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Influence of Corporate Governance Practices on Performance of Faith-Based Hospitals: A Systematic Review

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Abstract

Faith-based health facilities form a key pillar in the provision of health services, especially in the rural and marginalized areas of the country where public health service provision is low, failed or non-existent. However, these institutions are exposed to the risks of continued reliance on boards of management constituted by religious leaders, leading to weak governance structures. This review focused on the effect of corporate governance on the performance of faith-based hospitals. A systematic review of the literature was conducted from January 2017 until February 2022. Google Scholar databases were searched using keywords such as corporate governance practices, hospital board shared strategic direction, hospital board accountability, and faith-based hospital performance. Studies were included if their outcome measure was hospital performance or health service delivery. The search was restricted to the English language. The methodology was aligned with the guidelines of Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA). 10 articles met the inclusion criteria. Of these studies, 7 investigated hospital performance and 3 investigated health service delivery. 100% of the articles showed that good corporate governance practices improved performance and health service delivery. On average, there was a 30% and 40% increase in hospital performance due to accountability and shared strategic direction respectively. The shared strategic direction was effective compared with accountability. Good corporate governance such as having a shared strategic direction and holding board members accountable improved the performance of the hospitals.

Subject Areas

Health Policy

Keywords

Corporate Governance Practices, Hospital Board Shared Strategic Direction, Hospital Board Accountability, Faith-Based Hospitals Performance

1. Introduction

Faith-based health facilities form a key pillar in the provision of health services, especially in the rural and marginalized areas of the country where public health service provision is low, failed or non-existent. Together with other private health facilities, they complement public health service provision in a major way. However, with the proliferation and increase in the number of health care provision ranging from public to private for-profit and private not-for-profit (where faith-based facilities fall) health providers, it has become pertinent for faith-based health facilities that rely on their self-funding models to evaluate the sustainability of their organization performance. When compared with other private facilities which are for-profit, faith-based health facilities present a bleak outlook from an organizational performance and sustainability perspective.

Studies show that private-run hospitals provide an ideal model for sustainably running and managing health facilities because they have been able to embrace the best corporate governance practices and rules (Barasa *et al.*, 2018) [1]. According to Lateef and Akinsulore (2021) [2], corporate governance is a system by which companies are directed and controlled. The reviewed studies have shown that by adopting good corporate governance, private health facilities are able to attract diverse skills, competence and knowledge by incorporating diverse set of membership in their management boards. This improves quality decision-making by way cultivating accountability, ensuring inclusivity by engaging stakeholders, enabling the setting up of shared direction, as well as ensuring good stewardship of resources in more prudent ways. These four elements thus become the key cogs in ensuring that for-profit private health providers remain vibrant, sustainable and high performing health systems.

In contrast, however, most of the not-for-profit private health providers like faith-based health facilities are yet to embrace such good corporate governance practices, therefore exposing the institutions to the risks of continued reliance on boards of management that are strictly constituted and run by religious leaders. The same religious leaders are also responsible for the specialist decision-makings affecting the performance competitiveness of these health facilities. Therefore, under these kinds of situations, corporate governance practices in these institutions have been thought to be unclear, short of transparency, lacking in accountability, lacking complete disclosures, failing, and approaching their resultant collapse.

In the light of these observations from the reviewed studies, there are clear gaps in the current understanding and knowledge on how good corporate gov-

ernance practices and the values they bring to running of health facilities influences the overall organizational performance of Faith-based health facilities. It is not therefore clear how much the governance of not-for-profit faith-based health facilities is guided by the corporate governance practices (Wambui *et al.*, 2020) [3]. This study, therefore, seeks to systematically examine the manner in which corporate governance practices influence the organizational performance of the not-for-profit faith-based hospitals.

The overall objective of this systematic review is to determine the effect corporate governance practices have on the performance of faith-based hospitals.

The review seeks to answer the following research questions

- 1) What is the effect of the board's accountability on the performance of faith-based hospitals?
- 2) What is the effect of boards' shared strategic direction on the performance of faith-based hospitals?

2. Methodology

In order to answer these questions, the studies were categorized into two in the process of review. The titles and abstracts were reviewed for relevance and checked if they met the inclusion criteria. This review was conducted based on the PRISMA guidelines for systematic reviews as shown in **Figure 1**. The values of the parameters were determined based on the available studies in Google Scholar and PubMed databases and published between January 2017 and February 2022.

2.1. Sources and Search Strategy

The following keywords were used: corporate governance, faith-based hospital performance, hospital board accountability, and hospital board shared direction. These key words were determined based on the selected variables that could be used to answer the research questions. The key words were consistent with the studies that were available online. A comprehensive literature search was conducted extensively using Google Scholar and PubMed databases. The search terms were selected to examine the effectiveness of corporate governance on the performance of faith-based hospitals. Titles and abstracts of the selected studies were reviewed to check if they were relevant for the review. The studies were not limited by geographical area of publication, but limited by publication dates as stated in the inclusion criteria.

2.2. Inclusion and Exclusion Criteria

A study was included in the review if it met the following criteria: studies that were published online in a peer reviewed journal, studies published between January 2017 and February 2022 in order to obtain recent data, had an abstract online, focused on corporate governance, examined accountability of hospital board, and assessed shared strategic direction as an element of performance of

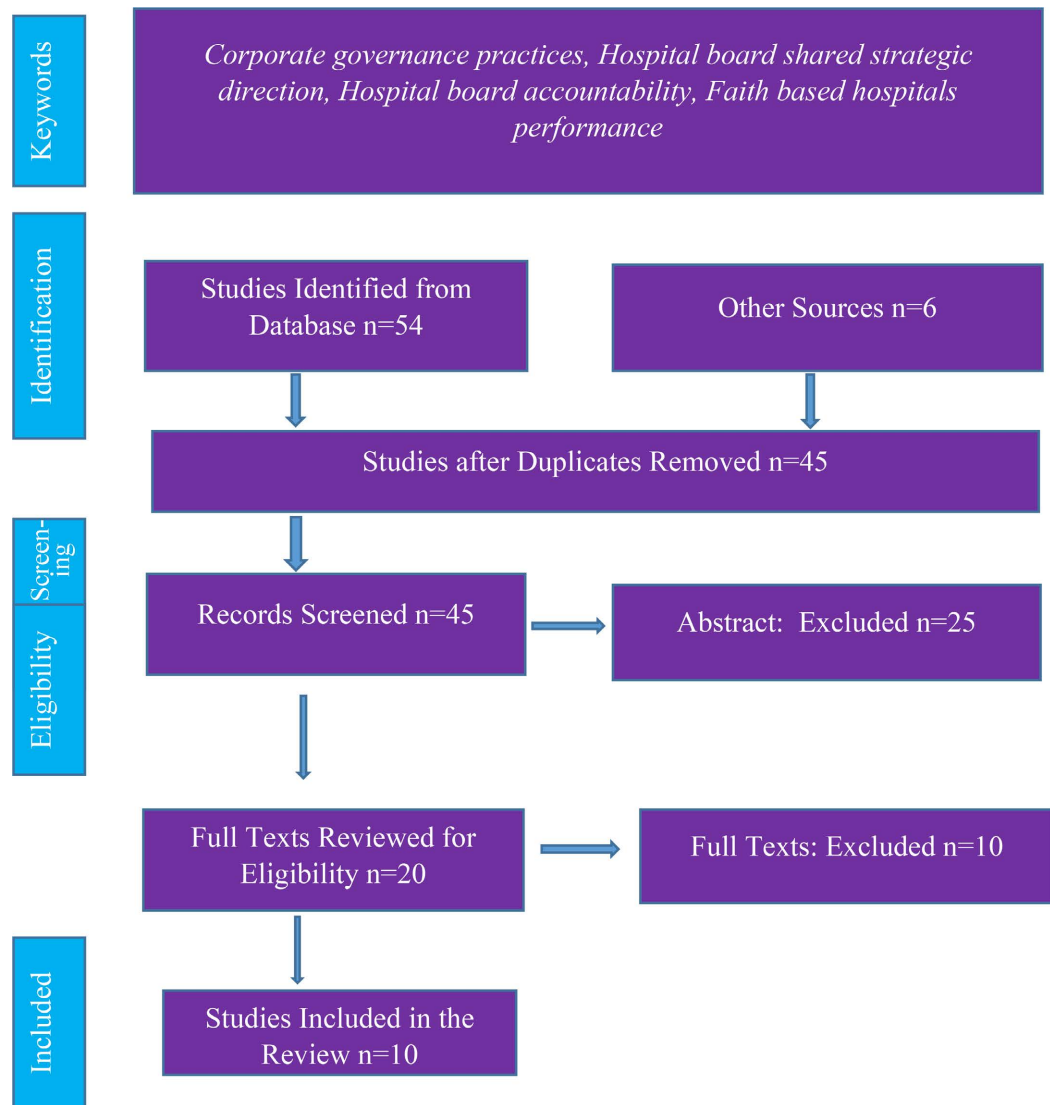


Figure 1. PRISMA guidelines for systematic reviews.

hospitals. Study designs considered was mixed method approach, and articles published in English. Studies that included public hospitals and private for profit hospitals were excluded. Abstracts and texts that did not directly address accountability and shared strategic direction were excluded.

2.3. Study Selection and Data Extraction

As stated in the inclusion criteria, this review was limited to peer-reviewed articles published between 2017 and Feb 2022 with an available abstract online. The starting date was arrived at to limit the review to recent studies and data on corporate governance. The titles and abstracts of the identified studies were reviewed and the inclusion criteria above applied. The data was collected from all eligible studies including but not limited to description of sample, used technology, frequency of delivery, duration, intervention, outcome and process measures, and statistical significance. Information on country, design of the study

and clinical areas were abstracted from the selected studies. The abstract and title of the selected studies were screened for inclusion after which full texts examined for the fulfillment of the criteria for inclusion.

2.4. Classification of Data and Outcome

The studies were included and interpreted based on the outcome measures. The primary outcomes that were assessed in the studies were corporate governance and hospital performance. Additionally, the review investigated whether variables such as year of publication, study quality or geographical region affected the results, how effective hospital board accountability were compared with shared strategic direction, and whether the composition of the hospital board affected the performance of the hospitals. The principle summary measure was the risk difference between the facilities in which the board members has a shared strategic direction compared to those without shared strategic direction. The facilities in which the board is held accountable for performance were also compared with those that do not hold the board accountable. The results of all the studies were combined and summary made. The percentages of the outcome measures (hospital performance) were extracted and presented.

3. Results

The procedure used for searching literature and the process of review is shown in **Figure 1**. The original search listed 54 articles and another 6 from the reference lists of the articles. After excluding duplicates and screening both the abstracts and the full texts for eligibility, 10 articles were obtained that ultimately met the inclusion criteria. The characteristics of the study were determined by the author, year of publication, region, sample size, and outcome measure. Of all the articles included in the systematic review, 7 (70%) studies used hospital performance as the outcome measure and 3 (30%) measured health service delivery. The randomized studies compared hospital performance or health service delivery of the facilities where board members have shared direction and held accountable with those without shared direction and are not held accountable for hospital performance.

In all the included studies, accountability and shared direction were used as a means to improve hospital performance. Majority of studies 6 (60%) focused on shared strategic direction, while the rest 4 (40%) examined accountability as a means to improve hospital performance. Across the studies, it was determined that hospital boards with shared strategic direction performed better than those with divided interest. Also, in facilities where the board is held accountable for the performance, better results were recorded in terms of health service delivery. In all the studies included, holding the hospital board accountable for the performance of the facility was found to improve facility performance by 30% on average, while having a common strategic direction improved the performance 40% on average in all the faith-based hospitals. Of the studies that focused on

both shared strategic direction and accountability, 7 (70%) found shared strategic direction has more impact on facility performance compared to merely holding the board accountable. 3 (30%) could not find significant differences in outcome between shared strategic direction and holding the board accountable. However, all the studies had significant improvement in outcome where the hospital boards had a shared vision and were also held accountable.

In all the studies included, the results showed that facilities in which board members were divided in terms of interest and were not accountable for facility performance experienced inefficiencies in service delivery. However, the authors suggest that further studies need to be done to improve facility performance with focus on other facets of healthcare. In 8 (80%) studies, the authors suggested a continued investigation on the effectiveness of board composition in improving hospital performance. Also, in all the studies included, the authors strongly suggested that organizational culture and strong stewardship should be examined to determine the impact on the facility performance. The following **Table 1** shows the characteristics of the included studies.

4. Discussion

This systematic review illustrates that having a shared strategic direction and holding board members accountable for facility performance significantly improve the general performance and service delivery in faith-based hospitals. A common vision with an undivided attention is vital for facility performance (Jones *et al.*, 2017) [6]. These results are similar to earlier studies and reviews conducted. For example, Brown *et al.* (2018) [5], Brown (2019) [4] and Barasa *et al.* (2018) [1] showed that hospitals where the board members share the same interest and are driven by the same values records better performance. This review conquers as it has established having a shared strategic direction and holding board members accountable for the facility performance improves the

Table 1. Characteristics of the included studies.

No.	Study	Sample Size	Region	Outcome Measure
1	Barasa E. <i>et al.</i> (2018) [1]	Not Reported	Kenya	Health service delivery
2	Brown A. (2019) [4]	8	Australia	Hospital performance
3	Brown A. <i>et al.</i> (2018) [5]	Not Reported	Not Reported	Hospital performance
4	Jones <i>et al.</i> (2016) [6]	15	England	Hospital performance
5	Karumba K. (2020) [7]	Not Reported	Kenya	Hospital performance
6	Leggat S, Balding. (2017) [8]	Not Reported	Australia	Hospital performance
7	Marques <i>et al.</i> (2020) [9]	Not Reported	Not Reported	Health service delivery
8	Subramanian S. (2018) [10]	Not Reported	India	Hospital performance
9	Wambui S <i>et al.</i> (2020) [3]	Not Reported	Kenya	Health service delivery
10	Zuva J. (2018) [11]	116	Turkey	Hospital performance

performance of the hospital. These improvements translate to an improved efficiency in healthcare service delivery. The results of this systematic review show that accountability can easily be implemented to improve health services delivery by requiring mandatory reports and justifications from the board members. Shared strategic direction can also be ensured by training and capacity building among the board members. This review found that 19 (95%) included studies reported positive results where the board was composed of the people with a shared hospital interest. Through training the board on basic facets of accountability and the facility shared vision, the delivery of healthcare services are streamlined to match the facility priorities, and therefore improving the overall performance of the hospital.

In all the studies included in this review, shared strategic direction had a significant impact on the performance. This is similar to a study by Karumba (2020) [7] that illustrated that having a common goal with limited conflicts of interest among board members improves facility performance. Leggat & Balding (2017) [8] also report huge financial savings after training board members on best practices of corporate governance, and this is attributed to having a shared interest and holding board members accountable for the facility performance. Marques *et al.* (2020) [9] also cited corporate governance practices as being able to help hospitals perform and offer better healthcare services. In addition, Subramanian (2018) [10] agreed that hospitals should be careful with board composition and only have people with common interest. These findings agree with what the review has documented.

Susan *et al.* (2018) also acknowledged the risk of some board members not adhering with the accountability measures, and suggest replacement if the said facility is to keep performing. However, Zuva (2018) [11] suggested a more firm action taken against board members who deliberately ignore policies set for corporate governance best practices. Shared strategic direction indicates positive impact in all the hospitals. This systematic review found shared strategic vision and accountability highly effective as means to improve hospital performance. However, it is still unclear, from all the studies included in the review, what other elements of corporate governance should be emphasized.

5. Strengths and Limitations

The core strength of this systematic review is the fusion of the pool of large sets of data from different studies. The review was able to differentiate between two outcomes (hospital performance and healthcare service delivery). The review has showed that adopting corporate governance best practices could have better outcome, however, more research is needed to determine what specific aspects of corporate governance would show better results across different facilities. Even though the systematic review pooled data from different sources, the review synthesized data by a narrative method; therefore, the findings cannot be used to suggest a preferred strategy for improving hospital performance. Also,

there could have been a biased interpretation of the studies based on different methodologies used by different studies. The review also limited the studies to only the peer-reviewed journals and published in English, a limitation that may restrict the findings.

6. Future Research Directions

This systematic review has confirmed the significance of corporate governance in improving the performance of faith-based hospitals. However, the review has not ascertained why shared strategic vision has been found more effective in all studies included. The review, therefore, recommends further research on hospital values, stewardship and board composition as a means to improve the performance of faith-based hospitals.

7. Conclusion

Corporate governance best practices such as shared strategic direction and accountability improve the performance of hospitals. Having a shared strategic direction and holding board members accountable has a better outcome. Shared strategic direction also has more impact on performance compared to merely holding the board accountable. Improved facility performance improves the efficiency of healthcare service delivery. The value of adopting corporate governance best practices has been demonstrated by all the studies, and depicted a significant impact on the performance of the facilities.

Conflicts of Interest

The authors declare no conflicts of interest.

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