



## **Effect of Financing Strategies on Service Quality among Healthcare Providers in Kenya**

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### **Abstract**

The purpose of this study was to establish effect of healthcare financing strategies on the delivery of service quality in Kenya. The study was informed by Capital Structure Theories, specifically the Pecking Order Theory. The study adopted an explanatory survey design with a target population being senior management and the clients drawn from 535 level 4 to 6 hospitals in Kenya. Random sampling was used to select a sample size of 242. Data was collected using questionnaires and was analyzed descriptively and inferentially. Findings from multiple regression model revealed that equity ( $\beta=.45$ ,  $p<0.05$ ) and network financing ( $\beta=.29$ ,  $p<0.05$ ) had significant and positive effect on delivery of quality service in hospitals while debt financing had significant and negative effect on delivery of quality service in hospitals  $\beta=-.35$ ,  $p<0.05$ ). Thus, the study concludes that equity and network financing enhances delivery of quality service in hospital while debt financing hinders delivery of quality service in hospital. Further, government owned hospital with high bed capacity increase use of equity, network and debt financing strategies in improving service delivery. The study provides unique knowledge on hospital financing in relationship to service quality. In addition, the study has contributed to new knowledge by indicating significant moderating effect of hospital characteristics on financing strategies-service quality relationship.

**Keywords:** Network Financing, Equity, Delivery, Debt Financing, Service Quality.

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