

## THE ROLE OF CHANGE MANAGEMENT ON THE PERFORMANCE OF PUBLIC INSTITUTIONS IN KENYA: A CASE OF KENYATTA NATIONAL HOSPITAL

**Munyao Martha Mukela**

**CITATION:** Munyao, M. M. (2013). The role of change management on the performance of public institutions in Kenya: A case of Kenyatta National Hospital. *International Journal of Social Sciences and Entrepreneurship* , 1 (5), 1-17.

### ABSTRACT

Managing change is about handling the complexity of the process. It is about evaluating, planning and implementing operations, tactics and strategies and making sure that the change is worthwhile and relevant. The aim of this study was to establish the role of change management on the performance of public institutions in Kenya. The study also sought to establish the effects of information technology, innovation, employees' motivation and management skills on the performance of Kenyatta National Hospital. This study used descriptive research design. The target population of this study was 158 management staff working at Kenyatta National Hospital. This study used a stratified random sampling to select 30% of the target population. The sample size of this study was therefore 48 respondents. The study established that information technology has significant potential to improve patient safety and organizational efficiency. Innovation in healthcare continues to be a driving force in the quest to balance cost containment and health care quality. The study also found that employees' motivation improves service delivery and quality of healthcare in the hospital, increases revenue, reduces accidents and leads to better work output.

**Key Words:** *Organizational Performance, Innovation, Management Skills, Employees' Motivation, Information Technology*

## **Introduction**

Organizational change is a reality of the 21<sup>st</sup> century. The forces for change are largely external, coming from increased demands brought by customers, competitors, suppliers, markets, government regulations and the advent of new technologies (Taylor, & Cooper, 2003). Acquisitions and downsizings pose additional significant demands. There are also common internal motivators such as: dissatisfaction with current performance when compared to established goals; the need to implement and gain the full benefit of new technologies; the increasing expectations of key people, especially senior management; new demands from the workforce, for example, for more influence, information, and increased skills; and, finally, the force of shared values that guide the organization's desired relationships with customers, employees, and the community (Vithessonthi & Thoumrunroje, 2011).

The Kenyatta National Hospital, one of the largest referral institutions in the East Africa region, is on the verge of transforming itself into a self-sustaining, to be able to provide specialized healthcare. A raft of measures the hospital's top organ, the Board of Management, has recommended and started implementing is to achieve the long cherished and desired goals. This will be a major brake from the hospital's historical dilemma of being underfunded by the government, yet still remaining the largest referral hospital in the country and region, catering for some 500,000 outpatients annually (Nyanjom, 2008).

## **Statement of the Problem**

Change has become a constant phenomenon which must be attended to and managed properly if an organization is to survive. Changes in technology, information systems, management and workforce demographics have a significant effect on the processes, products and services produced (Varkey, Horne & Bennet, 2008).

The culmination of these forces has resulted in an external environment that is dynamic, unpredictable, demanding and often devastating to those organizations which are unprepared or unable to respond. While organizational change is a constant experience, knowledge and awareness about many of the critical issues involved in the management of such change is often lacking in those responsible for its progress (Waswa & Juma, 2012). Change management has been linked to the organization's competitiveness and response to changes in the environment. This implies the readiness to change within an organization and the ability to implement the proposed changes.

In the recent past, Kenyatta National Hospital has experienced various changes in relation to management, technology adoption, innovation and employees' motivation. However, in spite of all the improvements and the new non-medical CEO's strategy of "firing up the staff" in order to embrace inevitable change aimed at achieving the deliverables of the performance contract, the hospital is yet to improve on its clinical outcomes (Misau, Al-Sadat & Gerei, 2012). The number of inpatients treated in Kenyatta National Hospital in the year 2011 decreased by 1.43 percent while in the year 2012 it decreased by 4 percent. On the other hand, the number of outpatients in the year 2011 decreased by 1.04 percent while in the year 2012 it decreased by 9.74 percent.

Several studies have been conducted in relation to change management in Kenya. For instance, Ngure (2012) conducted a study on the effect of change management initiatives on total quality management implementation in Kenya's manufacturing sector: a case of central glass industries, Kenya and Oloo (2004) did a study on the effects of change management practices on financial performance of the Postal Corporation of Kenya. However, there is no known study has been conducted on the influence of management change in the performance of the health care sector.

## **Objectives of the Study**

### **General Objective of the study**

The general objective of this study was to establish the role of change management on the performance of public institutions in Kenya by focusing on Kenyatta National Hospital

### **Specific Objective of the study**

The specific objectives of this study were:

1. To establish the effects of information technology adoption on the performance of Kenyatta National Hospital
2. To find out the effects of employees motivation on the performance of Kenyatta National Hospital
3. To determine how management skills influence the performance of Kenyatta National Hospital
4. To identify the effects of innovation on the performance of Kenyatta National Hospital

## **Literature Review**

### **Theoretical Framework**

This study focused on five theories which include diffusion of innovations theory, technology acceptance model, herzberg's motivation-hygiene theory, schein's theory and theory of constraints and managements skills.

Diffusion of Innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures. Everett Rogers, a professor of rural sociology, popularized the theory in his 1962 book Diffusion of Innovations. He said diffusion is the process by which an innovation is communicated through certain channels over time among the

members of a social system. The origins of the diffusion of innovations theory are varied and span multiple disciplines.

One of the well-known models related to technology acceptance and use is the technology acceptance model (TAM), originally proposed by Davis in 1986. TAM has proven to be a theoretical model in helping to explain and predict user behavior of information technology (Legris, Ingham, & Collette, 2003). TAM is considered an influential extension of theory of reasoned action (TRA), according to Ajzen and Fishbein (2002). TAM proposes that external factors affect intention and actual use through mediated effects on perceived usefulness and perceived ease of use (Legris, Ingham & Collette, 2003). This study adopted this model to explain the acceptance of information technology in the health sector in Kenya.

The Herzberg's motivation-hygiene theory (also known as Two-factor theory and Dual-Factor Theory) states that there are certain factors in the workplace that cause job satisfaction, while a separate set of factors cause dissatisfaction. Herzberg was the first to show that satisfaction and dissatisfaction at work nearly always arose from different factors, and were not simply opposing reactions to the same factors, as had always previously been believed (King, 2004). In 1959 Herzberg wrote the following useful little phrase, which helps explain this fundamental part of his theory, i.e., that the factors which motivate people at work are different to and not simply the opposite of the factors which cause dissatisfaction. The job satisfiers deal with the factors involved in doing the job, whereas the job dissatisfiers deal with the factors which define the job context (Herzberg, 2005).

The theory of constraints (TOC) is a management paradigm that views any manageable system as being limited in achieving more of its goals by a very small number of constraints. There is

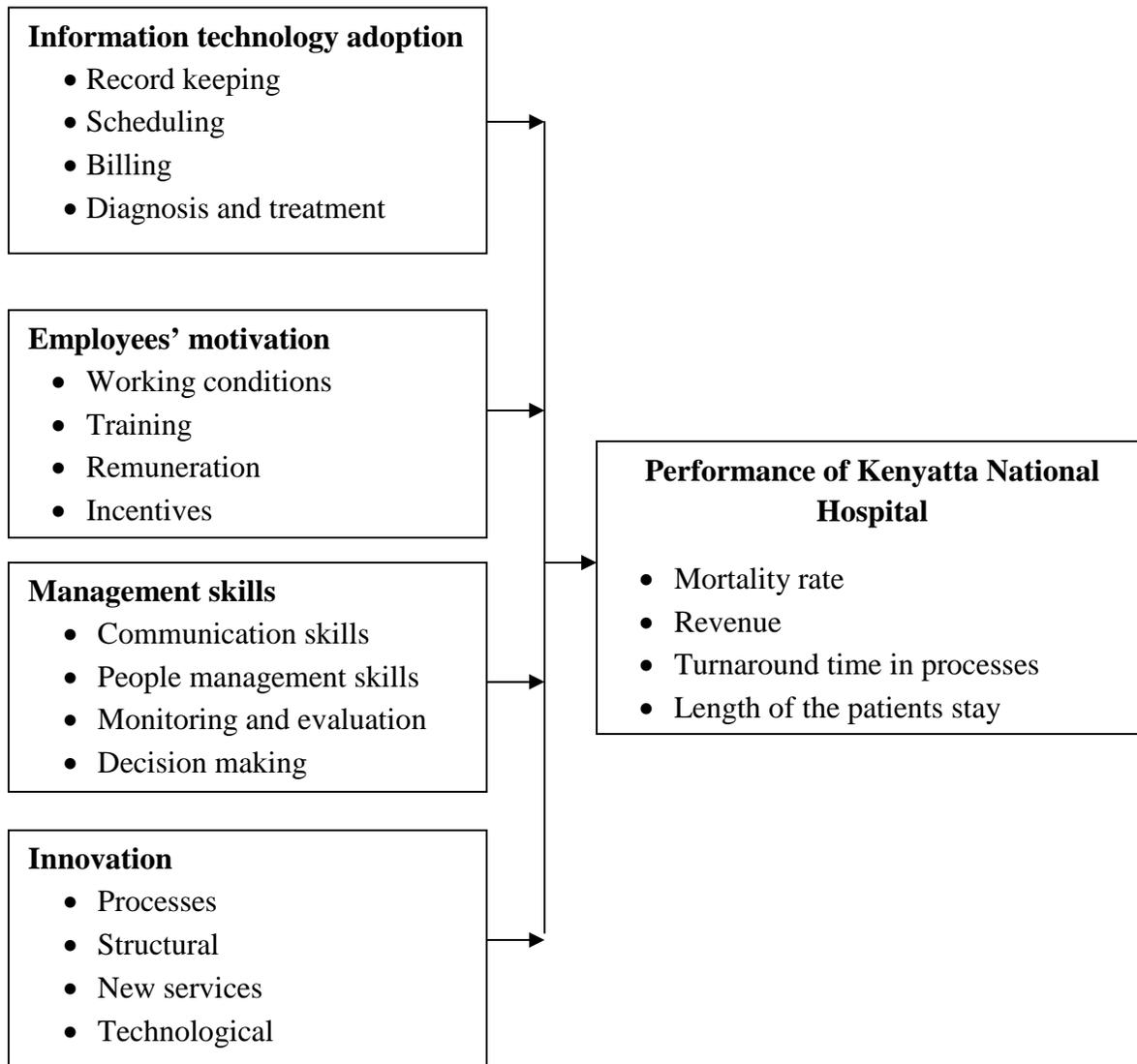
always at least one constraint, and TOC uses a focusing process to identify the constraint and restructure the rest of the organization around it.

According to the theory, professionals possess special knowledge and skills in a widely recognized, organized body of learning derived from education and training at a high level (Fournier, 2006). In relation to this study doctors and other healthcare professionals do not possess special management knowledge and skills which are derived from education and training at a high level. On the other hand managers, possess special management knowledge and skills which are derived from education and training and hence they are better in managing health-care facilities as compared to healthcare professionals.

### **Conceptual Framework**

This study sought to establish the role of change of management on the performance of public institutions in Kenya by focusing on Kenyatta National Hospital. The independent variables in this study were information technology, innovation, employees' motivation and management skills. The study therefore sought to establish the relationship between the independent variables and the dependent variable (Performance of Kenyatta National Hospital).

Figure 1: Conceptual Framework



**Independent Variables**

**Dependent variables**

### Research Gap

There is immense of literature on change management globally and locally. Globally, Greasley, Watson & Patel, (2009) conducted a study to examine the impact of on public sector employees utilizing the implementation of the UK Government's "Back to work" programme (BTW) as a case study example, Haydn & Mark (2000) did a study on the effects of organizational change on

employee psychological attachment: An exploratory study and Tuan & Malcolm (2011) conducted a study to examine how the relationship among competitive environment, manufacturing technology and organizational strategy affect organizational performance. Locally, Ngure (2012) did a study on the effect of change management initiatives on total quality management implementation in Kenya's manufacturing sector: a case of central glass industries, Kenya and Oloo (2004) did a study on the effects of change management practices on financial performance of the Postal Corporation of Kenya.

However, Greasley, Watson & Patel, (2009), Haydn & Mark (2000) and Tuan & Malcolm (2011) studies were not conducted in Kenya and hence they cannot be generalized in the Kenyan situation. In addition, the local studies were case studies (Postal Corporation of Kenya and central glass industries) and hence the findings cannot be used in the healthcare sector. This is because these sectors have different characteristics and experience different challenges in implementation of change. This study therefore sought to fill the research gap by investigating the effects of management change on the performance of public institutions in Kenya by focusing on Kenyatta National Hospital.

### **Research Methodology**

This study used descriptive research design. This design refers to a set of methods and procedures that describe variables. It involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data. Descriptive studies portray the variables by answering who, what, and how questions (Babbie, 2002). The target population of this study was the 158 management staff working at Kenyatta National Hospital. In addition, the study used a stratified random sampling to select 30% of the target population and hence the sample size was 48 respondents. Structured questionnaires were used in this study to collect data. Questionnaires

are the most commonly used methods when respondents can be reached and are willing to cooperate. The questionnaires comprised of both the open ended and closed ended questions. The open ended questions gave the respondents an opportunity to express their feelings and behavior in relation to the research questions. The questionnaires were administered personally by the researcher by using drop-and-pick later method. The data that was collected in this study was both qualitative and quantitative in nature. Qualitative data was analysed by use of content analysis presented in a prose form. On the other hand, Quantitative data was analysed by use of Statistical Package for Social Sciences (SPSS) version 21. In addition, descriptive (mean, Std Deviation) and inferential statistics (correlation analysis) were used in this study.

### **Data Analysis**

#### **Reliability Analysis**

A pilot group of 5 individuals from the target population were selected to test the reliability of the research instruments. Cronbach's Alpha was used to test the internal consistency of the questionnaires. The alpha value ranges between 0 and 1 with reliability increasing with the increase in value.

In the pilot test four constructs were studied. From the findings 'information technology adoption' scale was found to have an Alpha value of 0.798, 'innovation' scale was found to have an Alpha value of 0.777, 'employees' motivation' scale was found to have an Alpha value of 0.767 and 'management skills' was found to have an Alpha value of 0.743. Mugenda & Mugenda, (2003) indicates that coefficient of 0.6-0.7 is a commonly accepted rule of thumb that indicates acceptable reliability, and 0.8 or higher indicated good reliability. The findings show that the research instrument used was reliable.

### **Correlation Analysis**

A correlation is a number between -1 and +1 that measures the degree of association between two variables. A positive value for the correlation implies a positive. A negative value for the correlation implies a negative or inverse association.

From the correlation analysis, the study found that there is a positive relationship between information technology adoption and performance of Kenyatta National Hospital, where the correlation coefficients was 0.981 and a p-value of 0.000. The study also found that innovation and performance of Kenyatta National Hospital correlate positively with correlation coefficients of 0.806 and p-value of 0.002. The study further established that there is a positive relationship between employees' motivation and performance of Kenyatta National Hospital with a correlation coefficient of 0.728 and p-value of 0.021. Lastly, the study found that there is a positive relationship between management skills and performance of Kenyatta National Hospital with a correlation coefficient of 0.698 and a p-value of 0.037. This infers that among the four variables, information technology was influencing performance most, followed by innovation, employees, motivation and management skills.

**Table 1: Correlation coefficients**

		Performance	information technology	Innovation	employees' motivation	management skills
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
information technology	Pearson Correlation	.981	1			
	Sig. (2-tailed)	.000				
Innovation	Pearson Correlation	.806	.038	1		
	Sig. (2-tailed)	.002	.803			
employees' motivation	Pearson Correlation	.728	.120	.364	1	
	Sig. (2-tailed)	.021	.428	.013		
management skills	Pearson Correlation	.698	-.252	.027	-.084	1
	Sig. (2-tailed)	.037	.091	.859	.579	

**Analysis of Variance (ANOVA)**

The significance value is 0.001 which is less than 0.05 thus the model is statistically significant in predicting how information technology, innovation, employees' motivation and management skills influence the performance of Kenyatta National Hospital. The F critical at 5% level of significance was 5.611. Since F calculated is greater than the F critical (value = 1.677), this shows that the overall model was significant.

**Table 2: Analysis of Variance (ANOVA)**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.507	4	.877	5.611	.001
Residual	6.406	41	.156		
Total	9.913	45			

**Effect of Information technology on Organizational Performance**

This study established that the adoption of information technology at Kenyatta National Hospital was moderate. In addition, the study also established that Kenyatta National Hospital was using user group communication via outlook, mobile phones, iPads, billing system and intranet in an effort to improve organization's performance. The study also found that Kenyatta National Hospital had adopted information technology in billing and record keeping to a great extent. However, the hospital had adopted information technology in reduction of medical errors, treatment and diagnosis to a moderate extent. It was also established that information technology was influencing organizational efficiency, patients' satisfaction, quality of healthcare and patients' safety to a great extent. Further Information technology has significant potential to improve patient safety, organizational efficiency, and patient satisfaction in healthcare.

**Effect of Innovation on Organizational Performance**

Innovation in healthcare continues to be a driving force in the quest to balance cost containment and health care quality. The study established that Kenyatta National Hospital had been investing in innovations in the last five years. Further, Kenyatta National Hospital had been investing in process innovation, new services innovation, technological innovations and structural innovations. Technological innovations present vast opportunities for product innovation, product innovations are essential to the life of any organization since they provide the most obvious means for generating incremental revenues.

**Effect of Employees' motivation on Organizational Performance**

The presence of high-quality, motivated staff is a key aspect of health system performance, but also one of the most difficult inputs to ensure. This study found that Kenyatta National Hospital was committed to enhancing employees' motivation. Job satisfaction is inextricably linked to

motivation, and both involve cognitive, affective, and behavioural processes, with worker motivation commonly understood as the reason why workers behave as they do towards achieving personal and organizational goals. It was revealed that involvement of employees in decision making processes increases their motivation, which subsequently influences performance. The study further revealed that employees' motivation had upped service delivery and quality of healthcare in the hospital. In addition, employees' motivation had increased revenue, reduced accidents and had led to better work output.

### **Effect of Management skills on Organizational Performance**

In an attempt to improve public sentiment about the public sector, and in their quest to enhance efficiency and effectiveness within the sector, public sector agencies are aspiring to emulate the private sector philosophy and management approach. The study also established that low level, middle level and top level managers at Kenyatta National Hospital were involved in the development of the organizations strategic plan, attaining the organizations goals, decision making and monitoring and evaluation to great extent. Managers need to possess several competencies like communication skills and people management skills that will enable them to perform these functions effectively and efficiently. The study also found that management skills increase the staff's efficiency, improves organizational performance, improves the efficiency of the organization and helps in making correct decisions.

### **Conclusions**

The study concludes that information technology, innovation, employees' motivation and management skills positively relate with the performance of Kenyatta National Hospital. Information technology has significant potential to improve patient safety, organizational efficiency, and patient satisfaction in healthcare. Kenyatta National Hospital had not adopted

information technology in diagnosis, treatment and prevention of medical errors. Some clinical outcomes are not achieved as desired and planned due to failure to fully adopt information technology. In addition, information technology improves efficiency, retrieval of information, admissions, billing services, accuracy patients' satisfaction data storing and communication.

Kenyatta National Hospital had been investing in process innovation, new services innovation, technological innovations and structural innovations. In addition, innovation had improved customers satisfaction, had enhanced service delivery, had improved turnaround time and had increased the number of patients. Further, the study found that innovation led to good corporate governance and had improved clinical outcomes. In addition, innovation had positively influenced the overall efficiency of the organization in terms of work performance, training and research.

The presence of high-quality, motivated staff is a key aspect of health system performance. Training and remuneration at Kenyatta National Hospital were good while working conditions, incentives and resource availability were moderate. Employees' motivation improves service delivery and quality of healthcare in the hospital, increases revenue, reduces accidents and leads to better work output.

At Kenyatta National Hospital, low level, middle level and top level managers are involved in the development of the organizations strategic plan, attaining the organizations goals, decision making and monitoring and evaluation to great extent. Management skills increase the staff's efficiency, improve organizational performance, improve the efficiency of the organization and helps in making correct decisions.

## Recommendations

This study recommends that:

1. Kenyatta National Hospital should embrace information technology in reduction of medical errors, scheduling, diagnosis and treatment so as to increase patients' safety, organizational efficiency, patients' satisfaction and quality of healthcare.
2. Kenyatta National Hospital should adopt structural innovations and technological innovations to as to reduce turnaround time, efficiency and patients safety & satisfaction.
3. Kenyatta National Hospital management should employ more staffs to boost staff morale and increase efficiency in the organization.
4. The organization should enhance teamwork which would subsequently improve information sharing within the organization.

## References

- Ajzen, I., & Fishbein, M. (2002). *Understanding attitudes and predicting social behavior*. Englewood Cliffs, NJ: Prentice-Hall.
- Cooper, D., & Schindler, P.S.(2003). *Business research methods* (8th ed). New Delhi: Tata McGraw-Hill Publishing Company. India.
- Fournier, V. (2006). 'The Appeal to Professionalism as a Disciplinary Mechanism. *The Sociological Review*, 47(2), pp.280–307.
- Greasley, K., Watson, P. & Patel, S. (2009) "The impact of organisational change on public sector employees implementing the UK Government's "Back to work" programme", *Employee Relations*, 31(4), pp.382 - 397

- Haydn, B. & Mark, D. (2000) "The effects of organisational change on employee psychological attachment An exploratory study", *Journal of Managerial Psychology*, 15(2), pp.126 – 146
- Herzberg, F. (2005), One more time: how do you motivate employees?", *Harvard Business Review*, 46(1), pp. 53–62.
- Herzberg, F., Mausner, B. & Snyderman, B.B. (2008), *The Motivation to Work*. New York: John Wiley.
- KNH (2012), *Monitoring and evaluation report*. knh.or.ke/
- Kothari, C. R. (2004). *Research methodology: Methods and techniques*. New Delhi: New Age
- Legris, P., Ingham, J., & Collette, P. (2003). Why do people use information technology? A critical review of the technology acceptance model. *Information & Management*, 40, 191–204.
- Ministry of Health (2009), *Strategic Action Plan for Financing Health Care in Kenya*. March, 2009. Ministry of Health and Kenya Health Care Financing Project, Nairobi, Kenya
- Misau, Y.A., Al-Sadat, N. & Gerei, A.B. (2010), Brain-drain and health care delivery in developing countries. *Journal of public health in Africa*, 1(1), pp 23-26
- Mugenda, O. M., & Mugenda, A. G. (2003). *Research methods: Quantitative and qualitative approaches*. Nairobi: Acts Press.
- Ngure, E. N. (2012), *Effect of change management initiatives on total quality management implementation in Kenya's manufacturing sector: a case of central glass industries, Kenya*. Unpublished Research Project, Kenyatta University.
- Nyanjom, E.O. (2008), *'Equity in health care financing and delivery in Kenya'*. Unpublished PhD thesis, University of Sussex

- Oloo, D. O. (2004), *Effects of Change Management Practices on Financial Performance of the Postal Corporation of Kenya*. Unpublished Research Project, Kenyatta University.
- Rogers, E.M. (2003). *Diffusion of innovations*, Fourth Edition ed., New York, Free Press.
- Schein, E.H. (1999). *The Corporate Culture Survival Guide: Sense and Nonsense about Culture Change*. San Francisco: Jossey-Bass.
- Taylor, H. & Cooper, L. (2003). Organizational Change — Threat or Challenge?: The Role of Individual Differences in the Management of Stress, *Journal of Organizational Change Management*,1(1), 68 – 80
- Tuan, Z. T. & Malcolm, S., (2011) The effects of changes in competition, technology and strategy on organizational performance in small and medium manufacturing companies, *Asian Review of Accounting*, 19(3), 208 - 220
- Varkey, P., Horne, A. & K.E. Bennet. (2008). Innovation in Health Care: A Primer. *American Journal of Medical Quality*, 23, 382-388
- Vithessonthi, C. & Thoumrungroje, A. (2011) Strategic change and firm performance: the moderating effect of organizational learning, *Journal of Asia Business Studies*, 5(2), 194 – 210
- Waswa, P. B., & Juma, C. (2012). Establishing a space sector for sustainable development in Kenya. *International Journal of Technology & Globalisation*, 6(1), 152-169.