LEADERSHIP STYLE, ORGANIZATIONAL STRUCTURE, STAKEHOLDER ENGAGEMENT AND PERFORMANCE OF DONOR-FUNDED HEALTH PROJECTS: A CASE OF CENTRE FOR HEALTH SOLUTIONS, KENYA

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ABSTRACT

A declining trend in donor funding and a low rate of performance of donor funded health projects has been experienced in Kenya in the recent years, which has led to noticeable wastage, economic loss, and stakeholder displeasure is what motivated this study to examine the link between leadership style, organization structure, stakeholder engagement and performance of donor funded health projects, with a focus on Centre for Health Solutions, Kenya. It is also apparent that, literature on performance of such donor funded health projects is impacted by these key variables, though available has not been fully developed in terms of scope and outcomes. A descriptive research design was employed to undertake the study. The target population were all the 359 employees working at Centre for Health Solutions, Kenya, from whom 108 were sampled using stratified random sampling method. Results from the study show that leadership style, organizational structure, and stakeholder engagement have a positive and significant effect on performance of donor funded health projects at Centre for Health Solutions Kenya. The multiple regression model indicated that stakeholder engagement had the largest influence on performance of donor-funded health projects. The study concluded that donor funded project managers’ leadership style, appropriate organizational structure and regular stakeholder engagement play a pivotal role in the performance of donor funded health projects in Kenya. The study recommended that to enhance performance of donor funded health projects in Kenya, there is need for strengthening of the various indicators of leadership style, organization structure and stakeholder engagement.

Key Words: leadership style, donor-funded health projects, performance, stakeholder engagement, organization structure

INTRODUCTION

Globally, the resource requirements for meeting the health needs for the ever growing populations has increased over time. This has led to the proliferation of donor funded health projects and vertical health programs at country level since the 1990s to date. Africa remains one of the biggest beneficiary of donor funded health projects. According to the Henry J. Kaiser Family Foundation report (2015), sub-Saharan Africa received the largest share of health funding of any region in each year between 2002 and 2013. They accounted for 46.6% of all health funding and this represented a growth of 57.5% over the period (Kaiser Family Foundation, 2015). Like many developing countries, Kenya is still dependent on donor funding to cater for its health needs. An estimated 57% of the financial year, 2014/2015 Kenya’s annual health budget was funded by donors (Health Policy Project, 2016). Understanding the performance of such donor funded health projects is important in establishing a basis for achievement of long term transformative goals to the society (Banks, Hulme, & Edwards, 2015). Donor funded projects in this case refer to those development projects carried out by Non-Governmental Organizations.
NGOs) with goals that go beyond the service delivery level but also includes social transformation and sustainable elements of empowerment and social justice (Banks, Hulme, & Edwards, 2015). In its fundamental form, a project is a temporary endeavor undertaken by people working together with an aim of creating a unique product, service or a result (Project Management Institute, 2018). The complex nature of health projects require input by external and internal members of the organization, in the face of limited financial and human resources, and changing stakeholder needs. Organizations may run the risk of doing the “wrong things well” (Pinto J., 2016).

Project performance must take into account the elements that define the very nature of the project. That is, time, budget, functionality or quality, and customer/stakeholder satisfaction. Project performance can be defined as, “A project being able to meet its objectives and stakeholder expectations” (Project Management Institute, 2018). The institute further defines project management as a series of activities falling into five groups. These are, Initiating, Planning, Executing, Monitoring and Controlling, and Closing. These set of activities are crucial in project performance. According to Pinto (2016), the project lifecycle demonstrates the logic that governs the project. It also helps to develop the plans for carrying out the project. The Leadership style in which donor funded health projects are run is important in assessing its performance. This is because contextual factors continually shift and are ever dynamic. Therefore a continuous shift in leading styles and approaches is always necessary. Well performing donor funded projects therefore must have a clearly defined vision and mission for what they wish to accomplish in the society and that their plans and actions follow that. (Kraeger, 2011). Other project performance enablers include the ability to align organizational structure with the field activities, and striking of collaborative linkages with like-minded organizations and stakeholders (Management Sciences for Health, 2012).

While local communities and stakeholders may justify their performance according to the causes they champion and the leadership inherent in the implementing organizations, the current donor funding environment prioritizes tangible structures built around formal and professional organizations (Banks, Hulme, & Edwards, 2015). The organizational structure thus play a role in determining the extent to which a project performs. For donor funded health projects to succeed in supplementing the efforts by the Ministry of Health, they must work to ensure that the project timelines are adhered to, schedules for delivery of project activities and engagement of stakeholders to ensure end user satisfaction. Donors basically trust that projects will be aligned with the needs of the stakeholders. Kraeger (2011) noted that optimally performing donor funded projects greatly depend on sufficient funding, competent leadership and effective stakeholder engagement in the form of strategic partnerships. This study was an attempt to improve our conceptual understanding of the factors that determine the performance of donor funded health projects in Kenya, using a case of Centre for Health Solutions - Kenya.
STATEMENT OF THE PROBLEM

Low rate of performance of donor funded projects within Non-Governmental organizations has led to noticeable economic wastage, loss of public funds and end-user displeasure (Ouma & Kamaara, 2018). A declining trend in donor funding for health projects has been experienced in Kenya in the recent years. For example, donor funding for HIV and AIDS in low and middle income countries declined by 7 percent between 2015 and 2016 (AVERT, 2019). The link between Leadership style, organizational structure and performance of health projects has been demonstrated. (Kagendo, 2013, Maina, 2016, Ouma & Kamaara 2018). However, it is apparent that, literature on how donor funded health project performance is impacted by key variables of leadership style, organization structures and stakeholder engagement especially in Kenya, though available has not been fully developed in terms of scope and outcomes (Maina, 2016). Recognition of such knowledge and contextual gaps leads to a humble attempt by this study to establish the critical factors that affect the performance of health sector donor-funded projects. In any case, understanding the systems that impact on project performance is good since it ensures optimization of available resources.

OBJECTIVES OF THE STUDY

1. Determine the effect of leadership style on performance of donor funded health projects in Kenya
2. Establish how organizational structure affected the performance of donor funded health projects in Kenya

THEORETICAL REVIEW

Contingency Leadership Theory

Developed by Fiedler in 1964 and revised in 1974 by Fiedler and Chemers, the theory derives its tenets from matching leadership style with existing situations or contingencies. Although similar to the concept of Situational theory, the contingency leadership theory demonstrates the relationship between the leader’s orientation and style and group performance under differing situational conditions. According to Burke and Barron (2014), the theory is based on determining the orientation of a leader to see if it is more task- or relationship-oriented and to also measure the elements of the situation. It looks further into the leader–member relations, task structure, and leader position power. Leaders of donor funded health projects are not only responsible for managing resources assigned by donors to ensure successful implementation of projects but they are also responsible for initiating changes and leading necessary adjustments along the way.
Systems Theory

Systems theory was introduced in the 1930s by L. Von Bertalanffy describing the overlap and interrelationships between several disciplines. A system can be defined as an entity such that a boundary can be perceived around it in order to distinguish its internal and external element and enable identification of input and output relating to and emerging from the entity (Mele, Pels, & Polese, 2010). The center in interactions which is the main principle of the theory, leads to sustenance of the behavior of a single autonomous element (Mele, Pels, & Polese, 2010). This is different from its behavior when the element interacts with other elements. In studying donor-funded health projects therefore, these relational universal play an important role in determining their performance. The donor sub system, the organization and stakeholders act as sub-systems and have boundaries that help in differentiating themselves and thus impact on the project’s performance. (Dekkers, 2015)

Resource Dependency Theory

Resource dependence theory developed by Pfeffer and Salncik (1978), examines how external resource constraints affect the behavior of an organization. The absence or shortage of resources can drastically alter the technical constraints (Larson & Gray, 2011). The basic assumption of Resource Dependence theory is that organizational survival depends on its adaptability to the environment. This is achieved by minimizing any uncertainty and ensuring acquisition of resources from the environment (Demers, 2007). To be able to understand project performance, one must first of all clarify which resources are the critical ones. However, Resource dependence theory does not argue that the environment and dependency on critical resources, directly influence a project’s performance behind the backs of actors involved (Nielnhuser, 2017). Hence the role of leadership in success of projects.

EMPIRICAL LITERATURE REVIEW

Leadership is defined as the ability to inspire confidence and support among people who are needed to achieve an organization’s goals (Pinto J., 2010). For a project manager, leadership is the process by which he or she influences the project team to get the job done. Studies have shown that true leadership from the project manager is one of the most important characteristics in successful project management. The style adopted may be influenced by a leader’s personal traits, sector of activity, industry, size of the organization, and the composition of the professional staff. Other factors include the patterns of organizational co-operation or competition, goal or group orientation, open or closed communication channels, professional role identities and values (Fazzi & Zamaro, 2016). The importance of leadership style in performance of donor funded health projects therefore cannot be underestimated. Scholars have identified different leadership styles which a project manager may use in the process of leading project teams. According to Northouse (2012), Authoritarian leadership style is similar to McGregor’s
theory X. It is characterized by a leader dictating policies and procedures, deciding the objectives to be met, controlling any activity and ensures minimal participation of the team or followers (Northouse, 2012). Transactional and transformational leadership styles was introduced by Burns (1978). The two leadership styles had to be considered extremes (Fazzi & Zamaro, 2016). Transactional leadership style occurred when the leader and followers were in some type of exchange relationship in order to get needs met. This exchange could be economic, political, or psychological in nature (Hughes, Ginnet, & Curphy, 2006). On the other hand, transformational leaders serve to change the status quo by appealing to the follower’s values and their sense of higher purpose. It is based on generally four dimensions; Charisma (or idealized influence), inspirational motivation, intellectual stimulation, and individualized consideration.

Organizational structure consists of three key elements. These are, formal relationships, including the number and levels in the hierarchy and the span of control and managers, the identification of grouping together of individuals into departments and departments into the total organization, and the design of systems to ensure effective communication, coordination, and integration of effort across departments. There is growing empirical evidence that performance of projects is directly linked to the inherent project organizational structure. The amount of authority and autonomy project managers have over their teams and projects affects team performance and subsequent performance. Effectiveness, efficiency and innovation are the primary dimensions of technical performance. The predictors of these dimensions are management support, cooperation and communication, which are positively related to effectiveness, goal clarity. Team harmony, and cooperation are positively related to efficiency, while innovation is positively related to knowledge or skills and cohesion among project teams (Cross & Liu, 2016).

Project stakeholders can be defined as all the individuals or groups who have an active stake in the project and can potentially impact, either positively or negatively its development (Pinto J., 2016). They include the employees, community groups, donors, partner organizations, the Government, among others. According to the Project Management Institute (2018), project success or failure is always related to stakeholders. Their requirements, perception and expectations all play a role in any project’s success.

Stakeholder engagement involves the process required to identify all people or organizations impacted by the project, analyze stakeholder expectations and impact on the project and develop appropriate management strategies for effectively engaging the stakeholders in project decisions and execution (Giotis, 2011). Stakeholder engagement therefore can be described as the efforts an organization takes to understand and involve all the stakeholders in its activities and decision making processes (Bourne, 2015). Pinto (2016) notes that stakeholders play a critical role since they wish to see the project succeed for their own good. They can be internal or external stakeholders. Internal stakeholders may include top management, accountants, functional managers, and project team members. On the other hand, some external stakeholders may operate in a manner that is challenging or even hostile to project development. Some of the key
external stakeholders include clients, competitors, suppliers, and environmental, political, consumer, and intervener groups.

RESEARCH METHODOLOGY

The study adopted a descriptive research design to examine the variables under study. Descriptive research design aims at accurately describing the characteristics of the population and the phenomenon of interest, that is the what, who, where, how, when and where and make specific predictions and test relationships (Saunders, Lewis, & Thornhill, 2009). The study targeted the 359 staff (Managers and non-managers) working at the four projects being implemented by the organization. These are Shinda, Naishi, TegemezaPlus, and TB ARC projects. This population was deemed appropriate as all the projects are donor funded and health related, hence in line with the objectives of the study. Stratified sampling technique which involved dividing the target population of 359 staff into strata capturing top management, middle level managers, project implementation and finance and administrative staff. In view of the study focusing on one organization and therefore a high homogeneity among respondents within different strata, the study selected 30% of the target population to be the study sample. Five – point Likert scale Questionnaires were used to collect data. Data from this study were entered into the Statistical Package for Social Sciences (SPSS) software for analysis. Descriptive statistics were used for data analysis. Specifically, means, averages and percentages were used. The data was presented using Tables. Results of this analysis showed the proportion of variance in project performance contributed by the combination of the three predictor or independent variables, and measured the unique contribution of each independent variable to the dependent variable. The analysis was therefore modeled as follows:

$$Y_{od} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e.$$  

Where: $Y_{od}$- Performance of Donor funded health projects $X_1$- Leadership style, $X_2$- Organization structure, $X_3$- Stakeholder engagement and e- Error term

RESEARCH FINDINGS AND DISCUSSION

The findings of the study on leadership style showed that majority of the study respondents revealed that presence of transformational style, transactional style and authoritarian leadership styles, contributes to performance of donor funded health projects in Kenya to a very great extent). On average therefore, the study variable of leadership style scored mean of 3.86 and SD of 1.77.

The findings of the study showed that majority of the study respondents revealed that organization structure is of great importance in the performance of donor funded health projects in Kenya. The study variable organization structure scored an average mean of 3.92 and SD of 1.78.
The descriptive results on stakeholder engagement showed the study respondents revealed that stakeholder mapping and identification, inclusion of stakeholders, feedback and ideas from stakeholders, regular stakeholder engagement and handling of conflicts during project implementation contributed significantly to performance of donor funded health projects in Kenya. On average therefore, descriptive results on stakeholder engagement showed that study respondents revealed that the variable had an effect on the performance of the projects at centre for health solutions to a great extent (mean 3.81 and standard deviation of 1.54).

Results in table 1 below indicate that leadership style and performance of donor-funded health projects are positively and significantly associated ($r= .762, p=0.000$). Results in further indicated that organizational structure and performance of donor-funded health projects are positively and significantly associated ($r= .693, p=0.000$). Further results indicated that stakeholders engagement and performance of donor-funded health projects are positively and significantly associated ($r= .707, p=0.000$)

**Table 1: Correlation Matrix**

<table>
<thead>
<tr>
<th></th>
<th>Leadership Style</th>
<th>Organization Structure</th>
<th>Stakeholder Engagement</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Style</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization Structure</td>
<td>.791* (0.000)</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholder engagement</td>
<td>.782* (0.000)</td>
<td>.678* (0.000)</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>.762* (0.000)</td>
<td>.693* (0.000)</td>
<td>.707* (0.000)</td>
<td>1.000</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed)

A multiple regression analysis was conducted to test the relationship among variables (Independent) on the performance of donor-funded health projects. SPSS Version 21.0 was used to code, enter and model the relationship between the three independent and the dependent variable. Coefficient of determination explains how magnitude of changes in the dependent variable can be explained or attributed by a change in the independent variables or the percentage of variation in the dependent variable (in this case project performance) that is explained by all the three independent variables (Leadership style, Organization structure and stakeholder involvement). In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used SPSS V 21.0 to code, enter and compute the measurements of the multiple regressions. The model summary is presented in the Table 2 below

**Table 2: Model summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.889</td>
<td>.791</td>
<td>.783</td>
<td>.22544</td>
</tr>
</tbody>
</table>
The results presented in table 2 present the overall fitness model used of the regression model in explaining the study phenomena. Independent variables were found to be satisfactory in explaining performance of donor-funded health projects. This is supported by coefficient of determination also known as the $R^2$ of 79.1%. This means that independent variables explain 79.1% of the variations in the dependent variable which is performance of donor-funded health projects.

This research study also tested the significance of the model using the ANOVA technique, resulting in findings as presented in the table 3 below.

Table 3: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>21.534</td>
<td>4</td>
<td>5.384</td>
<td>105.930</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>5.692</td>
<td>112</td>
<td>.051</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>27.226</td>
<td>116</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors explaining the performance of donor-funded health projects. This was supported by an F statistic of 105.93 and the reported p-value of 0.000 which was less than the conventional probability significance level of 0.05 implying that the independent variables (leadership styles, organization structure and stakeholders engagement) were significant in predicting the dependent variable (performance of donor-funded health projects).

The study applied the coefficient Table to determine the study model. The resulting findings are presented in the Table 4.

Table 4: Regression of coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.419</td>
<td>.061</td>
<td>6.8689</td>
<td>.000</td>
</tr>
<tr>
<td>Leadership style</td>
<td>.237</td>
<td>.071</td>
<td>.224</td>
<td>3.341</td>
</tr>
<tr>
<td>Organization structure</td>
<td>.273</td>
<td>.074</td>
<td>.261</td>
<td>3.665</td>
</tr>
<tr>
<td>Stakeholders engagement</td>
<td>.290</td>
<td>.069</td>
<td>.284</td>
<td>4.226</td>
</tr>
</tbody>
</table>

Regression of standardized coefficients results in table 4 shows that leadership styles and performance of donor-funded health projects are positively and significantly related ($\beta=.237$, $p=0.001$). The table further indicates that organization structure and performance of donor-funded health projects are positively and significantly related ($\beta=.273$, $p=0.000$). It was further established that stakeholders engagement and performance of donor-funded health projects are positively and significantly related ($\beta=.290$, $p=0.000$). The multiple regression model indicated...
that stakeholder engagement had the largest influence on performance of donor-funded health projects with a β coefficient of 0.290, followed by that of organization structure 0.273 and finally leadership styles with a coefficient of 0.234. Thus, the overall model for the study is:

\[ Y = 0.419 + 0.237X_1 + 0.273X_2 + 0.290X_3 \]

Where: \( Y \) = Performance of donor-funded health projects, \( X_1 \) = Leadership style, \( X_2 \) = Organization structure and \( X_3 \) = Stakeholders engagement

The study established that Leadership style, organizational structure and stakeholder engagement have a positive and significant effect on performance of donor-funded health projects at Centre for Health Solutions, Kenya as represented by adjusted \( R^2 \) (0.791). This means that appropriate leadership style, structure and stakeholder engagement strategies would lead to changes in performance of donor funded health projects by 79.1%. The study also in addition found out that stakeholder engagement, had a higher influence on performance of donor funded health projects as represented by coefficient (\( \beta = 0.290, p=0.000 \)). Regression results revealed that leadership style had a positive and significant relationship with performance of donor funded health projects at Centre for Health Solutions, Kenya as represented by \( \beta = 0.237 \). Therefore an appropriate leadership style leads to improvement in performance. This finding is consistent with These findings are consistent with Anunda (2016) who studied on the factors influencing performance of projects implemented by NGOs in the health sector, a case of HIV and AIDS projects in Nairobi County, Kenya. The study established the a good mix of project staff, the team matrix, clarity of reporting lines the parent organization structure and capacity building of teams played a significant role in performance of the donor funded health projects. These findings are consistent with Ouma & Kamaara (2018) who investigated the determinants of successful implementation of donor funded projects in Kenya, using a case of Pathfinder International. Results from multiple regression also showed that stakeholder engagement had a positive and significant effect on the performance of donor funded health projects at Centre for health Solutions as represented by \( \beta \) coefficient of (\( \beta = 0.291 \)) The study found that significantly, stakeholder identification and analysis, understanding of stakeholder expectations, regular stakeholder meetings and successful conflict management are important elements for performance of donor funded health project. These findings are consistent with Bayiley & Teklu (2016), in their study on Success factors and criteria in the management of international development projects, evidence from projects funded by European Union in Ethiopia. In terms of project performance, the study established that projects completed on time is a significant indicator of performance, health projects delivered within budget indicates performance and satisfied stakeholders are an indicator or performance of a project. In addition, the study established that project performance is affected by conflicting priorities between donor and implementing agencies, amount of funding available, effective communication, and local politics.
CONCLUSION

The study concluded that leadership style, Organizational structure, and stakeholder engagement have a positive and significant effect on the performance of donor funded health projects. This means that an improvement in these variables will be responsible for 79.1% change in the performance of donor funded health project. The study also concluded that Leadership style adopted by the project supervisors determines the performance of donor funded health project. Project managers should adopt leadership style aligned to transformational leadership style through appealing to a higher ideal or moral obligation, stimulation of innovation and encouraging implementation of new ideas. The study concluded that organizational structure has a positive and significant effect on the performance of donor funded health projects at Centre for Health Solutions. The structure and matrix adopted by the project helps to reduce barriers that can affect performance. Of note, clear reporting lines and clarity of roles is an important factor for performance of the project. A good mix of skills and competent project staffs contributes positively to performance of the project. In view of the higher influence of Stakeholder engagement on performance of donor funded health projects, their identification and creation of awareness of expectations should be well devised in the initial stages to prevent conflict in the project. Regular stakeholder engagement structures, consideration of stakeholder opinions and interests of the key stakeholders play a pivotal role in the performance of donor funded health projects.

RECOMMENDATIONS

The study recommends enhancing transformational leadership style approaches in implementing projects since it was found to have a significant influence on project performance, as it encourages performance though appealing to higher moral obligations, intellectual stimulation and adoption of new ideas and innovations. The study recommends that in order to enhance significant performance of donor funded health projects, organizations involved in the implementation of such projects should capacity build the project managers on leadership skills and competencies. Further, the study recommends that for the purpose of achieving required performance of the project, there is need to embrace appropriate team structures, employ a good mix of skilled staffs, capacity build to improve on competencies and encourage clear reporting and communication lines.

The study further recommends that the project managers and leaders should continuously identify and map stakeholders, assess and address all the stakeholder’s concerns from the start. This will help to promote their buy-in and eliminate conflicts emanating from misunderstood expectations, thereby improving project performance. The study also recommends that stakeholders should be included during project inception meetings as well as their views being incorporated in planning and execution.
REFERENCES


