Effect of financial capability on customer relationship management in private hospitals in Kenya

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ABSTRACT

The purpose of this study was to establish the effect of financial capability on customer relationship management in private hospitals in Kenya. The study adopted descriptive survey design. It targeted 161 private hospitals which are accredited by NHIF in Kenya and which formed the unit of analysis of the study. Simple random sampling was then be used to obtain the 644 respondents. The researcher utilized a structured questionnaire with a five-point Likert scale to gather the data. The collected data was coded and entered in SPSS for further analysis. Descriptive and inferential analysis was conducted. The findings indicate there was a statistical and significant relationship between financial capabilities and customer relationship management. Financial capabilities explained 48.5% of the variability in customer relationship management in private hospitals. Hospitals should plan ahead forecast on financial emerging issues to avoid financial distress. Good governance is critical in an organization because it enables flexible adjustments to the emerging spending patterns as strategic demands arise.

Introduction

Global health statistics report on monitoring health for SDGs indicated that weak and poor health systems remain a hindrance to progress resulting in insufficient in coverage for the most basic health services. Additionally, the AU Agenda 2063 states that, the main challenge in healthcare system is that, Africa countries lack advanced modern technology and informatics tools. In Kenya, the vision 2030 and big four agenda aim to attain universal health coverage that is accessible and affordable as well as safe medicines and vaccines for all. The government intends to upscale insurance scheme to all Kenyans to increase the universal health coverage through NHIF registration. This however remains a challenge and a complex task.

All these statistics demonstrate a gap in the industry, owing to the government’s effort to fund and improve health standards of Kenya. The new millennium is in the centre of volatile transformation, witnessing expeditiously dynamic market environment, explosive equity markets, modernized value chains and advanced global competitors. Customer needs and preferences have as well changed and customer loyalty in the sustainable competitive business world is no longer a priority and has been replaced by CRM concept. Long-term success calls for lucrative CRM strategy to meet customer-oriented objectives, and as such organizations are making CRM their first priority. Hospitals are not an exceptional and are show casing their capabilities to gain competitive advantage in today’s unstable economy. Being the vehicles used by the government in delivering healthcare services to the people, these hospitals can contribute to the agenda through effective CRM/PRM, to increase health coverage and improve health standards. Enhanced management of customer relationship in healthcare organizations is an important component in meeting customers’ demands and therefore attracting, maintaining, retaining and building customer loyalty.

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Literature from different studies shows that the Kenyan hospitals’ information system applications (such as hospital automation, electronic database and patient information) gather data entirely from hospital staff’s viewpoints. Study done by Kathini (2012), in Mbagathi hospital found out that staff were not experienced in CRM practices. Yung et al.,(2018) did a study on CRM Systems adoption in hospitals and concluded that CRM is influenced by hospital size, complexity and compatibility. These studies failed to determine factors that contribute to low CRM adoption in hospitals as well as determine the extent of implementation. Lack of customer feedback denies hospitals the opportunity to learn the needs, aspirations and contribution of a crucial mass in their value chain. Thus decision-making may be based on incomplete and skewed information that may lead to waste, inefficiency, ineffectiveness and in worst case scenario poor management practices.

There is uncertainty regarding exactly what CRM is, the best way to implement it, or its role in improving customer interaction. Based on this background, this study aimed to investigate the factors driving the adoption of financial capabilities in private hospitals in Kenya, by examining those that hospitals should prioritize when adopting customer relationship management to improve management of patient relationship in health care system, and specifically in private hospitals in Kenya.

This paper aims to examine the effect of financial capability on customer relationship management in private hospitals in Kenya. The descriptive survey design has been employed targeting 161 private hospitals which are accredited by NHIF in Kenya. Furthermore, the simple random sampling was then be used to obtain the 644 respondents. A structured questionnaire with a five-point Likert scale has been utilized to gather the data. The collected data was coded and entered in SPSS for further analysis. Finally, a descriptive and inferential analysis was conducted.

**Literature Review**

**Conceptual Background, Empirical Review and Hypothesis Development**

Healthcare has been number one priority for developed as well as developing countries. In contemporary society, significance of health care can be measured from the reality that good health is acknowledged as one of the underlying rights of every individual. Enormity of healthcare is so much so that health is one of the eight listed UN Millennium Development Goals (World Health Organization, 2018). The magnitude of health issues across the world and more so in the poor and developing countries is well registered in figures released by World Health Statistics every year. This report shows that health has been the number one concern worldwide and all countries are striving to have healthy people for a healthy nation. But as much as all governments are striving with health issues, lack of funding is hampering the fight to improve healthcare in Africa and therefore countries should allocate additional resources to improve access to life-saving treatments World Health Organization (World Health Organization, 2017). The most critical aspect of healthcare management is how customer / patient interactions are handled to build loyalty, shared understanding and patient participation in decision-making (Meesala & Paul, 2018). A healthy relationship between a medical provider and its clients results to increased patient loyalty, therefore making them loyal customers (Bamfo & Dogbe, 2017).

The concept of Customer relationship management (CRM), in the business setting, is described as “the combination of processes, approaches and technologies used by organizations for managing and evaluating customer interactions and data during the lifecycle of a customer, in order to strengthen ties with customers and retain them and boost revenue growth”. According to Lonial and Raju (2015), customer relationship management is an “integration technique for sales, marketing and service that reflects on the ways that an organization deals with its current and potential customers”. Nasrabad (2017) states that the management of customer relations uses information technology to create a cross-functional business structure that harmonizes and optimizes multiple customer-related processes in sales, marketing and customer support. This provides customers with easy, convenient and reliable services. In essence, the practice has overriding significance for any business and has even become an integral part of the non-profit organizations’ operations and essentially is no less significant for hospital services (Homburg, Jozić & Kuehnl, 2017). Essentially, CRM is used in building new relationships, increasing value and improving customer retention. In every sense, every organization needs its customers to succeed. Customer needs have led to a rise in CRM which has improved customer loyalty and good corporate reputation hence cutting costs related to public relations. CRM emergence has a comprehensive development in the domain of marketing where service and communication approaches were used in identifying customers and building strong relationships between the company and the customers (Tseng, 2016).

In healthcare, hospitals are very important organizations in delivering of healthcare services. The key customers in healthcare organizations are the patients who the hospitals seek to create a relationship with (Poku, Behkami & Bates, 2017). Hospitals’ customers include not only individuals but also organizations, which engage them for a periodic health check-up/maintenance of the health of their employees. Instances are not uncommon when organizations keep changing hospitals for their employees when they find that there are some relationship issues, which hospitals do not properly address to (Lonial & Raju, 2015).

As such, customer relationship management in hospitals is usually used interchangeably with patient relationship management (PRM). Both practices entail the same concepts and imply the same thing which is maintaining and managing patients’ relationship with focus on determining and meeting the unique needs of each particular patient. Hospitals are, in this regard, the most important elements in any system of delivery of health services (Mukami & Kiuru, 2019). The hospital plays a key role in maintaining and restoring people's health. The general broad functions of a hospital include care for the sick and wounded, preventive health, research on health issues and training for medical and parametric staff. Other functions involve both outpatient and inpatient hospital services.
and also emergency medical services (Mohite, Kanthe & Pawar, 2013). According to Mohite et al. (2013), human resource is an essential hospital resource because the interaction between medical staff and patients plays a significant role in customer/patient care. Following growing trends towards corporatization and privatization of health services, patients and society at large have multiple choices to choose from. Bowers, Swan & Koehler (2014) assert that hospitals should maintain a high degree of transparency and accountability in their services, as only then patients will develop durable relationship with them. In health care, CRM should become one of the key strategies for efficient hospital services.

Similar to business world, CRM can be used in hospitals to maintain customer loyalty in order to improve revenue. This does not imply that hospitals should provide poor health services to make customers keep coming for more. Poor services would actually make patients seek services elsewhere (Baashar et al., 2016). However, hospitals can use the concepts of CRM to improve patient service and consequently improve loyalty. The loyalty usually is beneficial to both parties because customers benefit from quality services and low price while the hospitals improve their revenue by gaining customer trust and consequently getting more customers. If a patient continues to change hospitals, their medical records will be dispersed in various hospitals and this poses a risk of misdiagnosis which may result to death. Shriredeh & Ghani (2017) advise that, if a patient is consistently treated by the same physician, his/her health tends to improve as that doctor becomes more acquainted with the condition of the patient. The most intangible benefit therefore would be time, since health records of that particular patient are available and would give more vivid information about the needs of the patient and his/her health history.

CRM for hospital services can be described as organized endeavours to establish and improve relationship between the hospital and the patient and his/her relatives, with the twin objective of assisting the patient; and the hospital to enjoy a good reputation in the community. CRM also has a major involvement in hospital’s vision, mission, values, culture, processes and services structure (Aliman & Mohamad, 2016). CRM does not merely relate to just being nice to the patient, it is concerned in providing service of the highest degree with uncompromising sincerity. Normally, more cordial relationships may exist where patients may have more frequent and personal contact (Mohite et al. 2013). CRM strategies may help hospitals, to enhance many of their relationships with patients and their relatives and stakeholders like hospital administrators, medical and paramedical staff, and the community at large. In hospital, CRM should be seen as a strategy to serve, satisfy, retain and attract patients. It could be viewed as the hospitals’ wide growth strategy aimed at knowing and servicing the patients by using the latest technology to create a personal, caring and service-oriented interface (Berwick & Wald 2011).

According to Croteau (2015), CRM offers hospitals with personalized communication result that enhances the quality-of-service delivery and it also reduces costs as well as increases the stakeholder loyalty which is most pertinent element of organization success. Just like any other business operation, CRM is influenced by a number of variables (Bamfo & Dogbe, 2017). The emergence of information technology is among the factors identified as the driver of CRM. With integration in Web technology, CRM accord hospitals opportunity to increase services far beyond their normal practices and give them competitive edge to achieve their patient care goals (Aliman & Mohamad, 2016). Healthcare providers benefit from CRM by capturing of essential customer information, which can later be used effectively to intergrate the patients’ information into the organization’s system to aid in provision of quality care. However, there are a number of challenges that hinder effective application of CRM in hospital environment given its complexity.

According to Chianda and Mahmod (2013), leadership support is critical in adoption of CRM and different parameters of leadership affect the adoption of strategies and practices in organization differently. Justification of success of CRM adoption with regard to organizational changes in the huge investments depend largely on the company’s understanding and concept of CRM which is driven by level of leadership support at the initial stages of implementation (Hajikhani et al., 2016). If the leadership fails to guide on CRM strategies, the end result would be poor CRM due to many risks and costs linked with its implementation.

According to Afzal, Modarresi, Maleki and Nasiripour (2016), effective CRM application in hospitals may signify providing information to patient promptly, acknowledging patient’s appointment and admission requests, and extending the best of care and courtesies to the patients considering that human resource capability is crucial in determining CRM implementation. Potluri and Angiating (2018) further states that one possible way through which a patient can be kept satisfied and informed is that infrastructure and personnel in the hospitals with whom the patient has frequent interface, should be trained well to answer the general queries of the patients. For example, if a patient makes queries about an unsettled bill or requests for a fresh appointment, the personnel should be quick to arrange requisite assistance. This type of helpful attitude aided by computer network can go a long way in keeping existing and future patients satisfied and score a competitive advantage over other hospitals.

Talevski, Faed and Radmand (2010) assert that adoption CRM requires effort for it to be effective and especially in financial end. As the organization undertakes on transformation to a customer-centric model, it is important to build the skills, resources and tools necessary in order to fulfil the customer's needs. In order to increase profitability that comes with customer interactions, organizations must incorporate marketing, operations, sales, customer service, research and development (R&D), finance and in addition IT in their CRM business strategy.

Kathini (2012) states that the main interest in CRM in hospitals are the quality of service in outpatient, inpatient as well as emergency services. She further states that the entire hospital staff should be competent in CRM and should be a friend, a mentor and a guide to patients whose well-being should be their primary concern. It is important to have a cordial doctor-patient interface and a durable
hospital-patient relationship. Hospitals deal with human beings under stress and strain, and hence it is important that no gap should exist between supply and demand of facilities either. Medical and Paramedical staff should not be merely experts in their profession but they should be available in optimum number (Panchapakesan, Sai & Rajendran, 2015). Hospital resources like beds for inpatient services and ambulance fleet for emergency services are very vital and should be provided adequately along with enough medical and paramedical staff size. This will help in building a deep and abiding hospital-patient relationship.

In healthcare management, the key aspect is a mechanism on how hospitals manage relationships with their patients and their involvement in decision making so as to create a greater mutual understanding and trust (Oluoch et al., 2018). When there is good relationship between healthcare providers and their customers, customer satisfaction will improve and this will lead to customer loyalty. Healthcare market trends shows that fierce competition is making hospitals become very competitive. It also shows that patients are concerned with their privacy and therefore want to protect their rights. Patients are ready to exercise their rights and therefore have high expectations on the services they are getting because, they have varieties of options they can seek second opinions from and are ready to switch providers should they not get satisfied (Sherman & Okungu, 2018). Hospitals are therefore developing “customer outreach” databases and are moving to targeted direct advertising as opposed to mass advertising (Weru, 2014). In Kenya, the healthcare system is mainly defined by government owned public hospitals complimented by the private health facilities, independent clinics of medical practitioners’ clinics and mission/Faith-based hospitals.

Need for healthcare services in private sector have continued to increase with most people seeking services from these hospitals. National Health Insurance Fund (NHIF) has recently diversified its reach to accredit additional private hospitals, mostly to fulfil government’s healthcare agenda and resolve country’s health security (Maina, 2016). Healthcare institutions have continued to develop capabilities towards boosting accessibility of services so as to meet people’s demand. The reason is due to the fact that customers will always look for services which will satisfy their demands (Ministry of Health, Government of Kenya, 2014). Weru (2014) argues that stiff competition in the health industry is forcing private hospitals in Kenya to come up with customer relationship management applications that will help to boost both new and existing patient relationships, enhance customer loyalty, ensure patient retention, expand recruiting process and maximize profits. He further notes that a need for CRM emerged when organizations realized that maintaining existing customers was cheaper than building new ones.

Financial capabilities refer to combination of the human attitude, knowledge, understanding, motivation, confidence and skills that result in an organization having operational, managerial and financial stability in order to fulfill its purpose and deliver its results in line with its strategic objectives (Adeyemi, 2011). Financial capability has four distinct aspects: planning ahead, managing money, making choices and getting help through external or internal help. Financial capability of the firm is critical in implementation of the firms’ strategies. Achieving desired financial outcomes requires the firm to accurately balance its expenditure and within the limitations of its income stream. Additionally, financial operational management in conjunction with effective governance is critical and enables precision in financial forecast and monitoring of the financial emerging issues. In that regard, financial budgets and plans of an organization should be flexible enough to enable adjustments to the emerging spending patterns as strategic demands arise.

According to Memba & Nyanumba (2013), main causes of financial distress in firms are factors which can be controlled by the firms as compared to the external factors which are difficult to control. These factors include financial structure (Total liabilities/ Total assets), cash flow ratio (Total Liabilities/net cash flow from operations) and leverage ratio (Debt/Equity) which influence the financial performance of the firm and can be used as indicators of the financial capability of the organization.

Adeyemi (2011) describes financial distress of the organizations as the main driver of failed strategies. He defines the financial distress as the condition in which an organization is having managerial, financial and operational difficulties. In that regard, financial capability can affect the implementation of CRM practices in an organization. Gongera, Ouma and Were (2013) evaluated the impact of financial risk on profitability of firms in Kenya. The outcomes showed a significant negative correlation between the liquidity risk level of the company and the profitability of the company and a strong, positive correlation between the risk management efficiency and profitability of the company. This study adapts the same logic to investigate the influence of financial capability of private hospitals on the CRM activities.

There are few studies which have been conducted on the financial capability and CRM or strategy adoption. Wang and Kung (2012) conducted a study to investigate the measurements, antecedents and consequences of CRM capabilities. The study utilized mixed study methodology integrating both quantitative and qualitative methodologies. A survey questionnaire was utilized in data gathering and hypotheses were examined using structural equation modelling. The study established significant effect of financial capabilities on CRM. The study results also hypothesized the influence of customer-centred organizational system and CRM technology on both CRM and CRM performance capabilities. The paper addressed different gaps in existing literature and took a look at CRM and developed a valid CRM measurement model.

Dous et al. (2014) investigated financial and knowledge management capabilities in CRM. The study employed a case study methodology and derived a conceptual framework for successfully implementing financial capabilities and knowledge-based capabilities in CRM initiatives. The study identified financial capabilities and knowledge management capabilities as very crucial for the success of CRM. Particularly, financial capabilities provided possible hurdles for the implementation of knowledge management on CRM and overall implementation of CRM.
Additionally, Kingstone (2014) investigated the financial realities of CRM to come up with framework guide to best practice. The study used explanatory research design which was allowed by inductive research philosophy. The study established cost as one of the main drivers for adopting CRM. The costs cut across software license fees to traditional enterprise CRM products delivered by Siebel, SAP, and PeopleSoft among others. Additionally, the complexity revolving issues such as configuration was found to create barriers to application of CRM. Finally, the study established perceived risk as past CRM failure from highly visible organizations. The study provided recommendations on basic buying criteria which eased the cost of CRM implementation. As such the study recommended very small IT staff and budgets in the sense that the basic CRM user often has to wear multiple hats in finance, IT and administration.

Although the reviewed studies attempted to link financial capability with CRM, they were conducted either in Europe or Asia and therefore presenting a geographical gap. Wang and Kung (2012) investigated the effect of financial resource on CRM strategy in Taiwan, while Dous et al. (2014) examined the effect of financial knowledge on CRM in Germany and Switzerland and Kingstone (2014) investigated the financial realities in CRM in Europe. The studies only looked at few constructs of financial capabilities and therefore ignored other constructs which may affect CRM strategy. The study tried to fill this gap in this respect by studying financial capabilities as a driver of CRM in private hospitals in Kenya. This research then hypothesized a positive relationship between financial capacity and CRM. The study therefore tested the null hypothesis that stated that there was no significant relationship between financial capacity and CRM to validate the hypothesis of the research.

Research and Methodology

The study adopted descriptive survey design. The target population for this study was all private hospitals in Kenya. The sampling frame for this study was all 270 NHIF in-patient accredited private hospitals in Kenya. The study applied the multi-stage sampling procedure. A sample of 161 hospitals was considered as unit of observation. To get as accurate results as possible, four respondents on management level with the knowledge of the areas of the study were selected from each facility. They were identified as; the hospital superintendent, ICT manager, HR manager and accounts manager. This gave a total of six hundred and forty four (644) respondents. The researcher utilized a structured questionnaire with a five-point Likert scale to gather the data. The collected data was coded and entered in SPSS for further analysis. Descriptive and inferential analysis was conducted. Before inferential analysis was conducted, diagnostics tests were done. Descriptive statistics (frequencies, mean scores, and standard deviations) were used to describe the characteristics of the variables. Descriptive statistics provide the basic features of the data collected. Inferential statistics was used to conclude the findings of test done on a population by taking a sample of information from the large population. The inferential statistic techniques were used to measure the significance of the relationship while the bivariate regression was employed to evaluate the role of financial capabilities in customer relationship management in private hospitals in Kenya. In addition, a variance analysis (ANOVA) was presented. The results of the study were presented using tables, cross tabulation, frequency and percentage.

Analysis and Findings

Descriptive statistical Analysis Results

Descriptive Analysis for Financial capability

The study sought to assess the effect of financial capability on customer relationship management in private hospitals in Kenya. Statements on Financial capability were measured using a five-point Likert scale with the following equivalences; 1 - strongly disagree, 2 - disagree, 3 - Neutral, 4 - Agree and 5 - Strongly Agree. Results are presented in Table 1.

<table>
<thead>
<tr>
<th>Statements</th>
<th>SD %</th>
<th>D %</th>
<th>N %</th>
<th>A %</th>
<th>SA %</th>
<th>Mean</th>
<th>S.D</th>
</tr>
</thead>
<tbody>
<tr>
<td>FC1 The hospital is able to finance its overall operations from internally generated funds.</td>
<td>0</td>
<td>14</td>
<td>14</td>
<td>40</td>
<td>32</td>
<td>3.90</td>
<td>1.01</td>
</tr>
<tr>
<td>FC2 The hospital is able to meet its financial obligations.</td>
<td>0</td>
<td>13</td>
<td>19</td>
<td>36</td>
<td>32</td>
<td>3.87</td>
<td>1.01</td>
</tr>
<tr>
<td>FC3 The hospital can pay off current debts with cash generated within the same period.</td>
<td>0</td>
<td>14</td>
<td>17</td>
<td>37</td>
<td>32</td>
<td>3.86</td>
<td>1.02</td>
</tr>
<tr>
<td>FC4 Stakeholders get dividends from profits of the amount invested</td>
<td>0</td>
<td>9</td>
<td>16</td>
<td>37</td>
<td>38</td>
<td>4.04</td>
<td>0.96</td>
</tr>
<tr>
<td>FC5 The hospital is generating just enough revenue to pay for its fixed costs.</td>
<td>0</td>
<td>13</td>
<td>11</td>
<td>43</td>
<td>33</td>
<td>3.96</td>
<td>0.98</td>
</tr>
<tr>
<td>Overall</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.93</td>
<td>1.00</td>
</tr>
</tbody>
</table>

From the results, highest mean was 4.04 with the statement that stakeholders get dividends from profits of the amount invested, where 75% of the respondents agreed with the statement. The high mean can be attributed to the fact that private hospitals are owned by...
individuals or group of individuals, who are majority shareholders and therefore they had to get returns from their businesses since business is about getting returns. The second highest mean was 3.96 with the statement that private hospitals were generating just enough revenue to pay for its fixed costs. Majority of the respondents at 76% agreed that internal funds generated by their respective hospitals alone were not adequate to fund for other needs, as 72% of the respondents also agreed that their respective hospitals were only able to finance overall operations from internally generated funds, statement which had the third highest mean of 3.90.

The second lowest mean was 3.87 with the statement that the hospitals were able to meet their financial obligations. This implies that hospitals have to source for funding in order to remain in business as well as be able to finance other activities. Finally, the lowest mean was 3.86 with the statement that the hospitals could pay off their current debts with cash generated within the same period. This means that hospitals could not entirely rely only on the internally generated funds.

The overall mean score was 3.93. This value implies that a majority of the respondents agreed to the statements measuring financial capability role as a driver of customer relationship management. The Table further shows that standard deviation of all the measures of financial capability was 1.00. This value indicates that a large number of respondents agreed that financial capability driver was crucial in supporting CRM through funding in their respective hospitals. The findings of the study support study by Dous et al. (2014) which identified financial capabilities and knowledge management capabilities as very crucial for the success of CRM and Kingstone (2014) which investigated the financial realities in CRM in Europe and recommended budgeting as an important tool in administration.

Inferential Analysis of Financial Capability on CRM

The study sought to assess effect of financial capability on customer relationship management in private hospitals in Kenya. A simple regression model was used to test the statistical significance of the independent variable (financial capabilities) on the dependent variable (customer relationship management) in private hospitals in Kenya. The null hypothesis was:

H0: Financial capability does not have a statistically significant effect on customer relationship management in private hospitals in Kenya.

To test the hypothesis, model CRM= α + βX + ε was fitted and results are presented in Table 2.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.697a</td>
<td>0.486</td>
<td>0.485</td>
<td>0.27763</td>
</tr>
</tbody>
</table>

Results show that $R^2 = 0.486$ implying that about 49% variation in customer relationship management is explained by the management of Financial Capability. This average performance can be attributed to the fact that most private hospitals were not able to fully finance their operations through the internally generated funds and mostly they were relying on borrowing from financial institutions. Factors such as total liabilities exceeding the total assets may have contributed to heavy borrowing. The model failed to account for 51% of the variation in CRM. This indicates that there are other factors associated with CRM which were not expounded by the model such as depreciation of assets.

In addition, this study did not consider disaster preparedness and management in case of an epidemic outbreak. The research was done during the corona pandemic and most hospitals were not prepared for the disaster as most of them had not set aside emergency funds.

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>34.898</td>
<td>1</td>
<td>34.898</td>
<td>452.755</td>
</tr>
<tr>
<td>Residual</td>
<td>36.921</td>
<td>479</td>
<td>0.077</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>71.82</td>
<td>480</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ANOVA was used to check the residual variance is reduced by predictors in regression model and the overall model significance. The linear regression F statistics presented in Table 4.23 shows that there was a statistical and significant linear relationship between financial capabilities and customer relationship management in private hospitals $F (1,480) =452.755$, $p=0.000<.05$. The $p=0.000<.05$ was less than 0.05 and thus implied that the overall model was statistically significant.
The regression coefficients presented in Table 4 shows that financial capabilities had a statistically and significantly effect on the CRM in private hospitals ($\beta = 0.697, t = 21.278, p < .05$). Given the ANOVA of 0.000 and financial capability had a P-value of 0.000 which was <0.05, the study thus, rejected the null hypothesis and adopted the alternative hypothesis that financial capability has a statistically significant effect on customer relationship management in private hospitals in Kenya.

The estimated regression equation is given by:

$$CRM = 3.469 + 0.228 \times \text{Financial Capabilities}$$

It was evident from the descriptive analysis that majority of shareholders of private hospitals in Kenya were getting returns of their investments with 75% of respondents agreeing that, stakeholders were getting dividends from profits of the amount invested. This implies that as private hospitals efficiently rewarded their stakeholders, CRM becomes more effective as most of them would support it. The results are similar to Kingstone (2014) who established that cost as one of the main drivers for adopting CRM. The costs cut across software license fees to traditional enterprise CRM products delivered by Siebel, SAP, and PeopleSoft among others. Wang and Kung (2012) established significant effect of financial capabilities on CRM. The findings also corroborate with findings of study by Dous et al. (2014) which identified financial capabilities and knowledge management capabilities as very crucial for the success of CRM. Particularly, financial capabilities provided possible hurdles for the implementation of knowledge management on CRM and overall implementation of CRM. Further, the findings support outcome of a study by Memba & Nyanumba (2013), which concluded that the main causes of financial distress in firms are factors which can be controlled by the firms as compared to the external factors which are difficult to control. However, the findings of this study differ with findings in a study by Gongera et al. (2013) about the Effects of Financial Risks on Profitability of Sugar Firms in Kenya. The outcomes of the study showed a significant negative correlation between the liquidity risk level of the company and the profitability of the company, meaning that the study did not find financial capability as a factor that can hinder CRM.

**Conclusions**

The findings indicate there was a statistical and significant relationship between financial capabilities and customer relationship management. Therefore, the null hypothesis ($H_0$): financial capability does not have a statistically significant effect on customer relationship management in private hospitals in Kenya was rejected. Financial capabilities explained 48.5% of the variability in customer relationship management. These findings are supported by argument held by Dous et al. (2014) that financial capabilities provided possible hurdles for the implementation of knowledge management on CRM and overall implementation of CRM rejecting the null hypothesis.

The study concluded that the hospitals were able to finance its overall operations from internally generated funds. The hospital is able to meet its financial obligations. The hospitals can pay off current debts with cash generated within the same period. Stakeholders get dividends from profits of the amount invested. The hospitals are generating just enough revenue to pay for its fixed costs.

The study recommends that hospitals should plan ahead forecast on financial emerging issues to avoid financial distress. Good governance is critical in an organization because it enables flexible adjustments to the emerging spending patterns as strategic demands arise.

**Author Contributions:** Conceptualization, FWM., DK., AS.; methodology, FWM., DK., AS.; Data Collection, FWM., DK., AS.; formal analysis, FWM., DK., AS.; writing—original draft preparation, FWM., DK., AS.; writing—review and editing, M. All authors have read and agreed to the published the final version of the manuscript.

**Institutional Review Board Statement:** Ethical review and approval were waived for this study, due to that the research does not deal with vulnerable groups or sensitive issues.

**Data Availability Statement:** The data presented in this study are available on request from the corresponding author. The data are not publicly available due to privacy.

**Conflicts of Interest:** The authors declare no conflict of interest.

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