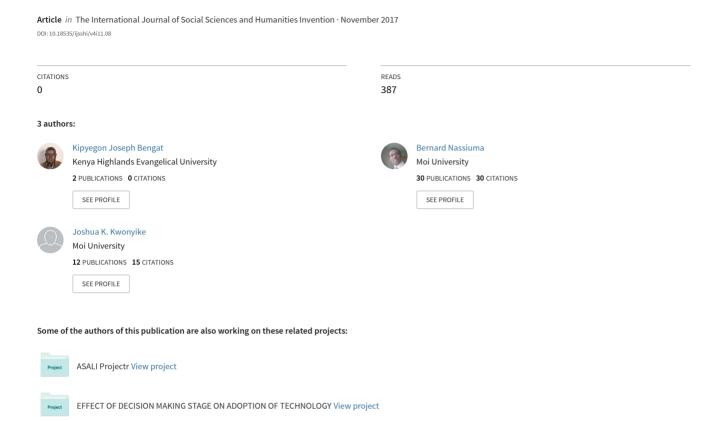
Determinants of Service Delivery in the Health Sector among Selected Counties in Kenya



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Research Article

Determinants of Service Delivery in the Health Sector among Selected Counties in Kenya

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Abstract: This study investigated determinants of service delivery in the health sector in Kenya. The study examined the effect of Public-Private Partnership (PPPs), Transfer Pricing, New public management in Service Delivery. The research adapted pragmatism paradigm, Research approach utilized was mixed method approach, design. Research utilized was s descriptive survey design, target population consisted of health workers 1,740, a sample size of 314 respondents was adopted from a thesis. Analysis was employed by Structure Equation Modeling. Findings: Two null hypotheses were rejected hence Public-Private Partnership positively affects Service Delivery. Transfer Pricing model was reliable and had good fit, (NFI = 0.912); New public management posted low CFI and GFI. Ant-Image for (PPP, TP& NPM posted: ai = 0.970, = 0.980 &=0.620) respectively. Results for transfer pricing indicate that ratio index, 2.15 is less than 5, in other words the model is a good fit. The relative chi-square should be 5 or less to reflect good fit or acceptable fit. New public management indicate ratio index, 6.30 more than 5 indicating a model of not good fit its, CFI .890, NFI, 0.7 lower than threshold. Public-Private Partnership had ratio, 1.907 which is less than 5 in other words the model is a good fit. Its also indicates NFI= 0.900, and GFI = 0.911. The study concludes that new public management loaded poorly hence the variable had lower weight as a predictor compared to the two predictors. Transfer pricing strongly influences Service Delivery, but its model is not fit. All in all the three constructs: PPP and TP are good contributors to Service Delivery, New public management loaded poorly with a lower weight and weak association compared to other predictors. This research recommends that New Public Management should be further researched.

Keywords: Public-Private Partnership (PPPs), Transfer Pricing (TP), new public management (NPM), Structural Equation Modeling (SEM) and Ant Image Correlation (ai) and Confirmatory Factor Analysis (CFA)

Introduction

While public sector has ethical, social political and constitutional dimensions. Such applications always involve risk (Pollit, 1990; Armstrong 1998; Painter, 1997; Chelung & Lee 1995) cited in Ofoegbu et al ., (2015). Besides the ideological and economic arguments of bureaucracy theory of superiority of the private sector, governments' activities in the field of market mechanisms stem from management corner (OECD, 2008). Governments have privatized operations and service delivery to private sector where possible and have developed new service delivery partnership and non-profit organizations. These activities can be seen as a way to shrink the size of the state, get to innovative private-sector approaches into public domain and provide governments with more flexibility for tackling difficult management issues. Kenya's new constitution advocates for the need of county governments' strategies of promoting public-private partnership such as joint venture, technical teams and citizen commissions, to encourage direct dialogue and concerted action on sustainable development (ROK, 2012). According to Tambulasi (2010), Public -Private partnership (PPPs), are increasingly considered an innovative policy tool for remedying the lack of dynamisms in traditional public-private

service delivery; thus NPM considers the use of public-private partnership as one of the tools for management to achieve effective outcomes.PPPs are seen as a means of obtaining 'greater discipline and diligence in resource use with the aim of doing more with fewer resources hence 'value of money', better services with less cost. Essentially, PPPs have become a popular method of financing large-Scale infrastructure projects in an increasing number of countries (IMF, 2006). PPPs contracts have 54 been drawn up in economic sectors (e.g., transportation—roads,), social sectors (e.g., education and health), and general public administration (e.g., prisons).

As regards the pricing policy of public sector enterprises, two approaches have been identified: The public utility approach and the rate of return approach (Misra &Puri, 2010). The public utility approach implies a pricing policy that yields a non-no-profit –no loss situation (Misra & Puri, 2010). Among the elements of NPM identified by Pollitt (1995) cited in Gelas (2014) is that of cost cutting and capping budgets NPM draws together a set of cost cutting and management concepts from the private sector including downsizing, rightsizing, entrepreneurialism, reinvention, enterprise operations, quality

management and customer service (Ferlies & Steane,2002 cited in Gelas, 2014).

Research also shows that NPM reforms in western countries have been significantly affected by four factors: political systems, party politics, macroeconomic considerations and state tradition (Lee & Haque, 2006). Scholars have revealed that the type of political system is a critical factor that determines the nature of reforms themselves as well as the outcomes, (Ramanie et al 2008).

The commitment of political leaders to the reform of the public sector and their support for the wide application of NPM from the early stages of reforms was one of the important reasons behind the success of NPM in Singapore. In contrast, political leaders in Bangladesh used to call for reform but they did not undertake effective actions to achieve it. The wide gap between state capacity in Singapore and Bangladesh can also explain the reasons behind the failure of Bangladesh's attempts at reform. Moreover, the rule of law played an important role in the success of Singapore while it was an obstacle in the case of Bangladesh (Sarker, 2006). The study questions were: (1) Does Public-Private Partnership affect Service Delivery in Kenya?(2) How does Transfer Pricing influence Service Delivery in Kenya? (3) To what extend does new public management affect Service Delivery in Kenya?. Objectives examined were: effect of Public-Private Partnership (PPPs), Transfer Pricing, New public management on Service Delivery.

Related Literature

Public-Private Partnership (PPPs) and Service Delivery

Apart from outsourcing and contracting to individuals, agencies and companies, devolve governments have implemented Public –Private Partnerships as exemplified in most CIDPs. Public-private partnership(PPP) refer to arrangements whereby the private sector finances, designs, builds, maintain and operates infrastructure assets traditionally provided by the public sector (IMF 2004) cited in (Gelas 2014). The objective of PPPs is to achieve efficiency gains through competition by private sector providers, transferring risks from the government and taking advantage of private sector experience. PPPs can also involve the private sector 53 purchasing already existing infrastructure assets, redeveloping g them and then providing it to the citizens for a charge footed either by the citizen or by the government or a combination of both for a prolonged period (Kajimbwa, 2013).

The use of private sector management principles in the public sector is characterized by different context. When contemplating infrastructure projects and their related services, governments face a trade-off between quality and efficiency. The main argument in favor of PPPs relates to their potential efficiency gains. It is perceived that the government can benefit from private sector management and obtain better value for money than by embarking on an infrastructure project by itself, using traditional public ownership and procurement methods (OECD, 2008). However, successful

PPPs require efficiency gains to be large enough to cover the additional private sector borrowing and transaction costs. Part of these transactions is contract management.

Those governments that have adopted PPP have been driven by the need for effective contract management. As already pointed out, NPM involves the use of market type or contractual arrangements such as performance contracts, the creation of agencies, contracting out, internal markets and citizens' charters, to improve public management (Kobena, Karach & Shaw, 2012). The challenge however has been in contracting out services to agencies or even in establishing effective partnerships without having vested interest by the parties involved. Research shows that public agencies are often confronted with the issue of whether to contract out the delivery of public services. Kobena et al (2012).

The contracting out strategy became popular in the public sector because of the perception that governments are intrinsically inefficient (Amagoh, 2009). Thus, to manage contracting arrangements effectively, county governments must have the capacity to write and manage contracts, to specify what they want to buy, run their fair and competitive markets and carefully assess the quality of what they buy. Lane (2000) cited in Amagoh (2009) asserts that using and mixing markets and bureaucracies through contracting out can enhance both efficiency and accountability as it combines market competition with a more rigid performance control system.

Thus, contracting out, to any of the parties, can help reduce the costs of public service provision, offer users of public services more choices and variety, and improve the performance and quality of public service delivery. It also has the added benefit of ensuring flexibility for public agencies in adjusting to new pressures and changes in service demands. In this way, public sectors organizations can focus on core activities and thus maximize some measures of efficiency here also have been numerous attempts to make the public sector more participatory and democratic.

Transfer Pricing and Service Delivery

In applying these concepts, the goal has been to create a smaller, more entrepreneurial, responsive, economical and effective public sector (Pollitt, 2003; Romseck, 2000; Armstrng, 1998; Hood, 1991) cited by Gelas (op cit) According to Misra & Puri, (2010); apart from providing needed funding for the provision of services, sharing the cost of services provision with users is seen to make them more responsible in the use of such services. (Misra & Puri, 2010) Such sharing covers both use of vouchers and user charges fee. Vouchers- or their equivalents used to purchase services by service users, instead of providing direct funding to service providers. The best service providers will attract more vouchers and claim the money from the government. User charges or a fee egg. In health and education services where partial or the idea is to put a price on public services though this need not be at market rates.

New public management

Research reveals that political aspect play a critical role in new public management, (Ramanie, Quamru, Teicher, 2008). The clear separation between politics and administration was demanded by reformers such as Woodrow Wilson (1887) cited in Sapru (2013) who suggested a dichotomy of between: policy determination via politics and policy implementation via nonpolitical administration. Woodrow posits that implementation of public policy in government would follow principles of more 'businesslike management.

The policy approach applied in NPM is the business approach type. An analysis of political environment indicates that politics and policies formulation and implementation plays a pivotal role in the success or failure of NPM, (Sarker, 2006). In countries where NPM has been embraced, the political parties in power sought the support of public servants holding important policy-making, implementation and local government-level position, (Ramanies et al, 2008). This was one of the precipitating factors that enhanced reforms and a clear indication that policy plays a pivotal role in NPM, (Sarker, 2006).

According to Maina and Kibua, (2016) a policy approach to health promotion has been shown to be one of the most effective ways of achieving change. With regard to reducing health inequalities, there is good evidence to suggest that change is best effected by altering the policies and environments which have greatest impact on the lives of poor and marginalized people, rather than targeting the people themselves

Thus, the commitment of political leadership, the institutions a country creates, the reform it intends to introduce and the policy infrastructure it derives influence NPM reforms. In order to achieve all these, a clear policy framework must be put in place. According to Lee & Haque (2006), a high level of integration between the political and bureaucratic regime in the county leads to decentralization of power with a high degree of institutional continuity without compromising the capacity of the state.

Lee's and Haque's views (2006), shows that political leaders have resorted to NPM reform such as the emphasis on performance and accountability by results as a way to cope with rising popular demand for more political responsiveness and participation. The implication of this is that, for effective performance and accountability; and service delivery, policy that guides operations have to be put in place. In a New Public Management, the two sectors (public and Private sectors) become mutually dependent given that the private contractors may depend upon government for their existence, and the public sector is dependent upon the private for capacity to perform its essential tasks(Guy,2011).

As Guy (2011) puts it, the fundamental logic of NPM is that, management in the public sector is not in any meaningful different from management in private sector. The only point of diversion is the means through which policy is taken with the

seriousness it deserves. From 1990, the support of the reform was motivated by political reasons. The reasons refer to as "deficit" of democracy, the distance created between state and citizen with direct consequence on the stability of political systems and the quality of democracy (Gelas,2014) Arguments have been posited that the problems of implementation of reforms stems partly from the lack of leadership and commitment to reform by politicians and civil servants and lack of political good will has contributed to the failure of NPM reforms in Africa, (Ayee, 2001, Muller & Dunn, 2006 cited in Gilas 2014). For instance, in Bangladesh, the political party officials and the new entrepreneurial class used the public management system to make fortune.

Methodology

Research Paradigm

The research adapted pragmatism paradigm in examining issues raised in this research. Pragmatism derives from the work of Peirce, James, Mead, and Dewey Cherry Holmes (1992) cited in Gray. E. David, (2009). The pragmatic approach to science involves using the method which appears best suited to the research problem and not getting caught in philosophical debate (Morgan, 2007) Pragmatic researchers have the freedom to use any of the methods, techniques and procedures typically associated with quantitative or qualitative research. Morgan asserts that pragmatic approach is based on the premise that every method has its limitations and that different approaches can be complementary.

Research approach

This research utilized mixed method approach; that is Quantitative and Qualitative. Being able to mix different approaches has the advantages of enabling triangulation. To triangulate is to combine more than one approach of data collection or gather both quantitative and qualitative data at the same time, and to integrate the two forms of data to best understand a research problem. This research put more emphasis on data triangulation. Quantitative studies provide data that can be expressed in numbers.

Design

This research utilized descriptive survey design. According to Fraenkel & Wallen, (2006), descriptive survey design collects information from a sample drawn from a predetermined population using a predetermined set of questions. Descriptive Survey design has an advantage in that it draws a sample of the population and then generalizes the finding from the sample to the population (Graziano & Raulin, 2007).

Population

The target population included three counties selected using purposive technique. They were Kericho, Bomet and Narok counties focus was on devolved services in ministry of Health. Operational health facilities, health workers and employees under administrations, doctors and nurses and clinical officers. Thus the target population for this research was 1,740, which was sampled to 200.

Analysis

This study employed Factor analysis, which involved Factor extraction and Ant Image correlation .The study majorly utilized Structure Equation Modeling (SEM) by means of AMOS as second generation. SEM was employed with a technique known as method of Multiple group model comparison and Split path diagram comparison.SEM has become a pivotal empirical research method in social sciences owing to group comparisons models its' important role in research.

Model Evaluation Criteria: Maximum Likelihood

The research considers criteria that assess model fit from a diversity of perspectives. The model fitting process involved determining the goodness-of fit between the hypothesized (Public-Private Partnership, Transfer Pricing, New public management and the sample data Arbuckle (2011, pg.310). Study by Ananda (2012), argues Maximum Likelihood gives the best results since the data normally-distributed. Model Evaluation Criteria, Goodness of Fit, Chi Square (x2) Goodness of Fit, the Goodness-of-fit Index (GFI) Normed Fit Index (NFI), Relative Fit Index (RFI), Tucker Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA) using the following statistical fit level measure (Mueller, 1996).

Multiple Group Models Comparisons

This study employed Structural Equation Modeling which is a second generation techniques to perform Multiple Group Models Comparison Current a technique in the field of research and sciences (Mueller, 1996). Squared multiple correlations are independent of units of measurement. Amos displays a squared multiple correlation for each endogenous variable (Hui, 2011).

Finding and Discussion

Ant-Image Correlation

Results for three variables(Public-Private Partnership, Transfer Pricing, New public management) indicated that their factors are loaded together indicating that the variables have greater weight on Service Delivery and had strong contribution for Service Delivery but New public management(.620° was the least performed as a predictor for example:Public-Private Partnership, Transfer Pricing, New public management as predictors had strong contribution to Service Delivery, respectively(ai=0.970,ai=0.980 and ai=0.620), While New public management loaded poorly hence the variable had lower weight as a predictor compared to other predictors just closer to mediocre level of 0.5.

Table 5.1 Anti-Image Diagonal Matrice: PPP, TP, NPM and Service Delivery

	Public- Private Partnership	Transfer Pricing	New public management	Service Deliver y
Anti-	.663	.175	027	.083
image	421	051	014	.001
Corre	449	173	.027	.002
lation	719	113	.009	169
	.003	026	080	146
	.063	.007	.025	.128
	.159	029	038	.138
	.979 ^a	.180	017	.065
	.180	.980 ^a	027	093
	017	027	. <mark>720</mark> ª	008
	024	044	040	086
	.001	.104	056	286
	.517	.155	.004	051
	.065	093	008	.809 ^a

Source: Author Begat, Thesis (2017)

The sample of partial correlation for new public management was not appropriate because it posted KMO of 0.620 just at the boundary on cut off point. But since Bartlett test of sphericity yielded sig 0.00, which was significant. Similar studies have also found Service Delivery to be non-significant in predicting behavioural performance (He and Lu 2007; Wu, Tao and Yang 2007). By enhancing transfer pricing in service delivery through taxation policies, PPP (as a strategy of NPM) is seen as enhancing accountability in health service delivery. Related studies support this study findings of Kelly 1998, Lynn, (1998) cited in Bao et al., (2012) which observed that in the public sector, utility is contested and decided politically, and that one of the chief functions of government is to collect the values of the community and create integrated responses to these values across increasing fragmented government systems where values are in conflict. These decisions are done through policy formulation and implementation; which, as already pointed out is a political process. The management when interviewed argued that policies should be translated into deliverables by implementing them effectively, an argument which also supports CAFOD, (2016)

Analysis of Public-Private Partnership Goodness of Fit, Factor Loading, Ant-Image

This study splatted the model of Public-Private Partnership (PPP) into of the 5 scores of split-model making them subtests of: PPP1, PPP2, PPP 3, PPP 4, PPP 5. The Public-Private Partnership are hypothesized to depend on the single underlying latent variable known as Public-Private Partnership which is operationalised to depend on Service Delivery. The study employed , X^2 /df =1.907, CFI= 0.890, NFI= 0.900, RMR= 0.082, RMSEA =.059 and GFI = 0.911. Results obtained indicate that: Public-Private Partnership Split Model_1yielded Ratio Index, p = 0.000 hence < 0.05which indicates that its significant, Null Hypothesis was rejected and Alternate Hypothesis was accepted. Results indicate that Ratio index X^2 / df = (1.907) which is less than 5 in other words the

model is a good fit. The author considered fit statistics to address the problems with chi-square, operate the (X^2/df) ratio, chi square in an attempt to make it less dependent on sample size .The relative chi-square should be 5 or less to reflect good fit or acceptable fit. Answering the Research Question .Public-Private Partnership positively affects Service Delivery.

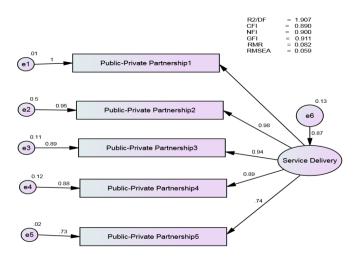


Figure 5.1 Public –private Partnership Split Model (Source: Author Begat, Thesis, 2017)

Analysis of Transfer Pricing of Goodness of Fit, Factor Loading, & Ant-Image

The scores of the 5 split-model subtests (Transfer Pricing1, Transfer Pricing2, Transfer Pricing 3, Transfer Pricing 4, Transfer Pricing5) as indicated (Figure 5.2) are hypothesized to depend on the single underlying latent variable known as Transfer Pricing which is operationalised to depend on Service Delivery. Results indicated Chi-square = 62.129, $X^2/df = 6$ 2.1499 slightly closer to 5, which was more that the ratio obtained by PPP, CFI = .990, NFI = 0.912, RMR= 0.012, RMSEA = .0031 and GFI = 0.911. Results obtained indicate that: Public-Private Partnership Split Model_1yielded Ratio Index, p = 0.013 hence <0.05which indicates that its significant Null Hypothesis was rejected and Alternate Hypothesis was accepted .Results indicate that Ratio index X² / df = (2.15) which is less than 5 in other words the model is a good fit. The relative chi-square should be 5 or less to reflect good fit or acceptable fit. Hence this study contend that Transfer Pricing model is reliable, strongly influences Service .Answering the research question that Transfer Pricing strongly influences Service Delivery in Kenya.

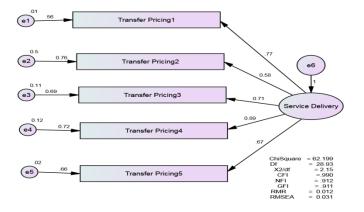


Figure 5.2 Transfer pricing model (Source: Author Begat, Thesis, 2017)

Analysis of New public management of Goodness of Fit, Factor Loading, & Ant-Image

Results in (Figure 5.3) Indicate New public management1,New public management 2, New public management 3,New public management 4,and New public management5). Results indicated Chi-square = 88.20, $X^2/df = 6.30$, df =14, CFI= .890, NFI = 0.702,RMR= 0.062, RMSEA.021 and GFI = 0.90. Results obtained indicate that: New public management Split Model_1 yielded Ratio Index, p = 0.45 hence >0.05 which indicates that it was not significant Null Hypothesis was not rejected and Alternate Hypothesis failed to be accepted. Results indicate that Ratio index $X^2/df = (6.30)$ which posted a figure more than 5 indicates that the model is not good fit.

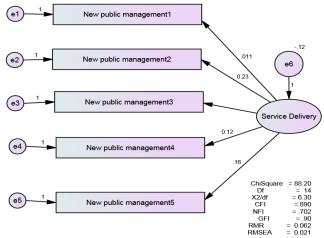


Figure 5.3 New Public Management model (Source: Author Begat, Thesis ,2017)

The relative chi-square should be 5 or less to reflect good fit or acceptable fit. Hence this study show that new public management models it is not reliable not good fit. Answering the research question: The New public management does not affect Service Delivery in Kenya.Null Hypothesis was rejected and Alternate Hypothesis was accepted. Results indicate that Public-Private Partnership Ratio index X^2 / df = (1.907) is the best performed he model is a good fit .The author considered fit statistics to address the problems with chi-square, operate the (X^2/df) ratio, chi square in an attempt to make it less dependent on sample size .The relative chi-square should be 5 or less to reflect good fit or acceptable fit.

Conclusion

Public-Private Partnership positively affects Service Deliver strongly with ratio 1.907, RMR, 0.082, it's the highest contributor, and agree with the rule of thumb. All the same Transfer Pricing model is reliable, it's said to be a contributor of Service Delivery, its model is said to be good fit with NFI= 0.912, though CFI and GFI are not very high.Transfer pricing strongly influences Service Delivery, but its model is not so fit. All in all the three constructs: Public-Private Partnership, Transfer Pricing, New public management as predictors could contribute to Service Delivery, they also had

an association as indicated by anti image correction towards Service Delivery, respectively(ai=0.970, ai =0.980 and ai= 0.620). However New public management loaded poorly as a variable, it had lower weight, a weak association (ai,0.62) compared to other predictors just closer to mediocre level of 0.5. Results for transfer pricing indicate that ratio index X^2 / df = (2.15) is less than 5, in other words the model is a good fit. The relative chi-square should be 5 or less to reflect good fit or acceptable fit. Results for New public management indicate that Ratio index X^2 / df = (6.30) which posted a figure more than 5 indicates that the model is not good fit, also CFI= .890, NFI = 0.702. New public management generally yielded lower results than the threshold. Public-Private Partnership indicates that Ratio index X^2 / df = (1.907) which is less than 5 in other words the model is a good fit. Its also indicates NFI= 0.900, and GFI = 0.911

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