set goals and motivate employees through incentives upon achieving the set targets. Employees also need to be given an opportunity to make their specific contributions and suggest how goal setting can be made better. On the other hand, leaders should give feedback to their staff and inspire them to achieve superior performance

Overall Objective Five: To dissect the Relationship between Human Relations, Open Systems, Internal Processes, and Rational goals (organizational Climate) on organizational Performance in National Referral Hospitals in Kenya. Based on the discoveries of this study, the organizations climate dimensions (Human Relations, Open Systems, Internal Processes, and Rational Goals) have a substantial positive impact on organizational performance. This is because, they explained 80.9% of the total variation in performance in National referral hospitals. The study therefore concludes that organizational climate is a vital contributor to the overall effective functioning of an organization. If managers are aware of these dimensions they will be more equipped to ensure that employees are happy and that work is carried out effectively. This will

contribute towards achieving the long-term objectives of the organization and maintaining competitive advantage.

## **5.4 Recommendations**

### **5.4.1 Recommendations for the Health Sector**

According to the findings, 62.5% of the employees feel that the National referral hospitals in Kenya do not pay attention to the desires of the employees. This is in line with a study by Lesiyampe, (2013), who claimed that a number of factors continue to constrain the performance and limit the output of health care providers in Kenya. These include, poor pay, lack of job satisfaction, excessive bureaucracy, the weak functioning of the health system and a poor working environment, where supplies are low or absent and critical equipment is not maintained and as a result, many industrial actions like strikes have been witnessed in agitation for improvement. This study recommends that the management team in the national referral hospitals address desires of the health staff in order to enhance a supportive work climate. This will have a positive effect on performance. The study additionally acknowledges that the National Referral Hospitals are doing much to improve customer service but also recommends that more be done to improve customer satisfaction for instance, improving the turnaround time further, improving the bed capacity, and improving the security of the clients..

### **5.4.2 Recommendations for Policy**

89% of the respondents supposed that the health staff do too much work. These findings are in line with a study by Zigan and Desombre (2008) who discovered that there is a growing gap between the supply of health care professionals and the demand for their services is recognized as a key issue for healthcare and development worldwide. They are also in agreement with a report by World Health Organization (2014), who reported that Kenya's health sector is categorized by a severe shortage of health staff, with an

average of 1.3 health staff per 1,000 population, 43% below the WHO requirement. In addition, Kenya is challenged with an inability to entice and retain health workers- predominantly in the public sector- as well as with performance management issues, unequal distribution of staff, and fading productivity among the health labor-force.

This situation is further intensified by the migration of health staffs to countries in the region and internationally. This study recommends that the employer should address staffing issues in National Referral Hospitals in Kenya and should also ensure that there is less migration of workers to countries in the region and internationally. But for this to successfully take place, the government should improve the referral system. In essence, hospitals at lower levels should act as a filter but they don't, so the National Referral Hospitals end up treating patients that do not meet the referral criteria and who should be treated at lower levels. This over stretches the National Referral Hospitals. Additionally, stakeholder models of corporate performance can be observed so as to tackle the issues that may cause poor performance in an organization. This is due to the fact that consideration to service quality is the starting point for employee's stakeholders and customer's satisfaction and ultimately improves organizational performance..

#### **5.4.3 Study's Contribution to theory**

Though the health sector contributes greatly to the economic development of the country, there has been lacking a theoretical model that would advise on organizational climate issues. Several studies have been directed but they utilized just a few sub dimensions from the organizational climate dimensions frame work. The findings of these studies also indicate inconsistent results. This study utilized the complete organizational climate dimensions framework that includes (Human relations dimensions, internal processes dimensions, Open systems dimension and rational goals dimensions) and provided a unifying organizational climate model. Further still, organizational climate has been investigated mostly in the developed countries, with a few climate researches done in Africa, emphasis on job satisfaction, employee

motivation. There seemed to be a scarceness of research interest in this area, specifically interrogating the health sector in Kenya. This research has contributed to knowledge by investigating climatic factors and scrutinizing some of the organizational factors that create the unique genetic makeup of an organization's work environment and how this impacts organizational performance. This study therefore recommends the utilize of this organizational climate model in the National referral Hospitals since the variables studied explain 80.9% variation in performance

#### **5.4.4 Suggestions for further research**

In Kenya, health services are provided via a network of over 4,700 health facilities nationally with key players including the Ministry of Health (MOH) and parastatal organizations, and the private sector, which includes private for-profit, Faith Based Organizations (FBOs), and NGO facilities. However, the public health scheme consists of the following levels of health facilities: national referral hospitals, provincial overall hospitals, district hospitals, health centers, and dispensaries. The public delivery system is organized as follows: Level 1 - Community, Level 2- Dispensaries, Level 3 - Health centers, Level 4- District referral hospitals (47), Level 5- Provincial referral hospitals (10) and Level 6 - National referral hospitals (2). This study stresses on the relationship between organizational climate and performance in the National referral Hospitals (Level 6) hospitals. There is necessity to conduct further studies on the relationship between organizational climate in the other hospitals under the public delivery system (level 5- level 1), considering that unlike the Level 6 hospitals that are managed by the National Government, the rest of the public hospitals are under County Governments.

There is also necessity to conduct further research that would compare the organizational climate in private referral hospitals with the organizational climate in National Referral hospitals in Kenya and their outcome on performance. Finally, the variables studied explained 80.9% of the total variation in performance in National referral hospitals. The study endorses that further investigations be conducted to identify

the remaining 19.1% of the variables that have an impact on the performance of National Referral hospitals in Kenya.

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## **APPENDICES**

### **Appendix I: Introduction Letter**

Dear Respondent,

#### **RE: Data Collection**

I am a post graduate student at Jomo Kenyatta University of Agriculture and Technology (JKUAT) pursuing a Doctor of Philosophy in Human Resource Management. I am currently carrying out a research on “the relationship between organizational climate and performance in referral hospitals in Kenya”

It is for this reason that I am kindly requesting you to cooperate in answering the questions in the attached questionnaire. I am also requesting you to provide any other information or document in relation to the problem under study. This will enable me to collect the necessary data. The information provided will only be used for academic purposes only and will be treated with utmost confidentiality.

Thank you for consenting to participate in this study.

Yours sincerely

Ann Wanjiku Rintari

HD412-1572/2009

## **Appendix II: Interview Schedule**

### **In-depth Interview**

#### **Human Relations**

##### **1. Autonomy**

Does management trust you to take the initiative and make your own work correlated decisions and does this affect your work performance in any way.

##### **2. Involvement**

To what extent are employees in your organization involved in problem solving and decision making in matters that concern them.

##### **3. Leadership support**

To what extent do your leaders create a facilitative climate of mutual trust, friendliness and assistfulness.

##### **4. Training**

Are employees prepared in terms of training when they have to take up new assignments.

##### **5. Welfare**

What is your opinion on the management's commitment to promoting safe working conditions, a healthy environment and general employee well being.

## **Internal Processes**

### **6. Formalization**

Are there clear and documented procedures for all tasks in your hospitals. In your opinion, does this impact performance.

If not, which ones are not documented and in your opinion should be documented.

### **7. Tradition**

Do managers keep doing things the way they have always done.

Are new ideas, methods and procedures readily acceptable.

## **Open Systems**

### **8. Flexibility**

In your opinion, how readily does your organization adapt to the changes that have been introduced in the organizations.

### **9. Innovation**

Do the systems in place encourage innovation?

If yes, what innovations have been experienced in the hospital and can you attribute this to the organizational climate in place?

### **10. Outward Focus**

Clients have many needs. Does the organization readily respond to these needs.

**Rational Goals**

**Goal Clarity**

- 11. Briefly discuss what your organizational goals are.
- 12. How does the organization make sure that goals are achieved.

**Effort**

- 13. On a scale of 5-1, 5 being very high effort and 1 being very low effort, describe the effort that workers put towards goal achievement in your hospital.

**Quality**

- 14. How would you describe the quality of the services delivered in your hospital.

**Feed back.**

- 15. How often do you receive performance feedback and how does this impact your performance.

**Performance**

- 1. What is the percentage bed occupancy in prime care centers.

50%

75%

100%

2. How many revenue streams (e.g one stop diagnostic center) does the hospital have.

1

2

3

3. The National Referral hospitals aim to expand and improve services to its clients. What are the value added services currently in place.

.....  
.....  
.....  
.....  
.....

4. According to the National Referral Hospital score card, the hospitals should have at least three centers of excellence. (E.g. cancer center, gastroentology, Renal center etc.).

How many are currently in place.

.....  
.....  
.....  
.....  
.....

5. The National Referral Hospitals have a target number of innovations that they should come up with per year.

a) How many do they currently come up with per year.

.....

b) which are they

.....  
.....  
.....  
.....  
.....



**Appendix III: Survey Questionnaire**

Doctors ( )

Dentist ( )

Pharmacists and Pham techs ( )

Nurses ( )

Clinical Officers ( )

Public Health Officers ( )

**Years Worked**

Above 15yrs ( )

11yrs-15yrs ( )

5yrs - 10yrs ( )

1yr -5 yrs. ( )

Below 1year ( )

**Gender of the respondent**

Male ( ) Female ( )

**Education Level**

University ( )

College ( )

Secondary ( )

**Age of respondent**

56 and above ( )

46 – 55 years ( )

36 – 45 Years ( )

Below 36 yrs. ( )

**Respondent's education background**

University ( )

College ( )

Secondary ( )

Primary ( )

**PART B: Human Relations**

Do the various departments in your organization work together well

Yes ( )                      No ( )

In your opinion, does the company pay attention to the interests of employees

Yes ( )                      No ( )

How would you define the relationship between management and the members of staff in your organization?

Good ( )

Bad ( )

Others specify ( )

Kindly indicate how much you agree or disagree with the following statements as far as the Human Relations is concerned. (Tick where appropriate) **where 1-Strongly Disagree; 2-Disagree; 3-Neutral; 4-Agree; 5-Strongly Agree**

		5	4	3	2	1
1	Management let people make their own decisions much of the time					
2	People are suspicious of other departments					
3	There is very little conflict between departments here					
4	Management involve people when decisions are made that affect them					
5	Supervisors here are really good at understanding peoples' problems					
6	Supervisors can be relied upon to give good guidance to people					
7	People are not properly trained when there is a new machine or bit of equipment					
8	The company only gives people the minimum amount of training they need to do their job					
9	This company pays little attention to the interests of employees					
10	This company cares about its employees					

**PART C: Internal Processes**

Do you have formal procedures in your organization?

Yes ( )                      No ( )

If yes in the above, please indicate the group:

The formal procedures are established ( )

People are allowed to try out new things ( )

Others specify.....

Kindly indicate how much you agree or disagree with the following statements as far as internal processes is concerned. (Tick where appropriate) **where 1-Strongly Disagree; 2-Disagree; 3-Neutral; 4-Agree; 5-Strongly Agree**

		5	4	3	2	1
1	It is considered extremely important here to follow the rules					
2	People can ignore formal procedures and rules if it assists get the job done					
3	Nobody gets too upset if people break the rules around here					
4	Senior management like to keep to established, traditional ways of doing things					
5	The way this organization does things has never changed very much					
6	Management are not interested in trying out new ideas					

**PART D:**

**Open Systems .**

Is your organization keen to find out what is happening in the external environment?

Yes ( )                      No ( )

How does your organization respond to the needs of its clients?

Readily ( )

Slowly ( )

Others Specify ( )

Kindly indicate how much you agree or disagree with the following statements as far as open system is concerned. (Tick where appropriate) **where 1-Strongly Disagree; 2-Disagree; 3-Neutral; 4-Agree; 5-Strongly Agree**

		5	4	3	2	1
1	New ideas are readily accepted here					
2	This company is quick to respond when changes need to be made					
3	This organization is quite inward looking; it does not concern itself with what is happening in the market place					
4	Ways of improving service to the customer are not given much thought					
5	In this organization, the way people work together is readily changed in order to improve performance					
6	The methods used by this organization to get the job done are often discussed					

**PART E: Rational Goals...**

Do you set goals in your organization?

Yes ( )                      No ( )

If yes, how often do you set goals

Daily                      ( )

Weekly                      ( )

Monthly                      ( )

Quarterly                      ( )

All of the above                      ( )

Others specify.....

Do you attribute your organizational performance to the goals that you set?

Yes ( )                      No ( )

Kindly indicate how much you agree or disagree with the following statements as far as rational goals is concerned. (Tick where appropriate) **where 1-Strongly Disagree; 2-Disagree; 3-Neutral; 4-Agree; 5-Strongly Agree**

		5	4	3	2	1
1	People aren't clear about the aims of the company					
2	Time and money could be saved if work were better organized					
3	People are enthusiastic about their work					
4	People here get by with doing as little as possible					
5	People don't have any idea how well they are doing their job					
6	In general, peoples' workloads are not particularly demanding					
7	This company is always looking to achieve the highest standards of quality					
8	This company does not have much of a reputation for top-quality products					

**PART F: Organizational Performance**

How would you describe your organizational performance?

Very good ( )

Good ( )

Average ( )

Poor ( )

Very poor ( )

Others Specify.....

Kindly indicate how much you agree or disagree with the following statements as far as performance management is concerned. (Tick where appropriate) **where 1-Strongly Disagree; 2-Disagree; 3-Neutral; 4-Agree; 5-Strongly Agree**

**PART E: organization performance**

		5	4	3	2	1
1	Services are available to all parties regardless of their gender.					
2	Appointment time are strictly observed and adhered to.					
3	Our clients take the shortest time possible to be served					
4	The health worker patient ratio is adequate					
5	The employees are generally demotivated					
6	The hospital offers adequate opportunities for growth					
7	We have opportunities to enhance our revenue					
8	We are able to meet all our financial goals.					
9	The hospitals is struggling to meet its financial obligations.					
10	Our hospital is able to purchase all the necessary equipment					



#### **Appendix IV: Model 1-Multiple Regression**

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where

Y = Performance

$\beta_0$  = constant or the autonomous response that does not depend on the four predictor variables in this study.

$X_1$  = Human Relations

$X_2$  = Internal Processes

$X_3$  = Open Systems

$X_4$  = Rational goals

e = Error term

## Appendix V: Model 2 – Human Relations and Performance

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.641 <sup>a</sup>	.411	.410	.39899

a. Predictors: (Constant), x1

### Enova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	58.111	1	58.111	365.029	.000 <sup>b</sup>
	Residual	83.260	523	.159		
	Total	141.372	524			

a. Dependent Variable: y

b. Predictors: (Constant), x1

### Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.691	.078		34.375	.000
	x1	.079	.004	.641	19.106	.000

a. Dependent Variable: y

## Appendix VI: Model 3 – Internal Processes and Performance

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.738 <sup>a</sup>	.544	.543	.35103

a. Predictors: (Constant), x2

### Enova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76.927	1	76.927	624.304	.000 <sup>b</sup>
	Residual	64.444	523	.123		
	Total	141.372	524			

a. Dependent Variable: y

b. Predictors: (Constant), x2

### Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.880	.092		20.409	.000
	x2	.168	.007	.738	24.986	.000

a. Dependent Variable: y

## Appendix VII: Model 4 – Open Systems and Performance

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.478 <sup>a</sup>	.229	.227	.45661

a. Predictors: (Constant), x3

### Enova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.328	1	32.328	155.055	.000 <sup>b</sup>
	Residual	109.043	523	.208		
	Total	141.372	524			

a. Dependent Variable: y

a. Predictors: (Constant), x3

### Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.772	.112		24.678	.000
	x3	.080	.006	.478	12.452	.000

a. Dependent Variable: y

**Appendix VIII: Model 5 – Rational Goals and Performance**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696 <sup>a</sup>	.485	.484	.37321

a. Predictors: (Constant), x4

**Enova**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.523	1	68.523	491.952	.000 <sup>b</sup>
	Residual	72.848	523	.139		
	Total	141.372	524			

a. Dependent Variable: y

b. Predictors: (Constant), x4

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.056	.096		21.470	.000
	x4	.313	.014	.696	22.180	.000

a. Dependent Variable: y

**Appendix IX: Model 6 – Regression Results for the Overall Model**

**Model Summary**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.899 <sup>a</sup>	.809	.807		.22805

a. Predictors: (Constant), x4, x3, x2, x1

**Enova**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	114.327	4	28.582	549.553	.000 <sup>b</sup>
	Residual	27.045	520	.052		
	Total	141.372	524			

a. Dependent Variable: y

a. Predictors: (Constant), x4, x3, x2, x1

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.682	.078		8.787	.000
	x1	.025	.003	.202	8.627	.000
	x2	.099	.005	.435	18.760	.000
	x3	.025	.004	.150	7.121	.000
	x4	.185	.010	.411	18.701	.000

a. Dependent Variable: y

## Appendix X: Correlations

### Correlations

		y	x1	x2	x3	x4
y	Pearson Correlation	1	.641**	.738**	.478**	.696**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	525	525	525	525	525
x1	Pearson Correlation	.641**	1	.485**	.275**	.455**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	525	525	525	525	525
x2	Pearson Correlation	.738**	.485**	1	.387**	.356**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	525	525	525	525	525
x3	Pearson Correlation	.478**	.275**	.387**	1	.254**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	525	525	525	525	525
x4	Pearson Correlation	.696**	.455**	.356**	.254**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	525	525	525	525	525

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