

CONSTRAINTS TO THE PERFORMANCE OF SMALL AND MEDIUM SIZED PRIVATE HOSPITALS AND CLINICS IN KANO METROPOLIS, NORTHERN NIGERIA

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ABSTRACT

Small and medium scale enterprises (SMEs) abound in Nigeria. Their increasing number is due to the fact that they require less capital, little labour, low technological knowledge and a little managerial ability to establish. In Nigeria, SMEs especially in the private hospitals and clinic have not performed creditably well, and have not played expected significant role in economic growth. Whilst some hospitals have been able to properly position themselves in the industry, others have continually struggled to survive. The

Introduction:

Small and medium scale enterprises (SMEs) abound in Nigeria. Their increasing number is due to the fact that they require less capital, little labour, low technological knowledge and a little managerial ability to establish. In addition, it generates employment, contributes to rapid economic growth and industrialization, and utilizes indigenous resources. These and many

main objective of this study is to examine constraints to the performance of small and medium sized private hospitals and clinics in Kano, Nigeria and proffer possible solutions. A descriptive cross-sectional study design was used. A semi-structured, self-administered questionnaire was used to elicit information from 20 private hospitals and clinics in Kano metropolis. Descriptive statistics were employed in the analysis of the data; frequencies and percentages were employed as statistical tools to analyze the data collected. Data was analyzed using SPSS version 20 at 5% significance level and 95% confidence interval. The results shows that half of the hospitals and clinics (50%) has been in existence for more than ten years and lack of insufficient capital, lack of infrastructural facilities (such as irregular power supply, water and roads), lack of skilled personnel and insecurity challenges were the major constraints to the performance of small and medium sized private hospitals and clinics in Kano state.

In conclusion, there is need for Nigerian government to empower the private hospitals and clinics owners through policies that will be favourable for banks and other financial institution to grant loan to them at lower interest rate as well as support in the provision of basic infrastructural facilities such as regular power /water supply and good roads.

Keywords: Constraints, performance, small and medium sized hospitals, Kano, Nigeria

more, make small scale enterprises the life wire of the Nigerian economy.¹ Understanding the size, components, and benefits of small scale business to citizens' life, most especially people at the grass root level, is an important factor to be considered in defining small scale business.

With the current rate of un-employment and poverty level in Nigeria, small business has become source of livelihood to millions of Nigerians. About 60% of all the business established in Nigeria is on small scale level.² However, just like other social science subject, the concept of small business does not have acceptable or uniform definition.³

Small business definitions differ within the fixed co-ordination of national boundaries. The Federal Ministry of Commerce and Industry of Nigeria defines small-scale business as a business with capital investment that is not over seven hundred and fifty thousand naira (N750, 000), while the Central Bank of Nigeria (CBN) in 2010 defines small and medium enterprise (SMEs) as business with asset base of between five and five-hundred million naira, and staff strength of between 11-300 people. In another definition⁴, small business nevertheless, include business activities of the stay-at-home parent who provides day care for children whose parents are not around, factory workers who engage in after hours' deliveries, to owners of fast food restaurants.

Health care can be provided through public and private providers.⁵ Public health care is usually provided by the government through national healthcare systems. Private health care can be provided through "for profit" hospitals and self-employed practitioners, and "not for profit" non-governmental providers, including faith-based organizations. The health system in Nigeria is structured along the universal three levels of primary, secondary and tertiary care. The Federal, State and Local Government Areas (LGAs), are responsible for each level of the system in the public administrative domain. Primary healthcare in Nigeria is the responsibility of the LGAs.⁶ The authorities are the lowest governing authority in the country and are comparable to municipalities and regions in other parts of the world. Secondary healthcare services include institutions such as state general hospitals and private specialist hospitals. This level of healthcare

provides healthcare services at a level higher than that obtained from the primary healthcare facilities. Healthcare at this level is provided by the state government (i.e. they are operated by the state ministry of health) and basically provide specialized services to patients referred from the primary healthcare level.⁶ Tertiary healthcare services comprise healthcare services that are provided by highly specialized institutions and thus represent the highest level of healthcare services in the country.

The public healthcare facilities at the primary, secondary and tertiary levels in Nigeria are scanty, mal distributed politically. They lack facilities and personnel, more grossly at the LGA level and in rural areas.⁷ The private sector fills the vacuum and makes most impacts in the primary healthcare system using both modern western and traditional hospitals and clinics. Usually, areas of jurisdiction are local but of wide range and multiple services.

It is difficult to ascertain the size of the private health care sector in Nigeria since a sizeable number of existing health facilities are believed to be operating without appropriate licensure by State Ministries of Health (SMOHs).⁸ Furthermore, private facilities seldom forward to the SMOH information reflecting health facility case-loads, available personnel and technologies in any given year. In particular, information on private sector personnel resources is compromised by the fact that a considerable proportion of health workers (especially doctors, pharmacists, radiographers and laboratory technicians) working in the private sector hold full-time appointments in the public sector.⁸

Private medical practice is essentially a sole enterprise; group practice is uncommon while investor-owned hospitals are exceedingly rare. Practices are concentrated in the industrial and commercial parts of the country (namely Lagos, Oyo, Imo, Anambra, Rivers, Kaduna and Kano), accounting for majority of the total number of registered facilities and beds in Nigeria.⁸

The distribution of retail pharmacies followed a similar pattern. But even in these states, marked imbalances in the distribution of providers existed, with the urban areas being favoured.

The appropriate role of the private sector in health care remains a much-debated and contentious issue. Critics of private sector participation argue that private providers offer poor quality of care.^{9,10,11} However, poor quality of care is not unique to the private sector and might be endemic to health systems in less developed economies.¹² For example, new evidence from a recent multi-country studies suggests that quality of care and provider competence is roughly equivalent in the public and private health sector.¹³ Other critics are concerned about user fees charged by private health care providers, suggesting that such fees limit access to care among the poorest, consequently increasing disparities in health care utilization.¹⁴ In contrast, given that health systems are often resource constrained, an alternative way to improve access to care is to acknowledge and build upon the opportunities and resources of an existing private health sector.^{15,16,17} The roles of small scale enterprises to national economy have also been acknowledged in many other countries of the world such as Malaysia, Japan, South Korea, Zambia and India among others. Empirical studies have shown that small scale enterprises contribute over 55% of GDP and over 65% of total employment in high income countries. They also account for over 60% of GDP and over 70% of total employment in low income countries, while they contribute over 70% of GDP and 95% of total employment in middle income countries.¹

In Nigeria, SMEs especially in the private hospitals and clinic have not performed creditably well, and have not played expected significant role in economic growth. They equally have been seen not to influence apprentice training so as to accelerate employment and poverty alleviation in order to foster Nigerian economic development.¹⁸ As a matter of fact in recent times,

their contributions to health care delivery in Nigeria and Kano state in particular is negligible, relative to other countries, which implies that there must be additional, albeit, country-specific reasons or constraints to the performance and survival of small and medium sized private clinics and hospitals in Nigeria.

Whilst some hospitals have been able to properly position themselves in the industry others have continually struggled to survive. There are wide concern that majority of the private hospitals and clinics don't last over time. Like other professionals, Doctors are trained technicians in their field with hardly any training in business management. Because doctors are trained technicians in their practice; they need to hire professional managers to effectively manage their hospitals as business entities while the doctors concentrate on 'saving lives'. But what is found in hospitals today are doctors that concern themselves with every administrative function of the organization- from signing of vouchers to purchase of laundry items and even to the purchase of diesel for their generator set. This is not only very distracting but also deters a smooth and effective run of business activities and can lead to business failure.¹⁸

A study¹⁹, have identified some of the major challenges against effective performance of investing in small scale business in private hospitals and clinics in Nigeria as lack of financial support, poor management, corruption, poor managerial skills, poor infrastructure, insufficient profits, and low demand for their medical services. Also, a positive relationship has been documented between medical sector operating and regulatory environment and business growth in developed countries²⁰. However, far less research has been conducted on the relationship between operating and medical regulatory environment and business growth in developing countries in general and Nigeria in particular.

One of the greatest constraints to the performance of small and medium sized private hospitals and clinics in Nigeria is lack of adequately trained personnel. In addition, inadequate provision of essential infrastructure such as electricity, sophisticated medical equipment, telecommunication, access roads, patients turn over and water supply also constitute greatest constraints to the development of small and medium sized private hospitals and clinics in Nigeria. For instance, this situation is a reflection of the economy of the private sector. Over time, it has been very difficult for hospital owners to get access to loans and funds from financial institutions. If a doctor takes a short-term loan to establish a practice, he must work hard to be able to pay back, alongside the interest, in two years, though health care business takes at least 10 years to yield profit.

Influential institutions like the Bill and Melinda Gates Foundation and the International Organisation for Migration are starting to think that perhaps with greater and more carefully targeted investment in the private sector, morbidity and mortality rates might start to improve rather than continue the steady decline which has occurred during the last thirty years of investment in public sector health services. And the *World Health Report* for 2006 focussed on how scarce human resources can be retained in emerging countries and reverses the trend of healthcare professionals leaving Africa to work in richer Western countries (Howard, 2006).

The most prominent challenges to small scale private hospitals are personnel, power, water, medical equipment, patients turn over and accessibility. Many small scale hospitals require high and steady power to run. In many cities in Nigeria electricity is not regular, in view of this, a lot of hospitals and clinic firms have to rely on fuel energy to run their machines. Given the high cost of fuel, many operators produce at irregular intervals and in the event of the breakdown of the machines, the business is halted for the time being pending when the machines would be restored.

Like electricity, many private hospital in Nigeria States, depend entirely on bore-hole water as many areas do not have pipe borne water. Small scale hospitals and clinics operators do not have enough financial resources to drill water and so depend on buying from private water sellers which at times may not be available when the water is needed. Depending on where the clinic is sited, poor roads also make accessibility of the clinic difficult; affect delivery as well as the volume of sales and turnover.²⁰ Most small clinic operators resort to providing these infrastructural facilities at huge cost. Other problems militating against small to medium size private hospitals and clinics include poor marketing skills, poor service delivery, among others.²⁰

Although, a study¹⁹ attempted associating hostile operating environment as killing many private hospital and clinic firms in Nigeria. But no empirical concern has been given to the health care operating and regulatory environment variables and business growth in Nigeria. It is essential to understand the environment in which businesses operate in developing countries because they are significantly different from those of the developed world. Literature also revealed that extensive work exist on small and medium enterprises generally, but to date no significant researches has been carried out in small and medium sized private hospitals and clinics in Nigeria and Kano state in particular.

This study therefore sought to identify the constraints to the performance of small and medium sized private hospitals and clinics in Nigeria and provide possible solution.

Methods & Materials

We used a descriptive cross-sectional research design for this study. The study makes use of questionnaire to elicit information from 30 small and medium sized private hospitals and clinics in Kano metropolis, Kano State;

representing 25% of the total of 121 registered small and medium sized private hospitals and clinics in Kano State, as obtained from Kano State Ministry of Health as at the time of this study. A simple stratified random sampling technique was employed to select the sample size for the study based on either a small scale or medium sized hospital and clinics.

Instrument description/data collection

A semi structured, self-administered Questionnaire was used for the study, and was adapted from previous study.⁷ with some modifications to suit the objectives of this study. The questionnaire was divided into two parts; A and B. Part A focused on the profile of the respondents and section B focused on the subject matter. The nature of questions asked were closed and open ended questions. Three (3) trained research assistants supported in administering the questionnaires. Informed, signed consent was sought from the respondents before administration of the questionnaire. Ethical clearance for the study was obtained from the School of Business Administration, Bayero University Kano. In addition, advocacy visit was conducted to the leadership of Kano State Ministry of Health and their permission was sought before commencement of data collection.

Data Analysis

Data collected was stored in a computer using Microsoft word excels. The data was analysed using Statistical Package for the Social Science (SPSS) Version 20¹⁶. Descriptive statistics were employed in the analysis of the data; frequencies and percentages were employed as statistical tools to analyse the data collected.

Results

A total of 30 questionnaires were distributed, 20 of the questionnaire were duly filled and returned making a response rate of 66.7%. Table 1 show that 80% of the respondents are male, while 20% are female. The findings show that 90% are married, while 10% are singles. This shows that there are many male doctors working in private hospitals and clinics in Kano state compare with female, and majority of the doctors are married. Highest percentages of the respondents (35%) are between 30-49 years. The qualification of the respondents shows that, 70% are holders of MBBS/BDS, 20% and 10% have M.Sc/MPH and PHD/Fellowship as additional qualifications respectively. The respondents were asked how long their Hospital or Clinic been in existence; 10% indicated below 5 years, 30% indicated 6-10 years, 50% indicated 11-15 years, while 10% said 16-20 years.

Table 1: Socio-demographic variables of the Respondents

Variable	Frequency	Percentage %
Sex of the Respondents		
Male	16	80
Female	4	20
Total	20	100%
Marital Status		
Married	18	90
Single	2	10
Total	20	100%
Age of the Respondents		
Less than 30	3	15
30-39	7	35

40-49	5	25
50-59	4	20
60 years and above	1	5
Total	20	100%
Educational Qualifications		
HND/B.Sc/MBBS/BDS	14	70
M.Sc/MPH	4	20
PhD/Fellowship	2	10
Total	20	100%
Years/duration of Hospital/Clinic		
below 5 years	2	10
6-10 years	6	30
11-15 years	10	50
16-20 years	2	10
Total	20	100%

In table 2, the respondents were asked on factors that are the major constraints to their business mostly. Their responses in order of priorities are; lack of access to loan from banks and other financial institution, lack of sufficient fund to expand the business, high interest on loans, irregular power supply, lack of fund to secure permanent accommodation, lack of government support, lack of pipe borne water, lack of fund to purchase hospital equipment and machine, multiple taxation, problem of registration and business permit, lack of skilled personnel, poor business location, low managerial skills, poor road network, family financial pressure and low patient patronage.

Table 3 shows a bivariate analysis of the relationship between some variables (as major constraints) and gender. Lack of finance, lack of basic

infrastructures and lack of skilled personnel are all found to be significantly significant ($P < 0.05$) as major constraints to the performance of small and medium scale private hospitals and clinics in Kano metropolis, Kano State, Nigeria. However, poor patronage ($P > 0.05$) was not statistically significant as a constraint to performance by gender.

Table 2: showing factors that are the major constraints to the performance of small & medium sized hospitals/clinics

S/N	Constraints	To large extent	a To some extent	Not at all	Total	Ranking
1	Low patient patronage					
	Frequency	4	4	12		
	Weighted average	6	8	12	26	16 th
2	High interest on loans					
	Frequency	16	3	1		
	Weighted average	48	6	1	55	3 rd
3	Irregular power supply					
	Frequency	15	4	1		
	Weighted average	45	8	1	54	4 th
4	Lack of fund to purchase hospital equipment and machine					
	Frequency	14	-	6		
	Weighted average	42	0	6	48	8 th
5	Lack of sufficient fund to expand the business					

	Frequency	16	4	-		
	Weighted average	48	8		56	2 nd
6	Lack of skilled personnel					
	Frequency	10	3	7		
	Weighted average	30	6	7	43	11 th
7	Multiple taxation					
	Frequency	10	7	3		
	Weighted average	30	14	3	47	9 th
8	Lack of fund to secure permanent accommodation					
	Frequency	15	3	2		
	Weighted average	45	6	2	53	5 th
9	Problem of registration and business permit					
	Frequency	10	5	5		
	Weighted average	30	10	5	45	10 th
10	Poor road network					
	Frequency	8	2	10		
	Weighted average	24	4	10	38	4 th
11	Family financial pressure					
	Frequency	7	3	10		
	Weighted average	21	6	10	37	15 th
12	Low managerial skills					
	Frequency	10	2	8		
	Weighted average	30	4	8	42	13 th

13	Lack of access to loan from banks and other financial institution					
	Frequency	15	4	1		
	Weighted average	48	8	2	58	1 st
14	Poor business location					
	Frequency	10	3	7		
	Weighted average	30	6	7	43	12 th
15	Lack of pipe borne water					
	Frequency	10	2	8		
	Weighted average	30	4	16	50	7 th
16	Lack of government support					
	Frequency	12	6	2		
	Weighted average	36	12	4	52	6 th

Table 3: shows a bivariate analysis of the relationship between some variables (as major constraints) and gender to the performance of small and medium sized private hospitals and clinics in Kano metropolis, Northern Nigeria

Constraints	Male n (%)	Female n (%)	Total n (%)	χ^2	P-value
Lack of finance					
Yes	13 (100)	0 (0)	13 (100)	9.286	0.007*
No	3 (42.9)	4 (57.1)	7 (100)		
Total	16 (80)	4 (20)	20 (100)		
Lack of basic infrastructural facilities					
Yes	12 (100)	0 (0)	12 (100)	7.500	0.014*
No	4 (100)	4 (100)	8 (100)		

Total	16 (80)	4 (20)	20 (100)		
Lack of skilled personnel					
Yes	13 (100)	0 (0)	13 (100)	9.286	0.007*
No	3 (42.9)	4 (57.1)	7 (100)		
Total	16 (80)	4 (20)	20 (100)		
Poor patronage					
Yes	8 (100)	0 (0)	8 (100)	3.333	0.117
No	8 (66.7)	4 (33.3)	12 (100)		
Total	16 (80)	4 (20)	20 (100)		

*statistically significant ($p < 0.05$) and Fisher's exact test was used

Discussions

Based on the research findings, it shows that Lack of finance constitute a major constraint to the performance and operation of small and medium sized private hospitals and clinics in Kano metropolis ($p < 0.05$). It was also found in a similar studies²¹. Thus, we reject the null hypothesis which states that there is no relationship between lack of finance and performance of small and medium sized private hospitals and clinics in Kano metropolis. Also, Lack of basic infrastructural facilities constitutes major challenges to operation of small and medium sized private hospitals and clinics in Kano metropolis ($P < 0.05$). This was also found in similar studies⁴. Thus, we reject the null hypothesis which states that there is no relationship between lack of basic infrastructural facilities and performance of small and medium sized private hospital and clinics in Kano metropolis.

In addition, Lack of experience medical and auxiliary personnel constitute a major constraint to the performance of small and medium sized private hospitals and clinics in Kano metropolis ($P < 0.05$). According to a similar study²², human resource for health is a major challenge to effective health care services. Thus, we reject the null hypothesis which states that there is

no relationship between skilled medical personnel and performance of small and medium sized private hospital and clinics in Kano metropolis. However, poor patronage was not statistically significant ($P > 0.05$).

Conclusion

The study has shown that small business is potentially the largest and fastest growing area of economic activity in Nigeria and has the greater potential for employment generation than either the public sector or any other sector. There is ample evidence from the response of the study conducted that in spite of contribution of private hospitals and clinics in to the development of Nigeria economy, the sectors have been neglected by Government.

Small business has played and continues to play significant roles in the growth, development and industrialization of many economies the world over. In the case of Nigeria, from the study conducted above, small scale business, especially in the Hospital sector have performed below expectation due to a combination of problems which ranges from lack of sufficient finance, poor infrastructural facilities, lack of skilled personnel and insecurity challenges. There is need for Nigerian government to empower the private hospitals and clinics owner in Kano metropolis through policies that will be favourable for banks and other financial institution to grant loan to them at lower interest rate.

Recommendations

Based on the findings and conclusion of this research work, it is recommended that there is the need for government to provide the enabling environment where the private hospitals and clinics in Kano metropolis owner can be financially empower through micro finance banks and other financial institution. Also, there is need for government to

provide infrastructural facilities to support the owners of private hospitals and clinics in Kano metropolis to grow and survival. Their survival can only be possible through regular power supply, available of good roads, water etc. In addition, there is need for continuing medical education, postgraduate studies and short course for the personnel of private hospitals and clinics in Kano in order to update their knowledge and skills through sound evidence based practice and clinical expertise. There is also need for government to provide security for life and safety of the people.

Contribution by Authors

	<u>A.M.</u> <u>Maigoro</u>	<u>B.A.</u> <u>Kofar</u> <u>Mata</u>	<u>U.S.</u> <u>Usman</u>	<u>I.A.</u> <u>Abdullahi</u>
Concepts	√	√	√	√
Design	√	√	√	√
Definition of intellectual content	√	√	√	√
Literature search	√			
Data acquisition	√			
Data analysis	√	√	√	√
Statistical analysis	√	√	√	√
Manuscript preparation	√			√
Manuscript editing	√	√	√	
Manuscript review		√	√	
Guarantor	√			

Prior Publication: Nil

Source(s) of support: Nil

Presentation at a meeting: Nil

Declaration on conflicts of interest: there is no conflict of interest

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