CORPORATE GOVERNANCE-STRATEGIC DECISION MAKING CO-ALIGNMENT, EXTERNAL ENVIRONMENT AND PERFORMANCE OF MISSION HOSPITALS IN KENYA

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DECLARATION

This thesis is my original work and has not been submitted for award of a degree course in any other University.

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DEDICATION

I dedicate this thesis to my mother Esther Nthenya Muli and my late father Kitungu Muli Kiliko, who never lived to witness this milestone. Their deposit of wise teachings and inspiration made me to be who I am today. In addition, I dedicate this thesis to my wife Josephine and our daughters, Ruth Mueni, Naomi Nduku, Grace Nthenya and Joy Mwende. I will forever be grateful for the support, patience, understanding and encouragement you gave me through this academic journey. My blessings to you: may this achievement motivate you to strive for excellence and success in all what you do.

TO GOD BE THE GLORY.

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ABBREVIATIONS AND ACRONYMS

BSC:	Balanced Scorecard
CEO:	Chief Executive Officer
CCA:	Canonical Correlation Analysis
CG:	Corporate Governance
CHAK	Christian Health Association of Kenya
CLSA:	Credit Lyonnais Securities Asia
CV	Coefficient of Variation
EE:	External Environment
FBOs:	Faith Based Organisations
KCCB:	Kenya Conference of Catholic Bishops
KHSSP:	Kenya Health Sector Strategic Plan
NGOs:	Non-governmental Organisations
OECD:	Organisation of Economic Co-operation and Development
OP:	Organisational Performance
RBV:	Resource Based View
SAS:	Statistical Analysis System
SBSC:	Sustainable Balanced Scorecard
SDM:	Strategic Decision Making
SPSS:	Statistical Package for Social Sciences
TBL:	Triple Bottom Line
TMT:	Top Management Team
UK:	United Kingdom
US:	United States
WB:	World Bank
WHO:	World Health Organisation

ABSTRACT

This study was set to test the viability of the co-alignment model using theories that support corporate governance practices and strategic decision-making dimensions and their effect on performance. It interrogated the relationship between corporate governance-strategic decision making co-alignment, external environment and performance of Mission Hospitals in Kenya. Drawing from the agency, stakeholder, resource-based view and open system theories, the researcher conceptualised the potential effect of corporate governance-strategic decision making co-alignment on performance. It was prompted by the need for more grounding since there are limited empirical studies on co-alignment model and study context. Arising from the broad objective, seven specific objectives were formulated and each of these objectives had a corresponding hypothesis. A descriptive cross-sectional survey research design was used, anchored on positivism philosophy. The target population consisted of 88 Mission Hospitals in Kenya and data were collected from 74 hospitals (84.09 percent response rate). A single data collection method through structured questionnaires was used. The collected data was analysed and interpreted based on descriptive statistics, correlation and multivariate regression analysis as well as canonical correlations analysis. The findings revealed that corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment had a significant joint effect on the performance of Mission Hospitals in Kenya. The results further indicate that there was significant moderating influence of the external environment on the relationship between the independent variables and performance (the dependent variable). Correlation and regression analysis indicated that there exist strong relationships among the variables in the model. Indeed, results suggested that the joint effect of the independent variables on dependent variables were statistically significant. This study has made contributions to theory, policy, managerial practices and methodology. It has given rise to several new research avenues and practical implications such as the need to replicate this study in different contexts in order for researchers to draw patterns. However, one of the limitations of this study was the single data collection method through self-administered tool which could be biased and subjective in nature. The reliance on primary data has potential danger associated with sources of systematic measurement error. Future studies could focus on using secondary data to measure, for example, both financial and non-financial performance. The researcher also employed a cross sectional approach whereas a longitudinal approach would provide for a longer time of study to observe relationships among study variables and to underscore the importance of co-alignment in explaining superior organisational performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Performance has remained a key concern and central focus of every organisation regardless of its industry and size (Pfeffer and Salancik, 1978; Bryson, 2011). Establishing the causes of variability and improving organisational performance is therefore, a recurrent theme of great interest to both scholars and practitioners (Ansoff and Suvillan, 1993; Neely 1999). Randolph and Dess (1984) have argued that organisational performance is a multi-dimensional concept that cannot be sufficiently reflected in a single performance dimension. Awino (2011) further posits that there is no single factor that can holistically explain variations in performance.

Researchers in strategic management have attempted to interrogate the effect of corporate governance and strategic decision-making, as separate independent variables, on organisational performance (Bourgeois, 1980; Ansoff and McDonnell, 1990; Ongore, 2008; Kesenwa, Oima and Oginda, 2013; Kinuu, 2014; Ongeti, 2014; Mkalama, 2014; Alsoboa, Nawaiseh, Karaki and Al-Khattab, 2015). These researchers came up with varying and inconsistent results on the level of influence of each of the predictor variables on organisational performance. These efforts have led to the incremental development of management literature that stresses on the effect of the predictor variables on performance.

Nevertheless, there are organisations that have demonstrated superior performance and are more successful in achieving and maintaining a competitive advantage than others in the same industry and environment. Organisational performance is subject to multifaceted external environment within which they operate. Organisations operate in a dynamic environment and have to develop strategies that give them competitive advantage over their industry rivals. An organisation that does not adequately adjust to fit its environmental challenges experiences a strategic problem (Wernerfelt, 1984; Grant, 1991; Barney and Hesterly, 2006). However, one question that is often asked is why is it that superior performance of some organisations arises because they possess something unique which is hard to imitate? The varying viewpoints attempting to answer this question have led to the need for further research on the influence of the co-alignment model on performance.

There is a general notion that co-alignment model is a central anchor for strategic management research (Venkatraman and Prescott, 1990; Olsen, West and Tse, 1998; Machuki, 2011; Macharia, 2014). Co-alignment, also referred to as strategic alignment or fit, or consistency, contingency or congruence or coordination of various concepts, is adopted for competitive advantage (Olsen et al., 1998). It originates from the body of conceptual and empirical work in literature whose fundamental proposition is to improve performance (Venkatraman and Prescott, 1990). The concept postulates that if an organisation is able to identify the opportunities that exist in the forces driving change, invest in competitive methods that take advantage of these opportunities, and allocate resources that create the greatest value, then they have a much better chance of achieving the desired results (Machuki, 2011; Macharia, 2014).

Variations in performance, within the same industry and environment, can be attributed to an organisation's level of co-aligning two or more independent variables, among other factors. Fiss (2008) argued that the co-alignment model forms a central pillar of both organisational research and strategic management literature for it provides a unique competitive tool. Co-alignment or fit, the central anchor for strategic management research, has become an increasingly important concept in organisational research. The co-alignment model presupposes that performance is a function of the organisation's capabilities and the environment all being aligned (Venkatraman and Prescott, 1990; Machuki, 2011; Macharia, 2014). It is therefore conceptualised that the external environment has a moderating influence on the relationship between corporate governance-strategic decision making co-alignment and organisational performance. The variables therefore include: corporate governance, strategic decision making, the co-alignment model, external environment and organisational performance. It is an attempt to test the co-alignment model using theories in corporate governance and strategic decision-making dimensions.

This study has been grounded on four theories namely; agency theory (Jensen and Meckling, 1976), stakeholder theory (Freeman, 1984), resource-based view theory (Wernerfelt, 1984) and open systems theory (Porter, 1987). While researchers attempt to rationalise the superiority and universality of each of these theories, they rarely pay attention to the long-standing conflicts and continually changing practice of corporate governance practices and strategic decision-making dimensions.

The agency theory anchors corporate governance and is based on principal-agent framework. This theory presumes that one party, the principal, delegates to another, the agent (Jensen and Meckling, 1976). It envisions that as an organisation grows and becomes more complex and technical to run, the principal, being the shareholder or owner, delegates the day to day running of organisations to the agents, who are managers. However, the theory foresees the self-seeking interest of the managers, thus proposes need for their strict monitoring and accountability. Other theories, like stakeholders, stewardship, and resource based view were later advanced due to limitations of agency theory (Wernerfelt, 1984; Barney, 1991).

Stakeholder theory (Freeman, 1984) argues that there are other parties involved including employees, customers, suppliers, competitors, communities and governmental bodies, among other stakeholders. This theory examines the organisation in the context of a wider range of implicit and explicit constituents – the stakeholders. These stakeholders have legitimate expectations, urgent claims, purpose, needs, and power control regarding the organisation (Mallin, 2010). The stakeholder theory takes account of a wider group of constituents rather than focusing on shareholders (Jones and Politt, 2002). Stakeholder theorists suggest that managers in organisations have a network of relationships to serve that include the suppliers, employees and business partners (Clarkson, 1995; Abdullah and Valentine, 2009). Stakeholders are affected by and affect the activities of the organisation. How best an organisation satisfies the different stakeholders underscores its performance.

The resource-based view (RBV) has become one of the most influential theories in the history of management theorising. RBV explains organisational performance as a function of its continued ability to acquire resources from its external environment (Wernerfelt, 1984). This theory explores the usefulness of analysing organisations from the resource side rather than from the product side. It provides insights on both strategic and organisational issues that explain sustainable competitive advantage.

Open systems theory argues that organisations are strongly influenced by their environment for change and survival (Pfeffer and Salancik, 1978; Porter, 1985; Machuki and Aosa, 2011). Open systems theory explains how strategic decisions help an organisation to achieve sustainable competitive advantage.

These four theories conceptualise the interaction between corporate governance-strategic decision making co-alignment and external environment to influence organisational performance. Extensive study preferences typically focus on large and publicly traded firms, well-developed financial markets and periods of rising stock value (Thompson and Strickland, 1989). This is in contradiction to the worldwide prevalence of small, medium and large enterprises; public and private, for-profit and not-for-profit organisations.

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.

Mission Hospitals also provide useful information/data for the country's planning and resource allocation. However, these hospitals have not received serious academic rigour in terms of research. The environment within which Mission Hospitals operate is ever-changing and is aggravated by Kenya's devolved governance structure and donor fatigue. 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. Moreover, Mission Hospitals are presumed to be not-for-profit, though some have for-profit subsidiaries that blur their governance and strategic processes and actions. The manifestation of corporate governance-strategic decision making co-alignment and the environment on performance is worth interrogating. The purpose of this study was to interrogate the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya.

1.1.1 Corporate Governance

The term corporate governance has different meanings to different people. Its definitions vary widely and tend to fall into two main categories. The first set of definition concerns itself with a set of behavioural patterns, that is, the actual behaviour of corporations in terms of measures such as performance, efficiency, growth, financial structure, and treatment of shareholders and other stakeholders (Organisation of Economic Corporation and Development (OECD), 2005). The second set concerns itself with the normative framework, that is, the rules under which organisations are operate – with the rules coming from sources such as the legal system, the judicial system, financial markets and labour markets.

Cadbury (2002) postulates that corporate governance is concerned with holding a balance between economic and social goals, and between individual and communal goals. The governance practices are there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society. OECD (2005) advances a definition of the system by which business corporations are directed and controlled. Corporate governance specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules, and procedures for making decisions on corporate affairs. By doing this, it also provides the framework through which the company objectives are set, and the means of attaining those objectives and monitoring performance.

Corporate governance refers to the processes of administering, directing, monitoring and controlling an organisation to achieve desired goals and objectives (The Cadbury Committee, 1992). It is about the full set of protecting and managing conflicting interests and working relationships between the board, top management teams, staff and other stakeholders. Corporate governance helps an organisation operate effectively, efficiently, mitigate risks and safeguard against mismanagement. Corporate governance makes an organisation more accountable, transparent and responsible, thus enhancing its performance (Kiliko, Atandi and Awino, 2012).

Based on its definitions, the key elements of good governance practices can be seen as: setting the right objectives for the organisation and then working to attain them by ensuring the efficient use of resources. Corporate governance practices are especially important in developing economies, since these countries do not have a strong, long-established financial institution infrastructure to deal with corporate governance challenges.

Corporate governance influences organisational performance (Letting, 2011; Mkalama, 2014). However, factors such as transparency, accountability, and full disclosure in managing resources remain a management and research concern. The changing global corporate governance has raised interest on exploring its effect on organisational performance. Organisations with perceived weaker governance practices have greater agency problems (Kiliko et al., 2012; Ongeti, 2014). Corporate governance is one of the co-alignment variables in this study. The mechanism behind its integrative relationship with strategy is not well understood since limited empirical research has been devoted to it. Establishing the effect of corporate governance-strategic decision making co-alignment on performance contributes to the limited empirical evidence and the inconclusive debate.

1.1.2 Strategic Decision-Making

Strategic decision-making (SDM) describes the process of creating an organisation's mission and objectives and deciding upon the courses of action the organisation should pursue to achieve those goals (Ansoff, 1987; Hamel and Media, 2014). It encompasses the overall direction and explicit illustration of what an organisation does to achieve

success. Recent scholars define strategy in light of environment (Mintzberg, 1987; Adeoye and Elegunde, 2012) while earlier ones defined it based on management objectives manifestation (Chandler, 1962). The quality of an organisation's strategy can be attributed to the nature of the strategic decisions made by the organisation's governance. Strategic issues are defined as events, developments or trends that are perceived by decision makers as having potential to affect their performance (Ansoff and Suvillan, 1993).

Strategic decision-making is a conscious and analytical process, involving the creation of an organisation's mission and objectives and deciding upon the courses of action to be pursued by an organisation to achieve these goals (Jemison, 1981; Summer, 1980; Allison, 1991). Strategic decisions are about organisations coming up with strategies that will enable it analyse internal and external resources to gain competitive advantage. Strategic decision-making, therefore, includes choosing the key factors that determine the performance of an organisation in the long-run and is one of the means through which management preference is executed.

Multi-perspective strategic decision-making is the process of making long-term decisions that shape the course of an organization, while taking into account diverse perspectives. A more elaborate definition pins SDM as concerning issues such as the design and planning strategies of the organisation, initiatives for mergers and acquisitions, large investments in new products or markets, required disinvestments, make or buy options and internal reorganisations (Cray et al., 1988, 1991; Dean and Sharfman, 1996; Nutt, 1999; Raju and Parthasarathy, 2009). SDM is therefore a major choice of actions concerning allocation of resource and contribution to the achievement of organisational objectives.

Regardless of the adopted definition, strategy focuses on how the entire organisation aligns its strategic processes with its environment through timely decision-making to provide general guidance (Porter, 1987). Strategy involves processes of remapping a business and coevolving its elements towards achieving objectives (Johnson and Scholes, 1995). Strategic decisions can only be successful if they yield the intended results, make a direct contribution to performance and add value to the owners and other stakeholders. The dimensions of strategic decision-making include formalization, comprehensiveness, decentralization, internal politicization, co-ordination devices and lateral communication of the process (Papadakis and Barwise, 1996). Whereas some authors have argued that strategic decision-making is a sequence of steps (James and Iaquinto, 1989), others have argued that it is far from a clear sequence of activities (Bourgeois and Esienhardt, 1988; Marjorie, 1987). Therefore, instead of using step by step sequential models to define strategic decision-making, it is more appropriate to identify certain dimensions of the process. Fredrickson and Mitchell (1984) posit that comprehensiveness is a measure of rationality and is the extent to which organisations attempt to be exhaustive or inclusive in making and integrating strategic decisions.

Coulter (2005) maintains that strategic decision-making is a unifying concept that is centred on performance. Environmental shifts constantly force leaders to make deliberate strategic decisions to address emerging issues. Proponents of emergent strategy argue that it is non-linear and is not planned (Mintzberg, 2008). Moreover, strategy can be realised or unrealised, explicit or implicit. Despite the varying viewpoints, the debate around the influence of strategic decisions, which is also conceptualised as a co-alignment variable, on performance still begs further discussion.

1.1.3 Corporate Governance-Strategic Decision Making Co-alignment

Co-alignment model is understood implicitly rather than in explicit functional forms (Bourgeois, 1980; Porter, 1987; Venkatraman and Prescott, 1990; Olsen et al., 1998; Machuki, 2011). Thus, theoreticians postulate co-alignment relationships using phrases such as: matched with, contingent upon, and congruent with or more simply, aligned, fit and congruence, without necessarily providing precise guidelines for translating such statements into the operational domain of empirical research and statistical tests. Consequently, strategy researchers performing empirical tests of the impact of co-alignment variables choose an available (often convenient) functional form and perform statistical tests without examining the validity of the underlying assumptions.

Olsen et al. (1998) give a general definition of co-alignment as referring to the match between a set of theoretical dimensions. Studies investigating the importance and viability of co-alignment on performance are yet to receive a consensus (Machuki, 2011; Macharia, 2014). Underlying co-alignment is a conceptualisation that an organisation whose corporate governance practices and strategic decision-making are aligned with external contingencies perform better than one in which these features are not aligned. Since the co-alignment model will be tested in context of the health sector, it becomes imperative that certain key aspects of the model be researched in order to prove/disprove existing norms within the sector. Those who govern and manage are jointly responsible for the deployment of resources.

Co-alignment is based on a central assumption that the co-alignment between two constructs (such as corporate governance and strategic decision-making) can be understood in terms of pairwise co-alignment among the individual dimensions that represent the two constructs. This means co-aligning corporate governance dimensions with strategic decision-making dimensions. The importance of testing the co-alignment model has been emphasised by several researchers in the past (Venkatraman and Prescott, 1990; Olsen et al., 1998; Machuki, 2011; Macharia, 2014). These researchers noted that to analyse co-alignment/fit, one must consider simultaneous, complex interactions among a wide range of interdependent variables within a unit of study. This is an attempt to test the model using theories in corporate governance and strategic decision-making, which will also expound the commonalties that exist between these domains of business research.

The quality of an organisation's strategy can be attributed to the nature of the strategic decisions arising from corporate governance. Tactics belong to those who manage while means or resources are jointly controlled. Lack of fit between governance practices and prudent strategic decisions may result to limited knowledge of market opportunities that affect performance. The positive impact of the co-alignment model on performance is an important theoretical proposition (Venkatraman and Prescott, 1990). In spite of its importance, the extent of empirical support is riddled with problems of conceptualising and operationalising co-alignment. The integrative influence (co-alignment) of corporate governance dimensions and strategic decision-making dimensions on performance remains a ripe area for further research. Corporate governance-strategic decision making co-alignment on the performance of Mission Hospitals in Kenya is worth researching.

1.1.4 External Environment

Organisations operate in a dynamic and hostile environment that influences their performance (Ansoff, 1987; Murgor, 2014). An organisation's external environment can be explained by the aggregate of external factors that have both facilitating and inhibiting influence on its functioning. These influences shape how the organisation defines it and how it articulates what is good and appropriate to achieve (Hitt, Ireland, and Hoskisson, 2011). External environment refers to market conditions and factors that surround an organisation and influence its opportunities and threats at macro, micro and industry levels (Lenz, 1981; Pearce and Robinson, 2011). It is the source of constraints, disputes and opportunities that affect the terms in which organisations transact business. However, researchers have offered varied conceptualisation and operationalisation of this construct.

Pfeffer and Salancik (1978) argue that as the environment becomes less munificent or more hostile, organisations are subjected to greater uncertainty. The leadership's ability to cope with these conditions by reducing the organisation's dependence on or increase its control over these resources impacts on effectiveness. Organisations do not just react to environmental changes; instead they proactively position themselves to their environment for better performance. Research on the moderating influence of external environment dimensions – munificence, dynamism, and complexity – on the relationship between corporate governance-strategic decision making co-alignment and performance, is very limited. Adeoye and Elegunde (2012) observe that the environment within which an organisation operates and its effect on performance has taken a centre-stage in strategic management research.

This study recognises the diversity that exists in the conceptualisations of environment (Lenz and Engledow, 1986), and the other study variables (Ginsberg, 1984; Venkatraman and Grant, 1986). However, the researcher ensures that specifications of environment are consistent with specification of co-alignment and corresponding statistical testing of its impact on a criterion variable. Research on how a dynamic and hostile external environment impacts on performance is still evolving (Ansoff, 1987; Murgor, 2014).

Discussion on the effect of environment on performance is never ending and therefore the need for a continuous reassessment of this relationship. While the environment's effect on performance may be indirect, there is need to determine its direct relationship with performance for the two to remain viable (Grant, 2003). The moderating influence of external environment on the relationship between corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and performance is worth exploring.

1.1.5 Organisational Performance

Defining and predicting organisational performance remains a complex task and a research objective in strategic management (Pearce and Robinson, 2011). Performance is the integration of three broad dimensions of efficiency, effectiveness and adaptability in the delivery of organisational results. It assures that an organisation contributes to its mission and remains responsive to the needs of its stakeholders (Hambrick and Mason, 1984). Performance is the strife to outdo an organisation's competitors in an effort to satisfy its stakeholders (Porter, 1987). It relates to how the entire organisation successfully undertakes specific functions to achieve the desired outcomes or results as measured against its pre-defined targets that are unique to its mission.

Conceptualisation and operationalization of organisational performance is a thorny issue in strategic management research. Review of related literature indicates that different approaches and methods have been utilised to measure and conceptualise an organisation's performance (Venkatraman and Ramanujam, 1986; Kaplan and Norton, 1992; Harris and Mongiello, 2001; Neely et al., 2002; Phillips and Parry, 2006; Ottenbacher, 2007).

Sink and Tuttle (1993) argue that the performance of an organisational is made up of a complex of various interrelated criteria including effectiveness, efficiency, quality, productivity, innovation and profitability. However, there is a rich variety of performance initiatives and debates taking place within the health sector. The financial and non-financial indicators that could be used to operationalise performance include: infrastructure, charges, growth, bed occupancy rate, market share, financial ratios, profitability, cost efficiencies, growth of existing clientele and customer satisfaction.

Organisational performance is tracked and measured in multiple dimensions such as financial performance, improved production, innovative cost reduction, customer satisfaction, internal business processes, learning and growth (Venkatraman and Prescott, 1990; March and Sutton, 1997). Many of these researchers (Richard, Devinney, Yip and Johnson, 2009) have attempted to measure performance using the Balanced Score Card (BSC) (Kaplan and Norton, 1996). Moreover, measurements of organisational performance beyond financial indicators are still in its formative stages (Hubbard, 2009). Sustainable Balanced Score Card (SBSC) has been conceptualised in this study as independent variables on performance, thus making a contribution to the on-going debate on non-financial performance measurements.

Organisational performance cannot be divorced from its driving forces and this construct has become a recurrent empirical research theme, with scholars and practitioners tirelessly endeavouring to establish its predictor variables and measurements (Lenz, 1981; Grant, 2003). Organisations in the same environment have demonstrated varying performance, with some being more successful than others. Indeed variability in the performance of organisations in the same industry and environment can be partially attributed to corporate governance-strategic decision making co-alignment and adaptation to their external environment. Continuous performance is the objective of any organisation because only through performance, organisations are able to grow and progress. Knowing the determinants of organisational performance is important especially in the context of the current environmental changes because they enable the identification of those factors that should be treated with an increased interest in order to improve performance.

1.1.6 Healthcare Sector in Kenya

Health is a significant aspect of human capital, which is positively related to different facets of economic outcomes and organisational performance. According to the Sustainable (Millennium) Development Goals, access to basic health care is central to poverty reduction globally (WHO, 2011; Ruhara, 2014). Ruhara argues that holding other factors constant, an individual's health status is enhanced by the amount of available medical care. This is one reason for government, and developments partners, intervention in healthcare sector through direct provision of services or through regulatory mechanisms, such as Health Acts that govern both the public and private health sector players. In response to this global call, healthcare sector in Kenya has been growing.

One of the major pillars in the Constitution of Kenya (2010) is the milestone towards the improvement of health standards. In turn, such changes require innovative ways of organisation and different strategies in order to make healthcare services efficient and effective and, hence, to improve performance. Over the past years, it has experienced significant changes in demand, financing, and technology that have caused the growth of health expenses, the need for restructuring, and public concern about health issues (KHSSP, 2012). Analysis in Kenya Health Sector Strategic Plan indicate that five (5) percent of the Kenyan population can afford quality healthcare, while forty (45) percent can only access healthcare services through their employers and/or insurance companies. The remaining fifty (50) percent, mainly the unemployed, rely on relative and government subsidies. Public health facilities constitute a very significant part of the overall healthcare sector and they provide essential services to the public. All the provisions of the constitution somehow affect the health of the people in Kenya.

KHSSP (2012) states that Kenya's health sector is comprised of not-for-profit and for-profit organisations, with a wide range of hospitals distributed all over the country. Some of these hospitals are owned by the government, faith based organisations (FBOs), non-governmental organisations and private institutions. However, with market information imperfections in healthcare markets (WHO, 2011) and devolution of health function to county governments in Kenya, patients are at risk of receiving poor healthcare services. The need for public-private partnership in healthcare cannot be over-emphasized.

1.1.7 Mission Hospitals in Kenya

In the 1900's, missionaries from European countries came and established mission stations, with health facilities spread out in many parts of rural Kenya. Mission Hospitals have since become major providers of healthcare services and play an expanded role of reaching more than 40 percent of the Kenyan population (KHSSP, 2012). In their corporate governance, Mission Hospitals operate autonomously from each other and from their umbrella church Secretariats. These hospitals attract huge resources in order to complement the public sector in ensuring a healthy population. The national and county governments, as well as development partners have enlisted participation of Mission Hospitals in undertaking national healthcare interventions. With contribution from the Mission Hospitals, Kenya has potential of becoming a regional hub in providing highly-specialised healthcare, thus opening Kenya to health tourism (KHSSP, 2012).

Despite their significant contribution, the corporate governance practices of these hospitals are assumed to be foggy and unstructured, lacking transparency, accountability, and full disclosure. In many cases, the Mission Hospital Boards are composed of religious leaders, who hire professionals to run the hospitals (WHO, 2011). It is not clear whether strategic decision-making in these hospitals is guided by good corporate governance practices. The effect of corporate governance-strategic decision making co-alignment on the performance of Mission Hospitals in Kenya is worth empirical backing.

1.2 Research Problem

The goal of every organisation is to gain sustainable competitive advantage through developing capabilities which cannot be easily matched easily by its competitors (Mintzberg, 2008). A turbulent external environment is widely believed to have significant effects on organizational performance if left unattended (Ansoff, 1987; Murgor, 2014). Whether to retain or alter organisational strategy in response to environmental turbulence is yet to receive wide consensus among researchers as well as academicians. Managers do so by investing in competitive methods as a way of ensuring that they are able to sustain the competitiveness once achieved, in order to get the necessary returns (Olsen et al., 1998; Ruhara, 2014; Alsoboa et al., 2015).

Investigating, predicting and explaining organisational performance remains an enduring research objective in the field of management (March and Sutton, 1997; Mintzberg, 2008). Empirical research has given conflicting results on the effect of each predictor variable on performance and this debate ranges on (March and Sutton, 1997). There is limited empirical evidence on the influence of two co-aligned independent variables on organizational performance. It has been established that co aligned variables have greater influence on organizational performance than their individual effect (Venkatraman and Prescott, 1990; Olsen et al., 1998; Machuki, 2011; Macharia, 2014). Despite this assertion, conceptualisation of co-alignment of two variables is yet to receive sufficient empirical research.

Mission Hospitals in Kenya play an important role in healthcare provision to the rural poor and marginalised communities. These hospitals attract huge resources (human, financial and equipment) and complement the efforts of public hospitals in providing

health services in the country (WHO, 2011). This is why the performance of these hospitals has continued to attract attention from many stakeholders, including development partners, government and the public at large. Despite the role they play, Mission Hospitals lack the rigour in academic research and have very scanty documentation. The performance measurement for these hospitals is not documented (KHSSP, 2012). There is very limited literature on the key drivers of performance of Mission Hospitals. This study conceptualises the influence of external environment on the relationship between corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment, and the performance of Mission Hospitals in Kenya.

Empirical studies have conceptualised the variables in this study differently and in different contexts resulting in to conceptual and contextual gaps. These studies include (Lenz, 1981; Venkatraman and Prescott, 1990; Ongore, 2008; Gompers et al. 2003; Letting, 2011; Machuki, 2011; Haron and Chellakumar, 2012; Mkalama, 2014). The study by Haron and Chellakumar (2012) did an evaluation of corporate governance practices/ policies and their impact of manufacturing companies in Kenya. Letting (2011) investigated the influence of board of directors' attributes; strategic decision-making and corporate Performance of Firms listed on the Nairobi securities exchange. Machuki (2011) had a unique study involving co alignment of external environment-strategy and firm-level institutions on performance of publicly quoted Companies in Kenya. Additionally. Ongore (2008) looked at effect of ownership structure, board effectiveness and managerial discretion on corporate performance among companies listed in Nairobi securities exchange formerly Nairobi stock exchange. In the same vein Gompers et al. 2003 did a longitudinal study in which he investigated the impact of

corporate governance on firm performance during the 1990 in the USA. In conclusion Venkatraman and Prescott, 1990 did a study in which he investigated implications of Environment-Strategy Co-alignment on Performance. From this it can be concluded that Extensive study preferences typically focus on large and publicly traded firms, well developed financial markets and periods of rising stock value. The studies done in Kenya have mostly been undertaken on publicly quoted companies or firms listed in stock markets (Letting, 2011; Machuki, 2011), large manufacturing companies (Awino, 2011; Murgor, 2014) and state corporations (Odundo, 2012; Mkalama, 2014; Ongeti, 2014). This is in contradiction to the worldwide prevalence of small and medium enterprises, public and private, for-profit and not-for-profit organisations. There is limited literature on not-for-profit making organisations, particularly Mission Hospitals in Kenya.

Methodologically, Mkalama (2014) and Ongeti (2014) used secondary data of performance on Kenyan SCs. Besides that they both conceptualized and operationalized performance along the BSC measures. Their data on performance was a composite of all the four indicators and was not normally distributed. This violated first order condition for linear regression analysis that, data must be normally distributed for linear regression analysis to be carried out. Other studies used open-ended questionnaires (Odundo, 2012; Macharia, 2014) on sampled populations, as opposed to structured questionnaires on census survey.

Similarly the study by Gompers et al. (2003) as well as that by Venkatraman and Prescott (1990) where longitudinal studies anchored on phenomenological philosophy. The current study is a positivistic study that seeks to test the relationship between the variables at one point in time. Moreover, studies in management have more often than not measured performance using the traditional financial measures. In recognition of the

limitations of financial approaches to performance measurement in not-for-profit organisations, other means of measurements exist. The Balanced Scorecard (BSC) framework designed by Kaplan and Norton (1996) is conceptualised to measure performance. The sustainable balanced scorecard (SBSC) that uses parameters that integrate financial perspective, customer focus, internal business processes, learning and growth and social equity are operationalized in this study.

With the proposed descriptive cross-sectional survey of an entire population, these gaps have been addressed. It is evident that literature is deficient of addressing some key relationships conceptualised in this study. The proposed study seeks to close the identified gaps by answering the question. What is the effect of corporate governance-strategic decision making co-alignment and external environment on the performance of Mission Hospitals in Kenya?

1.3 Research Objectives

The broad objective of this study is to interrogate the effect of corporate governance, strategic decision-making, CG-SDM co-alignment and external environment on performance of Mission Hospitals in Kenya. The specific objectives were to:

i. Determine the effect of corporate governance on performance of Mission Hospitals in Kenya.
ii. Establish the moderating influence of external environment on the relationship between corporate governance and performance of Mission Hospitals in Kenya.
iii. Assess the effect of strategic decision-making on performance of Mission Hospitals in Kenya.

iv. Examine the moderating influence of external environment on the relationship between strategic decision-making and performance of Mission Hospitals in Kenya.

v. Analyse the effect of corporate governance-strategic decision making co-alignment on performance of Mission Hospitals in Kenya.

vi. Appraise the moderating influence of external environment on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya.

vii. Ascertain the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya.

1.4 Value of the Study

This research is expected to have three major contributions. First, this study contributes to the existing body of knowledge by providing a better understanding of the effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya.

The main theories underpinning this study include the agency, business policy, and non-financial performance measurements. In particular, relatively little effort has been directed to understanding the effect of corporate governance-strategic decision making co-alignment on performance. The researcher develops a conceptual framework that interrogates the existing theories by confirming or refuting theoretical underpinnings.

Secondly, policy-makers will make decisions that ensure better and more efficient utilisation of the scarce resources at their disposal and help in improving the performance of the health sector. The findings add to the existing policy tools by providing an exposition on the performance of Mission Hospitals in Kenya. It also benefits policy-makers and managers at all levels by making contributions to best practices in improving organisational performance. Over the years, Mission Hospitals have been assumed to lack good governance practices and a strategic orientation capable of responding to the turbulent and hostile external environment.

Finally, by focusing on a broader set of managerial practices, this study lays foundation for a unified conceptual framework of how corporate governance relates to strategic decision-making and their joint effect on performance in a turbulent and dynamic environmental context. Further, this study provides practical guidance for selecting management and governance practices that impact on performance. Practitioners and managers, especially those in the health sector, will use the findings to ensure improved performance of health facilities operating in resource limited settings. Managers and practitioners in strategic management will also benefit from the findings.

1.5 Organisation of the Thesis

This document is structured into six chapters. Chapter one contains the introduction that gives a synopsis of the study, that is, the conceptual and the contextual background against which this study is grounded on. The constructs discussed in this thesis include corporate governance, strategic decision-making, co-alignment, external environment and organisational performance. The scope of the research was to interrogate the effect of

corporate governance, strategic decision-making, CG-SDM co-alignment and external environment on performance of Mission Hospitals in Kenya. The chapter also covers research problem, research objectives and the value of the study.

Chapter two covers theoretical, conceptual and empirical literature review. It presents theoretical foundation of study variables before a thorough pairwise empirical review of study concepts and their effect on organisational performance. Arising from the review of selected previous studies, knowledge gaps are identified before presenting the conceptual framework and the research hypotheses.

Chapter three presents the research methodology, which entails the research philosophy, research design, target population, data collection, operationalization of variables, and data analysis. Chapter four provides various data analysis and preliminary findings. The response rate and results of tests of the research hypotheses are also found in this chapter.

Chapter five presents discussion of study findings. Finally, chapter six contains the summary, conclusion and recommendations for further study. In this last chapter, implications for theory, policy, managerial practice as well as methodology are presented. Limitations of the research and suggestions for further research conclude this thesis.

1.6 Chapter Summary

This introductory chapter has provided the background of this thesis, giving a brief discussion on study variables and the context. Study concepts are corporate governance, strategic decision-making, co-alignment, external environment and organisational performance. The context of study, Mission Hospitals in Kenya, is also discussed.

The chapter further discusses the research problem from known issues before delving in conceptual, contextual and methodological gaps. The main objective which is to interrogate the effect of corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya is also presented.

Seven specific objectives drawn from the main objective were then summarized. The specific objectives form the basis of research hypotheses discussed in chapter two. Finally, the chapter explains the value of this study in light of its expected contributions to theory, policy framework, managerial practice and methodology. The next chapter covers theoretical, conceptual and empirical literature review as guided by the posited relationships between and among study variables.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter delves into review of literature that anchor the conceptualised study constructs: corporate governance, strategic decision-making, the co-alignment model as it relates to corporate governance and strategic decision-making, external environment and organisational performance. It also elucidates theoretical underpinnings before undertaking a pairwise review, articulating the conceptual framework and formulating study hypotheses.

2.2 Theoretical Foundation of the Study

The field of strategic management has been greatly influenced by concepts and insights from literature from other fields, for example economics and industrial organisation (Barney, 1991). Various scholars have developed a number of theories that have shaped the conceptualised variables. This study is majorly anchored on four (4) theories, namely, agency theory (Jensen and Meckling, 1976), stakeholder theory (Freeman, 1984), resource-based view (Wernerfelt, 1984) and open systems theory (Porter 1987). Each of these theories is discussed in light of study variables.

2.2.1 Agency Theory

Agency theory is the main anchoring theory in this study due to its support for corporate governance and strategic decision-making. It explains corporate governance and is based on principal-agent framework. In this framework one party (the principal) delegates to another (the agent) (Jensen and Meckling, 1976). Agency theory envisions that when a business grows and becomes more complex and technical to run, the principal delegates

day to day running of the organisation to the agent, who constitutes the top management team. The owners are principals and the top managers are agents. This theory reinforces the existence of agency relationship between the board (representing shareholders or owners) and the top management who represent the board and other stakeholders. Jensen and Meckling (1976) view organisations as a set of explicit and implicit contracts with associated rights and thus separation between ownership and control of organisations. The board and top management are responsible for formulating and implementing strategy that creates sustainable competitive advantage.

Hambrick and Mason (1984) argue that managers' characteristics influence the decisions that they make and therefore the actions adopted by the organisations that they lead. Donaldson (1990) criticised the agency theory dominance in terms of methodology, individualism, narrow-defined motivation model, regressive simplification, disregarding other research, ideological framework, organizational economics and corporate governance's defensiveness. Although agency theory is the dominant perspective in corporate governance studies, it has been criticized because of its limited ability to explain sociological and psychological mechanisms inherent of the principal-agent interactions. One of the major limitations of application of agency theory to corporate governance is that the organisation is viewed in the lenses of the owners only. Other stakeholders are therefore left out in consideration of the running and management of the organisation. Limitations of the agency theory necessitated further exploration and expansion of the spectrum of interested parties. This study sought to address these limitations by grouping both the principal and the agent as organs of corporate governance and strategic decision-making. Testing the effect of CG-SDM co-alignment on performance reduces the impact of agency limitations.

2.2.2 Stakeholder Theory

The traditional view argues that the shareholders of an organisation, who are the owners, are the only ones who matter and the organisation therefore has a duty to put their needs first to increase value for them. Its perspective of organisational performance incorporates shareholder value, but also recognises that shareholders are just one group of stakeholders and only relevant to those organisations that issue shares. According to stewardship theory, directors are regarded as the stewards of the company assets and are pre-disposed to act in the best interest of the shareholders (Mallin, 2010).

The stewardship theory has its roots in psychology and sociology. Thus, stewardship theory holds that there is no inherent, general problem of executive motivation. Given the absence of an inner motivational problem among executives, how far executives can achieve the good organisational performance to which they aspire becomes a recurrent question. The issue becomes whether or not the corporate governance helps the executive to formulate and implement plans for high organisational performance. Governance practices are facilitative of this goal to the extent that they provide clear, consistent role expectations and authorise and empower top management. According to Abdulla and Valentine (2009), stewards are company executives and managers working for the shareholders, protect and make profits for shareholders and are satisfied and motivated when organisational success was attained.

As the conceptualised dependent variable, performance is anchored on the stakeholder theory (Freeman, 1984). Stakeholder theory describes the organisation as a constellation of cooperative and competitive interests possessing intrinsic value. Stakeholders are groups or individuals who benefit from or are harmed by, and whose rights are violated

or respected by organisational actions. They are therefore groups of people or individuals who are crucial for the success of organisations and they are affected by the actions of organisations. The theory suggests that the purpose of a business is to create as much value as possible for stakeholders that include employees, customers, suppliers, financiers, competitors, communities and governmental bodies, among other stakeholders. It establishes a framework for examining the connections, if any, between the practice of stakeholder management and the achievement of various performance goals.

The stakeholder theory has been advanced and justified in the management literature on the basis of its descriptive accuracy, instrumental power, and normative validity (Donaldson and Preston, 1995). The stakeholder theory was used to measure performance. Organisational performance is dependent on how best it satisfies its stakeholders. This theory is more prominent as many researchers recognised that the activities of a corporate entity impact on the environment requiring accountability of the organisation to a wider audience than its owners (Mallin, 2010). However, given the changes in the business environment from the 1990s, a more stakeholder view started creeping in.

The stakeholder theory is a theory of organisational management of stakeholders. Stakeholder theory is used to interpret the function of the organisation, including the identification of moral or philosophical guidelines for the operation and management of organisations. The stakeholder theory therefore offers an alternative purpose of the organisation by suggesting that the purpose of an organisation is to serve broader societal interests beyond economic value creation for shareholders alone.

The BSC performance measurement system by Kaplan and Norton (1992) is based on stakeholder theory. Later on, the Triple Bottom Line (TBL) emerged as a new tool for measuring organisational performance in response to a groundswell of public opinion that organisations were responsible for more than just creating economic value (Schaltegger et al., 2011). It is based on the idea that an organisation should measure its performance in relation to stakeholders including local communities and governments, not just those stakeholders with whom it has direct transactional relationships (Hubbard, 2009). The emergence of the concept of sustainable development reflect a seminal change in global thinking, which is forcing organisations to again re-evaluate their approach to measuring organisational performance (Hubbard, 2009). Sustainable development embodies three inextricably connected principles: environmental integrity, social equity and economic prosperity (Yip et al., 2009). Performance in one area has effects on the other two areas.

The emergence of sustainable balance scorecard, based on stakeholder theory, is revolutionising organisational performance measurement by considering a group of stakeholders of growing power and significance in the current business environment namely regulators, pressure groups and communities. The sustainable balance scorecard introduces two non-market perspectives, that is, environmental and social, to the four perspectives in the balance scorecard. The discourse on contemporary approaches to performance measurement highlights the importance of contingency approach. This emphasis on a contingency approach implores the need to consider the contingency variables when measuring performance (Yip et al., 2009).

2.2.3 Resource Based View

The resource based view (RBV) is firmly rooted in economic notions of market power and competition. RBV was developed as a complement to the industrial organisation (IO) view with Porter (1987) as its main proponents. According to Wernerfelt (1984), resources include anything that might he thought of as a strength or weakness of a given organisation and so could he defined as those tangible and intangible assets, capabilities, organisational processes, attributes, information and knowledge which are tied semi-permanently to the organisation. RBV explores the usefulness of analysing organisations from the resource side rather than from the product side. It explains organisational performance as a function of its continued ability to acquire resources from its external environment. Resources confer enduring competitive advantages to an organisation to the extent that they are rare or hard to imitate, have no direct substitutes, and enable organisations to pursue opportunities or avoid threats.

Resources must have some value, some capacity to generate profits or prevent losses. Resources are valuable when they enable an organisation to conceive or implement strategies that improve its efficiency or effectiveness. But if all other organisations have them, resources are unable to contribute to superior returns; their general availability neutralises any special advantage. And for the same reason, readily available substitutes for a resource also nullify its value. Thus, resources must be complex to create, buy, substitute, or imitate. This is central to the arguments of the resource-based view.

The resource based view of strategic management has been criticized for relying on inconsistent assumptions of rationality, and mutually inconsistent underlying hypotheses. Critiques that cannot be readily dismissed include the indeterminate nature of two of the

RBV's basic concepts – resource and value – and the narrow conceptualization of an organisation's competitive advantage. It is argued that identifying and appraising an organisation’s resources provides only fragmented and incomplete picture of the organisation’s resource base. However, in terms of advances, RBV research has been credited with restoring the balance between internal and external analysis in strategic management theory.

2.2.4 Open Systems Theory

Organisations are open systems that need careful management to satisfy and balance internal needs and adapt to external circumstances. Open systems theory argues that organisations are strongly influenced by their environment for change and survival. This theory explains how strategic decisions help an organisation to achieve sustainable competitive advantage. Proponents of resource based view and open system theories concur that organisations are interdependent with their environment for they are strongly influenced by the environment in which they operate (Pfeffer and Salancik, 1978). Therefore the survival of organisations is dependent upon its relationship with the environment. Organisational performance is highly related to the dynamic evolutionary nature of the fit between the environment and the organisation (Machuki and Aosa, 2011).

The proponents of open systems theory suggest that as organisations carry out their operations, they are influenced by occurrences and changes or factors from external environments (Burnes, 2000). For any organisation to survive, they must continuously interact with the ever changing external environment. Organisations exist in open

systems. They cannot operate as closed systems because they are environment dependent and serving. This theory argues that organisations cannot operate as closed systems because they are environment dependent and serving (Ansoff and McDonnell, 1990). This is because organisations are environment serving and dependent and must therefore adapt or create a fit to their environment if they are to remain viable. It can therefore be conceptualised that the four discussed theories can explain the effects of corporate governance-strategic decision making co-alignment and external environment on organisational performance.

2.3 Corporate Governance and Organisational Performance

Over the years, there has been a quiet revolution in corporate governance practices in the boardrooms. Although corporate governance is a hot topic in boardrooms today, it is a relatively new field of study (Baulkaran, 2014). Achieving the best practices has been hindered by a piecemeal system of regulation, a mix of public and private policy makers, and the lack of an accepted metric for determining what constitutes successful corporate governance. The nature of the debate does not help either: a seemingly unbridgeable divide between shareholder activists and managers, rampant conflicts of interest, and previously staked-out positions that crowd out thoughtful discussion. The result is a system that no one would have designed from scratch, with unintended consequences that occasionally overthrow common sense and public policy.

Corporate Governance (CG) is a set of rules and practices laid down for its management related matters and decision-making that distributes rights and responsibilities among different stakeholders in an organisation (Al-Faki, 2006; Ongeti, 2014). Organisations with good corporate governance tend to attract a larger number of stakeholders since they

assure reasonable return on investments (Mallin, 2010). Indeed, the need for trust and transparency in the corporate governance of organisations has been one of concern for standard setters all over the world. Corporate governance provides a framework through which organisational objectives, means of attaining those objectives as well as monitoring and evaluating performance are determined. Despite corporate governance being relevant in understanding managerial behaviour and performance, very little academic attention has been given to the direct relationship between corporate governance practices (transparency, accountability and full disclosure) and performance.

Review of relevant literature indicates varying viewpoints on the relationship between corporate governance and organisational performance. Despite the extensive literature on this construct, there is still inconclusive evidence and mixed findings on the relation between corporate governance and organisational performance. Performance keeps an organisation in business and creates a greater prospect for future opportunities (Kajola, 2008). Findings from studies conducted across a wide range of countries and sectors give inconsistent results (Gompers et al., 2003). While Bhagat and Black (2002) found a strong correlation between corporate governance and performance, other studies revealed varying degrees of positive association (Baysinger and Hoskisson, 1990; Love, 2011). Ongore (2008) found a negative relationship between corporate governance and performance of some listed firms in Kenya.

Prior literature provides mixed evidence on whether good corporate governance leads to better organisational performance (Bhagat, Bolton, and Romano, 2008; Love, 20011; Baulkaran, 2014). The biggest challenge for both scholars and practitioners is reaching a consensus on both conceptualisation and operationalization of these two variables

(Al-Faki, 2006; Hubbard, 2009; Machuki and Aosa, 2011; Ongeti, 2014). Examining the effect of corporate governance on organisational performance is worth academic research and one of the specific objectives is to establish the relationship between corporate governance and organisational performance.

2.4 Strategic Decision-making and Organisational Performance

Elbanna and Child (2007), note that strategic decision-making (SDM) deals with the process of making strategic decisions, implementation and management of the factors that affect the process. Strategy aligns an organisation to its environment with a view of improving its performance over competition (Coulter, 2005; Mallin, 2010). Operational efficiency and effectiveness is necessary, but not sufficient as it may not emanate from strategy.

Principally, strategy deals with organisational performance and it is critical in developing sustainable growth. Superior performance of an organisation arises because its unique vision positively differentiates it from its competitors. Strategy addresses who, where, when, and the how of reaching the desired performance. It bridges the gap between policy and tactics and it is a joint province of those who govern and those who manage. Despite its usefulness, research in strategic decision-making is paradigmatically diverse and empirically complex for it has been narrow in its focus (Sermon, Hitt and Ireland, 2006).

Its undoubted contribution has sometimes been obscured by lack of explicit discourse about its analytical foundations (Macharia, 2014). This variable is operationalized in light of strategic decision-making dimensions of comprehensiveness, formalisation, coordination devices, decentralisation, lateral communication, and internal politicisation.

Organisations achieve competitive advantage if they are able to identify opportunities and take advantage of them by consistently allocating resources to strategies that add value (Bourgeois, 1980; Johnson and Scholes, 1995). Strategic decision-making emphasises positioning and acquiring valuable resources as the basis of creating sustained superior and long-term performance. Previous studies indicate that timely strategic decisions result in superior performance thus they are beneficial to an organisation (Jarzabkowski, 2005; Mkalama, 2014). From the synthesised literature, each of the traditional organisational theories has been useful for a particular purpose when applied to strategic decision-making-related research questions (Nickols, 2011). However, in dynamic and turbulent markets particular strategic positions are quickly eroded, so the traditional concept of strategy has become inadequate for better organisational performance. It would be of great interest to establish whether strategic decision-making influences organisational performance.

2.5 Corporate Governance-Strategic Decision Making Co-alignment and Organisational Performance

Gompers et al. (2003) clearly support the hypothesis that well-governed organisations out-perform their poorly governed counterparts and their accounting statements show better performance. Other studies have empirically shown that corporate governance has a direct relationship with strategy (Machuki, 2011; Macharia, 2014).

These studies revealed that co-alignment is a determinant of high performance, that is, where co-alignment is attained, performance is greater. Conceptual frameworks by several authors consist of explicit relationships of key study variables, revealing important similarities among them (Hambrick and Mason, 1984). However, limited

research has been devoted to the joint influence of corporate governance and strategic decision-making on organisational performance. It is evident that co-alignment of constructs positively affects organisational performance and lack of it manifests in poorer performance than expected (Olsen et al., 1998). These variables have been studied separately and not as co-aligned variables.

Stonich (1982) found that co-alignment must be interpreted with caution since strategic co-alignment is an outcome of internal mechanism of interconnected elements of strategies. Machuki (2011) observes that lack of co-alignment leads to negative impact on financial and non-financial performance of an organisation and it is probable that different organisations would reach that co-alignment differently. Hambrick and Mason (1984) found that performance measures linked to strategic decisions are more effective. They further observe that the alignment between the measures, measurement framework and the strategy must be continually reviewed and treated as dynamic and complex issues rather than a linear mechanistic relationship (Ongore, 2008; Letting, 2011; Ongeti, 2014).

2.6 External Environment and Organisational Performance

Some researchers have treated external environment as an objective factor independent of organisations (Aldrich, 1979), while others have treated this construct as perceptually determined and enacted (Bourgeois, 1980). This unresolved issue has been a source of equivocal empirical results. Ansoff (1987), however, concluded that the issue is not whether measures should be objective or perceptual; rather, he suggested that both objective and perceived environments are real and relevant from a strategic management standpoint. Objective environments are relevant to primary strategic decision-making,

while perceived environments are a prime input to secondary strategic decision-making. It has also been argued that perceptual measures make sense since only factors that participants perceive can enter into their strategy formulation behaviour (Duncan, 1972; Pfeffer and Salancik, 1978). In this study, external environment is viewed as a perceptual construct since the research examines corporate governance and strategic decision-making dimensions that influence organisational performance.

External environment (EE) is a contingent factor on the organisation in terms of the opportunities it creates and the threats it poses (Olsen et al., 1998). These risks are a function of the complexity and uncertainty associated with the environment, which can have a significant impact on an organisation's success. Organisations are not self-dependent, instead they are interdependent with their environment and other organisations for their survival (Pfeffer and Salancik, 1978). In essence, an organisation's external environment has implications on its performance.

The external environmental forces witnessed in the 21st century have produced what is viewed as a convergence of not-for-profit and for-profit organisations in terms of their goals and objectives. Organisations are expected to adapt to uncertainty as well as to different environmental changes in order to survive. According to Murgor (2014), studies that exclusively link external environment to performance are rare, yet performance is contingent upon organisations' appropriate alignment with environmental changes (Machuki, 2011; Macharia, 2014). In many studies, the external environment has been treated as an independent, co-alignment and a moderating variable influencing OP, the dependent variable. An organisation that fails to align its strategy to the ever changing

environment supposedly faces extinction (Machuki and Aosa, 2011). Macharia (2014) insinuated that research to establish the relationship between EE and OP is still in its formative stages.

Perceiving, understanding and responding to environmental upheavals have implications on performance of every organisation. Empirical evidence on the relationship between EE and OP indicate that environment is a source of opportunities and threats for all organisations (Pearce and Robinson, 2011). Environmental scanning, a critical aspect in strategy formulation is conducted to identify important factors and forces that exist outside the organisation and have the potential to directly or indirectly affect OP. Organisational responses to environmental changes may result to variations in performance (Sermon et al., 2006). It is therefore important to establish whether external environment have direct influence on organisational performance?

2.7 Corporate Governance-Strategic Decision Making Co-alignment, External Environment and Organisational Performance

Bryson (2011) postulates that, the key concern of any organisation, whether public, private, for profit or not-for-profit has been how to improve their performance. Every organisation is structured and managed to meet a need or to pursue a certain purpose and collective goals (Grant, 2003; Pearce and Robinson, 2011). Researchers have attempted to learn the reasons as to why some organisations in the same environment, and with same level of resource endowment, perform differently while others fail (Otokiti and Awodun, 2003).This dilemma has pushed corporate governance to pay more attention to strategy, forcing leaders to continually scan the environment, in order to grow and

improve performance (Porter, 1987). Researchers have directly or indirectly made attempts to theorise the effects of single or multiple constructs on performance (Dess and Beard, 1984). However, empirical studies generally employ either a single variable or relationships between two variables to explain variations in performance.

The conceptualisation seeks to establish the effect of external environment on the relationship between corporate governance-strategic decision making co-alignment and organisational performance. For an organisation to achieve its mission and to survive into the future, it is imperative for its leadership to constantly adjust its strategy to match the dynamic and turbulent environment (Ansoff, 1987). Theories on governance assume that the board and top management formulate strategy through a participatory partnership approach (Odundo, 2012).

Porter (1987) observes that understanding external environment is important for it helps corporate governance in determining emerging issues and modifying the strategic direction for improved organisational performance. One of the key features of a well-governed organisation is its ability to reposition itself, through strategy, in a changing external environment (Ansoff, 1987). Despite pursuit of improved performance, most of the major change initiatives generate lukewarm results and many of them fail miserably (Dess and Beard, 1984). This could be because of taking strategic planning as an event rather than a transformational process or environmental turbulence. This proposition calls for continuous monitoring of the external environment, and co-aligning governance and strategic decision-making constructs, for improved performance.

The contingent effect of external environment on the relationship between corporate governance-strategic decision making co-alignment and performance is not studied in-depth, prompting the need for this study. Monitoring and reporting on performance is one of the critical processes, which organisations across the public and private sectors promote and institutionalise as part of their value creation (Dess and Beard, 1984). Optimal performance is assured when the responsiveness of an organisation's strategy matches the turbulence in the environment. The performance, success and indeed the survival, of any organisation largely depend on how well the strategic fit relates to challenges and positions the organisation to its external environment (Ansoff and Suvillan, 1993; Mintzberg, 2008). The relationship between corporate governance-strategic decision making co-alignment and performance is sometimes faced with exogenous factors within its environment that provides both facilitating and inhibiting influences on performance. The ability of an organisation to respond to these external exigencies largely differentiates better performance from poor performance.

Performance is a reflection of how leaders align their organisations to the environment, through strategy, so as to be successful and to outdo competition. How well an organisation fits itself within the external environment determines its level of performance since organisations are environment dependent and serving (Summer, 1980; Ansoff and McDonnell, 1990). However, there is scanty documentation on the relationship between corporate governance-strategic decision making co-alignment and performance. The influence of external environment on the relationship between co-alignment variables and performance is not exhaustively researched (Machuki, 2011;

Macharia, 2014). Very little is known about the influence of the effect of corporate governance-strategic decision making co-alignment and external environment on organisational performance.

2.8 Summary of Previous Studies and Knowledge Gaps

A review of literature indicates that the concepts in this study have been used in various other studies. However, some questions still remain unanswered, which constitute conceptual, contextual and methodological knowledge gaps. First, there is need for a more in-depth empirical study on co-alignment and how it impacts on organisational performance (Macharia, 2014). Second, the unique environment in Africa has high shareholders and government ownership. There is also weak legal framework and lack of active market for control that affects corporate governance practices and board characteristics (Ongeti, 2014). So far research on study variables has been limited in scale, scope and is considered to be at an early stage of development (Kajola, 2008). Moreover, state corporations and companies listed on Nairobi Securities Exchange have been over-researched, ignoring not-for-profit organisations. Table 2.1 presents a summary of previous studies, highlighting their findings and knowledge gaps, giving rise to possible areas for future research to support the arguments advanced in conceptual framework.

Table 2.1: Summary of Previous Studies and Knowledge Gaps

Study By	Focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
Macharia (2014)	Competitive Strategy, Organisational Competencies Co-alignment, Macro Environment and Performance of Private Middle Level Colleges in Nairobi County, Kenya.	Survey using questionnaire with open-ended and closed questions. Tools of analysis used: ANOVA and Correlation.	Despite reporting varying degree of relationships between the variables, the conclusion is that there is no statistically significant relationship. A low to moderate explanatory power to macro-environment on performance was reported.	The dynamism and moderating influence of external environment on performance, non-linear regression models analysis and re-configuration of resources over time in firm (governance-strategic decision making co-alignment) were not covered.	Corporate governance, strategic decision-making, Corporate governance-strategic decision-making co-alignment, external environment and their joint effect on the performance of Mission Hospitals in Kenya.
Odundo (2012)	Environmental context, implementation of strategic plans and performance of State Corporations in Kenya.	Survey using questionnaire with open-ended and closed questions. Descriptive and Inferential statistics, correlation analysis.	Political goodwill and support are good moderators of the relationship between implementation of strategic plans and financial performance. Environment does not moderate the relationship between implementation of strategic plans and effectiveness.	There are contextual, conceptual and methodological gaps: Corporate governance-strategic decision making co-alignment, environment and performance were not within the scope of that study.	Corporate governance-strategic decision making co-alignment, external environment are interrogated through a census survey.
Haron and Chellakumar (2012)	Efficiency Performance of Manufacturing companies in Kenya: Evaluation and Policies.	Survey using questionnaire with open-ended and closed questions.	Small-sized companies have the highest relative efficiency compared to medium-sized and large-sized companies.	Corporate governance-strategic decision making co-alignment, organisational environment and performance were *n*ot studied.	Conceptual, contextual and methodological gaps are addressed.

Table 2.1 Continued….

Study By	Focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
Awino (2011)	An Empirical Investigation of selected Strategy Variables on Firm's Performance in Large Private Manufacturing Firms in Kenya.	Survey method using a structured Questionnaire. Used descriptive statistics, correlation, factor analysis and linear regression for data analysis	Independent effect of selected variables (core competencies, core capabilities, strategy formulation and implementation) on firm's performance is weaker compared to the joint effect of the same variables.	The influence of environment on the relationship between corporate governance-strategic decision making co-alignment and performance were not within the scope of that study.	Conceptual and contextual gaps are addressed. External environment, a moderating variable, and performance was conceptualised and operationalised. Performance used sustainable balanced scorecard which include both qualitative and quantitative measures.
Letting (2011)	Board of Directors' attributes; strategic decision-making and corporate Performance of Firms listed on the Nairobi Securities Exchange.	Cross-sectional survey design. Used descriptive and inferential statistics with correlation analysis.	There is support or positive relationship between Board of Directors' involvement in strategic decision-making and some measure of corporate performance.	This study focused on limited aspects of corporate governance CS, EE and Co-alignment were not part of that study.	Effects of governance, strategy, corporate governance-strategic decision making co-alignment and external environment on performance are interrogated.
Machuki (2011)	External Environment-Strategy Co-alignment, Firm-level Institutions and Performance of publicly quoted Companies in Kenya.	Cross-sectional Survey design using a questionnaire. Used Descriptive and Inferential Statistics with correlation and ANOVA Analysis.	There is a positive performance impact with environment-strategy co-alignment. Co-alignment is conceptualised in terms of the degree of adherence to an ideal profile.	This study limited itself to external fit – strategy formulation in alignment with the environmental context. Corporate governance that affects strategy execution and consequently performance was not considered.	Investigating the effects of CG, SDM, CG-SDM Co-alignment and external environment on organisational performance addresses the cited gaps.

Table 2.1 Continued….

Study By	Focus of the Study	Methodology	Findings	Knowledge Gaps	Focus of Current Study
Ongore (2008)	Effect of ownership structure, board effectiveness and managerial discretion on corporate performance among the listed firms in Kenya.	Cross-sectional survey design with a Questionnaire. Used descriptive and inferential statistics, including correlation analysis.	He concluded that there was no statistically significant relationship between board effectiveness and firm performance.	This study did not assess the relationship between strategic decision-making role of the boards and their various attributes to organisational performance. The other variables in this study were not covered.	This study covers more concepts, namely governance, strategic decision making, co-alignment, external environment and organisational performance.
Gompers et al. (2003)	The impact of corporate governance on firm performance during the 1990s. They assessed 24 governance provisions on stock returns for about 1,500 U.S. firms from 1990.	Survey of about 1,500 U.S. firms in 1990s. Analysis: Financial measurement of performance. Descriptive and Inferential statistics.	Well-governed companies have higher equity returns, are valued higher and their accounting statements show a better operating performance. They out-perform their poorly governed counterparts.	Very little is known on how the corporate governance influence strategy, and consequently the organisational performance.	The current study reviews how corporate governance is co-aligned to strategic decision-making to influence performance.
Venkatraman and Prescott (1990)	Performance impact on Environment-Strategy Co-alignment: An empirical test of its performance implications.	Tested across two time periods. Eight distinct environments in two different samples drawn from the PIMS data base.	There was a positive performance impact of environment-strategy co-alignment.	Study limited itself to 'external fit', formulation of strategy in alignment to environmental context. Strategic orientations exhibited in each of the environments were not considered.	The current study introduces effects of corporate governance-strategic decision making co-alignment, and external environment on performance

Source: Literature Review Summary (2015).

Literature review reveals existence of isolated concepts that contribute to different levels of performance, while the relationship between corporate governance-strategic decision making co-alignment and performance is left un-researched. Moreover, the findings were based on different conceptualisations from what is proposed in this study. Indeed, literature on the co-alignment of the two study co-alignment variables (corporate governance and strategic decision-making) needs beefing up through theoretical and empirical studies, especially in defining, establishing and documenting converging and diverging viewpoints. There still remains a conceptual, contextual and methodological gap which this study seeks to address.

The evolution of measuring performance seems to borrow a lot from corporate governance theories, especially the agency and stakeholders. However, empirical comparison of this development in light of the moderating external environment is not documented. The existing knowledge gaps in corporate governance-strategic decision making co-alignment have prompted the need for conceptual and theoretical arguments within this research proposal.

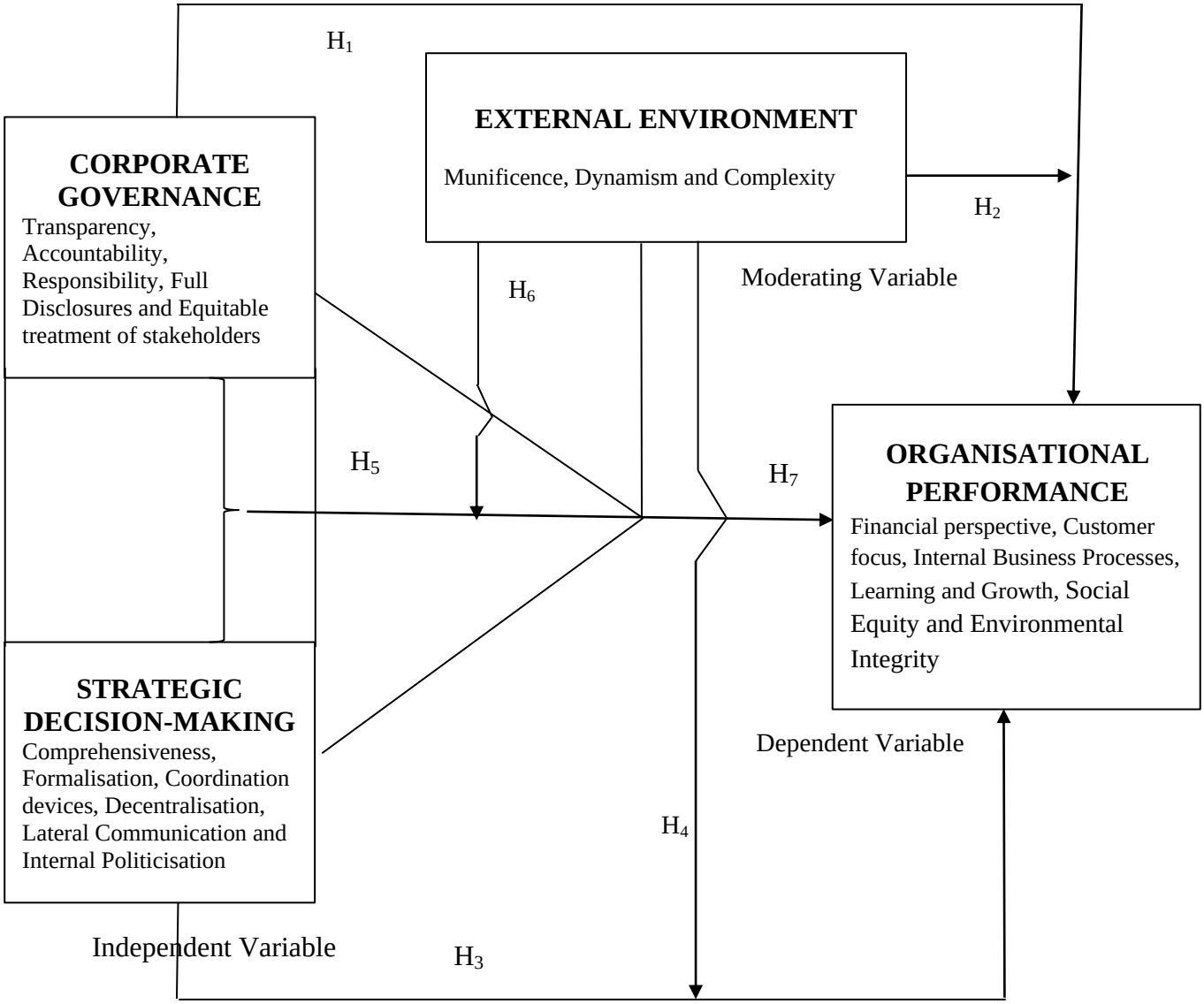
2.9 Conceptual Framework

Arising from the reviewed literature, a conceptual framework, which guided this study, was proposed. The researcher conceptualises the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on organisational performance. The framework also conceptualises important relationships between each of the predictor variables, and the dependent variable (organisational performance). The framework further demonstrates

the influence of external environment (moderating variable) on the relationship between each of the predictor variable (corporate governance, strategic decision-making and corporate governance-strategic decision making co-alignment) and organisational performance. The conceptual model explains the perceived relationship among the constructs while highlighting operationalization of these concepts. The framework supports the influence of external environmental dimensions on the relationship between independent variables and organisational performance.

Corporate Governance-Strategic decision making Co-alignment was the conceptualised independent variable and a second-order factor. Co-alignment, as it relates to corporate governance and strategic decision-making, and organisational performance, remains the main focus of this study. Corporate governance and strategic decision-making were the two vector or co-alignment variables. Figure 2.1 summarises the relationships between corporate governance, strategic decision making (the independent and co-alignment variables), corporate governance-strategic decision making co-alignment and organisational performance (the dependent variable). This variable is operationalized through statistical evaluation using canonical correlation analysis (Venkatraman and Prescott, 1990; Olsen et al., 1998; Machuki, 2011). This analysis establishes the concept of fit and the strength of relationship between corporate governance practices and strategic decision-making.

Figure 2.1: Conceptual Model



Source: Author (2015).

2.10 Research Hypotheses

The conceptualisation in this study seeks to establish the relationship between corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment, external environment, and organisational performance. The previous sections have elucidated the relationship between these constructs, and this section proposes hypotheses using the variables discussed in this research proposal. This section develops hypotheses depicting the relationship between the independent variables and dependent variable: corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment, external environment and organisational performance. From the relationship in the conceptual model in Figure 2.1, the following hypotheses were formulated for testing:

Ha1: Corporate governance has a significant effect on performance of Mission Hospitals in Kenya.

Ha2: External environment has a significant moderating influence on the relationship between corporate governance and performance of Mission Hospitals in Kenya.

Ha3: Strategic decision-making has a significant effect on performance of Mission Hospitals in Kenya.

Ha4: External environment has a significant moderating influence on the relationship between strategic decision-making and performance of Mission Hospitals in Kenya.

Ha5: Corporate governance-strategic decision making co-alignment has a significant effect on performance of Mission Hospitals in Kenya.

H_a6: External environment has a significant moderating influence on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya.

H_a7: Corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment have a significant joint effect on performance of Mission Hospitals in Kenya.

There were seven (7) hypotheses that were tested. H_{a1} tested the relationship between corporate governance and organisational performance. In order to test this relationship, both the individual and combined effects of corporate governance practices on organisational performance were tested. The researcher also hypothesised a moderating influence on the relationship between corporate governance practices and organisational performance. This relationship was stated and tested as H_{a2}. The third hypothesis, stated as H_{a3}, tested the influence of strategic decision-making on organisational performance. The individual and combined influences of strategic decision-making dimensions on organisational performance were tested. External environment was also hypothesized and tested as a moderating variable in the relationship between strategic decision-making and organisational performance.

It is the strategic decision-making process that ensures development of innovative strategies for the short, medium and long-term sustainability of organisations. This relationship was stated and tested in as H_{a4}. The fifth and primary study hypothesis, stated as H_{a5}, tested the effect of corporate governance-strategic decision making co-alignment on organisational performance.

The moderating influence of external environment on the relationship between corporate governance-strategic decision making co-alignment and organisational performance was stated and tested as H_{a6}. Finally, the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on organisational performance was stated and tested as H_{a7}.

2.11 Chapter Summary

Chapter two was dedicated to detailed literature review. It presented theoretical underpinnings, with the main theory anchoring the study discussed as agency, and other supporting theories like stakeholder, resource based view and open systems. The aim of the literature review was to create an understanding of the predictor variables, which are corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment, external environment and how each relates to organisational performance.

Through an extensive pairwise review of previous empirical studies, assessing conceptual relationships of the variables, a number of knowledge gaps along theoretical, conceptual and methodological spheres were identified. A summary of selected previous studies and the corresponding gaps were tabulated. In order to address some of the identified unresolved issues, a conceptual framework indicating the relationship among the variables was then systematised along arguments in literature. An imperative section in this chapter was the stating the research hypotheses. The next chapter presents the research methodology employed in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that is used in this study. In particular, the chapter gives a description on the research philosophical orientation, research design, target population, data collection, and operationalisation of study variables. Finally, data analysis and analytical methods are presented.

3.2 Research Philosophy

Chisholm (1911) argues that philosophy has two main branches, namely: ontology and epistemology. These two main viewpoints inform how people come to know what they know. Ontology is concerned with the overall nature of things and identifies what actually exists. It is the philosophical study of the nature of being, becoming, existence, or reality, as well as the basic categories of being and their relations (Harvey, 2006). Ontology deals with questions concerning what entities exist or can be said to exist, and how such entities can be grouped, related within a hierarchy, and subdivided according to similarities and differences (Saunders, Lewis and Thornhill, 2009).

Epistemology is concerned with studying of human knowledge, explaining its origin, possibility, nature and scope (Saunders et al., 2009). The debate on what constitutes reality and how we can to know about such reality still continues. Scholars in social sciences such as Riley et al. (2000), Cohen, Manion and Morrison (2007), Houghton (2011) Johnson (2014), hold that epistemology and empirical research revolve around two philosophical paradigms, namely phenomenology (qualitative) and positivism (quantitative).

Phenomenology holds that the subject matter of social sciences, people and institutions, are fundamentally different from that of natural sciences. This philosophy believes that reality and the individual who observes it cannot be separated and does not begin from an established theory (Nachmias and Nachmias, 2004). It reflects an inquiry process of understanding social problem based on building a complex, holistic picture, reporting detailed views of informants – building knowledge. The researcher draws meanings by interpreting experiences that are observed during his/her involvement in the phenomena and gains understanding of the situation under study (Cohen et al., 2007).

Positivism philosophy, on the other hand, is a scientific objective approach of hypotheses testing with the intent to either rejecting or failing to reject the null hypotheses (Mugenda and Mugenda, 2003). It is based on objective methods that allow for the operationalization of concepts, generalisation of results and replicability (Cooper and Schindler, 2011). According to Riley et al. (2000), the methods employed by such research are objective, impartial as well as value free (free from human values and beliefs). This implies that, the focus must be on that which is observable. It also seeks to explain and predict relationships between variables and believes that the researcher is independent from what is being researched (Easterby-Smith, Thorpe and Lowe, 2008). Science is the superior way of knowing, understanding and predicting human experiences and that the positivistic scientific method rules must be adhered to, or else the researchers and their findings will be disregarded (Cooper & Schindler, 2011).

In spite of the inherent weaknesses of positivism (Houghton, 2011), the researcher adopted the positivism philosophy. Epistemologically being empirical in nature, positivism gives opportunities of generalization, prediction, validity and reliability as

well as precision and parsimony (Cohen et al., 2007). Researchers further argue that unlike interpretivists, this paradigm is objective and transparent from personal prejudices. It is possible to establish the relationships between variables, formulate hypotheses, test them and generalise research findings (Gupta, 2008).

The research hypotheses were tested empirically with the aim of either rejecting or failing to reject them; thus refuting or supporting theoretical postulations. The researcher is independent of the study and the research outcome is determined by empirical testing of the operationalized variables that are subject to statistical analysis (Mugenda and Mugenda, 2003). Lastly, due to expansive location of the population, time and financial constraints, positivism became a better option for this study.

3.3 Research Design

A descriptive cross-sectional survey research design was adopted. This research design presents a snap shot of manifestation of variables in a large number of subjects at one point in time (Cooper and Schindler, 2011). It is used to describe characteristics of variables, analyse their frequency, distribution, features and observable phenomena of the target population. Governance and strategic decisions are handled at the corporate (top) level, which is the unit of analysis. Cooper and Schindler further argue that strategy deals with decisions that provide the impetus for managers to invest in projects and resources that result in high returns to stakeholders and improved performance.

The adopted design offers the opportunity to collect data across different Mission Hospitals and test their relationship. It afforded the researcher the opportunity to capture a population's characteristics and test the hypotheses quantitatively. The design is also appropriate because of the purpose, scope, nature of data collected and the type of

analysis performed (Cooper and Schindler, 2011). Aosa (1992), Machuki (2011) and Macharia (2014) have used similar research design to test hypotheses and to draw conclusions.

3.4 Population of the Study

The target population constituted the entire population of Mission Hospitals in Kenya as at 31st December 2014. These hospitals are spread all over the country and mostly serve the rural marginalised communities in Kenya. These hospitals operate in a dynamic and an ever-changing environment. Despite the important role they play in promoting healthcare delivery, documentation on Mission Hospitals in Kenya is scarce.

The 2014 Annual reports from Christian Health Association of Kenya (CHAK) and Kenya Conference of Catholic Bishops (KCCB) indicated that there were 88 Mission Hospitals in Kenya as at 31st December, 2014. The breakdown of the hospitals were CHAK, 26 (part A) and KCCB, 62 (part B). Appendix II provides a list of the 88 Mission Hospitals in Kenya. All the 88 Mission Hospitals participated in this study, hence a census survey.

3.5 Data Collection

The researcher mainly relied on primary data because respondents were unwilling to release their secondary data. Primary data on corporate governance, strategic decision-making, external environment and organisational performance was gathered using a structured questionnaire based on the study concepts and other instruments used by previous researchers (Awino, 2011; Machuki and Aosa, 2011; Letting 2011; Ongore, 2008). The questionnaire, with five sections dedicated to general information and each of the conceptualised variables, was administered through drop and pick later method.

However, some questionnaires were sent through registered parcels and emails to hospitals located in inaccessible and insecure areas. Administrators/Chief Executive Officers of the Hospitals were the target respondents, and in their absence a top management member in-charge of strategy completed the tool. One questionnaire per hospital was administered, similar to studies by Machuki (2011), Ongeti (2014) and Macharia (2014), among others. Appendix I contains the questionnaire that has been designed using a 5-point Likert type scale ranging between (1), not at all, and (5), to a very large extent.

Though a data collection tool (form) had been prepared, to collect secondary data so as to reinforce primary data, respondents were not willing to share this information. The form requested for financial data for the last three (3) years and other secondary data from published reports from Mission Hospitals for analysis. This would have reduced the weaknesses of relying on a single method.

3.6 Operationalization of Study Variables

The study variables (corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment, external environment and performance) were operationalized using survey questions aimed at identifying their presence in the context of study. The environment construct emphasises on the role of the environment in the definition of strategies, and subsequently its influence on performance (Machuki and Aosa, 2011; Bourgeois, 1980). Since the primary objective of every organisation is to achieve desired goals and objectives, performance has been the most important construct studied over the past years of strategy and finance research. An

organisation's performance can be measured in terms of its financial or non-financial achievements. Typically, financial performance is measured in terms of return on the capital invested during a given period (Dess and Beard, 1984). On the other hand, financial and non-financial performance can be measured using sustainable balanced scorecard indicators.

This section operationalizes measures of performance that have been tested in past studies to have a significant relationship with the corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment. Table 3.1 summarises the operationalization of study variables that were tested, using the identified study hypotheses. Independent variables in this study include corporate governance strategic decision-making and corporate governance-strategic decision making co-alignment, with external environment as independent and moderating variable, and organisational performance as the dependent variable. Operationalization of the variables is crucial in measuring, analysing and summarising study objectives against the hypotheses.

Table 3.1: Operationalization of Study Variables

Variable (Nature)	Operationalization Indicators	Operationalization	Measurement	Questionnaire Item	Supporting Literature
Corporate Governance (**Co-alignment Variable, 1st Order factor**)	Corporate Governance Practices	Transparency, Accountability Responsibility, Full Disclosures, Fairness and Equitable treatment of stakeholders.	Ratio: 5-point Likert type scale	Section 2	(Ongore, 2008; Letting, 2011)
Strategic Decision-making (**Co-alignment Variable, 1st Order factor**)	Strategic Decision-making Dimensions	Comprehensiveness, Formalisation, Coordination devices, Decentralisation, Lateral communication, Internal Politicisation	Scales Ratio: 5-point Likert type scale	Section 3	(Adeoye and Elegunde, 2012; Macharia 2014)

Table 3.1: Operationalisation of Study Variables continued…

Variable (Nature)	Operationalization Indicators	Operationalization	Measurement	Questionnaire Item	Supporting Literature
External Environment (**Moderating Variable)**	Dimensions: Munificence, Dynamism & Complexity	Abundance or scarcity of resources, Predictability and changeability of environmental factors, environmental issues and their heterogeneity.	Scales Ratio: 5-point Likert type scale	Section 4	(Venkatraman and Prescott, 1990; Machuki and Aosa, 2011; Murgor, 2014)
Organisational Performance (**Dependent Variable)**	Sustainable Balanced Scorecard	Financial perspective, Customer satisfaction indicators, effective and efficient internal business processes, capacity for learning and growth, social equity and responsibility	Scale Ratio: 5-point Likert type scale	Section 5	(Kaplan and Norton, 1996; Hubbard, 2009; Grant 2003; Porter, 1987)

Source: Author (2015).

3.7 Data Analysis

Several techniques and tools were used to prepare, analyse and report the collected data. Data preparation for completeness and consistency included: questionnaire checking, sorting, editing, coding, transcription, cleaning and finally analysing to derive information related to each of the study variable. Data were analysed using descriptive statistics, multivariate regression and correlation analysis. Descriptive statistics, such as mean scores and standard deviations, were computed to describe the characteristics of the variables of interest in the study.

Inferential statistics like simple, multiple and stepwise regression analysis, were used. Pearson's coefficient correlation (r), which ranges between -1 and +1, was applied to establish relationships between study variables. Correlation reveals the strength and direction of the relationships (Cooper and Schindler, 2011). Regression analysis was used

to express the nature and magnitude relationship between independent, moderating, and dependent variables. The regression model helped to determine how much of the total variation in the dependent variable was produced by the independent and moderating variables.

Canonical correlation analysis (CCA) was employed to test the effect of CG-SDM co-alignment, the relationships between the two sets of variables. CCA is a way of measuring the linear relationship between two multidimensional variables. It finds two bases, one for each of the co-aligned variables that are optimal with respect to correlations. It also finds the corresponding correlations in which the correlation matrix between the variables is diagonal and the correlations on the diagonal are maximized. The dimensionality of these new bases is equal to or less than the smallest dimensionality of the two variables. Multiple analyses of variance (MANOVA) was then be used to yield the coefficient of determination (R^2). Multiple linear regression analysis was used in the model to express the relationship between the dependent variable (performance) and the predictor variables. This provided the proportion of variance in the independent variable accounted for by the combination of predictors (Mugenda and Mugenda, 2003). A summary of tests of hypotheses and related research objectives are presented in Table 3.2.

Table 3.2: Summary of Research Objectives, Hypotheses, Analytical Methods and Interpretation of Results

Objectives:	**Hypotheses**	**Analytical Methods**	**Interpretation of Results**
Determine the effect of corporate governance on performance of Mission Hospitals in Kenya	**H_1:** Corporate governance has a significant effect on performance of Mission Hospitals in Kenya.	Bivariate and partial Correlations using the following Variables: $P_1=\alpha+\beta_{11}X_{11}+\beta_{12}X_{12}+\beta_{13}X_{13}+\beta_{14}X_{14}+\beta_{15}X_{15}+\varepsilon_1$. Where, P_1= Org. Performance, α =Constant, B_{11} to B_{15} = Coefficients, X_{11}= Transparency, X_{12}= Accountability, X_{13}=Responsibility, X_{14}=Full Disclosures, X_{15}= Equitable Treatment of Stakeholders and ε_1=Error term. Coefficient Correlation (r)	**F**-Significance of overall model **R**- Strength of the relationship between CG and OP variables **R^2**- Extent to which variations in OP indicators are explained by CG
Establish the moderating influence of external environment on the relationship between corporate governance and performance of Mission Hospitals in Kenya	**H_2:** EE has a significant moderating influence on the relationship between corporate governance and performance of Mission Hospitals in Kenya.	Bivariate and partial Correlations using the following Variables: $P_2=\alpha+\beta_{21}X_{21}+\beta_{22}X_{22}+\beta_{23}X_{23}+\beta_{24}X_{24}+\beta_{25}X_{25}+\beta_{26}X_{26}+\beta_{27}X_{27}+\varepsilon_2$. Where, P_2= Org. Performance, α = Constant, β_{21}toβ_{26} =Coefficient, X_{21}= Transparency, X_{22}=Accountability, X_{23}=Responsibility, X_{24}= Full Disclosures, X_{25}= Equitable Treatment of stakeholders, and ε_2=Error term. PLUS EE forces: X_{01}=Dynamism, X_{02}=Munificence, X_{03}=Complexity, and ε_5=Error term. Coefficient Correlation (r)	**F**-Significance of overall model **R**- Strength of the relationship between CG and OP variables **R^2**- Extent to which variations in OP indicators are explained by CG and EE
Assess the effect of strategic decision-making on performance of Mission Hospitals in Kenya	**H_3:** Strategic decision-making has a significant effect on performance of Mission Hospitals in Kenya.	Bivariate and partial Correlations using the following Variables: $P_3=\alpha+\beta_{31}X_{31}+\beta_{32}X_{32}+\beta_{33}X_{33}+\beta_{34}X_{34}+\beta_{35}X_{35}+\beta_{36}X_{36}+\varepsilon_3$. Where, P_3=Org. Performance, α =Constant, B_{31} to B_{36} =Coefficients, X_{31}= Comprehensiveness, X_{32}= Formalisation, X_{33}= Coordination devices, X_{34}= Decentralisation, X_{35}= Lateral communication, X_{36}= Internal Politicisation and ε_3=Error term. Coefficient Correlation (r)	**F**-Significance of overall model **R**- Strength of the relationship between SDM and OP variables **R^2**- Extent to which variations in OP indicators are explained by SDM types
Examine the moderating influence of external environment on the relationship between Strategic decision-making and performance of Mission Hospitals in Kenya	**H_4:** EE has a significant moderating influence on the relationship between strategic decision-making and performance of Mission Hospitals in Kenya.	Bivariate and partial Correlations using the following Variables: $P_4=\alpha+\beta_{41}X_{41}+\beta_{42}X_{42}+\beta_{43}X_{43}+\beta_{44}X_{44}+\beta_{45}X_{45}+\beta_{46}X_{46}+\beta_{47}X_{47}+\varepsilon_4$. Where, P_4= Org. Performance, α = Constant, β_{41} to β_{50} =Coefficient, X_{41}= Transparency, X_{42}= Accountability, X_{43}=Responsibility, X_{44}=Full Disclosures, X_{45}= Equitable Treatment and ε_4=Error term. PLUS EE forces: X_{01}=Dynamism, X_{02}=Munificence, X_{03}=Complexity, and ε_4=Error term. Coefficient Correlation (r)	**F**-Significance of overall model **R**- Strength of the relationship between CG and OP variables **R^2**- Extent to which variations in OP indicators are explained by CG and EE

Table 3.2: Summary of Research Objectives, Hypotheses, Analytical Methods and Interpretation of Results continued…

Objectives:	Hypotheses	Analytical Methods	Interpretation of Results
Analyse the effect of corporate governance-strategic decision making co-alignment on performance of Mission Hospitals in Kenya	**H_5:** Corporate governance-strategic decision making co-alignment has a significant effect on performance of Mission Hospitals in Kenya.	Canonical Correlation Analysis with Stepwise Regression Model: Correlation between CG & SDM: $P_5 = f(CG+SDM+\varepsilon)$ Given 2 column vectors $X = (x_1, \ldots, x_n)'$ and $Y = (y_1, \ldots, y_n)'$ then: $P_5 = \alpha + (x_1 \ldots x_n)(y_1 \ldots y_n) + \varepsilon_5$ Where, P_5=Org. Performance, α =Constant, Vector 1 = Corporate governance Indices, Vector 2 = SDM Indices & ε_3=Error term.	What is the resultant model after co-aligning variable X (governance practices) to Y (strategic decision-making dimensions)?
Appraise the moderating influence of external environment on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya	**H_6:** EE has a significant moderating influence on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya.	Bivariate and partial correlations using performance as dependent variable: $P_6 = \alpha + \beta_{61}X_{61} + \beta_{62}X_{62} + \varepsilon_6$. Where, P_6= Org. Performance, α = Constant, β_{61} & β_{62} = Coefficient, X_{61} & X_{62} = CG & SDM Indices, PLUS EE forces: X_{01}=Dynamism, X_{02}=Munificence, X_{03}=Complexity, and ε_6=Error term. **Coefficient Correlation (r)**	**F**-Significance of overall model **R**- Strength of the relationship between CG-SDM and OP variables **R^2**- Extent to which variations in OP indicators are explained by CG
Ascertain the joint effect of CG, SDM, CG-SDM Co-alignment and external environment on performance of Mission Hospitals in Kenya	**H_7:** CG, SDM, CG-SDM co-alignment and EE have a significant joint effect on performance of Mission Hospitals in Kenya is different from the sum total effects of individual study predictor variable.	Bivariate and partial correlations using performance as dependent variable: P= α + (CG Indices) + (SDM indices) + (Co-alignment measurements) + EE Indices) + ε_6=Error term. Stepwise Regression Model	**F**-Significance of overall model **R**- Strength of the relationship between CG and OP variables **R^2**- Extent to which variations in OP indicators are explained by CG

Source: Author (2015).

3.8 Reliability and Validity Test

Reliability and validity tests are key indicators of the quality of the data collection instrument. A measure is reliable when different attempts at measuring something converge on the same result (Zikmund et al., 2010). Impliedly, reliability is therefore an indicator of an instrument's internal consistency. Findings of the pre-tests' reliability and validity are presented under this section.

3.8.1 Reliability Test

There is consensus among researchers that for a scale to be valid and possess practical utility, it must be reliable (Peterson 1994). Reliability is the quality of measurement that tests consistency and repeatability of study measures. It is a measure of the degree to which instruments yield consistent results after repeated trials (Mugenda and Mugenda, 2003). A measure is considered reliable if it is consistent and able to yield the same results over and over again assuming that what is being measured is not changing, or other researchers have similar observations. One of the most popular reliability statistics used in social sciences is alpha coefficient. The Cronbach's alpha coefficient (α) is the most commonly applied estimate of a multiple-item scale's reliability (Kaliappen and Hilman, 2013).

A pilot study using three Mission Hospitals was subjected to alpha coefficient. The three hospitals were randomly drawn from the population of eighty eight. The test was done to gauge the internal consistency or average correlation of the tool. The Cronbach's alpha coefficient ranges between zero (0) and one (1). The closer the Cronbach's alpha coefficient is to one (1), the greater the internal consistency of the items in the scale, while the closer the coefficient is to zero (0), the less the internal consistency of the items in the scale (Cooper and Schindler, 2011).

Different research authorities use different cut-off points of the Cronbach's alpha coefficient. Davis (1964) recommends a minimum of Cronbach's coefficient of 0.5 for predictive research where the population group is between 25 and 50. Kaplan and Saccuzo (1982) on the other hand postulate that basic research and applied research should have minimum Cronbach coefficients of 0.7.

These authors suggest that any values between 0.5 and 0.8 are adequate to accept internal consistency while Nunnally (1978) proposes that a value of not less than 0.6 should be acceptable. The researcher adopted a cut-off value of 0.6 and the results of reliability test were as presented in Table 3.3.

Table 3.3: Reliability Test

Variable	Number of items	Cronbach's Alpha Coefficient	Decision
Corporate Governance	29	0.95	Reliable
Strategic Decision-making	38	0.94	Reliable
External Environment	35	0.75	Reliable
Performance	41	0.87	Reliable
Overall		**0.88**	**Reliable**

Source: Field Data (2015).

The Cronbach's coefficient results for all the variables were above 0.75 with an overall value of 0.88. The reliability tests carried out in Table 3.3 show that the lowest alpha was 0.75 on external environment and the highest was on corporate governance with alpha of 0.95. The measurement scale for corporate governance, strategic decision-making, external environment and performance of Mission Hospitals in Kenya confirmed high consistency and reliability. This was consistent with Sekaran (2003) propositions and confirmed the reliability of data collected through the questionnaire.

3.8.2 Validity Test

Validity is the extent to which a research instrument is able to measure what it is expected to measure (Kaliappen and Hilman, 2013; Cooper and Schindler, 2011). It is the amount of systematic or built-in error in measurement (Norland, 1990). Validity is the accuracy of a measure, the extent, the degree or the criteria to which evidence and theory truthfully represents a concept (Zikmund et al., 2010).

There are four ways of establishing validity namely, content, construct, face and criterion related validity (Zikmund et al., 2010; Cooper and Schindler, 2011; Kaliappen and Hilman, 2013). Content or logical validity measures the extent to which the instrument provides adequate coverage of the all the important aspects of the variables. Construct or concurrent validity is about whether results of a new questionnaire are consistent with results of established measures. Face validity establishes whether at face value, the questions appear to be measuring the construct. This is largely a "common-sense" assessment, but also relies on knowledge of the way people respond to survey questions and common pitfalls in questionnaire design. Criterion or predictive validity confirms whether scores on the questionnaire successfully predict a specific measure. The choice on the type of validity to use depends on the objectives of the study.

The main issue was to answer the question of whether or not the research instrument was comprehensive enough to collect all the information needed to address the study purpose and objectives. To answer this concern, validity of the structured questionnaire was established through literature review, feedback from a panel of experts and field tests. In order to validate the research questionnaire, an extensive literature review was done to ensure a good operationalization of the constructs. The study adopted research

instruments from various researches carried out in to interrogate the conceptualised study constructs (Venkatraman and Prescott, 1990; Olsen et al., 1998; Machuki, 2011; Kinuu, 2014; Macharia, 2014; Mkalama, 2014; Murgor, 2014; Ongeti, 2014; Alsoboa et al., 2015). The researcher's cohort in the School of Business, University of Nairobi reviewed the tool.

The research instrument was further enhanced from expert opinions and judgment received during the thesis-proposal presentations to senior lecturers and Professors from the University of Nairobi. The university supervisors and Professors from the School of Business, University of Nairobi examined and reviewed the research instrument for validity. Any ambiguous, double edged and sensitive questions were cleaned, sorted or dropped as was successfully done by Machuki (2011). Changes, as appropriate, were made based on literature review and expert feedback received.

The questionnaire was then piloted by administering it to three (3) hospitals to establish if the respondents could answer the responses with ease. Pilot testing of the tool helped in establishing readability, identifying items required to measure the concepts, and ensuring that questions cover all the areas of study. To ensure clear definitions of the construct and its components, any ambiguous, double edged and unclear questions were identified and rectified. Validation of the instrument helped to ensure respondents' ability to respond to various questions without difficulties.

3.9 Chapter Summary

This chapter presented the research methodology that was used. The research philosophy; elaborating the positivistic approach, and research design were discussed. A descriptive cross sectional survey design was used because the data was collected across a large number of Mission Hospitals (88) In Kenya at one point in time. The target population was equally described. The chapter further presented data collection, operationalization of research variables and data analysis methods.

The operationalization of study variables was discussed in detail in order to define the variables into quantifiable factors. Literature supporting the operationalization was also presented. The operationalization of the variables was presented in Table 3.1. The chapter tabulated the objectives, corresponding hypotheses, and analytical methods as summarised in Table 3.2. Finally, the reliability and validity of the research tool was tested. The next chapter presents data analysis and study findings.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents data analysis and findings. The broad research objective was to establish the influence of external environment on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya. To achieve this objective, seven specific objectives were set and corresponding hypotheses formulated. To test the hypotheses, data was obtained using a structured questionnaire. For each study variable, respondents were presented with descriptive statements in a 5-point Likert scale and were required to indicate the extent to which the statements applied in their organisations. Through the use of descriptive and inferential statistics, this chapter provides the premise on which further statistical operations and analyses were carried out to test the hypotheses.

The chapter also presents the response rate and results of various tests namely: reliability, validity tests, normality, multicollinearity, and homogeneity of variance. Findings of the pre-tests reliability and validity are presented. Organisational demographic profile of Mission Hospitals in Kenya is also presented. Data analysis was done using both descriptive and inferential statistics as guided by the research question, objectives and hypotheses. On the basis of the findings, results of tests of research hypotheses were undertaken. The details of descriptive analysis using frequency distribution tables, descriptive statistics using means and t-tests, coefficient of variations and p-values were used for ranking responses, Cronbach alpha and test of normality. The descriptive statistics of respondents as well as response rate are summarized.

4.2 Response Rate

A total of eighty eight (88) questionnaires were distributed to Administrators/Chief Executive Officers of Mission Hospitals in Kenya, out of which seventy four (74) were returned giving a response rate of 84.09 percent. According to Awino (2011), a response rate of 65 percent is acceptable. According to Mugenda et al. (1999) a 50 percent response rate is adequate, 60 percent is good and above 70 percent rated as very good. Based on this assertion, the response rate of 84.09 percent can be classified as very good. This response rate compares well with other previous studies such as Murgor (2014) and Machuki (2011).

The high response rate was facilitated by acquiring a research clearance permit from the National Commission for Science Technology and Innovation, a personal introduction letter and another from the University of Nairobi attached as Appendices III and IV. It can be also attributed to the data collection procedures where the researcher pre-notified the potential participants of the intended survey. In addition, trained research assistants administered the questionnaire.

4.3 Statistical Assumptions and Pretesting for Multiple Regression

Various assumptions were made about variables during statistical tests. This was to ensure that the findings were worth using in decision-making. Failure to meet these assumptions may lead to Type I or Type II errors. Testing for assumptions was beneficial because it ensured that analyses met associated assumptions and helped avoid Type I and II errors (Osborne et al., 2001). This study carried out tests of normality and multicollinearity.

4.3.1 Tests of Normality

Statistical procedures require that the assumption of normal distribution is tested, hence the use of the mean as the measure of central tendency (Zikmund, 2010). A number of statistical tests, such as t-test and the one-way and two-way ANOVA require normal distribution. If the assumption of normality is not valid, the results of the tests become unreliable (Ghasemi and Zahediasl, 2012). Normality tests were used to determine whether data had been drawn from a normally distributed population (Razali and Wah, 2011). Assessment of normality of data is a prerequisite for many statistical tests because normal data is a fundamental assumption in parametric testing. Tests of normality are necessary when the underlying assumptions do not hold for it is impossible to draw accurate and reliable conclusions. Many of the statistical procedures are based on the assumption that the data follows a normal distribution (Ghasemi and Zahediasl, 2012). However, data sets can often be skewed due to various reasons, hence the need to test for assumption of normality. There are two main methods of testing normality: numerically and graphically (Razali and Wah, 2011). This study has used both methods.

There are several ways of numerical testing for normality such as: Shapiro-Wilk, Kolmogorov-Smirnov, Lilliefors and Anderson Darling. The Shapiro-Wilk Test is more appropriate for a population of between 50 and 2,000 (Razali and Wah, 2011). According to Razali and Wah, Shapiro-Wilk is the most powerful normality test. For variables that assume a normal distribution, the statistics should be statistically insignificant. For this reason, Shapiro-Wilk statistics were used to test the fit of the variables to a normal distribution. The study adopted Tests of Normality table and the Normal Q-Q Plots, to highlight numerical and graphical methods to test for the normality of data, respectively. The results from the assessment of normality are presented under Table 4.2.

Table 4.1: Shapiro-Wilk Test of Normality

Variable	Shapiro-Wilk		
	Statistic	df	Sig.
Corporate Governance Dimensions	.979	55	.428
Strategic Decision-making Dimensions	.972	55	.219
External Environment	.976	55	.322
Organisational Performance	.976	55	.367

Source: Field Data (2015).

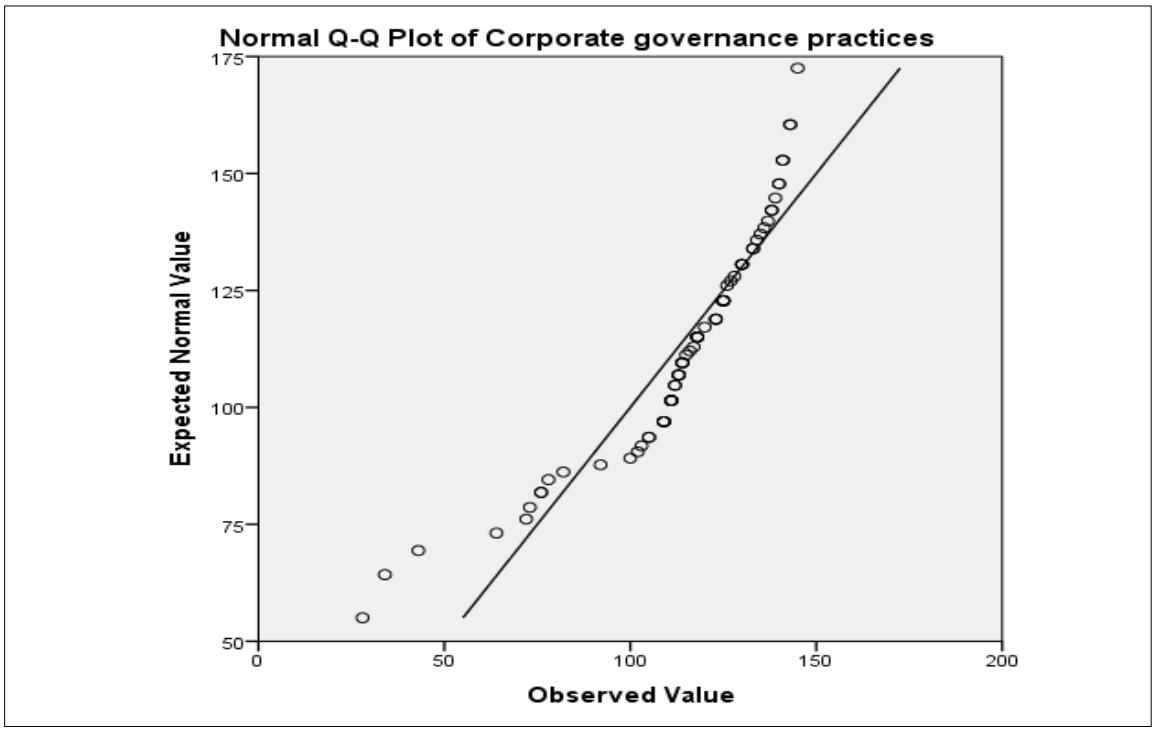
Shapiro-Wilk Test holds that if the significance or p-value is greater than 0.05, then the data are from a population with normal distribution and if it is equal or below 0.05, the data significantly deviate from a normal distribution (Ghasemi and Zahediasl, 2012). When the significance is equal or less than 0.05, the null hypothesis is rejected with a conclusion that the sample is not normally distributed. The p-value was used to tell the probability of incorrectly rejecting the null hypothesis.

Results from the test of normality are presented in Table 4.2. The results on corporate governance, strategic decision-making, external environment and performance of Mission Hospitals in Kenya showed that all the p-values were greater than the alpha level of 0.05. Strategic decision-making recorded the lowest value of 0.219, while corporate governance had the highest value of 0.428. External environment and performance had 0.322 and 0.367, respectively. The results support the conclusion that the data were normally distributed.

However, since the test could have been biased by population size and other factors, a graphical test was done to double-check and for further verification in addition to the p-value test. A graphical tool for assessing normality is the normal probability plot, a quantile-quantile plot (Q-Q plot) of the unstandardized data against the standard normal distribution. In order to determine normality graphically, the output of a normal Q-Q plot was used. The correlation between the data and normal quantiles (a measure of the goodness of fit) measure how well the data are modelled by a normal distribution. For normal data the points plotted in the Q-Q plot should fall approximately on a straight line, indicating high positive correlation.

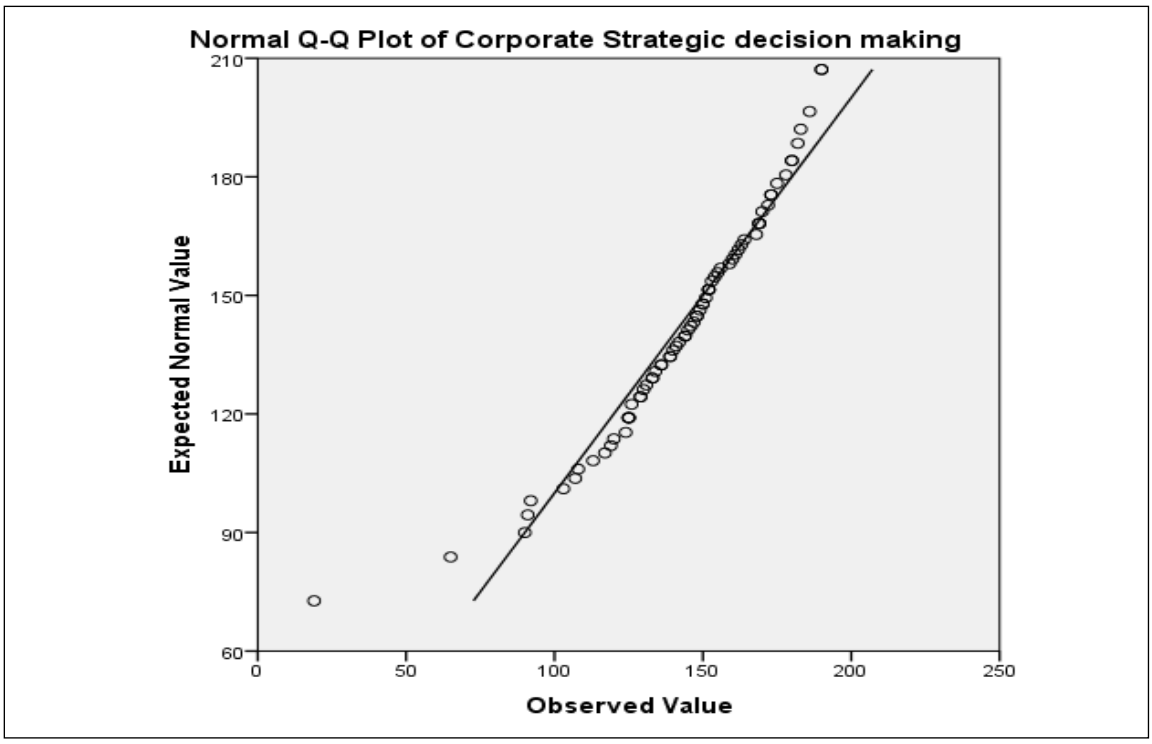
The Q-Q plot test compares the shape of data distribution to the shape of a normal curve. The plots are easy to interpret and also have the benefit that outliers are easily identified. If the data are normally distributed, the data points will be close to the diagonal line. If the data points stray from the line in an obvious non-linear fashion, the data are not normally distributed. Q-Q plots are as presented in Figures 4.1(a), 4.1(b), 4.1(c) and 4.1(d).

Figure 4.1 (a): Normal Q-Q plot of Corporate Governance Practices



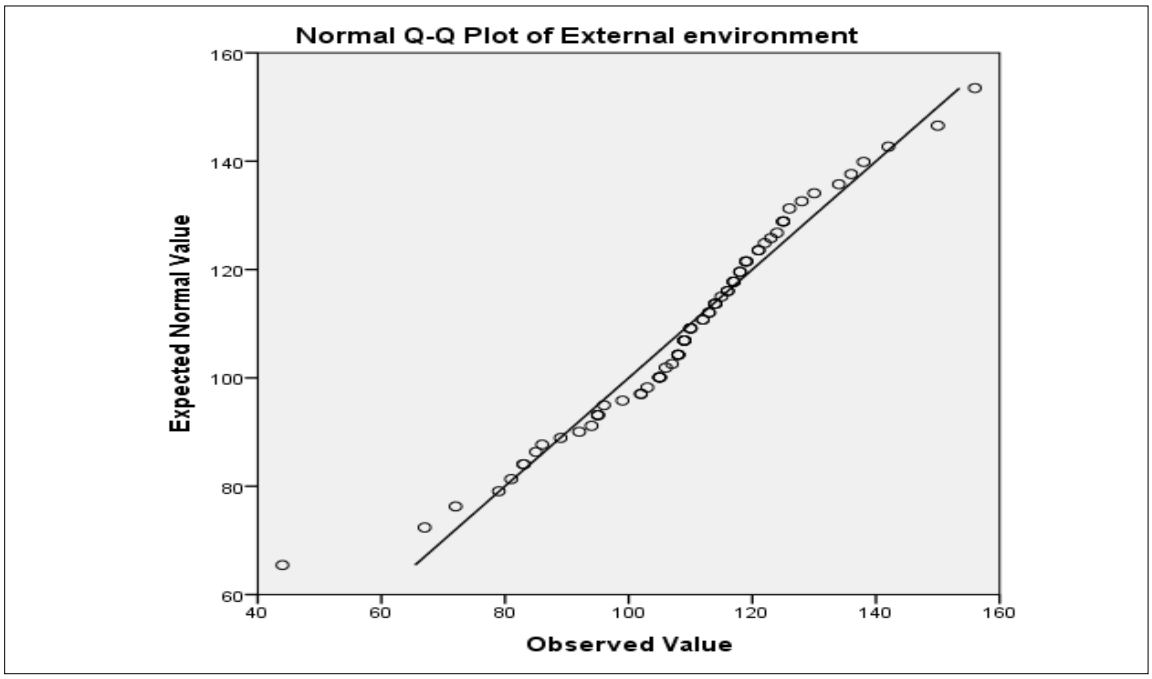
Source: Field Data (2015).

Figure 4.1 (b): Normal Q-Q plot of Strategic Decision-making



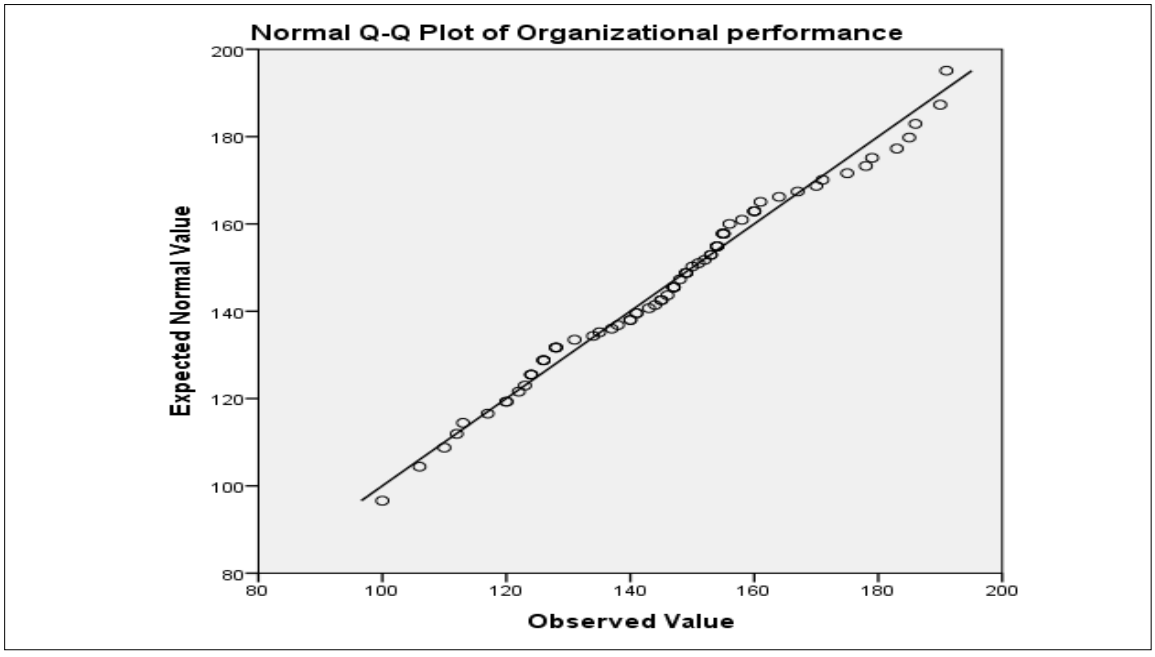
Source: Field Data (2015).

Figure 4.1 (c): Normal Q-Q plot of External Environment



Source: Field Data (2015).

Figure 4.1 (d): Normal Q-Q plot of Organisational Performance



Source: Field Data (2015).

A natural question in applying a normal distribution is, how can we test whether the data actually came from a normal distribution? A normal or Gaussian distribution presents the observed value against the expected value plotted on a graph. If the value varies more from a straight line, then the data is not normally distributed. Otherwise data will be normally distributed when the deviations from the straight line are minimal. From Figures 4.1(a), 4.1(b), 4.1(c) and 4.1(d), the Q-Q plots seems to have an elongated S-shape. The observed data were found to coalesce, and positively skewed, along the Q-Q plot best fit, but with both ends tail off a bit. Corporate governance, strategic decision-making, external environment and performance of Mission Hospitals in Kenya had a good fit, which implies that the data used was normally distributed. Normal distribution was an important precondition for subsequent tests of multivariate and hierarchical regressions.

4.3.2 Test for Multicollinearity

After assessing distribution normality of the data, the next step was to determine whether there was similarity between the independent variables in the conceptualised model. Multicollinearity is a problem that occurs with regression analysis when there is a high correlation of at least one independent variable with a combination of the other independent variables (Newbert, 2008). When variables are highly correlated in a multiple regression analysis it is difficult to identify the unique contribution of each variable in predicting the dependent variable because the highly correlated variables are predicting the same variance in the dependent variable (Kennedy, 1992). In this situation, the overall p-value may be significant but the p-value for each predictor may not be significant. Multiple linear regressions can only accurately estimate the relationship between dependent and independent variables if the relationships are linear in nature (Osborne and Waters, 2002).

If a research proposes a non-linear time series model, the common question that invariably arises is, is the non-linear specification superior to a linear model and can one reject the hypothesis of linearity in favour of the non-linear model? Multicollinearity test evaluates whether the independent variables are highly correlated; that is, whether two or more predictors in the model are highly correlated (Newbert, 2008). A strong correlation leads to unreliable and unstable estimates of regression coefficients hence causing strange results when attempting to study how well individual independent variables constitute to an understanding of the dependent variable (Hansen, 2013).

The consequences of multicollinearity are increased standard error of estimates of the Betas, meaning decreased reliability and often confusing and misleading results. The greater the multicollinearity the greater the standard errors (Ghasemi and Zahediasl, 2012). In addition, multicollinearity test is done to avoid habits in the decision-making process regarding the partial effect of independent variables on the dependent variable.

In order to help identify multicollinearity, Tolerance Statistic and the Variance Inflation Factor (VIF) are the two common collinearity diagnostic tools. In this study, multicollinearity was tested using VIF to evaluate the level of correlation between variables and to estimate how much the variance of a coefficient was inflated because of linear dependence with other predictors. As a rule of the thumb, if the VIF value lies between 1 and 10, then there is no multicollinearity. If the VIF is less than 1 or greater than 10, then there is multicollinearity (Newbert, 2008; Hansen, 2013). Results for tests of multicollinearity were as presented in Table 4.3.

Table 4.2: Test for Multicollinearity

Model	Collinearity Statistics	
Variable	**Tolerance**	**Variance Inflation Factor (VIF)**
Corporate Governance Dimensions	.772	1.295
Strategic Decision-making Dimensions	.698	1.433
External environment	.873	1.146
Organisational Performance	.787	1.342

Source: Field Data (2015).

VIF range between 1 and 2.5 is acceptable since there is no probability of multicollinearity problems (Kennedy, 1992; Newbert, 2008). The results in Table 4.3 presents VIF values of 1.293, 1.433, 1.146 and 1.342 for corporate governance, strategic decision-making, external environment and performance of Mission Hospitals in Kenya, respectively. It was concluded that there was no multicollinearity symptoms, the variables were not highly correlated, thus the decision that the Collinearity Statistics were not harmful to the study.

4.3.3 Homogeneity Test

After the testing for multicollinearity, the researcher examined whether there was a difference of residual variance observation by way of heteroscedasticity test. Heteroscedasticity arises when the variance of the dependent variable varies across the data (Ghasemi and Zahediasl, 2012). This complicates analysis because many methods in regression analysis are based on the assumption of equal variance (Hansen, 2013). On the other hand, homoscedasticity implies a situation in which the variance of the dependent variable is the same for all the data.

The concept of homogeneity can be applied in many different ways and, for certain types of statistical analysis, it is used to look for further properties that might need to be treated as varying within a data set once some initial types of non-homogeneity have been dealt with (Hansen, 2013). Homogeneity and its opposite, heterogeneity, arise in describing the properties of a data set or several data sets (Ghasemi & Zahediasl, 2012).

Simple population surveys may start from the idea that responses will be homogeneous across the whole of a population. Assessing the homogeneity of the population would involve looking to see whether the responses of certain identifiable sub-populations differ from those of others (Hall, 2003; Romanic, Curic, Jovicic and Lompar, 2015). Equal variances across samples is called homogeneity of variance. Some statistical tests, for example the analysis of variance, assume that variances are equal across groups or samples. Levene's test was used to test for the homogeneity and verify that assumption. The Levene test is less sensitive and has robust power and ability to not falsely detect unequal variances when underlying data are not normally distributed and the variables are in fact equal (Levene, 1960).

Levene's test can be used to answer the following question: is the assumption of equal variances valid? It tests whether or not the variances of our groups are statistically different. This test generally uses the 0.05 probability level (p-value or "*Sig.*" value) to determine statistical significance. If Levene's test shows a "Sig." value of equal of less than.05, then the variances are significantly different; meaning the statistical test (t-test or F test) is invalid and we can't make conclusive inferences from it (Romanic et al., 2015). Likewise, if Levene's test shows a p-value that is greater than 0.05, then the variances are not significantly different (Levene, 1960). Table 4.4 presents results of the Levene test.

Table 4.3: The Levene Test

Variables	Assumption	Levene Test for Equality of Variances		T-test for Equality of Means		
		F-value	Sig.	t-value	df	Sig. (2-tailed)
Corporate Governance	Equal variances	0.845	0.998	1.338	5	0.248
Strategic Decision-making	Equal variances	1.612	0.256	1.275	5	0.358
External Environment	Equal variances	0.330	0.864	1.661	5	0.258
Performance	Equal variances	2.970	0.135	2.287	5	0.171

Source: Field Data (2015).

As rule of the thumb, if the resulting p-value of Levene's test is equal or less than 0.05, then the variances are significant, p-value greater than 0.05 indicates that the variances are not significant (Levene, 1960). The test was done to test the null hypothesis that the group variances are equal. The p-value in Table 4.4 were 0.998, 0.256, 0.864 and 0.135 for corporate governance, strategic decision-making, external environment and performance respectively. The researcher failed to reject the null hypothesis at greater than 0.05 significance level and concluded that the variances are not significantly different. With the results and conclusion, there was confidence in the validity of the F-test or t-test result.

4.4 Respondents' years of Service and Organisational Demographic Profiles

4.4.1 Respondents' Years of Service

Results in Table 4.4 shows that majority (74 percent) of the respondents had worked in their respective hospitals between one and ten years. There were only 13.7 percent and 12.3 percent indicating that they had worked for over 10 years and less than 1 year respectively. The 74 percent of the respondents reported that 27.4 percent had worked in the respective hospital for 1-2 years, 24.7 percent had worked for 3-5 years, and 21.9 percent had worked for 6-10 years. The respondents were experienced people who had been in the health sector for a long period.

Table 4.4 Respondents' Number of Years in the Hospital

Years worked in the hospital	Frequency	Percent
Less than 1 year	9	12.3
1-2 years	20	27.4
3-5 years	18	24.7
6-10 years	16	21.9
Over10 years	10	13.7
Total	73	100.0

Source: Field Data (2015).

4.4.2 Organisational Demographic Profiles

The organisational demographic profiles section obtained characteristics and general information of Mission Hospitals in terms of the number of hospital employees, number of daily outpatients visiting the hospital, hospital bed capacity, annual budget controlled by the hospital and different products offered by the hospital as presented in Table 4.5.

Table 4.5 Demographic Characteristics

Number of hospital employees	Frequency	Percent
Less than 100	50	68.5
101-200	17	23.3
201-300	4	5.5
301-400	1	1.4
Over 400	1	1.4
Total	73	100.0
Number of daily outpatients visiting the hospital	**Frequency**	**Percent**
Less than 50	29	49.2
51-100	19	32.2
101-150	3	5.1
151-200	5	8.5
Over 200	3	5.1
Total	59	100.0
Hospital bed capacity-Inpatients	**Frequency**	**Percent**
Less than 50	29	49.2
51-100	19	32.2
101-150	3	5.1
151-200	5	8.5
Over 200	3	5.1
Total	59	100.0

Annual budget controlled by the hospital (in million KES)	Frequency	Percent
Less than 50	31	51.7
51-100	12	20.0
101-150	6	10.0
151-200	5	8.3
Over 200	6	10.0
Total	60	100.0
Different products offered by the hospital	**Frequency**	**Percent**
Less than 5	8	11.3
6-10	35	49.3
11-15	13	18.3
16-20	11	15.5
Over 20	4	5.6
Total	71	100.0

Source: Field Data (2015).

Concerning number of hospital employees, 68.5 percent indicated less than 100 employees followed by 23.3 percent indicating that employees ranged between 101 and 200. Further 5.5 percent and 1.4 percent indicated that employees range between 201 and 300, 301-400 and over 400 respectively implying that most Mission Hospitals have less than 100 employees on average.

Further, 49.2 percent indicated that the number of daily outpatients visiting the hospital is less than 50 followed by 32.2 percent indicating 51-100 with only few respondents 8.5 percent and 5.1 percent indicating 151-200, 101-150 and over 200 respectively. Further 49.2 percent of the respondents indicated that hospital bed capacity-inpatients are below 50 followed by 32.2 percent indicating 51-100. Concerning the annual budget controlled by the hospital, 51.7 percent indicated less than 50 million with 20 percent indicating 51-100 million ranges. Majority 49.3 percent further indicated that the hospital offers 6-10 range of different products followed by 18.3 percent indicating 11-15 different products. This implies that the hospitals have diversified in their products significantly.

4.5 Preliminary Findings

This section is mainly dedicated to descriptive and inferential findings. Statistical operations and their interpretations will be given emphasis, especially the t-values and CV percentages with their respective p-values. The findings for each variable are presented in the sub-sections of section 4.6.

4.5.1 Corporate Governance

Good corporate governance practice is related to the shareholders rights, transparency and accountability. Corporate governance embraces standards (laws), principles and best practices (codes) which are important when carrying out cross-country studies. The presence of good corporate governance practices, within an individual organisation and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy (Cadbury, 2002; OECD, 2005). Corporate governance has become a prominent topic in the past two decades and it has attracted worldwide attention because of its apparent importance, particularly due to the much-unexpected collapse of some industry giants like: the East African Railways Corporation, Uchumi Supermarket, Mumias Sugar Company, the ailing Kenya Airways, just to name but a few (Kinuu, 2014; Murgor, 2014; Mkalama, 2014). On the basis of the implications of corporate governance practices to Mission Hospitals in Kenya, respondents were requested to provide rate several statements on a 5-point Likert scale of either 1 (Not at all), 2 (Less extent), 3 (Moderate extent), 4 (Large extent) or 5 (Very large extent) in the last five years. The findings are presented in Table 4.6.

Table 4.6: Corporate Governance Practices

Statement	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
A) Transparency						
The Board has a clear understanding of the purpose of the organisation	71	4.07	.834	20.5	41.14	.000
There is a clear delineation between Board and top management roles, responsibilities, and accountabilities	70	4.04	.751	18.6	45.07	.000
The Board has developed a mechanism to regulate and manage itself effectively	70	4.10	.745	18.2	46.04	.000
Board time is mostly used to focus on the most important issues relating to the organisation.	71	4.08	.906	22.2	37.98	.000
Allocation, alignment and deployment of organisational resources is determined by the Board.	71	4.01	.837	20.9	40.43	.000
B) Accountability						
The Board bears full answerability on the functioning and performance of the organisation.	70	3.76	1.109	29.3	28.34	.000
Members declare their interests when joining the Board and avoid conflict of interests with the organisation.	69	3.93	1.019	25.9	32.01	.000
Remuneration to the Board is documented and payments to members are fully accounted for.	68	4.00	1.270	31.8	25.98	.000
Minutes and records of the Board deliberations are available to the top management.	68	4.34	1.045	24.1	34.22	.000
There are clear organisational performance indicators that guide the management.	70	4.17	.851	20.4	41.02	.000
Annual budgets and budgetary controls are monitored and evaluated by the Board on quarterly basis.	68	3.96	1.125	28.4	28.98	.000
Benchmarking and corrective measures guide the operations of the organisation	68	3.91	.989	25.3	32.63	.000
C) Responsibility						
The Board is responsible for the general oversight and direction of the organisation.	69	4.38	.972	22.2	37.42	.000
Board members act on a fully informed basis, in good faith, with due diligence and care, and in the best interests of the	68	4.25	.968	22.8	36.21	.000

Statement	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
hospital and the shareholders.						
The board fulfils certain strategic functions and delegates operational functions to the top management	69	4.22	.889	21.1	39.41	.000
The Board's overall objective is to improve the performance of the hospital.	70	4.50	.717	15.9	52.49	.000
The Board focuses on strategic matters and leaves operational issues to the top management team.	69	4.23	.860	20.3	40.88	.000
D) Full Disclosure						
There is full revelation in material interests in transactions or matters affecting the organisation.	70	3.96	.939	42.3	35.25	.000
The governance framework ensures that timely and accurate disclosure is made on all material matters	69	4.04	.848	20.9	39.62	.000
Information is prepared, audited, and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure and audit	69	4.36	.907	20.8	39.95	.000
An independent audit is conducted by an external auditor.	70	4.14	1.207	29.2	28.71	.000
Channels for disseminating information provide for fair, timely, and cost-effective access to relevant data by users.	70	4.11	.860	20.9	40.05	.000
E) Equitable Treatment of Stakeholders						
The governance framework recognises the rights of all the stakeholders	70	4.11	.808	19.7	42.58	.000
The organisation ensures equitable treatment of stakeholders, including the poor and marginalised shareholders	70	4.10	.837	20.4	41.00	.000
The organisation always prohibits insider trading and abusive self-dealing.	69	4.35	.744	17.1	48.54	.000
The top leadership protects the rights of everyone	71	4.34	.675	15.6	54.16	.000
There is stakeholder-involvement in decision-making relating to the organisation's governance	69	3.99	1.144	28.7	28.94	.000
The Board treats all shareholders fairly.	68	4.18	.863	20.6	39.91	.000
The stakeholders have access to relevant information	69	4.01	.947	23.6	35.21	.000
Average Mean Score		**4.125**				

Source: Field Data (2015).

The results in Table 4.6 indicate that the overall mean score for corporate governance practices was 4.125. From the Likert scale this meant that the respondents agreed to a large extent with the statements on corporate governance. This was an indication that corporate governance practices were rated by the respondents as being true to a large extent by most Mission Hospitals in Kenya. However, these parameters had t-values ranging from 25.98 to 54.16. All statements returned $p<0.05$, with t-value of more than 5. Notably, most of the statements were statistically significant.

Further, the highest variation (CV=42.3 percent) was reported on the statement that 'there is full revelation in material interests in transactions or matters affecting the organisation'. This means that there were relatively high levels of disagreements on this statement. Conversely, the lowest variation (CV=15.6 percent) was reported on the statement that 'the top leadership protects the rights of everyone'. These results could imply that emphasizing on rights of everyone is a matter of concern or consideration in corporate governance practices within Mission Hospitals in Kenya. All the statements under transparency and responsibility practices had a mean above 4. The results meant that statements on corporate governance practices were statistically significant and generally implied that corporate governance might have effect on performance of Mission Hospitals in Kenya.

4.5.2 Strategic Decision-Making

Strategic decision-making (SDM) is one of the critical processes that organisations go through. It defines the reasons for the existence of the organisations and develops strategies that enable organisations to remain competitive and sustainable (Hamel and Media, 2014). It is during this process that board of directors and top management are

expected to align the organisation to the emerging needs from the environment so as to be able to respond appropriately and therefore influencing performance (Adeoye and Elegunde, 2012, Mkalama, 2014). SDM was evaluated in terms of its dimensions which include: comprehensiveness, formalization, coordination devices, decentralization, and lateral communication (Papadakis and Barwise, 1996).

Given the importance of strategic decisions for an organisation in achieving multiple objectives such as: reducing costs, improving performance and building competitive advantages (Alsoboa et al., 2015). Part of the study examines the effects of strategic decision-making on the performance of Mission Hospitals in Kenya. Comprehensiveness also referred to as rationality is the degree of inquiry and scrutiny adopted by top management during the strategic decision-making process and it enables top management to better understand the organisational strategic direction in depth by scrutinizing the available strategies for their organisations (Papadakis and Lioukas, 1996).

Formalization is the extent to which the strategic decisions were being standardized by having written rules and procedures to allow for objective decision-making by top management (Papadakis and Barwise, 1996). Formalization of the strategic decisions creates understanding and clarity among members of top management on the objectives of the organisation and how to realize them. Decentralization is the extent to which there is vertical involvement during strategic decision-making process. It measured the total amount of participation of various levels in the organisation including the Hospital Chief Executive Officers/Administrator, the Board of Directors, Heads of Departments and lower management/supervisory cadre (Roberto, 2004).

Internal politicization is the extent to which negotiations and coalition building take place among participants from different levels during strategic decision-making process (Esienhardt and Bourgeois, 1988). In order to establish the importance of strategic decision-making, respondents were presented with qualitative statements describing these dimensions. They were then asked to indicate the extent to which the specific aspects of the strategic decision-making dimensions mattered to their organisations to support organisational performance. For the purpose of this study, strategic direction is represented and exhibited during strategic decision-making process. Respondents were requested to consider decisions their hospital had made in the last five years as the frame of reference by rating a set of statements. All strategic decision-making dimensions were measured using a 5-point Likert scale ranging between 1 (Not at all), 2 (Less extent), 3 (Moderate extent), 4 (Large extent) and 5 (Very large extent). Table 4.7 presents the results.

Table 4.7 Strategic Decision-Making Dimensions

	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
A) Comprehensiveness						
The organisation's vision is informed by core values, mission statement and interests of stakeholders	72	4.26	.856	20.1	42.28	.000
The mission statement is informed by what we are, what we do, why we do it and how we do it.	72	4.42	.801	18.1	46.82	.000
The core values are shared with all the stakeholders	72	4.17	.822	19.7	43.00	.000
In making strategic decisions, the organisation responds to signals of opportunities quickly and continuously searches for other new ones.	72	3.72	.967	25.9	32.65	.000
There are key responsibilities that are assigned to specific top managers during strategic decision-making	72	4.21	.918	21.8	38.89	.000

	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
There are scheduled/planned board meetings to discuss issues and make important decisions.	72	4.42	.946	21.4	39.63	.000
There are scheduled/planned top management meetings to discuss issues and make important decisions	72	4.36	.893	20.5	41.44	.000
All employees in the organisation are involved in strategic decision- making	72	3.35	1.177	35.1	24.14	.000
Information from developments outside the hospital is analysed and considered for decision- making	71	3.73	.925	24.7	33.99	.000
Advice of consultants is sought during strategic decision-making	72	3.65	1.009	27.6	30.71	.000
The organisation's past performance forms the basis of making future decisions	72	4.03	.804	19.9	42.49	.000
B) Lateral Communication						
Through strategic thinking, the hospital looks into the future and allocates resources accordingly.	72	3.99	.942	23.6	35.91	.000
There is a well-defined mechanism of controlling costs, monitoring strategic objectives and the overall organisational performance.	72	4.11	.815	19.8	42.86	.000
In making strategic decisions, the hospital constantly seeks to introduce new products to meet market needs.	72	3.64	1.079	29.6	28.63	.000
Different decision makers are willing to sacrifice short-term gains for long-term goals and objectives.	72	3.60	.988	27.4	30.89	.000
There are specific inter-departmental committees formed to participate in long-term decision-making.	71	3.59	1.050	29.2	28.83	.000
The board and top management are involved in long-term decision-making.	72	4.18	.924	22.1	38.38	.000
The Chief Executive Officer/Administrator provides effective leadership in long-term decision-making	72	4.13	.963	23.3	36.34	.000
C) Formalisation						
There is a formal strategic planning process.	71	3.92	1.092	27.8	30.21	.000
The hospital evaluates the level of risk and rate of return before making	72	3.89	.897	23.1	36.79	.000

	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
investment choices						
In analysing situations, top leadership evaluates possible consequences and obtains alternatives that guide our strategic choices.	72	3.93	.983	25.0	33.92	.000
There is a clear predetermined criteria used in generating information and evaluating long-term decision-making.	71	3.69	1.008	27.3	30.83	.000
There are specifically formed task forces that look into specific issues that give input to strategic decisions.	71	3.65	.972	26.6	31.61	.000
D) Coordination Devices						
The Board approves new projects/documents are done on 'stage-by-stage' basis rather than 'blanket' approvals	72	3.85	.959	24.9	34.04	.000
The functional expertise of top managers is sought during strategic decision-making.	72	3.97	.934	23.5	36.09	.000
There is a written procedure that guides strategic decision-making in the organisation	72	3.78	1.051	27.8	30.50	.000
There is a formal written procedure guiding identification of alternative actions	72	3.60	1.096	30.4	27.84	.000
Final decisions are arrived at after a formal screening of various options procedure.	72	3.79	1.074	28.3	29.96	.000
The final decisions arrived at are formally documented.	71	3.99	.949	23.8	35.41	.000
E) Decentralisation						
The input of heads of departments is taken into consideration during strategic decision-making	72	3.88	1.034	26.6	31.81	.000
Input from middle level management is taken into consideration when making long- term decisions.	72	3.86	.939	24.2	34.89	.000
Input from lower level management/first line supervisors is considered important during long-term decision-making.	72	3.68	1.124	30.5	27.79	.000
The input from all the departments within the organisation is considered in making long-term decisions	72	3.74	1.007	26.9	31.48	.000

	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
F) Internal Politicisation						
Issues related to specific interest groups are taken into consideration during strategic decision-making	71	3.66	1.055	28.8	29.25	.000
There are high levels of negotiations and consensus building between the various departments during long-term decision-making	72	3.81	1.121	29.4	28.80	.000
All the stakeholders' input is sought during long-term decision-making.	72	3.63	1.106	30.5	27.81	.000
External resistance is experienced during the strategic decision-making process	72	2.92	1.319	45.2	18.77	.000
The decision-making process is prone to frequent interruptions from outside the organisation	71	2.90	1.267	43.7	19.30	.000
Average Mean Score		**3.83**				

Source: Field Data (2015).

The results in Table 4.7 indicate that the overall mean score for SDM dimensions was 3.83. From the 5-point Likert scale this was above to a moderate extent (3) and close to large extent (4). This was an indication that strategic decision-making dimensions were rated by the respondents as being true to a large extent by most Mission Hospitals in Kenya. The results further indicated mixed outcomes with respect to strategic decision-making. Some statements reported high ranking with respect to manifestation of comprehensiveness in strategic decision-making (with a Mean Scores of 4.42). Such statements included 'the mission statement is informed by what we are, what we do, why we do it and how we do it' which had a mean of 4.42, standard deviation of .801, CV of 18.1 percent and t-value of 46.82. A similar statement with a mean of 4.42, standard deviation of .0946, CV of 21.4 percent and t-value of 39.63 was that 'there are scheduled/planned board meetings to discuss issues and make important decisions'.

Conversely, the statements that ‘external resistance is experienced during the strategic decision-making process’ and ‘the decision-making process is prone to frequent interruptions from outside the organisation’ had the lowest means of 2.92 and 2.90, respectively. They had a standard deviation of 1.319 and 1.267, CV of 45.2 percent and 43.7 percent, with t-values of 18.77 and 19.30, respectively. All statements returned p-value less than 0.05, with t-value of more than 5. Notably, all the statements were statistically significant and the data support drawing a conclusion that strategic decision-making was considered to be critical in determining performance of Mission Hospitals in Kenya.

4.5.3 External Environment

An organisation must have the ability to examine and make changes based on external environmental factors that affect its performance. External environmental factors are events that take place outside the organisation and are difficult to predict and control. The external environment consists of both the micro and macro environment and the industry (Tan and Litschert, 1994; Machuki, 2011). The external environment provides organisations with inputs which they transform to outputs through internal processes and then the outputs are given back to the environment.

The external environment constructs was captured using the three dimensions from the seven environmental factors. Some of the factors are: political, economic, technological, socio-cultural, ecological changes, legal and global changes (Tan and Litschert, 1994). The researcher measured the external environment using munificence (capacity), dynamism (stability-instability, turbulence) and complexity (homogeneity-heterogeneity).

Decision-making is very crucial in relation to the changes in the external environment. This study sought to establish the extent to which each of the external environmental factors had an influence on the decision-making among organisations. The respondents were asked to indicate the extent the development in external environment factors has been favourable to the hospital on a Likert scale of 1(Not at all) to 5 (Very large extent) in the last five years. The current study's results are presented in Table 4.8.

Table 4.8: External Environment – Munificence

PESTEL	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
Political factors in Kenya	72	2.99	1.055	35.3	24.02	.000
Economic factors in the economy	71	3.79	1.094	28.8	29.17	.000
Socio-cultural factors in Kenya	72	3.40	1.030	30.3	28.03	.000
Technological factors in the market	70	3.66	1.048	28.6	29.20	.000
Ecological changes (weather, geographical effects etc.)	70	3.56	.987	27.7	30.14	.000
Legal (and other regulatory) factors	71	3.31	1.090	32.9	25.58	.000
Global changes/developments (or trends)	71	3.18	1.032	32.5	25.98	.000
Average Mean Score		**3.41**				

Source: Field Data (2015).

The results in Table 4.8 showed varied ratings for PESTEL factors with mean scores ranging from 2.99 to 3.79. These showed statistically significant results (t-values ranging from 24.02 for political factors to 30.14 for ecological changes factors in the economy $p<0.05$). The average mean score was 3.41, indicating that munificence in external environment was 'to a moderate extent' considered by Mission Hospitals when determining performance. Economic factors in the economy had the highest mean score (Mean=3.79, SD=1.094) with political factors registering the lowest mean (Mean=2.99,

SD=1.055). Further, political factors had highest coefficient of variation (CV=35.3 percent) with ecological factors registering lowest coefficient of variation (CV=27.7 percent). Differences may exist based on factors such as decision criticality, complexity, decision motive, urgency, frequency, information source and problem classification (Hickson et al., 1986; Papadakis, Lious and Chambers 1998). Hough and White (2003) observed that decisions within the same general environmental context may not be subject to precisely the same conditions. Decision makers in any organisation are always faced with this complex nature of the environment and must be able to reduce the impact on organisational performance.

The dynamic nature of elements within the environment is the rate of changeability and predictability that heightens uncertainty (Tan and Litschert, 1994). Khandwalla (1977) observed that external environment is the source of constraints, contingencies, problems and opportunities that affect the terms on which organisations transacts business. This helps the organisation's management to predict and find solutions to any inherent external environmental changes. Organisations have to pay attention and match their activities to the environmental conditions to improve its performance (Thomson 1967).

In this study these factors were captured on the extent to which these developments were predictable (dynamism). The respondents were to indicate to on a scale of 1(Not at all) to 5 (Very large extent) in the last five years. The findings of predictability on external environment predictability are presented in Table 4.9(a).

Table 4.9(a): External Environment – Dynamism (Predictability)

PESTEL Factors	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
Political factors in Kenya	72	2.46	1.321	53.7	15.79	.000
Economic factors in the economy	72	3.15	1.146	36.4	23.34	.000
Socio-cultural factors in Kenya	72	3.57	1.149	32.2	26.37	.000
Technological factors in the market	72	3.58	.989	27.6	30.73	.000
Ecological changes (weather, geographical effects etc.)	72	3.01	1.204	40.0	21.23	.000
Legal (and other regulatory) factors	71	3.24	1.088	33.6	25.08	.000
Global changes/developments (or trends)	70	2.94	1.034	35.2	23.81	.000
Average Mean Score		**3.14**				

Source: Field Data (2015).

The results had average mean score of 3.14 implying that the factors were to a moderate extent predictable. The factor with highest mean score was technological factors on the market (Mean score=3.58) with resultant standard deviation of .989. The other factors with mean scores above 3.0 were; economic factors in the economy (mean=3.15), social cultural factor in Kenya (mean=3.57), ecological changes (mean=3.01) and legal factors (mean=3.24). Political factors had the lowest score mean of 2.46 implying that these factors are least predictable by Mission Hospitals in Kenya. On further analysis on t- test the values confirmed that although there was high ranking among these factors there was still statistically significant differences, (t-values=15.792 and 30.732) with $p<0.05$. This was a confirmation that the hospitals had no standard method or platform to predict external environment.

The second aspect of dynamism is the changeability in the environment. The respondents of the various organisations were asked to indicate the change they had observed in the last five years. It was in the scale of 1 (Not at all) to 5 (Very large extent). The results of the analysis are summarized in Table 4.9(b).

Table 4.9(b): External Environment – Dynamism (Changeability)

PESTEL Factors	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
Political factors in Kenya	72	3.39	1.120	33.0	25.668	.000
Economic factors in the economy	72	3.49	.949	27.2	31.160	.000
Socio-cultural factors in Kenya	72	2.85	1.044	36.6	23.151	.000
Technological factors in the market	72	3.43	1.111	32.3	26.199	.000
Ecological changes (weather, geographical effects etc.)	69	3.61	1.227	33.9	24.423	.000
Legal (and other regulatory) factors	71	2.94	.998	33.9	24.844	.000
Global changes/developments (or trends)	71	2.89	1.049	36.3	23.182	.000
Average Mean Score		**3.23**				

Source: Field Data (2015).

Table 4.9(b) presents the results of external environment changeability and it indicates an average mean score of 3.23. The environmental factors observed show that there was moderate change observed in the organisations. The results indicate that there was more changeability in the ecological changes (mean score=3.61), economic factors in the economy (mean score=3.49), technological factors in the market (mean score=3.43), political factors in Kenya (mean score=3.39), technological developments in the market (mean score=3.22), Political factors (mean score=3.21), social-cultural factors in Kenya (mean score=2.85), legal factors (mean score=2.94) and global changes (mean score=2.89). The results also revealed that the factors had standard deviations above 0.949. Despite these factors ranking high and statistically significant, the corresponding t-values showed that there was no consensus on the observed changes by the Hospitals.

The observed high change in the economic and political factors could be attributed to state of economic scenario in the country. This is clearly noted when inflation is high, customers (patients) tend to have a relatively high bargaining power as revealed by the results. High mean scores observed for developments in technological and global arena could be attributed to advanced technology and benchmarking with other global organisations offering the same products and services across the globe due to dynamism.

Environmental complexities are viewed as the interaction between environmental risks, dependency and inter organisational relationships (Osborn and Hunt, 1974). It is the homogeneity or heterogeneity of the external environment factors that shape organisations in their delivery of products and services in the ever changing environment. In this study, complexity was measured based on the number of issues the hospitals had to handle. It was also measured on whether the same issues had similarities or dissimilarities.

Table 4.10(a): External Environment – Complexity (Number of issues)

PESTEL Factors	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
Political factors in Kenya	71	2.48	1.067	43.0	19.573	.000
Economic factors in the economy	71	3.52	.998	28.4	29.729	.000
Socio-cultural factors in Kenya	71	3.31	1.190	35.9	23.430	.000
Technological factors in the market	70	3.60	1.134	31.5	26.550	.000
Ecological changes (weather, geographical effects etc.)	72	3.04	1.013	33.3	25.475	.000
Legal (and other regulatory) factors	69	3.28	1.293	39.4	21.034	.000
Global changes/developments (or trends)	71	2.89	1.178	40.8	20.657	.000
Average Mean Score		**3.16**				

Source: Field Data (2015).

The findings in Table 4.10(a) indicate that the average mean score observed for issues the organisations had to deal with was 3.16. The results indicate that the hospitals handled moderate number of issues. Technological factors in the market had the highest mean score (mean score=3.60, standard deviation=1.134) followed by economic factors (mean score=3.52), social cultural factors (mean score=3.31), and legal factors (mean score=3.28). The results also revealed that despite the high mean scores, statistical significant differences were observed.

High t-values were noted for economic factors in the economy (29.729), technological factors (26.55) and ecological changes (25.475). These results could imply that the hospitals although there were high mean scores and significance on t-tests, the organisations had no structured way of handling the issues. Technological factors and economic factors were the main concern of most organisations with standard deviations of 1.134 and .998 respectively. Most Mission Hospitals concentrated most of their efforts in monitoring the economic factors and technology in an effort to sustain their operations due to competition. Similarities or dissimilarities of the issues are presented in Table 4.10(b).

Table 4.10(b): External Environment – Complexity (Similarities or Dissimilarities)

PESTEL Factors	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
Political factors in Kenya	71	2.27	1.207	53.2	15.835	.000
Economic factors in the economy	71	3.01	.870	28.9	29.191	.000
Socio-cultural factors in Kenya	71	3.21	.984	30.7	27.488	.000
Technological factors in the market	71	3.14	.961	30.6	27.551	.000
Ecological changes (weather, geographical effects etc.)	71	2.85	1.023	35.9	23.428	.000
Legal (and other regulatory) factors	69	3.07	1.142	37.2	22.354	.000
Global changes/developments (or trends)	69	2.93	1.034	35.3	23.529	.000
Average Mean score		**2.93**				

Source: Field Data (2015).

Similarities or dissimilarities of the issues are presented in Table 4.10(b). The mean score for these was (mean=2.93). This implies that the issues were neither similar nor different. Socio-cultural factors in the economy had the highest (mean score =3.21), followed by technological factors in the market (mean score=3.14) and legal factors (mean score=3.07). The other factor with mean scores above mean score of (3.0) is economic factor (mean score=3.01) with political factors having the lowest mean score of 2.69 and 2.60 respectively. High t-values were noted for most factors except for political factors in Kenya (t values= 15.835) and legal factors (t values=22.354). This is a clear indication from the results that the respondents viewed the factors differently on similarities and dissimilarities.

The concern by most Mission Hospitals is technology and socio-cultural factors. The hospitals are well regulated and more governed by the economic factors. The challenge to management is how to address technological developments as the market developments in the global arena influences technology.

4.5.4 Organisational Performance

Organisational performance is referred to as efficiency and effectiveness in the utilization of resources to achieve desired objectives (Pearce and Robinson, 2011). Organisational effectiveness is the measure of how successfully organisations achieve their missions whereas efficiency is the cost per unit of output (Porter, 1987). There are various measures of organisational performance that have been identified for both short and long-term objectives between financial and non-financial. The performance of organisations continues to draw interest in strategic management research because it is the optima for any organisation. It is what determines the survival of an organisation. Due to the critical

position that performance holds in organisations, its measurement is key because it brings forth a report to the owners of the organisation on how well the resources were utilized to derive benefits for them. The measurement of organisational performance varies from organisation to organisation. This is because performance is multi-dimensional (Hubbard, 2009). For years, the measurement of performance concentrated on financial indicators, but this has changed and now includes both financial and non-financial indicators.

Kaplan and Norton (1992) introduced the balance score card which has both financial and nonfinancial indicators after realization that even the non-financial indicators like internal and external stakeholders of an organisation play a critical part in influencing organisational performance. The results of performance were as indicated in Table 4.11

Table 4.11: Organisational Performance

Statement	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
A) Financial Perspective						
Generated revenue is adequate for hospital operations	69	2.86	1.115	38.9	21.269	.000
There has been substantial income from new donors.	70	2.23	1.206	54.1	15.462	.000
Patients' repeat visits sustain hospital's operations.	70	3.33	1.176	35.3	23.679	.000
Aggressive debt collection has ensured sustainability	67	3.10	1.046	33.7	24.284	.000
Hospital performance is based on cost control systems.	70	3.90	.871	22.3	37.479	.000
The cost incurred in completing business processes is low	71	3.21	1.013	31.6	26.712	.000
The hospital sticks to budgets and targets to realise surplus	71	3.51	1.107	31.5	26.700	.000
There is an impressive level of surplus for the hospital.	70	2.71	1.276	47.1	17.802	.000
The hospital has grown considerably, with good asset base.	70	3.33	1.176	35.3	23.679	.000

Statement	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
B) Customer Focus						
The hospital has opened branches in other catchment areas.	70	2.20	1.325	60.2	13.888	.000
The hospital has created value for its customers through quality service, medicines and medical products.	71	4.17	.926	22.2	37.952	.000
Patient numbers to the hospital have been increasing.	70	3.91	.897	22.9	36.520	.000
There is established customer relationship management system that attracts and keeps customers delighted (customer loyalty).	70	3.83	.900	23.5	35.574	.000
The hospital forecasting on patient needs and requirements have been accurate	70	3.84	.735	19.1	43.746	.000
The hospital responds to customer feedback/complaints promptly	71	3.80	.888	23.4	36.071	.000
The hospital has had adequate and comprehensive value propositions per customer (market) segment	70	3.71	.903	00.2	34.407	.000
C) Internal Business Processes						
The hospital has improved its overall efficiency as a result of business process re-engineering.	70	3.66	.976	26.7	31.340	.000
The hospital has improved its critical internal processes to sustain market leadership.	71	3.75	.840	22.4	37.564	.000
The hospital has gained market share through quality improvement	70	3.77	.854	22.7	36.941	.000
The hospital's market share has improved as a result of increased marketing activities.	70	3.47	1.018	29.3	28.543	.000
The hospital documentation of the internal processes has been standardised to improve the level of efficiency and effectiveness	71	3.86	.899	23.3	36.166	.000
D) Learning and Growth						
Management has always ensured there is enough qualified and skilled	71	4.18	.850	20.3	41.449	.000

Statement	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
professional staff employed by the hospital.						
The physical location of the hospital has contributed to its growth	71	3.83	1.000	26.1	32.287	.000
The high staff morale has resulted to loyal staff with low turnover.	71	3.59	1.008	28.1	30.016	.000
The hospital has had good structures that support upward employee growth through merit.	70	3.60	1.069	29.7	28.185	.000
The hospital has adequate infrastructural network and facilities that support patient inflows.	70	3.84	.958	24.9	33.576	.000
The hospital has had continuous learning on how to do things better.	71	3.85	.966	25.1	33.546	.000
The hospital has created a good work environment conducive to support all operations.	71	4.01	.802	20.0	42.192	.000
The hospital employee productivity and staff development has improved.	71	3.83	.793	20.7	40.729	.000
All the hospital projects launched have been completed within set timelines	70	3.54	1.003	28.3	29.562	.000
E) Social Equity						
The hospital has been very keen on staff health and safety.	70	4.01	.860	21.4	39.071	.000
Quality patient services marked with low death rates	70	4.16	.958	23.0	36.322	.000
The hospital continuously organises activities that promote its image and acts as corporate social responsibility	69	3.81	1.061	27.8	29.841	.000
The hospital has set measures to prevent employee infections while on duty	71	4.25	.806	18.9	44.486	.000
The projects that are selected and implemented are aligned towards Vision 2030 objectives	71	3.90	.988	25.3	33.278	.000
All public complaints have been resolved amicably	69	3.97	.840	21.2	39.285	.000

Statement	N	Mean	Std. Dev.	CV %	(t-value)	Sig. (2-tailed)
F) Environmental Integrity						
The hospital has made deliberate efforts to ensure environmental sustainability.	70	4.04	.788	00.2	42.912	.000
There has been increased access to quality public service	71	4.14	.780	18.8	44.731	.000
There is a clear and defined way of disposing hospital waste	71	4.41	.667	15.1	55.680	.000
The hospital has a conducive atmosphere and adequate social amenities	70	4.19	.786	18.8	44.577	.000
Average Mean Score		**3.68**				

Source: Field Data (2015).

Results in Table 4.11 indicate overall mean score for performance was 3.68. This ranking was to a moderate extent, an indication that the respondents had the same view on how the mission hospital performed. This shows that performance of the organisations were very good across the years. The statement that there is a clear and defined way of disposing hospital waste had the highest mean score = 4.41. The statement with the second highest mean score was that the hospital has set measures to prevent employee infections while on duty (mean score = 4.25). However the statement that there has been substantial income from new donors had the lowest mean (Mean = 2.23). There was also significant variations among all the statements as indicated by high t-values, $p<0.05$. Due to the critical position that performance holds in organisations, its measurement is key because it brings forth a report to the owners of the organisation on how well the resources were utilized to derive benefits for them. The measurement of organisational performance varies from organisation to organisation. This may explain the variations across the performance measurements among the organisations surveyed.

4.6 Results of Tests of Hypotheses

The broad study objective was to interrogate the effect of corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya. There were seven (7) specific objectives, each objective with a corresponding hypothesis. The researcher utilised a number of inferential statistical tools of analysis to test the hypotheses. This section presents the results of the tests of hypotheses and the resultant verdicts.

Canonical correlation analysis (CCA) to test co-alignment model was used to determine the integrative correlations between two study data sets (Thomson, 1984; Cohen, 1988; Dehon, Filzmoser and Croux, 2000). Different studies have shown that the canonical correlation analysis can be a useful tool for investigating relationships between two or more representations of the same construct (Venkatraman and Prescott, 1990; Tan and Litschert, 1994; Olsen et al., 1998). In their study, Venkatraman and Prescott provide a step by step processing of testing for co-alignment, while Tan and Litschert used SAS to test the model. CCA was used to test corporate governance-strategic decision making co-alignment.

Statistical (simple, multiple and partial) regression analyses were carried out at 95.0 percent confidence level ($\alpha = 0.05$) at which point decisions about the hypotheses were made. The hypotheses were tested to establish the influence of independent variables on the dependent variable. For the moderating influence, bivariate and partial regression analyses were used, where the moderating variable was added to independent variables to check the direct influence of independent variables on dependent variable. Regression analyses and equations were derived after various values, including R, R^2, F ratio, t-values and p-values.

The R-value reported the relative correlations on strength of the relationship between the variables, whether strong or weak. The R^2 values depicted the extent to which variations in the performance indicators were explained by independent variables, thus showing the proportion of the performance indicator that accounted for by the combined effects in the model. The F-values present the statistical significance of the overall model on performance at 95 percent confidence level. The t-values represent the significance of individual variables. Further, beta values show the positive or negative effect of the independent variable on the dependent variable.

Finally, p-values represent the significance of the model parameters. Results that had p-values equal or less than 0.05 led to rejection of the null hypothesis, while those with $p>0.05$ resulted in failure to reject the null hypothesis. The results are presented in two broad categories. First, the results of the independent effects of each index of the various independent variables on the dependent variable indices were presented. Second, the results of the combined effect of the independent variable on performance were presented.

4.6.1 Effect of Corporate Governance and Organisational Performance

The first study objective was to determine the effect of corporate governance on the performance of Mission Hospitals in Kenya. A corresponding research hypothesis to be tested was formulated and stated as:

H_1: ***Corporate governance has a significant effect on performance of Mission Hospitals in Kenya.***

Corporate governance practices were operationalised using five different dimensions namely: transparency, accountability, responsibility, full disclosures, and equitable treatment of stakeholders. These indices were evaluated and tested against five organisational performance indicators, namely: financial perspective, customer focus, internal business processes, performance learning and growth, and social equity. The order of analysis and reporting results was to first establish the independent effect of each parameter before testing the combined effects on performance. This required that a performance index be constructed for each dimensions.

The result was corporate governance measurements on each of the organisational performance indicators, presented as financial perspective, customer focus, internal business processes, learning and growth, and social equity indices. For each of the regression analyses, the effect of CG indicators were analysed against performance.

4.6.1.1 Corporate Governance and Financial Measure of Performance

The first regression analysis was on financial measure of performance (dependent variable) against corporate governance indicators (independent variable). The results of this first regression (corporate governance on financial performance) are presented in Table 4.12.

Table 4.12: Corporate Governance on Financial Measure of Performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.425[a]	.181	.104	.63647	
ANOVA[b]					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	4.739	5	.948	2.340	.054[a]
Residual	21.470	53	.405		
Total	26.209	58			
Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	T	Sig.
1 (Constant)	1.226	.664		1.846	.071
Transparency	-.073	.180	-.066	-.408	.685
Accountability	-.004	.215	-.004	-.020	.984
Responsibility	.118	.220	.129	.536	.594
Full Disclosure	.241	.199	.252	1.211	.231
Equitable Treatment	.163	.151	.169	1.077	.287
Error Term	1.105	.0175			

a. Predictors: (Constant), Transparency, Accountability, Responsibility, Full Disclosure, Equitable Treatment.
b. Dependent Variable: Financial Perspective Index

Source: Field Data (2015).

Results in Table 4.12 demonstrate that, corporate governance indicators positively correlate with financial performance up to 0.425 (R=0.425). Further, corporate governance explained 18.1 percent ($R^2 = 0.181$) variations of financial performance. The remaining 81.9 percent of variations in financial performance is explained by other variables not considered in the model. The regression model is statistically insignificant due to p-values > 0.05 (*F* ratio = 2.34 and *p*- value =0.054, which is more than 0.05). The independent effect of corporate governance indicators (coefficients table) on financial perspective measure of organisational performance can be summarised in the first regression equation as $\mathbf{P_1 = \alpha+\beta_{11}X_{11}+\beta_{12}X_{12}+\beta_{13}X_{13}+\beta_{14}X_{14}+\beta_{15}X_{15}+\varepsilon_1}$.

Financial Performance = 1.226 + 1.105 Error Term.

$P_1 = 1.226+1.105\varepsilon_1$ ---- Equation 4.1(1)

Where,

P_1 = Financial measure of Organisational Performance.

α = Constant (intercept)

All the coefficients were not significant, thus left out of the equation

ε_1 = Error term for equation 1

From the regression equation, a unit change in transparency, accountability, responsibility, full disclosure and equitable treatment yields to -0.073, - 0.004, 0.118, 0.241 and 0.163 change in financial performance, respectively. The results suggests that the model is not robust enough to explain the relationship and variations between the predictor and dependent variables. All the financial measurements were not statically significant for p-values >0.05.

4.6.1.2 Corporate Governance and Customer Focus Measure of Performance

The second regression analysis was done in relations to corporate governance indicators (the independent variable) and customer focus measure of performance (dependent variable). The results of the second regression are presented in Table 4.13.

Table 4.13: Corporate Governance on Customer Focus Measure of Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.469[a]	.220	.146	.61790

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.706	5	1.141	2.989	.019[a]
	Residual	20.236	53	.382		
	Total	25.942	58			

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	T	Sig.
1 (Constant)	1.490	.645		2.311	.025
Transparency	-.133	.176	-.120	-.754	.454
Accountability	.165	.204	.168	.811	.421
Responsibility	.044	.211	.048	.207	.837
Full Disclosure	.190	.194	.197	.979	.332
Equitable Treatment	.220	.146	.231	1.501	.139
Error Term	.633	.010			

a. Predictors: (Constant), Transparency, Accountability, Responsibility, Full Disclosure, Equitable Treatment,
b. Dependent Variable: Customer Focus Index

Source: Field Data (2015).

Results in Table 4.13 exhibit that demonstrate that corporate governance indicators correlate with customer focus performance up to 0.469 (R=0.469). Further, corporate governance explained 22 percent (R^2 = 0.220) variations of customer focus performance. This means the remaining 78 percent of variations in customer focus performance is explained by other variables not considered in the model. The regression model is statistically significant with *p*- value = 0.019, which is less than 0.05. The independent effect of corporate governance indicators (coefficients table) on customer focus measure of organisational performance can be summarised in the second regression equation as $\mathbf{P_2 = \alpha+\beta_{11}X_{11}+\beta_{12}X_{12}+\beta_{13}X_{13}+\beta_{14}X_{14}+\beta_{15}X_{15}+\varepsilon_2}$.

Customer focus Performance = 1.490 + 0.633 Error Term.

$P_2 = 1.490+0.633\varepsilon_2$ --- Equation 4.1(2)

Where,

P_2 = Customer Focus measure of Organisational Performance.

α = Constant (intercept)

Corporate Governance Indicators (transparency, accountability, responsibility, full disclosure and equitable treatment of stakeholders). All the indicators had p-values >0.05, thus they were left out of the equation model.

ε_2 = Error term for equation 2

The equation indicates that a unit change in transparency, accountability, responsibility, full disclosure and equitable treatment yields to -0.133, 0.165, 0.044, 0.190 and 0.220 change in customer focus index of organisational performance, respectively. The model is not adequate enough to explain the relationship between the predictor and dependent variables.

4.6.1.3 Corporate Governance and Internal Processes Measure of Performance

The third regression analysis focussed on the internal business processes measure of organisational performance, as the dependent variable, and the five corporate governance practices, as the independent variable. The results of the third regression are presented in Table 4.14.

Table 4.14: Corporate Governance on Internal Processes Measure of Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.497[a]	.247	.177	.67447

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.061	5	1.612	3.544	.008[a]
	Residual	24.565	54	.455		
	Total	32.626	59			

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	2.149	.704		3.054	.003
	Transparency	-.316	.190	-.254	-1.659	.103
	Accountability	.610	.215	.567	2.842	.006
	Responsibility	-.210	.227	-.206	-.922	.361
	Full Disclosure	.063	.210	.059	.298	.767
	Equitable Treatment	.254	.159	.239	1.595	.116
	Error Term	1.037	.016			

a. Predictors: (Constant), Transparency, Accountability, Responsibility, Full Disclosure, Equitable Treatment.

b. Dependent Variable: Internal Business Processes Index

Source: Field Data (2015).

Table 4.14 presents results that show that corporate governance indicators correlate with internal business processes performance up to 0.497 (R=0.497). Further, corporate governance explained 24.7 percent ($R^2 = 0.247$) variations of internal business processes performance. The remaining 75.3 percent of variations in internal business processes performance is explained by other variables not considered in the model. The regression model is statistically significant with a *p*- value = 0.008, which is less than 0.05 (and *F*

ratio = 3.544). The independent effect of corporate governance indicators (coefficients table) on internal business processes measure of organisational performance can be summarised in the third regression equation as:

$$\mathbf{P_3 = \alpha+\beta_{11}X_{11}+\beta_{12}X_{12}+\beta_{13}X_{13}+\beta_{14}X_{14}+\beta_{15}X_{15}+\varepsilon_3}$$

Internal Business Processes Performance = 2.149+0.610 Accountability + 1.037 Error Term.

$P_3 = 2.149 + 0.610\ X_{12} + 1.037\varepsilon_3$ --- Equation 4.1 (3)

Where,

P_3 = Internal Business Processes measure of Organisational Performance.

α = Constant (intercept)

$\beta_{11}$to β_{15} = Coefficients to Corporate Governance Indicators

X_{11} to X_{15} = Corporate Governance Indicators (transparency, accountability, responsibility, full disclosure and equitable treatment of stakeholders). The indicator with $p>0.05$ were left out from the model equation

ε_3 = Error term for equation 3

The regression equation indicates that a unit change in transparency, accountability, responsibility, full disclosure and equitable treatment would yield to -0.316, 0.610, 0.210, 0.063, and 0.254 change in internal business processes index of performance, respectively. The model is not robust enough to explain the relationship between the predictor and dependent variables.

4.6.1.4 Corporate Governance and Learning and Growth Measure of Performance

The fourth regression analysis had learning and growth measure of performance, as the dependent variable, and corporate governance indicators, as the independent variable. The results of the fourth regression are presented in Table 4.15.

Table 4.15: Corporate Governance on Learning and Growth Measure of Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.427[a]	.182	.106	.65415

ANOVA[b]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.147	5	1.029	2.406	.048[a]
	Residual	23.108	54	.428		
	Total	28.254	59			

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	2.635	.682		3.862	.000
	Transparency	-.317	.185	-.274	-1.716	.092
	Accountability	.299	.208	.299	1.438	.156
	Responsibility	-.228	.221	-.242	-1.036	.305
	Full Disclosure	.198	.204	.200	.973	.335
	Equitable Treatment	.341	.154	.345	2.209	.031
	Error Term	1.070	.017			

a. Predictors: (Constant), Transparency, Accountability, Responsibility, Full Disclosure, Equitable Treatment.
b. Dependent Variable: Learning and Growth Index

Source: Field Data (2015).

Results in Table 4.15 show that corporate governance indicators correlate with learning and growth performance up to 0.427 (R=0.427). Further, corporate governance explained 18.2 percent (R^2 = 0.182) variations of learning and growth performance. This means the

remaining 81.8 percent variations of learning and growth performance is explained by other variables not considered in this model. The regression model is statistically significant with a *p*- value = 0.048, which is less than 0.05 and *F* ratio = 2.406. The independent effect of corporate governance indicators (coefficients table) on learning and growth measure of organisational performance can be summarised in the fourth regression equation as

$$\mathbf{P_4 = \alpha+\beta_{11}X_{11}+\beta_{12}X_{12}+\beta_{13}X_{13}+ \beta_{14}X_{14}+\beta_{15}X_{15}+\varepsilon_4}.$$

Learning and Growth Performance = 2.635 + 0.341 Equitable Treatment + 1.070 Error Term.

$P_4 = 2.635 + 0.341\ X_{15} + 1.070\varepsilon_4$ --- Equation 4.1 (4)

Where,

P_4 = Learning and Growth measure of Organisational Performance.

α = Constant (intercept)

$\beta_{11}$to β_{15} = Coefficients to Corporate Governance Indicators

X_{11} to X_{15} = Corporate Governance Indicators (transparency, accountability, responsibility, full disclosure and equitable treatment of stakeholders). Indicators with p-value >0.05 were left out of the model equation

ε_4 = Error term for equation 4

The equation indicates that a unit change in transparency, accountability, responsibility, full disclosure and equitable treatment yields to - 0.317, 0.299, - 0.228, 0.198 and 0.341 change in learning and growth performance, respectively. The model is not adequate enough to explain the relationship between the predictor and dependent variables.

4.6.1.5 Corporate Governance and Social Equity Measure of Performance

The fifth regression analysis was on the social equity measure of performance, as the dependent variable, and corporate governance indicators, as the independent variable. The results of the fifth regression are presented in Table 4.16.

Table 4.16: Corporate Governance and Social Equity Measure of Performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.416[a]	.173	.097	.55477	
ANOVA[b]					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3.481	5	.696	2.262	.061[a]
Residual	16.619	54	.308		
Total	20.100	59			

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	T	Sig.
1 (Constant)	3.187	.580		5.494	.000
Transparency	-.273	.156	-.279	-1.745	.087
Accountability	.295	.176	.350	1.675	.100
Responsibility	.001	.187	.001	.003	.997
Full Disclosure	-.010	.175	-.012	-.059	.953
Equitable Treatment	.233	.132	.277	1.775	.082
Error Term	.835	.013			

a. Predictors: (Constant), Transparency, Accountability, Responsibility, Full Disclosure, Equitable Treatment.
b. Dependent Variable: Social Equity Index

Source: Field Data (2015).

Results in Table 4.16 show that corporate governance indicators correlate with social equity performance up to 0.416 (R=0.416). Further, corporate governance explained 17.3 percent ($R^2 = 0.173$) variations of social equity performance. The remaining 82.7 percent of variations in social equity performance is explained by other variables not considered in this model. The regression model is statistically significant (*p*- value = 0.061, which is more than 0.05 and *F* ratio = 2.262). The independent effect of corporate governance indicators (coefficients table) on social equity measure of organisational performance can be summarised in the fifth regression equation as:

$$\mathbf{P_5 = \alpha + \beta_{11}X_{11} + \beta_{12}X_{12} + \beta_{13}X_{13} + \beta_{14}X_{14} + \beta_{15}X_{15} + \varepsilon_5.}$$

Social equity Performance = 3.187 + 0.835 Error Term.

$P_5 = 3.187 + 0.835\varepsilon_5$ ----- Equation 4.1 (5)

Where,

P_5 = Social Equity measure of Organisational Performance.

α = Constant (intercept)

β_{11} to β_{15} = Coefficients to Corporate Governance Indicators

X_{11} to X_{15} = Corporate Governance Indicators (transparency, accountability, responsibility, full disclosure and equitable treatment of stakeholders). All the indicators had p-value >0.05, thus they were left out of the model equation

ε_5 = Error term for equation 5

The regression equation indicates that a unit change in transparency, accountability, responsibility, full disclosure and equitable treatment yields to -0.273, 0.295, -0.001, -0.010 and 0.233 change in social equity index of organisational performance, respectively. The model is not robust enough to explain the relationship between the predictor and dependent variables.

4.6.1.6 Corporate Governance and Overall Organisational Performance

The sixth regression analysis had composite organisational performance, as the dependent variable, and corporate governance, as the independent variable. The results of the sixth regression analysis are presented in Table 4.17.

Table 4.17: Effect of Corporate Governance and Overall OP

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.494[a]	.244	.198	.52833

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.414	3	1.471	5.271	.003[b]
	Residual	13.677	49	.279		
	Total	18.091	52			

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	T	Sig.
(Constant)	.951	.763		1.247	.218
Corporate Governance	.787	.243	.416	3.236	.002
Error Term	1.127	.018			

a. Predictors: (Constant), Corporate Governance
b. Dependent Variable: Overall Organisational Performance

Source: Field Data (2015).

Results of the sixth regression analysis in Table 4.17 show that corporate governance correlate with overall organisational performance up to 0.494 (R=0.494). Further, corporate governance explained 24.4 percent (R^2 = 0.244) variations of organisational performance. The remaining 75.6 percent of variation in organisational performance is explained by other variables not considered in this model. The regression model is statistically significant with a *p*- value = 0.003, which is less than 0.05 (and *F* ratio = 5.271). The independent effect of corporate governance indicators (coefficients table) on organisational performance can be summarised in the sixth regression equation as $\mathbf{P_6 = \alpha+\beta_{CG}X_{CG}+\varepsilon_6}$.

Organisational Performance = 0.787 Corporate Governance +1.127 Error Term.

$$P_6 = 0.787X_{CG}+1.127\varepsilon_6 \text{ ----- Equation 4.1 (6)}$$

Where,

P_6 = Composite Organisational Performance (all measurements put together)

α = Constant. This was not included in the model equation, p-value >0.05

β_{CG} = Coefficients to Corporate Governance (all indicators put together)

X_{CG} = Corporate Governance (all indicators put together)

ε_6 = Error term for equation 6

From the regression equation, a unit change in corporate governance yields a positive coefficient of 0.789 changes in organisational performance, with a constant in the model of 0.951. The constant value indicates that performance of Mission Hospitals positively changes 0.951 when corporate governance indices are zero. In summary, the relationship between corporate governance and organisational performance is statistically significant. A decision of fail to reject the hypothesis (H_1) was made, with a conclusion that corporate governance has a significant effect on overall performance of Mission Hospitals in Kenya.

4.6.2 Moderating Influence of External Environment on the Relationship between Corporate Governance and Organisational Performance

The second study objective was to determine the moderating influence of external environment on the relationship between corporate governance and performance of Mission Hospitals in Kenya. Pursuant to the second study objective, the second hypothesis was formulated and stated as:

H_2: External Environment has a significant moderating influence on the relationship between Corporate Governance and performance of Mission Hospitals in Kenya.

External environment was described in three different dimensions, namely: munificence, dynamism and complexity. Corporate governance was derived from its five indices, namely, transparency, accountability, responsibility, full disclosures, and equitable treatment of the stakeholders. Organisational performance (OP) was the variable being predicted using its composite index of all the five indices, namely financial perspective, customer focus, internal business processes, learning and growth, and social equity.

The study sought to find out whether external environment predicts performance, while establishing effect of external environment and corporate governance on performance. This required the use of hierarchical multiple regression to ascertain if additional variable or additional variables could be found to be associated with some predictive capacity (Machuki and Aosa, 2011; Odundo, 2012; Murgor, 2014). The question then is does external environment add anything in terms of predictive ability? To test for the moderation influence, regression analysis was conducted using two steps (Machuki, 2011; Macharia, 2014). Step one, tested the influence of corporate governance and

external environment on performance. Then in step two, the interaction term was introduced in the equation and its significance evaluated when controlling for corporate governance and external environment. The interaction term was computed as the product of the unstandardized scores of corporate governance and external environment (Ansoff and Suvillan, 1993). To confirm moderation, the influence of the interaction term should be significant. Adding the interaction term to the regression model greatly expand understanding of the relationships among the variables in the model and allows more hypotheses to be tested. The relationship was depicted in Figure 4.2.

Figure 4.2: Influence of the Interaction term on EE, CG and Performance

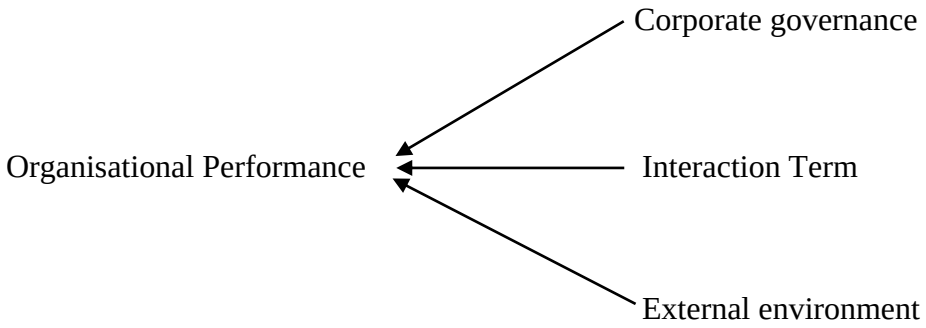


Table 4.18 shows the descriptive statistics and simple index correlations of the variables used in the model. The results indicate that corporate governance practices had the highest mean score 0.813 (4 – Large Extent) and a standard deviation of 0.149, followed by organisational performance with a mean score 0.727 (4 – Large Extent) and a standard deviation of 0.135, and last was external environment 0.635 (3 – Moderate Extent) and a standard deviation of 0.108.

Table 4.18: Descriptive Statistics and Correlations

Descriptive Statistics		Mean	Std. Dev.	N
Organization Performance Index		.727	.135	72
Corporate Governance Practices Index		.813	.149	72
External Environmental Index		.635	.108	72
Simple Index Correlations		Organization Performance Index	CG Practices Composite Index	Environmental Composite Index
Pearson Correlation	Organization Performance Index	1.000	-.032	.322
	CG Practices Index	-.032	1.000	-.050
	External Environmental Index	.322	-.050	1.000
Sig. (1-tailed)	Organization Performance Index	.	.395	.004
	CG Practices Index	.395	.	.339
	External Environmental Index	.004	.339	.
N	Organization Performance Index	72	72	72
	CG Practices Index	72	72	72
	External Environmental Index	72	72	72

Source: Field Data (2015).

Table 4.18 confirms the variables entered in the model in each step, namely corporate governance practices and external environmental factors. Before the interaction term, external environment factors correlate with organisational performance up to 0.322 (R = 0.322), while corporate governance indicators correlate with organisational performance up to -0.032 (R = -0.032). External environment factors correlate with corporate governance indicators up to -0.050 (R = -0.050). Using one–tailed test, the predictor variable indices had results with a p-value of $0.004<0.05$ and $0.395 > 0.05$ for external environment and corporate governance, respectively. External environment was statically significant while corporate governance remained not significant in the model, before the interaction term. The tests and the findings of the regression analysis are presented in Table 4.19.

Table 4.19: Moderating Influence of External Environment on the Relationship between Corporate Governance and Organisational Performance

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.322[a]	.104	.048	.73989	.104	1.856	3	48	.150	
2	.700[b]	.489	.394	.59014	.385	6.490	5	43	.000	2.107

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.048	3	1.016	1.856	.030[b]
	Residual	26.277	48	.547		
	Total	29.325	51			
2	Regression	14.349	8	1.794	5.150	.000[c]
	Residual	14.975	43	.348		
	Total	29.325	51			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.803	.314		2.559	.013		
	Corporate governance	.360	. 086	.426	4.192	. 000	.966	1.035
	External environment	.290	.106	.278	2.740	.008	.966	1.035
2	(constant)	.740	.319		2.321	.023		
	Corporate governance	.357	.086	.421	4.148	.000	.964	1.037
	External environment	.314	.108	.301	2.905	.005	.925	1.081
	Interaction term	-.675	.068	-.354	-3.957	.046	.958	1.044

a. Predictors: (Constant), External Environment, Corporate Governance
b. Predictors: (Constant), External Environment, Corporate Governance, Interaction term
c. Dependent Variable: Organisational Performance
Source: Field Data (2015).

The findings of step one and step two are in Table 4.19. The findings for step one indicate that corporate governance (B = 0.360, t = 4.192, p-value = 0.000, which is less than 0.05) and external environment (B = 0.290, t = 2.740, p = 0.008<0.05) are correlated with organisational performance up to 0.322 (R=0.322). Further, the predictor variables explained 10.4 percent (R^2 = 0.104) variations of organisational performance. This means

the remaining 89.6 percent variations of organisational performance is explained by other variables not described in this model. The results of the bivariate correlation were not statistically significant (*F* ratio = 1.856 and p-value = 0.150, which is more than 0.05). The regression model is not adequate enough to explain the relationship between the predictor and dependent variables.

In the second step, the effect of the interaction term on controlling of the two predictor variables was statistically significant (B = -0.675, t=-3.957, p-value =0.046, which is less than 0.05). Adding an interaction term to the model drastically changed the interpretation of all of the coefficients**.** The model adequately explained the relationship that the predictor variables explained 48.9 percent (R^2=.489) variations of organisational performance, with F ratio =5.150, P-value=0.00<.05. From the results, the multiple regression equation used to estimate the moderating influence of external environment on the relationship between corporate governance and performance is presented as **OP =** $\boldsymbol{\alpha+\beta_{21}X_{21}+\beta_{22}Z_{22}+\beta_3X.Z+\varepsilon}$

Where,

P = Overall Organisational Performance

α = Constant (intercept)

$\beta_{21}$and β_{22}, = Coefficients

X_{21} = Corporate Governance Indicators

Z_{22} = External Environmental Factors

X.Z=Interaction term

ε_6 = Error term

The statistical test results failed to reject the hypothesis (H_2) because of the significance of the interaction term, which confirmed that external environment has a statistically significant influence on the relationship between corporate governance and organisational performance. The hypothesis was supported, thus a conclusion that external environment has a significant moderating influence on the relationship between corporate governance and performance of Mission Hospitals in Kenya. The interaction between the two variables had an influence on organisational performance and confirmed a moderation relationship. However, the influence of the interaction term was negative, implying that the collaboration of the two predictor variables resulted in a negative change in performance of Mission Hospitals in Kenya.

4.6.3 Strategic Decision-Making and Organisational Performance

The third research objective was designed to establish the effect of strategic decision-making on performance of Mission Hospitals in Kenya. From the third objective, a corresponding hypothesis to be tested was formulated and stated as:

H_3: Strategic decision-making has a significant effect on performance of Mission Hospitals in Kenya

Regression analyses were carried to determine the magnitude of the relationship between strategic decision-making indicators and organisational performance. The influence of SDM was analysed using dimensions of comprehensiveness, formalisation, coordination devices, decentralisation, lateral communication and internal politicisation. Regression of SDM measurements was done on the performance measurements of financial perspective, customer focus, internal business processes, learning and growth, and social

equity. The sixth regression, on the combined index of SDM on overall organisational performance, was done to establish the influence of strategic decision-making on organisational performance.

For each of the six regression analyses, the independent effects of SDM indices were analysed against each performance measurements. Multiple linear regressions analysis were done, with R reporting the relative correlations on strength of the relationship between the variables, whether strong or weak. The R^2 values showed the proportion of the performance indicator that accounted for by the combined effects in the model. F-values indicated the significance of the model on performance at 95 percent confidence level.

4.6.3.1 Strategic Decision-Making and Financial measurement of Performance

The first regression analysis was on financial measurement of performance, as the dependent variable, and the strategic decision-making, as the independent variable. The results of this regression (SDM Indicators and financial performance) are presented in Table 4.20.

Table 4.20: Strategic Decision-Making and Financial Measurement of Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.454[a]	.206	.122	.619

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.659	6	.943	2.461	.035[a]
	Residual	21.850	57	.383		
	Total	27.509	63			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.550	.495		3.130	.003
	Comprehensiveness	.520	.204	.517	2.545	.014
	Coordination devices	-.328	.194	-.390	-1.694	.096
	Lateral Communication	.092	.163	.113	.566	.574
	Formalisation	-.012	.199	-.016	-.061	.951
	Decentralisation	-.059	.149	-.084	-.396	.694
	Internal Politicisation	.200	.121	.269	1.660	.102
	Error Term	1.822	.026			

a. Predictors: (Constant), Comprehensiveness, Coordination devices, Lateral Communication, Formalisation, Decentralisation, Internal Politicisation.
b. Dependent Variable: Financial Perspective Index

Source: Field Data (2015).

Results in Table 4.20 demonstrate that the SDM correlate with financial measurement of performance up to 0.454 (R=0.454). Further, SDM explained 20.6 percent (R^2 = 0.206) variations of financial measurement of performance. This means the remaining 79.4 percent variations of financial performance is explained by other variables not considered in this model. The regression model is statistically significant, with *p*- value = 0.035, which is less than 0.05 (and *F* ratio = 2.461). The independent effect of strategic decision-making indicators (coefficients table) on financial measurement of performance can be summarised in a regression equation as

$$\mathbf{P_1 = \alpha+\beta_{31}X_{31}+\beta_{32}X_{32}+\beta_{33}X_{33}+\beta_{34}X_{34}+\beta_{35}X_{35}+\beta_{36}X_{36}+\varepsilon_1.}$$

Financial performance = 1.550 + 0.520 Comprehensiveness + 1.822 Error Term.

$$P_1 = 1.55+0.52+1.82$$ ---------- Equation 4.3 (1)

Where,

P_1 = Financial perspective measurement of Performance.

α = Constant (intercept)

$\beta_{31}$to β_{36} = Coefficients to Strategic Decision-Making Indicators

X_{31} to X_{36} = Strategic Decision-Making Indicators

ε_1 = Error term for equation 1

From the regression equation, a unit change in comprehensiveness, coordination devices, lateral communication, formalisation, decentralisation, internal politicisation yields to 0.520, -0.328, 0.092, -0.012, -0.059, and 0.200 change in financial perspective measurement of performance, respectively. This suggests that the model is robust enough to explain the relationship, and variations, between the predictor and dependent variables.

4.6.3.2 Strategic Decision-Making and Customer index of Performance

The second regression analysis was on customer focus measurement of performance, as the dependent variable, and the strategic decision-making, as the independent variable. The results of this regression are presented in Table 4.21.

Table 4.21: Strategic Decision-Making and Customer index of Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.551[a]	.304	.231	.557

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.738	6	1.290	4.152	.002[a]
	Residual	17.706	57	.311		
	Total	25.444	63			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.617	.452		3.581	.001
	Comprehensiveness	.347	.178	.363	1.955	.056
	Coordination	-.254	.162	-.314	-1.570	.122
	Lateral Communication	.181	.152	.224	1.191	.239
	Formalisation	.197	.179	.273	1.103	.275
	Decentralisation	-.073	.131	-.110	-.558	.579
	Internal Politicisation	.090	.109	.124	.828	.411
	Error Term	.695	.090			

a. Predictors: (Constant), Comprehensiveness, Coordination devices, Lateral Communication, Formalisation, Decentralisation, Internal Politicisation.
b. Dependent Variable: Customer Focus Index

Source: Field Data (2015).

Table 4.21 results exhibit that SDM correlate with customer focus measurement of performance up to 0.551 (R=0.551). Further, SDM indicators explained 30.4 percent (R^2 = 0.304) variations of customer focus performance. This means the remaining 69.6 percent variations of customer focus measurement of performance is explained by other variables not considered in this model. The regression model is statistically significant, with *p*-value = 0.002, which is <0.05 and *F* ratio = 4.152. The independent effect of strategic decision-making indicators (coefficients table) on customer focus measurement of performance can be summarised in a regression equation as:

$$\mathbf{P_2 = \alpha+\beta_{31}X_{31}+\beta_{32}X_{32}+\beta_{33}X_{33}+\beta_{34}X_{34}+\beta_{35}X_{35}+\beta_{36}X_{36}+\varepsilon_2}$$

Customer focus Performance = 1.617+0.695 Error Term.

P_2=1.617+0.695ε_2----------Equation 4.3(2)

Where,

P_2 = Customer focus measurement of Performance.

α = Constant (intercept)

$\beta_{31}$to β_{36} = Coefficients to Strategic Decision-Making Indicators

X_{31} to X_{36} = Strategic Decision-Making Indicators. All had p-value>0.05

ε_2 = Error term for equation 2

From the regression equation, a unit change in comprehensiveness, coordination devices, lateral communication, formalisation, decentralisation, internal politicisation yields to 0.347, -0.254, 0.181, 0.197, -0.073, and 0.090 change in customer focus measurement of performance, respectively. This suggests that the model is not robust enough to explain the relationship, and variations, between the predictor and dependent variables.

4.6.3.3 Strategic Decision-Making and Internal Business Processes Performance

The third regression analysis looked at internal business processes performance, as the dependent variable, and strategic decision-making, as the independent variables. The results of this regression are presented in Table 4.22.

Table 4.22: Strategic Decision-making and Internal Business Processes Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531[a]	.282	.207	.62159

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.784	6	1.464	3.789	.003[a]
	Residual	22.409	58	.386		
	Total	31.194	64			

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.911	.492		3.885	.000
	Comprehensiveness	.063	.199	.060	.318	.751
	Coordination	.016	.180	.018	.090	.928
	Lateral Communication	.139	.160	.163	.873	.386
	Formalisation	.193	.199	.241	.969	.336
	Decentralisation	.116	.146	.158	.796	.429
	Internal Politicisation	-.062	.121	-.078	-.513	.610
	Error Term	1.845	.126			

a. Predictors: (Constant), Comprehensiveness, Coordination devices, Lateral Communication, Formalisation, Decentralisation, Internal Politicisation.
b. Dependent Variable: Internal Business Processes Index

Source: Field Data (2015).

Results in Table 4.22 demonstrate that SDM indicators correlate with internal business processes performance up to 0.531 (R=0.531). Further, SDM indicators explained 28.2 percent (R^2 = 0.282) variations of internal business processes performance. The remaining 71.8 percent variations of internal business performance are explained by other variables not considered in this model. The regression model is statistically significant, with *p*-value = 0.003, which is <0.05 and *F* ratio = 3.789. The independent effect of strategic decision-making indicators (coefficients table) on internal business processes measurement of performance can be summarised in a regression equation as:

$$\mathbf{P_3 = \alpha+\beta_{31}X_{31}+\beta_{32}X_{32}+\beta_{33}X_{33}+\beta_{34}X_{34}+\beta_{35}X_{35}+\beta_{36}X_{36}+\varepsilon_3}$$

Internal business processes = 1.911 + 1.845 Error Term.

$P_3=1.911+1.845\varepsilon_3$ ..... Equation 4.3(3)

Where,

P_3 =Internal Business Processes measurement of Performance.

α = Constant (intercept).

$\beta_{31}$to β_{36} = Coefficients to Strategic Decision-Making Indicators.

X_{31} to X_{36} = Strategic Decision-Making Indicators. All had p-value>0.05 and were thus left out of the model equation

ε_3 = Error term for equation 3.

From the regression equation, a unit change in comprehensiveness, coordination devices, lateral communication, formalisation, decentralisation, internal politicisation yields to 0.063, 0.016, 0.139, 0.193, 0.116, and -0.062 change in internal business processes performance, respectively. This suggests that the model is not adequate enough to explain the relationship, and variations, between the predictor and dependent variables.

4.6.3.4 Strategic Decision-Making and Learning and Growth Performance

The fourth regression analysis looked at the learning and growth performance, as the dependent variable, and strategic decision-making, as the independent variables. The results of this regression are presented in Table 4.23.

Table 4.23: Strategic Decision-making and Learning and Growth Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.573[a]	.329	.261	.56747

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.305	6	1.551	4.816	.000[a]
	Residual	18.999	59	.322		
	Total	28.305	65			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.753	.449		3.903	.000
	Comprehensiveness	.365	.181	.365	2.023	.048
	Coordination	-.207	.164	-.245	-1.265	.211
	Lateral Communication	.071	.146	.089	.491	.625
	Formalisation	.080	.181	.106	.443	.660
	Decentralisation	.136	.133	.196	1.023	.311
	Internal Politicisation	.089	.109	.118	.815	.418
	Error Term	1.679	.017			

a. Predictors: (Constant), Comprehensiveness, Coordination devices, Lateral Communication, Formalisation, Decentralisation, Internal Politicisation.
b. Dependent Variable: Learning and Growth Performance

Source: Field Data (2015).

Results in Table 4.23 demonstrate that SDM indicators correlate with internal business processes performance up to 0.573 (R=0.573). Further, SDM explained 32.9 percent (R^2 = 0.329) variations of internal business processes performance. This means the remaining 67.1 percent variations of internal business processes performance is explained by other variables not considered in this model. The regression model is statistically significant, *p*-value = 0.000, which is <0.05 and *F* ratio = 4.816. The independent effect of strategic decision-making indicators (coefficients table) on learning and growth measurement of performance can be summarised in a regression equation as:

$$\mathbf{P_4 = \alpha+\beta_{31}X_{31}+\beta_{32}X_{32}+\beta_{33}X_{33}+\beta_{34}X_{34}+\beta_{35}X_{35}+\beta_{36}X_{36}+\varepsilon_4}$$

Learning and growth = 1.753+0.365 Comprehensiveness + 1.679 Error Term.

$$P_4 = 1.753+0.365X_{31}+1.679\varepsilon_4$$ -- Equation 4.3(4)

Where,

P_4 = Learning and Growth measurement of Performance.

α = Constant (intercept).

$\beta_{31}$to β_{36} = Coefficients to Strategic Decision-Making Indicators.

X_{31} to X_{36} = Strategic Decision-Making Indicators. Except for Comprehensiveness, all the other indicators had p-value>0.05, thus not included in the model.

ε_4 = Error term for equation 4.

From the regression equation, a unit change in comprehensiveness, coordination devices, lateral communication, formalisation, decentralisation, internal politicisation yields to 0.365, -0.207, 0.07, 0.080, 0.136 and 1.679 change in learning and growth measurement of performance, respectively. This suggests that the model is not robust enough to explain the relationship, and variations, between the predictor and dependent variables.

4.6.3.5 Strategic Decision-Making and Social Equity Measurement of Performance

The fifth regression analysis looked at the social equity measurement of performance, as the dependent variable, and strategic decision-making, as the independent variables. The results of this regression are presented in Table 4.24.

Table 4.24: Strategic Decision-making and Social Equity

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.544[a]	.296	.224	.50904

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.332	6	1.055	4.073	.002[a]
	Residual	15.029	58	.259		
	Total	21.362	64			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.619	.421		6.218	.000
	Comprehensiveness	.556	.164	.626	3.396	.001
	Coordination	-.162	.147	-.217	-1.097	.277
	Lateral Communication	-.083	.139	-.112	-.597	.553
	Formalisation	.068	.166	.102	.408	.685
	Decentralisation	.100	.119	.165	.846	.401
	Internal Politicisation	-.102	.099	-.153	-1.033	.306
	Error Term	.984	.734			

a. Predictors: (Constant), Comprehensiveness, Coordination devices, Lateral Communication, Formalisation, Decentralisation, Internal Politicisation.
b. Dependent Variable: Social Equity Performance

Source: Field Data (2015).

Results in Table 4.24 show that SDM correlate with social equity measure of performance up to 0.544 (R=0.544). Further, SDM explained 29.6 percent (R^2 = 0.296) variations of social equity measure of performance. This means the remaining 70.4 percent variations of social equity performance is explained by other variables not considered in this model. The regression model is statistically significant, *p*-value = 0.002, which is <0.05 (*F* ratio = 4.073).

The independent effect of strategic decision-making indicators (coefficients table) on social equity measurement of performance can be summarised in a regression equation as

$\mathbf{P_5 = \alpha+\beta_{31}X_{31}+\beta_{32}X_{32}+\beta_{33}X_{33}+\beta_{34}X_{34}+\beta_{35}X_{35}+\beta_{36}X_{36}+\varepsilon_5}$.

Social equity = 2.619 + 0.556 Comprehensiveness + 0.984 Error Term.

$P_5 = 2.619+0.556X_{31}+0.835\varepsilon_5$ -- Equation 4.3(e)

Where,

P_5 = Social Equity measurement of Performance.

α = Constant (intercept).

$\beta_{31}$to β_{36} = Coefficients to Strategic Decision-Making Indicators.

X_{31} to X_{36} = Strategic Decision-Making Indicators. Except for Comprehensiveness, other indicators had p-value>0.05, thus left out of the model equation

ε_5 = Error term for equation 5.

From the regression equation, a unit change in comprehensiveness, coordination devices, lateral communication, formalisation, decentralisation, and internal politicisation yields to 0.556, -0.162, -0.083, 0.068, 0.100 and 0.984 change in social equity measurement of performance, respectively. This suggests that the model is not robust enough to explain the relationship, and variations, between the predictor and dependent variables.

4.6.3.6 Strategic Decision Making and Overall Organisational Performance

The regression analyses had overall organisational performance measurements grouped as one dependent variable and strategic decision-making indicators as one independent variable. The results of the regression analysis are presented in Table 4.25.

Table 4.25: Strategic Decision-making and Overall Organisational Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.854	.730	.710	.04353

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.031	1	.031	16.272	0.000
	Residual	.063	33	.002		
	Total	.093	34			

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	.356	.101		4.499	.000
	Strategic Decision-making	.858	.114	.575	4.034	.000
	Error Term	1.853	0.075			

a. Predictors: (Constant), Strategic Decision-making.
b. Dependent Variable: Organisational Performance

Source: Field Data (2015).

Results of the sixth regression analysis in Table 4.25 demonstrate that SDM indicators correlate with overall organisational performance up to 0.854 (R=0.854). Further, SDM indicators explained 73 percent (R^2 = 0.730) variations of composite organisational performance. The remaining 27 percent variations of organisational performance is explained by other variables not considered in this model. The results of the bivariate correlation are statistically significant (p-value = 0.000, which is < 0.05 and F ratio =16.272). The independent effect of strategic decision-making indicators (coefficients table) on the overall organisational performance can be summarised in a regression equation as:

$$\mathbf{P_6 = \alpha + \beta_{SDM} X_{SDM} + \varepsilon_6}$$

Organisational Performance = 0.356+0.858SDM + 1.853Error Term.

$P_6 = 0.356+0.858X_{SDM}+1.853\varepsilon_6$-- Equation 4.3(6) => Overall Regression Equation

Where,

P_6 = Composite Organisational Performance.

α = Constant (intercept)

β_{SDM} = Coefficients to Strategic Decision-Making Indices

X_{SDM} = Strategic Decision-making (all indices put together)

ε_6 = Error term for equation 6.

From the regression equation, a unit change in SDM indicators yields a positive coefficient of 0.858 changes in organisational performance, with a constant in the model of 0.356. The statistical test results failed to reject the hypothesis (H_3) because it was adequately supported, thus a conclusion that strategic decision making has a statistically significant effect on performance of Mission Hospitals in Kenya.

4.6.4 Strategic Decision-Making, External Environment and Performance

The fourth study objective sought to determine the moderating influence of external environment on the relationship between strategic decision-making and organisational performance. To assess the external environment moderating influence, the fourth hypothesis was formulated and stated as:

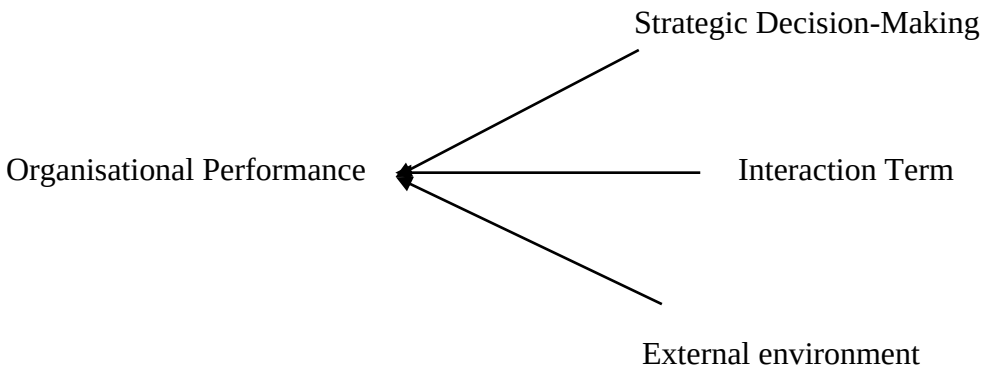
H_4: External environment has a significant moderating influence on the relationship between strategic decision-making and performance of Mission Hospitals in Kenya.

External Environment (EE) had three different dimensions, namely munificence, dynamism and complexity. The dimension of Strategic Decision-Making (SDM) included comprehensiveness, formalisation, coordination devices, decentralisation, lateral communication and internal politicisation. Organisational performance (OP) was the variable being predicted using composite index derived from its measurements, namely, financial perspective, customer focus, internal business processes, learning and growth, and social equity.

The researcher sought to find out whether external environment predicts performance, while establishing effect of external environment and strategic decision-making on organisational performance. This required the use of hierarchical multiple regression to ascertain if additional variable or additional variables could be found to be associated with some predictive capacity (Machuki and Aosa, 2011; Odundo, 2012; Murgor, 2014; Mkalama, 2014). To test for the moderation influence, regression analysis was conducted using two steps (Grant, 2003; Adeoye and Elegunde, 2012; Machuki, 2011; Macharia, 2014). Step one, tested the effect of strategic decision-making and external environment on performance. Step two, introduced the interaction term in the equation and its significance was evaluated when controlling strategic decision-making and external environment variables. The interaction term was computed as the product of the unstandardized scores of SDM and external environment (Ansoff and Suvillan, 1993; Romanic et al., 2015). This involved testing the effects of the independent variable (strategic decision-making), the moderating variable (external environment) on the dependent variable (organisational performance), and the interaction between strategic decision-making and the external environment.

To confirm presence of moderation, the influence of the interaction term should be significant. Adding the interaction term to the regression model expands the relationships among the variables in the model and allows more hypotheses to be tested. The relationship is depicted in Figure 4.3.

Figure 4.3: Influence of the Interaction term on SDM, EE and Performance



Adding the interaction term to the regression model greatly expand understanding of the relationships among the variables in the model and allows more hypotheses to be tested. The tests and results of this regression analysis are presented in Table 4.26.

Table 4.26: Moderating Influence of EE and SDM and Organisational Performance

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R^2 Change	F Change	df 1	df 2	Sig. F Change
1	.627	.393	.354	.0424	.393	10.042	2	31	.000
2	.650	.422	.364	.0421	.422	1.491	1	30	.000

ANOVA					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1. Regression	.036	2	.018	10.042	0.000
Residual	.056	31	.002		
Total	.092	33			
2. Regression	039	3	.013	7.298	0.001
Residual	.053	30	.002		
Total	.092	33			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t-value	Sig.
		B	Std. Error	Beta		
1	(Constant)	.852	.008		109.939	.000
	Strategic Decision-making	.025	.010	.426	2.520	.017
	External environment	.020	.012	.279	1.650	.019
2	(Constant)	.857	.009		97.972	.000
	Strategic Decision-making	.021	.010	.368	2.108	.044
	External environment	.018	.012	.249	1.466	.153
	Product of SDM and EE (Interaction Term)	-.009	.007	-.187	-1.221	.032

Model 1. Predictors: (Constant), External Environment, Strategic Decision-making
Model 2. Predictors: (Constant), External Environment*Strategic Decision-making
Dependent Variable: Organisational Performance

Source: Field Data (2015).

The results in Table 4.26 (model 1) show statistically significant regression coefficients for strategic decision-making (p-value=0.044<0.05, β=0.368) indicating that there is a linear dependence of organisational performance on strategic decision-making. On the other hand, no statistically significant relationship between external environment and organisational performance was detected (p-value=0.153>0.05, β=0.249). Similarly, statistically linear relationship of organisational performance on the multiplicative term of strategic decision-making and external environment was detected (p=0.032, which is

<0.05 and β=-0.187). This implies that changes in the external environment may negatively affect strategic decision-making and organisational performance relationship as the direction of the relationship turned negative.

The results of step two are in Table 4.26. The findings indicate that strategic decision-making (p-value = 0.017<0.05, B = 0.025, t = 2.520) and external environment (p-value = 0.019<0.05, B = 0.020, t = 1.650) are correlated with organisational performance up to 0.627 (R=0.627). Further, the predictor variables explained 39.3 percent (R^2 = 0.393) variations of organisational performance. The remaining 60.7 percent variations of organisational performance is explained by other variables not in this model. The results of the bivariate correlation were statistically significant (p-value = 0.000<0.05, *F* ratio =10.042). The regression model was adequate to explain the relationship between the predictor and dependent variables.

In the second step, the effect of the interaction term on controlling of the two variables was statistically significant (p-value =0.032<0.05, B = -0.009, t=-1.221). Adding an interaction term to the model drastically changed the interpretation of all of the coefficients**.** The significance of the interaction term confirmed that external environment is correlated with organisational performance up to 0.650 (R=0.650). Further, the predictor variables explained 42.2 percent (R^2 = 0.422) variations of organisational performance. This means the remaining 57.8 percent variations of organisational performance is explained by other variables not considered in this model. Under change statistics, the results reveal that the R^2 change increased by 3 percent from 39.3 percent to 42.2 percent (R^2 change=0.16) when the interaction variable (strategic decision-making*external environment) was introduced. From the findings, the multiple

regression equation used to estimate the moderating influence of external environment on the relationship between strategic decision-making and organisational performance was formulated and stated as **P = (α+ X+ Z+ XZ +ε)**.

$$P = 0.857+0.021X– 0.009XZ+\varepsilon \quad \text{------} \quad \text{Equation 4.4}$$

Where:

P = Composite Organisational Performance

α = Constant (intercept)

X = Strategic Decision-Making Index

Z = External Environment Index, p-value >0.05, not included in the model equation

XZ = Product of Strategic Decision-Making and External Environment

ε = Error term

From the regression equation, a unit change in SDM indicators yields a positive coefficient of 0.858 changes in organisational performance, with a constant in the model of 0.857. The statistical test results failed to reject the hypothesis (H_4) since it was adequately supported, thus a conclusion that external environment has a statistically significant influence on the relationship between SDM and performance of Mission Hospitals in Kenya.

4.6.5 Corporate Governance-Strategic Decision Making Co-alignment and Organisational Performance

The fifth study objective was to analyse the effect of corporate governance-strategic decision making co-alignment on performance of Mission Hospitals in Kenya. To address this objective, a corresponding hypothesis was formulated and stated as:

H_5: Corporate governance-strategic decision making co-alignment has a significant effect on performance of Mission Hospitals in Kenya.

4.6.5.1 Testing CG-SDM Co-alignment using Statistical Power Analysis (SPA)

Multiple linear regression, using Cohen (1988) statistical power analysis (SPA) guidelines were used to interpret correlation and degree of co-alignment between CG and SDM dimensions as presented in Table 4.27.

Table 4.27: Statistical Power Analysis and Co-alignment Interpretation

Coefficient *(P)*	Interpretation	Strength/Degree of Co-alignment
P=-1	Perfect negative correlation	Very strong degree of co-alignment
-1<P-0.8	Strong negative correlation	Strong degree of co-alignment
-0.8<P-0.5	Fair negative correlation	Moderate degree of co-alignment
-0.5<P<0	Weak negative correlation	Weak degree of co-alignment
P=0	No correlation	No Co-alignment
0<P<0.5	Weak positive correlation	Weak degree of co-alignment
0.5=P<0.8	Fair positive correlation	Moderate degree of co-alignment
0.8=P<1	Strong positive correlation	Strong degree of co-alignment
P=1	Perfect positive correlation	Very strong degree of co-alignment

Source: Cohen (1988).

Table 4.27 shows that the resultant Pearson's correlation coefficients (denoted by P*)*, used as measures of the strength or degree of CG-SDM Co-alignment. The correlation coefficient *(*P*)* measured the strength of a linear relationship between the two co-alignment variables. The rule of thumb here was, the closer the coefficient is to +/-1, the closer to a perfect linear relationship and therefore a high degree of co-alignment (Cohen, 1988; Venkatraman and Prescott, 1990; Olsen et al., 1998).

The correlation matrix presented in Table 4.28 provides a pointer on the strength of co-alignment between corporate governance practices and strategic decision-making dimensions as indicated by the correlation coefficients. Results of *p*-values and correlation coefficient between the co-alignment independent variables of corporate governance indices and strategic decision-making indices were as presented in Table 4.28.

Table 4.28 Correlation Results between CGI and SDMI

Corporate Governance Indices → / **Strategic Decision-making Indices** ↓		Transparency	Accountability	Responsibility	Full Disclosure	Equitable treatment of stake-holders
Comprehensiveness	Correlation Coefficient	.876	.789	.683	.721	.743
	Sig. (2-tailed)	.000	.000	.000	.000	.000
Formalisation	Correlation Coefficient	.687	.564	.654	.762	.452
	Sig. (2-tailed)	.000	.000	.000	.000	.000
Coordination devices	Correlation Coefficient	.630	.774	.567	.967	.563
	Sig. (2-tailed)	.000	.000	.000	.000	.000
Decentralisation	Correlation Coefficient	.504	.692	.530	.643	.532
	Sig. (2-tailed)	.001	.000	.000	.001	.000
Lateral Communication	Correlation Coefficient	.413	.682	.410	.623	.542
	Sig. (2-tailed)	.006	.000	.005	.001	.000
Internal Politicisation	Correlation Coefficient	.544	.642	.511	.622	.521
	Sig. (2-tailed)	.001	.000	.000	.001	.000

Source: Field Data (2015).

Results in Table 4.28 show positive correlation between all the CGI and SDMI. Though there was no ideal perfect positive correlation, where correlation coefficient is equal to one, two indices: comprehensiveness-transparency (at 0.876) and coordination-full disclosure (at 0.967) had a strong positive correlation, meaning the two indices had a strong degree of co-alignment. Majority of the other indices indicated fair positive correlations, with moderate degrees of co-alignment. However, weak positive

correlations and degrees of co-alignment were noted between the indices of formalisation-equitable treatment of stakeholders (at 0.452), lateral communication-transparency (at 0.413) and lateral communication-responsibility (at 0.410). The results show statistically significant co-alignment between all the relationships, with all the p-values = 0.000, which is <0.05.

The statistical power analysis was further used to analyse and generate correlation coefficients (multiple R), coefficients of determination (R^2), and F-ratios as used by Venkatraman and Prescott (1990) and Olsen et al (1998). To achieve this, a corporate governance composite index (CGI) was determined from the five CG indices, namely transparency, accountability, responsibility, full disclosures and equitable treatment of stakeholders. Likewise, a composite strategic decision-making index (SDMI) was derived from the six SDM dimensions, namely comprehensiveness, formalisation, coordination devices, decentralisation, lateral communication, and internal politicisation. A third composite index on performance was computed from the five OP indicators, namely financial perspective, customer focus, internal business processes, learning and growth, and social equity.

The hypothesis (H_5) was tested by taking the composites of the co-alignment variables (CGI and SDMI) and regressing them on performance. Table 4.29 gives results for changes arising from corporate governance-strategic decision making co-alignment. The resultant multiple R value indicates the strength of the relationship between the co-aligned variables and the composite performance index. The R^2 value shows the variation in the performance indicator that is explained by the co-aligned CGI and SDMI. The F-value demonstrates the overall statistical significance of the model which predicts the

effect of corporate governance-strategic decision making co-alignment on performance at 95 percent confidence level (p=0.05). The decision to confirm the hypothesis was made at the critical point where p-value is equal or less than 0.05.

Table 4.29: Corporate Governance-SDM Co-alignment on Performance

Organisational Performance = f(α + CG Indices + SDM Indices + ε)					
CGI-SDMI Co-alignment	**Co-alignment (P)**	**Multiple R**	**R^2**	**F-ratio**	**Sig.**
CGI-SDMI	0.678	0.937	0.878	34.650	.000

Source: Field Data (2015).

The results in Table 4.29 show that corporate governance-strategic decision making co-alignment correlate with organisational performance up to 0.937 (R=.937). Further, the results show that 87.8 percent (R^2 =.878) variations of organisational performance can be explained by corporate governance-strategic decision making co-alignment. This leaves 12.2 percent variations of organisational performance being explained by other variables not in the model. This regression model is statistically significant and the results largely explain the relationship between the predictor and dependent variables, with p-value =0.000, which is <0.05 and F ratio = 34.650. It was, therefore, concluded that corporate governance-strategic decision making co-alignment has a significant effect on performance of Mission Hospitals in Kenya.

4.5.6.2 Testing CG-SDM Co-alignment using Canonical Correlation Analysis (CCA)

Since the specific research objective was to analyse to what extent performance (dependent variable) can be predicted or explained by a set of two co-aligned variables (CGI and SDMI), Canonical Correlation Analysis (CCA) was used. This statistical tool

enabled the researcher to analyse the canonical covariates and to establish the overall fit between corporate governance (CG) and strategic decision-making (SDM) dimensions as outlined by Tan and Litschert (1994). CCA describes the linear relation between two multidimensional, or two sets of variables, as the problem of finding basis vectors for each set such that the projections of the two variables on their respective basis vectors are maximally correlated (Hardoon, 2004). Hardoon argues that the availability of such canonical functions of the covariates is likely to exist due to an underlying factor responsible for the correlation.

CCA thus seeks correlated functions (covariates) of two different, but related variables is as if using Factor Analysis adopted by Tan and Litschert (1994) and Kursun (2011). Hair et al (1998) postulate that canonical correlation is considered to be the general model on which many other multivariate techniques are based because it can use both metric and nonmetric data for either the dependent or independent variables. The general form of canonical analysis is expressed as:

$$\underset{\text{(metric, nonmetric)}}{Y_1 + Y_2 + Y_3 + \ldots + Y_n} = \underset{\text{(metric, nonmetric)}}{X_1 + X_2 + X_3 + \ldots + X_n}$$

Tan and Litschert argue that in analysing multivariate relationships, canonical analysis is the most general approach that incorporates MANOVA or multiple regression. Using Statistical Analysis System (SAS), correlation among the thirty eight (38) SDM measurements and twenty nine (29) CG measurements were generated. The next step was to obtain correlations between the 38 strategic decision-making measurements and the 29 corporate governance measurements, before generating the canonical correlation statistics. Statistical Analysis System (SAS) uses the F approximation that provides better

small sample results than the usual X^2 approximation (Venkatraman and Prescott, 1990; Tan and Litschert, 1994). As a rule of thumb when interpreting canonical loadings, variables with loadings of 0.30 and above are considered interpretable, while loadings of 0.63 (40 percent of variance) provide a very good measure of the factor (Thompson, 1984; Kursun, 2011).

The performance variable had five indices, namely financial perspective (OrPerFp), customer focus (OrPerCf), internal business processes (OrPerInP), learning and growth (OrPerLg) and social equity (OrPerSE). Corporate governance indices were regrouped into four, transparency and accountability (CGT&A), responsibility (CGRes), full disclosure (CGFdis) and equitable treatment of stakeholders (CGTEts). Strategic decision-making dimensions were grouped into three broad indices, namely comprehensiveness and decentralisation (SDMcd), internal politicisation and coordination (SDMIpc) and formalisation and lateral communication (SDMFlc). The regrouping of variable indices was done to enable monitoring changes in canonical correlation as the respective variables were being varied.

In using canonical correlation analysis, it must be assumed that the data are reliable since low reliability tends to weaken the entries in R (Thompson, 1984; Tan and Litschert, 1994). Table 4.30, Table 4.31 and Table 4.32 present preliminary data on the variables.

Table 4.30: Corporate Governance and Organisational Performance Indices

Canonical Correlation Analysis	
Corporate Governance Measurements	4
Strategic Decision-making Measurements	3
Organisational Performance Measurements	5
Observations (N)	68

Means and Standard Deviations			
Variable	**Mean**	**Standard Deviation**	**Label**
CGT&A	0.804002	0.128095	CG Transparency and Accountability Index
CGRes	0.861961	0.142301	CG Responsibility Index
CGFdis	0.821912	0.153227	CG Full Disclosures Index
CGTEts	0.831197	0.135368	CG Equitable Treatment of stakeholders Index
SDMcd	0.80330	0.12922	Comprehensiveness and Decentralisation Index
SDMIpc	0.77572	0.14406	Internal Politicisation and Co-ordination Index
SDMFlc	0.73959	0.15437	Formalisation and Lateral Communication Index
OrPerFp	0.628473	0.136723	OP Financial Perspective Index
OrPerCf	0.732248	0.119134	OP Customer Focus Index
OrPerInP	0.762745	0.132466	OP Internal Processes Index
OrPerLg	0.759804	0.138977	OP Learning and Growth Index
OrPerSE	0.808039	0.128378	OP Social Equity Index

Source: Field Data (2015).

Table 4.31: Pearson's Correlation Matrix

Correlations among Corporate Governance Measurements				
	CGT&A	**CGRes**	**CGFdis**	**CGTEts**
CGT&A	1	0.7572	0.6450	0.4848
CGRes	0.7572	1	0.6592	0.5873
CGFdis	0.6450	0.6592	1	0.3300
CGTEts	0.4848	0.5873	0.3300	1

Correlations among Strategic Decision-Making Measurements				
		SDMcd	**SDMIpc**	**SDMFlch**
Comprehensiveness & Decentralisation	**SDMcd**	1	0.781	0.741
Internal Politicisation & Co-ordination	**SDMIpc**	0.781	1	0.829
Formalisation & Lat. Communication	**SDMFlch**	0.741	0.829	1

Source: Field Data (2015).

Table 4.32: Correlations between CG, SDM Measurements and OP Measurements

	OrPerFp	**OrPerCf**	**OrPerInP**	**OrPerLg**	**OrPerSE**
CGT&A	0.2917	0.4934	0.3203	0.3060	0.3632
CGRes	0.3106	0.4380	0.2337	0.2528	0.3659
CGFdis	0.2862	0.4834	0.2671	0.3035	0.4112
CGTEts	0.2408	0.4211	0.2093	0.3414	0.3898
SDMcd	0.3275	0.5001	0.4190	0.4258	0.5794
SDMIpc	0.2320	0.4760	0.4416	0.4058	0.4117
SDMFlc	0.2743	0.4989	0.4219	0.5074	0.4612

Source: Field Data (2015).

The results in Table 4.32 show the correlations among corporate governance, strategic decision-making and between CG, SDM and organisational performance measurements, presenting the Pearson correlation matrix for the four (4) CG, three (3) SDM and five (5) OP measurements. This offers a sense of the relationships between the measurements within each of the three study variables. The results show positive relationships between

the predictor variables and organisational performance measurements. From 68 observations, fifty six out of sixty eight (56/68) values depicted moderate positive relationships between CG, SDM and organisational performance. The remaining twelve out of sixty eight (12/68) values portrayed low positive correlations between the measurements. It is important to point out that there was no low value under customer focus and social equity measurements of organisational performance. Financial perspective measurement had five out of seven (5/7) low relationships. Looking at the relationships between these measurements affects the way in which the variables were summarized as a linear combination of all the measurements.

Researchers (Thompson, 1984; Venkatraman and Prescott, 1990; Tan and Litschert, 1994; Dehon et al., 2000) assert that as a rule of thumb, Pearson correlations usually show low positive or negative correlation between the corporate governance measurements when $0.0<\rho<0.3$ and $0.0>\rho>-0.3$, respectively, where ρ *(rho)* is the correlation co-efficient. The results would also show moderate positive correlation between the corporate governance measurements when $0.3<\rho<0.7$, and moderate negative correlation when $-0.3>\rho>-0.7$. The results would further show high positive correlation between the corporate governance measurements when $0.7<\rho<1.0$, and high negative correlation when $-0.7>\rho>-1.0$. Results from canonical correlation between CG, SDM and organisational performance were as presented in Table 4.33. At this stage of analysis, the results were to be compared with the canonical correlations to establish the level of co-alignment of the predictor variable. The assumption was that there exists co-alignment if a significant and improved canonical correlation is observed.

Table 4.33: Canonical Correlation Analysis: CG and SDM versus Organisational Performance

	Canonical Correlation	Adjusted Canonical Correlation	Approximate Standard Error	Squared Canonical Correlation	Eigenvalues of Inv(E)*H #NAME?				**Test of H0: The canonical correlations in the current row and all that follow are zero**				
					Eigenvalue	Difference	Proportion	Cumulative	Likelihood **Ratio**	Approx. **F Value**	Num DF	Den DF	Pr > F
1	0.6809	0.60775	0.06552	0.46369	0.8646	0.5643	0.5849	0.5849	0.30700	1.78	42	261.42	0.0037
2	0.4805	0.34278	0.09396	0.23092	0.3003	0.1371	0.2031	0.788	0.57243	1.13	30	226	0.3043
3	0.3745	0.22458	0.10503	0.14027	0.1632	0.053	0.1104	0.8983	0.74431	0.88	20	190	0.6069
4	0.3150	.	0.11005	0.09924	0.1102	0.0811	0.0745	0.9729	0.86574	0.72	12	153.75	0.7328
5	0.1682	.	0.11871	0.02830	0.0291	0.0181	0.0197	0.9926	0.96113	0.39	6	118	0.8818

Multivariate Statistics & F Approximations Corporate Governance and Strategic Decision-making versus Organisational Performance

S=6 M=0 N=26.5

Statistic	Value	F Value	Num DF	Den DF	Pr > F
Wilks' Lambda	0.3069989	1.78	42	261.42	0.0037
Pillai's Trace	0.9733047	1.66	42	360	0.0081
Hotelling-Lawley Trace	1.4783113	1.89	42	158.17	0.0027
Roy's Greatest Root	0.8645968	7.41	7	60	<.0001

NOTE: F Statistic for Roy's Greatest Root is an upper bound.

Source: Field Data (2015).

Table 4.33 contains canonical correlation analysis with of combinations of corporate governance, strategic decision-making and performance measurements. These are the Pearson correlations of the pairs of canonical variates. The results show that the first pair of variates, a linear combination of corporate governance-strategic decision-making measurements and a linear combination of organisational performance measurements, has a correlation coefficient of 0.6809. The last pair has a correlation coefficient of 0.1682. According to Tan and Litschert (1998), the adjusted canonical correlation is usually less biased than raw correlations. The approximate standard error explains errors for the canonical correlations. The first and the last pair of variates were computed as (0.6809*0.6809) = 0.46369 and (0.1682*0.1682) = 0.02830, respectively. These values can be interpreted the same way R-squared values in OLS regression: they are the proportion of the variance in the canonical variate of one set of measurements explained by the canonical variate of the other set of measurements. The organisational performance variates, therefore, can be explained by 46.4 percent (variate= 0.46369) of corporate governance and strategic decision making co-alignment variates.

The eigenvalues are the product of the model matrix and the inverse of the error matrix. Eigenvalues can also be calculated using the squared canonical correlations, that is, the largest eigenvalue is equal to largest squared correlation/ (1minus largest squared correlation), that is 0.6809/ (1- 0.6809) = 0.8646. The likelihood ratio is for testing the hypothesis that the given canonical correlation and all smaller ones are equal to zero, which is equivalent to Wilks' lambda. The likelihood that the smallest canonical correlation is zero is $(1- 0.1682^2) = 0.02830$. The approximate F Value are associated with the various tests. For the likelihood ratio tests, the F values are approximate.

Pr > F: This is the p-value associated with the F value of a given test statistic. The null hypothesis that the two sets of variables are not linearly related is usually evaluated with regard to this p-value. The null hypothesis is rejected if the p-value is equal or less than alpha level of 0.05. If not (when p-value >0.05), then a decision of fail to reject the null hypothesis is made. From the analysis, the null hypothesis is rejected because p-value <0.001, which is less than 0.05.

This could also true if we use the other tests and this implies that there exists a statistically significant linear relationship between the co-alignment canonical variates. The four multivariate statistics are presented at the bottom part of Table 4.33. Wilks' Lambda is one of the four multivariate statistics used to test the null hypothesis that the canonical correlations are zero, meaning that there is no linear relationship between the two specified groups of measurements. Wilks' lambda is the product of the values of (1-canonical correlation^2). From the analysis, Wilks' Lambda testing all four the correlations is 0.3069989 which is equal to the likelihood ratio, and with p-value of 0.0037, which is less than 0.05.

Table 4.34: Raw Canonical Coefficients for OP, CG and SDM Measurements

(a) Raw Canonical Coefficients for OP Measurements

		Performance1	Performance2	Performance3	Performance4	Performance5
OP Financial Perspective Index	**OrPerFp**	0.1523	-4.8815	2.2001	2.4776	1.9773
OP Customer Focus Index	**OrPerCf**	4.1318	1.8801	-12.990	-4.6329	-2.3950
OP Internal Processes Index	**OrPerInP**	0.7320	4.4675	7.7553	-6.9249	-2.2411
OP Learning and Growth Index	**OrPerLg**	-0.1293	7.5119	0.1984	7.4133	5.4878
OP Social Equity Index	**OrPerSE**	6.5825	-6.0521	6.6265	3.7428	-7.6372

(b) Raw Canonical Coefficients for CG and SDM Measurements

		CGSDM1	CGSDM2	CGSDM3	CGSDM4	CGSDM5
CG Transparency & Accountability Index	**CGT&A**	0.5644	0.9670	-3.7090	-5.5744	9.1920
CG Responsibility Index	**CGRes**	-1.4774	-2.8614	-0.8632	0.9393	-2.1581
CG Full Disclosures Index	**CGFdis**	2.6411	-0.6173	-3.0333	0.2344	-3.5450
CG Equitable Treatment of stakeholders Index	**CGTEts**	1.1321	0.2563	-5.8406	5.1901	-3.9440
Comprehensiveness & Decentralization Index	**SDMcd**	4.1897	-9.4255	9.8067	-0.4901	2.6163
Internal Politicization and Co-ordination Index	**SDMIpc**	-0.2489	5.7870	-0.6672	-8.1844	-9.7884
Formalization, Lateral Communication Index	**SDMFlc**	1.6283	5.6207	1.5559	6.5190	7.4794

CGSDM=Covariate of Corporate Governance & Strategic Decision-making Measurements

Source: Field Data (2015).

Results in Table 4.34, part (a), show raw canonical coefficient for organisational performance measurements. It is important to note that there were raw canonical coefficients for organisational performance measurements which defined the linear relationship between the measurements in each variable and the canonical variates. The canonical coefficients can be interpreted in the same way one would interpret regression coefficients, assuming the canonical variate as the outcome variable.

The results indicate that a more than one unit increase in OrPerFp leads to a 0.1523 increase, while one unit increase in OrPerCf leads to 4.1318 increase in the first variate of organisational performance measurements ("Performance1"). One unit increase in OrPerFp leads to a 4.8815 decrease while one unit increase in OrPerCf leads to a 1.8801 increase in the second variate of the performance measurement ("Performance2").

Table 4.34, part (b), shows raw canonical coefficients for corporate governance and strategic decision-making measurements, which define the linear relationship between the measurements in these variables and their canonical variates. The results indicate that one unit increase in **CGT&A** leads to a 0.5644, 0.9670 and 9.1920 increase in the first, second and fifth variates of corporate governance-strategic decision-making measurements ("CGSDM1", "CGSDM2" and "CGSDM5"), respectively. A unit increase in **CGT&A** leads to a 3.7090 and 5.5744 decrease in the third and fourth corporate governance-strategic decision-making measurements ("CGSDM3" and "CGSDM4"), respectively. Table 4.52 presents unstandardized canonical coefficients for the variables.

Table 4.35: Standardized Canonical Coefficients for OP, CG & SDM Measurements

(a) Standardized Canonical Coefficients for OP Measurements

		Performance1	Performance2	Performance3	Performance4	Performance5
OP Financial Perspective	**OrPerFp**	0.0208	-0.6674	0.3008	0.3387	0.2703
OP Customer Focus	**OrPerCf**	0.4922	0.224	-1.5475	-0.5519	-0.2853
OP Internal Processes	**OrPerInP**	0.097	0.5918	1.0273	-0.9173	-0.2969
OP Learning and Growth	**OrPerLg**	-0.018	1.044	0.0276	1.0303	0.7627
OP Social Equity	**OrPerSE**	0.845	-0.777	0.8507	0.4805	-0.9805

(b) Standardized Canonical Coefficients for CG and SDM Measurements

		CGSDM1	CGSDM2	CGSDM3	CGSDM4	CGSDM5
CG Transparency & Accountability Index	**CGT&A**	0.0723	0.1239	-0.4751	-0.7141	1.1775
CG Responsibility Index	**CGRes**	-0.2102	-0.4072	-0.1228	0.1337	-0.3071
CG Full Disclosures Index	**CGFdis**	0.4047	-0.0946	-0.4648	0.0359	-0.5432
CG Equitable Treatment of stakeholders Index	**CGTEts**	0.1533	0.0347	-0.7906	0.7026	-0.5339
Comprehensiveness and Decentralisation Index	**SDMcd**	0.5472	-1.2311	1.2809	-0.064	0.3417
Internal Politicisation and Co-ordination Index	**SDMIpc**	-0.0355	0.8256	-0.0952	-1.1676	-1.3964
Formalisation & Lateral Communication Index	**SDMFlc**	0.2484	0.8573	0.2373	0.9943	1.1408

CGSDM=Covariate for CG and Strategic Decision-making Measurements

Source: Field Data (2015).

Table 4.36: Correlations between Measurements and their Canonical Variables

(a) CG and SDM Measurements and Their Canonical Variables						
		CGSDM1	**CGSDM2**	**CGSDM3**	**CGSDM4**	**CGSDM5**
CG Transparency & Accountability Index	**CGT&A**	0.6742	-0.0561	-0.4365	-0.419	0.3514
CG Responsibility Index	**CGRes**	0.6625	-0.2653	-0.3574	-0.1227	-0.0246
CG Full Disclosures Index	**CGFdis**	0.7352	-0.1694	-0.4041	-0.1428	-0.0217
CG Equitable Treatment of stakeholders Index	**CGTEts**	0.7083	0.0188	-0.2773	0.3278	-0.2092
Comprehensiveness and Decentralisation Index	**SDMcd**	0.9196	-0.1483	0.2560	-0.0664	-0.048
Internal Politicisation and Co-ordination Index	**SDMIpc**	0.7781	0.3919	0.1245	-0.2867	-0.2463
Formalisation & Lateral Communication Index	**SDMFlc**	0.8410	0.4388	0.1077	0.1539	0.1119

(b) OP Measurements and Their Canonical Variables						
		Performance1	**Performance2**	**Performance3**	**Performance4**	**Performance5**
OP Financial Perspective Index	**OrPerFp**	0.5105	-0.1779	-0.1005	-0.0207	0.3860
OP Customer Focus Index	**OrPerCf**	0.8583	0.1179	-0.3529	-0.2293	0.2047
OP Internal Processes Index	**OrPerInP**	0.6353	0.2849	0.3318	-0.5198	0.3352
OP Learning and Growth Index	**OrPerLg**	0.7178	0.3411	0.1063	0.2206	0.5540
OP Social Equity Index	**OrPerSE**	0.8701	-0.2234	0.2552	0.0603	0.1966

CGSDM = Canonical variables for CG and SDM Measurements

Performance1 canonical variables of the performance measurements

Source: Field Data (2015).

Results in Table 4.36, part (a), exhibit correlations between each measurement in corporate governance and strategic decision-making measurements and their canonical variates. It is evident that the first variate (CGSDM1**)** is highly and positively correlated with both corporate governance and strategic decision-making measurements. The other variates (CGSDM2, CGSDM3, CGSDM4 and CGSDM5) have a mixture of negative or positive and moderately and lowly correlated with some corporate governance and strategic decision-making measurements. Results in Table 4.36, part (b), show correlations between each measurement in organisational performance dimension and its canonical variates.

This allows establishing whether or not the variates are combining the measurements in such a way that might represent a particular idea. The results show that the first variate for organisational performance measurements. Performance1 shows moderately and positively correlated variates for OrPerFp and OrPerInP measurements at 0.5105 and 0.6353, respectively. The other three organisational performance measurements (OrPerCf, OrPerLg and OrPerSE) had highly and positively correlated with scores of 0.8583, 0.7178 and 0.8701, respectively. To a great extent, Performance2, Performance3, Performance4 and Performance5, give lowly and positively or negatively correlated results. Perofrmance1 variate arguably captures much of the organisational performance measurements.

Table 4.37: Correlations between the Independent and Dependent Measurements and their Canonical Variables

(a) CG and SDM Measurements & Canonical Variables of OP Measurements						
		Performance1	**Performance2**	**Performance3**	**Performance4**	**Performance5**
CG Transparency & Accountability Index	**CGT&A**	0.4591	-0.027	-0.1635	-0.132	0.0591
CG Responsibility Index	**CGRes**	0.4511	-0.1275	-0.1339	-0.0386	-0.0041
CG Full Disclosures Index	**CGFdis**	0.5007	-0.0814	-0.1514	-0.045	-0.0036
CG Equitable Treatment of stakeholders Index	**CGTEts**	0.4823	0.0091	-0.1038	0.1033	-0.0352
Comprehensiveness and Decentralisation Index	**SDMcd**	0.6262	-0.0713	0.0959	-0.0209	-0.0081
Internal Politicisation and Co-ordination Index	**SDMIpc**	0.5298	0.1883	0.0466	-0.0903	-0.0414
Formalisation & Lateral Communication Index	**SDMFlc**	0.5726	0.2109	0.0404	0.0485	0.0188
(b) OP Measurements and the Canonical Variables of CG and SDM Measurements						
		CGSDM1	**CGSDM2**	**CGSDM3**	**CGSDM4**	**CGSDM5**
OP Financial Perspective Index	**OrPerFp**	0.3476	-0.0855	-0.0377	-0.0065	0.0649
OP Customer Focus Index	**OrPerCf**	0.5844	0.0567	-0.1322	-0.0722	0.0344
OP Internal Processes Index	**OrPerInP**	0.4326	0.1369	0.1243	-0.1638	0.0564
OP Learning and Growth Index	**OrPerLg**	0.4888	0.1639	0.0398	0.0695	0.0932
OP Social Equity Index	**OrPerSE**	0.5925	-0.1074	0.0956	0.019	0.0331

Source: Field Data (2015)

Table 4.37 presents further correlations in addition to the correlations between the measurements in variables and their canonical variates. The correlations in Table 4.37 illustrate relationship between each variable in one measurement and the canonical variates of the other. It is apparent that all organisational performance measurements are positively and moderately correlated with the first variates, Performance1 and CGSDM1. Based on the data about the variates, the correlations can be interpreted to mean that overall organisational performance is lowly and positively or negatively correlated with all corporate governance and strategic decision-making measurements.

Table 4.38: Canonical Redundancy Analysis – CG, SDM and OP Measurements

(a) Raw Variance of CG and SDM Measurements Explained by					
Canonical Variable Number	Their Own Canonical Variables		Canonical R-Square	The Opposite Canonical Variables	
	Proportion	Cumulative Proportion		Proportion	Cumulative Proportion
1	0.5852	0.5852	0.4637	0.2714	0.2714
2	0.0729	0.6581	0.2309	0.0168	0.2882
3	0.0910	0.7491	0.1403	0.0128	0.3010
4	0.0570	0.8061	0.0992	0.0057	0.3066
5	0.0317	0.8379	0.0283	0.0009	0.3075
(b) Raw Variance of Organisational Performance Measurements Explained by					
Canonical Variable Number	Their Own Canonical Variables		Canonical R-Square	The Opposite Canonical Variables	
	Proportion	Cumulative Proportion		Proportion	Cumulative Proportion
1	0.4818	0.4818	0.4637	0.2234	0.2234
2	0.0624	0.5443	0.2309	0.0144	0.2378
3	0.0553	0.5995	0.1403	0.0078	0.2456
4	0.0752	0.6747	0.0992	0.0075	0.2530
5	0.1877	0.8624	0.0283	0.0053	0.2584

Source: Field Data (2015).

Results in 4.38, part (a), show that the first canonical variate for corporate governance and strategic decision-making group of measurements explains 46.4 percent (R^2 =.4637) of the variability in the group's measurements. For the opposite canonical variable, the first canonical variate for corporate governance and strategic decision-making group explains 27.1 percent of the variability in organisational performance measurements.

Results in Table 4.38, part (b), show canonical redundancy analysis of organisational performance measurements. This is the degree to which the canonical variates of a group can explain the variability in the group's measurements. The results indicate that the first canonical variate for organisational performance group of measurements explains 46.4 percent (R^2=.4637) of the variability in organisational performance variable. For the opposite canonical variable, it depicts the degree to which the canonical variates of a group can explain the variability in the other group's measurements. The first canonical variate for performance group is explained by 22.3 percent of the variability in corporate governance and strategic decision-making measurements. From the CCA and the statistical tests conducted on co-alignment model, the results were statistically significant, thus supporting the hypothesis (H_5). It was therefore concluded that corporate governance-strategic decision making co-alignment has a statistically significant effect on performance of Mission Hospitals in Kenya.

4.6.6 Moderating influence of External Environment on the relationship between CG-SDM Co-alignment and Organisational Performance

The sixth study objective was to determine the moderating influence of external environment on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya. To address this objective, a corresponding hypothesis was formulated and stated as:

H_6: External environment has a significant moderating influence on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya.

Canonical Correlation Analyses were done to establish the relationship between external environment, strategic decision-making, corporate governance co-alignment and organisational performance. The moderating influence external environment on the relationship between corporate governance-SDM co-alignment and organisational performance was evaluated based on composite indices. This study used three (3) external environment measurements, namely munificence (EXEMnfc), dynamism (EXEDynm) and complexity (EXEComp), four (4) corporate governance measurements, namely transparency and accountability CGT&), responsibility (CGRes), full disclosure (CGFdis) and equitable treatment of stakeholders, three (3) strategic decision-making measurement, namely comprehensiveness and decentralisation (SDMcd), internal politicisation and coordination (SDMIpc) and formalisation and lateral communication (SDMFlc). Table 4.39 presents results of the relationship between the external environment, CG, SDM and organisational performance measurements.

Table 4.39: Effect of External Environment and Corporate Governance-Strategic Decision Making Co-alignment on Organisational Performance

Model Summary[c]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.322[a]	.104	.048	.73989	.104	1.856	3	48	.150	
2	.700[b]	.489	.394	.59014	.385	6.490	5	43	.000	2.107

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.048	3	1.016	1.856	.150[b]
	Residual	26.277	48	.547		
	Total	29.325	51			
2	Regression	14.349	8	1.794	5.150	.000[c]
	Residual	14.975	43	.348		
	Total	29.325	51			

a. Predictors: (Constant), corporate governance-strategic decision making co-alignment
b. Predictors: (Constant), corporate governance-SDM co-alignment, external environment
c. Dependent Variable: Organisational performance

Source: Field Data (2015).

Results of the analysis in Table 4.39 show that there is a strong relationship between the predictor variables and organisational performance up to 0.700 (R=.700). This is an indication that corporate governance-strategic decision making co-alignment dimensions and external environment explained 48.9 percent (R^2 =.489) variations of organisational performance. The remaining 50.1 percent variations of organisational performance are explained by other variables not in the model. These results in this model are statistically significant (p-value=0.000, which is<0.05, F ratio = 5.150). From the results, the researcher failed to reject the hypothesis (H_6) since the relationships were adequately supported, thus a conclusion that external environment has a significant moderating influence on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya.

4.6.7 Corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment on Organisational Performance

The seventh and last study objective was to ascertain the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya. The resultant and seventh hypothesis was formulated and stated as:

H_7: ***Corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment have a significant joint effect on performance of Mission Hospitals in Kenya.***

The seventh regression analysis was on organisational performance, as dependent variable, versus corporate governance, strategic decision-making and corporate governance-strategic decision making co-alignment, as independent variables, and external environment, as the moderating variable. The results of the regression analysis are presented in Table 4.40.

Table 4.40: Joint effect of Corporate Governance, SDM, CG-SDM Co-alignment and External Environment on Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.425	.181	.164	.62563	.181	10.824	1	49	.002
2	.827	.684	.670	.39282	.503	76.289	1	48	.000
3	.830	.688	.668	.39410	.005	.688	1	47	.411

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.237	1	4.237	10.824	.002[a]
	Residual	19.179	49	.391		
	Total	23.416	50			
2	Regression	16.009	2	8.004	51.872	.000[b]
	Residual	7.407	48	.154		
	Total	23.416	50			
3	Regression	16.116	3	5.372	34.586	.000[c]
	Residual	7.300	47	.155		
	Total	23.416	50			

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.828	.788		1.052	.298		
CG-SDM Co-alignment	.823	.250	.425	3.290	.002	1.000	1.000
2 (Constant)	-1.494	.562		-2.661	.011		
CG-SDM Co-alignment	.657	.158	.339	4.150	.000	.985	1.015
External environment	.820	.094	.714	8.734	.000	.985	1.015
3 (Constant)	1.656	.596		-2.778	.008		
Corporate governance	.741	.188	.383	3.933	.000	.700	1.429
Strategic Decision-making	.858	.114	.575	4.034	.000	.964	1.037
CG-SDM co-alignment	.120	.145	-.103	-.830	.411	.430	2.326
External environment	.888	.125	.774	7.100	.000	.558	1.791
Interaction term	.775	.088	-.554	-3.957	.036	.978	1.644

a. Predictors: (Constant), Corporate governance-strategic decision making co-alignment
b. Predictors: (Constant), Corporate governance-SDM co-alignment, external environment
c. Predictors: (Constant), Corporate governance, SDM, corporate governance-strategic decision making co-alignment, external environment,
d. Dependent Variable: Organisational Performance

Source: Field Data (2015).

The results of the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment are presented in Table 4.40. It indicates that the variables are correlated with organisational performance up to 0.830 (R=0.830). Further, the predictor variables explained 68.8 percent (R^2=0.688 and adjusted R^2=0.668) variations of organisational performance, with the remaining 31.2 percent being described by other variables not explained in this model. In this model, corporate governance-strategic decision making co-alignment is correlated with performance up to 0.425 (R=0.425) and explain 18.1 percent (R^2=0.181) of variations in performance. However, when the moderating variable, external environment was introduced, CG-SDM co-alignment explained 68.4 percent (R^2=.684) of the variations in organisational performance. The contribution was statistically significant, with β=0.339, t-value = 4.150 and p-value=0.000. This relationship was presented in the seventh regression equation is as:

$$\mathbf{P = \alpha + \beta_{71}CG + \beta_{72}SDM + \beta_{73}CG\text{-}SDM\ Co\text{-}alignment + \beta_{74}EE + \mathcal{E}}$$

Organisational performance = 1.656+ 0.775 Interaction Term.

P= 1.656+0.775 Ɛ…….. Equation 4.7(1)

Where:

P = Organisational Performance

α = Constant (intercept)

$\beta_{71}, \beta_{72}, \beta_{73}, \beta_{74}$, = Coefficients

CG (X_1) = Corporate Governance Index

SDM (X_2) = Strategic Decision-making Index. All the indicators had $p>0.05$, thus left out of the equation model

CG-SDM (X_3) = Corporate governance-strategic decision making co-alignment

EE (X_4) = External Environment Index

ε = Interaction term

The regression equation indicates that a unit change in CG, SDM, CG-SDM co-alignment, and external environment yields to 0.741, 0.858, 0.120, and 0.888 change in organisational performance, respectively. The influence of the interaction term was positive, implying that the collaboration of the predictor variables resulted in a positive change in the performance of Mission Hospitals in Kenya.

From the findings and the statistical tests done on co-alignment model and moderating influence, the researcher failed to reject the hypothesis ($\mathbf{H_7}$) since the data largely supported it, thus a conclusion that corporate governance, strategic decision-making, corporate governance-strategic-strategic decision making and external environment have a significant joint effect on the performance of Mission Hospitals in Kenya.

4.7 Chapter Summary

This chapter presented the response rate, findings from the responses received, and results of various tests, namely normality, multicollinearity and homogeneity of variance. The chapter also showed how the various variables manifested and influence performance of Mission Hospitals in Kenya. The response rate was 84.09 percent which was considered as sufficient for analyses. The variables were tested and interpreted using one sample t-tests, coefficient of variations, mean scores and significance levels.

Varied outcomes of the manifestations were noted. Most of the responses reported moderately high rankings with statistically significant levels across organisations on the aspects presented to the respondents. Data analysis was done using both descriptive and inferential statistics as guided by the research question, objectives and hypotheses. On the basis of the findings, results of tests of research hypotheses were undertaken. The next chapter is devoted for discussion of the findings.

CHAPTER FIVE

DISCUSSION OF STUDY FINDINGS

5.1 Introduction

The previous chapter is devoted to preliminary study findings and testing of the hypotheses among other sub-sections. This chapter presents discussions on the results of the research as well as the relevance of the findings to the established literature. The discussion revolves around the results that were found to concur or differ with other studies, as well as theoretical and conceptual propositions. It also explores implications of the findings to the existing body of knowledge and its wider implications in the field of strategic management. The findings of the hypotheses tested are summarized and a discussion correlating the findings on corporate governance, strategic decision making, co-alignment model, external environment and organisational performance is presented.

The broad objective of this study was to interrogate the influence of corporate governance-strategic decision making co-alignment and external environment on organisational performance. To achieve this, seven specific objectives and their corresponding hypotheses were set and formulated respectively. There are seven hypotheses in this study that have different relationships among the various independent, moderating and dependent variables. To test the hypotheses, organisational composite indices of corporate governance dimensions, strategic decision-making dimensions, external environment and organisational performance have been discussed in subsequent sections of this chapter.

From the previous chapter, simple, multiple and partial regression analyses were carried out at 95.0 percent confidence level ($\alpha = 0.05$) at which point decisions about the hypotheses were made. The hypotheses were tested to establish the influence of independent variables on the dependent variable. For the moderating influence, hierarchical regression analysis was used, where the moderating variable was added to independent variables to check the direct influence of independent variables on the dependent variable. Regression analyses and equations were derived after various values, including R, R^2, F ratio, t-values and p-values.

The R-value reported the relative correlations on strength of the relationship between the variables, whether strong or weak. The R^2 values depicted the extent to which variations in the performance indicators were explained by independent variables thus showing the proportion of the performance indicator that accounted for by the combined effects in the model. The F-value presented the statistical significance of the overall model on performance at 95 percent confidence level. The t-values represented the significance of individual variables. Further, beta values showed the positive or negative effect of the independent variable on the dependent variable. Finally, p-values represented the significance of the model parameters. Results that had p-values equal or less than 0.05 led to rejection of the hypothesis, while those with $p>0.05$ resulted in failure to reject the stated hypotheses. The results have been discussed in line with the seven hypotheses.

5.2 Corporate Governance and Organisational Performance

The first study objective was to determine the effect of corporate governance on performance of Mission Hospitals in Kenya. A corresponding hypothesis was formulated and stated as; corporate governance has a significant influence on organisational performance. The study operationalized corporate governance in five different

dimensions, namely: transparency, accountability, responsibility, full disclosures, and equitable treatment of stakeholders. These indices were evaluated and tested against five organisational performance dimensions of financial perspectives, customer focus, internal business processes, performance learning and growth, and social equity. The first hypothesis was tested after statistical analyses and interpretation of the results. The order of analysis and reporting results was to first establish the independent effect of each parameter before testing the combined effects on performance. This required that a performance index be constructed for each dimensions. For each of the regression analyses, the effects of corporate governance indices were analysed against organisational performance indices.

Corporate governance provides a framework through which the means of attaining organizational objectives, as well as monitoring and evaluating performance, are determined (Mallin, 2010). The set of mechanisms guiding good corporate governance has been introduced in recent years through enactment of governance codes throughout the world. Corporate scandals have resulted in countries introducing codes of good governance to complement their corporate laws. Jensen and Meckling (1976) have argued in seminal contributions the agency theory that individual goals are not always in line with organisational goals. To illustrate the strategic relevance of this effect, it is helpful to use the concept of interest alignment as a measure of the correspondence between individual and organisational goals.

Studies investigating the relationship between corporate governance and organisational performance in different countries and across a wide range of sectors have found inconsistent and contradictory results (Hermalin and Weisbach, 2003; Gompers et al.,

2003; Mkalama, 2014; Ongeti, 2014). This may be due to the lack of a comprehensive coverage of aspects of corporate governance practices and an organisation may not have an independent board, but may have strong board committees and a non-entrenched board, which still guarantee appropriate internal and external monitoring (Baulkaran, 2014; Kinuu, 2014).

While Bhagat and Black (2002) found a strong correlation between corporate governance and performance, other studies revealed varying degrees of positive association (Baysinger and Hoskisson, 1990; Awino, 2011; Letting, 2011; Love, 2011; Macharia, 2014). Conversely, Ongore (2008) found a negative relationship between corporate governance and performance of some of the listed firms in Kenya.

According to Kajola (2008), pressure from globalisation has led to a redefinition of the social function of many healthcare organisations. Indeed, some of them have as a social goal delivering quality healthcare and as an economical goal to increase wealth and employment in a particular community and also to contribute to the development of new technologies. However, performance keeps an organisation in business and creates a greater prospect for future opportunities (Romanic et al., 2015). Hospitals with good corporate governance tend to attract a large number of stakeholders since they assure reasonable return on investments.

From the results, all the corporate governance dimensions were correlated (R) with organisational performance indices of financial, customer, internal processes, learning and growth, and social equity up to 0.425, 0.469, 0.497, 0.427 and 0.416, respectively. All the scores fell between 0.415 and 0.498, indicating weak to moderate positive linear

relationship between corporate governance dimensions (the explanatory or cause variable) and the performance of Mission Hospitals in Kenya (the response or effect variable). Further, corporate governance indices explained (R^2) 18.1, 22.0, 24.7, 18.2 and 17.3 percent variations of financial, customer, internal processes, learning and growth, and social equity indicators of performance, respectively. The scores were between 17 percent and 25 percent, with the remaining more than 75 percent being explained by other variables not in the model. Corporate governance dimensions are more correlated (R=0.497) with and explained 24.7 percent (R^2=0.247) variations in internal business processes. Social equity received the least score of R = 0.416 and R^2 = 0.173.

The *F* ratio and a *p*- value were 2.34 and 0.054 (financial), 2.989 and 0.019 (customer), 3.544 and 0.008 (internal business processes), 2.406 and 0.048 (learning and growth), and 2.262 and 0.061 (social equity), respectively. All the F-values were more than one (1) and the calculated *p*-value for customer, internal business processes and learning and growth were less than 0.05, inferring that the model of these three dimensions was significant at α - level of 0.05. Financial and social equity had p-value of more than 0.05, meaning these two dimensions were not statistically significant at α - level of 0.05.

The combined indices of corporate governance and organisational performance were derived. 24.4 percent of the variations in organisational performance were explained by the changes in corporate governance. The results of the bivariate correlation had statistically significant effects on performance (F ratio = 5.271 and p-value = 0.002<0.05). The results on the basis of the derived results, the researcher failed to reject the hypothesis ($\mathbf{H_1}$) because it was statistically supported. The results from the regression

analyses and the model indicate a good fit or a positive relationship between the two study variables, thus concluding that corporate governance has a significant effect on the performance of Mission Hospitals in Kenya.

5.3 Corporate Governance, External Environment and Performance

The second study objective was to determine the moderating influence of external environment on the relationship between corporate governance and performance of Mission Hospitals in Kenya. A corresponding hypothesis was formulated and stated as: external environment has a significant moderating influence on the relationship between corporate governance and organisational performance. The predictor variables were therefore corporate governance and external environment.

There were five corporate governance measurements, namely: transparency, accountability, responsibility, full disclosures, and equitable treatment of stakeholders. These indices were evaluated and tested against five organisational performance dimensions of financial perspective, customer focus, internal business processes, learning and growth, and social equity. The operationalization of the moderating influence of external environment was through three measurements, namely: munificence (to determine the level of hostility, influence and favourability), dynamism (to assess frequency of changes and predictability) and complexity (to interrogate issues, similarities and dissimilarities).

External environment is a contingent factor on the organisation in terms of the opportunities it creates and the threats it poses (Ansoff, 1987; Porter, 1987; Olsen et al., 1998). These risks are a function of the complexity and uncertainty associated with the

environment, which may have a significant impact on an organisation's success. Organisations are not self-dependent, instead, they are interdependent with their environment and other organisations for their survival (Pfeffer and Salancik, 1978; Ansoff and Suvillan, 1993). Extant literature has argued that occurrences in the external environment have a bearing on the process of strategy implementation, and consequently effect on organisational performance (Ansoff, 1987; Porter, 1987; Ansoff and Suvillan, 1993). Contextual arguments also suggested that the occurrences in the external environment are allowable reasons for deviations in set performance targets (Machuki, 2011; Macharia, 2014; Murgor, 2014). These researchers concur that an organisation's external environment has implications on its performance.

In this study, the order of analyses and reporting results was to first establish the independent effect of each predictor parameter before testing their combined effects on performance. This required derivation of indices for external environment, corporate governance and composite organisational performance. For each of the regression analyses, the effect of CG indices were analysed against organisational performance indices. In order to test for the moderation influence, hierarchical regression analysis was conducted using two steps.

Step one, tested the influence of external environment on corporate governance and on the relationship between corporate governance and organisational performance. The interaction term was then introduced in the equation and its significance evaluated when controlling for corporate governance and external environment. The interaction term was computed as the product of the unstandardized scores of corporate governance and external environment. To confirm moderation, the influence of the interaction term was found to be statistically significant.

Step two was to determine the moderating influence of external environment in predicting organisational performance above and beyond the effect of corporate governance. Descriptive statistics and simple index correlations of the variables defined the model. The results indicated that corporate governance practices had the highest mean score of 0.813 (4 – Large Extent) and a standard deviation of 0.149, followed by organisational performance with a mean score of 0.727 (4 – Large Extent) and a standard deviation of 0.135, and the last was external environment factors with a score of 0.635 (3 – Moderate Extent), and a standard deviation of 0.108.

Results from the regression analyses confirmed that the variables entered in the model in each step, namely corporate governance index and external environmental index had significant influence on performance. Before the interaction term, external environment index was correlated with performance of up to 0.322 (R = 0.322), while corporate governance index was correlated with performance up to -0.032 (R = - 0.032). External environment and corporate governance indices were correlated with each other up to -0.050 (R = -0.050). Using one–tailed test, the predictor variable indices had results with a p-value of 0.004, which is less than 0.05 and 0.395, which is greater than 0.05 for external environment and corporate governance, respectively. External environment was statically significant while corporate governance was not significant before introducing the interaction term in the model.

The findings for step one indicated that corporate governance (with B = 0.360, t = 4.192, p-value = 0.000<0.05) and external environment (with B = 0.290, t = 2.740, p = 0.008<0.05) were correlated with organisational performance up to 0.322 (R=0.322). Further, the predictor variables explained10.4 percent (R^2 = 0.104) variations of

organisational performance, with the remaining 89.6 percent being described by other variables not explained in this model. The model, in the first step, is not statistically significant (*F* ratio =1.856 and p-value =0.150>0.05). In the second step, the effect of the interaction term on controlling of the two predictor variables was statistically significant (B = -0.675, t=-3.957, p-value =0.046<0.05). Adding an interaction term to the model drastically changed the values of all of the coefficients**.** The significance of the interaction term confirmed that external environment has a significant influence on the relationship between corporate governance and organisational performance. The interaction between the two variables had an influence on organisational performance and confirmed a moderation relationship. However, the influence of the interaction term was negative, implying that the collaboration of the two predictor variables resulted in a negative change in organisational performance. The revised model explaining the relationship was statistically significant (R^2=0.489, F=5.150, P-value=0.00<.05).

The results of this study echo assertions of previous studies that selected external environmental factors such as market turbulence and Porter's five competitive forces moderate the relationship between corporate governance and organisational performance (Mahmoud, 2011; Zebal and Goodwin, 2011; Momrak, 2012; Murgor, 2014). According to Murgor (2014), studies that exclusively link external environment to performance are rare, yet performance is contingent upon organisations' appropriate alignment with environmental changes. Further according to Machuki, (2011), perceiving, understanding and responding to environmental upheavals have implications on performance of every organisation.

The statistical tests and study results supported the effect of the predictor variables on organisational performance, hence the researcher failed to reject the hypothesis (H_2) for it was statistically supported. It is along this evidence that a proposition was made that the external environment had a statistically significant moderating influence on the relationship between corporate governance and organisational performance. This implies that corporate governance depends on external environment in determining the performance of Mission Hospitals in Kenya.

5.4 Strategic Decision-Making and Organisational Performance

The third research objective was to establish the effect of strategic decision-making (SDM) on performance of Mission Hospitals in Kenya. A corresponding hypothesis was formulated and stated as; strategic decision-making has a significant effect on organisational performance. These measurements were evaluated and tested against the five (5) organisational performance dimensions of financial perspective, customer focus, internal business processes, learning and growth, and social equity. The influence of strategic decision-making was evaluated based on SDM indices.

Extant literature concurs that SDM has a significant effect on performance because of the fundamental position of SDM in determining organisational survival (Ansoff, 1987; Porter, 1987; Mkalama, 2014; Murgor, 2014, Dominic, 2015). Literature review and theoretical reasoning from previous researchers led to the belief that strategic decision-making is associated with organisational performance. Nielson (2010) argued that SDM is important as it involves choosing key factors that determine organisational performance in the short and long run. Studies have confirmed that SDM has an influence

on organisational performance (Fredrickson and Mitchell, 1984; Bourgeois and Eisenhardt, 1988). However, other studies have argued that some dimensions of SDM influence organisational performance negatively. Fredrickson and Mitchell (1984) and Papadakis et al. (1998) argued that comprehensiveness exhibited a consistently negative relationship with performance especially in turbulent industries but there was a positive relationship between corporate performance and comprehensiveness in relation to return on assets.

There is therefore no consensus on the contribution of comprehensiveness on organisational performance. Superior performance of an organisation arises because its unique vision positively differentiates it from its competitors. Strategic decision-making addresses the questions of who, where, when, and how to reach the desired performance (Sermon, Hitt and Ireland, 2006). Strategic decision-making is important for an organisation in achieving multiple objectives, such as reducing costs, improving performance and building competitive advantages become a continuous process (Alsoboa et al., 2015). It is against this background that the study sought to establish the effect of SDM on performance of Mission Hospitals in Kenya. It bridges the gap between policy and tactics and it is a joint province of those who govern and those who manage. The research carried out a regression analysis to determine the magnitude of the relationship between strategic decision-making and organisational performance.

The results indicated that the overall mean score for SDM measurements was 3.83, from the 5-point Likert scale. This was above the rating of ‘to a moderate extent (3)’ and close ‘to large extent (4)’. This was an indication that strategic decision-making dimensions were rated by the respondents as being true to a large extent by most Mission Hospitals in

Kenya. However, the respondents had mixed outcomes with respect to strategic decision-making. Some statements reported high ranking with respect to manifestation of comprehensiveness (with a Mean Scores of 4.42). Such statements included 'the mission statement is informed by what we are, what we do, why we do it and how we do it' which had a mean of 4.42, standard deviation of .801, CV of 18.1 percent and t-value of 46.82. A similar statement with a mean of 4.42, standard deviation of .0946, CV of 21.4 percent and t-value of 39.63 was that 'there are planned board meetings to discuss issues and make important decisions'.

Conversely, the statements that 'external resistance is experienced during the strategic decision-making process' and 'the decision-making process is prone to frequent interruptions from outside the organisation' had the lowest means of 2.92 and 2.90, respectively. They had a standard deviation of 1.319 and 1.267, CV of 45.2 percent and 43.7 percent, with t-values of 18.77 and 19.30, respectively. Notably, all the statements were statistically significant; data supported drawing conclusions correctly. This implies that most of these statements are very crucial during the strategic decision-making. In order to establish this relationship, regression analyses were done using six (6) strategic decision-making measurements, namely comprehensiveness, formalisation, coordination devices, lateral communication, decentralisation and internal politicisation (Papadakis and Barwise, 1996).

First, a test on the influence of each of these six SDM measurements on organisational performance was performed then analysis on the combined effect of the SDM dimensions on performance was computed and a statistical test performed. Results of the regression analysis demonstrated that strategic decision- making was correlated with organisational

performance up to 0.854 (R=0.854). Further, SDM explained 73 percent (R^2 = 0.730 and adjusted R^2 = 0.710) variations of organisational performance, with the remaining 27 percent being described by other variables not explained in the model. The results of the bivariate correlation were statistically significant, with F ratio of 16.272 and a p-value of 0.000. With a calculated p-value of less than 0.05.

From the composite regression equation, a unit change in SDM yielded a positive coefficient of 0.858 changes in organisational performance, with a constant in the model of 0.356. The standardised regression coefficient was used as it removes the unit of measurement of the predictor and outcome variables. This allowed the researcher to compare the relative effect of predictors measured on different scales. The constant value indicates that performance of Mission Hospitals positively changed 0.356 when SDM indices were zero. Hospitals with good corporate governance attract a large number of stakeholders since they assure reasonable return on investments.

This concurs with Yoo et al. (2009) that strategic decisions are important because they determine the actions that organisations take, and the resources that are allocated to implement decisions in order to meet organisational goals and objectives and that the process of strategic decision-making is therefore one of the most important processes for organisational sustainability which must unfold smoothly and the managers must be able to select a course of action that will enable the organisation meet its mission and vision.

Furthermore, according to Papadakis and Lioukas (1996) and Bourgeois and Eisenhardt (1988), comprehensiveness may lead to better performance. This is because management are able to evaluate alternative strategies; brainstorm together and therefore would be having the same understanding of the strategic decision that an organisation chooses to

adapt. However, Fredrickson and Mitchell (1984) and Papadakis et al., (1998) argued that comprehensiveness exhibited a consistently negative relationship with performance especially in turbulent industries but there was a positive relationship between corporate performance and comprehensiveness in relation to return on assets.

Conversely, it became apparent that Mission Hospitals in Kenya focussed more on non-financial measurements of customer focus, social equity and equal treatment of stakeholders than financial measurements. The faith anchorage of these hospitals made them operate a service to people rather than the return they obtain in service delivery. The results of this study indicate that SDM had statistically significant effects on the performance. The researcher consequently failed to reject hypothesis H_3 because it was statistically supported and concluded that strategic decision-making has a significant effect on performance of Mission Hospitals in Kenya.

5.5 Strategic Decision-Making, External Environment and Organisational Performance

The fourth research objective sought to determine the moderating influence of external environment on the relationship between strategic decision-making and performance of Mission Hospitals in Kenya. A corresponding hypothesis was then formulated and stated as, external environment has a significant moderating influence on the relationship between strategic decision-making and organisational performance. This involved testing the main effects of the independent variable (strategic decision-making) and the moderating variable (external environment) on the dependent variable (organisational performance) and the interaction between strategic decision-making and the external environment.

Organisational responses to environmental changes are likely to result to variations in organisational performance (Sermon et al., 2006). For an organisation to achieve its mission and to survive into the future, it is imperative for its leadership to constantly adjust its strategy to match the dynamic and turbulent environment (Ansoff, 1987). The six strategic decision-making measurements were evaluated and tested against the five organisational performance dimensions. The operationalization of the moderating influence of external environment was through three measurements, namely: munificence, dynamism and complexity.

The fourth study hypothesis was tested after statistical analyses and interpretation of the results. The order of analysis and reporting results was to first establish the independent effect of each parameter before testing the combined effects on performance. This required obtaining both strategic decision-making and organisational performance composite indices. For each of the regression analyses, the effect of strategic decision-making indices were analysed against organisational performance indices. The second step was to determine the moderating influence of external environment in predicting organisational performance above and beyond the effect of strategic decision-making. The predictor variables were, therefore, SDM and external environment.

The results of this study show that strategic decision-making and external environment explained 42.2 percent of the variation in organisational performance (R^2=.422). Under change statistics, the results reveal that the R^2 change increased by 3 percent from 0.393 to 0.422 (R^2 change=.16) when the interaction variable (strategic decision-making*external environment) was added. The effect was statistically significant at α=.05 (p-value=.000).

To create an interaction term, strategic decision-making and external environment measures were first centred and a single item indicator representing the product of the two measures calculated. The creation of a new variable by multiplying the scores of strategic decision-making and external environment factors risks creating a multicollinearity problem. To address the multicollinearity problem which can affect the estimation of the regression coefficients for the main effects, the two factors were converted to unstandardized (Z) scores that have mean zero and standard deviation one. The two unstandardized variables (strategic decision-making and external environment) were then multiplied to create the interaction variable.

The results further showed a statistically significant relationship between strategic decision-making, external environment and the interaction ($F=7.298$, p-value=0.001). The results showed statistically significant regression coefficients for strategic decision-making ($\beta=0.368$, p-value=0.044) indicating that there was a linear dependence of organisational performance on strategic decision-making. However, there was no statistically significant relationship between external environment and organisational performance that was detected ($\beta=0.249$, p-value=0.153). Similarly, a statistically linear relationship of organisational performance on the multiplicative term of strategic decision-making and external environment was detected ($\beta=-0.187$, $p=0.032$). This implies that changes in the external environment may negatively affect strategic decision-making and organisational performance relationship as the direction of the relationship becomes negative.

The results of step one indicated that strategic decision-making (at B = 0.025, t = 2.520, p-value = 0.017<0.05) and external environment (at B = 0.020, t = 1.650, p-value = 0.019<0.05) are correlated with organisational performance up to 0.627 (R=0.627). Further, the predictor variables explained 39.3 percent (R^2 = 0.393 and adjusted R^2 = 0.354) variations of organisational performance, with the remaining 60.7 percent being described by other variables not explained in this model. The results of the bivariate correlation were *F* ratio of 10.042 and a p-value of 0.000, making the change statistically significant at α=.05. The regression model was adequate to explain the relationship between the predictor and dependent variables.

In the second step, the effect of the interaction term on controlling of the two variables was statistically significant (at B = -0.009, t=-1.221, p-value =0.032<0.05). Adding an interaction term to the model drastically changed the interpretation of all of the coefficients**.** The significance of the interaction term confirmed that external environment is correlated with organisational performance up to 0.650 (R=0.650). Further, the predictor variables explained 42.2 percent (R^2 = 0.422 and adjusted R^2 = 0.364) variations of organisational performance, with the remaining 57.8 percent being described by other variables not explained in this model. Under change statistics, the results reveal that the R^2 change increased by 3 percent from 39.3 percent to 42.2 percent (R^2 change=0.16) when the interaction variable (strategic decision-making*external environment) was added. From the results and decision not to reject the hypothesis (**H_4**), the researcher concluded that external environment has a statistically significant moderating influence on the relationship between SDM and the performance of Mission Hospitals in Kenya.

5.6 Corporate Governance-Strategic Decision Making Co-alignment and Organisational Performance

The fifth objective of this study was formulated to assess the effect of corporate governance-strategic decision making co-alignment on performance of Mission Hospitals in Kenya. A fifth hypothesis to be tested was then stated as, corporate governance-strategic decision making co-alignment has a significant effect on organisational performance. This involved testing the effect of each independent co-alignment variable (corporate governance and strategic decision-making) and on the dependent variable (performance).

Corporate governance makes strategic decisions that align an organisation to its environment with a view of improving its performance over competition (Coulter, 2005; Mallin, 2010). In their study, Venkatraman and Prescott (19990) provide a step by step process of testing co-alignment, while Tan and Litschert (1994) have used SAS package to test co-alignment model. This study used a combination of the two approaches by using corporate governance and strategic decision-making measurements to develop both bivariate and covariates in order to test for their impact on organisational performance. Using Tan and Litschert confirmatory factor analysis and bringing out the correlation coefficients made testing of co-alignment model possible.

Venkatraman and Prescott (1990) point out that previous research on the environment-strategy-performance paradigm could be categorised into either: (a) the reductionist perspective or (b) the holistic perspective. The former typically conceptualises environment and/or strategy in terms of a few dimensions. It is based on the assumption that interaction between two constructs can be understood in terms of pairwise correlation among the individual dimensions that represent the constructs. Since the primary research

objective was to interrogate to what extent one set of two or more variables can be predicted or explained by another set of two or more variables, canonical correlation analysis was chosen as the statistical tool to analyse the multivariate relationships between corporate governance and SDM. Additionally, Pearson-Correlation was used to supplement canonical correlation when testing the congruent the fifth hypothesis.

When using canonical correlation analysis, it must be assumed that the data are reliable since low reliability tends to attenuate the entries in R (Thompson, 1984). The results of reliability tests ruled out this source of error. The study had set to determine influence of corporate governance-strategic decision making co-alignment on organisational performance. Multilinear and linear regression analyses were executed to determine the magnitude of the relationship between corporate governance-strategic decision making co-alignment and organisational performance. The combined index of the corporate governance-strategic decision making co-alignment dimensions and organisational performance was computed and a regression analysis performed to establish the influence of corporate governance-strategic decision making co-alignment on organisational performance. Cohen's (1988) guidelines were used to interpret correlation between corporate governance and strategic decision-making dimensions.

This study used Pearson correlations to show the level and direction of the correlation between the corporate governance, strategic decision making and organisational performance measurements. There were positive correlations between all the corporate governance indices and strategic decision-making indices. To test for co-alignment, detailed pairwise canonical correlation analyses were done in three steps as between, corporate governance and organisational performance, strategic decision-making and organisational performance, and CG, SDM and organisational performance.

Results from the first pairwise canonical correlations (corporate governance and organisational performance) indicated that the first pair of variates had a moderate and positive correlation coefficient of 0.630, with the last pair having a low positive correlation coefficient of 0.048. The first and the last pair of variates were computed as (0.630421*0.630421) = 0.397431 and (0.047628*0.047628) = 0.002268, respectively. The organisational performance variates, therefore, were explained by 39.7 percent (variate= 0.397431) of corporate governance variates. Wilks' Lambda testing all the four correlations was 0.533 which was equal to the likelihood ratio and p-value =0.03, which is <0.05.

From the analysis, it was true if we use the other tests and this implies that there exists a statistically significant linear relationship between the canonical variates. The results further indicated that overall organisational performance is related to all corporate governance measurements. However, organisational performance customer focus index dominated the first group and the canonical variates, that is, in terms of performance there appear to be focus on the customer. The surprising result is the decreasing effect of organisational performance financial perspective index, which can be interpreted to mean that Mission Hospitals focussed more on the customer than financial results. Supposedly by focusing on the customer is what Mission Hospitals need to achieve their set goals and objectives. The second pairwise canonical correlations confirmed a linear combination of SDM and organisational performance measurements had a correlation coefficient of 0.658. The last pair has a correlation coefficient of 0.238. The first and the last pair of variates were computed as (0.6574*0.6574) = 0.4322 and (0.2384*0.2384) = 0.0568, respectively. The organisational performance variates, could be explained by 43.2 percent (variate= 0.4322) of SDM variates. Wilks' Lambda testing all the correlations was

0.446823 which is equal to the likelihood ratio, and with p-value of <0.0001. Based on the analyses, the null hypothesis that there is no significant effect of SDM on organizational performance was rejected because the p-value was less than alpha level of 0.05, meaning the effect of SDM on performance was statistically significant. The results further indicated that both customer focus and social equity were highly and positively correlated with SDM measurements at 0.8950 and 0.8142, respectively. Supposedly by focusing on these two variates could be what Mission Hospitals require to achieve their goals and objectives.

The third and last pairwise canonical correlations confirmed a linear combination of CG, SDM and organisational performance measurements, which had a correlation coefficient of 0.6809 and 0.1682 for the first and last pair, respectively. The first and the last pair of variates were computed as (0.6809*0.6809) = 0.46369 and (0.1682*0.1682) = 0.02830, respectively. From the analysis, Wilks' Lambda testing of all the correlations was 0.3069989 which is equal to the likelihood ratio, and p-value was 0.0037. The null hypothesis that there is no significant effect of CG-SDM co-alignment on organizational performance was rejected because the p-value was less than alpha level of 0.05, meaning the effect of CG-SDM co-alignment on performance was statistically significant. This could also be true if we used the other tests. This implies that there exists a statistically significant linear relationship between the co-alignment canonical variates.

The organisational performance variates were explained by 46.4 percent (variate= 0.46369) of corporate governance and strategic decision making co-alignment variates. This notwithstanding and based on data about the variates, the correlations meant that overall organisational performance was positively or negatively correlated with all corporate governance and strategic decision-making measurements. In fact twenty six out

of thirty five (26/35) values depicted moderate positive relationships between CG, SDM and organisational performance. The remaining nine out of thirty five (9/35) values portrayed low positive correlations between the measurements. It is important to point out that there was no low value under customer focus and social equity measurements of organisational performance. Financial perspective measurement had five out of seven (5/7) low relationships.

The findings showed that there was a strong relationship between corporate governance-strategic decision making co-alignment and performance up to 0.937 (R=.937). The results also showed that 87.8 percent (R^2 =.878) variations in performance could be explained by corporate governance-strategic decision making co-alignment, with the remaining 12.2 percent being explained by other variables not in the model. The results stood at F ratio of 34.650 and a p-value of 0.000. With a calculated p-value of less than 0.05, the regression model is statistically significant and adequate to explain the relationship between the predictor and dependent variables. Though there was no perfect positive correlation, where correlation coefficient is equal to one, two indices: comprehensiveness-transparency (at 0.876) and coordination-full disclosure (at 0.967) had a strong positive correlation, meaning they had strong degree of co-alignment. Majority of the other indices indicated fair positive correlations and moderate degrees of corporate governance-strategic decision making co-alignment. However, weak positive correlations and degrees of co-alignment were between the indices of formalisation-equitable treatment of stakeholders (at 0.452), lateral communication-transparency (at 0.413) and lateral communication-responsibility (at 0.410). Further, the results showed statistically significant co-alignments between all the relationships.

Gompers et al. (2003) clearly support the hypothesis that well-governed organisations out-perform their poorly governed counterparts and their accounting statements show better performance. Other studies have empirically shown that corporate governance has a direct relationship with strategic decision-making (Venkatraman and Prescott, 1990; Machuki, 2011; Macharia, 2014; Mkalama, 2014). These studies revealed that co-alignment is a determinant of high performance, that is, where co-alignment is attained, performance is greater. The relationship between corporate governance-strategic decision making co-alignment and performance is sometimes faced with exogenous factors within its environment that provides both facilitating and inhibiting influences on performance (Pearce and Robinson, 2011).

Cho (1994) suggests that the performance of an organisation may vary according to whose viewpoint is taken, the time period observed and the criteria used. However, it is generally agreed that financial measurements are better predictors of success in Mission Hospitals. The two measures to be interrogated in this research were financial and non-financial measurements. Generally, data from this study showed high positive relationships between corporate governance-strategic decision-making co-alignment and organisational performance. Based on the results and a decision to fail to reject the hypothesis ($\mathbf{H_5}$), the researcher concludes that corporate governance-strategic decision making co-alignment has a significant effect on the performance of Mission Hospitals in Kenya.

5.7 Corporate Governance-Strategic Decision Making Co-alignment, External Environment and Organisational Performance

The sixth objective of this study was formulated to determine the moderating influence of external environment on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya. A corresponding sixth hypothesis to be tested was stated as; external environment has a significant effect on the relationship between corporate governance-strategic decision making co-alignment and organisational performance. This involved testing the effect of the independent variable (corporate governance-strategic decision making co-alignment) and moderating variable (external environment) on the dependent variable (organisational performance) and the interaction between strategic decision-making and the external environment.

Conceptual and empirical studies have identified several specific environmental dimensions, which include dynamism (Thompson, 1967; Dess and Beard, 1984), complexity (Thompson, 1967; Child, 1972; Mintzberg, 1979; Tung, 1979; Dess and Beard, 1984), and munificence (Miller and Friesen, 1978; Mintzberg, 1979, Murgor, 2014). Environmental complexity and dynamism have been closely linked to the information uncertainty perspective (Lawrence and Lorsch, 1967; Thompson, 1967), while hostility has been tied to the resource dependence perspective (Pfeffer and Salancik, 1978; Aldrich, 1979). The perspectives offer a better understanding of the impact of each environmental dimension on governance and strategic decision-making process of an organisation.

Corporate governance's perception of uncertainty and its influence on strategic decision-making process affects performance (Miller and Friesen, 1982). It is further posited that a fit between environmental dimensions and corporate governance-strategic decision making co-alignment leads to better organisational performance (Venkatraman and Prescott, 1990; Oslen et al., 1998; Machuki, 2011). Fahey and Narayanan (1986) also point out that analysing the environment as a whole is impossible, since it is too complex and interconnected. These authors argue that the environment should be decomposed into segments.

Empirical studies show that in regulated environments, such as the healthcare sector, alternative strategies exist (Zajac and Shortell, 1989). Respondents were asked their perception of the level of external environment hostility, dynamism and complexity in each of the eight environmental factors, rather than for the environment as a whole. Forty-eight questions were devised using a 5-point scale to measure environmental munificence, dynamism and complexity in Mission Hospitals in Kenya.

Pearson-Correlation was used to test the congruent the sixth hypothesis. Additionally, canonical correlation analyses were done to supplement the other analyses and to establish the relationship between external environment, corporate governance, strategic decision-making, co-alignment model and organisational performance. The moderating influence external environment on the relationship between corporate governance-SDM co-alignment and organisational performance was evaluated based on composite indices. Results of the analysis showed that there exists a strong relationship between the variables up to 0.700 (R=.700).

This was an indication that corporate governance-strategic decision making co-alignment dimensions and external environment are explained by 48.9 percent (R^2 =.489 and adjusted R^2 = .394) of organisational performance with the remaining 50.1 percent explained by other variables not in the model. The F ratio for the model was 5.150 at p-value of 0.000, which is less than 0.05.

These findings were sufficient to support the moderating influence of external environment on the relationship between corporate governance-strategic decision making co-alignment and organisational performance. Based on study findings, a decision was made to fail to reject the hypothesis (H_6) because the relationship was statistically supported, hence a conclusion that external environment has a significant moderating influence on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya.

5.8 Corporate Governance, Strategic Decision-making, Corporate Governance-Strategic Decision Making Co-alignment, External Environment and Organisational Performance

The seventh and last research objective was to ascertain the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya. A matching hypothesis was formulated and stated as; corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment have a significant joint effect on organisational performance.

For an organisation to achieve its mission and survive into the future, it is imperative for its leadership to constantly adjust its strategy to match the dynamic and turbulent environment (Ansoff, 1987). Theories on governance assume that the board and top management formulate strategy through a participatory partnership approach (Odundo, 2012). Understanding external environment is important for it helps corporate governance in determining emerging issues and modifying the strategic direction for improved organisational performance. One of the key features of a well-governed organisation is its ability to reposition itself, through prompt strategic decisions, in a changing external environment. Despite pursuit of improved performance, most of the major change initiatives generate lukewarm results and many of them fail miserably. This could be because of taking strategic planning as an event rather than a transformational process or environmental turbulence that requires continuous monitoring and adjustments. Widely used as a dependent variable in organisational research, performance remains one of the most loosely defined constructs due to its multi-faceted nature (Rogers and Write, 1998).

It is sometimes suggested to include operational indicators in the performance measure (Venkatraman and Ramanujam, 1986). However, this study departs from previous ones in that it interrogates the effect of corporate governance-strategic decision making co-alignment on performance. Each of these predictor variables had been tested and discussed in the earlier study objectives. The results of the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya point towards the same direction as the earlier hypotheses (H_1, H_2, H_3, H_4, H_5, and H_6).

Test on the predictor variables indicated a correlation coefficient of up to 0.830 (R=0.830). Further, the predictor variables explained 68.8 percent (R^2=0.688 and adjusted R^2=0.668) variations of organisational performance, with the remaining 31.2 percent being described by other variables not explained in this model. In this model, corporate governance-strategic decision making co-alignment variable is correlated with performance up to 0.425 (R=0.425) and explains 18.1 percent (R^2=0.181) of variations in performance. However, when the moderating variable, external environment was introduced, CG-SDM co-alignment explained 68.4 percent (R^2=0.684) of the variations in organisational performance. The contribution was statistically significant, with β=0.339, t-value = 4.150 and p-value=0.000. The results supported the relationships, thus a decision to fail to reject the seventh hypothesis (H_7), and a conclusion that the collaboration of the predictor variables (corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment) had a significant joint effect on performance of Mission Hospitals in Kenya.

5.9 Chapter Summary

The fifth chapter was devoted to pairwise discussion of the findings. Key findings indicate that all the conceptualised predictor variables had positive correlations and influenced organisational performance. The regression equation points out that a unit change in CG, SDM, CG-SDM co-alignment, and external environment yields to 0.741, 0.858, 0.120, and 0.888 change in organisational performance, respectively. External environment had the highest values of β-value of 0.888, t-value of 7.100 and p-value of 0.000, thus the biggest contributor to organisational performance. CG-SDM co-alignment variable had the lowest values with β-value of 0.120, t-value of 3.933 and p-value of 0.044. The influence of the interaction term was positive, implying that the predictor variables jointly influenced performance.

Corporate governance practices had varied levels of manifestations. Most of the aspects under this co-alignment variable were significant, meaning that Mission Hospitals in Kenya have embraced best corporate governance practices and performance management as a result of high competition from private and public hospitals offering similar products or services. The manifestations in all the dimensions of external environment were statistically significant meaning they contributed to governance-strategic decision making co-alignment and organisational performance. It was clear from the findings that the manifestations in all the aspects of the organisational performance were significant, an indication that the aspects were considered important across the hospitals that were studied implying that the average performance for all Mission Hospitals in Kenya was good. The next chapter presents the summary, conclusion and recommendations for further research.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENNDATIONS

6.1 Introduction

Continuous performance should be the main focus, and objective, of any organisation because it is through it that organisations are able to grow and progress. Knowing the determinants of organisational performance is important especially in the context of the current economic crises because it enables the identification of those factors that should be treated with an increased interest in order to improve the organisational performance.

Chapter six presents a summary of the research objectives, hypotheses, study findings, the conclusions and recommendations of future study. The chapter further provides the implications of the findings to theory, policy and managerial practice. Finally, the chapter discusses the limitations of the study and provides a roadmap for future research.

6.2 Summary of Findings

The broad objective of this study was to interrogate the effect of corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya. To achieve this objective, seven specific research objectives were set and corresponding seven hypotheses were tested in order to establish the seven study objectives. This study is one of the theoretically grounded empirical investigations of the effects of corporate governance-strategic decision making co-alignment on organisational performance as measured using SBSC. The study makes contribution by using previously validated constructs to enrich strategic management in the areas of corporate governance, strategic decision-making, co-alignment model, external environment and organisational performance.

The target population was Mission Hospitals in Kenya. A total of 88 questionnaires were given out to Administrators or Chief Executive Officers of these hospitals, out of which 74 completed questionnaires were received back, giving a response rate of 84.09 percent. This response rate was considered adequate for analysis. Data was subjected to various statistical tests for various assumptions about the variables to ensure that the findings are worth using in decision-making. Testing for assumptions was beneficial because it ensures that analysis meets associated assumptions and helps to avoid Type I and Type II errors (Osborne et al., 2001).

Cronbach's alpha coefficient, which is used to assess the internal consistency among research instrument items, was used to test whether the variables were within the acceptable range of between 0 and 1 (Mugenda and Mugenda 2003). The results for all the variables were between the 0.7 and 0.9. To ensure content validity, the researcher went through a review of literature and identified items that required to measure the concepts, and to also ensure that questions covered all areas of study. The researcher also piloted the questionnaire in three (3) Mission Hospitals, not part of the analysed data, were chosen randomly before commencing data collection. This enabled the researcher to establish the respondents' ability to respond without difficulties. Any ambiguous, double edged and unclear questions were identified and rectified.

In this study, normality was tested using Kolmogorov-Smirnov Test and the Shapiro-Wilk Test. Shapiro-Wilk Test results were greater than 0.05 confirming that the data was normal. The normality of the variables was also done by plotting a Quantile-Quantile (QQ) plot.

All the variables had a good fit in the normal distribution. The test for multicollinearity was conducted to assess whether one or more of the variables of interest was highly correlated with one or more of the other independent variables. The variance inflation factor (VIF) was used to evaluate the level of correlation between variables and to estimate how much the variance of a coefficient was inflated because of linear dependence with other predictors. If any of the VIF is greater than 5, then there is a probability of a problem with multicollinearity and this becomes harmful to a study (Newbert, 2008). The VIF for the variables were all below 5, meaning that the variables were not highly correlated. Summary of the findings is presented in the subsequent sub-sections and Table 6.1.

6.2.1 Corporate Governance and Organisational Performance

Corporate governance is the system by which organisations are directed and controlled; it also specifies the distribution of rights and responsibilities among different participants in the corporation such as: the Board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. It also provides the structure through which organisational objectives are set and monitoring performance is attained (OECD, 1999). Good corporate governance provides proper incentives for the Board and management to pursue objectives that are in the interests of the company and its shareholders and facilitates effective monitoring. The presence of an effective CG system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy.

As a result, the cost of capital (COC) is lower and organisations are encouraged to use resources more efficiently thereby underpinning growth (OECD, 2004). The studies looking at the association between CG and organisational performance in different countries have found contradictory results (Hermalin and Weisbach, 2003).

The set of mechanisms guiding good CG decision-making has been introduced in recent years through enactment of governance codes throughout the world. The corporate scandals have resulted in countries introducing codes of good governance to complement their corporate laws. This may be due to the lack of a comprehensive coverage of aspects of CG practices and a company may not have an independent board, but may have strong Board committees and a non-entrenched board, which still guarantee appropriate internal and external monitoring.

The first objective of this study was to determine the effect of corporate governance on performance of Mission Hospitals in Kenya. A corresponding hypothesis ($\mathbf{H_1}$) was formulated and stated as; corporate governance has a significant effect on organisational performance. The study examined the relationship between corporate governance and the performance of these hospitals from various governance practices. Descriptive analysis was derived from respondents feedback who were to rate the options on a scale of 1(Not at all) to 5 (Very large extent) in the last five years. The results indicate that the overall mean score for corporate governance practices was 4.125. From the 5-point Likert scale this was ‘to a strong extent’. This is an indication that corporate governance practices were rated by the respondents as being to a large extent for the Mission Hospitals.

The board's overall objective is to improve the performance of the hospital had the highest mean score at 4.50 and standard deviation of .717. It was followed by the board is responsible for the general oversight and direction of the organisation mean score 4.38 with standard deviation of .972. This means that the two factors being at strong agreement were the most practiced by the Mission Hospitals.

Conversely, the statement that The board bears full answerability on the functioning and performance of the organisation had the lowest mean 3.76 with standard deviation of 1.109 implying that, it is least practiced by the Mission Hospitals. Nonetheless, these factors had t-values ranging from 25.980 to 54.158, $p<0.05$ implying that these factors had statistically significant differences and variations across all organisations. Notably, most of the statements were statistically significant. Further, the highest variations (CV=.423) were reported on the statement that there is full revelation in material interests in transactions or matters affecting the organisation. Conversely, the lowest CV of 0.156 was reported on the statement that the top leadership protects the rights of everyone.

Corporate governance embraces standards (laws), principles and best practices (codes) which are important when carrying out cross-country studies. The findings indicate that Mission Hospitals emphasizing on rights of everyone is a matter of concern or consideration in corporate governance practices within Mission Hospitals in Kenya. Good corporate governance is related to the shareholders rights, transparency and accountability.

It was evident that the adoption of good corporate governance practices enhances: transparency of the hospitals' operations ensures accountability, improve their sustainability, and protect the interest of the shareholders. The results show that generally corporate governance dimensions had positive impact on all the performance indicators of any mission hospital in Kenya. The results from the regression analyses and the model indicate a good fit or relationship between the two study variables, thus the conclusion that corporate governance has a significant effect on the performance of Mission Hospitals in Kenya.

6.2.2 External Environment, Corporate Governance and Organisational Performance

The second objective of this study was to determine the moderating influence of external environment on the relationship between corporate governance and the performance of Mission Hospitals in Kenya. A null hypothesis of $\mathbf{H_2}$ was used to test the relationship in this objective. Descriptive statistics and simple index correlations of the variables defined the model. The results indicated that corporate governance practices had the highest mean score of 0.813 (4 – Large Extent) and a standard deviation of 0.149, followed by organisational performance with a mean score of 0.727 (4 – Large Extent) and a standard deviation of 0.135, and the last was external environment factors with a score of 0.635 (3 – Moderate Extent), and a standard deviation of 0.108.

Results from the regression analyses confirmed that the variables entered in the model in each step, namely: corporate governance index and environmental index had significant influence on performance. Before the interaction term, external environment index was correlated with a performance of up to 0.322 (R = 0.322), while corporate governance index was correlated with a performance of up to -0.032 (R = - 0.032).

External environment and corporate governance indices were correlated to each other up to -0.050 (R = -0.050). Using one–tailed test, the predictor variable indices had results with a p-value of 0.004, which is less than 0.05 and 0.395, which is greater than 0.05 for external environment and corporate governance respectively. External environment was statistically significant while corporate governance was not significant before introducing the interaction term. The effect of the interaction term on controlling of the two predictor variables was statistically significant (with B = -0.675, t=-3.957, p-value =0.046<0.05). Adding an interaction term to the model drastically changed the values of all of the coefficients**.**

The significance of the interaction term confirmed that external environment has a significant influence on the relationship between corporate governance and organisational performance. The interaction between the two variables had an influence on organisational performance and confirmed a moderation relationship. However, the influence of the interaction term was negative implying that the collaboration of the two predictor variables resulted in a negative change in organisational performance. The revised model explaining the relationship was statistically significant and accounted for 48.9 percent explained variation (R^2=.489, F=5.150, P-value=0.00<.05).

The statistical tests and study results supported the effect of the predictor variables on organisational performance, thus failed to reject the hypothesis (**H_2**) for it was statistically was supported, thus the conclusion that external environment has a significant moderating influence on the relationship between corporate governance and the performance of Mission Hospitals in Kenya.

6.2.3 Strategic Decision-making and Organisation Performance

The third study objective was to establish the effect of strategic decision-making on performance of Mission Hospitals in Kenya. The study examined the relationship between strategic decision-making and performance from various strategic decision-making dimensions. A third hypothesis ($\mathbf{H_3}$) was used to test this relationship. In order to establish the effect of SDM on performance, respondents were asked to indicate the extent to which the specific aspects of the SDM dimensions mattered to their organisations to support performance. Each of the dimensions of strategic decision-making was tested to establish their individual effect on the performance of Mission Hospitals and then the combined effect of the SDM dimensions on their performance was tested.

The results indicated mixed outcomes with respect to SDM dimensions. Some statements reported moderately high ranking with respect to manifestation of strategic decision-making (a Mean Score above 4.0). These statements under comprehensiveness and decentralisation reported means of 4.26, 4.42, 4.17, 4.21, 4.42, 4.36, 4.03, 4.11, 4.18 and 4.13 (respondents agreeing to a large extent). The others like internal politicisation and coordination in resource allocation, formalisation and lateral communication dimensions had moderate and low rankings (with Mean Scores of less than 3.0).

Notably, all statements were statistically significant though with the highest variations (CV= 45.2 percent) reported for the statement that ‘external resistance is experienced during the strategic decision-making process’ and that ‘the decision-making process is prone to frequent interruptions from outside the organisation’ (CV= 43.7 percent).

The statement that the mission statement had the lowest variations in responses (CV= 18.1 percent). This concurs with Yoo et al. (2009) that strategic decisions are important because they determine the actions that organisations take and the resources that are allocated to implement decisions in order to meet organisational goals and objectives. The process of strategic decision-making is therefore one of the most important processes for organisational sustainability which must unfold smoothly and the managers must be able to select a course of action that will enable the organisation meet its mission.

All the SDM dimensions were independently found not to have statistically significant influence on the performance of Mission Hospitals and also the findings from the combined effects of SDM on performance were found not to statistically influence performance. These findings contradicted research carried out in strategic management. Fredrickson and Mitchell (1984) also found that comprehensiveness influenced organisational performance especially in unstable environments. The findings indicate that SDM had statistically significant effect on performance and statistically support hypothesis $\mathbf{H_3}$, thus the conclusion that strategic decision-making has a significant effect on performance of Mission Hospitals in Kenya.

6.2.4 External Environment, Strategic Decision-making and Organisation Performance

The fourth study objective was to determine the moderating influence of external environment on the relationship between strategic decision-making and the performance of Mission Hospitals in Kenya. Hypothesis four ($\mathbf{H_4}$) was used to test the fourth research objective.

The results showed a statistically significant relationship between strategic decision-making, external environment and the interaction (F=7.298, p-value=.001). The results showed statistically significant regression coefficients for strategic decision-making (β=.368, p-value=.044) indicating that there was a linear dependence of organisational performance on strategic decision-making. However, there was no statistical significant relationship between external environment and organisational performance that was detected (β=.249, p-value=.153). Similarly, statistically linear relationship of organisational performance on the multiplicative term of strategic decision-making and external environment was detected (β=-.187, p=.032). This implies that changes in the external environment could negatively affect strategic decision-making and organisational performance relationship as the direction of the relationship becomes negative.

The results of step one indicated that strategic decision-making (at B = 0.025, t = 2.520, p-value = 0.017<0.05) and external environment (at B = 0.020, t = 1.650, p-value = 0.019<0.05) are correlated with organisational performance of up to 0.627 (R=0.627). Further, the predictor variables explained 39.3 percent (R^2 = 0.393 and adjusted R^2 = 0.354) variations of organisational performance, with the remaining 60.7 percent being described by other variables not explained in this model. The results of the bivariate correlation were *F* ratio of 10.042 and a p-value of 0.000, making the change statistically significant at α=.05. The regression model was adequate to explain the relationship between the predictor and dependent variables.

Further analysis detected the effect of the interaction term on controlling of the two predictor variables was statistically significant (at B = -0.009, t=-1.221, p-value =0.032<0.05). Adding an interaction term to the model drastically changed the interpretation of all of the coefficients**.** The significance of the interaction term confirmed that external environment are correlated with organisational performance of up to 0.650 (R=0.650). Further, the predictor variables explained 42.2 percent (R^2 = 0.422 and adjusted R^2 = 0.364) variations of organisational performance, with the remaining 57.8 percent being described by other variables not explained in this model. The null hypothesis was not statistically supported and thus the researcher rejected it. From the results and decision of failing to reject the alternative hypothesis (**H_4**), it was concluded that, external environment has a significant moderating influence on the relationship between strategic decision-making and the performance of Mission Hospitals in Kenya.

6.2.5 Corporate Governance-Strategic Decision Making Co-alignment and Organisational Performance

The fifth research objective was to assess the effect corporate governance-strategic decision making co-alignment on the performance of Mission Hospitals in Kenya. Hypothesis five (**H_5**) was used to test the fifth research objective. Using pairwise canonical correlations confirmed a linear combination of SDM and organisational performance measurements had a correlation coefficient of 0.658. The organisational performance covariates, could be explained by 43.2 percent (covariate= 0.4322) of SDM covariates. Wilks' Lambda testing all the correlations was 0.446823 which is equal to the likelihood ratio, and with p-value of <0.0001. Based on the analyses, the null hypothesis

that SDM has no significant effect on organizational performance was rejected because the p-value was less than alpha level of 0.05, meaning the effect of SDM on performance was statistically significant. Supposedly by focusing on SDM covariates could be what Mission Hospitals require to achieve their goals and objectives.

From the analysis, Wilks' Lambda testing of all the correlations was 0.307 which is equal to the likelihood ratio, and p-value was 0.0037. The null hypothesis that CG-SDM co-alignment has no significant effect on organizational performance was rejected because the p-value was less than alpha level of 0.05, meaning the effect of CG-SDM co-alignment on performance was statistically significant.

The findings showed that there was a strong relationship between corporate governance-strategic decision making co-alignment and performance up to 0.937 (R=.937). The results also showed that 87.8 percent (R^2 =.878) variations in performance could be explained by corporate governance-strategic decision making co-alignment, with the remaining 12.2 percent being explained by other variables not in the model. The results stood at F ratio of 34.650 and a p-value of 0.000. With a calculated p-value of less than 0.05, the regression model is statistically significant and adequate to explain the relationship between the predictor and dependent variables. Further, the results showed statistically significant co-alignments between all the relationships.

Other studies have empirically shown that corporate governance has a direct relationship with strategic decision-making (Venkatraman and Prescott, 1990; Machuki, 2011; Macharia, 2014; Mkalama, 2014). These studies revealed that co-alignment is a determinant of high performance, that is, where co-alignment is attained, performance is

greater. The relationship between corporate governance-strategic decision making co-alignment and performance is sometimes faced with exogenous factors within its environment that provides both facilitating and inhibiting influences on performance (Pearce and Robinson, 2011).

Generally, data from this study showed positive relationships between corporate governance, strategic decision-making, co-alignment model and organisational performance measurements. Conversely, it became apparent that Mission Hospitals in Kenya focussed more on non-financial measurements of customer focus, social equity and equal treatment of stakeholders than financial measurements. Based on the results and a decision to reject the null hypothesis, the researcher failed to reject $\mathbf{H_5}$ because it was statistically supported. It is concluded that corporate governance-strategic decision making co-alignment has a significant effect on the performance of Mission Hospitals in Kenya.

6.2.6 Corporate Governance-Strategic Decision Making Co-alignment, External Environment and Organisational Performance

The sixth research objective was to determine the moderating influence of external environment on the relationship between corporate governance-strategic decision making co-alignment and the performance of Mission Hospitals in Kenya. Hypothesis six ($\mathbf{H_6}$) was used to test the sixth research objective. Additionally, canonical correlation analyses were done to supplement the other analyses and to establish the relationship between external environment, corporate governance, strategic decision-making, co-alignment model and organisational performance. The moderating influence external environment on the relationship between corporate governance-SDM co-alignment and organisational performance was evaluated based on combined indices.

The results of the analysis showed that there exists a strong relationship between the variables of up to 0.700 (R=.700). This was an indication that corporate governance-strategic decision making co-alignment dimensions and external environment are explained by 48.9 percent (R^2 =.489 and adjusted R^2 = .394) of organisational performance with the remaining 50.1 percent explained by other variables not in the model. The F ratio for the model was 5.150 at p-value of 0.000, which is less than 0.05. Based on results, it was concluded that external environment has a significant moderating influence on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya.

6.2.7 Corporate Governance, Strategic Decision-making, Corporate Governance-Strategic Decision Making Co-alignment, External Environment and Organisational Performance

The seventh study objective was to ascertain the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on the performance of Mission Hospitals in Kenya. Hypothesis seven ($\mathbf{H_7}$) was used to test this objective. An organisation must have the ability to examine and make changes based on external environment factors that affect its performance. External environmental factors are events that take place outside the organisation and are harder to predict and control. The external environment consists of both the micro, macro environment, and the industry (Tan and Litschert, 1994; Machuki, 2011). The external environment provides organisations with inputs which they transform to outputs through internal business processes and then the outputs are given back to the environment.

The respondents were asked to indicate the extent the development in external environment factors been favourable to the hospital on a 5-point Likert scale of 1 (not at all) to 5 (very large extent) in the last five years. The results show varied results for the factors with mean scores ranging from 2.99 to 3.79. These showed statistically significant results (t-values ranging from 24.02 for political factors to 30.141 for ecological changes factors in the economy $p<0.05$). The average mean score was 3.41 which is moderate. Economic factors in the economy had the highest mean score (Mean=3.79, SD=1.094) with political factors registering the lowest mean (Mean=2.99, SD=1.055). Further, political factors had the highest coefficient of variation (CV=353) with ecological factors registering the lowest coefficient of variation (CV=.277). Differences may exist based on factors such as: decision criticality, complexity, decision motive, urgency, frequency, information source and problem classification (Hickson et al., 1986; Papadakis, Lious and Chambers 1998). Hough and White (2003) observed that decisions within the same general environmental context may not be subject to precisely the same conditions. Based on results, it was concluded that corporate governance, strategic decision making, corporate governance-strategic decision making co-alignment and external environment have a significant joint effect on the performance of Mission Hospitals in Kenya.

6.2.8 Summary of Test of Hypotheses

The summary of the seven hypotheses tested and the results are presented in Table 6.1.

Table 6.1: Summary of Test of Hypotheses

Research Objective	Research Hypothesis	Decision
Objective One: Determine the effect of corporate governance on performance of Mission Hospitals in Kenya.	**H_1**: Corporate governance has a significant effect on organisational performance	**Failed to Reject**
Objective Two: Establish the moderating influence of external environment on the relationship between corporate governance and performance of Mission Hospitals in Kenya.	**H_2:** External environment has a significant moderating influence on the relationship between corporate governance and organisational performance	**Failed to Reject**
Objective Three: Assess the effect of strategic decision-making on performance of Mission Hospitals in Kenya.	**H_3** Strategic decision-making has a significant effect on organisational performance	**Failed to Reject**
Objective Four: Examine the moderating influence of external environment on the relationship between strategic decision-making and performance in Mission Hospitals in Kenya.	**H_4:** External environment has a significant moderating influence on the relationship between strategic decision-making and organisational performance	**Failed to Reject**
Objective Five: Analyse the effect of corporate governance-strategic decision making co-alignment on performance of Mission Hospitals in Kenya.	**H_5:** Corporate governance-strategic decision making co-alignment has a significant effect on organisational performance	**Failed to Reject**
Objective Six: Appraise the moderating influence of external environment on the relationship between corporate governance-strategic decision making co-alignment and performance of Mission Hospitals in Kenya.	**H_6:** External environment has a significant moderating influence on the relationship between corporate governance-strategic decision making co-alignment and organisational performance	**Failed to Reject**
Objective Seven: Ascertain the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya.	**H_7:** The joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on organisational performance.	**Failed to Reject**

Source: Data Analysis (2015)

6.3 Conclusion

There is limited knowledge on the relationship between corporate governance-strategic decision making co-alignment and the performance of hospitals. Moreover, very little is known about hospitals and what triggers their performance. The central focus of this study was to examine the extent of usage of these study variables make on organisational performance, thus filling the identified knowledge gaps.

This study sought to interrogate the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on performance of 88 Mission Hospitals in Kenya. To achieve this, seven specific objectives and matching hypothesis were formulated and stated. The relationship was conceptualised and schematised in a conceptual framework. The model presented in this study is composed of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on one side (as predictor variables). On the other side of the model is organisational performance (as the dependent variable). The research contributes to the vast literature on performance by creating a model that can be used to identify the determinants of organisational performance. Besides, theories this study is anchored on have not widely been tested in a not-for profit context, like Mission Hospitals in Kenya.

Primary data was collected, cleaned, sorted, edited and analysed. The analyses were done using descriptive statistics as well as simple, multiple and hierarchical regression analyses and the results were varied. The results have been compared to theoretical propositions, conceptual and empirical studies. In this regard the study has drawn several conclusions. Overall, there is a significant relationship between corporate governance and performance, strategic decision making and performance, corporate governance-strategic decision making co-alignment.

Hospitals that had an alignment between corporate governance and strategic decision-making dimensions performed better than those lacking an alignment between these constructs. The results concurred with those of other researchers (Venkatraman and Ramanujam, 1986; Tan and Litschert, 1994; Olsen et al., 1998; Rogers and Write, 1998; Machuki, 2011). The discussion and summary of the findings in this chapter was done using the set research objectives and corresponding hypotheses. The results from the test of hypotheses were compared with other empirical and theoretical propositions and both areas of agreement or disagreement with such propositions are discussed.

The study also found that corporate governance and external environment have significant contribution to influencing performance. The interaction between the two variables had an influence on performance to support a moderation relationship. Finally, the combined influence of the variables (corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and eternal environment) was found to be statistically significant in influencing the performance of Mission Hospitals in Kenya.

The finding that these constructs have a statistically significant influence on performance is critical and Mission Hospitals need to pay attention to the corporate governance practices especially during decision-making process. The findings support the advanced theories that guide this research. Although the overall results showed that external environment had a moderating influence on the relationship between the independent variables and performance of Mission Hospitals, external environment may also significantly influence performance independently. This is a clear indication that the predictor variables are independent contributors to the performance in the Mission Hospitals and cannot be ignored during the decision-making process.

Further, corporate governance-strategic decision making co-alignment was found significant in influencing performance; the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment has a statistically significant effect on performance. Mission Hospitals therefore should not ignore these relationships because when the four variables are synchronized to work together they influence performance more than when they work independently. This conclusion is consistent with findings from previous studies and supports the argument that organisational performance is influenced by corporate governance, strategic decision-making and external environment.

6.4 Implications of the Study

There has been a lot of research in the area of how corporate governance and strategic decision-making affect organisational performance and how the environment that an organisation exists moderates the relationship between independent variables and organisational performance. However, research on the effect of corporate governance-strategic decision making co-alignment on performance is limited. This study sought to establish the relationship between corporate governance, strategic decision-making, CG-SDM co-alignment, external environment and performance of Mission Hospitals in Kenya. The results have certainly brought about areas of impact to the existing body of knowledge (theory), policy, managerial practice of strategic management and methodology.

6.4.1 Implication for Theory

This study made contributions in two different perspectives: conceptual and empirical dimensions. In the conceptual dimension, it provided a framework of relating co-alignment model into organisational performance. In addition, it conceptually related corporate governance practices into strategic decision-making dimensions with the use of co-alignment as a theoretical binding principle. In the empirical dimension, it interrogated the effect of corporate governance-strategic decision making co-alignment on organisational performance which was suggested only conceptually in previous research (Olsen et al., 1998; Machuki, 2011; Macharia, 2014). It also identified a close relationship between the two.

The second contribution was that co-alignment model, as presented by Olsen et al. (1998), has been put into an empirical test to relate the concept of corporate governance and strategic decision-making and then to organisational performance. This study is not the first one that put the co-alignment model to test. Several other studies have tested this principle in different ways and successfully proved its effectiveness (Taylor, 2002; Macharia, 2014). However, this was the first effort that used the co-alignment principle as a strategic and an important theoretical binding agent to explain the sequence of strategic management activities which can be further developed to explain their impact on performance.

There has been a lot of research in the area of how corporate governance affects organisational performance and how the external environment moderates the relationship between corporate governance and organisational performance. However, there has been limited literature on the influence of corporate governance on the specific dimensions of

organisational performance. There has also been very little literature on the influence of the specific external environment dimensions on organisational performance. The findings from this study have certainly brought about areas of impact to the existing body of knowledge (theory), managerial practice and policy in the Mission Hospitals and other organisations in both the public and private sectors in Kenya and beyond.

6.4.2 Implications for Policy

The objective of the creation of Mission Hospitals is to provide health services and to bring about improved social and economic welfare. The performance of these hospitals therefore is very critical because they enable the sponsor churches achieve the set goals and objectives. From the findings, there are issues that could be considered at policy level so as to increase the corporate governance and strategic decision-making of the Mission Hospitals in the region and beyond. One of the important findings is that corporate governance practices greatly influence performance.

Governance practices are critical because they influence decision-making and enhance organisational performance. At a policy level, Mission Hospitals will benefit from this study by developing guidelines and policies that define the required corporate governance practices and their application by the hospitals. This would ensure that Mission Hospitals have the required corporate governance practices and strategies that can create a proper fit between their organisations and the environment hence developing strategies that will fit international standards. Mission Hospitals will also benefit by putting in place policies which will ensure that decision-making is directed towards acquiring the right combination of managers and Board of directors in order to achieve high performance.

The government may also consider developing uniform guidelines in order to ensure that all hospitals adhere to the proposed policy of setting benchmarks for directors and CEOs in organisations. The importance of external environment in organisational performance has been proven through the studies that were reviewed. However, when regressed against performance, external environment resulted in to a statistically significant influence on the relationship between corporate governance and performance of Mission Hospitals.

6.4.3 Implications for Managerial Practice

This study contributes towards managerial practices in Mission Hospitals and also in organisations in the private sector. It was clear from the findings that corporate governance influenced organisational performance. Individuals in organisations who are tasked with selecting and developing corporate governance practices in order to ensure that organisations have the right kind of governance practices in competitive environment will be guided by this study when searching for the best governance practices to apply as proven that they positively influence performance. Strategic decision-making is important because it charts the strategic direction of an organisation. This study has proven that strategic manifestations influence performance. Management in Mission Hospitals will benefit from this study in that they will use it to formulate internal organisational processes that will guide the decision-making of the organisation. The issue of comprehensiveness of the process is critical as management are able to evaluate available alternatives in adapting decisions.

The findings showed that strategic decision-making was a preserve of the top managers only. The literature reviewed will be able to confirm the importance of involvement in the formulation of strategies. Formalization of the decision-making was also found important across the Mission Hospitals that were studied. The study detailed the importance of having strategic decision-making so as to boost the process of strategy formulation. The findings here confirmed that the strategic decision-making is important for strategy formulation because the manner in which management respond to the happenings emerging from it determines the performance of organisations. It was clear from the findings that the factors in the external environment mattered to Mission Hospitals and that there was a clear independent contribution of both corporate governance and external environment to performance.

Management will be able to use this study to understand the importance of aligning their organisations to the environment and achieve the fit that comes with competitiveness. This will enable Mission Hospitals compete not only in the region but globally. Given the importance of the variables in organisational performance, Management in organisations will use this study to ensure that not only are they put in place, but that also measures to define how they will be monitored within the organisations are developed because they are the determinants of their performance and sustainability.

6.4.4 Implications for Methodology

The results from this study provide several implications on methodology. Validity and reliability tests were carried out on the data collection instrument and it was found that the instrument was sufficient to collect data from the respondents. Given that the tests were positive, it is an indication that the data collected was reliable and future research

may consider using the same methods for data collection. A drop and pick method was used to get the questionnaire to the respondents and getting them back. This method yielded a response rate of 84 percent which is a good indication that this method is reliable for data collection. Testing the co-alignment model using canonical correlations analyses is a major contribution from this study.

The operationalization of the variables got into the heart of organisational performance. The variables were disintegrated into fine and understandable meanings that were made up of the day to day operations in the organisation and that made it easy for the respondents to understand the questions raised in the questionnaire and to provide relevant data that brought forth issues of performance in Mission Hospitals. The researcher utilised regression to analyse the relationships between study variables. This tool is used widely in strategic research and helps to explain relationships clearly. The use of regression made it very easy to test the hypotheses that were developed to achieve the research objectives. At the end of the tests, it was very clear on how they related in regards to Mission Hospitals.

6.5 Limitations of the Study

This study sought to interrogate the joint effect of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on performance of Mission Hospitals in Kenya. While this objective was met, it was not without limitations. Like all empirical studies, this research also had its own limitations due to the methodology employed. Use of questionnaire to collect data has its own limitations, since responses could be biased because of the

common method used for the collection of all data. Although extensive care was taken when designing the questionnaire and the pilot study refined the questions, still the criticism of the survey method can never be completely ignored and should be taken into account.

Some Mission Hospitals were undergoing corporate governance conflicts leading financial struggles. Most of the hospitals, including those with struggling corporate governance issues, were not willing to share their secondary data, annual reports and financial statements among other documents. As a result of this, the study could not examine financial performance measurements due to data constraints.

The wide geographical spread of the Mission Hospitals was yet another limitation. The hospitals are spread across the whole country. Emails were effectively used in a few scenarios to administer the questionnaires. However, in most cases the data collection was largely dependent on the researcher and the assistants travelling to the organisations. This was an expensive affair that required commitment of travel, accommodation and other logistical costs. In some cases two or three visits were required for each hospital. Considering that the researcher was self-sponsored for the study the exercise was strained of financial resources. Despite all the highlighted limitations the quality and spirit of the study were not compromised. The aforementioned constraints, therefore, will not invalidate the findings but rather pave way for further research on the same concept, and a related research title, in a different context.

6.6 Suggestions for Further Research

Arising from the findings in this study, future researchers could benefit from the suggested areas for further study. This study concentrated on establishing the influence of corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and external environment on the performance of Mission Hospitals in Kenya. The findings may be different from the ones obtained in this study. The context was Mission Hospitals in Kenya, future research could be undertaken to replicate this study but instead compare performance of Mission Hospitals with that of public hospitals or other sectors of the economy to check whether the findings will be the same. Further, the same study could be replicated but a different context could be used. For example, a researcher could carry out a study for private hospitals in Kenya using the same variables.

This study used only four variables to test the factors that influence performance in the Mission Hospitals. Given the fact that there are many other factors that may affect performance, other researchers may seek to unravel the influence of such other factors like resource allocation, competitive strategies and so forth on the performance of Mission Hospitals. It would be interesting to find out whether the results would be the same when different variables are used. The study was undertaken in all Mission Hospitals. This population was very large and it was not possible for the researcher to get into the details of the data collected from the field. Future studies can research on a smaller sample or in fact study hospitals in one county and replicate the current study to see whether the findings would still be the same or better still, this study can be replicated, but should be enlarged so as to compare Mission Hospitals with organisations from other sectors.

External environment is significant to organisational performance. This dimension was used as a moderating variable on the relationship between corporate governance, strategic decision-making, corporate governance-strategic decision making co-alignment and organisational performance. Future research could take external environment as an independent variable and establish its influence on organisational performance. Given the critical role that corporate governance plays in charting out the strategic direction of organisations, it would also be interesting for future research to study the influence of corporate governance as an independent variable and external environment as a dependent variable. Further future research could also establish the influence of individual corporate governance practices on individual performance measures.

The chapter provided tabulated overview of the objectives, the hypotheses and decisions on the results of tests of hypotheses. Conclusions have been drawn. Overall, it concluded that corporate governance, strategic decision-making, corporate governance-strategic decision-making and external environment have a significant influence on organisational performance. The chapter consequently enumerated on the key implications on theory, policy framework, managerial practice and methodology. Limitations of the study have equally been mentioned, one such limitation was the wide geographical coverage of Mission Hospitals in Kenya. It is along the key implications and limitations that the chapter concluded by providing recommendations and suggestions for further research.

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APPENDICES

Appendix I: Questionnaire

Dear Respondent,

This questionnaire is designed to collect data from Mission Hospitals in Kenya on **Corporate Governance-Strategic Decision Making Co-alignment, External Environment and Organisational Performance**. All the information received shall be treated confidentially and will only be used for academic purposes. Your participation in facilitating this study is highly appreciated. Please read and answer the questions by ticking the most appropriate answer (choice) to the questions given under the five (5) sections below. The study focuses on four (4) aspects as outlined in Section 2 to Section 5.

SECTION 1: GENERAL INFORMATION

1. Name of the hospital: ……..……
2. Year when the hospital was established: ……
3. Job title of the Respondent: ……..

Please indicate your response by **TICKING** (√) as Appropriate

4. How long have you worked in this hospital?

Less than 1 year ☐ 1-2 years ☐ 3-5 years ☐ 6-10 years ☐ Over10 years ☐

5. Please select the correct range of:

a. Number of hospital employees.

Less than 100 ☐ 101-200 ☐ 201-300 ☐ 301-400 ☐ Over 400 ☐

b. Number of daily Outpatients visiting the hospital.

Less than 50 ☐ 51-100 ☐ 101-150 ☐ 151-200 ☐ Over 200 ☐

c. Hospital Bed Capacity – Inpatients.

Less than 50 ☐ 51-100 ☐ 101-150 ☐ 151-200 ☐ Over 200 ☐

d. Annual Budget Controlled by the hospital (in Million KES).

Less than 50 ☐ 51-100 ☐ 101-150 ☐ 151-200 ☐ Over 200 ☐

e. The different products (services) offered by the hospital.

Less than 5 ☐ 6-10 ☐ 11-15 ☐ 16-20 ☐ Over 20 ☐

SECTION 2: CORPORATE GOVERNANCE (CG) PRACTICES

On the basis of the implications of corporate governance practices to your hospital, please provide answers to the questions below.

6. Please indicate to what extent you agree with the following statements. **TICK** (√) as appropriate.

Key: 1-Not at all; **2**-Less extent; **3**-Moderate extent; **4**-Large extent; **5**-Very large extent.

	Statement *(on Corporate Governance practices)*	**1**	**2**	**3**	**4**	**5**
A	**Transparency**					
1	The board has a clear understanding of the purpose of the organisation.					
2	There is a clear delineation between board and top management roles, responsibilities, and accountabilities.					
3	The board has developed a mechanism to regulate and manage itself effectively.					
4	Board time is mostly used to focus on the most important issues relating to the organisation.					
5	Allocation, alignment and deployment of organisational resources is determined by the board.					
B	**Accountability**					
6	The board bears full accountability on the functioning and performance of the organisation.					
7	Members declare their interests when joining the board and avoid conflict of interests with the organisation.					
8	Remuneration to the board is documented and payments to members are fully accounted for.					
9	Minutes and records of the board deliberations are available to the top management.					
10	There are clear organisational performance indicators that guide the management.					
11	Annual budgets and budgetary controls are monitored and evaluated by the board on quarterly basis.					
12	Benchmarking and corrective measures guide the operations of the organisation.					
C	**Responsibility**					
13	The board is responsible for the general oversight and direction of the organisation.					
14	Board members act on a fully informed basis, in good faith, with due diligence and care, and in the best interests of the hospital and the shareholders.					
15	The board fulfils certain strategic functions and delegates operational functions to the top management.					

16	The board's overall objective is to improve the performance of the hospital.					
17	The board focuses on strategic matters and leaves operational issues to the top management team.					
D	**Full Disclosures**					
18	There is full disclosure in material interests in transactions or matters affecting the organisation.					
19	The governance framework ensures that timely and accurate disclosure is made on all material matters.					
20	Information is prepared, audited, and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure and audit.					
21	An independent audit is conducted by an external auditor.					
22	Channels for disseminating information provide for fair, timely, and cost-effective access to relevant data by users.					
E	**Equitable Treatment of stakeholders**					
23	The governance framework recognises the rights of the stakeholders.					
24	The organisation ensures equitable treatment of shareholders, including the poor and marginalised shareholders.					
25	The organisation always prohibits insider trading and abusive self-dealing.					
26	The top leadership protects the rights of everyone.					
27	There is stakeholder-involvement in decision-making relating to the organisation's governance.					
28	The board treats all shareholders fairly.					
29	The stakeholders have access to relevant information.					

SECTION 3: STRATEGIC DECISION-MAKING (SDM)

For the purpose of this study, strategy is represented by the strategic direction exhibited during strategic decision-making process. Please use such decisions your hospital has made in the last five years as the frame of reference when answering the questions in this section.

7. Please indicate the extent to which the following statements describe strategic decision-making in your hospital. **TICK** (√) as appropriate.

Key: 1-Not at all; **2**-Less extent; **3**-Moderate extent; **4**-Large extent; **5**-Very large extent.

No.	**Statement** *(Strategic Decision-making Dimension)*	**1**	**2**	**3**	**4**	**5**
A	**Comprehensiveness**					
1.	The organisation's vision is informed by core values, mission statement and interests of stakeholders.					
2.	The mission statement is informed by what we are, what we do, why we do it and how we do it.					
3.	The core values are shared with all the stakeholders.					
4.	In making strategic decisions, the organisation responds to signals of opportunities quickly and continuously searches for other new ones.					
5.	There are key responsibilities that are assigned to specific top managers during strategic decision-making.					
6.	There are scheduled/planned board meetings to discuss important decisions in the organisation.					
7.	There are scheduled/planned top management meetings to discuss important decisions in the hospital.					
8.	Information from developments outside the hospital is analysed and considered for decision-making.					
9.	All employees in the organisation are involved in strategic decision-making.					
10.	The advice of consultants is sought during strategic decision-making.					
11.	The organisation's past performance forms the basis of making future decisions.					
B	**Lateral Communication**					
12.	Through strategic thinking, the board looks into the future of the organisation and allocates resources accordingly.					
13.	There is a well-defined mechanism of controlling costs, monitoring strategic objectives and the overall organisational performance.					
14.	In making strategic decisions, the management constantly seeks to introduce new products (services) to meet market needs.					

15.	The top management is willing to sacrifice short-term gains for long-term goals and objectives.					
16.	There are specific inter-departmental committees formed to participate in long-term decision-making.					
17.	Members of the board are involved in long-term decision-making.					
18.	The Chief Executive Officer/Administrator provides effective leadership in long-term decision-making.					
C	**Formalisation**					
19.	There is a formal strategic planning process.					
20.	In making strategic decisions, the organisation evaluates the level of risk and rate of return before making investment choices.					
21.	In analysing situations, top leadership evaluates possible consequences and obtain alternatives that guide our strategic choices.					
22.	There is a clear predetermined criteria used in generating information and evaluating long-term decision-making.					
23.	There are specifically formed task forces that look into specific issues that give input to long-term decision-making.					
D	**Coordination devices**					
24.	The board approves new projects/documents on 'stage-by-stage' basis rather than with 'blanket' approval.					
25.	The functional expertise of top managers is sought during strategic decision-making.					
26.	There is a written procedure that guides the making of strategic decisions in the organisation.					
27.	There is a formal written procedure guiding identification of alternative actions.					
28.	Final decisions are arrived at through a formal screening procedure.					
29.	The final decisions arrived at are formally documented.					
E	**Decentralisation**					
30.	The input of heads of departments is taken into consideration during strategic decision-making.					
31.	Input from middle level management is taken into consideration when making long-term decisions.					
32.	Input from lower level management/first line supervisors is considered important during long-term decision-making.					
33.	The input from all the departments within the organisation is considered in making long-term decisions.					

F	**Internal Politicisation**					
34.	Issues related to specific interest groups are taken into consideration during strategic decision-making.					
35.	There are high levels of negotiations and consensus building between the various departments during long-term decision-making.					
36.	All the stakeholders' input are sought during long-term decision-making.					
37.	External resistance is experienced during the strategic decision-making process.					
38.	The decision-making process is prone to frequent interruptions from outside the organisation.					

SECTION 4: EXTERNAL ENVIRONMENT

Decision-making is very crucial in relation to the changes in the external environment. This section consists of the external environment factors that are considered during your hospital's strategic decision-making process. On the basis of the implications of the environmental developments to your hospital, please answer the questions below.

8. To what extent does each of the listed external environment factors influence decision-making in your hospital? **TICK** (√) as appropriate using the key below.

Key: 1-Not at all; **2**-Less extent; **3**-Moderate extent; **4**-Large extent; **5**-Very large extent.

Statement - Munificence	1	2	3	4	5
Political factors in Kenya					
Economic factors in the economy					
Socio-cultural factors in Kenya					
Technological factors in the market					
Ecological changes (*such as weather, geographical effects etc*.)					
Legal (and other regulatory) factors					
Global changes/developments (or trends)					

9. To what extent have the developments in external environment factors been favourable to your hospital during the last five years? **TICK** (√) as appropriate using the key below.

Key: 1-Not at all; **2**-Less extent; **3**-Moderate extent; **4**-Large extent; **5**-Very large extent.

Statement – Munificence	**1**	**2**	**3**	**4**	**5**
Political factors in Kenya					
Economic factors in the economy					
Socio-cultural factors in Kenya					
Technological factors in the market					
Ecological changes (*such as weather, geographical effects etc*.)					
Legal (and other regulatory) factors					
Global changes/developments (or trends)					

10. To what extent have the developments in the external environment been predictable to your hospital in the last 5 years? **TICK** (√) as appropriate using the key below.

Key: 1-Not at all; **2**-Less extent; **3**-Moderate extent; **4**-Large extent; **5**-Very large extent.

Statement - Dynamism	**1**	**2**	**3**	**4**	**5**
Political factors in Kenya					
Economic factors in the economy					
Socio-cultural factors in Kenya					
Technological factors in the market					
Ecological changes (*such as weather, geographical effects etc*.)					
Legal (and other regulatory) factors					
Global changes/developments (or trends)					

11. In each of the external environment factors, how much changes have you observed in the last five years? **TICK** (√) as appropriate using the key below.

Key: 1-Not at all; **2**-Less change; **3**-Moderate change; **4**-Great change; **5**-Very great change.

Statement - Dynamism	**1**	**2**	**3**	**4**	**5**
Political factors in Kenya					
Economic factors in the economy					
Socio-cultural factors in Kenya					
Technological factors in the market					
Ecological changes (*such as weather, geographical effects etc*.)					
Legal (and other regulatory) factors					
Global changes/developments (or trends)					

12. In each of the external environment factors, how many issues does your hospital need to deal with? **TICK** (√) as appropriate using the key below.

Key: 1-Not at all; **2**-Less issues; **3**-Moderate issues; **4**-Many issues; **5**-Very many issues.

Statement - Complexity	**1**	**2**	**3**	**4**	**5**
Political factors in Kenya					
Economic factors in the economy					
Socio-cultural factors in Kenya					
Technological factors in the market					
Ecological changes (*such as weather, geographical effects etc*.)					
Legal (and other regulatory) factors					
Global changes/developments (or trends)					

13. To what extent have the issues in each of these factors in the external environment been similar in your hospital in the last five years? **TICK** (√) as appropriate using the key below.

Key: 1-Not at all; **2**-Less similar; **3**-Moderately similar; **4**-Much similar; **5**-Very much similar.

Statement - Complexity	**1**	**2**	**3**	**4**	**5**
Political factors in Kenya					
Economic factors in the economy					
Socio-cultural factors in Kenya					
Technological factors in the market					
Ecological changes (*such as weather, geographical effects etc*.)					
Legal (and other regulatory) factors					
Global changes/developments (or trends)					

SECTION 5: ORGANISATIONAL PERFORMANCE (OP)

14. Please indicate the extent to which the following statements describe the performance of your hospital over the past five years? **TICK (√)** as appropriate using the key below.

Key:
1-Not at all; **2**-Less extent; **3**-Moderate extent; **4**-Large extent; **5**-Very large extent.

	Statement *(SBSC Perspectives)*	**1**	**2**	**3**	**4**	**5**
A	**Financial Perspective**					
1	Revenue sources of the hospital have increased.					
2	New donors/partners have increased hospital income.					
3	There has been growth in hospital income.					
4	Revenue has increased due to patients' repeat visits to the hospital					
5	Increased debt collection has reduced debtors' account.					
6	The hospital uses cost control systems in monitoring performance					
7	The cost incurred in completing business processes has been reduced considerably.					
8	The hospital has been sticking to annual budget targets to realise some surplus.					
9	There is increasing level of surplus for the hospital.					
10	The hospital has expanded considerably and the asset base has been on the rise.					

B	**Customer Focus**					
11	The hospital has expanded its catchment area.					
12	The hospital has created value for its customers through quality service, medicines and medical products.					
13	The hospital has employed continuous improvement in the quality of its goods and services to customers.					
14	Patient numbers to the hospital have been increasing.					
15	There is established customer relationship management system that attracts and keeps customers delighted (customer loyalty).					
16	The hospital forecasting on patient needs and requirements have been accurate.					
17	The hospital responds to customer feedback/complaints promptly.					
18	The hospital has had adequate and comprehensive value propositions per customer (market) segment.					
C	**Internal Business Processes**					
19	The hospital has improved its overall efficiency as a result of business process re-engineering.					
20	The hospital has improved its critical internal processes to sustain market leadership.					
21	The hospital has gained market share through quality improvement.					
22	The hospital's market share has improved as a result of increased marketing activities.					
23	The hospital documentation of the internal processes has been standardised to improve the level of efficiency and effectiveness.					
D	**Learning and Growth**					
24	Management has always ensured there is enough qualified and skilled professional staff employed by the hospital.					
25	The physical location of the hospital has contributed to its growth.					
26	The high staff morale has resulted to loyal staff with low turnover.					
27	The hospital has had good structures that support upward employee growth through merit.					
28	The hospital has adequate infrastructural network and facilities that support patient inflows.					

29	The hospital has had continuous learning on how to do things better.					
30	The hospital has created a good work environment conducive to support all operations.					
31	The hospital employee productivity and staff development has improved.					
32	All the hospital projects launched have been completed within set timelines.					
E	**Social Equity**					
33	The hospital has been very keen on staff health and safety.					
34	Quality patient services marked with low death rates.					
35	The hospital continuously organises activities that promote its image and acts as corporate social responsibility.					
36	The hospital has set measures to prevent employee infections while on duty.					
37	The projects that are selected and implemented are aligned towards Vision 2030 objectives.					
38	All public complaints have been resolved amicably.					
F	**Environmental Integrity**					
39	The hospital has made deliberate efforts to ensure environmental sustainability.					
40	There has been increased access to quality public service.					
41	There is a clear and defined way of disposing hospital waste.					
42	The hospital has a conducive atmosphere and adequate social amenities.					

15. Kindly put down any other comment with respect to the subject of this study.

THANK YOU FOR YOUR PARTICIPATION

==========END==========

Appendix II: A list of Mission Hospitals in Kenya as at 31st December 2014

A)	**HOSPITALS AFFILIATED TO CHAK**		
No.	**Name of the Mission Hospital**	**Town/City**	**Region (*Province*)**
1	ACK MT. KENYA	KERUGOYA	Central
2	ACK ST. LUKES – KALOLENI	KALOLENI	Coast
3	AIC GITHUMU	KANGARI	Central
4	AIC KAPSOWAR	KAPSOWAR	Rift Valley
5	AIC KIJABE	KIJABE	Central
6	AIC LITEIN COTTAGE	LITEIN	Rift Valley
7	AIC CURE INT. CHILDREN'S – KIJABE	KIJABE	Central
8	COPTIC CHURCH NURSING HOME	NAIROBI	Nairobi
9	DOPHIL NURSING and MATERNITY	LUANDA	Nyanza
10	FRIENDS LUGULU	WEBUYE	Western
11	JUMUIA FRIENDS KAIMOSI	TIRIKI	Western
12	KENDU-ADVENTIST	KENDU BAY	Nyanza
13	KIMENDE ORTHODOX	KIMENDE	Central
14	MASENO	MASENO	Nyanza
15	MATATA NURSING	OYUGIS	Nyanza
16	MAUA METHODIST	MAUA	Eastern
17	MWIHILA	KHWISERO	Western
18	NEEMA	NAIROBI	Central
19	PCEA CHOGORIA	CHOGORIA	Eastern
20	PCEA KIKUYU	KIKUYU	Central
21	PCEA KIKUYU EYE	KIKUYU	Central
22	PLATEAU	ELDORET	Rift Valley
23	SABATIA EYE	WODANGA	Western
24	SAGAM COMMUNITY	LUANDA	Nyanza
25	TENWEK	BOMET	Rift Valley
26	TUMUTUMU	KARATINA	Central

B)	**HOSPITALS AFFILIATED TO KCCB**		
No.	**Name of the Mission Hospital**	**Town/City**	**Region (*Province*)**
27	ASUMBI	KISII	Nyanza
28	BISHOP KIOKO – MACHAKOS	MACHAKOS	Eastern
29	CHRISTAMARIANNE	KISII	Nyanza
30	CHUKA CONSOLATA COTTAGE	CHUKA	Eastern
31	CONSOLATA – KYENI	RUNYENJES	Eastern
32	CONSOLATA– NKUBU	MERU	Eastern
33	CONSOLATA - NYERI	NYERI	Central
34	COTTOLENGO	MERU	Eastern
35	EDELVALE TRUST - JAMAA	MAKONGENI	Nairobi
36	GAICHANJIRU	THIKA	Central
37	IMMACULATE HEART – KEREITA	MATATHIA	Rift Valley
38	KAKUMA	KAKUMA	Rift Valley
39	KAPLONG	SOTIK	Rift Valley
40	KIKOKO	NUNGUNI	Eastern
41	KILIMAMBOGO	THIKA	Central
42	KIMININI COTTAGE	KITALE	Rift Valley
43	KIRIA-INI	KIRIA-INI	Central
44	KOBUJOI	KOBUJOI	Rift Valley
45	LAISAMIS	ISIOLO	Eastern
46	MARIA IMMACULATA	NAIROBI	Nairobi
47	MARY HELP OF THE SICK – THIKA	THIKA	Central
48	MARY IMMACULATE – MWEIGA	MWEIGA	Central
49	MARY IMMACULATE – MOMBASA	MOMBASA	Coast
50	MATERCARE	ISIOLO	Eastern
51	MERCY MIS. ELDAMA RAVINE	RAVINE	Rift Valley
52	MUTHALE	KITUI	Eastern
53	MUTOMO	MUTOMO	Eastern
54	MUTUATI CATHOLIC	LAARE	Eastern
55	NANGINA HOLY FAMILY	FUNYULA	Western
56	NAZARETH	NAIROBI	Central
57	NORTH KINANGOP	KINANGOP	Central

58	NYABONDO	SONDU	Nyanza
59	ORTUM	KITALE	Rift Valley
60	OUR LADY OF LOURDES – MWEA	WANGURU	Central
61	SEGA	SEGA	Nyanza
62	SOLOLO	NANYUKI	Eastern
63	ST. CAMILLUS – KARUNGU	KARUNGU	Nyanza
64	ST. LUKES COTTAGE – KIAMURI	MERU	Eastern
65	ST. ANNE – IGOJI	IGOJI	Eastern
66	ST. BARBARA	KISII	Nyanza
67	ST. BRIGITA'S CATHOLIC	ELDORET	Rift Valley
68	ST. ELIZABETH – LWAK	NYILIMA	Nyanza
69	ST. ELIZABETH – MUKUMU	KAKAMEGA	Western
70	ST. FRANCIS – KASARANI	NAIROBI	Nairobi
71	ST. FRANCIS – KIPKELION	KIPKELION	Rift Valley
72	ST. GABRIEL CATH. – GATUNDU	GATUNDU	Central
73	ST. JOHN OF GOD –TIGANIA	TIGANIA	Eastern
74	ST. JOSEPH – KILGORIS	KILGORIS	Rift Valley
75	ST. JOSEPH – MIGORI	SUNA	Nyanza
76	ST. MARY'S – MUMIAS	MUMIAS	Western
77	ST. MARY'S – NAIROBI	NAIROBI	Nairobi
78	ST. MARY'S – RIFT VALLEY	GILGIL	Rift Valley
79	ST. MATIA MULUMBA – THIKA	THIKA	Central
80	ST. MONICA – RAPOGI	RAPOGI	Nyanza
81	ST. ORSOLA – MATIRI	MERU	Eastern
82	ST. PAUL'S – HOMA BAY	HOMABAY	Nyanza
83	ST. THERESA'S – KIIRUA	MERU	Eastern
84	ST.MONICA'S – KISUMU	KISUMU	Nyanza
85	TABAKA	TABAKA	Nyanza
86	THE MATER HOSPITAL	NAIROBI	Nairobi
87	TRINITY	ELDORET	Rift Valley
88	WAMBA	WAMBA	Rift Valley

Source: Ministry of Health e-Health Records (2014).

Appendix III: Full Admission to Postgraduate Studies (Doctorate)

University of Nairobi
Board of Postgraduate Studies

Telephone: 318262
Fax Number: 243626
Telegrams: "Varsity of Nairobi"
Email: bps@uonbi.ac.ke
P. O. Box 30197, 00100
NAIROBI, KENYA

Our Ref: D80/72515/2012

15th June, 2015

Mr. Jonathan Munywoki Muli-Kiliko
C/O Co-ordinator, Doctoral Studies Programme
SCHOOL OF BUSINESS

Dear Mr. Muli-Kiliko,

FULL ADMISSION TO POSTGRADUATE STUDIES (DOCTORATE)

Following your application for a higher degree at this University, I am pleased to inform you that the Director acting on behalf of the Board of Postgraduate Studies has approved your application for full registration for the degree of Doctor of Philosophy in the School of Business. He has also approved Dr. Vincent N. Machuki and Prof. Evans Aosa as supervisors of your thesis. The Guidelines on Postgraduate Supervision can be accessed on our website (www.bps.uonbi.ac.ke) while the Research Notebook is available at the University Bookstore.

The degree for which you are registered will be offered by coursework, research and thesis.

Your admission into the programme commenced on 9th January 2012 and your registration is governed by the common regulations for Doctorate degrees in all Faculties and the School of Business.

Please note that all fees and other charges due shall be paid by **Direct Cash Deposits, EFT (Swift Code is "BARCKENX) or RTGS transfer to UON CESSP Collection Account No. 2032771362 at Barclays Bank, Barclays Plaza Nairobi, Kenya or at any Barclays Bank Branch countrywide using the Reference Number quoted above.** Personal Cheques, Bankers Cheques or Institutional Cheques are NOT acceptable. The student account will be updated the next working day and can be accessed through the student online portal (http://smis.uonbi.ac.ke)available in the University website (www.uonbi.ac.ke).

Details regarding payment of fees and other charges remain as outlined in the attached fees structure.

Yours sincerely,

J. K. GACHUNGA
FOR: DIRECTOR, BOARD OF POSTGRADUATE STUDIES

c.c. Dean, School of Business
PhD Programme Co-ordinator, SOB
Dr. Vincent N. Machuki (Supervisor) –School of Business
Prof. Evans Aosa (Supervisor) – School of Business

Encl. Fees structure

Appendix IV (a): Introduction Letter from the University of Nairobi (UON)

UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES AND SOCIAL SCIENCES
SCHOOL OF BUSINESS
DOCTORAL STUDIES PROGRAMME

Telephone: 4184160/1-5 Ext. 225
Email: dsp@uonbi.ac.ke

P.O. Box 30197
Nairobi, Kenya

22nd June, 2015

TO WHOM IT MAY CONCERN

RE: JONATHAN MUNYWOKI MULI-KILIKO: D80/72515/2012

This is to certify that, **JONATHAN MUNYWOKI MULI-KILIKO: D80/72515/2012** is a Ph.D candidate in the School of Business, University of Nairobi. The title of his study is: **"Corporate Governance-Strategy Co-Alignment, External Environment and Performance of Mission Hospital in Kenya."**

The purpose of this letter therefore, is to kindly request you to assist and facilitate in carrying out the research/study in your organization. A questionnaire is herewith attached for your kind consideration and necessary action.

Data and information obtained through this exercise will be used for academic purposes only. Hence, the respondents are requested not to indicate their names anywhere on the questionnaire.

We look forward to your cooperation.

Graduate Studies Co-ordinator
P. O. Box 30197
NAIROBI
University Common Facility

for

PROF. STEPHEN N.M. NZUVE
ASSOCIATE DEAN,
GRADUATE BUSINESS STUDIES
SCHOOL OF BUSINESS

SNMN/nwk

Appendix IV (b): Introduction Letter from the Researcher

LETTER OF INTRODUCTION FROM THE RESEARCHER

Jonathan Munywoki Muli Kiliko
P. O. Box 21950-00400
NAIROBI, Kenya
Telephone: +254733 867111,
+254729 867111.
Email: jkiliko@gmail.com

24th June 2015

To: All Mission Hospitals
KENYA

TO WHOM IT MAY CONCERN

RE: REQUEST FOR ACADEMIC RESEARCH DATA

I am a doctoral candidate in Strategic Management at the School of Business, University of Nairobi. As part of the requirements for the award of the PhD degree, I am conducting research on **Corporate Governance-Strategy Co-alignment, External Environment and Performance of Mission Hospitals in Kenya**. Given that your organisation is a Mission Hospital, you have been identified as one of the target respondents.

I am writing to kindly request for permission to obtain data from your hospital for the above named purpose. Please spare a few minutes to complete the attached questionnaire as honestly as possible. You may delegate the task to your top management team member in-charge of Corporate Strategy/Planning or Marketing. I assure you that the information provided is purely for academic purpose and will be treated with utmost confidentiality.

Your participation and cooperation will be highly appreciated.

Yours faithfully,

Jonathan Kiliko
PhD Candidate, University of Nairobi

1

Appendix V (a): Research Authorization

NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471, 2241349, 310571, 2219420
Fax: +254-20-318245, 318249
Email: secretary@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

Date:
6th August, 2015

NACOSTI/P/15/8506/7388

Jonathan Munywoki Muli Kiliko
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Corporate governance-strategy co-alignment, external environment and performance of mission hospitals in Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **all Counties** for a period ending **31st August, 2018.**

You are advised to report to **the County Commissioners, the County Directors of Education and the County Coordinators of Health, all Counties** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

DR. S. K. LANGAT, OGW
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioners
All Counties.

The County Directors of Education
All Counties.

National Commission for Science, Technology and Innovation is ISO 9001: 2008 Certified

Appendix V (b): Research Clearance Permit

CONDITIONS

1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit
2. Government Officers will not be interviewed without prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice

REPUBLIC OF KENYA

NACOSTI

National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No. A 6094

CONDITIONS: see back page

THIS IS TO CERTIFY THAT:
MR. JONATHAN MUNYWOKI MULI- KILIKO
of UNIVERSITY OF NAIROBI, 30197-100
nairobi,has been permitted to conduct
research in*All Counties*

on the topic: *CORPORATE GOVERNANCE-STRATEGY CO-ALIGNMENT, EXTERNAL ENVIRONMENT AND PERFORMANCE OF MISSION HOSPITALS IN KENYA*

for the period ending:
31st August,2018

Applicant's Signature

Permit No : NACOSTI/P/15/8506/7388
Date Of Issue : 6th August,2015
Fee Recieved :Ksh 2,000

for Director General
National Commission for Science, Technology & Innovation

Appendix VI: Notice of Intent to Submit PhD Thesis

University of Nairobi
Board of Postgraduate Studies

Telephone: 3318262
Fax Number: 243626
Telegrams: "Varsity of Nairobi"
Your Ref:
Our Ref: D80/72515/2012

P. O. Box 30197, 00100
Nairobi, Kenya

August 22, 2015

Mr. Jonathan M. Muli-Kiliko
C/o Chairman,
Department of Business Administration
SCHOOL OF BUSINESS

Dear Mr. Muli-Kiliko,

NOTICE OF INTENT TO SUBMIT YOUR PhD THESIS

We are writing to acknowledge receipt of your notice of August 5, 2015 of your intent to submit your PhD thesis. We also wish to acknowledge receipt of the abstract of the thesis. Please submit 4 copies of theses to the Director, Board of Postgraduate Studies.

We look forward to receiving your thesis within 3 months from the date of your letter.

Yours sincerely,

J. K. GACHUNGA
FOR: DIRECTOR, BOARD OF POSTGRADUATE STUDIES

cc. Dean, School of Business
Co-ordinator, Doctoral Studies Programme – SOB
Prof. Stephen N. M. Nzuve, Associate Dean, GBS

JKG/do