INFLUENCE OF TOP LEADERSHIP SUPPORT ON CUSTOMER RELATIONSHIP MANAGEMENT IN PRIVATE HOSPITALS IN KENYA

Faithmercy Wanyi Muthigah, Prof. David Kiragu, PhD and Dr. Anne Sang PhD

IPRJB
INTERNATIONAL PEER REVIEWED
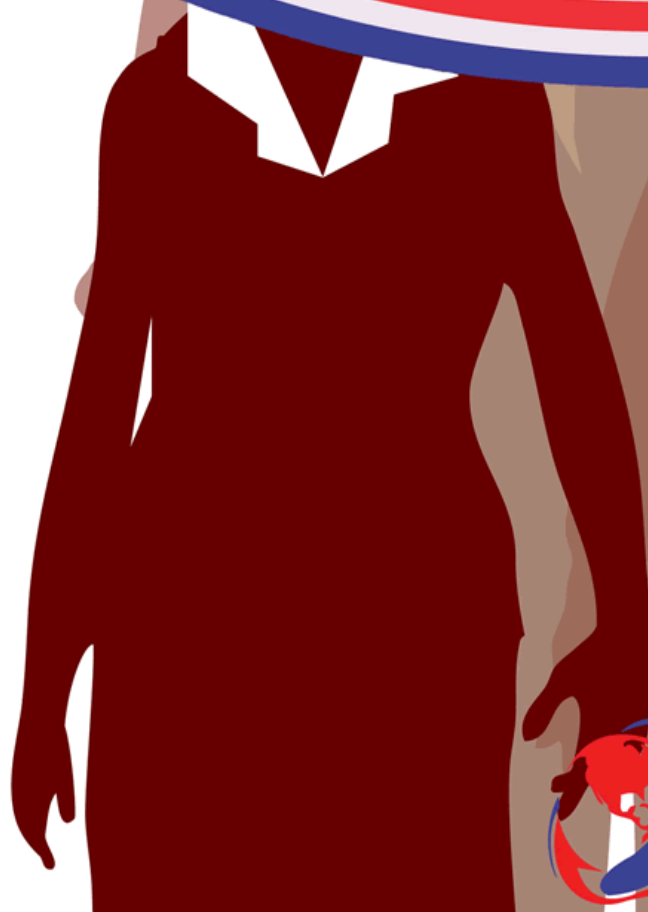JOURNAL AND BOOK PUBLISHING

INFLUENCE OF TOP LEADERSHIP SUPPORT ON CUSTOMER RELATIONSHIP MANAGEMENT IN PRIVATE HOSPITALS IN KENYA

[1*] Faithmercy Wanyi Muthigah
[1]Post Graduate Student: Dedan Kimathi University of Technology
*Corresponding Author's E-mail: fmuthigah@gmail.com

[2]Prof. David Kiragu, PhD
Lecturer: School of Business Management and Economics: Dedan Kimathi University of Technology

[3]Dr. Anne Sang PhD
Lecturer: School of Science: Dedan Kimathi University of Technology

Abstract

Purpose: The purpose of this study was to evaluate the influence of top leadership support on customer relationship management in private hospitals in Kenya

Materials and Methods: The study adopted descriptive survey design. It targeted 161 private hospitals which are accredited by NHIF in Kenya and which formed the unit of analysis of the study. Simple random sampling was then be used to obtain the 644 respondents. The researcher utilized a structured questionnaire with a five-point Likert scale to gather the data. The collected data was coded and entered in SPSS for further analysis. Descriptive and inferential analysis was conducted. Before inferential analysis was conducted, diagnostics tests were done.

Results: The study confirmed that there existed a statistically significant relationship between top leadership support and customer relationship in Kenya, rejecting the null hypothesis and supporting the alternative hypothesis that there is a positive relationship between top leadership support and CRM. Top leadership explained 58.5% of CRM and this implies that if private hospitals boost top leadership support like staff motivation, delegation of duties, mentorship and coaching and strategic planning, staff morale would increase leading to high performance

Unique contribution to theory, practice and policy: The study recommends that top leaders/management should support strategic policy process from formulation, development all through to implementation to ensure effective application of CRM in their institutions.

Key words: *Top Leadership Support, Staff Motivation, Staff Morale, Customer Relationship Management*

1.0 INTRODUCTION

Support for top leadership is key to the success of CRM and remains at the top of the list in three main areas: technology, organizational climate and innovation atmosphere. Homburg, Jozić and Kuehnl (2017) observed that leaders should have a plan for their performance before implementation of CRM. Creating a good environment and reorganizing the whole organization where changes are widespread throughout the organization in the areas of people, processes, technology and management, and changes in the way customers are viewed, requires leadership of its own nature. In its strategic sense, only top leaders can build this enabling climate for CRM to be successful.

Miyonga, Namusonge and Sakwa (2018) examined the effect of strategic leadership and management activities on the retention of customers in Kenya's commercial banks. The study targeted all the 43 banks registered by the regulatory body, which allowed it to use the method of census survey. The questionnaires were disbursed to all banks. Managers and heads of departments were requested to fill in. The total number of questionnaires issued was 123 questionnaires and out of those 117 were returned, giving a response rate of 86%. After coding was done, the questionnaires were then entered the SPSS software. The data was then analyzed using descriptive statistics like mean and standard deviation. Inferential statistics was utilized including ANOVA, correlation, multiple regression method. Qualitative data was utilized to categorize based on topics that would be adjusted to research goals and would be incorporated in the discussion of the discoveries. The findings confirmed that strategic leadership practice was significant and that strategic management practices must be adopted when increasing customers. Managers were well advised to seek customer retention as well as a suitable level of strategic management practices. Strategic leadership practice should increase employee motivation and decision making since motivated employees recognize what is expected of them and that they are key contributors in providing service quality as they are the bank's representatives.

Kihara (2016) examined the impact of organizational factors on the implementation of customer relationship management strategies in Kenya's manufacturing sector. Logical positivism philosophy was used and this method allowed the use of mixed research design. Data was collected using questionnaires from 115 firms that were sampled from a total population of 593 firms in Kenya. The results gave statistical proof that a positive and significant impact exists between organizational factors and CRM implementation in SMEs in the manufacturing sector. Precisely, 4 out of 5 drivers examined in this study were found to be significant and had positive impact on the overall performance of manufacturing SMEs. These drivers are leadership styles, structural adaptations, human resources and technology that these SME firms embraced. Strategic direction emphasis on the firm was found to be statistically insignificant. Additionally, the study noted that age and size of the firm do not significantly affect relationship between strategy implementation and performance of SMEs in Kenya. In practice, the study recommended adoption of transformational leadership qualities to improve on leadership skills capabilities, maintain flexible structures that are well matched to their goals, support a proper

stability between strategy and human resources by paying close attention to their technology needs.

Studies on leadership identified positive relationship between leadership and customer relationship in general. Miyonga et al., (2018) identified the importance of strategic leadership and management practices on customer retention. However, it failed to directly link leadership support and customer retention. Additionally, Kihara (2016) identified the influence of leadership as one of the organization factor on CRM. The focus of the study however was in manufacturing industry and by logic; the results of the study cannot be generalized to apply in health sector which is more customer-centric. Therefore, going by the two studies, the hypothesis of this study is that leadership support drives CRM. The study will therefore seek to fill the gap established and create a nexus between leadership support as a driver of CRM. To confirm the hypothesis, the study will examine the null hypothesis which states that there is no significant relationship between leadership support and CRM.

Dynamic Capabilities Theory

Dynamic capabilities theory was developed by Teece and Pisano (1997). The theory explains that dynamic capabilities are processes designed by paths and positions. These processes involve co-ordinating, integrating, reconfiguring and learning. Paths and positions are external and internal forces that enable and constrain dynamic capabilities. Internal position refers to firm's assets which comprise of technological stock, structural assets, financial assets, and complementary assets. External position refers to the firm's institutional environment and its markets. According to Teece (1997) firm's position has significance on the firm's strategic stance and the competitive posture.

While Teece developed the theory of dynamic capabilities the notion of capability is rooted back to the work of Andrews (1971), who attempted to standardize the capabilities based approach to strategy and attempted to understand measure and predict how organizational capabilities influence competitive advantage. Since then, researchers have been trying to integrate the concepts of capabilities and strategy with no much convergence owing to the fact that both capabilities and strategies are broad realms resulting to range of perspectives. However, the theory of dynamic capabilities harmonizes the two broad realms. It is assumed that organization level differences in capabilities were embedded in three factors: Asset positions, which premise on the organization's ability to review their future stock of capabilities. The asset positions are reserved by the present stock of capabilities which are broadly described as legacy resources constituting of the knowledge, organizational competence, financial strengths, and technical skills among others that shape the firm's option for future capability expansion.

The second factor is the path which refers to how the organization commits itself during implementation. The commitment aspect is an element of the organization capability that develops over time and is cumulative and usually develops through a series of committed and coordinated investments which are described as paths. Managerial and leadership choice in the

selection of paths is determined by a number of factors. The last factor is the process which implies organization reconfiguration. The organization can reconfigure their asset positions through various managerial interventions. However, the organization ability to reconfigure their capabilities is not limited since it depends on dynamic factors such as resource allocation, governance structures and management systems among others which shape the organization adaptability.

Majority of studies done on dynamic capabilities assert that dynamic capabilities are mandatory in dealing with environments that are rapidly changing but Eisenhardt and Martin (2000) argued that these capabilities could as well be utilized in environments that are changing moderately. They proposed that, capabilities generate predictable results in such environments, since they are comprehensive and analytic and they have stable processes, whereas in rapid speed environments, the outcomes are unpredictable since they are easy, very pragmatice and delicate procedures. Dynamic capabilities can therefore vary with degrees of dynamism in the external/ outside environment. Winter (2003) agrees choice to establish and deploy dynamic capabilities is a contingency factor and it depends on the rate of change in an industry. Exogenous factors are moderated by managerial perceptions and therefore they affect each firm differently. Effectiveness of a dynamic capability may lose value if time between its deployment is delayed and this means that what was effective in the past is less effective in the present nonetheless the dynamic capability itself might be unchanged.

This theory can be used to explain the organization differences and why some organizations are better placed to implement strategic changes than others. The theory informs leaders and managers on how to make better capability decisions which would give the organization an edge in competition front. In that regard this theory hypothesis that financial capabilities, information system capabilities and human resource capabilities influence the way organization welcomes change and how it implements a particular strategy in a bid to achieve competitive advantage. It therefore informs this study since it links independent variables which technically are forms of capabilities and dependent variable which is literally a strategy implementation.

1.1 Statement of the Problem

Global health statistics report on monitoring health for SDGs indicated that regardless of the effort reached during the Millennium Development Goals (MDG) era, eradicating maternal and child mortality, enhancing nutrition, and progressing further in the battle against communicable diseases remain a major challenge. According to global competitiveness Survey on health investment, Kenya was ranked position 91globally, position 6 in Africa and position 2 in East Africa. The survey concluded that weak and poor health systems remain a hindrance to progress resulting in insufficient in coverage for the most basic health services.

AU Agenda 2063 aim is for every citizen to have full access to affordable, quality and comprehensive health services. The agenda however states that the main challenge in healthcare system is that Africa countries lack advanced modern technology and informatics tools. Kenya

vision 2030 and big four agenda aim to attain universal health coverage that is accessible and affordable as well as safe medicines and vaccines for all. Additionally, government intends to upscale insurance scheme to all Kenyans to increase the universal health coverage through NHIF registration. This however remains a challenge and a complex task.

All these statistics demonstrate a gap in the industry, owing to the government's effort to fund and improve health standards of Kenya. As such, hospitals can contribute to agenda through effective CRM/ PRM to increase health coverage and improve health standards. Enhanced management of customer relationship in healthcare organizations is an important component in meeting customers' demands and therefore attracting, maintaining, and building customer loyalty.

Literature from different studies shows that the Kenyan hospitals' information system applications (such as hospital automation, electronic database and patient information) gather data entirely from hospital staff's viewpoints. Study done by Kathithi, in Mbagathi hospital found out that staff were not experienced in CRM practices. Yung et.al.,(2018) did a study on CRM Systems adoption in hospitals and concluded that CRM is influenced by hospital size, complexity and compatibility. These studies failed to determine factors that contribute to low CRM adoption in hospitals as well as determine the extent of implementation. Lack of customer feedback denies hospitals the opportunity to learn the needs, aspirations and contribution of a crucial mass in their value chain. Thus decision-making may be based on incomplete and skewed information that may lead to waste, inefficiency, ineffectiveness and in worst case scenario poor management practices.

2.0 METHODOLOGY

The study adopted descriptive survey design. It targeted 161 private hospitals which are accredited by NHIF in Kenya and which formed the unit of analysis of the study. Simple random sampling was then be used to obtain the 644 respondents. The researcher utilized a structured questionnaire with a five-point Likert scale to gather the data. The collected data was coded and entered in SPSS for further analysis. Descriptive and inferential analysis was conducted. Before inferential analysis was conducted, diagnostics tests were done. Descriptive statistics (frequencies, mean scores, and standard deviations) were used to describe the characteristics of the variables. Descriptive statistics provide the basic features of the data collected. Factor analysis was conducted to assess the convergent validity of the hypothetical constructs. Inferential statistics was used to conclude the findings of test done on a population by taking a sample of information from the large population. The inferential statistic techniques were used to measure the significance of the relationship while the bivariate regression was employed to was used to evaluate the role of IT infrastructure in customer relationship management in private hospitals in Kenya.The results of the study were presented using tables, cross tabulation, frequency and percentage.

3.0 RESULTS

3.1 Descriptive statistical Analysis Results

3.1.1 Analysis for Drivers for Top Leadership Support

The study sought to establish the effect of top leadership support on customer relationship management in private hospitals in Kenya. The descriptive results on top leadership support are as depicted in Table 1

Table 1: Results for Drivers for Top Leadership Support

Statements	SD %	D %	N %	A %	SA %	Mean	S.D
Top leaders are always motivates employee through various practices such as team building, salary increment	1	14	12	39	35	3.93	1.04
Top leaders are always strategic in employing CRM practices	0	12	17	35	37	3.96	1.01
Top leaders make decisions and outlines how the hospital is will achieve its quest for good customer relationship.	1	13	15	32	40	3.96	1.08
Top leaders usually delegate tasks according to employees' skills, knowledge and experience and employees are given opportunity to make some light decisions.	1	13	14	39	34	3.91	1.03
Top leaders are close to employees and always monitors the quality of services and provides insights of improvement through mentorship and coaching	1	15	12	39	34	3.91	1.06
Average						**3.93**	**1.04**

Under top leadership support, 39% of the respondents agreed that top leaders always motivate employee through various practices such as team building, salary increment with mean of 3.93 and a standard deviation of 1.04 indicating that the values in the data set had variations from the mean. Further, 37% of the respondents strongly agreed that top leaders are always strategic in employing CRM practices with mean of 3.96 and a standard deviation of 1.01. On whether top leaders make decisions and outlines how the hospital is will achieve its quest for good customer relationship, 40% strongly agreed with mean of 3.96 and a standard deviation of 1.08.

On whether top leaders usually delegate tasks according to employees' skills, knowledge and experience and employees are given opportunity to make some light decisions, 39% agreed with

a mean of 3.91 and a standard deviation of 1.03. Lastly, 39% of the respondent agreed that top leaders are close to employees and always monitors the quality of services and provides insights of improvement through mentorship and coaching with a mean of 3.91 and a standard deviation of 1.06. The overall mean was 3.93 that showed that majority of respondents either agreed or strongly agreed to the statements on top leadership support with variations of 1.04 all other factors held constant. This was a clear indication that in most hospitals, leaders were committed and supported CRM.

3.2 Factor Analysis

3.2.1 Factor Analysis for Drivers for Top Leadership Support

Factor analysis was conducted on the statements on top leadership support. This was done by subjecting the statement to dimension reduction in SPSS where any sub variable with a value less than 0.5 was removed.

(a) Test Sampling Adequacy for Top Leadership Support

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.760
Bartlett's Test of Sphericity	Approx. Chi-Square	1.384
	df	10
	Sig.	.000

From the Table 2; it is clear that KMO value is 0.760 which is more than 0.5. This indicates that the data is adequate for proceeding with factor-analysis. Bartlett Test shows the significance value of 0.000 which is less than 0.05 which also confirms the data adequacy for conducting analysis using factor-analysis since all variables are completely independent of each other as suggested by Pallant (2013). This was followed by running of factor-analysis technique. The two main stages of factor-analysis namely Factor Extraction Process and Rotation of principal components has been shown in Table 3. The solution could not be rotated since only one component was extracted.

(b) Total Variance Explained

Table 3: Total Variance Explained for Top Leadership Support

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.239	64.775	64.775	3.239	64.775	64.775
2	. 836	16.721	81.496			
3	. 468	9.359	90.855			

Extraction Method: Principal Component Analysis.

According to Mabert et al., (2003), factor loading with Eigen values greater than 0.5 should be extracted and below 0.49 not considered. Under Top Leadership Support, three sub variables were adopted as they had values greater than 0.5 as shown in Table 3. Hair, et al. (2006) stated that each individual variable must have value 0.5 and above. From the displayed results, the variables of top leadership support accounted for 64.7% of variance.

(c) Scree Plot for Top Leadership Support

Figure 1 presents the scree plot with the extraction of eigenvalues on the y axis and the number of factors on the x axis. The Scree plot shows that after the first component, differences between the eigenvalues decline (the curve flattens), and they are less than 1.0. The curve shows the variance explained with a break point of one factor with eigenvalues and all other four parameters in the variable were included for the regression analysis.
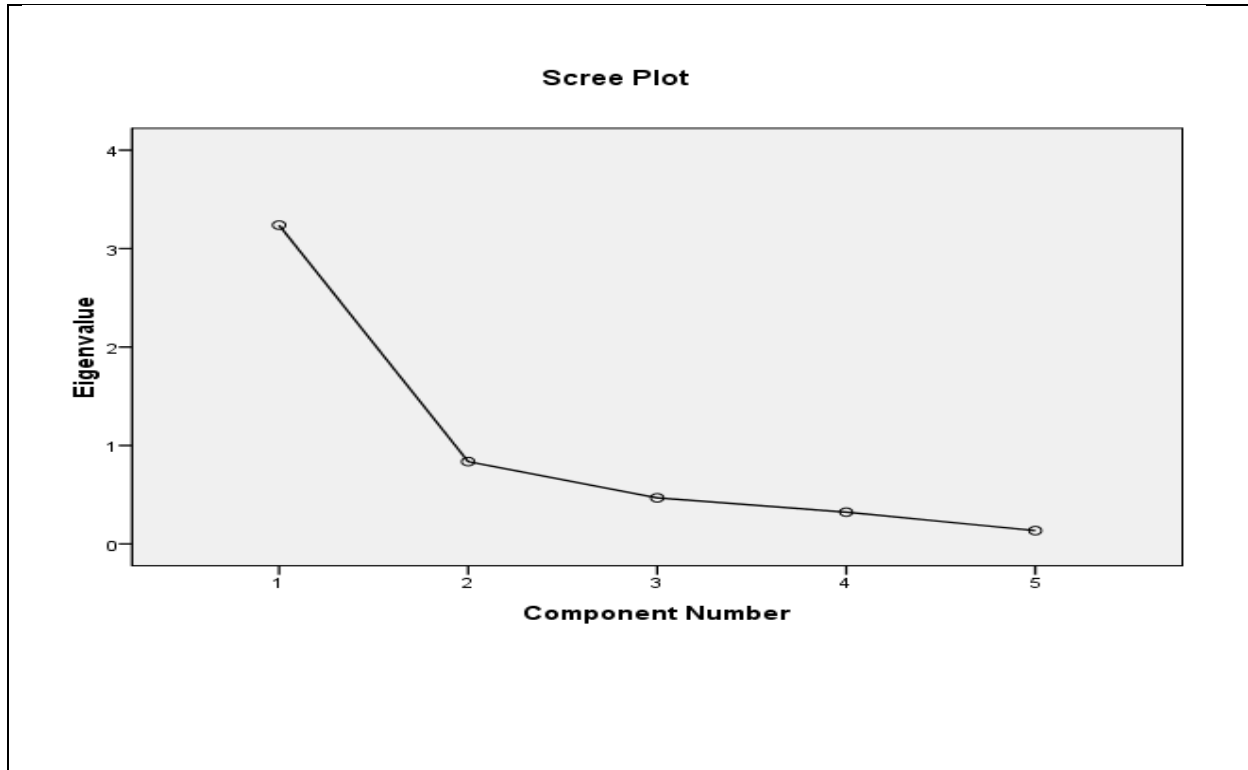
Figure 1: Scree Plot for Top Leadership Support representing the Eigen values and the proportion of variance accounted for by the principal components

3.3 Inferential Analysis of Top Leadership Support on CRM

3.3.1 Effect of Top Leadership Support on CRM

The study to evaluate influence of top leadership support on customer relationship management in private hospitals in Kenya. A simple regression model was used to test the statistical significance of the independent variable (top leadership support) on the dependent variable (customer relationship management) in private hospitals in Kenya. The first hypothesis stated in the null form is as follows:

> **Ho_2: Top Leadership Support has no significant effect on customer relationship in private hospitals in Kenya.**

The following section presents the R square value for regression model summary, F statistics for regression ANOVA and t statistics for regression coefficient for the linear relationship between top leadership support and customer relationship management in private hospitals in Kenya.

Table 4: Linear Relationship between Top Leadership Support and CRM

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.765a	0.585	0.584	0.24946

Table 4 indicates the regression analysis. The R-squared is a goodness-of-fit measure for linear regression models. This statistic indicates the percentage of the variance in the dependent variable that the independent variables explain collectively. R-squared measures the strength of the relationship between the model and the dependent variable. The findings of the model summary indicate that top leadership support explained 58.5% of the variability in customer relationship management in private hospitals in Kenya all other factors held constant.

Table 5: ANOVA for Linear Relationship between Top Leadership Support and CRM

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	42.012	1	42.012	675.104	.000b
Residual	29.808	479	0.062		
Total	71.82	480			

The linear regression F statistics shown in Table 5 shows that there was a statistical and significant linear relationship between top leadership support and customer relationship management $F(1, 480) = 675.104, p = 0.000 < .05)$. The p=0.000<.05 was less than 0.05 and thus implied that the overall model was statistically significant.

Table 6: Regression Coefficients for Linear Relationship between Top Leadership Support and CRM

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	3.373	0.032		104.033	0.000
Top Leadership Support	0.265	0.01	0.765	25.983	0.000

The regression coefficients presented in Table 4.31 shows that top leadership support had a statistically and significantly effect on the CRM in private hospitals($\beta = 0.265, t(481) = 35.983, p\ 0.000 < .05$). The estimated regression equation is given by:

$$CRM = 3.373 + 0.265 * Top\ Leadership\ Support$$

The model shows that top leadership support positively affects the customer relationship management in private hospitals in Kenya in that, if one unit of top leadership support is applied, it increases the customer relationship management in private hospitals in Kenya by a positive mean index value of 0.265. Given the ANOVA of 0.000 and top leadership support had a p-value of 0.000=0.05, the study thus, rejected the null hypothesis and adopted the alternative hypothesis that top leadership support has a significant effect on customer relationship management in private hospitals in Kenya. The findings conform to Miyonga, Namusonge and

Sakwa (2018) who established that strategic leadership practice was significant and that strategic management practices must be adopted when increasing customers. Managers were well advised to seek customer retention as well as a suitable level of strategic management practices. Kihara (2016) results also gave statistical proof that a positive and significant impact exists between organizational factors and CRM implementation in SMEs in the manufacturing sector. Precisely, 4 out of 5 drivers examined in this study were found to be significant and had positive impact on the overall performance of manufacturing SMEs.

4.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

The study confirmed that there existed a statistically significant relationship between top leadership support and customer relationship in Kenya, rejecting the null hypothesis and supporting the alternative hypothesis that there is a positive relationship between top leadership support and CRM. Top leadership explained 58.5% of CRM and this implies that if private hospitals boost top leadership support like staff motivation, delegation of duties, mentorship and coaching and strategic planning, staff morale would increase leading to high performance

Conclusion

The study concluded that Top Management should motivate employees through various practices such as team building, salary increment, mentorship and coaching. They should as well employ strategic CRM systems and practices so as to monitor quality of services being offered.

Recommendations

The study recommends that top leaders/management should support strategic policy process from formulation, development all through to implementation to ensure effective application of CRM in their institutions.

REFERENCES

Eisenhardt, K.M. and Martin, J.A. (2000) Dynamic Capabilities: What Are They? Strategic Management Journal, 21, 1105-1121. http://dx.doi.org/10.1002/1097-0266(200010/11)21:10/11<1105::AID-SMJ133>3.0.CO;2-E

Kihara, P., (2016), The Role of Technology in Strategy Implementation and Performance of Manufacturing Small and Medium Firms in Thika, Kenya. International Journal of Business and Social Science.Vol. 7, No. 7; 2016

Mans (2011), "Can the WHO Report improve the performance of health systems? Scandinavian Journal of Public Health, 2001:29: pp76-77.

Miyonga, A., Namusonge, G. & Sakwa, M. (2016). Effect of strategic leadership on customer retention commercial banks in Kenya. IJRDO- Journal of Business Management, 2(7), 45-64

Teece, D. J. and G. Pisano (1997). 'The dynamic capabilities of firms: An introduction', *Industrial and Corporate Change, 3(3), pp. 537–556.*

Wanjau, K. N., Muiruri, B. W., Ayodo, E, (2012), Factors Affecting Provision of Service Quality in the Public Health Sector: A Case of Kenyatta National Hospital; *International Journal of Humanities and Social Science,* Vol. 2 No. 13.

Wataku, S. K. (2010), Influence of e-service on employee satisfaction: the case of Kenya Airways Limited (Master's Dissertation)