

Product Strategies Influencing Performance of Private Hospitals in Nyeri County, Kenya

Ann N Kihuro

Master of Business Administration Student.

Dr. Ann Sang

School of Business Management and Economics, Dedan Kimathi University of Technology

Dr. Susan Ngure

Department of Business Administration, Dedan Kimathi University of Technology

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Abstract

Health sector is one of the critical sectors of any economy. In Kenya, the private health market has grown dramatically over the last two decades and is an important source of health care across various segments of the population. Private hospitals are established to fill the gap left by the government health facilities in provision of health care due to budgetary constraints. However the performance of some of these private hospitals has been declining. The study sought to investigate the effect of product Strategies on Performance of Private Hospitals in Nyeri County, Kenya. To achieve the objective of this study a descriptive research design was adopted. The target population was a census of 56 respondents composing of heads of department or their assistants in the five private hospitals in Nyeri County. Self-administered questionnaires were used to collect data from the private hospitals registered by Medical Practitioners and Dentists Board of Kenya in Nyeri County. A pilot study was carried out in two private hospitals in Kirinyaga County. Cronbach Alpha coefficient with a value of 0.70 and above indicated that the instrument was reliable. Out of fifty six (56) questionnaires that were distributed, fifty one (51) responded representing a response rate of 91.1%. The analysis of the collected data was done by use of statistical package for social sciences (SPSS) to produce descriptive and inferential statistics. A bivariate linear regression was adopted at statistical confidence level of 95%. The study revealed that product strategies had positive and statistically significant effect on performance of private hospitals. In addition, the study revealed that majority of private hospital offers quality services and engages medical personnel who handle patients professionally. The study recommends that private hospitals should come up with health service delivery charter with a view to enhance the quality of service delivery and ultimately

the performance. The study suggests that future research could focus on challenges private hospitals face when they focus on implementing product strategies.

Keywords: Product Strategies, Performance, Private Hospitals

Introduction

Health sector is one of the critical sectors of any economy. A country that is characterized by poor health systems and policies is vulnerable to poor economic growth since the productivity of citizens might be greatly affected when they fall sick or die from curable and preventable diseases. A study carried out by Ngangue and Manfred (2015), on the impact of life expectancy on the growth of Gross National Income(GNI) in developing countries found that improvement in life expectancy has a positive effect on economic growth. Improved health boosts human capital through increasing life expectancy which allows accumulation of knowledge and skills important for investments, productivity and job creation. Hence evaluating performance of hospitals is of great importance in order to ensure optimum utilization of resources and attainment of goals through provision of services that meets customer's need. Health service performance measurement is also important in securing health system improvement and accountability which facilitates policy making (Asadi-Lari, Tamburini, & Gray, 2004).The goal of the health sector is to provide equitable and affordable health care at the highest affordable standard to all citizens. An effort towards good health is crucial as it improves health of people which increases productivity of individuals and reduces absenteeism at the work place. Improvement in survival rate and life expectancy increase the overall investment in national human capital (Moliner, 2009).

It is the government's mandate to provide quality health care services to its citizens through public hospitals. However the public health services do not adequately meet the medical needs of the entire populace due to limitation of resources.As a way of addressing the impending numerous public health problems, consideration has been given to the privatization alternative which has led to increased number of private hospitals in developing countries (Tiemann& Schreyogg,2009).The health sector is undergoing a significant and rapid change which compels health care organizations to struggle for continuous advancement in order to develop a robust healthcare system which is globally competitive. This helps to meet the needs and demands of emerging demographic trends leading to innovation and change in marketing strategies. Through these advancements the value of healthcare services can be determined by the level of access to effective, adequate and efficient care as a basic requirement of any health care system (Moulin, 2004). According to Ceyhun, Cagatay, and Meltem (2012), unavailability of qualified doctors and nurses, as well as their negative attitudes and behaviors and overcharging for medicals services are major barriers to the utilization of medical services in private hospitals. It is therefore very important for private hospitals to hire qualified medical practitioners with a positive attitude and adopt favorable pricing methods of medical services.

In a highly competitive healthcare environment, public and private hospitals are focusing on service quality in terms of financial and non-financial performance, to gain competitiveness. Like all services, having an intangible and heterogeneous nature, the degree of excellence is difficult to measure as contributors are different with respect to their interests and integrity, hence the quest to offer quality service in order to have competitive advantage through having an effective marketing strategy (Mantymaa, 2013). A robust health system should

provide the right services, both personal and population based, in the right places, at the right times to all of those who are in need of those services, from both public health and personal health perspectives, including all preventive, promotable, remedial, rehabilitative and palliative services. Health Systems are normally appraised in terms of their ability to deliver accessible, safe, high quality, efficient, and equitable care for the sake of population health and longevity (Malik, 2013).

The Kenyan healthcare system can be split into two subsystems, being the Public Sector and private sector. The private sector can further be split into three categories; Commercial Private Sector, Faith Based Organizations (FBOs) and hospitals run by Nongovernmental organizations (NGO). The Public Sector is the largest in terms of the number of healthcare facilities, followed by the Commercial Private Sector and the Faith-based Organizations (FBOs). The government leads with ownership of health facilities with a total of 3,956 followed by private sector with 2,652 facilities. The Total Health Expenditure (THE) has increased over the years by about 33% to KES 234 billion or USD 2,743 million in 2012/ 2013 (Turin, 2010). Health financing is mixed and receives funds from taxation, the National Health Insurance Fund (NHIF), private health insurances, employer schemes, Community Based Health Financing (CBHF), user fees (out of pocket expenses), development partners and Non-Governmental Organizations (NGOs). The government spending on healthcare is approximately 6% of GDP which is low compared to other countries in the region (Ministry of Health, 2011). In 2013, the public health services (primary and secondary level) moved from the national government and Ministry of Health (MOH) to the county governments. Since then, the MOH is limited to providing support and technical guidance to the counties and is responsible for regulating the health sector and the counties for providing the health services. The MOH is guided by the Kenya Health Sector Strategic Plan (KHSSP) 2013-2017 (Ministry of development and planning 2013).

Some countries in the world have a similar structure of health facilities with public and private facilities with differing levels of performance. According to Stefko, Gavurora and Kacisova (2018), private hospitals are more efficient and effective than public hospitals in the United States, influenced by lack of hospitality and timeliness towards patients. Sari, (2003) asserts that in Florida public hospitals are more efficient than private hospitals the difference resulting from unnecessary treatment and testing and violating medical standards of practice. Additionally there are unnecessary delays in diagnosis and treatment, unnecessary procedures and fragmentation of systems which contribute to higher costs in private hospitals. In Pakistan there is government control in the public health sector while in private sectors, there is no government control. However, NGOs and corporations are also active in healthcare and to some extent; they are successful in raising the positive standard of health. (Rashid & Jusoff, 2009).

Private Hospitals in Kenya

The Private health sector is composed of FBO, NGO and commercial private hospitals. FBO private hospitals are owned and operated by various faith based organizations while some NGO's own and operate private hospitals. These two types of facilities are non-profit making organizations. The commercial private hospitals are owned by individuals and mainly established to offer their services for profit. Overall, and as outlined in the National Health Sector Strategic Plan II (NHSSP II), the health care system is relying on a Sector Wide Approach

(SWAP) that aims to integrate the efforts of public, private not for-profit (NGO/FBO), and private for-profit health facilities into a unified drive toward health for all (Turin, 2010). The private health sector is increasingly viewed as critical to meeting the growing demand for financing and delivery of health care services in Kenya. About half of all health facilities in Kenya are private. The private health market has dramatically grown over the last two decades and is an important source for health care across various segments of the population. About 47 percent of poor Kenyans use a private facility when a child is sick, a third of couples obtain their family planning methods from the private health sector while ten percent of health care spending on family planning goes to NGOs or faith-based facilities. A quarter of people living with HIV and AIDS also access treatment from the private sector (Ministry of Health, 2011).

Nyeri County has five private hospitals; three FBOs which are Consolata Mission, Mary Immaculate and PCEA Tumutumu and two private for profit; Outspan and Jamii hospitals. The private health care industry in Nyeri County has a total bed capacity of 519 beds with average bed occupancy of 335 patients every day. Outpatient departments serve an average of 300 patients per day. The industry has employed a team of 511 employees who are organized into departments to ensure delivery of quality health care. Total number of departments in the health facilities is 56. In order to remain competitive to enhance financial performance, private hospitals must come up with an effective marketing strategy which is based on four P's of marketing mix which are product, price, place and promotion. Meera (2012), opined that marketing mix is the greatest marketing strategy for attaining high levels of performance for any firm. Marketers try to shape customer perceptions and attitude towards their firm by blending these four elements of marketing. According to Kotler and Armstrong (2013) market strategy is a mechanism of providing quality services and products that satisfies a customer's need, by offering them at affordable prices, engaging in wider distribution while backing it up with effective promotional strategy which strengthens firm's market share and minimize impact of competition. In today's complex conditions characterized by sophisticated and dynamic customer needs, firms have to adopt suitable competitive marketing strategies to ensure customer satisfaction by offering services that meet customer's expectations. Customer satisfaction ranks high on the list of strategic priorities concerned with the achievement of organizational long-term objectives; hence it reflects the effectiveness of the organization in delivering value to customers through delivering of quality services that meets the needs of customers (Shameen & Gupta, 2014). This study therefore sought to investigate the effect of product strategies, in this case health services on performance of private hospitals in Nyeri County.

Statement of the Problem

Health service can be defined as a service intended to influence a person's health, directly or indirectly, through a combination of procedures executed by medically educated personnel (Azam, et al, 2012). Health sector is one of the most dynamic sectors characterized by major advances in technological developments, sophisticated patient's needs, choices and demands. These factors have driven the need for rapid advances in health care performance measurement, hence it is becoming critical for health service providers to improve on data collection, choice of analytical methods, policy development and implementation on the best mix of marketing strategies. In Kenya, the private health market has dramatically grown over the last two decades and is an important source for health care across various segments

of the population. However the performance of some of these hospitals has been declining due to problems associated with poor medical service, medical malpractice, negligence, escalation of medical costs and employment of unqualified personnel. These problems have resulted to poor service delivery, thus creating bad public image and customer attrition which replicates to decline in private hospital's performance. The quest to redeem from the poor public image created, and to cope with major advances in business competitive environment and the demands for health services accountability have driven the need for private hospitals in Nyeri County to embrace massive marketing strategies. The study therefore aims to investigate the effect of product strategies on performance of private hospitals in Nyeri County, Kenya.

Literature Review

Theoretical Review

The study was informed and guided by the Ansoff Growth Matrix. The theory helps in formulating growth strategies by correlating two important strategies; product portfolio and market competition. Correlation of the two strategies forms Ansoff Growth Matrix which is a handy tool for managers when establishing a growth strategy. The matrix helps managers to assess the differing degrees of risk associated with expanding their organizations depending on whether the product or the market is new or existing (Jacobs, 2010). According to Kotler (2010), the Ansoff matrix gives managers four possible strategies for future product and market activities. They are Market penetration, Product development, Market development and Diversification. Market penetration focuses on products that are in existence and in an existing market. The strategy involves increasing the volume of sales of existing products in the organization's existing market. The degree of marketing risk involved here is small since the products are already known to consumers in an already existing market. There can be further exploitation of the products without the need to change the product or the outlook of the product. This strategy can be utilized by private hospitals in Nyeri County through the use of various promotional methods such as use of sales promotion, word of mouth and use of mass media to attract more clients. Penetration of the market can also be improved by increasing the range of the services and by making distribution more extensive within Nyeri County by establishing satellite branches.

Product development growth strategy focuses on reaching existing market with new products. The product can range from the introduction of a completely new product to modifying an existing product. Private hospitals in Nyeri County can make use of this strategy by modification of services provided and to improve their quality, which can appeal more to the already existing market. Market development or market extension strategy consists of the organization seeking increased sales by taking its present products to new markets. Nyeri County private hospitals can accomplish this through opening branches in other regions, entering other channels of distribution, media advertisements and attracting other market segments by developing service versions that appeal to them. Market development is a much riskier strategy as compared to market penetration since it assumes that the existing markets have been fully exploited thus the need to venture into new markets (Najmi, Ragis & Fan, 2008). Diversification growth strategy is useful to an organization if the core marketing system does not show much additional opportunity for growth or profit and if the opportunities outside the core marketing system are superior. Diversification can either be related or unrelated. Under related diversification a firm stays within a market it is familiar

with while in unrelated diversification the firm moves into a market they have no experience with. This is the riskiest strategy among the others as it involves two unknowns that is, new products being created and a firm being unaware of development problems that might occur as well as the fact that there is a new market being targeted (Kotler,2010).There is huge market potential for private hospitals in Nyeri County and diversification strategy may not be applicable currently or in the near future. The region has not attained World Health Organization recommended doctor to patient ratio of 1:1000.Currently the ratio in Nyeri County is11 doctors for every 100,000 people (MOH, 2014) which is quite low.

Empirical Review

Health service organizations usually offer a wide range of health service products to a number of patient groups in order to satisfy a variety of patient needs and wants(Omachonu&Einspruch ,2010). Services are different from goods, because of their characteristics; intangibility, inseparability, heterogeneity, and perishability (Kotler and Keller 2005). A health service can be defined as a service intended to influence a person's health directly or indirectly through a combination of procedures executed by medically educated personnel(Azam et al, 2012).Hospital services are mainly intangible though there are tangible products as well. They are diagnosis, treatment- medicine oriented or surgery and post operation care. Tangible product includes supplementary services like pharmacy, billing, patient admission facilities, keeping records, food, security etc. The supplementary services help to give tangible effect to the intangible nature of the services provided. The hospital sector is a knowledge based industry where services are provided by a team of professionals who include doctors, nurses, paramedical staff and front office staff (Dhanda& Kurian,2012).Product strategies are considered as the most important strategy in marketing mix strategies. This is because the product is the core of the marketing mix strategy. Hospital services can be classified as line services, supportive services and auxiliary services. Line services which are also called core services include inpatient, outpatient, and emergency services. Services offered by medical and para-medical staff comes under supportive services which directly determine the quality of medical services. Auxiliary services include ambulatory services, dietary services, indoor and outdoor patient registration services, engineering and maintenance services which all help in making hospital services effective and efficient (Jager and Plooy, 2011). A study in the area of health care industry was carried out to investigate influence of service marketing in the health care industry in Elekta Company in Sweden. The study showed the importance of service standardization and differentiation as strategies to enhance service quality, customer networking to build trust connected with culture in cross-cultural and domestic services marketing, in terms of making services more visible and similar for customers (Nadowska, 2011).

The rapid changes in business environment have resulted to great competitive pressure on organizations; hence service quality has become a critical issue in the fierce competitive environment. Excellence in service quality is a key factor to enhance organizational performance in a globalized economy (Hadiyat, 2014).According to Shodhganga (2009), many service industries such as health services are facing increasing competition. Strong brands are established not only in the market, but also in the mind of the customer. Strong products create a strong brand image of the hospital. Hence service strategies will be appropriate weapons in the competitive market as well as an effective method to generate new demand. According to Sutter (2012) sustainability as a business approach is becoming widely adopted

by health care companies and organizations around the world, and the way to become sustainable is making their services competitive. Key aspect of the service strategy in hospitals is to meet the problems which are created by the characteristics of services. This can be achieved by having a range of high quality services, means of branding, new service development, and customer service. Empirical study by Chao-Chan Wu (2011), among private health providers in China on the effect of brand name on customer loyalty established the existence of positive relationship between hospital brand image and patient loyalty.

A study by Narang (2010), observes that health care delivery is statistically significant in influencing the perception of patients. As a result an organization must not only set an initial standard for quality, but must manage its quality level. A hospital can attempt to improve and maintain a high quality delivery of services through careful selection, training, and rewarding of the health care providers as well as through improving facilities. This strategy should lead to improved market interest and response since proper management of human resources is critical in providing a high quality health care. A study carried out in Indian hospitals by Ceyhun, Cagatay, and Meltem (2012) found that unavailability of doctors and nurses as well as their negative attitudes and behaviors are a major barrier to the utilization of public and private hospitals. It is therefore very important to consider emotionally stable individuals with a positive attitude towards good service when recruiting hospital staff. Another study conducted among Indian hospitals by Vorhies, Douglas, & Morgan (2005) on the role of marketing strategies in improving quality of services established that there was no interest in internal marketing as a philosophy among majority of the hospitals, however there was a positive correlation between marketing strategies and the quality of services provided. The study concluded that improvement of the quality of health services requires the need to adopt the concept of internal marketing by these institutions, which can be done through, competitive remuneration, training programs and incentive systems. A study by Bobeica (2013) in Romanian hospitals on marketing planning revealed that there is a direct connection between the marketing strategy, the quality of healthcare and human resource management practices in the internal organization of private healthcare practices.

Performance Determinants

Human capital stands among the most valuable and important assets of an organization. According to Chen and Lin,(2005), investment in human capital inputs made by the organization in talents and technology with focus on performance will help the company to grow and achieve its goals more effectively and efficiently. One of the major areas of concern to a firm is to make investment in human capital through developing employees by providing them with education and training. Khandekar and Sharma (2005) concluded that firm that make greater use of human resource capabilities are likely to gain a sustainable advantages and enjoys superior performance. In reference to Bontis and Serenko (2007) they suggest that for organizations to survive in a competitive market they must nurture and support the employees into sharing their human capital through organizational learning and knowledge management to positively affect the business performance. Proper human capital planning affects the organization profits. The intangible assets add value through enhanced knowledge. Additionally the measurement and strategic management of intellectual capital will be the main focus in knowledge era for drawing organization performance (Zula&Chermack, 2007). A study conducted by Saenz (2005), in USA Stock Exchange Market, examined the relationship between employee performance and financial performance. They

found empirical support for the hypothesis that the companies having greater human capital efficiencies have higher market to book value. The study further revealed that intellectual capital efficiency affects the financial performance of the companies and training investment is positively related to stock market performance. The study concluded that investors will be better served if organizations consider human capital investment strategies as an integral part of their investment decisions. A study by Shah and Bandi (2010), in India among IT Enabled companies, examined the relationship between work practice, information technology and investment in human capital and firm performance. From the study they concluded that human resource practice has to be focused on the core asset of human capital in order to enhance the capabilities of an organization’s performance

Conceptual Framework

The conceptual framework attempts to establish and explain factors influencing hospital performance by private hospitals in Nyeri County by determining the effects of independent variables which is marketing strategies on dependent variable. The conceptual frame work for the study is presented in the Figure 2.1 below.

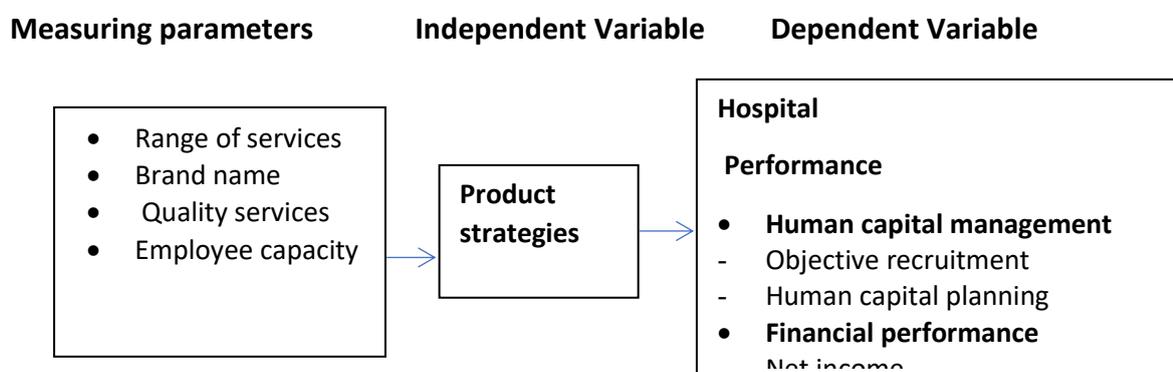


Figure 1: Conceptual Framework

Hospital products are mainly health services. Through the health service strategies a hospital can improve its performance by developing a reputable brand name, by offering strong medical products, quality services, providing a range of services to satisfy many patients’ needs and ensuring that there is adequate medical personnel with a positive attitude to serve the patients.

Research Methodology

Research Design

A study design is a detailed procedure of how an investigation was to take place. The design used in this research was descriptive survey. The study investigated product strategies influencing hospital performance of private hospitals in Nyeri County. Descriptive research involves measuring a variable as it exists naturally. Survey research is a type of descriptive research because it seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitudes, behavior or values (Corrine, 2016). The design was preferred because the researcher collected information from the population using questionnaires. Orodho (2009) observes that a survey design involves obtaining information by interviewing or administering questionnaires.

Target Population

The population of the study was private hospitals in Nyeri County that are registered by Kenya Medical Practitioners and Dentist Board. According to Cooper and Schindler (2006), a population is the total collection of elements about which we wish to make some inferences. The study used data collected on the variables of the study from all the 56 heads of department or their assistants in the private hospitals in Nyeri County. A census was used because the population is small.

Data Collection Procedure and Collection Instruments

According to Silverman (2005) data collection is a systematic gathering of information from a variety of sources for the purpose of getting a complete picture of subject under study. Questionnaires were used to gather primary information; questions were both open and close ended questions. The close-ended questions provided more structured responses to facilitate tangible recommendations. Open ended questions were used to encourage the respondents to provide more extensive comments and suggestions. Likert scale was used to indicate opinions, feelings or perceptions of organizational performance. Secondary data was obtained from journals, books and the internet.

Reliability and Validity of the Instruments

Reliability shows the extent to which the study instrument is without bias (free of error) and ensures consistent measurements across time and across the various items in the instrument (Bryman, 2012). Validity refers to the degree to which a measurement procedure or a questionnaire measures the characteristic it is intended to measure (Mugenda&Mugenda, 2012). There are three dimensions from which validity can be examined. These are: content, construct, and criterion validity (Orodho, 2009). In this study a pilot study was conducted to determine the reliability of the measuring instrument. The data collecting instrument was piloted in two private hospitals in Kirinyaga County. Pilot test of this study gave the values of alpha coefficient of 0.802 which signified strong internal reliability amongst variable items measures.

Data Analysis and Presentation

According to Mugenda and Mugenda (2012), data analysis is the process of bringing order, structure and meaning to the mass of information collected. Descriptive statistics was used to analyze the responses of quantitative data through frequency counts, percentages and weighted average. Further, bivariate linear regression analysis was conducted to establish relationship between product strategies and performance of private hospitals at a statistical level of confidence of 95%. Bivariate model was as shown: $Y = \beta_0 + \beta_1 X_1 + \alpha$. Where x is the independent variable, y is the dependent variable and β_0 is the autonomous factor representing constant value of hospital performance while, β_1 is a coefficient of regression. Error term (α) captures all relevant variables not included in the model because they are not observed in the data set.

Research Findings

Response Rate

The study targeted 56 respondents who are the head of departments of the private hospitals in Nyeri County. Out of the 56 questionnaires that were issued 51 were dully filled and returned to the researcher for analysis. This gave a response rate of 91.1%. This response rate

is within recommendation of Mugenda and Mugenda (2009) who stipulated that a response rate of 70% and above is excellent.

Working Experience of the Private Hospitals in Nyeri County

The study sought to determine working experience of the staff working in private hospitals in Nyeri County. From the findings in Table 1, it indicates that 13.7% of the staff had a working experience of less than 5 years, 21.6% had worked for a period between 6-10 years, 35.5% had worked for a period between 11-15 years while 29.4% had worked for more than 16 years. The finding of the study that majority of the respondents which accounted for 86.3% had worked with private hospitals for more than 6 years implied that they could effectively articulate issues relating to marketing strategies used by private hospitals to enhance performance.

Table 1

Working Experience of the Private Hospitals in Nyeri County

Working Experience	Frequency (n)	Percent (%)
5 years and below	7	13.7
6-10 years	11	21.6
11-15 years	18	35.3
16 years and above	15	29.4
Total	51	100.0

Performance of Private Hospitals in Nyeri County

The performance of private hospitals in Nyeri County was evaluated from human capital management and financial income. The respondents were required to rate various factors of human capital management on performance on a scale of 1 to 5 where 1 represented strongly disagree while 5 represented strongly agree. The results were as shown in Table 2

Table 2

Human Capital Management

Human capital management factors	SD	D	N	A	SA	Mean	Std. Dev
	%	%	%	%	%		
Our hospital recruitment process is thorough and objective	0.0	0.0	19.6	35.3	45.1	4.25	.77
Our hospital offers training to the employees	0.0	31.4	19.6	35.3	13.7	3.31	1.07
Our hospital human capital planning is efficient	0.0	13.7	19.6	35.3	31.4	3.84	1.03
Our hospital support the employees into sharing their human capital through organizational learning and knowledge management	0.0	0.0	0.0	15.7	84.3	4.84	.37

Table 2 presents the analysis on the human capital management factors in private hospitals in Nyeri County. Majority of the respondents 84.3% strongly agreed that hospital support the employees into sharing their human capital through organizational learning and knowledge

management with a mean score of 4.84 and standard deviation of 0.37 followed by the recruitment process in our hospital is thorough and objective with a mean score of 4.25 and standard deviation of 0.77. The study further revealed that efficiency of human capital planning and training of the employees was rated high with a mean score of 3.84 and 3.31 respectively. The finding of the study that private hospitals plan for human capital efficiently and support them in various ways assert earlier finding by Khandekar and Sharma (2005), who noted that one of the major areas of concern to a firm is to make investment in human capital through developing employees by providing them with education and training. According to Chen and Lin(2005), investment in human capital inputs made by the organization in talents and technology with focus on competitive advantage will helps the company to grow and achieve its goals more effectively and efficiently. Bontis and Serenko(2007), suggested that for organizations to survive in a competitive market they must nurture and support the employees into sharing their human capital through organizational learning and knowledge management to positively affect the business performance. Zula&Chermack (2007), concluded that proper human capital planning affects the organization's profits.

Table 3

Average net income (Kshs in Millions)

Year	N	Minimum	Maximum	Mean	Std. Deviation
2012	51	.80	35.00	6.8737	9.90400
2013	51	.89	35.00	7.0398	9.95084
2014	51	1.70	35.00	8.2351	9.37895
2015	51	.67	35.00	8.6582	9.37166
2016	51	2.80	35.00	9.8902	9.28466
Valid N (listwise)	51				

Table 4.3 presents the analysis of the performance of private hospitals in Nyeri County in terms of average net income for the year 2012 to 2016. The study revealed that year 2012 had a mean of 6.874 Million and standard deviation of 9.904. Year 2013 had a mean of 7.04 Million and standard deviation of 9.951. Year 2014 had a mean of 8.235 Million and standard deviation of 9.379. Year 2015 had a mean of 8.658 Million and standard deviation of 9.372 while year 2016 had a mean of 9.890 Million and standard deviation of 9.285. Trend analysis revealed that average net income in the private hospitals had been in the increasing trend from the year 2012 to year 2016. This may be attributed to the increase in population and the move by the NHIF to accredit most of the hospital to treat patients who are in good standing in regards to NHIF contributions.

Test of Normality of Data

In order for a linear regression model to be usable in practice, the model should conform to the assumptions of linear regression. The regression assumes that the residuals are normally distributed. Before running a regression model, normality test was conducted to establish whether regression model met the laid down criteria. The results from the graphical method are presented in the Figure 2 below, indicating that the data are normally distributed.

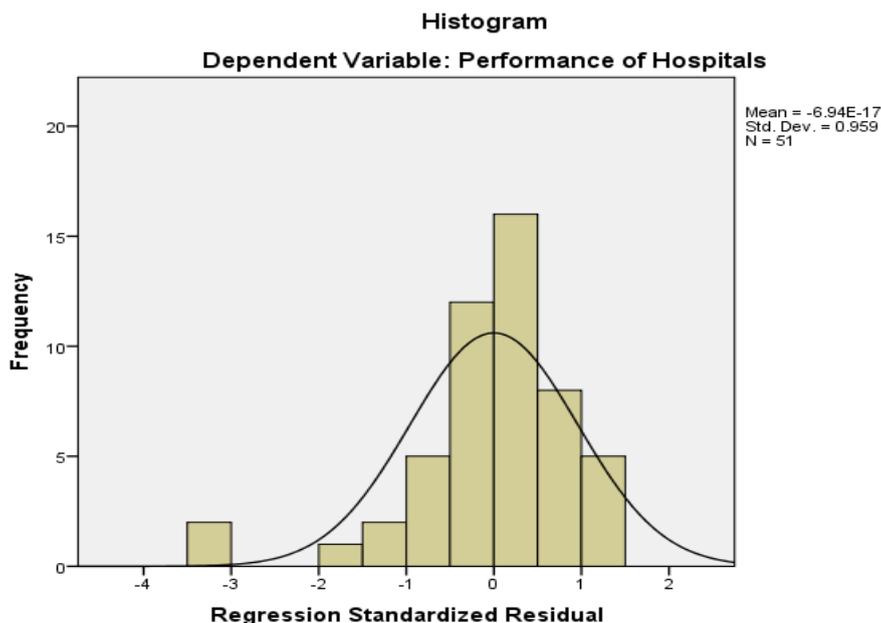


Figure 2: Test of Normality Histogram

Product Strategies and Performance of Private Hospitals

The study sought to assess the extent to which health services influences performance of private hospitals in Nyeri County. Various indicators on health services were considered and the findings were summarized in the Table 4

Table 4

Descriptive Statistics of Product Strategies

Product strategies	SD %	D %	N %	A %	SA %	Mean	Std. Dev
Our hospital has introduced new service products	0.0	41.2	0.0	45.1	13.7	3.31	1.16
Our medical personnel handle patients professionally	0.0	0.0	13.7	27.5	58.8	4.45	.73
Our hospital has a reputable brand name	0.0	45.1	13.7	35.3	5.9	3.02	1.03
Our hospital offers quality services	0.0	0.0	0.0	41.2	58.8	4.59	.50
Our hospital has adequate number of health providers	0.0	62.7	9.8	17.6	9.8	2.75	1.07

As shown in Table 4, all the respondents 100% agreed that hospital offers quality services with a mean score of 4.59 and standard deviation of 0.50. A high percentage 86.3% agreed that medical personnel handle patients professionally with a mean score of 4.45 and standard deviation of 0.73. Introduction of new service and products and hospital has a reputable brand name was rated above average. The study further revealed that hospital has adequate number of health providers was lowly rated with a mean score of 2.75. The finding of the study that private hospitals offer quality services and medical personnel handle patients professionally support earlier findings by Diab (2010), who noted that a hospital’s performance can be measured by the quality of medical services perceived from three views: the patient, hospital administrators and medical groups. According to Sutter (2012)

sustainability as a business approach is becoming widely adopted by health care companies and organizations around the world, and the way to become sustainable is making their services competitive. Key aspect of the service strategy in hospitals is to meet the problems which are created by the characteristics of services. This can be achieved by having a range of high quality services, means of branding, new service development, and customer service. Shuklar (2006) also had observed that hospital brand recognition is low and as a result more efforts are needed under the banner of marketing to enhance recognition. It is important to use excellent marketing mixes that will delight the customer who holds the promise of conquering the market.

Table 5

Model Summary for Product strategies

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.361 ^a	.130	.113	1.19715

a. Predictors: (Constant), Product

Table 5 showed the values of R and R² for the model fitted of 0.361 and 0.130 respectively. The R value of 0.361 portrayed a positive linear relationship between the health services factors and performance of private hospitals. The R² value of 0.130 implied that 13.0% of the variation in performance was explained by the model $Y = \beta_0 + \beta_1 X_1$.

Table 6

ANOVA for Product

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.520	1	10.520	7.340	.009 ^b
	Residual	70.225	49	1.433		
	Total	80.745	50			

a. Dependent Variable: Performance of Private Hospitals

b. Predictors: (Constant), Product

An ANOVA was carried out which as from Table 6 showed the F statistic p value of 0.009. Since the p value of the F- statistic was less than 0.05, it implied that considering the simple regression model fitted above product: in this case, health services had significant effect on performance of private hospitals.

Table 7

Coefficients for Product

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.088	.544		3.838	.000
	Product	.371	.137	.361	2.709	.009

a. Dependent Variable: Performance of Private Hospitals

The results of coefficients to the model $Y = 2.088 + 0.371 X_1$ indicates that health services is statistically significant at the 0.009 level of significance as shown on Table 7. This was because the p value of 0.009 was less than 0.05. The constant term implied that at zero consideration of health services, performance of private hospitals would be at 2.088, increasing the health

services would increase the performance by 0.371. The finding of the study that health services had positive and statistically significant effect on performance of private hospitals asserts Narang (2010) observation that health care delivery is statistically significant in influencing the perception of patients. As a result an organization must not only set an initial standard for quality, but must manage its quality level. According to Haadiyat (2014), the rapid changes in business environment have resulted to great competitive pressure on organizations; hence service quality has become a critical issue in the fierce competitive environment. They stated that excellence in service quality is a key factor to enhance organizational performance in a globalized economy. Azam et al (2012), stated that a health service can be defined as a service intended to influence a person's health directly or indirectly through a combination of procedures executed by medically educated personnel.

Discussions

The objective of the study was to assess the extent to which product; in this case health services influences performance of private hospitals in Nyeri County. Descriptive results indicated that majority private hospital offers quality services and engage medical personnel who handle patients professionally. In addition, hospital has inadequate number of health providers but they were indifferent on the number of new products introduced. The bivariate regression results indicated that health services had positive and statistically significant effect on performance of private hospital with $\beta=0.371$ and p value of 0.009 at the 0.05 level of significance. Multiple regression analysis further revealed that health services had positive and statistically significant effect with $\beta=0.436$ and p value of 0.003. According to Kotler & Armstrong (2013) market strategy is a mechanism of providing quality services and products that satisfies customer's need, by offering affordable prices, engaging in wider distribution while backing it up with effective promotional strategy which strengthens firm's market share and minimize impact of competition.

Conclusion

This study sought to find out marketing strategies influencing performance of private hospitals in Nyeri County. The results of study revealed that health services products had positive and statistically significant effect on performance of private hospital. The study further revealed that private hospitals offers quality services and engage medical personnel who handle patients professionally. The respondents were indifferent about the number of introduced new service and products but concurred that the hospital has inadequate number of health providers.

Recommendations

Based on the research study, a number of recommendations can be made to improve the performance of private hospitals. To start with private hospitals should come up with health service delivery charter with a view to enhance the quality of service delivery and ultimately the performance. The private hospitals should focus on price differentiation order to gain competitive advantage. In addition, private hospitals should undertake regular monitoring and evaluation to ensure that the quality of service, effectiveness and efficiency is maintained and enhanced with a view to improve performance. Future researchers should focus on challenges private hospitals face when they focus on implementing product strategies.

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