Influence of Market Research on Service Performance of the NHIF Designated Health Care Service Providers in Kenya

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Abstract: *The main objective of this study was to determine the influence of market research 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. There was a significant relationship between market research and service performance of the National Hospital Insurance Fund in Kenya. The researcher recommends that the employees should be educated on market research putting more emphasis on its meaning, how it works and how it can benefit the organization.*
Keywords: *Market Research, Service Performance, Health care Service Providers.*

I. Introduction

There has been a surge of interest in all aspects of service management in recent times. Many books, articles, and research papers on services and service management have appeared in the popular, as well as, academic and business literature, during the 1980s and 1990s (Haksever, *et al.,* 2006). The impetus for this phenomenon can be traced back to two major developments in recent history. First, the performance and quality movement which brought most consumers, news media, and academicians to the realization that the overall performance and quality of services around many parts of the world was not ideal, acceptable, or competitive globally. Second, the fact that services no longer formed the least important sector of the economy became obvious.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.

II. Statement of the Problem

When Kenya attained its independence, its government committed itself to the provision of "free" health services, as part of its development strategy. The strategy required the institutionalization of health care service provision through the designated health care service providers which were to operationalize and implement the service. Since then, these institutions have not been scrutinized to find out their service provision performances in any way – no studies on their performance have been done at all. An Act of Parliament Cap 255, LOK, established the National Hospital Insurance Fund (NHIF) on 12th July, l966, replacing the then Europeans, Asians and Arabs Hospital Fund which catered for the three communities only.This study focused the influence of market research on service performance of the National Hospital Insurance Fund designated health care service providers in Kenya, namely, Kenyatta National, Nairobi, Aga Khan, MP Shah, and Mbagathi hospitals. The current information available is on the contractual relationship between NHIF and the hospitals, at institutional level, but not the detail of the latter's determinants of internal service delivery to the ultimate mutual customer. There was lack of information on market research and that is the gap that the current research would wish to fill.

III. Literature Review

The management of an open system requires techniques and sensitivities different from those of a closed system. Services managers are faced with non-routine operations in which only indirect control is possible. In services it is the human element that is central for effective operations and effective performance (Fitzsimmons & Fitzsimmons, 2008). The interaction with the customer cannot be fully controlled. For service

performance not to suffer, attitude, appearance, and the presence of the customer during the process must be fully considered. The unique characteristics of intangibility, perishability, and simultaneous provision and consumption introduce special challenges for service management and performance.A comprehensive view of the service system is necessary to identify the possible measures of service performance. In health care service delivery like the case of the designated health care service providers in Kenya, performance can be viewed from five perspectives: content, process, structure, outcome, and impact (Czinkota & Kotabe, 2009). For health care the scope of service performance obviously extends beyond the quality of care provided to the patient, but it also includes the impact on the family, community, and the nation. Customer satisfaction with a service can be defined by comparing perceptions of service received with expectations of service desired. When expectations are exceeded, service performance is perceived to be of exceptional quality. When the opposite is true, service performance is deemed unacceptable. The expectations are based on several sources, including word of mouth, personal needs, and past experiences. Research studies have identified five principal dimensions that customers use to judge service performance – reliability, responsiveness, assurance, empathy, and tangibles – lised in relative importance to customers (Fitzsimmons & Fitzsimmons, 2008). Measuring the gap between expected service and perceived service should be a routine customer feedback process practiced by the designated health care service providers in Kenya. Customer satisfaction and the service performance are dependent on minimizing the gaps that are associated with the performance in the delivery of the service to create value.In the 1950s and early 1960s, due to a great surge in demand for goods, a major expansion of production capabilities, and an increase in competition, far exceeding the economic welfare levels in some nations like the United State of America, resulted in marketing thinking (Drucker, 2007). A key change in modern marketing is the development of extensive use of market research to investigate customers' needs and wants (Narayanan, 2009). New technological innovations require the need to view both suppliers and customers as part of the marketing system (Czinkota & Kotabe, 2009). Marketing has also been transformed by the arrival of the information revolution which is restructuring the performance of marketing tasks. Today, firms can use many people who register, via internet, to gather, track, cross-reference, manipulate, analyze, and disseminate information.

IV. Research Methodology

The research adopted the descriptive method, giving details of current performance management procedures and practices, as administered in the three organizations. For this study, the population was the members of staff of the five hospitals in management, administration and wards. The target population for each of the five hospitals were seventy five (75) members of staff; 20 managers, 25 administration staff, and 30 ward staff.From the target population suggested above, under population, a representative sample was selected. The researcher used purposive sampling method. Questionnaires was distributed to 75 employees - 20 in management, 25 in administration and 30 in the wards departments of each hospital.The data for this study was collected using structured, direct survey questionnaire that captures the various variables which was administered to at least two managers from every selected institution, as control for any personal bias. For the purpose of this study, the researcher analyzed and presented data, using descriptive and inferential statistical tools. Data was processed using Statistical Package for Social Scientists (S.P.S.S.). The resultant information was presented by tables and charts. Data analysis was descriptive and inferential.

V. Findings

The variable Market Research had 11 items as originally compiled. However one item with loadings less than 0.40 was removed as shown in Table1 Therefore 10 factors for Market Research with factor loadings between 0.445 and 0.772 were considered valid for the constructs represented.

Table 1. Factor Loadings

	Market Research	Factor Loadings
1	New ideas and approaches on work methods are continuously brought in and encouraged by management.	.706
2	There is no official policy on research and development.	.674
3	The organization supports the employees in their effort to join other formal or informal organizations and people outside for networking.	.497
4	The organization is regularly in touch with its Alignment or Harmonization and industry peer experts for benchmarking purposes	.524
5	The organization does not articulate to members about the vision, mission, goals, and objectives regularly.	.445
6	Meetings are held regularly to inform all employees about the recent innovative and new methods and applications by the organization.	.690
7	There exists no formal mechanism for disseminating and guaranteeing sharing of industry best practices in different organization's departments and functions.	.772
8	There are formal mechanisms to ensure that all members of the organization are availed and share the objectives to which they are committed.	.568

9	For the purpose of sharing knowledge, work experiences and relations The organization encourages and facilitates regular seminars for interaction of all cadres of employees.	.389**
10	The organization has instituted formal mechanisms for creating employee awareness of the importance of other people, departments' activities and organization-wide communication.	.563
11	There is a serious effort in the organization to ensure smooth working relationships among all levels of employees and management to ensure alignment and harmonization of all functions.	.474

Table 2. Skewness and Kurtosis

Variables	Descriptive	Statistic	Std. Error	Z score
Market Research	Std. Deviation	5.83031		
	Skewness	-.077	.131	-0.256
	Kurtosis	-.221		-0.631
Working relationships	Std. Deviation	6.21785	.349	

Table 3. Test of Homogeneity of Variance

		Levene Statistic	df1	df2	Sig.
Research Market	Based on Mean	1.775	1	74	.186
	Based on Median	1.416	1	74	.237
	Based on Median and with adjusted df	1.416	1	89.458	.237
	Based on trimmed mean	1.782	1	74	.185

To find out whether there was linear relationship between Market Research and Performance Pearson moment's correlation coefficients was used as suggested by Cohen, West and Aiken, (2003). The result of the finding is presented in table 4. The result indicates that the variables Performance and Market Research had a strong positive relationship indicated by a correlation coefficient value of 0.693[**]. This suggests that there was a linear positive relationship between Market Research and Performance which implies that an increase in Market Research value would lead to a linear increase in Performance.

Table 4. Market Research Correlations Coefficients

		Service Performance	Market Research
Service Performance	Pearson Correlation	1	.693[**]
	Sig. (2-tailed)		.000
	N	75	75
Market Research	Pearson Correlation	.693[**]	1
	Sig. (2-tailed)	.000	
	N	75	75
**. Correlation is significant at the 0.01 level (2-tailed).			

Other than product moment correlation coefficient, linearity was also tested using scatter plot between Performance and Market Research and the result in Figure 1 clearly indicates that there was linear relationship between Performance and Market Research.
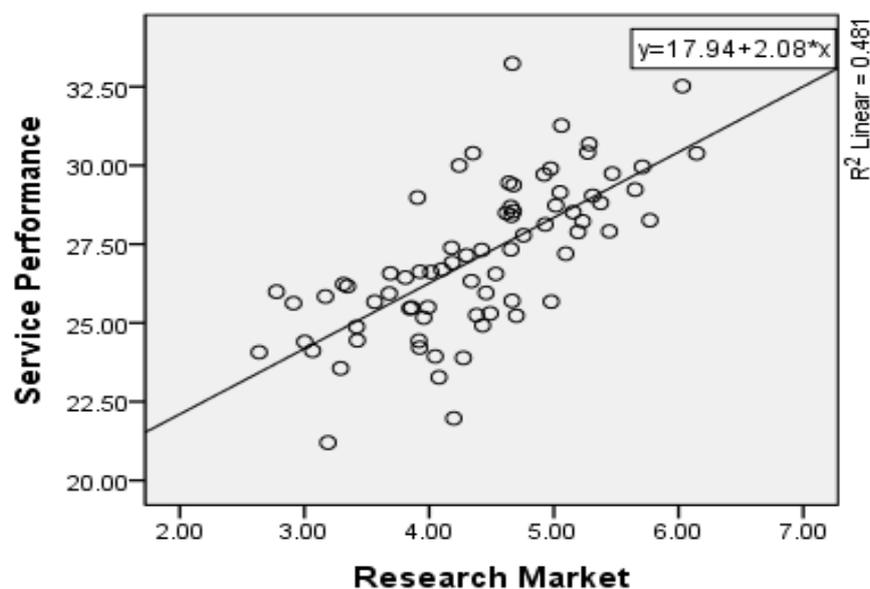

Figure 1. Scatter plot between Service Performance and Research Market

Table 5. Descriptive Statistics

Statement	SD	D	N	A	SA
New ideas and approaches on work methods are continuously brought in and encouraged by management.	10.7%	22.9%	9.3%	43.6%	13.6%
There is no official policy on research and development.	8.6%	25.0%	10.0%	46.4%	10.0%
The organization supports the employees in their effort to join other formal or informal organizations and people outside for networking.	26.4%	27.1%	8.6%	20.7%	17.1%
The organization is regularly in touch with its external environment. and industry peer experts for benchmarking purposes	47.1%	33.8%	8.8%	2.9%	7.4%
The organization does not articulate to members about the vision, mission, goals, and objectives regularly.	15.0%	37.1%	32.9%	11.4%	3.6%
Meetings are held regularly to inform all employees about the recent innovative and new methods and applications by the organization.	2.9%	7.2%	5.8%	56.8%	27.3%
There exists no formal mechanism for disseminating and guaranteeing sharing of industry best practices in different organization's departments and functions.	9.4%	20.1%	23.7%	38.1%	8.6%
There are formal mechanisms to ensure that all members of the organization are availed and share the objectives to which they are committed.	14.5%	31.9%	21.0%	23.2%	9.4%
For the purpose of sharing knowledge, work experiences and relations. The organization encourages and facilitates regular seminars for interaction of all cadres of employees.	5.0%	12.2%	14.4%	37.4%	30.9%
The organization has instituted formal mechanisms for creating employee awareness of the importance of other people, departments' activities and organization-wide communication.	9.4%	26.6%	10.1%	41.7%	12.2%

SD= Strongly Disagree; D= Disagree; N= Neither Agree nor Disagree; A= Agree; SA= Strongly Agree

In Table 5, it can be seen that the majority of the respondents agreed (43.6%) that new ideas and approaches on work methods are continuously brought in and encouraged by management. 13.6% of the respondents strongly agreed with the statement. That means that the majority of the respondents (57.2%) were in an agreement with this statement. Cumulatively, 56.4% of the respondents agreed that there is no official policy on research and development. From the foregoing and from the Table 5, it is evident that the majority of the respondents concurred with the statements under probe.

VI. Conclusion

test was used to test the relationship between the predictor variable Market Research and Service Performance and from the finding, there was significance relationship between the two variables since the p-value= 0.000 < 0.05 for model. The regression model between Service Performance and Market Research can be expressed as; $Y=17.942+ 2.081X_1$. The model indicates that for every unit of Market Research, service performance value changes by 0.563. From the aforesaid the null hypothesis is rejected and we accept the alternative hypothesis and conclude that Market Research has significant influence on Service Performance and hence the null hypothesis was rejected which gives the current study the authority to affirm that the alternative hypothesis carries.

VII. Recommendation

From the study, it is evident enough that the better the knowledge that the employees have concerning a particular health care service provided by NHIF's designated health care service providers, the more it is practiced. On the basis ofMarket Research and Service Performance and from the finding, there was significance relationship between the two variables. The researcher recommends that the employees should be educated on market research putting more emphasis on its meaning, how it works and how it can benefit the organization. It could be seen that however less knowledge about this variable, it could still have positive impact on the performance so a little emphasis on it would do the organizations favor as far as their outcomes are concerned.

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