

The Effect of Marketing Innovation Strategies on Organizational Performance of County Referral Hospitals in Kenya

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ABSTRACT:- County referral hospitals play a crucial role in enhancing the accessibility of high-quality health services. This is achieved via the adoption of innovation strategies that contribute to their expansion and overall performance of the hospital. This study therefore evaluated the effect of marketing innovation strategies on organizational performance of county referral hospitals in Kenya. This study was anchored on innovation diffusion theory. The study employed descriptive research design and positivism research philosophy. Data was obtained from 47 referral county hospitals. The study focused on a total target population of 1800 respondents. The study employed purposive sampling utilizing Yamane's formula to arrive at a sample population of 327 respondents. Questionnaires were used to collect primary data. Secondary data was collected from hospital records. Data was analyzed using descriptive and inferential statistics. Correlational analysis and binary regression analysis were employed to analyze the influence of marketing innovation strategies on the organizational performance of county referral hospitals in Kenya. The study results indicated that marketing innovation strategies had negative and significant effect on operational cost ratio of county referral hospitals in Kenya hence improving its organizational performance. These results imply that adoption of marketing innovation strategies reduces operational cost of county referral hospitals hence improving organizational performance of the hospitals.

Key Words: Marketing innovation strategies, organizational performance & county referral hospitals.

I. INTRODUCTION

Management places a high emphasis on innovation to improve sustainability and achieve better organizational performance. The performance of an organization is substantially influenced by the innovative strategies it adopts throughout a specific period of time. Innovation is crucial in generating new concepts to address problems with the specific goal of enhancing systems, processes, and the well-being of numerous individuals and organizations worldwide, so elevating the overall quality of life and performance (Kiarie & Lewa, 2019).

Organizational performance is the evaluation of the efficiency with which a company's resources are being utilized. Organizational performance is comprised of three distinct dimensions. These elements encompass overall shareholder return, financial success, and a firm's product performance, which includes sales turnover, growth, operational cost reduction, and market share (Agustia, Haryanto, Permatasari, & Midiantari, 2022). The performance of public healthcare institutions in underdeveloped and emerging countries has raised concerns among both healthcare providers and users of the health facilities. The failure to execute effective innovation methods has been identified as a primary factor contributing to the subpar organizational performance of public healthcare institutions (Guyo & Thoronjo, 2022).

The organizational performance of county referral hospitals is hindered by the ineffective management of operational costs, which includes personnel wages, medical supplies, and utilities. Excessive operating expenses can put pressure on constrained budgets and affect overall organizational performance (Guyo & Thoronjo, 2022). Furthermore, numerous county referral hospitals have restricted means of generating income, such as by charging patients fees, forming partnerships and revenue from the government and county governments. The absence of varied sources of income has a negative impact on the organizational performance of multiple county referral hospitals in Kenya (Kiarie & Lewa, 2019).

For instance, Msabweni County Referral Hospital's statement of comparison of budget and actual amounts displays final receipts budget and actual on a comparable basis of Kshs.451,545,321 and Kshs.393,823,321 respectively, therefore underfunding Kshs.57,722,000 or 12% of the budget. In line with an approved budget of Kshs.389,222,321 the Hospital spent Kshs.434,255,121 against which an unapproved over spending of Kshs.45,232,852 or 12% of the budget. This suggests increased operational expense in the hospital since the hospital expenditure exceeded approved budget this may lead to decrease in organizational performance of the hospital (The Auditor General, 2022).

In Gatundu county referral hospital, the financial statement shows that the clinical costs equal to Kshs.110,059,605. The expenditure comprises a discrepancy of Kshs.7,163,458 between the actual amount of Kshs.107,249,335 and the expected amount of Kshs.100,085,877, as stated in the supporting schedule. Given the conditions, it was not possible to verify the accuracy and comprehensiveness of the clinical costs of Kshs.110,059,605 in that hospital. Furthermore, the statements revealed that the total staff costs amounted to Kshs. 341,302,696. The presented schedule includes the payroll payments for County Government employees, which amount to Kshs. 343,659,898, as well as the salaries and wages for casual employees, which equal to Kshs. 11,104,331. In all, these payments amount to Kshs. 354,764,229, resulting in an unreconciled variance of Kshs. 13,461,533. In addition, the payroll of casual employees and the establishment of hospital staff were not included in the audit (The Auditor General, 2022). This suggests that the management of operational costs at Gatundu County Referral Hospital was inadequate, resulting in a negative impact on the hospital's overall organizational performance.

In addition, the financial report of Thika hospital showed that employee expenses amounted to Kshs. 843,002,856. This includes Kshs. 797,008,110 in salaries, wages, and allowances paid by the County Government of Kiambu, and Kshs. 45,994,746 in casual wages. Nevertheless, the supplementary timetables and monthly employee compensation records were not furnished for the purpose of audit scrutiny. Furthermore, the salary payments amounting to Kshs.133,000 and the Pay as You Earn (PAYE) amounting to Kshs.210,864 for the month of May, 2022 were unintentionally excluded from the casual payroll. Additionally, the supporting schedules necessary for the audit review were not given (The Auditor General, 2022).

From the above instances it is clear that in several county referral hospitals there is a problem of management of operational costs that eventually affects organizational performance of the entire hospitals. This may lead to lack of supplies of medicines and other products required for efficient running of the hospitals. Currently hospitals are incorporating innovation strategies in their operations with the aim of reducing operational cost hence enhancing the organizational performance the hospitals (Kihuro, 2019).

Marketing innovation strategies pertain to the execution of new markets through innovation. Innovation strategies is a forward-looking approach to developing organizations that finds significant potential for growth, speeds up decision-making, and generates concrete advantages in the short term while improving organizational performance through reducing operational costs (Afuah, 2020). This is done within the framework of a long-term vision for maintaining a competitive edge that is sustainable (Müller, Buliga, & Voigt, 2021). Innovation strategies compel an organization to surpass its existing business boundaries and mental frameworks, and engage in an open-minded, imaginative exploration of the universe of potential opportunities. The importance of innovation strategies for an entity rest in its capacity to surpass competition by creating additional value in the long term (Arundel, Bloch, & Ferguson, 2019).

1.2 Statement of problem

Marketing innovation strategies play an important role in creating new markets aimed at solving health sector problems. Innovation strategies have emerged as a crucial aspect of corporate strategy, exerting a significant influence on the performance of organizations. County referral hospitals play a crucial role in enhancing the accessibility of high-quality health services. According to the auditor general report in 2022 many county referral hospitals were experiencing high operational cost due to lack accountability which led to poor organizational performance. For instance, Msabweni County Referral Hospital exceeded its budget by a total of Ksh. 45,232,852, with the management attributing this overspending to elevated operational costs. The financial statement of Gatundu county referral hospital revealed an unresolvable discrepancy of Ksh. 13,461,533 in casual salary and wages, resulting in increased operational expenses at the hospital. In addition, Thika county referral hospital deliberately omitted salary payments totaling Ksh. 133,000, hence decreasing the hospital's operational expenses of the facility (The Auditor General, 2022). Due to the mentioned instances above its clear that county referral hospitals have high operational costs which eventually reduces the organizational performance of the hospital. High operational costs in county referral hospitals in Kenya has led to delayed services, lengthy queues and lack of drugs (Kihuro, 2019). Therefore, this warrants innovation strategies so as to effectively and optimally manage the operational costs incurred by the hospital. Most studies conducted on marketing innovation strategies have focused on commercial banks and other sectors. The study focused on county referral hospitals due to high operational costs (organizational performance) of public health facilities in Kenya which raises concerns among healthcare providers, healthcare users and the government. Therefore, the study evaluated the effects of adoption of strategic marketing innovations strategies on the organizational performance of county referral hospitals in Kenya.

1.3 Study objective

To evaluate the effect of marketing strategies on organizational performance of county referral hospitals in Kenya.

II. LITERATURE REVIEW

This section provided a theoretical framework, conceptual framework, empirical literature review on marketing innovation strategies and organizational performance of county referral hospitals.

2.1 Theoretical literature review

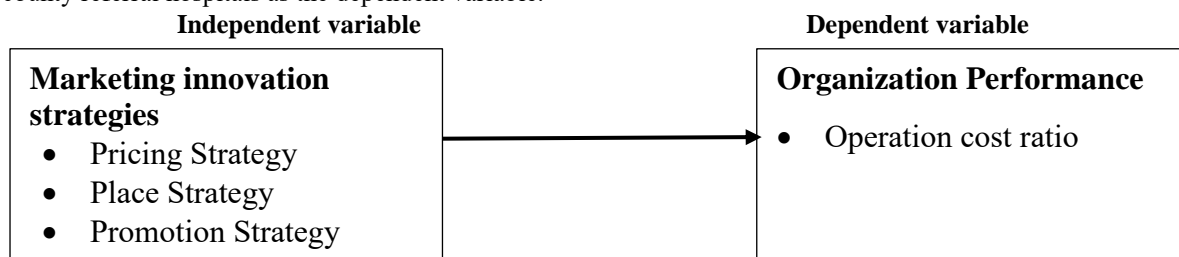
2.1.2 Innovation diffusion theory

The theory originated in the year 1962 and underwent subsequent advancements by Rogers in 1995. The theory elucidates the mechanisms via which novel concepts disseminate between firms within a specific industry. The innovation diffusion theory encompasses a categorization of organizations, which is predicated upon their adoption and implementation of novel ideas. These categories include innovators, adopters, early majority, late majority, and laggards (Rogers, 1995).

Firm's success is contingent upon the strategies it employs in the adoption of the invention. Firms tend to promptly implement new ideas that provide greater advantages, are easily implementable, and demonstrate commercial viability (Wonglimpiyarat & Yuberk, 2005). The innovation diffusion theory holds significant importance as it elucidates the process by which novel ideas propagate from one organization to another, and examines the subsequent effects of their adoption on business performance (Lee, Hsieh, & Hsu, 2011). Diffusion theory extends beyond the two-step flow theory by focusing on the factors that influence the probability of individuals in a community adopting an innovation, which can be a new idea, product, or behavior. This study utilized this theory to elucidate the manner in which the firm might identify and execute novel concepts pertaining to markets, processes, and product development, with the objective of improving organizational performance of county referral hospitals in Kenya.

2.1.3 Conceptual Framework

As depicted in Figure 2.1, a conceptual framework was presented to demonstrate the relationship between the marketing innovation strategies, as independent variable, and the organizational performance of county referral hospitals as the dependent variable.



2.1.3 Empirical literature review

2.1.3.1 Marketing innovation strategies and organizational performance

Kiarie and Lewa, (2019) aimed to determine the impact of innovation strategies on the performance of health insurance service providers in Kenya. The primary goals were to determine the impact of process innovation and market innovation on the performance of health insurance service providers in Kenya. This study employed the descriptive research technique. The research focused on a population of 224 managers working in health insurance service providers. A stratified sampling technique was used to select the sample for the study. Primary data was collected via questionnaires consisting of close-ended questions. The study found that implementing market innovation methods improves the overall performance of health insurance businesses in Kenya.

Mwangi, (2018) established the correlation between marketing strategies and the operational effectiveness of private hospitals in Nairobi County. The collection of primary data involved the use of structured questionnaires. These questionnaires were distributed to 28 private hospitals in Nairobi County that are officially registered with the Medical Practitioners and Dentists Board of Kenya. The method used for distributing and collecting the questionnaires was the drop-and-pick method. The study found a correlation between marketing techniques and the performance of private hospitals in Nairobi County.

Kihuro, (2019) to determine the impact of marketing techniques on the performance of private hospitals in Nyeri County. A descriptive research approach was utilized. The target population consisted of 56 respondents, specifically heads of department or their assistants. Data was collected from private hospitals registered by the Medical Practitioners and Dentists Board of Kenya in Nyeri County using self-administered

questionnaires. Bivariate and multiple linear regressions were conducted with a statistical confidence level of 95%. The study found that marketing strategies had a positive and statistically significant impact on the performance of private hospitals in Nyeri County.

Wangila, (2018) assessed the influence of innovative approaches on the efficiency of the public sector in Nairobi City County, Kenya. The study sought to assess the influence of product innovation, process innovation, technological innovation, marketing innovation, and organizational innovation on the performance of the public sector in Nairobi City County, Kenya. The study specifically targeted a group of 32,099 government employees working in the public sector in Nairobi City County. A stratified random sampling method was used to generate a sample of 384 persons that accurately represents the population. The data was gathered by a systematic questionnaire. The study demonstrated that the introduction of marketing innovation strategies has a positive and significant effect on the performance of the public sector.

III. RESEARCH METHODOLOGY

3.1 Research Design

The study utilized a descriptive research design as its research design. This design enabled the monitoring and collection of data related to a specific subject objective. The application of a descriptive research approach enabled the collection of data regarding the influence of s innovation strategies on organizational performance of county referral hospitals in Kenya.

3.2 Target population

The study focused on a target population of 1800, comprising 47 medical superintendents, 47 in charge of ICT, 47 nursing officers in charge, 47 hospital administrators, 47 heads of clinical services and 1575 nurses. These respondents were selected from 47 county referral hospitals in Kenya. The target population is presented in Table 1

Table 1: Target population

Category	Number
Medical superintendents	47
In charge of ICT	47
Nursing officers in charge	47
Head of clinical services	47
Hospital administrators	47
Nurses	1565
Total	1800

Source: Ministry of Health

3.3 Sampling Technique

The study utilized purposive sampling technique. Purposive sampling technique was employed to assure the acquisition of precise data from a precise set of a population, encompassing a specific array of an organization’s demographic statistics and traits. The study further used Yamane’s Sample formula to determine the sample size. Yamane sample calculation is a way to determine the sample size for a study. It is the most ideal method to use when the only thing you know about the underlying population you are sampling from is its size. The was formula developed by Yamane (1967) and used by (Dul & Hak, 2007).

$$n = \frac{N}{1 + N(e)^2} \dots\dots\dots \text{Equation 3.1}$$

Where: n = required sample size e = level of significance taken to be 0.05, N= the population size

$$n = \frac{1800}{1 + 1800(0.05)^2}$$

n = 327 respondents.

The sample population of each category was calculated based on proportion. This is calculated by dividing each category target population by total target population and then multiplying it by the total sample size. For example;

$$\text{Medical superintendents} = \frac{47}{1800} \times 327 = 9$$

$$\text{In charge of ICT} = \frac{47}{1800} \times 327 = 9$$

$$\text{Nursing officers in charge} = \frac{47}{1800} \times 327 = 9$$

$$\text{Hospital administrators} = \frac{47}{1800} \times 327 = 9$$

Head of clinical services = $\frac{47}{1800} \times 327 = 9$
 Nurses = $\frac{1565}{1800} \times 327 = 282$

Therefore, sample population of the respondents is 327 comprising 9 medical superintendents, 9 deputy medical superintendents, 9 nursing officers in charge, 9 hospital administrators, 9 heads of clinical services and 282 nurses. These is shown in table 2

Table 1: Sample size

Category	Target size	Sampled
Medical superintendents	47	9
In charge of ICT	47	9
Nursing officers in charge	47	9
Head of clinical services	47	9
Hospital administrators	47	9
Nurses	1565	282
Total	1800	327

Source: Researcher

3.4 Data collection instruments

The primary data was acquired through the utilization of a questionnaire, whereas the secondary data was retrieved from hospital records using secondary data collection sheets. Questionnaires are deemed to be the most suitable method of data collection due to the provision of anonymity, which instills a sense of confidentiality among respondents, so ensuring that their information was handled with the highest level of privacy. Furthermore, these surveys can be conveniently conducted on a broad scale, encompassing a substantial number of participants. The collection of data involved the utilization of structured questions. The utilization of structured questions is deemed suitable owing to its advantages in terms of administration, analysis, and cost-effectiveness. Secondary data that involved organizational performance (operation expenses and total revenues) was obtained from authenticated hospital record in every county referral hospital.

3.5 Data processing and analysis

Data analysis was done using descriptive and inferential statistical techniques. Descriptive statistics involving frequencies, percentages, mean, minimum, maximum and standard deviation were used to examine the extent to which innovation strategies has been adopted and its effects on organizational performance of county referral hospitals. Correlation analysis, and binary logistics regression were employed as inferential statistics to analyze the influence of innovation strategies on the organizational performance of county referral hospitals in Kenya. The study employed binary regression model in equation 3.1 to evaluate the effect of marketing innovation strategies on organizational performance of county referral hospitals.

$Y = \beta_0 + \beta_1 MIS + \epsilon$ (3.2)

- 1 If the hospital has adopted marketing innovation strategies
- 0 If the hospital has not adopted marketing innovation strategies

Where:
 y = organizational performance
 β_0 = Constant
 β_1 = regression coefficient
 MIS = Marketing innovations strategies
 ϵ = Error

IV. DATA ANALYSIS PRESENTATION & ANALYSIS

4.1 Descriptive statistics

4.3.1 Marketing innovations strategies and organizational performance

The respondents were asked whether the hospital adopts marketing innovation strategies. From the findings majority of the respondents agreed (82.21%) that the organization adopts marketing innovation strategies. This implies in many firms; marketing innovation strategies were implemented. Implementing efficient marketing strategies aids in controlling operating cost through the optimization of resource allocation, targeting of high-value clientele, and improvement of organizational performance. These results are shown in Table 3

Table 3: Does your hospital adopt marketing innovation strategies

		Frequency	Percent
Valid	YES	245	87.21
	NO	53	17.79
	Total	298	100.0

Respondents were asked to give their opinion on whether the hospital is keen on competitive pricing. From the results; 10.7% strongly disagreed, 19.5% Disagreed, 16.1% were neutral while 53.7% either agreed or strongly disagreed.

Table 4: Keeness on competitive pricing

		Frequency	Percent
	Strongly disagree	32	10.7
	Disagree	58	19.5
	Neutral	48	16.1
	Agree	95	31.9
	Strongly agree	65	21.8
	Total	298	100.0

Table 4 presents the findings confirm that the concept of value-based healthcare is a way of groundbreaking for the industry and has reshaped the approaches to hospital competitive analysis and strategic planning. This implies that in many of the county referral hospitals, rather than offering only primary or specialty care, hospitals are delivering more value by blending the two into integrated practice units.

Health care at the county referral hospitals is thus focused on the condition and delivered by multidisciplinary teams of both primary and specialty groups. This offers patients deeper expertise across a full cycle of care, recognizing that conditions are often complex and interrelated thus improving efficiencies and health outcomes this therefore boosts profitability, attracts in prospective customers, and complements value-based health care models.

One of the variable's indicators aimed to ascertain the respondents' belief that value-based pricing governs the operations of the county referral hospitals. The results in Table 4.7 depict that, 47% of the respondents disputed or strongly disagreed that this is the case, making up the majority. 16.1% of respondents were indifferent, whilst 36.9% agreed or strongly agreed that this was accurate.

Table 5: The hospital is driven by value-based pricing

		Frequency	Percent
	Strongly disagree	70	23.5
	Disagree	70	23.5
	Neutral	48	16.1
	Agree	57	19.1
	Strongly agree	53	17.8
	Total	298	100.0

The results in Table 5 suggests that costs in many county referral hospitals are not determined primarily by how much a customer thinks a good or service is worth. This suggests a lack of attention to the needs of the consumer and a refusal to base prices on what the consumers could tolerate. Therefore, they can lose out on improved services, brand value, a lack of devoted customers, and the challenge of incorporating customer feedback into the creation of new products.

The study also sought what the respondents perceived of the view that the hospital understands the target patient needs. The results in Table 4.8 confirm that 21.1% of the respondents either disagreed or strongly disagreed, 18.8% of the respondents were neutral while 60.1% either agreed or strongly agreed that indeed this is done.

Table 6: The hospital understands the target patient needs

		Frequency	Percent
	Strongly disagree	28	9.4
	Disagree	35	11.7
	Neutral	56	18.8
	Agree	89	29.9

Strongly agree	90	30.2
Total	298	100.0

The results in Table 6 implies that in many county referral hospitals, along with clinical guidelines, patient preferences provide direction for selecting treatment options and tailoring interventions. Patient preferences also help inform choice in clinical decisions where science has yet to provide dominant solutions to health care problems thus allows patients to play a bigger role in their own care. It also aligns with patient and family centred care.

The question of whether the hospital engages in event or sponsorship marketing was also posed to the respondents. While 28.9% of respondents agreed, 4% were neutral, and the majority of respondents (40.3%) strongly agreed. The remaining 26.8% of respondents either disagreed or objected strongly that the County referral hospitals are engaged in events and sponsorships. This can be seen in the Table 7.

Table 7: The hospital is involved in event /sponsorships marketing

	Frequency	Percent
Strongly disagree	35	11.7
Disagree	45	15.1
Neutral	12	4.0
Agree	86	28.9
Strongly agree	120	40.3
Total	298	100.0

The results in Table 7 implies that these county referral hospitals will interact directly with prospective patients and enjoy greater brand awareness. Conversely, sponsorship aids in raising brand recognition and exposure since it introduces your good or service to a fresh, although niche, audience. Additionally, sponsorship creates new avenues for publicity that would not have been possible in the past as it grows.

An additional question posed to the respondents inquired if access and location advertising drives the County referral hospitals. A significant proportion of the participants (39.3%) expressed either strong disagreement or disagreement with the statement. Although 42.3% of respondents agreed or strongly agreed with this statement, 18.5% of respondents were neutral.

Table 8: The hospital is driven by access and location advertising

	Frequency	Percent
Strongly disagree	78	26.2
Disagree	39	13.1
Neutral	55	18.5
Agree	54	18.1
Strongly agree	72	24.2
Total	298	100.0

The results in Table 8 show that advertising on the location of the facility is prioritized in many county referral hospitals. Consequently, this raises patient and customer visibility and enhances accessibility. All medical facilities, including outpatient clinics, must have good visibility. Should any location-related issues arise, your prospective patients will seek care elsewhere. Adequate parking places and a visitors' area are crucial components of the hospital's accessibility. The operations of the hospital may be severely impacted by any inadequate space.

One of the variables' indicators aimed to determine the respondents' perception of the frequency of customer reviews conducted by the County referral hospitals. According to Table 4.11, the majority of respondents (53%) agreed or strongly agreed that this occurs, whereas 11.7% of respondents had no opinion and 35.2% expressed disagreement or strong disagreement.

Table 9: The hospital frequently undertakes customer reviews

	Frequency	Percent
Strongly disagree	71	23.8
Disagree	34	11.4
Neutral	35	11.7
Agree	82	27.5
Strongly agree	76	25.5
Total	298	100.0

Results depicted in Table 9 demonstrates unequivocally that patient input is examined at numerous County referral hospitals. Thus, this can aid medical professionals in evaluating the quality of their patient communications. Additionally, it can assist medical professionals in evaluating how well they listen to their patients, respond to their inquiries and concerns, and so enhance patient trust. It can also boost adherence and compliance while lowering miscommunications and mistakes.

According to the survey, a large majority (75.6%) of the respondents either strongly disagreed or disagreed about the existence of customer loyalty rewards schemes at the County referral hospital. 3% of the respondents were neutral, and just 11.4% either agreed or strongly agreed.

Table 10: Availability of customer royalty rewards schemes

	Frequency	Percent
Strongly disagree	176	59.1
Disagree	79	26.5
Neutral	9	3.0
Agree	11	3.7
Strongly agree	23	7.7
Total	298	100.0

Table 10 findings indicate a lack of patient loyalty programs, potentially leading to a lack of appreciation for loyal patients and reducing their likelihood to return to the medical facility. Consequently, this may result in decreased revenues, an unstable patient base, and lower patient engagement. These factors could lead to diminished patient satisfaction, fewer patient referrals to family and friends, and difficulty retaining existing patients and acquiring new ones.

The survey additionally investigated the respondents' perceptions regarding the subject of occasionally providing free care at County referral hospitals. Of the responders, the majority (62.1%) agreed or strongly agreed. Just 26.1% of respondents opposed or strongly disagreed, compared to 11.7% of indifferent respondents.

Table 11: The hospital occasionally carries out free trials/services

	Frequency	Percent
Strongly disagree	46	15.4
Disagree	32	10.7
Neutral	35	11.7
Agree	98	32.9
Strongly agree	87	29.2
Total	298	100.0

The aforementioned observation in Table 11 displays that the county referral hospitals have largely implemented the required measures to guarantee the provision of free basic healthcare. This contributes to the development and sustenance of a positive reputation, which is a crucial component of a medical brand. It also fosters trust, as patients are inclined to select services from providers they trust and those who are regarded as credible sources.

Whether the County referral hospitals often pinpoint gaps and target market niches was another question posed to the respondents. 8.7% of respondents opposed or strongly disagreed, whereas the majority (52.3%) strongly agreed, 37.9% agreed, and 1.0% were indifferent.

Table 11: The hospital frequently identifies gaps and target market niches

	Frequency	Percent
Strongly disagree	5	1.7
Disagree	21	7.0
Neutral	3	1.0
Agree	113	37.9
Strongly agree	156	52.3
Total	298	100.0

The outcomes in Table 11 suggests that if a competitive analysis is conducted at the County Referral Hospital, which involves some comprehensive strengths, weaknesses, opportunities, and threats analysis, they will be able to uncover market potential. They can see how effectively their healthcare facilities function in comparison to their rivals with the aid of this as well. In light of this, they will be able to evaluate the state of the market, analyse significant trends, make future plans, find fresh concepts or business possibilities, and pinpoint the main flaws of their rivals.

The research also aimed to determine the respondents' views on whether marketing innovation strategies enhance performance. The majority (69.2%) of the respondents either agreed or strongly agreed that innovation strategies improve organizational performance, while 4.0% of the respondents were neutral and only 26.8% either disagreed or strongly disagreed.

Table 12: Marketing innovation strategies improves performance

	Frequency	Percent
Strongly disagree	35	11.7
Disagree	45	15.1
Neutral	12	4.0
Agree	86	28.9
Strongly agree	120	40.3
Total	298	100.0

Results illustrated in Table 12 suggests that if the County referral hospitals allocate sufficient funds for marketing, they will significantly contribute to building a strong brand and credibility among patients, thereby increasing patient acquisition and enabling hospitals to expand their reach and attract new patients. Through the use of targeted healthcare marketing campaigns, the county referral hospitals can raise awareness about their services and specialties, highlighting their expertise and unique value propositions. This increased visibility can result in a higher volume of patient inquiries and conversions, ultimately driving patient acquisition and revenue growth. By consistently delivering messages, engaging content, and implementing strategic branding efforts, healthcare organizations can distinguish themselves from competitors and cultivate trust among their target audience.

4.2 Inferential statistics

The relationship between the independent and dependent variables was established by analyzing the data using inferential statistics.

4.2.1 Correlational analysis

The study employed the Pearson product-moment correlation coefficient to evaluate the strength and direction of the relationship between marketing innovation strategies and organizational performance. The correlation coefficient data exhibits a range of values that span from -1 to +1. The correlation coefficient was evaluated with a 95% confidence level using two-tailed testing. Therefore, the rejection criteria were determined with a significance level of 0.05. Values over this threshold were considered statistically insignificant, while values below it was considered statistically significant. The results of the correlation analysis are displayed in Table 13.

Table 13: Correlational Analysis

	MI
MI	1
Y	-0.612
	(0.000)

Source: Study Data (2024)

Table 13 shows that the coefficient values suggest that there is no significant association between the independent variables. This conclusion is derived from the observation that the p-values linked to these variables above the threshold of 0.05. The study revealed strong negative relationships between marketing innovation strategies and operation cost ratio, with correlation coefficients of -0.612. The results indicate a significant and strong negative relationship between marketing innovation strategies and the organizational performance of county referral hospitals measured in terms of operation cost ratio. This is supported by the statistical significance of their p-values, all of which were below 0.05.

4.2.2 Regression analysis

The study utilized binary linear regression analysis to examine the relationship between marketing innovation strategies and organizational performance in a context of referral hospitals in Kenya. The regression results are displayed in Table 14

Table 14: Regression coefficients

Variables	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	0.742	.179	4.15	.000
MIS	-0.458	.137	-3.34	.003

Source: Study Data (2024)

- a. Predictors: (Constant), MI
- b. Dependent Variable: Organizational performance
- c. Table 4.47 regression results produced a regression model (4.1)

Y= 0.742 -0.458 MIS (1)

The value 0.742 in regression equation 1 represents the constant of the regression model in the study. The constant value was found to be statistically significant, since its t-calculated value of 4.15 which was higher than the critical t value of 2.037 and the constant's probability value was below the significance threshold of 0.005 (0.000<0.005). The study's constant indicates that when referral hospitals do not employ marketing innovation strategies, the operational cost in county referral hospital will be at 0.742 units.

4.2.3 Discussion of Findings

The first objective of this study was to assess the impact of marketing innovation strategies on the organizational performance of county referral hospitals in Kenya. The study was conducted with the assumption that the marketing innovation strategies implemented by county referral hospitals in Kenya had no significant effect on their organizational performance.

The regression analysis in Table 4.47 shows that the marketing innovation strategies variable had a regression coefficient of -0.458, with a p-value of 0.003. These results were supported by computed t statistic of -3.34 was lower than the t critical value of -2.037. These results implied that marketing innovation strategies has a negative and significant effect on the operation costs of county referral hospitals in Kenya.

Therefore, the null hypothesis, which suggests that the marketing innovation strategies of county referral hospitals have no significant impact on the organizational performance of county referral hospitals in Kenya, was rejected. These results implied that marketing innovation strategies had negative and significant effect on the operation cost of county referral hospitals. The findings imply that incorporating marketing innovation strategies into overall innovation strategies enhances organizational performance by reducing operational costs by 0.458 units. Therefore, these results indicate that employing marketing innovation strategies reduces operation cost from 0.742 units (constant) to 0.284 units in county referral hospitals hence enhancing organizational performance.

These results are in agreement with Kiarie and Lewa, (2019) who contacted a study determine the impact of innovation strategies on the performance of health insurance service providers in Kenya. The study results indicated that implementing market innovation methods improves the overall performance of health insurance businesses in Kenya. The results were also in line with Mwangi, (2018) whose study findings indicated that marketing innovation techniques has a significant effect on the performance of private hospitals in Nairobi County.

These results also collaborated with Wangila, (2018) who assessed the influence of innovative approaches on the efficiency of the public sector in Nairobi City County, Kenya. Its study findings indicated that marketing innovation strategies has significant effect on the performance of the public sector. The results were also similar to Kihuro, (2019) whose study findings indicated that marketing strategies had a statistically significant impact on the performance of private hospitals in Nyeri County.

V. CONCLUSIONS AND RECOMMENDATION

5.1 Conclusions

The association between marketing innovation strategies and organizational performance of county referral hospitals in Kenya was shown to be strong and negatively significant. This is supported by a correlation coefficient of -0.612, which indicates a strong negative relationship between the marketing innovation strategies and organizational performance. Additionally, the p value of $0.000 < 0.05$ suggests that the correlation is statistically significant. The marketing innovation strategies had a strong negative effect with a beta coefficient (β) of -0.458. with p-value of 0.003, which is less than the significance level of 0.05, indicating the effect was significant. This suggests that marketing innovation strategies have negative and significant effects on the operational costs of county referral hospitals in Kenya. Thus, it was concluded that marketing innovation strategies improves organizational performance by reducing operational costs. Therefore, the study concluded that marketing innovation strategies has a significant effect on organizational performance of county referral hospitals.

5.2 Recommendations

The descriptive and inferential findings indicate a strong and statistically significant effect between marketing innovation strategies and the organizational performance of county referral hospitals in Kenya. The majority of respondents in the descriptive statistics indicated that the hospital did not prioritize value-based pricing. Based on these findings, it is recommended for the administration of the county referral hospital to prioritize value-based pricing as a guiding principle for the hospital's operations. Value-based pricing incorporates the customer's perspective into the pricing process. It largely determines rates based on the customer's perceived value rather than the service cost or historical prices set by competitors.

The majority of the participants also concurred that the hospitals lack customer loyalty awards schemes. Thus, it is recommended for the administration of county referral hospitals to give priority to implementing customer loyalty award schemes. Customer loyalty incentive programs in hospitals have several benefits. They increase patient retention, enhance engagement, improve patient experience, distinguish services, acquire useful data, and develop community links. These factors are essential for maintaining healthcare quality and financial stability in competitive marketplaces.

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