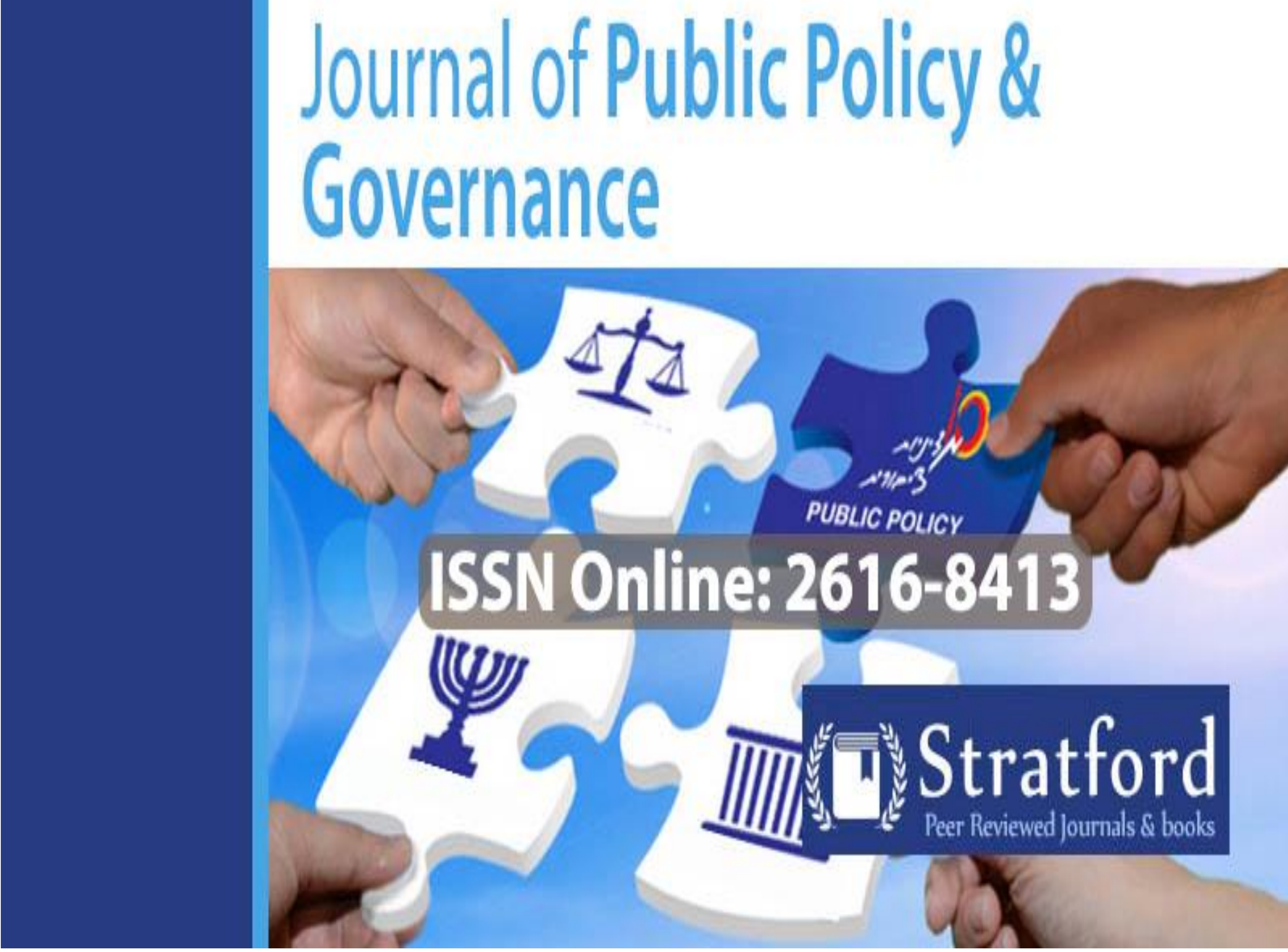

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Nexus Between Corporate Governance and Organisational Performance of Faith-Based Hospitals in Kenya

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Abstract

The overall objective of this paper was to examine the relationship between corporate governance and organizational performance of faith-based hospitals in Kenya. This paper used cross-sectional survey research design utilizing quantitative data from the questionnaires. The study also used a cross-sectional survey study. The units of analysis comprised the 115 Level 4 and 5 Faith-Based Hospitals in Kenya. Primary data was obtained through structured questionnaires. The study findings revealed a statistically significant relationship between corporate governance and organisational performance of faith based hospitals. To guarantee strategic direction, accountability, and moral governance practices, the study advises the organization to strengthen the capability and supervisory responsibilities of hospital boards in faith-based hospitals. The empirical data generated from study findings will be useful to the government and other sectors in formulating policies aimed at improving corporate governance and performance. To guarantee accountability and strategic direction, clearly, faith-based hospitals should define the tasks and responsibilities of the board of directors. To establish credibility and trust, faith-based hospitals should use open and honest decision-making procedures and consistent communication with stakeholders, encourage a company culture built on moral precepts and religious beliefs, and make sure that these values are reflected in every aspect of the business, build the organization's leadership capabilities to lead innovation in healthcare services and overcome obstacles.

Keywords: *Corporate Governance, Organisational performance, Faith-based hospitals*

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1. Introduction

The role of corporate governance as a mechanism for effective institutional management has piqued the interest of numerous strategic and policy-making bodies around the world (International Finance Corporation, 2020). Corporate failures and appalling corporate performance have been caused by dysfunctional public administration, a lack of transparency, distortions, and bad corporate governance, which have a detrimental effect on productivity and organisational goals (Kyere & Ausloos, 2021).

Globally, lack of sound corporate governance has been linked to poor organisational performance (Bezawada, 2020). Studies show that poor corporate governance practices is a contributing factor in the scandals and financial failures that were observed in Europe in hospitals (Brown, 2019; Mannion et al., 2019; Marques, da Silva, Teixeira, & Nogueira, 2020). According to the findings of the research conducted by Erwin, Landry, Livingston, and Dias (2019) in the United States, there is a correlation between corporate governance proxies and hospital performance. A study by Berland (2019) revealed the need for shared responsibility between the directors of the hospital and the community in observing good corporate governance in the hospitals in Canada. Likewise, Afriyie et al. (2020) observed that a hospital's performance and operational efficiency is enhanced by good governance in Ghana health industry. Marques, Serrasqueiro, and Nogueira (2020) linked transparency, truthfulness, and integrity in hospitals to a strong corporate governance (Agnihotri & Arora, 2021).

In Kenya, poor organisational performance has been linked to poor corporate governance in health sector (Emodia, & Mwanzia, 2021; Kinyua & Ngari, 2021; Muthengi & Ragui, 2023). Sound corporate governance protects shareholders' rights by increasing corporate transparency and ensuring greater closure of financial and non-financial information (Wu, Coleman, & Bawuah, 2020; El-Chaarani, Abraham, & Skaf, 2022; Lin & Qamruzzaman, 2023). Organisations that follow clear corporate governance are better able to manage efficient systems, regulate oversight, provide more chances for growth, and have better access to resources, which improves overall performance and lowers risks (Bhagat & Bolton, 2019). Morteruel, Bacigalupe and Moreno (2021) emphasize the need for governance in the health sectors by stimulating supportive innovative and extensive public health management strategies to combat diseases through healthy living, health promotion, and early detection. This paper therefore sought to examine the relationship between corporate governance and performance of faith-based hospitals in Kenya.

Corporate Governance

Corporate governance entails a sum of principles or norms related to an organisation's internal management that are aimed at establishing an ideal relationship between the company's administration, board, and other stakeholders while focusing on deficits in the firm's legal system and the rights of stakeholders (Buallay, & Al-Ajmi, 2020; Al-Taee & Al-Jauhar, 2022). Corporate governance can also be described as a process and structure that establishes the company's goal, means of achieving the goal, and performance monitoring systems (Buallay, & Hamdan, 2019). Corporate governance is described as the procedures and frameworks used to manage and direct businesses (Anwar, & Aziz, 2019; Aureli, Del Baldo, Lombardi & Nappo, 2020). A sound corporate governance encourages better accountability and transparency towards the company's investors, as well as providing them with the tools they need to handle shareholder grievances. Corporate governance ensures that the interests of many stakeholders are considered, hence furthering the fundamental goal of boosting company performance and shareholder value (Saygili, Saygili, & Taran, 2021). Rezeki, Pasinringi and Saleh (2020) linked the performance of hospitals to sound corporate governance. Abdallah and Bahloul (2021) revealed a link between financial performance and the indicators of corporate governance (Board of Directors, the Audit Committee, Size, Leverage and Age). Similarly, Zelalem, Ali and Wodajo (2022), allude that the indicators of corporate governance (board size, management soundness, board remuneration, and financial disclosure) were found to influence the financial performance.

Corporate governance can function as a tool to align the interests of stakeholders and management as owners' interests may differ from representatives' interests, the principal-agency problem that normally exists between the shareholders, the principals and the management, the agent enlisted to the run the organization on behalf of the owners (Pateli & Lioukas, 2019). Corporate governance occurs as a change in one or more of dimensions: Accountability- Commitment to deliver measurable results; Operational effectiveness – cost containment and optimal efficiency; Quality – development, implementation, measurement and enforcement of standards; effective controls – accounting and cost monitoring within the organisation and adherence to priorities – maintaining focus on corporate goals and objectives (Hanif & Asgher, 2018; Pateli & Lioukas, 2019).

Organisational Performance

Organisational performance refers to accomplishment of given tasks measured against set standards taking into consideration accuracy cost and planned time frame of accomplishment (Palaniappan, 2017). Organisational performance is the ultimate goal of all organisations (Karisa & Wainaina, 2020). Organisational performance comprises both profit and non-profits achievement by an organisation over a period of time (Adam &Kamase, 2019). Organisational performance is measured in terms of results that is output or outcomes competitiveness, financial performance or measures in terms of determinants of the results that is quality, flexibility, innovations and resource utilization of process and activities (Adam &Kamase, 2019).

Organisation performance is a multifaceted phenomenon in the management and business literature (Hamann & Schiemann, 2021). The outputs of an institution that may be compared to anticipated outcomes, goals, and objectives are included in the concept of organisational performance. Different methods of objective and subjective measurement are used to measure these outcomes (Jeong & Shin, 2019; Ali & Anwar, 2021).

There are two types of organisational performance: financial and non-financial. To evaluate an organisation's success, financial and non-financial perspectives are commonly employed (Eccles, Ioannou, & Serafeim, 2014). Financial performance is considered as a clear indicator of a company's financial health from a variety of perspectives (Cegarra-Navarro et al., 2016). Non-financial performance measurements comprise elements that enhance organisational and financial performance with a focus on long-term success. These non-financial metrics include organisational commitment, employee satisfaction, internal business process efficiency, and consumer satisfaction (Omran, Khallaf, Gleason, & Tahat, 2021). Additionally, non-financial metrics comprise of Effectiveness and Productivity (Elgazzar, Tipi, & Jones, 2019).

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2. Literature Review

Resource Dependence Theory

Pfeffer and Salancik founded the theory in 1978. The theory describes how outside resources influence organisational behavior. The core principle behind Resource Dependence Theory (RDT) is that, while constrained by their circumstances, managers can take action to reduce environmental unpredictability and reliance. The theory is predicated on the idea that interactions with other people and organisations within an environment are necessary for an organisation, such a commercial firm, to obtain resources. Based on the idea that organisations are not autonomous and are dependent on others for the provision of essential resources, Resource Dependency theory, which draws from organisational theory, characterizes the organisation as an open system (Drees & Heugens, 2013; Spaulding, Zhao, Haley, Liu, Xu, & Homier, 2018). Supremacy and resource reliance are mutually exclusive in the Resource Dependency theory since resources are viewed as the foundation of positional authority (Davis & Cobb, 2010). According to the Resource Dependency Theory, companies engage in inter-organisational connections to regulate their environments and lessen their reliance on others, uncertainty, and power over others (Spaulding et al., 2018). The organisations must consistently align its internal elements with the environmental pressures.

In accordance with the Resource Dependency Theory, organisations form inter-organisational alliances to manage interdependencies, bolster their legitimacy, and regain some measure of control or autonomy over their environments (Davis & Cobb, 2010; Drees & Heugens, 2013; Vicnente-Ramos et al., 2020). By putting such agreements into place, companies are able to define their boundaries at a location where they can exert the most strategic control over important external forces (Drees & Heugens, 2013). Projects can be significantly impacted during the planning and execution phases thanks to control over critical resources and the political and financial advantages that come with it (Jiang, Luo, Xia, Hitt, & Shen, 2023).

According to Brettel and Voss (2013), the focus of resource dependency theory is on managing environmental dependencies and external resources. The effectiveness of a strategy is in its alignment to operational tactics, and vice versa, even though the theory's operational focus still supports a strategic aim that will help planning at the strategic level (Spaulding, et al., 2018). The theory has however been faulted of being weak for not explaining the direct link between the deemed necessary resources and the performance or how the resources depend on the environmental factors (Jiang et al., 2023). The theory merely makes the assumption that important actors and the environment work together to accomplish the organization's goals. The theory addresses these flaws by helping enterprises manage the internal and external obstacles that limit their projects, build their organisational capacities, increase the capabilities of their individual managers, and form alliances with other businesses to strengthen their results. Resource Dependency Theory discusses how resources shape power relationships within the context of opportunities and needs throughout economic transformation in its dimension of technological uncertainty (Vicnente-Ramos et al., 2020). The technological uncertainty of a product is a reflection of the inadequacy of foreseeing changes to the product's technical features, the clients' technical requirements, and the changes in the future. RDT views executive succession as a firm-level decision that helps it better adapt to the environment (Spaulding, et al., 2018; Jiang et al., 2023). Resource Dependence Theory provides a lens through which one can understand how organizations strategically manage their external dependencies to enhance performance. The application of RDT to corporate governance highlights the importance of governance structures, decision-making processes, and interorganizational relationships in managing resource dependencies and ultimately influencing organizational performance. This theory explains how performance in faith-based hospitals in Kenya can be enhanced by harmonizing their limited resources.

The Agency Theory

The Agency theory, often known as the Principal-Agency theory was invented by Jensen and Meckling in 1976. This hypothesis suggests that managers' goals may be to maximise their own financial incentives rather than to follow "principals." As a result of the agency theory, there is a link between the principal and the agency. A principal establishes an agency relationship when he hires an agent to provide a service or act on his behalf (Jensen & Meckling, 1976). Agency theory clarifies the link between principals, such as shareholders, and agents, such as the company's executives and managers (Vitolla, Raimo, & Rubino, 2020). Businesses may benefit from adequate monitoring or control methods (Dang, Houanti, Le, & Vu, 2018). The agency theory concept emphasises the custodian role as the daily administration of the company on behalf of the owners. Furthermore, the concept argues that the audit committee's job is to supervise management and auditors in order to protect shareholders' interests (Wasdani, Vijaygopal, Manimala, & Verghese, 2021). The agency theory underlies the shareholders' model of corporate governance (CG), which is in favor of maximizing shareholders' wealth. This model prioritises the interests of the company's shareholders over the interests of all other stakeholders due to their ownership rights (Chijoke-Mgbame, Mgbame, Akintoye, & Ohalehi, 2020).

According to Agency theory, a connection exists when one party, the principle, assigns labor to a different party, the agent (Zona, Gomez-Mejia, & Withers, 2018; Herndon, 2020). Agency theory provides a framework for linking corporate governance practices to business success (Zona, Gomez-Mejia, & Withers, 2018; Wasdani, Vijaygopal, Manimala, & Verghese, 2021). A study by Afriyie, Aidoo and Agboga (2021) indicate that business performance is more likely to decline if agency costs rise and vice versa. As a result of the separation, there may be a conflict of interest between management and ownership (Salehi & Moghadam, 2019; Schillemans & Bjurstrm, 2020). According to Sulistiyo, Wardayati, Hidayatullah, and Riesky (2020), CG has the ability to either maximise or minimise the total agency costs of an organisation. Agency theory states that the main goal of CG is to reduce the possibility of agency conflicts between the people in charge of the organisation and the people who have rights inside it (Sulistiyo et al., 2020). Agents can operate in their own interests and create agency issues inside the organisation; acting in the best interests of the principles is not a requirement. Moral hazard and opportunity seeking are two factors that impact corporate performance and can lead to agency difficulties (Herndon, 2020). The CG serves as a tool for improving performance by coordinating management objectives with stakeholders.

It is possible to view CG as a phenomena that significantly affects predictions of economic development (Al Maqtari, Farhan, Al-Hattami & Khalid, 2020). A minority of commercial organisations in developing nations use effective corporate governance practices, which means that most do not realise how important it is to integrate CG into their work procedures and policies (Al Maqtari et., 2020). Businesses that use CG may see an increase in stakeholder confidence and corporate image. For these reasons, some companies view corporate social responsibility as a fad and strive to follow it by using ethical business methods (Caraiman, 2020). It is important to emphasise that corporates who fully adopt and use CG are more likely to see improved key performance indicators (KPIs) for their particular organisation. Currently, corporate integrated annual reports must include CG disclosure and CG functions as an internal control mechanism within a changing business environment (Caraiman, 2020). At the level of each activity, specific and participatory governance is required for successful CG, depending on the needs of the company.

The Corporate Governance strategy is advised by the agency theory to prevent or lessen conflict between the principal and the agent (Salehi & Moghadam, 2019). In order to balance the interests of principals and agents, corporate governance structures and procedures are designed with agency theory in mind. By addressing agency problems, corporations can enhance performance and create value for shareholders (Caraiman, 2020). Corporate governance mechanisms, such as board oversight, executive compensation, transparency, and risk management, play critical roles in mitigating agency conflicts and promoting the efficient use of resources (Salehi & Moghadam, 2019). This theory explains how corporate governance enhances organisational performance through effective management and shareholder relationship in context of competing interests and limited resources.

The Relationship Between Corporate Governance and Organisational Performance

Corporate governance has garnered significant attention in academic and corporate circles as a crucial component of contemporary business management (Nasrallah & El Khoury, 2022). It is commonly known that a company's financial success and general sustainability are significantly influenced by the efficacy of its corporate governance processes (Nasrallah & El Khoury, 2021). Ensuring that companies are managed effectively, morally, and in a way that serves the interests of stakeholders and shareholders is crucial. Although this relationship has been studied in great detail in rich economies, there is a rising interest in learning how it plays out in developing countries like Kenya.

Brown (2019) discovered a statistically significant association between corporate governance and healthcare quality among eight public hospitals in Australia using a comparative case study. Data were gathered through hospital governance records as well as semi-structured interviews. Thematic research revealed that board composition had a strong association with healthcare quality. However, the study had a contextual gap because it focused on a public hospital with different governance from faith-based hospital, which reduces the generalizability of the findings. This paper focused on organisational performance of Faith-Based Hospitals in Kenya.

Afriyie et al. (2020) discovered a statistically significant relationship between corporate governance dimensions and hospital financial performance. The study looked at the association between corporate governance metrics (gender diversity, board relationships, and governance dynamics) and financial success. Data sources, both primary and secondary, were employed. Structured and unstructured questionnaires were used to gather primary data, while financial information from 125 hospitals was used to get secondary data. Additionally, the study found a negative correlation between CEO duality, board size, and financial success. Nevertheless, because financial performance was regarded as a dependent variable in the study, it brought to light a conceptual gap. This paper took into account both financial and non-financial performance criteria.

A systemic review by Ndege, Mwaura-Tenambergen and Njoroge (2022) revealed a statistically significant relationship between corporate governance and performance in public hospitals. Panel data was obtained from PubMed databases from the period between January 2017 and February 2022. Data was obtained through inclusion of ten (10) public hospitals and exclusion of private hospitals. The study findings also indicated that accountability and shared strategic direction was also influenced by the corporate governance practices within the public hospitals. The study however manifested contextual gap as it focused on public hospital hence cannot be generalized to Faith-based hospital. In order to understand the relationship between corporate governance and organisational performance of faith-based hospitals in Kenya, This paper assessed the effects of service innovation and government regulations as mediating and moderating variables.

Marques, da Silva, Teixeira, and Nogueira (2020) discovered a link between corporate governance and the environment in the health industry using a systematic literature review. The study reviewed 167 studies and used time series data from 2015 to 2019. The obtained data was analysed using PRISMA analysis. However, the analysis revealed a methodological deficit because it solely employed secondary qualitative data. This paper was quantitative as it employed primary data. This paper used cross-sectional survey approach to obtain primary data which was then analysed using SPSS version 27.

The study by Agnihotri and Arora (2021) indicated that the stakeholders in the government hospitals had a major role in corporate governance of the hospitals. The study focused on the processes and procedures as key elements of corporate governance. The study sought opinions and views of Management, Healthcare workers and the patients as the key hospital stakeholders from three government Hospitals. The objective of the study was to establish indicators of effective governance in a highly regulated health care system in an emerging country like India. The study received 582 respondents which were analyzed using logit regression. The study established that the comfort level of patients with the doctor, the ability of the doctors to address.
The concern of patience, registration time in the hospital, and easy availability of the medicine improves the corporate governance of the hospital. The main contribution of the research is analyzing the health care system in an emerging market like India which is characterized by the complexity of interaction between the environment and policies related to health care. The study further recommends that the management should focus on good quality doctors and ethical issues like ease of access of services and service flow within the hospitals. The study, however, shows a contextual gap because it was conducted in just three government hospitals in India, excluding private and faith-based institutions. As a result, the findings cannot be applied to performance of faith-based hospitals in Kenya.

According to a study by Amara (2021), corporate governance in the companies under investigation were found to be inconsistent with some OECD principles of corporate governance and to fit with them in others. The companies under investigation were listed on the Libyan stock market. A closed-ended survey was used to get the data. Due to the fact that the mediating and moderating variables were overlooked while evaluating the relationship between the independent and dependent variables, the study has a conceptual gap. This paper looked at service innovation and government regulations as moderating and mediating variables.

Zaid, Wang, and Abuhijleh (2019) assessed the relationship between corporate social responsibility disclosure and corporate governance practices using panel data. 33 businesses that are listed on the Palestine Stock Exchange provided the data. This longitudinal study used OLS regression to investigate the relationship between CG and the level of CSR disclosure. While board size and independence had a favourable but statistically less significant influence on the quantity of CSR disclosure, gender diversity had a positive but less significant effect. Content analysis was used to examine the data. Additionally, a statistically significant negative association with CEO dualism and CSR disclosures was seen in the study's findings. The study revealed a contextual gap because it focused on firms listed on the Palestine Stock Exchange and not faith-based hospitals.

Using a cross-sectional survey, Muthengi and Ragui (2023) discovered a significant connection between corporate governance components and performance. Both qualitative and quantitative data were gathered for the study using the descriptive research approach. Primary and secondary data were collected from 248 Kenyatta National Hospital employees using a census approach to select the respondents. The study obtained the questionnaire from statements from empirical reviews which was then used to collect primary data. Because the research was conducted at a public hospital, there was a contextual gap. This research focused on faith-based hospitals in Kenya. The study was a case study while This paper was a survey of all level 4 and 5 faith-based hospitals in Kenya.

Conceptual Framework for The Study

This paper reviewed the relationship between corporate governance and organisational performance as presented in a diagrammatical form in Figure 1.

Independent Variable **Dependent Variable**

Figure 1: Conceptual Framework

3. Methodology

This paper used a cross-sectional survey research design. A cross-sectional survey design refers to an observational study that measures the study participants' exposures and outcomes simultaneously (Wang & Cheng, 2020). In cross-sectional survey design, data can be acquired more quickly and cheaply using a cross-sectional survey design than with other survey types. The cross-sectional survey makes it possible to gather primary data that aids in identifying correlations between various factors (Patten & Newhart, 2018; Shanmugam, 2020). Cross-sectional studies are observational research projects that examine demographic data collected at one particular period in time. The study population was level 4 and 5 Faith-based Hospitals (FBHs) in Kenya. According to Kenya Master Health Facility List 2023 statistics, there are 115 level 4 and 5 Faith-Based Hospitals in Kenya. The units of analysis comprised the 115 Level 4 and 5 Faith-Based Hospitals in Kenya. According to the Kenya Master Facility List of 2023, some hospitals namely; Tenwek and Mater hospital have satellite facilities registered independently from the mother hospital. Structured questionnaires were used to obtain primary data for the study. Questionnaires were preferred in This paper because they are simple to conduct, guarantee quick delivery, and allow respondents to respond at their convenience. The collected data was analysed quantitatively.

4. Findings and Discussions

In this paper, 309 questionnaires were administered to the level 4 and 5 Faith-Based Hospitals (FBHs) in Kenya and the response results are as shown in Table 1 below.

Table 1: Response Rate

Category	Administered Questionnaires	Response Rate
Returned	250	80.9%
Unreturned	59	19.1%
Total	**309**	**100%**

Results in Table 1 indicate that 250 respondents completed and returned their surveys successfully, yielding an 80.9% response rate. According to Mugenda and Mugenda (2003) and Kothari and Garg (2014), a descriptive study can be considered sufficient if the response rate is greater than 50%. Babbie (2004) places return rates of 60% or above as good, and return rates of 70% or higher as very good. Thus, 80.9% was considered very good for the study.

Descriptive Statistics

Corporate Governance

The first objective of the study was to establish the effects of corporate governance on organisational performance of faith-based hospitals in Kenya. The descriptive presents the results for corporate governance depicted in Table 2.

Table 2: Descriptive Statistics for Corporate Governance

Statistics	
Corporate governance	
N	250
Mean	4.2393
Median	4.3036
Mode	4.46
Std. Deviation	.45043
Skewness	-1.770.
Kurtosis	5.901

Table 2 presents descriptive data indicating the dispersion and central tendency of all corporate governance metrics. There were 250 responders in all for each measurement. While mean, median, and mode were used to assess central tenancy, skewness and kurtosis were used to measure data distribution. Dispersion was measured using the standard deviation. Assumptions about normality are tested using the measurements of kurtosis and skewness (Kline, 2005). According to Bai and Ng (2005), the distribution is considered severely skewed if the skewness is less than -1 or greater than 1, moderately skewed if the skewness is between -1 and -0.5 or between 0.5 and 1, and roughly symmetric if the skewness is between -0.5 and 0.5.

The findings indicate that the mean, median, and mode of corporate governance were 4.24, 4.30, and 4.46, respectively. This suggested that the majority agreed with the corporate governance statement, as indicated by the mean of 4.24. The group's members deviated from the observation's mean value of 4.24, as indicated by the standard deviation of 0.45. The corporate governance skewness was -1.770. We consequently infer that the distribution is severely skewed because the values were below -1. Kurtosis analysis revealed a corporate governance score of 5.901. As a result, since the values are more than 3, they are not platykurtic and do not exhibit a broad tail distribution or outliers.

Organisational Performance of Faith-Based Hospitals

Descriptive statistics were conducted on organisational performance of faith-based hospitals in Kenya. The descriptive presents the results for organisational performance of faith-based hospitals as shown in Table 3.

Table 3: Descriptive Statistics for Organisational Performance of Faith-Based Hospitals

Statistics

Organisational Performance	
N	250
Mean	4.3468
Median	4.3929
Mode	4.39
Std. Deviation	.41893
Skewness	-.827
Kurtosis	.916

The descriptive data regarding the organisational performance of faith-based hospitals in Kenya are displayed in Table 3. There were 250 responders in all for each measurement. While mean, median, and mode were used to assess central tenancy, skewness and kurtosis were used to measure data distribution. Dispersion was measured using the standard deviation.
According to the descriptive findings, Kenyan faith-based hospitals' organisational performance had a mean of 4.35, a median of 4.39, and a mode of 4.39. According to the mean of 4.35, the majority of people in Kenya appeared to agree with the claims regarding the organisational performance of faith-based hospitals. The group's members deviated from the observation's mean value of 4.35, as indicated by the standard deviation of 0.42.

A high standard deviation indicates that the data points are dispersed throughout a large range of values, while a standard deviation of 0.42 further suggests that the data points typically tend to be extremely near to the data mean. In Kenya, faith-based hospitals' organisational performance had a skewness of -0.827. We thus determine that the distribution is significantly skewed since the values were either between 0.5 and 1 or between -1 and -0.5. Kurtosis data indicated that faith-based hospitals in Kenya had a 0.916 organisational performance. Since the values were less than 3, we may thus conclude that they were platykurtic, with a broad tail distribution and no outliers.

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Inferential Statistics

Corporate Governance and Organisational Performance of Faith-Based Hospitals

The study's primary goal was to determine how corporate governance affected organisational performance of faith-based hospitals in Kenya. The statistical relevance of the independent variable (corporate governance) on the dependent variable (organisational performance) in Kenyan faith-based hospitals was examined using a basic regression model. The first hypothesis, according to the null form, is that corporate governance has no significant effect on the organisational performance of faith-based hospitals. The hypothesis was tested by regressing corporate governance and organisational performance guided by the equation;

$OP = \alpha 0 + ß_0 CG + \varepsilon$
Where OP = Organisational performance of Faith-Based Hospitals in Kenya, CG= corporate governance and ε

Table 4: Model Summary for Corporate Governance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783[a]	.613	.611	.47443

The coefficient of determination (R Square) is .613, as shown in Table 4. According to the model, 61.3% of the variation in Faith-Based Hospitals' organisational performance can be explained by corporate governance. This suggests that corporate governance has a major impact on performance of faith-based hospitals in Kenya.

Table 5: ANOVA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	88.279	1	88.279	392.200	.000[b]
	Residual	55.821	248	.225		
	Total	144.100	249			

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

The Analysis of Variance (ANOVA) results are shown in Table 5. Analysis of Variance consists of calculations that provide information about levels of variability within a regression model and form a basis for tests of significance. This was conducted using SPSS by using average mean score of corporate governance and organisational performance of Faith-based Hospitals. The results in Table 5 indicate that F-Calculated (1, 248) = 392.200, $p<0.05$. F calculated was greater than F-Critical from an F-distribution table (1, 265) = 3.84 at 95% confidence level. Therefore, the results confirm that the regression model of corporate governance on organisational performance of Faith-Based Hospitals is significant and valid in overall.

Table 6: Regression Coefficients for CG and OP

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.299	.095		13.680	.000
	Corporate governance	.646	.033	.783	19.804	.000

The fitted model from the result in Table 6 was;

OP= 1.299 + 0.646CG

This suggests that improved organisational performance is a result of sound corporate governance. According to $H0_1$, corporate governance has no significant effect on the performance of faith-based hospitals in Kenya. The study found that corporate governance significantly affects the organisational performance of faith-based hospitals in Kenya, rejecting the null hypothesis since the p-value was less than 0.05.

5. Discussions and Conclusion

Corporate governance (CG) has become a rapidly expanding activity in enterprises in recent years, and its significance has been emphasized globally. Even nations that do not currently have regulations governing the use of CG in enterprises have embraced it. The fact that CG forms the foundation of an organization's operational architecture explains its widespread appeal. Since the owners are dedicated to utilizing the mechanisms and principles, which in the broadest sense equate to effective monitoring of a company's activities, especially when the principles of disclosure and transparency are adopted, it is anticipated that the adoption and implementation of the Quality Assurance (QA) practice will benefit the owners. Therefore, when a company decides to adopt and implement CG, this move might positively affect decisions pertaining to both present and potential investors. Apart from the analysis done by the experts, owners and shareholders can also examine and assess judgments made on a daily basis because the information is readily available. This highlights the CG's distinct and significant function in relation to how these processes affect businesses' performance. Numerous studies demonstrate the connection between CG and business performance, yet the findings are variable and sometimes positive, both good and bad for the performance of the company.

The statistical relevance of the independent variable (corporate governance) on the dependent variable (organisational performance) faith-based hospitals in Kenya was examined using a simple regression model. The first null hypothesis claimed that there is no meaningful correlation between corporate governance and the organisational performance of faith-based hospitals in Kenya. Corporate governance was regressed against organisational performance of faith-based hospitals in Kenya and the results demonstrate that organisational performance stays at 1.299 when corporate governance is maintained.

Organisational performance is improved by following sound corporate governance principles and practices. Given that the p-value of less than 0.05 is smaller than the critical value, the null hypothesis -which posited that corporate governance had significant effect on the organisational performance of faith-based hospitals in Kenya - was rejected. The study came to the conclusion that corporate governance significantly affects the performance of faith-based hospitals in Kenya.

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The findings of This paper are in agreement with those of Oino (2019), who found that improved risk management, enhanced auditing and compliance, and more disclosure and transparency all had a positive impact on the financial performance of financial institutions. Furthermore, when there was an increase in the amount of auditing within the banking industry as well as the degree of compliance with banking regulations, the financial performance of banks improved. This is further supported by Khan, Zahid, Saleem and Sági (2021) who indicated that board composition had a significant effect on the performance. Additionally, the CEO characteristics was found to have a positive moderating effect on the relationship between board composition and accountability in the firm. The performance of the firm was found to be affected by the gender diversity and CEO duality. Equally, the results revealed that board size and diversity had a significant effect on performance.

6. Recommendations

The paper has examined ways by which corporate governance affects organisational performance of Faith-Based Hospitals in Kenya. To guarantee strategic direction, accountability, and moral governance practices, the study advises the organization to strengthen the capability and supervisory responsibilities of hospital boards in faith-based hospitals. Policies requiring regular reporting and disclosure of hospital performance indicators and governance processes to stakeholders should be put in place by the government. To make sure that hospital operations meet the requirements and expectations of the communities they serve, it is also important to develop systems for including a variety of stakeholders in governance processes, such as personnel, patients, and the community. Hospital administrators and board members should have access to ongoing education and training on best practices in corporate governance and hospital management from government and regulatory organizations.

The empirical data generated from study findings will be useful to the government and other sectors in formulating policies aimed at improving corporate governance and performance. To guarantee accountability and strategic direction, clearly faith-based hospitals should define the tasks and responsibilities of the board of directors. To establish credibility and trust, faith-based hospitals should use open and honest decision-making procedures and consistent communication with stakeholders, encourage a company culture built on moral precepts and religious beliefs, and make sure that these values are reflected in every aspect of the business, build the organization's leadership capabilities to lead innovation in healthcare services and overcome obstacles. Additionally, the hospitals need to establish closer relationships with the neighborhood to better understand and address its healthcare needs, ensuring that services are in line with the goals of faith-based care.

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