THE EFFECT OF INFORMATION TECHNOLOGY INVESTMENT ON THE FINANCIAL PERFORMANCE OF HEALTHCARE FACILITIES IN NAIROBI COUNTY

BY

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ABSTRACT

Information systems play an important strategic role and support the competitive strategy of the firms which affect the speed and flexibility of decision-making and make it easier to adapt to environmental conditions. Information Technology (IT) has the substantial potential to contribute to improving access to care, lowering overall costs, and streamlining operational efficiencies in the health system. The research focused on the information technology investment in the healthcare facilities in Kenya. The objectives of the study were: To assess the level of IT adoption in the healthcare facilities in Nairobi County; to determine the effect of information technology investment on the performance of health facilities in Nairobi County.

The study took a cross-sectional survey research design. The study targeted the Healthcare Facilities operating with Nairobi County. The study used secondary data from annual reports and financial statements. Data was collected consistently from the year 2008 to 2012. The impact on performance was measured using multivariate analysis. The quantitative data was analyzed using descriptive statistics with the help of the Statistical Packages for Social Sciences (SPSS). The Analysis of Variance (ANOVA) was used to check how well the model fits the data. The study applied F significance from ANOVA to establish the significance of such relationship.

From the findings, the averages for Annual Net Revenues for the 20 sampled healthcare facilities in Nairobi County indicates an upward increase over the 5 year period, with the highest being in 2012. From the findings, it is clear that there is a positive correlation between number of IT labour, IT budget and performance of Healthcare facilities. From the findings, the coefficients of average annual Performance of Healthcare facilities is positive and significant. Finally the study concluded that, the coefficients of aggregate Performance of Health facilities is positive and significant, indicating that holding number of IT labour and IT Budget constant Performance of Health facilities will be positive. The study recommends that a similar study should also be carried out on effects of IT outsourcing on the performance in both public and private healthcare facilities in Kenya.