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Abstract

This research examines the relationship between rational goals and organizational performance in National Referral Hospitals in Kenya. In particular, the study investigates the inconsistency in the relationship between Rational Goals and Organizational Performance. Several studies have been conducted in this field and they delivered inconsistent results with some arguing that there is a positive direct relationship between the two variables while others say that there is no relationship between the two variables while others recommend further research in this field since they argue that the relationship is not clear. The findings of the study indicate that Rational Goals have a significant relationship with organisational performance in referal hospitals in Kenya and that Rational Goals explained 48% of the variations in performance. The results further indicate that a unit change in rational goals, will result to 0.080 increase in performance. Rational goals positively and significantly influenced the performance of referral hospitals in Kenya. (B1=0.313, P=0.000).

Keywords: *Rational goals, Work Climate, Organizational Performance, National Referral Hospitals*

Introduction.

During the past two decades, service organisations have started to focus on productivity improvement, on customer satisfaction and, generally, on a more effective management (Mouritsen, Thorbjørnsen, Bukh & Johansen, 2005). In such a scenario, a renewed interest about the role of intangible resources in determining organisational performances has risen . This is particulary valuable for healthcare services. The rational goals dimension is derived from an organic or natural view of organizations, which are seen as political arenas where multiple stakeholders and coalitions interact and where emphasis is placed on the satisfaction of stakeholders' needs and on activities required by the organization to survive (De Simone, 2014). The sub-climate dimensions that represent this dimension include Clarity of organizational goals Effort, Efficiency, Quality, and Performance feedback (Patterson *et al.,* 2005).

Statement of the Problem

According to Richardson, (1997) a goal is rational if it performs its achievement-inducing function well. Such a goals must have goal clarity. Goal clarity is the degree to which employees understand an organization's goals and the means for achieving those goals precisely. People are goal-oriented. They are driven by their sense of purpose, desire, and value. Researches show that task performance is affected positively in organization with specific goal clarity than in organization with no goal clarity at all. Goal clarity influence organization commitment by affecting task performance of employees (Weber & Weber 2001).

A number of factors continue to constrain the performance and limit the output of health care providers in Kenya that have led to many industrial actions like strikes that have been witnessed in agitation for improvement (Lesiyampe, 2013). Several studies have been conducted relating rational goals which is an organizational climate dimension with organizational performance but have not yielded consistent results. It is also clear that most of the empirical studies were conducted in the West and less is known about the effect of rational goals elsewhere and especially in the health sector in Kenya. Further, specific calls by Lutherns (2008) and Putter (2010) that further studies need to be conducted in the field to establish the relationship between rational goals and performance, make this study noble.

Hypothesis

$H_{0:}$ Rational goals have no significant relationship with organisational performance in referal hospitals in Kenya.

$H_{1:}$ Rational goals have a significant relationship with organisational performance in referal hospitals in Kenya.

Literature Review

According to Weber and Weber (2001), goal clarity is the degree to which employees understand an organization's goals and the means for achieving those goals precisely. People are goal-oriented. They are driven by their sense of purpose, desire, and value. Researches show that task performance is affected positively in organization with specific goal clarity than in organization with no goal clarity at all. Goal clarity influence organization commitment by affecting task performance of employees.

Goals Enhancement can serve to clarify the person's role in organization and to intensify the person's awareness of associations among his liability and responsibilities of others. If goals of employment are illuminated, a considerable source of role uncertainty is reduced, this in turns affect employee clarity of expectation. Goals are sources of professional Challenge the level of challenge being affected by goal difficulty. Amplification in difficulty of goal increases job difficulty. Goal clarity not only boosts importance of task but also bring sense to otherwise routine jobs (Khan, Ali, Ehsan & Mirza, 2014). Goal setting and feedback was interconnected bond that formulate their importance to one another. Notably, performance feedback is a critical component of all performance management systems (Aguinis, 2009).

Performance feedback can be defined as information about an employee's past behaviors with respect to established standards of employee behaviors and results. The goals of performance feedback are to improve individual and team performance, as well as employee engagement, motivation, and job satisfaction (Aguinis, 2009). The discrepancy between performance feedback's intended and actual consequences constitutes a major concern to employees, managers, and organizations. Although managers share an intuitive understanding that feedback plays a crucial role in improving individual and team performance, many managers do not know how to deliver feedback effectively. More specifically, managers quite frequently provide feedback in a manner that is excessively focused on employees' weaknesses. Yet, the same managers are typically unaware that such weaknesses-based feedback often fails to improve employee performance. To fully reap the benefits of using feedback, managers should instead primarily rely on a strengths-based approach to feedback that consists of identifying employees' areas of positive behavior and results that stem from their knowledge, skills, or talents (Bouskila, Yam & Kluger, 2011). Quality is another sub-dimension of the rational goals dimension. Quality is something that has always attracted the attention of managers and leaders in organizations.

Nowadays, organizations seek to improve their performance through increasing the quality of their services. As many researchers contend, organizations need to deal with both internal and external customers. Successful organizations need to emphasize the quality of services offered to both internal and external customers. Such organizations must predict the changing needs of their customers so as to offer high-quality services and this will enable them to achieve high performance thus giving them a competitive advantage. Quality can be both internal and external.

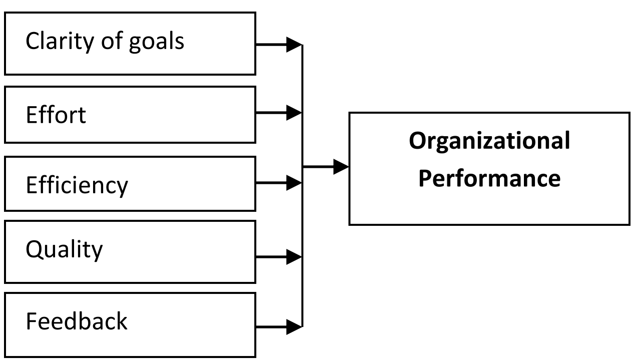
The concept of internal service quality was first introduced by those who considered the employees as internal customers. They contend that providing the external customers with quality services requires the provision of satisfaction and quality services to internal customers. Internal service quality refers to what employees feel about the quality of services they receive from or offer their colleagues. Internal service quality functions as a link to connect employee satisfaction and loyalty to customer satisfaction, loyalty as well as organizational growth and profit (Naser, Yazarloo & Khiju, 2012). According to Wu and Cheng (2013) service quality is the perception of customers toward whether service is good or bad, the result of comparison between the service customers expect to get and what they actually receive. When the former is subtracted from the latter and the difference is greater than zero, the quality of service customers get is ideal or satisfactory. Organizations need to improve the quality of their internal service so that they may provide external customers with better quality services Thus, the quality of internal services affects employee satisfaction. (Zhen & You, 2003).

High quality services increase employee satisfaction, which results in external customers' satisfaction and increased organizational performance. Liang and Wang (2010) believes that attention to internal service quality is the starting point for employee's stakeholders and external customer's satisfaction and eventually improved organizational performance. Internal service quality and internal customer satisfaction contribute to external customer satisfaction, which eventually influences organizational performance (Huang & Lee, 2015).

Purpose of the Study

Existing studies e.g (Vashti, Gadot & Shlom, 2013; Putter, 2010; Ali & Patnaik, 2014; Wakocha, Amah & Umoh 2013; Lutherns, 2008) examined the relationship between rational goals (an organizational climate dimension) and performance in organizations. However, the studies yielded inconsistent results. Based on an extensive literature review this paper sought to address this gap.

Conceptual Model



Independent variables **Dependent variable**

Figure 1: Conceptual model

The sub-climate dimensions that represent this dimension include *Clarity of organizational goals* which is concerned with clearly defining the goals of the organization. Effort*,* which is how hard
People in organizations work towards achieving goals. Efficiency, which is the degree of importance placed on employee efficiency and productivity at work. *Quality*, where the emphasis is given to quality procedures and Performance feedback (Patterson *et al.,* 2005).

Organizational Performance

The concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose. Those providing the assets will only commit them to the organization so long as they are satisfied with the value they receive in exchange, relative to alternative uses of the assets. As a consequence, the essence of performance is the creation of value. So long as the value created by the use of the contributed assets is equal to or greater than the value expected by those contributing the assets, the assets will continue to be made available to the organization and the organization will continue to exist. Therefore, value creation, as defined by the resource provider, is the essential overall performance criteria for any organization. How that value is created is the essence of most empirical research in management, (Wienand, Cinotti, Nicoli, & Bisagni, 2007).

Research Method

This study employed a descriptive survey research design. Descriptive survey research design is a method of collecting information by administering questionnaires to a sample of individuals. It can be used when collecting information about people's attitudes, opinions, habits or any of the variety of education or other social issues (Dolnard & Delno, 2009).Further this study used the mixed methods approach of inquary. According to Creswell (2003), in the mixed method of inquary, both qualitative and quantatative methods of data collection are used.

The target population for this study was 2961 drawn from the two National referral hospitals in Kenya namely, Kenyatta National Hospital and the

Moi Teaching and Referral Hospital and the study used Yamane (1967) simplified formula to calculate sample size for the population of individuals at 95% confidence level and a p of 0.05%

$$n = \frac{N}{1+N(e)^2}$$

Where

n = Sample size

e = level of precision, 5%

N = Population size; 1100 for AH and 2096 for KNH

On data collections, the study used a structured questionnaire to solicit responses and the researcher also took care of the common methods bias.

Data Analysis and Interpretation

Test of Hypothesis

$H0_1$ – Rational Goals have no significant relationship with organisational performance in referal hospitals in Kenya.

To test the null hypothesis that rational goals have no significant relationship with organisational performance in referal hospitals in Kenya, a linear regression was carried out. The results of the linear regression indicate that R^2 is equal to 0.48. This is indicates that Rational goals have a significant relationship with organisational performance in referal hospitals in Kenya and that rational goals explained 48% of the variations in performance. The remaining 52% of variation was explained by other variables.

Table 1: Rational Goals

Model Summary	
R	R Square
0.696	0.485

a. Predictors: (Constant), x4 (Rational Goals)

Table: 1 showed results of ANOVA. F-test results of 491.952 and the critical values of F-test at 0.05 degrees of freedom. Then we reject the null hypothesis and conclude that there is a linear relationship between rational goals and organizational performance in Kenya. It is also revealed that rational goals have a significant effect on organizational performance since P-value is .000 which is less than 5% level of significance.

Table 2: Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.523	1	68.523	491.952	.000[b]
	Residual	72.848	523	.139		
	Total	141.372	524			

a. Dependent Variable: y (Organizational Performance)

b. Predictors: (Constant), x4 (Rational Goals)

To test this hypothesis further, the beta coefficient was computed and t test used to test the relationship between open systems and organizational performance. The hypothesis $H_o1: B_1= 0$ verses $H_{1:} B_{1=} 0$ was tested. This was tested at 5% significance level. The results indicate that t test found that *B* coefficient was statistically significant since t value at 5% is 21.470>critical t = 1.96. The null hypothesis was rejected since t test indicated that β coefficient was different from zero at 5% significant level. The equation $Y=Bo+B_1X_1+e$ was replaced by $Y=2.056+0.313X_1+e$. This shows that when other factors are zero, a unit change in rational goals, will result to 0.080 increase in performance. Rational goals positively and significantly influenced the performance of referral hospitals in Kenya. (*B1=0.313, P=0.000*). Since the t test indicated that the *B* coefficient was different from Zero, the null hypothesis was rejected.

Table 3 : Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.056	.096		21.470	.000
	x4	.313	.014	.696	22.180	.000

a. Dependent Variable: y (Organizational Performance)
b. The equation $Y=Bo+B_1X_1+e$ now becomes $Y=2.056+0.313X_1+e$.

Discussion of findings on the relationship between Rational Goals and the performance of referral hospitals in Kenya

The stated null hypothesis for this study was H_04: Rational goals have no significant relationship with organisational performance in referal hospitals in Kenya. According to the study, there is a linear relationship between rational goals and the performance of referral hospitals in Kenya. It also revealed that rational goals have a significant effect on performance in referral hospitals in Kenya, this is because rational goals explained 48% of the variations in performance. This therefore means that the study rejected the null hypothesis and embraced the alternative hypothesis. Those rational goals significantly influence organizational performance. These findings are in agreement with Weber and Weber (2001), who found out that People are goal-oriented and that they are driven by their sense of purpose, desire, and value. They found out that Researches show that task performance is affected positively in organization with specific goal clarity than in organizations with no goal clarity at all. Goal clarity influence organization commitment by affecting task performance of employees.

Conclusions

Finally, this study revealed that a significant positive influence exists between rational goals and the performance of National referral hospitals in Kenya. From the finding, it can be concluded that if workers in National referral hospitals would have clear goals, they would perform better.

Leaders in these hospitals need to be in the forefront in demonstrating how to set goals and motivate employees through incentives upon achieving the set targets. Employees also need to be given an opportunity to make their individual contributions and suggest how goal setting can be made better. On the other hand, leaders should give feedback to their workers and motivate them to achieve superior performance.

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