

# INFLUENCE OF COMMUNICATION ON SERVICE PERFORMANCE OF THE NATIONAL HOSPITAL INSURANCE FUND DESIGNATED HEALTH CARE SERVICE PROVIDERS IN KENYA

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**Abstract:** The main objective of this study was to determine the influence of communication on service performance of the National Hospital Insurance Fund in Kenya. The five hospitals selected for the study were: Kenyatta National Hospital, Nairobi Hospital, Aga Khan, MP Shah, and Mbagathi hospitals. The population for the study consisted of members of staff of the five hospitals in management, administration and wards. The target population for each hospital was 75 members of staff, comprising of 20 managers, 25 administration members and 30 ward workers. The study used stratified random sampling where the population was divided into mutually exclusive and collectively exhaustive categories and were issued with questionnaires. The study found out that there was a significant relationship between Communication and Service Performance.

**Keywords:** Communication, National Hospital Insurance Fund, Service Performance, Health care Service Providers.

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## 1. INTRODUCTION

Contrary to the once widely held view, among economists, services have increasingly played a significant role in the economic life in world economies, both developed and developing. Growing attention paid to service quality and customer satisfaction has stirred managers of many service organizations into action, especially in the areas of performance. Even the executives and managers of a service conglomerate, everyone would love to criticize, like the government, has not been immune to the mounting pressure (Czinkota & Kotabe, 2009). A lot has been done to improve quality and customer satisfaction in most service industries, during the 1980s and 1990s. As a result, there have been marked improvements in the quality of many services. Nevertheless, poor service quality is still a fact of life in many countries, around the world.

Besides organizational structure and behaviour, service providing institutions need to be conversant with and thorough knowledge of service characteristics which affect their performance. The designated health care service providers should know the distinctive features of services – services differ from goods, most strongly in their intangibility, the intangibility important implications. The implications range from difficult competitive comparisons to financing, and makes precise specifications almost impossible.

Observing and evaluating services is difficult, especially when choosing intelligently among the different health care service providers designated by National Hospital Insurance Fund. Service heterogeneity results in services that may not be same from one delivery to another. It is, therefore, difficult to compare services to one another, meaning that for the

buyers and often also suppliers the transparency of the service market is low (Haksever, et al., 2006). Service performance and quality may vary for each delivery. Therefore, performance and quality measurements are quite challenging. In response to this challenge, much research work has been carried out in the service quality measurement field. The most visible effort consisted of the SERVQUAL model, which proposed a series of measures to determine the discrepancy between expectations and perceptions of services by customers. Over time, the measurers used have been significantly expanded and refined.

On behalf of NHIF and the Kenyan population the health care service providers should monitor closely the stagnant services with regards to their input and cost to help mitigate their performance. This is more so as the productivity improvement in the progressive component, through technology applications, in the health care service provision quickly become less significant in the overall cost picture because of the shrinking share in the total cost and eventually, the stagnant component – the cost of specialists/physicians – become dominant, thereby, making health care service providers' services taking on the characteristics of the stagnant category. This change can be beneficial to the ultimate customer/stakeholders in terms of a decrease in cost on the early stages of the service life cycle (Haksever, et al., 2006) – hence improving the performance considerably.

## **2. STATEMENT OF THE PROBLEM**

The introduction of performance contracting, by the Government of Kenya, through Gazette Notice created Performance Contracts Steering Committee in August, 2003, to spearhead the introduction and implementation of Performance Contracts in public service (Ndung'u, 2009). The technological and innovative advancement in all fields of human endeavour, including breakthroughs in global improvements in service delivery, made the immediate and future priority, therefore, becoming the realization of cost effectiveness and provision of quality and satisfactory services.

In line with the above developments the Fund embarked on operationalization of such concepts like – Results Based Performance Management (RBPM) the implementation of which should help improve the health care service provision performance and accountability to its members, the government and stakeholders. In a further effort to focus on transparency, accountability and improved service delivery, the Fund also developed Customer Service Charter. Measures were also put in place to help strengthen the internal capacity of the Fund.

There are possible risks arising from lack of direct control in the designated health care service providers over quality; employee loyalty may be jeopardized by job loss fears; exposure to data security and customer privacy issues; dependence on suppliers which can compromise future negotiation leverage; coordination expense and delay – and atrophy of in-house capability to perform out sourced services. A number of studies have been done on this concept but few have been done on the influence of communication on service performance of the National Hospital Insurance Fund in Kenya and that is the gap that the current study sought to fill.

## **3. LITERATURE REVIEW**

Communication between all cadres of personnel as an intervening variable can greatly influence and improve service performance. The important characteristics of services, such as intangibility, perishability, inseparability, and variability, all imply customer contact involvement of customers in service production and high personal judgement required of service providers (Haksever, et al., 2006). These characteristics which exist in the operations of the designated health care service providers make service encounters special events in which operations, marketing and human resource functions of an organization are all involved and necessitates cooperation and coordination among all the functions to create value and customer satisfaction (Czinkota & Kotabe, 2009). This requires communication between all cadres of personnel in the designated health care service providers, as an intervening variable which can greatly influence and improve service performance (Drucker, 2005).

## **4. RESEARCH METHODOLOGY**

Five hospitals were selected for the study were: Kenyatta National Hospital, Nairobi Hospital, Aga Khan, MP Shah, and Mbagathi hospitals. The population for the study consisted of members of staff of the five hospitals in management, administration and wards. The target population for each hospital was 75 members of staff, comprising of 20 managers, 25 administration members and 30 ward workers.

## 5. FINDINGS

From the original list, indicating Communication, eight items had been compiled. Subsequently one item with a low loading of 0.376 was discarded leaving seven items with factor loadings between 0.500 and 0.860 as shown in Table 1.

**Table 1: Factor Loadings for Communication**

Communication	Factor Loadings
1 Organizational communication has positively influenced employee attitudes, commitment to service performance.	.501
2 Communication has enhanced work relations between employees for better customer service performance.	.667
3 The level of communication between departments, employees and management is at best for service performance.	.564
3 The organizational alignment and harmonization has been emphasized regularly and communicated for better service performance.	.673
4 Organizational communication has positively influenced employee attitudes, commitment to service performance.	.376**

**Table 2:**

Statements	SD	D	N	A	SA
Organizational communication has positively influenced employee attitudes, commitment to service performance.	30.9%	32.4%	12.2%	14.4%	10.1%
Communication has enhanced work relations between employees for better customer service performance.	10.0%	8.6%	12.1%	48.6%	20.7%
The level of communication between departments, employees and management is at best for service performance.	12.9%	48.9%	9.4%	23.7%	5.0%
The organizational alignment and harmonization has been emphasized regularly and communicated for better service performance.	9.4%	11.5%	14.4%	46.0%	18.7%

In Table 2 the majority of the respondents disagreed with the fact that organizational communication has positively influenced employee attitude, commitment to service performance. That came to 63.3% of the respondents. 69.3% agreed that communication has enhanced work relations between employees for better customer service performance. 48.9% disagreed that the level of communication between departments, employees and management is at best for service performance. On the last statement of the organizational alignment and harmonization has been emphasized regularly and communicated for better service performance, 64.7% agreed with the statement.

This objective was tested using hypothesis three, that; there is no association between communication and Service Performance in NHIF operations in Kenya. To test the hypothesis linear regression model was used as shown in Table 3. The coefficient determinant (R- square) was 0.249. This therefore implies Communication explained at least 24.9% of variability of Service Performance.

**Table 3: Communication (X<sub>3</sub>) and Service Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.499 <sup>a</sup>	.249	.239	2.08247	2.162

a. Predictors: (Constant), communication X<sub>3</sub>

b. Dependent Variable: Service Performance (Y)

**ANOVA: (Analysis of variance) Communication**

Analysis of Variance results for regression coefficients revealed that p -values was 0.000 which was less than 0.05 hence the null hypothesis was rejected. The implication was that there was a significant relationship between Communication and Service Performance. This is as shown in Table 4.

**Table 4: ANOVA<sup>a</sup> for Communication (X<sub>3</sub>)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	105.009	1	105.009	24.214	.000 <sup>b</sup>
	Residual	316.578	73	4.337		
	Total	421.587	74			

- a. Dependent Variable: Service Performance (Y)  
b. Predictors: (Constant), communicationX<sub>3</sub>

The coefficient regression equation between Communication and Service Performance can be expressed as  $Y = 19.938 + 1.677 X_3$  from the coefficient Table 5. The p-value was 0.000 which was also less than 0.05. This further implies that there was a significant relationship between Communication and Service Performance.

**Table 5: Coefficient for communication (X<sub>3</sub>)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	19.938	1.469		13.569	.000		
	X <sub>3</sub>	1.677	.341	.499	4.921	.000	1.000	1.000

- a. Dependent Variable: Service Performance ( Y)

From the analysis above it was therefore concluded that the third null hypothesis be rejected and the alternative be accepted; there is a significant relationship between Communication and Service Performance which is also harmonized by Laudon and Laudon (2010) and Fitzsimmons and Fitzsimmons, (2008) in their study on communication and service performance.

**6. CONCLUSION AND RECOMMENDATION**

the coefficient regression equation between Communication and Service Performance can be expressed as  $Y = 19.938 + 1.677 X_3$ . The p-value was 0.000 which was also less than 0.05. This further implies that there was a significant relationship between Communication and Service Performance. From the analysis above it was therefore concluded that the third null hypothesis be rejected and the alternative be accepted; there is a significant relationship between Communication and Service Performance. There was a significant relationship between Communication and Service Performance. Due to the positive correlation with the performance and as such, the researcher recommends that NHIF's designated health care service providers in Kenya should embrace communication to improve on the performance.

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