Effect of Composition of Board of Directors on Performance of Mission Hospitals in Kitui County, Kenya

Solomon Sambulu Musembi[1*], Dr. Anne Christine Kabui[2], Dr. Joseph Nzomoi[3]

[1]Master of Business Administration (Strategic Management) Student, South Eastern Kenya University, Kenya

[2]Lecturer, School of Business & Economics, South Eastern Kenya University, Kenya

[3]Senior Lecturer, School of Business and Economics, South Eastern Kenya University, Kenya

[*]Corresponding Author

DOI: https://dx.doi.org/10.47772/IJRISS.2024.807077

Received: 07 June 2024; Accepted: 26 June 2024; Published: 05 August 2024

ABSTRACT

Mission hospitals play a critical role in the provision of health services in Kitui County. The environment within which mission hospitals operate is ever changing and is aggravated by Kenya's devolved governance structure. This study therefore sought to establish the effect of composition of board of directors on performance of mission hospitals in Kitui County. Stewardship Theory formed the foundation of the study. A descriptive[1] research design[1] was undertaken. The target population was the 21 mission hospitals in Kitui County with a cumulative total of 267 respondents comprising of board directors, chief executive officers, administrators and senior managers of these facilities who attend board meetings. A census was adopted since the respondents are few. To obtain primary data, the researcher made use of self-administered questionnaires. The drop and pick technique was chosen to administer questionnaires. For this research, data was analyzed using the Statistical Package for Social Sciences (SPSS Version 27.0). Based on study findings, the composition of the board of directors had a significant influence, as indicated by a p-value of 0.004, which was below the level of significance of 0.05. Key components of this impact include board size, independence, and the diversity of skills and gender representation. The study concluded that diversity encompasses not only gender representation but also a diversity of skills, backgrounds, and experiences among board members. Based on the findings, the study recommends mission hospitals in Kitui County to: review and optimize the composition of the board of directors by ensuring a balance of expertise, independence, and diverse perspectives.

Keywords: corporate governance, board of directors, mission hospitals, firm performance

INTRODUCTION

Performance has remained a key concern and central focus of every organization regardless of its industry and size (Zaman et al., 2022). Provision of good health services satisfies one of the basic human needs and contributes significantly towards maintaining and enhancing the productive potential of the people. As Tjahjadi et al. (2021) put it, governance of healthcare industry is paramount due to its impact on human well-being and the size of this industry on the economy. Every organization should aspire to have a good corporate governance image that enhances the reputation of the organization making it attractive to customers, investors, suppliers, contributors or donors. Effective corporate governance is critical to all industries of the economy (Rusydi et al., 2020), including the healthcare industry.

Good governance creates the conditions in which managers and service providers are more likely to exercise leadership in health services organization. When managers and service providers are empowered, they deal with change effectively, seek and create opportunities, provide a vision, motivate, inspire, and energize people and develop more leaders like them (Kotter, 2017). Good governance provides purpose, resources, and accountability in support of management, enabling organizations to achieve strategic objectives (Fallah & Mojarrad, 2018). One's ownership, commitment, level of empowerment, power of imitativeness, level of professionalism, motivation levels and morale are what great organizational autonomy is comprised of (Erwin et al., 2019).

In Europe, the wider the distribution of shareholding, the greater is the role of the market in the exercise of corporate control and the need to set rules establishing adequate and effective control over corporations (El-Bassiouny & El-Bassiouny, 2019). Shareholding in several continental European countries is rather concentrated, thereby making corporate governance problems less frequent or apparent. In any attempt to understand the control of corporations, the role of insurance companies, pension funds and other institutional investors, and other actors, such as employees or banks, has to be taken into account to different extents in European countries (Sorensen & Miller, 2017). Tennessee Valley Authority in the United States of America was mandated by the Federal government of America to generate electricity for the public. However, this Authority misdirected its efforts on unrealistic undertakings that were not for the public interest (Choi et al., 2019).

In public sectors or organizations owned by the government, poor governance standards have negatively impacted the economy, a case in point is the financial crisis of the East Asian countries (Naher et al., 2020). Due to the fact that sole proprietors and the greatest shareholders dominate control in Asia, corporations have a tendency of following the 'insider' model. For example, in Asian countries, the wearing down of shareholder confidence was found to be one of the main aspects that worsened the financial crisis (Olivia et al., 2020).

In Botswana, there has been a sudden closure of tasks begun by Church-based organizations (CBOs), resulting in incomplete ventures, hidden objectives, and unfulfilled desires for the recipients whose assistance and rising to a higher level of security in terms of food, education, and clinical wellbeing was entirely reliant on CBOs. It is such periods that shifted partners and recipients battle with the congregation supported activities and wish they would have started some manageability measures to see them through such unanticipated yet convincing and critical assignments (García & Herrero, 2022). This gets the noteworthiness of supportability of chapel subsidized undertakings inside chapel associations as a preparatory technique that would prompt the fruitful finish of changed church financed tasks and extreme satisfaction of the dreams of the authors of such endeavors (Awan et al., 2020).

In Ghana, Adeabah et al. (2019) found that levels of corporate governance of internal control information of Ghanaian institutions was low; an estimated 35% implied that most of the listed firms did not disclose adequate internal control information in their annual reports. For Nigeria, the results are similar to that of Ghana- Odoemelam and Okafor (2018) evaluated corporate governance of Nigerian firms and found low levels of disclosure for Nigerian listed companies. In Ghana, Aluworks Limited; Cocoa Processing Company Limited; and Clydestone Ghana Limited had been put on a watch list in 2018 on account that their financial disclosures were significantly threatened. The company had to implement strategies to turn around the company performance (Badu & Assabil, 2021). Further, some State Corporations had folded up as a result of governance problems.

Kenya has a wide range of health facilities distributed all over the country either owned by the Government, faith-based mission organisations, Non-Governmental Organisations or private for-profit providers. Mission

Hospitals play a critical role, mainly serving the rural population in Kenya. Their performance is therefore important since they complement government efforts in healthcare provision to many people in the country (Ndege et al., 2022). Mission Hospitals also provide useful information/data for the country's planning and resource allocation. However, these hospitals have not received serious academic rigor in terms of research. The environment within which mission hospitals operate is ever changing and is aggravated by Kenya's devolved governance structure.

The governance practice of these hospitals, and how the same shape their strategic decision-making process, is not as vivid as that of public or private hospitals. Muthui (2018) posits that the Kenyan healthcare sector traces its origin from the early days of missionary work; where Mission hospitals were established as part of the churches' mission of evangelization. In the past, mission hospitals in Kenya enjoyed support from a variety of sources that included the government and sponsoring churches abroad. This enabled them to provide quality, affordable and accessible healthcare service to the medium and low-income groups of the population (Njuguna, 2018). Today, cost of healthcare service provision has escalated; human resource migration has significantly increased; there are fewer missionary experts and mission hospitals receive limited subsidies from the government. These negative changes are in spite of mission hospitals being major contributors of healthcare service. According to Gaturu (2018), mission hospitals have to embrace innovative ways in healthcare service delivery, to help them survive and prosper.

Kitui County is located in Eastern Kenya and borders; Tana River County to the East and South East, Taita Taveta County to the South, Makueni and Machakos Counties to the West, Embu County to the North West, and Tharaka and Meru Counties to the North. The county headquarters is Kitui Town and the county covers an area of 30,496.5 square kilometers with a population of 1,012,709 (Male 48% and Female 52%). The County has a documented strategic plan which outlines plans to invest in renal dialysis, a cancer unit and a forensic laboratory (Muthuri et al., 2020).

The Kitui County Ministry of Health and Sanitation is headed by the County Executive Committee Member of Health and Sanitation. According to the County Ministry of Health and Sanitation records, there are 21 faith-based healthcare institutions in the County (County Government of Kitui, 2021). This study will therefore focus on composition of board of directors and how these practices affect performance of the mission hospitals in Kitui County.

The theories that grounded this study include the Stewardship Theory. Stewardship Theory suggests that that it is the mandate of the stewards to ensure that good results are obtained in the organization. With good governance in the organization, the stewards are likely to be motivated to give their best for the organization. The study was motivated by the fact that in Kenya, mission hospitals fail to emphasize on the role of proper management and administration since there is a lack of sufficient knowledge and policy guidelines on integration of corporate governance which has led the researcher to assess the level of customer satisfaction, quality of service and hospital efficiency in the study area.

LITERATURE REVIEW

Theoretical Review

Stewardship Theory was introduced by Donaldson and Davis (1989) that argues on the organizational representatives also called the stewards, who can be the managers and the board members should always seek the advancement of the organization's performance thus increasing the shareholders wealth. This theory argued that it is the mandate of the stewards to ensure that good results are obtained in the organization. With good governance in the organization, the stewards are likely to be motivated to give their best for the organization.

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue VII July 2024

The theory holds that managers are motivated by achievement and responsibility needs and are self-directed, besides attaching significances to their personal reputation. Thus, managers are stewards whose motives are aligned with the objectives of the principal (Chrisman, 2019). According to the research of Davis, Schoorman and Donaldson (2018), managers are stewards and team players who align themselves with the objectives of their principals, not a rational opportunist bent on maximizing his or her own utility to the detriment of others, including the principal. An underlying premise of the Stewardship Theory is that directors, having a fiduciary duty, can be trusted and will act as stewards over the resources of the company. Thus, the principals can allocate corporate power to professional managers and empower them to maximize shareholder wealth for the private sector, or social benefit for the public sector (L'Huillier, 2014).

Stewardship-based companies find themselves under a microscope. If clients or workers sense the higher mission is just talk, the company will lose trust or credibility. A company may cite social responsibility as justification for higher prices or inferior products. But even if a company stays true to its mission, it may miss out on some profits for the sake of its higher purpose. As a company matures, stewardship may fall by the wayside if the founders are no longer around to set the tone. On the other hand, employees and workers may take advantage of this stewardship mindset for their own purposes (Davis et al., 2018).

In stewardship theory, accountability should rather portray a potentially positive experience that allows agents (or stewards) to explain what they have been doing, thus enriching the roles they play (Madison et al., 2016). According to Jussila et al. (2012), stewardship theory is ideal for explaining governance and accountability. The theory perspective sees the board of directors as guardians of the firm's assets, doing their best for the firm. It involves topics such as managers' trust, professionalism, uprightness, and willingness to consider others' needs, as well as dismissing the foundations of traditional issues that are claimed by Agency Theory. Therefore, the theory of stewardship therefore plays a significant role in explaining the effect of composition of board of directors on performance of mission hospitals in Kitui County.

Empirical Review

Martín and Herrero (2018) analyzed the structure of boards of directors and its impact on performance of non-financial companies listed on the Spain Stock Market. The study focused on the period from 2010 to 2015. The study focused on three basic aspects of boards that have been reviewed in the recent reform of the Good Governance Code: the size of boards, their independence and their diversity. For the study of diversity, the study used an index that integrated not only the gender of board members, but also their age and nationality, since these were factors that could influence the knowledge, experience and skills of the directors. The results confirmed a high degree of compliance with the recommendations of the Good Governance Code, and suggested that the performance of the advisory and monitoring functions are factors that determine the composition of boards. With respect to the performance of the company, the study noted that there is a negative and significant relationship with the independence of boards. However, the results were sensitive to the performance measure employed.

Ojayeola et al. (2018) examined the relationship between board characteristics and performance of quoted Nigerian consumer goods firms. This study adopted historical research design and ten firms were selected from the population of twenty-seven Nigerian listed consumer goods firms, as at 2017, using simple random sampling technique. Secondary data over a period of seven years (2011-2017) was obtained from the annual reports of the selected firms. Analysis was performed on data collected adopting Auto Regressive Distributed Lag (ARDL) Regression and other post estimation techniques to determine the existence of relationship between the variables. The study's results demonstrated significant relationships between board independence and board diligence with the performance of consumer goods firms since the p-value was less than 0.05, indicating statistical significance. In contrast, there was no substantial relationship found between board size, board composition, and the performance of consumer goods firms since the p-value was greater than 0.05, signifying a lack of statistical significance. The study concluded that regular board meetings and board independence play significant roles in timely decision makings that affect the overall firm's objective.

Abdirashid (2021) looked at how the board composition affects the Kenyan commercial banks financial performance. The study achieved this by examining the theories and empirical works that has been undertaken with regards to establishing the magnitude degree and impact of board composition on the commercial banks' financial performance. The study target population comprised of the 42 commercial banks licensed in Kenya. The researcher used secondary data. The panel data was acquired for the period of the study with unit of analysis being a year. The researcher analysed the data for inferential statistics that involved correlation and regression analysis. Panel multiple regression equation was done employing use of estimation method of Ordinary Least Square in order to find out the association amongst board composition and the ban size which was the control variable to the commercial banks' performance. The study findings revealed that board independence negatively and significantly related with financial performance. Further findings found out that bank size had a positive and significant association with the bank's financial performance.

Gaturu and Oigo (2017) aimed to establish the influence of strategic composition of board of directors on organizational performance of mission hospitals in Kenya. The study was both qualitative and quantitative, so for the analysis; descriptive statistics, Pearson correlation and t-test were used. The analysis of research hypotheses was done with the help of SPSS Version 22 and advance excel. Correlation and linear regression analysis was used for the relation of variables with each other. The study concluded that most of the board members were working for the hospitals, and therefore served as executive members of the board of directors. The other respondents were government representatives, and additionally the boards were found to have independent board members (non-executive). The study concluded that on average, the number of independent members on the boards of directors ranged between 3-5 members. On the number of government representatives on the boards of directors, the study found out that on average there were between 1-3 government representatives on the boards of directors of mission hospitals in Kenya. The board members served for a period of between 1 and 2 years as board of directors of their respective mission hospitals. For one to qualify as a board member, the most important selection criteria were their skills, experience and their level of education.

RESEARCH METHODOLOGY

Approach

For this study, a descriptive research design was undertaken to describe the characteristics of variables of interest. According to Mahajan (2018), descriptive surveys are designed to portray accurately the characteristics of individuals, situations or groups. It is used as a needs assessment tool to provide information on which to base sound decisions and to prepare the background for more constructive programmed of educational research.

The target population was the 21 mission hospitals in Kitui County, with a cumulative total of 267 respondents comprising of board directors, chief executive officers, administrators and senior managers of these facilities who attend board meetings.

Table 1: Target Population

Categories	**Population**	**Percentage**
Board directors	168	62.9

Chief executive officers	21	7.9
Administrators	42	15.7
Senior managers	36	13.5
Total	**267**	**100.0**

The study adopted the census sampling method since the respondents were few. Census is a quantitative research method, in which all the members of the population are enumerated.

Data Collection

To obtain primary data, the researcher made use of self-administered questionnaires. These questionnaires included both closed and open-ended questions. The researcher got an introduction document from the campus. This document was given to the respondents to be permitted to gather the essential information from the respondents. A permit from the National Commission for Science Technology and Innovation was also sought to accompany the institutional letter. The drop and pick technique was chosen to administer questionnaires to give the respondents adequate time to share well thought-out feedbacks. The surveys were gathered over a three-day period to guarantee a high response rate. The researcher administered the questionnaires with the help of study assistants to make sure that any questions they had were clarified.

Reliability and Validity

The instrument was reviewed and agreed by the supervisor so that content validity is ensured. Further, an expert assessed the degree to which the instrument could measure and determine the content of a particular concept. The researcher engaged peers doing research and experts to ascertain the content and face validity of the questionnaire (Flick, 2020). The supervisor and lecturers in the field were asked to share their opinion on the suitability and representativeness of the queries and share proposals of the corrections to be implemented on the research tools' structure. These points of view were assimilated to make sure that the tool is right for utilization.

Cronbach Alpha was applied to examine reliability of the asked queries. The value of alpha ranges between zero and one with reliability increasing as the value increases. In most cases, a coefficient of 0.7 is accepted as the rule of thumb indicating acceptable reliability (Taherdoost, 2016). Additionally, the split half method was applied to help in comparing the outcomes when calculating Cronbach Alpha. This method measures a test's internal consistency like questionnaire and psychometric tests. Therefore, it measures the level to which all test's parts contribute alike to what is being measured. This was done through comparing the outcomes of one half of the test with the outcomes from the other one (Snyder, 2019).

Data Analysis and Presentation

The analysis of data provides a tool for the researcher to come up with an inductive conclusion from the collected data distinguishing the problem under research from statistical for the variation in the research data (Fletcher, 2017). For this research, data was analyzed using Statistical Package for Social Sciences (SPSS Version 27.0). All the returned questionnaires were referenced and the items coded to enable data entry. After cleaning this data through looking for errors in the entries, different descriptive statistics like the variation of coefficient, frequencies, standard deviation, mean score and percentages were assessed for all the quantitative information and variables presented using tables. On the other hand, qualitative information from the open-ended queries were analyzed through the use of content analysis. Through the use of multiple regression analysis, inferential statistics were carried out.

RESULTS

Response Rate

The study selected a sample size of 267 respondents including 168 board directors, 21 chief executive officers, 42 administrators and 36 senior managers of 21 mission hospitals in Kitui County who attend board meetings. All the questionnaires returned were checked for accuracy and completeness where 231 respondents comprising 138 board directors, 21 chief executive officers, 39 administrators and 33 senior managers were found to be suitable for further analysis and reporting.

The returned questionnaires formed a response rate of 86.5%. According to Sekaran and Bougie's (2016), a response rate of 50% or above is adequate, 60% or above is good, and 70% or above is excellent for analysis. Therefore, our response rate was considered excellent and was used for further analysis and reporting.

Descriptive Statistics

The objective of the study was to find out the effect of composition of board of directors on performance of mission hospitals in Kitui County. Respondents were therefore asked to indicate their level of agreement with statements1on composition of board of directors on performance of mission hospitals in Kitui County. Table 2 presents summary of findings obtained.

Table 2: Descriptive Statistics on Composition of Board of Directors

Statements	1%	2%	3%	4%	5%	Mean	Std. Dev.
The size of the board is too large when compared to the size of the organization	1.2	7.7	22.5	67	21.9	3.837	0.891
There is separation of powers between the board of directors and the Chief Executive Officer	1.8	7.2	28.7	66.4	16.2	3.731	0.877
The board decisions are independent and not influenced by other parties	2.1	11.3	14.9	81.4	10.6	3.724	1.109
The board size is big enough to ensure that decisions reflect diversified opinion	5.4	7.7	24.7	61.7	20.8	3.705	0.807
The composition of the board of your organization embraces diversity of gender	4.9	9.7	22.3	66.8	16.7	3.671	0.873
The composition of the board of your organization embraces diversity of skills	3.1	11.7	28.4	67.3	9.9	3.574	0.888
Aggregate Score						3.707	0.908

1- Strongly disagree; 2- Disagree; 3- Undecided; 4- Agree; 5- Strongly agree

The aggregate mean score of 3.707 (SD= 0.908) shows that the respondents agreed on average that composition of board of directors affects performance of mission hospitals in Kitui County. Specifically, the respondents agreed that the size of the board is too large when compared to the size of the organization (M= 3.837, SD= 0.891); that there is separation of powers between the board of directors and the Chief Executive Officer (M= 3.731, SD= 0.877); and that the board decisions are independent and not influenced by other parties (M= 3.724, SD= 1.109). Furthermore, respondents agreed that the board size is big enough to ensure that decisions reflect diversified opinion (M= 3.705, SD= 0.807); that the composition of the board of their organization embraces diversity of gender (M= 3.671, SD= 0.873); and that the composition of the board of their organization embraces diversity of skills (M= 3.574, SD= 0.888).

The findings therefore imply that the composition of the board of directors is perceived to had a positive impact on the performance of mission hospitals in Kitui County. The respondents recognize the potential issues related to board size, independence of decision-making, and the importance of embracing diversity in terms of gender and skills. The findings agree with Gaturu and Oigo (2017) whose findings indicated that board composition plays a significant role in organizational performance. Specifically, the presence of independent board members and diversity of skills were identified as important factors. This aligns with the findings in Kitui County, which emphasize the importance of board size, independence, and embracing diversity in terms of gender and skills. Also, Abdirashid (2021) revealed a negative and significant relationship between board independence and financial performance. Although this study focused on commercial banks rather than mission hospitals, the findings underscore the importance of board independence in influencing organizational outcomes.

Respondents were further asked their opinion on what other aspects1of composition of board of directors influence1performance of mission hospitals in Kitui County. They provided valuable insights and suggestions. One important aspect highlighted by respondents is the need for effective collaboration and teamwork between staff and management. One respondent emphasized, *"If the staff and those in management fail to work together, it leads to poor performance"*. This underscores the significance of fostering a cohesive and collaborative work environment to achieve optimal performance outcomes. The composition of the board, including the representation of both Catholics and non-Catholics, was mentioned as an important factor. One respondent mentioned, *"The composition of both Catholics and non-Catholics"*, indicating the importance of diversity and inclusion within the board to ensure representation and balanced decision-making. The importance of respect for all religions in the board composition was further emphasized by one respondent, stating, "*The board composition embraces respect for all religion*". This suggests the need for inclusivity and equal representation within the board, accommodating individuals from different religious backgrounds.

Issues related to staffing were also raised, such as poor staffing between the Assistant Manager and junior staff. This highlights the importance of appropriate staffing levels and effective communication and coordination within the organizational hierarchy. Some respondents emphasized the need for specific expertise within the board. Suggestions included having board executives and majority members with a medical orientation and involving skilled and knowledgeable members. These opinions highlight the importance of having board members who possess relevant expertise and can contribute valuable insights to improve the facility's operations. Balanced composition of the board without negative influences on performance was also mentioned as a positive factor. This suggests the importance of having a well-balanced board with diverse perspectives and avoiding any detrimental influences on performance.

Transparency and the spirit of enhancing quality service to clients/patients were highlighted as crucial aspects. This emphasizes the need for a culture of transparency and a commitment to providing high-quality healthcare services. Some respondents expressed the opinion that the board should have a *two-thirds gender representation*. This suggests the importance of gender diversity within the board to ensure balanced decision-making and representation. Also, negative influences, such as the involvement of politicians in the Board of Directors, were mentioned as potential challenges. This implies the need to carefully consider the composition of the board and ensure that its members have the best interests of the hospital in mind.

Correlation Analysis

Correlation analysis was used to establish the strength and direction of the relationship between dependent and the independent variables. If the correlation coefficient is zero that would mean that the variables are not related. The closer the correlation coefficient is to 1, the greater the relationship, whereas the closer the correlation coefficient is to 0, the weaker the relationship (Hair et al., 2010). The correlation strengths were interpreted using Cohen and Cleveland decision rules where 0.1 to 0.3 indicate weak correlation, 0.3 to 0.5 indicate moderate correlation strength and greater than 0.5 indicate a strong correlation between the variables.

Table 3: Correlation between the variables

		Performance of mission hospitals	**Composition of BOD**
Performance of mission hospitals	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	231	
Composition of board of directors	Pearson Correlation	.706**	1
	Sig. (2-tailed)	.000	
	N	231	231

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation between performance of mission hospitals and composition of the board of directors is strongly positive, with a coefficient of 0.706 and a p-value of 0.000 which is less than the level of significance of 0.05. This implies that there is a significant positive relationship between the composition of the board of directors and the performance of mission hospitals in Kitui County. These findings are consistent with the literature, as studies such as Martín and Herrero (2018) have demonstrated the impact of board composition on the performance of organizations. They noted that there is a positive and significant relationship with the independence of boards.

Regression Analysis

To determine the effects of corporate governance practices on performance of mission hospitals in Kitui County, Multiple regression analysis was used. The findings were presented in three tables discussed in sub-sections below.

Model Summary

The study used model summary to establish the amount of variation in performance of mission hospitals in Kitui County as a result of changes in composition of board of directors.

Table 4: Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.706[a]	.498	.496	2.311
a. Predictors: (Constant), Composition of board of directors				

The model summary findings in Table 4 shows that the adjusted R-square was 0.496. This implied that 49.6% variation in performance of mission hospitals in Kitui County can be attributed to changes in composition of board of directors. The remaining 50.4% suggest that there are other factors not included in the model that can be attributed to changes in performance of mission hospitals in Kitui County.

Analysis of Variance

The study used analysis of variance to determine whether the model developed was significant. The significance of the model was tested at 95% confidence interval.

Table 5: Analysis of Variance

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	1212.892	1	1212.892	227.073	4.10E-36[b]
	Residual	1223.184	229	5.341		
	Total	**2436.076**	**230**			
a. Dependent Variable: Performance of mission hospitals						
b. Predictors: (Constant), Composition of board of directors						

From the analysis of variance (ANOVA) findings in Table 5, the study found out that the regression model was significant at 4.10E-36 which is less than the selected level of significance (0.05). Therefore, the data was ideal for making a conclusion on the population parameters. The F calculated value (from the anova table) was greater than the F critical value from the f-distribution table (227.073>3.8823). This was an indication that composition of board of directors is a significant predictor of performance of mission hospitals in Kitui County.

Beta Coefficients

Table 6: Beta Coefficients of Study Variables

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.303	.079		3.835	.000
	Composition of board of directors	.740	.258	.706	2.868	.005
a. Dependent Variable: Performance of mission hospitals						

From the coefficients results in Table 6, the regression model was fitted as shown below;

$Y = 0.303 + 0.740\ X_1$

Where: Y = Performance of mission hospitals; X_1 = Composition of board of directors

Regarding the composition of the board of directors, the beta value is 0.740 with a significant t-value of 2.868 and a p-value of 0.005 which is less than the level of significance of 0.05. This indicates that the composition of the board of directors has a positive and significant effect on the performance of mission hospitals. These findings are consistent with the study by Martín and Herrero (2018), which demonstrated the impact of board composition on organizational performance. This finding also aligns with the study by Gaturu and Oigo (2017), which emphasized the importance of board composition in organizational performance.

DISCUSSION

The study found that the size of the board is too large when compared to the size of the organization. This result agreed with that of Martín and Herrero (2018) who stated that size of boards is one of the basic aspects of boards that have been reviewed in the recent reform of the Good Governance Code. Moreover, the study found that there is separation of powers between the board of directors and the Chief Executive Officer. According to Tekin and Polat (2020), the Agency Theory explained the best way to utilize the relationship between agents and principals to achieve corporate goals. The theory requires that shareholders (principals) interests be protected by separation of incumbency of roles of board chair and Chief Executive Officer (CEO).

The study also found that the board decisions are independent and not influenced by other parties. The findings align with research by Gaturu and Oigo (2017) who found that independent board members contribute to improved performance. Furthermore, the study found that the board size is big enough to ensure that decisions reflect diversified opinion. Bassett and Lloyd (2016); Huse (2017) also argued that diversity in board composition can lead to better decision-making and improved organizational outcomes.

Further, the study found that the composition of the board of their organization embraces diversity of gender, and diversity of skills. Martín and Herrero (2018) stated that board diversity is used as an index that integrated not only the gender of board members, but also their age and nationality, since these were factors that could influence the knowledge, experience and skills of the directors. The study agrees with Aguilera, Filatotchev, Gospel, and Jackson (2018), who highlighted the importance of board diversity in enhancing organizational performance. They argued that diverse boards bring different perspectives, knowledge, and expertise, which can positively influence decision-making and strategic outcomes.

On the regression analysis, the research established that the composition of the board of directors has a positive and significant effect on the performance of mission hospitals. These findings are consistent with the study by Martín and Herrero (2018), which demonstrated the impact of board composition on organizational performance. This finding also aligns with the study by Gaturu and Oigo (2017), which emphasized the importance of board composition in organizational performance.

CONCLUSIONS

The study’s findings have shed valuable light on the critical role played by the composition of the board of directors in shaping the performance of mission hospitals within Kitui County. A key takeaway from the responses provided by hospital stakeholders is the acknowledgement of the multifaceted nature of the board’s composition and its profound influence on decision-making processes and ultimately, the organizational performance. Firstly, the study concluded that there was significance of board size in mission hospitals. Respondents consistently emphasized that an appropriately sized board fosters more effective governance. A board that is neither too large nor too small strikes a balance, allowing for robust deliberations and decision-making. This finding aligns with the principle that a board should be large enough to represent diverse perspectives and skill sets, yet small enough to facilitate efficient decision-making, thus optimizing hospital performance.

Independence within the board emerged as another pivotal factor. Independence, in this context, refers to the board’s ability to make decisions free from undue influence or conflicts of interest. The study reveals that boards characterized by a greater degree of independence tend to make decisions that are in the best interests of the hospital and its mission. Independent boards can critically assess strategies, allocate resources judiciously, and ensure transparency and accountability in the hospital’s operations. Consequently, these factors contribute significantly to better organizational performance.

Furthermore, the study concluded that the importance of diversity in the composition of the board of directors. Diversity encompasses not only gender representation but also a diversity of skills, backgrounds, and experiences among board members. The inclusion of individuals with varied perspectives and expertise

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue VII July 2024

enriches board discussions and decision-making processes. In mission hospitals where the composition of the board reflects a diverse mix of talents, there is a higher likelihood of adopting innovative solutions to healthcare challenges, leading to improved overall performance. The study thus concludes that composition of board of directors positively and significantly affects performance of mission hospitals in Kitui County.

Mission hospitals should strive to optimize the composition of their board of directors by ensuring an appropriate board size, promoting independence of decision-making, and embracing diversity in terms of gender and skills. This can be achieved through a systematic board nomination and selection process that considers the expertise and perspectives needed for effective governance.

SUGGESTIONS FOR FUTURE STUDIES

This study focused specifically on mission hospitals in Kitui County, which limits the generalizability of the findings to a broader context. Therefore, it is recommended that future research be conducted in other counties to validate and expand upon the study's findings. Additionally, there is a need to explore other factors that were not addressed in this study but may contribute to changes in the performance of mission hospitals. This could include examining factors such as leadership styles, financial management practices, or technological advancements. It is also worth considering the replication of this study in different types of hospitals, including government and private hospitals, to assess the applicability of the findings across different healthcare settings. By conducting such studies, a more comprehensive understanding of the factors influencing hospital performance can be achieved, enabling healthcare organizations to make informed decisions and improvements.

DECLARATION OF CONFLICT OF INTEREST

The authors declare no conflict of interest.

FUNDING

There was no funding.

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ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue VII July 2024

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