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SERVICE DIFFERENTIATION STRATEGIES AND ORGANIZATIONAL PERFORMANCE OF PRIVATE HOSPITALS IN NAKURU COUNTY, KENYA

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ABSTRACT
The private healthcare sector is increasingly viewed as a crucial player in meeting the growing demand for medical services. With rising populations and evolving health needs, private institutions now serve approximately 37% of the population by providing additional capacity and innovative healthcare solutions. However, despite their importance, many private hospitals are experiencing a decline in performance, which threatens their sustainability. This study sought to investigate the relationship between service differentiation strategies and the performance of private hospitals in Nakuru County, Kenya. Specifically, the study explored how price differentiation, brand image, customized technology, and customized service affect the performance of these hospitals. The research was guided by three theories: Strategic Choice Theory, Transaction Cost Theory, and Service Quality Theory. A correlational research design was employed, targeting a population of 123 drawn from 41 private hospitals in Nakuru County. These included operations managers and finance managers. Data was collected using a structured questionnaire. To ensure content validity, expert input was incorporated, and reliability was tested using the Cronbach's Alpha method, with a coefficient of 0.7 or above considered acceptable. Purposive sampling and a census were used, employing both descriptive and inferential statistical techniques. Descriptive statistics, including means, modes, frequencies, and standard deviations were applied. Inferential statistics such as Pearson correlation analysis and multiple regression analysis were utilized. The analyzed results were presented using tables, charts, frequency distributions, regression outputs, ANOVA tables, and correlation matrices. The results revealed that customized service differentiation has a strong positive and statistically significant relationship with organizational performance ($r = 0.726$, $P < 0.01$), indicating that enhanced customized service is strongly associated with improved performance. The findings of this study are expected to provide valuable outcome for private hospital administrators, policymakers, and academic researchers by enhancing understanding of how differentiation strategies influence the performance of private hospitals and by informing strategic decision-making in the healthcare sector.

KEY TERMS: *service differentiation, organizational performance, customized service*

INTRODUCTION

The concept of service differentiation, originally introduced by Edward Chamberlin in 1933 through his theory of monopolistic competition, emphasizes distinguishing services based on unique, non-price attributes. In a modern marketing context, service differentiation involves emphasizing features such as quality, responsiveness, personalization, or innovation to attract and retain specific target segments. This strategy allows businesses to stand out in competitive markets and justify premium pricing by offering value that competitors do not (Rafiq & Ahmed, 2022). Rather than competing solely on cost, firms leverage customer experience, brand identity, or specialized offerings to build loyalty and enhance profitability.

Runtu and Ellitan, (2021) argue that companies must actively cultivate robust competencies to adapt effectively to changes in their external environment. Navigating the fluctuations of industry dynamics and understanding where products and businesses fall within their life cycle can enable firms to maintain continuity through differentiation, even when profit margins are not particularly appealing. In cases where it's challenging to distinguish the physical products themselves, competitive advantage may be achieved by enhancing the quality of associated services and adding value to them (Jerab and Mabrouk,2023 This suggests that, in highly competitive markets, the focus should shift from just product features to the overall service experience, which can be a critical factor in attracting and retaining customers. By prioritizing service differentiation, businesses can create unique offerings that resonate with consumers, ultimately leading to sustained success despite market pressures Lin, Wu, and Cheng (2015) outlined a range of strategies for differentiating products and services. These strategies encompass aspects such as research and development initiatives, pricing strategies, design elements, brand image, technological advancements, patents, product features, customer service, distribution channels, dealer networks, and overall quality. The present study specifically concentrated on service differentiation strategies, examining the dimensions of customized service which is quite related with the variables in the reviewed studies. It also explored how this dimensions relate to organizational performance, aiming to understand their impact on private hospitals' success in a competitive healthcare environment. This focus provided insights into how effectively

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managing these elements can enhance service delivery and overall operational effectiveness in private hospitals.

Statement of the Problem

Private hospitals in Nakuru County face a range of inter-related operational, financial, regulatory and access challenges. Despite growing demand for quality healthcare services, many facilities struggle to maintain sustainable operations, ensure full compliance with regulatory requirements, and deliver affordable, reliable care to communities across the county. Private hospitals operate in a highly competitive healthcare environment, where differentiation is crucial for attracting and retaining patients. Many private hospitals struggle to establish unique value propositions, often relying on similar services, pricing models, and marketing strategies. This lack of differentiation results in reduced patient loyalty, increased competition, and difficulties in justifying premium pricing. To gain a competitive edge, private hospitals must develop and implement effective differentiation strategies, such as specialized medical services, advanced technology integration, superior patient experience, or value-based healthcare models. However, identifying and executing the right differentiation strategy remains a significant challenge for many private hospitals.

Earlier studies have presented varying results concerning the impact of service differentiation strategies on organizational performance. While some studies report a positive significant relationship, others showed insignificant associations with firm performance. In addition, many of the studies have been conducted in other sectors like the cosmetic industry, commercial banks, manufacturing industry, and automotive industry with few studies being conducted in the private hospitals in Nakuru County in particular.

This study aims to bridge the existing gap by exploring the link between service differentiation strategies and the organizational performance of private hospitals in Nakuru County. Gaining insight into this relationship is crucial for guiding strategic decision-making, enhancing the quality of healthcare services, and boosting competitiveness in the private health sector.

LITERATURE REVIEW

Customized Service Differentiation Strategy on Organizational Performance

Phyo (2023) explored how differentiation strategies and competitive advantages affect the performance of system integrator companies. The study utilized both primary and secondary data sources. Primary data was obtained through surveys administered to stakeholders, while secondary data was gathered through an in-depth review of existing literature and industry reports. The analysis focused on a sample of 66 IT system integrator companies out of a total of 132. It found that various elements within the value chain impact the differentiation strategy differently. Notably, the study found that differentiation through outstanding customer service is strongly affected by factors such as postponement strategies, customer relationship management, and the level of information sharing. This emphasizes the importance of high-quality customer service in enabling system integrator companies to achieve a competitive advantage. Consequently, it is important to explore the relationship between customer service differentiation strategies and organizational performance in private hospitals within Nakuru County.

Akdere, Top, and Tekingunduz (2020) conducted a study focused on patients' perceptions of service quality in Turkish hospitals, using the SERVPERF model, which assesses service quality across five main dimensions: assurance, reliability, tangibles, empathy, and responsiveness. Data was collected from 972 inpatients through a cross-sectional survey. Their findings revealed that all five dimensions of the SERVPERF model are significantly related to service quality, serving as essential indicators of overall service effectiveness. However, this study was confined to the inpatient experience within Turkish hospitals. As a result, there was a critical need for further research that examines service differentiation strategies and their influence on organizational performance specifically within private hospitals in Nakuru County.

Both studies highlight the reputation of service excellence and client service differentiation in enhancing organizational performance. The findings from Akdere et al. emphasize the need to evaluate service quality across various hospital settings, while Hassan et al. demonstrate the implication of differentiated customer service and its power on brand-related outcomes. Given the limitations of both studies regarding geographical scope and the specific contexts they addressed, there was a compelling rationale for conducting research in what way service differentiation strategies contribute to the performance of private hospitals in Nakuru County. This would not only fill a gap in the existing literature but also provide valuable insights into improving healthcare services in the region.

Ghahroudi and Sagheb (2018) investigated the impact of different differentiation strategies, namely product, employee, service, distribution, and image differentiation on the performance of women's fashion clothing businesses, emphasizing the mediating role of customer satisfaction. The study focused on 100 women's clothing boutiques in Tehran. Their results indicated that product quality, employee involvement, and brand image significantly contribute to the success of fashion companies. Moreover, customer satisfaction was found to be a vital intermediary linking these differentiation strategies to the overall performance of women's fashion brands. This highlights the importance of effectively distinguishing a brand in the competitive fashion market to boost both customer satisfaction and business outcomes.

Anabila (2019) conducted a comprehensive study to explore how service quality affects patient satisfaction and loyalty within private hospitals in Ghana. Using a convenience sampling approach, data was collected from a sample of 622 respondents. To examine the interactions among the key variables, the researcher applied structural equation modeling through Smart PLS (Smart Partial Least Squares), a robust statistical tool suited for analyzing complex relationships. The findings revealed a significant and positive relationship between the quality of

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healthcare services and patient satisfaction, suggesting that as service quality improves, patients tend to feel more satisfied with their care. Additionally, there was a strong positive association between service quality and patient loyalty, indicating that high standards of service not only satisfy patients but also encourage them to remain committed to the same healthcare provider. These results highlight the pivotal role of service excellence in the healthcare industry. Maintaining superior service quality is not only essential for meeting patients' expectations but also for fostering long-term loyalty, which is vital for the sustained success and reputation of private hospitals

Akingbade (2020) examined the impact of service differentiation strategies on the organizational performance of small and medium-sized enterprises (SMEs) in Lagos State, Nigeria. The survey surveyed 249 registered SMEs listed with the Lagos State Ministry of Commerce and Industry, covering six designated small-scale industrial zones. To determine an accurate sample size, the research applied Yamani's (1967) formula alongside Sekaran's (2003) population-to-sample size table, ultimately selecting 152 SMEs for participation. Data was gathered using structured questionnaires distributed to respondents. The results demonstrated that SMEs implementing service differentiation strategies experienced notable improvements in their organizational performance. These outcomes underscore the strategic value of differentiating services to gain a competitive edge and drive business success. Based on these findings, the study suggests that further exploration is warranted into how customer service differentiation strategies influence organizational performance, particularly within private hospitals in Nakuru County. Such an investigation could yield critical insights into enhancing service delivery and operational efficiency in the healthcare sector.

Mungasia and Rugami (2022) explored the link between service differentiation strategies and the performance of cement manufacturing firms in Kenya. Grounded in the resource-based theory, the study adopted a descriptive survey design to gather relevant data. Targeting a total of 375 employees across various cement companies, the researchers selected a representative sample of 112 employees, accounting for 30% of the total population. Questionnaires were used to collect data, which was then analyzed using both descriptive statistics and correlation analysis. The results revealed a strong and positive correlation between service differentiation and company performance. The study concluded that implementing effective service differentiation strategies not only improves operational efficiency but also strengthens customer loyalty. These findings highlight the value of conducting further research into how customer service differentiation influences organizational performance, particularly within private hospitals in Nakuru County, to gain insights that can enhance healthcare service delivery and institutional success. By focusing on customer service differentiation, private hospitals could potentially improve their performance metrics, thereby enhancing patient satisfaction and overall operational outcomes.

THEORETICAL REVIEW

Service Quality Theory

This theory, initially developed by Gronroos, 1982 and later refined by Parasuraman, 1985 builds on Juran's (1991) concept of assessing service quality, originally applied in the manufacturing industry, which then extended to various other sectors. The quality of services is evaluated using the SERVQUAL model, which posits that service quality hinges on the opening between customers' expectations and their perceptions of the service provided.

Ahmed, Abd, and Islam (2017) reported that staff in private hospitals perceive improvements in both their quality management processes and patient satisfaction over recent years. Similarly, customers using e-banking systems expressed satisfaction and confidence, noting that these systems consistently meet their needs Sudirjo, *et.al*, (2024). Additionally, Hsu and Lin (2023) discovered that the quality-of-service recovery and conversational interactions provided by AI chatbots play a significant role in enhancing user satisfaction. Within the healthcare sector, adherence to quality service standards, regulations, and guidelines is especially critical for effective service provision (Ministry of Health, 2024). This theory was applied in examining the connection between customer service and the performance outcomes of private hospitals in Nakuru County, Kenya.

RESEARCH METHODOLOGY

The study adopted a correlational research design, which facilitated the application of quantitative methods to examine the relationships between the independent and dependent variables (Kirui & Naibei, 2023).

The target population for this study comprised management personnel from 41 private hospitals in Nakuru County that had been accredited by the National Hospital Insurance Fund (NHIF) (NHIF Report, 2022) and subsequently transitioned to the Social Health Insurance Fund (SHIF) under the Social Health Authority (SHA). Specifically, the study adopted a cross-sectional approach, and data were collected from operations managers, finance managers, and chief executive officers (CEOs) of the private hospitals.

In this research, a census approach was employed to identify private hospitals because their limited number made it feasible to include all eligible facilities. Within these hospitals, purposive sampling was applied to select participants from the management team. Specifically, a census sampling strategy was adopted to include all relevant decision-makers, namely operations managers, finance managers, and Chief Executive Officers (CEOs), to ensure comprehensive data collection from key personnel.

The data was analyzed descriptively to examine mean, standard deviation, frequency and inferentially to establish the connection between research variables using the regression analysis model. The findings from the data analysis were displayed using several techniques, such as frequency tables, regression analysis, and analysis of variance (ANOVA) tables, and correlation assessments.

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The regression analysis model to be adopted was;

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Y represents organization Performance

X_1, Price Differentiation Strategy

X_2, Brand Image

X_3, Technology

X_4, Customer Service

ε, Error term which assumes to be normally distributed.

DATA ANALYSIS, DISCUSSION AND INTERPRETATION

Descriptive statistics

Descriptive Statistics for Customized Service Differential Strategy

The study sought to examine the relationship between customized service as a differentiation strategy and the organizational performance of private hospitals in Nakuru County. Respondents were asked to indicate their level of agreement with a series of statements relating to customized service differentiation and organizational performance. Their responses were measured using a five-point Likert scale, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. For interpretation purposes, a mean score ranging from 1.0 to 2.5 indicated disagreement with the statements, while a mean score ranging from 2.6 to 5.0 indicated agreement. The descriptive statistics on customized service differentiation are presented in Table 1.

Table 1: Customized Service Differential Strategy

Statement	N	Disagree (1+2)	Neutral (3)	Agree (4+5)	M	SD
There is an established professional code of conduct for all hospital staff.	88	5 (5.7%)	10 (11.4%)	73 (83.0%)	3.89	0.53
The hospital has an approved customer service policy.	88	5 (5.7%)	10 (11.4%)	73 (83.0%)	3.89	0.53
The hospital has a service charter indicating the turnaround time for all services.	88	4 (4.5%)	10 (11.4%)	74 (84.1%)	3.92	0.55
The hospital has embraced a biometric attendance register for all medical staff.	88	5 (5.7%)	8 (9.1%)	75 (85.2%)	3.91	0.54
The billing system and customer feedback process take the shortest time possible.	88	4 (4.5%)	8 (9.1%)	76 (86.4%)	3.93	0.54
The hospital has a switchboard to handle customer bookings and provide feedback.	88	4 (4.5%)	7 (8.0%)	77 (87.5%)	3.95	0.54
The hospital has a dedicated customer care desk to handle clients' concerns.	88	4 (4.5%)	8 (9.1%)	76 (86.4%)	3.93	0.54
The hospital has a suggestion box and a customer complaints register.	88	3 (3.4%)	7 (8.0%)	78 (88.6%)	3.94	0.46

Source; Field Data (2026)

The findings in Table 1 indicate that respondents generally agreed that customized service differentiation is widely practiced in private hospitals in Nakuru County, as all the mean scores exceeded the benchmark mean of 2.6. However, a small proportion of respondents either disagreed with or remained neutral on the various statements, indicating that the implementation of customized service practices is not entirely uniform across all hospitals.

Regarding the statement that there is an established professional code of conduct for all hospital staff, 73 (83.0%) of the respondents agreed, 10 (11.4%) were neutral, while 5 (5.7%) disagreed, resulting in a mean score of 3.89 (SD = 0.53). This suggests that most hospitals have well-defined professional standards that guide employee conduct.

Similarly, 73 (83.0%) of the respondents agreed that their hospitals have an approved customer service policy, 10 (11.4%) were neutral, and 5 (5.7%) disagreed. The mean score of 3.89 (SD = 0.53) indicates that customer service policies are well established in most private hospitals.

The findings further reveal that 74 (84.1%) of the respondents agreed that their hospitals have a service charter indicating the turnaround time for all services, while 10 (11.4%) remained neutral and 4 (4.5%) disagreed. The corresponding mean score of 3.92 (SD = 0.55) suggests that hospitals communicate service delivery timelines to improve accountability and customer satisfaction.

On whether the hospital has embraced a biometric attendance register for all medical staff, 75 (85.2%) agreed, 8 (9.1%) were neutral, and 5 (5.7%) disagreed, yielding a mean score of 3.91 (SD = 0.54). This indicates that technology is increasingly integrated into employee management to enhance service efficiency.

Regarding the statement that the billing system and customer feedback process take the shortest time possible, 76 (86.4%) of the respondents agreed, 8 (9.1%) were neutral, while 4 (4.5%) disagreed. The mean score of 3.93 (SD = 0.54) demonstrates that efficient billing and feedback systems are common features of customized service delivery.

Similarly, 77 (87.5%) of the respondents agreed that their hospitals have a switchboard to handle customer bookings and provide feedback, 7 (8.0%) were neutral, and 4 (4.5%) disagreed. This statement recorded a mean score of 3.95 (SD = 0.54), indicating widespread adoption of centralized communication systems.

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Furthermore, 76 (86.4%) of the respondents agreed that their hospitals have a dedicated customer care desk to address clients' concerns, while 8 (9.1%) remained neutral and 4 (4.5%) disagreed. The mean score of 3.93 (SD = 0.54) reflects a strong commitment to personalized customer service.

Finally, the statement that the hospital has a suggestion box and customer complaints register received the highest level of agreement, with 78 (88.6%) of the respondents agreeing, 7 (8.0%) remaining neutral, and 3 (3.4%) disagreeing. The mean score of 3.94 (SD = 0.46) and the lowest standard deviation indicate a high level of consensus among respondents that customer feedback mechanisms are well established.

From the findings are consistent with Anabila (2019), who found that superior service quality significantly enhances patient satisfaction and loyalty in private hospitals. Similarly, the results support Akdere et al., (2020), who established that service quality dimensions, including responsiveness, empathy, and reliability, are critical determinants of hospital performance. The findings also concur with Akingbade (2020) and Mungasia and Rugami (2022), who reported that service differentiation positively influences organizational performance by improving operational efficiency and customer loyalty. Likewise, Bao and Li (2016) emphasized that superior service quality and effective customer interactions create a sustainable competitive advantage, while Phyo (2023) identified customer relationship management and information sharing as key drivers of successful service differentiation. Furthermore, the findings align with Tintara and Respati (2020), who concluded that customized services significantly enhance competitive advantage. However, the findings contrast with Hartono, Khambali, and Nugroho (2018), who found that price perception had no significant effect on customer loyalty in the cosmetics industry, whereas the present study demonstrates that customized service delivery, rather than pricing alone, is a key contributor to improved organizational performance in private hospitals.

Inferential Statistics

Correlation Analysis

Correlation analysis was conducted using Pearson's product–moment correlation coefficient to determine the strength and direction of the relationship between differentiation strategies and organizational performance. Specifically, the analysis examined the relationships between price differentiation, brand image differentiation, customized technology, customized service, and organizational performance in Nakuru County. The Pearson correlation coefficients ranged from -1 to +1, where positive values indicated a direct relationship between the variables, while negative values indicated an inverse relationship. The statistical significance of the relationships was evaluated at the 0.01 level ($P < 0.01$).

Table 2: Pearson Correlation Analysis

Variables	PD	BID	CT	CS	OP
PD Pearson Correlation	1	.617	.452	.451	.376
Sig. (2-tailed)		.000	.000	.000	.000
N	88	88	88	88	88
BID Pearson Correlation	.617	1	.735	.656	.432
Sig. (2-tailed)	.000		.000	.000	.000
N	88	88	88	88	88
CT Pearson Correlation	.452	.735	1	.901	.593
Sig. (2-tailed)	.000	.000		.000	.000
N	88	88	88	88	88
CS Pearson Correlation	.451	.656	.901	1	.726
Sig. (2-tailed)	.000	.000	.000		.000
N	88	88	88	88	88
OP Pearson Correlation	.376	.432	.593	.726	1
Sig. (2-tailed)	.000	.000	.000	.000	
N	88	88	88	88	88

Source; Field Data (2026)

Customized service differentiation shows a strong positive and statistically significant relationship with organizational performance ($r = 0.726$, $P < 0.01$), indicating that enhanced customized service is strongly associated with improved organizational performance. The finding is consistent with Akingbade (2020), who established that service differentiation strategies significantly improved the organizational performance of small and medium-sized enterprises in Nigeria. Similarly, Mungasia and Rugami (2022) reported a strong positive relationship between service differentiation and the performance of cement manufacturing firms in Kenya. The findings are also supported by Anabila (2019), who found that high service quality significantly enhanced patient satisfaction and loyalty in private hospitals in Ghana. Equally, Akdere, Top, and Tekingunduz (2020) established that dimensions of service quality, including reliability, responsiveness, empathy, assurance, and tangibility, significantly influenced patients' perceptions of hospital performance. Furthermore, Bao and Li (2016) concluded that organizations achieve competitive advantage by strategically differentiating their services to satisfy both the functional and emotional needs of customers. The reviewed literature and the current findings therefore demonstrate that customized service differentiation is a critical driver of organizational performance because it enhances customer satisfaction, loyalty, service quality, and competitive advantage.

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In conclusion, the results indicate that price differentiation, brand image differentiation, customized technology, and customized service all have positive and statistically significant relationships with organizational performance. Among the four differentiation strategies, customized service demonstrates the strongest relationship with organizational performance, followed by customized technology, brand image differentiation, and price differentiation. These findings suggest that while all differentiation strategies contribute to improved organizational performance, investing in customized service and technology provides the greatest potential for enhancing the performance of private hospitals in Nakuru County.

Relationship between Customized Service and Organizational Performance

$H0_4$: There is no statistically significant relationship between customized service and organizational performance of private hospitals in Nakuru County, this hypothesis was tested using a simple linear regression was conducted, producing three outputs including model summary, ANOVA and coefficients and results presented;

Table 3 : Model Summary for Customized Service and Organizational Performance

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.726[a]	.527	.522	.25985
a. Predictors: (Constant), Customized Service				

Source; Field Data (2026)

Findings in Table 3 revealed that customized service has a positive relationship with the organization performance, as shown by the correlation coefficient (R = 0.726). The coefficient of determination (R Square = 0.527) indicates that customized service explains 52.7% of the variation in the dependent variable, while the remaining 47.3% is explained by other factors not included in this study. The Adjusted R Square (0.522) further indicates that after adjusting for the number of predictors in the model, customized service still accounts for 52.2% of the variation in the dependent variable, confirming the stability and explanatory power of the regression model. The standard error of the estimate (0.25985) suggests that the model has a relatively low prediction error, indicating a good fit to the observed data.

Table 4 : ANOVA Summary for the Regression for Customized Service and Organizational Performance

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	6.478	1	6.478	95.941	.000[b]
	Residual	5.807	86	.068		
	Total	12.285	87			
a. Dependent Variable: Organization Performance						
b. Predictors: (Constant), Customized Service						

Source; Field Data (2026)

The ANOVA results in Table 4 indicate that the regression model is statistically significant in explaining the relationship between customized service and organizational performance. The model yielded an F-statistic of 95.941 with 1 and 86 degrees of freedom and a p-value of 0.000 ($P < 0.05$).

The findings therefore indicate that customized service has a statistically significant effect on organizational performance. Consequently, the regression model is appropriate for predicting organizational performance based on customized service. The results further suggest that the observed relationship between customized service and organizational performance is unlikely to have occurred by chance, leading to the rejection of the null hypothesis that customized service has no statistically significant effect on organizational performance.

Table 5 : Regression Coefficients for customized service and Organization Performance

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	1.830	.221		8.286	.000
	Customized Service	.547	.056	.726	9.795	.000
a. Dependent Variable: Organization Performance						

Source; Field Data (2026)

The findings in Table 5 indicate that customized service has a positive and statistically significant effect on organizational performance ($\beta = 0.726$, $t = 9.795$, $P < 0.05$). This implies that an increase in customized service leads to a corresponding improvement in organizational performance. The unstandardized regression coefficient ($B = 0.547$) indicates that a one-unit

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increase in customized service results in a 0.547-unit increase in organizational performance, holding other factors constant. The positive standardized coefficient ($\beta = 0.726$) further confirms that customized service positively influences organizational performance. Since the significance value ($P = 0.000$) is less than the 0.05 level of significance. The regression equation for the model is: Organizational Performance = 1.830 + 0.547 (Customized Service). The findings therefore indicate that customized service is a significant predictor of organizational performance.

In conclusion, based on the regression results, the null hypothesis ($H0_4$), which stated that there is no statistically significant relationship between customized service and organizational performance, is rejected. This is because customized service was found to have a positive and statistically significant relationship with organizational performance ($R = 0.726$, $R^2 = 0.527$, $F = 95.941$, $\beta = 0.726$, $t = 9.795$, $p < 0.05$). The study therefore concludes that customized service significantly influences organizational performance.

Summary of the Results

The study investigated the relationship between customized service and organizational performance among private hospitals in Nakuru County. The findings indicate that respondents generally agreed that customized service differentiation is widely practiced in private hospitals, with all mean scores exceeding the benchmark of 2.6, ranging from 3.89 (SD = 0.53) to 3.95 (SD = 0.54). Specifically, 83.0% agreed that hospitals have established professional codes of conduct and approved customer service policies, 84.1% confirmed the existence of service charters, 85.2% acknowledged the use of biometric attendance systems, 86.4% agreed that billing and customer feedback processes are efficient and that hospitals have dedicated customer care desks, 87.5% confirmed the presence of switchboards for customer bookings and feedback, while 88.6% indicated that hospitals have suggestion boxes and customer complaints registers. Correlation analysis revealed a strong positive and statistically significant relationship between customized service and organizational performance ($r = 0.726$, $P < 0.01$). The model summary further showed a strong positive relationship between customized service and organizational performance ($R = 0.726$), with $R^2 = 0.527$ and an Adjusted $R^2 = 0.522$, indicating that customized service explained 52.7% of the variation in organizational performance, while the remaining 47.3% was explained by other factors not included in the study. The regression model was statistically significant ($F = 95.941$, $P = 0.000$), while the regression coefficient ($\beta = 0.726$, $B = 0.547$, $t = 9.795$, $P = 0.000$) confirmed that a one-unit increase in customized service increases organizational performance by 0.547 units. Consequently, the null hypothesis (H04) was rejected, confirming that customized service significantly influences organizational performance among private hospitals in Nakuru County.

CONCLUSIONS AND RECOMMENDATION

The study concludes that customized service has a positive and statistically significant influence on organizational performance among private hospitals in Nakuru County. The findings demonstrate that private hospitals have embraced customized service strategies characterized by the establishment of professional codes of conduct for hospital staff, approved customer service policies, and service charters that specify the turnaround time for various services. The hospitals have also adopted biometric attendance systems for medical staff, efficient billing and customer feedback processes, switchboards for handling customer bookings and feedback, dedicated customer care desks to address clients' concerns, and suggestion boxes together with customer complaints registers to promote continuous service improvement and patient satisfaction.

The study recommends that private hospitals should prioritize patient-centered service delivery as a core strategic objective. Hospital management should strengthen professional codes of conduct, enforce customer service policies, regularly review service charters to ensure timely service delivery, improve customer feedback and complaint handling mechanisms, establish well-equipped customer care units, and continuously train employees on customer relationship management and service excellence. Hospitals should also strengthen communication channels such as switchboards, suggestion boxes, and digital feedback platforms to enhance responsiveness to patients' needs. These initiatives will improve patient satisfaction, strengthen customer loyalty, and significantly enhance organizational performance.

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