

**STRATEGIC MANAGEMENT PRACTICES AND
PERFORMANCE OF TOTOHEALTH IN KENYA**

**BY
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DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

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DEDICATION

This study is dedicated to my parents who have continuously supported and encouraged not only my education endeavors but also other aspects of my life.

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ABSTRACT

Strategic management remains important despite the size of the company as the success of a company is dependent on external environment and how it aligns its resources internally to exploit opportunities and cover its weaknesses. Companies that have invested into strategic management practices by ensuring a wholesome formulation processes and adhering to this its implementation process have been observed to have higher prevalence of success as compared to companies that do not. The healthcare sector is a vital sector in any emerging economy as it speak on the health and vigor of the country. Kenya, the country of origin for the case study has been on the rise as a technology hub and various companies have emerged with nifty innovations to propel the country forward, covering gap areas in the young economy. TotoHealth Kenya is one such company. The company is leveraging on technology to disseminate information to monitor the progress of pregnancy and development of children after birth highlighting warning signs thereby enabling parents or caregivers to seek timely care. The study sought to determine strategic management practices applied at TotoHealth and its impact on performance. The research design was a case study limited to the company, TotoHealth in Kenya and data was collected with the aid of interview guides. The interviewees consisted of top level management individuals who are thematic leaders within the company. The study shall use the primary data collected through interviews conducted by the researcher. The answers to the open ended interview questions shall be analyzed through content analysis with categorization of the answers and summarization offering a fuller picture of the organization. The study establishes that the organization and its leadership had managed to involve a number of the staff and all of the thematic managers in the formulation of the strategy and had as well communicated effectively through the use of a tool dubbed Team Assessment Plan the various tasks to be implement as well as the expected deliverables and their due dates. The same tool is used for resource requisition by staff and management as well as for evaluation of the organizations undertakings as the year progresses by management and the board. The outlook from the tool aids in the decision on rewards and remuneration. The study concludes that strategic management has a positive impact to the performance of TotoHealth, Kenya. The study being a case study looked at only one company and thus the findings cannot be used to generalize the sector. The study also recommends for a continual enhancement of communication throughout the strategy formulation, implementation and evaluation in a turbulent environment more so a start-up company. The study also recommends for agility in the operations of organizations that are in volatile environments. And that, strategic management practices should be observed and documented even for companies that are small and starting out. Further studies may be undertaken examining strategic management practices that influence performance in startup companies leveraging on technology as a key element to obtain competitive advantage within the industry.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

In order for a company to achieve success, it comes up with strategies, inherent or emergent that help them counter the changes and forces and take advantage of the opportunities presented to them to gain a sustainable advantage over its competitors and have good performance for the company. It is the mandate of the management team to ensure that a strategy is in place and executed well for the organization to perform. Ries (2011). Strategic management seeks out to establish the goals; where does the business want to go, a strategy; how the business is going to get there and evaluation; how the business will know when it gets there. Strategic management seeks to identify business resources and have them exploit market opportunities.

Numerous theorems have been developed and designed, some have remained intact while others have evolved over time in a bid to explain how an organizations goals can be achieved through strategy and strategic management. Knowledge based theory shows how a company can leverage information amassed to obtain a competitive advantage and ensure company success. Management teams ought to seek the perfect harmony between the corporate goals and the concerns of the stakeholders in the ecosystem as addressed in the stakeholders theory. The contingency theory puts forward that a business seeks the perfect fit to capitalize on the exploitation of its resources and opportunities. All start-ups seek to obtain the best product/market fit and a sustainable business model for the company (Blank, 2010).

The success of the organization can be measured broadly by two factors strategy effectiveness and operational efficiency. Strategy effectiveness being the capacity to set the right goals and constantly achieve them. Strategic effectiveness seek to answer the question “Are we doing the right things?” Whereas operational efficiency being a

measure of how economically the organization's resources have been utilized to achieve the desired goals seeks to answer the question "Are we doing things right?" The two respectively address the why and how of the business strategy.

The health sector service delivery has remained unchanged but with the onset of technology, governments and management teams of various health facilities have sought ways to improve service delivery using technology. PWC (2015) shows that the adoption of mobile health application to facilitate the delivery of service has doubled between 2013 and 2015. Government and health care providers have sought new strategies to deliver health care at lower costs through affiliate community hospitals and virtual care centers have been at the top strategies.

In Kenya, the public health care has not grown commensurate to the population growth. This gap has been filled with numerous private hospital ventures that tend to charge a premium above the public facilities for the care. But this leaves out the large populace that live on less than ten dollars a day. Various start-up companies have been set up to address these needs. TotoHealth Kenya is one such company that concentrates on the natal and post-natal care of mother and child aiming at the base of the pyramid.

1.1.1 Concept of Strategy

Strategy is the link between an organization and the external environment. It is the overall plan which an organization chooses in order to move or react towards the set of objectives by using its resources. The success of any organization can be attributed to the strategy set in place by the management to ensure that the organization is sustainably competitive in the market. Porter (1980) defines a competitive strategy as a combination of goals that the firm aims at achieving by setting policies and procedures in place to facilitate the success. The mission and objective of the organization form the core of the goals and are in line with the key stakeholders' vision of the company.

Chandler (1962) defines strategy as the determination of basic long term goals and objectives of the enterprise as well as the adoption of courses of action in order to achieve them. Hence strategy aids in the efficient apportionment of resources that are necessary for carrying out those goals. Mintzberg (1987) offers his view of strategy by declaring that strategy is a plan, a ploy, a position, a pattern and/or a perspective that illustrates it as being conscious and intentional course of action. He says that strategy is an explicit manoeuvre whose intention is to outsmart the competitor and that it can demonstrate the chosen position by the organization and its management in its environment.

Strategy also helps the organization to identify, create and retain competitive advantage by realigning its internal environment in response to the external environment. It defines the direction and scope for a company over a long term which drives the organization to obtain competitive advantage in an ever changing environment by aligning resources and competences whilst aiming at fulfilling the expectations of its shareholders. (Johnson et al, 2002).

Strategy exists different levels of the organization – ranging from corporate strategy which looks at overarching purpose of the business as well as the scope and addressing stakeholders' expectations to business unit strategy and operational strategy which is concerned with the actual delivery of the strategic direction by focussing on people, processes and resources. It offers lucidity in communication within a unit and across units in the organization as well as offering a compass for coordination in the organization. Strategy offers coherence and directions in organizations to the actions and decisions being made today with either today's impact or long term observations on impact. It aids in guiding an organization to superior performance by establishing a differentiating factor that will offer it a competitive advantage against its competitors

1.1.2 Strategic Management Practices

Strategic management is about the decisions being made to ensure that the strategy is accomplished. This can be achieved through the strategic management practices entailing the following six steps, formulation of the company's mission and vision, situation analysis, determination of the strategic objectives, strategic analysis and choice, implementation of the strategy and finally strategic evaluation and control (Pearce and Robinson, 2003). It is the formulation and implementation of the vision, mission and strategy of an organization by top management with heavy considerations of the internal environment; resources that it has control over and external environment in which the company operates in. With it, an organization can experience the financial and non-financial benefits.

Strategic management practices involve the definition of an organization's strategy and how management performs a continuous appraisals of the business and industries in which the organization works in. They also appraise direct and indirect stakeholders such as suppliers, competitors, customers and fixes goals to ensure that the organization's goals are met and offer new goals and vision. Various factors are considered in the formulation and review of the success of the company. Johnson et al. (2002) suggest that the strength and weakness as well as culture and values in the organization will define the internal limits of any strategy undertaken. The opportunities and threats that exist to the company form the external environment which dictate how successful any strategy will be. The strategic management process seeks to align the strengths of the company to opportunities in the environment/industry while covering the weaknesses and ensuring the company is not overexposed to the threats emanating from the market.

Management which determines how strategy is formulated, implemented and evaluated is in charge of coordinating the efforts. The main functions of management include planning, organizing, leading and controlling (Quinn, 2010). The management team should lay out the plans that will lead to the achievement of the strategies and allocate the resources to be used efficiently. For the evaluation of the implementation of the strategy, a constant supervision of the implementation as well as a control and feedback mechanism should be put in place to monitor the implementation process progress and take corrective measures taken when deviations from the course are noted.

1.1.3 Organizational Performance

An organizations performance measure is a metric used to quantify and evaluate the efficiency and effectiveness of business strategy. The measure may be financial or non-financial information in nature that may influence decision-making and managerial action-taking. Simons (2000). The effectiveness takes into account the extent to which customer requirements are met where are efficiency is a measure of how economically the firm's resources are utilized when providing a given level of customer satisfaction. The concept of organizational performance albeit very common in the academic literature, its definition is challenging because of its many meanings. In general, performance in organizations can be deemed as the ability to produce outcomes related to desired targets. Various metrics such as profit margins, market share, customer and employee satisfaction, company growth have been used to measure the performance of a company with objectives and the market competition in mind.

High performing organizations have various benefits to the company in particular and society in general such as attracting resources, job generation and wealth creation. Madrid et al (2007) observed that good strategies, proper resource allocation and customer satisfaction from meeting the customer needs and expectations are some of

the insights one can derive from accurate measures of performance. The primary goal of the organization having been identified as well as the secondary goals and strategies and tasks are to be developed to achieve them. Metrics and targets that indicate if the organization is headed in the right place are put in place and periodically measured in order to readjust the tasks and strategies to achieve them.

1.1.4 Health Industry in Kenya

Globally, many health organizations have been fast to adopt technology and incorporate it into the service delivery, operations and management of the organizations. ICT, one of the fastest growing sectors (Peake, 2013) has been leveraged by various organizations and individuals to create significant changes in industries deemed as disruptions. All industries have not been spared by the ingenuity that ICT has offered and the health sector is one of them. Theranos an American health-technology company specializing in medical laboratory services utilizing microfluidics to conduct various blood tests on small samples of blood. Various mobile applications by different organizations have been created to aid in disease diagnosis and management.

In Kenya, the government in partnership with private entities have embarked on elaborate investments to upgrade the infrastructure and boost the country's connectivity which has led to more access to services and information (Waema and Ndungu, 2012). The Ministry of Medical Services in collaboration with the Ministry of Public Health and Sanitation drafted a national e-Health strategy paper 2011-2017. The strategy paper outlines the general objectivities as to improve the efficiency of health provision by allowing data-driven analyses of the treatments, having a single system to ease access to patient records and data as well as operate an m-Health platform offering health tips and messages to citizens. This is a good step by the Government of Kenya as it

facilitates and preempts the needs of the citizens as well as set the stage for future developments in the mHealth/eHealth sector.

The enterprising individuals and organizations in Kenya have taken the opportunity presented by the platform set by the government. Safaricom set up Call-a-Doc, a mobile health service enabling Kenyans to access medical services over the phone. While MobiDawa, a startup company offering its users targeted information on how to take medication right, explaining the possible side effects, reminding patients when to take their medicine hence improving adherence to dosage and at the same time providing patient feedback to pharmaceutical companies. World Vision Kenya initiated a mHealth platform named Jamii Smart in collaboration with Safaricom, AMREF, CARE and Aga Khan University. The platform's objective is to avail health information and facilitate access to health services for expectant families and families with children under the age of 5 anywhere in Kenya.

According to Mitra and Sen (2014), the mHealth sector in Kenya has placed emphasis on the data collection using mobile devices and behavior change by disseminating key messages and good practices to people. However, they state that numerous mHealth interventions have failed to move beyond the pilot stage as there is no clear consensus as to how to integrate with the regional or national management information system.

1.1.5 TotoHealth Kenya

TotoHealth is a social entrepreneurship startup company in the health industry leveraging on technology to capture a niche in the market. The company offers to monitor the progress of pregnancy and the development of children by sending parents and care-givers timely text message based on the stage of pregnancy and/or the child's age, highlighting warning signs in the pregnancy and/or child's health. TotoHealth aims

at improving health outcomes and health literacy of the community through the dissemination of TotoHealth's content while helping to detect development abnormalities in child and pregnancy. The data is offered to county governments' and NGO's for ease of mapping out mothers' who are due to deliver in order to communicate and avail the resources necessary for safe delivery of the pregnancy. It also avails the data to decision and policy makers in a bid to improve the society.

TotoHealth's core features are in getting timely educative SMSs on nutrition, breastfeeding, child development, vaccination and family planning to caregivers. It offers to track your child's vaccination schedule and give reminders on prenatal and postnatal clinic visits. As of 10 November 2017, the company currently had more than 38,000 parents registered, more than 1,500 community health volunteers and was operational in six counties in Kenya. They launched in Tanzania in May 2016 to offer the same services. TotoHealth seeks to move away from grants by diversifying into other products within the same sphere of natal health care as a revenue stream.

1.2. Research Problem

A key factor for the success of any business is the use of strategic management to achieve its intended goals. Strategic management aims to guide the company through the tumultuous external environment and maintain order and efficiency in its internal processes. Startup companies are no different, as they search for a business model that will help it thrive in its environment. A start-ups performance should be constantly monitored through the various metrics and control measures set in place. The evaluation and control aspect of strategic management practices looks into the measures of performance for the organizations and sets corrective adjustment where possible for the realization of the goals and targets.

TotoHealth is leveraging on technology to give it a competitive edge against other organizations in the health care sector. It has captured a niche in the market by offering a platform to monitor the progress of pregnancy and the development of the child. The company was established in 2013 through an incubation program under mLab, an incubation center that foster innovation and entrepreneurship with a focus on web and mobile based company. It has superseded its peers and emerged from the program to become a full-fledged company, self-sustainable and even opening a subsidiary company in Tanzania in under 5 years. It has won numerous awards and grants including grants from the Indigo Trust, Merck, and Spark International. Its achievements above its peers make it necessary to look at the strategic management practices that the company has adopted.

Various scholars have undertaken similar studies that explore strategic management in select companies and its impact to the performance or success of the company. Wu et al (2015) proposed for a model that links IT governance, strategic alignment and organizational performance as effective mechanisms to organizational success. Meier et al (2006) illustrates that strategy can be distinguished from the other elements of management and its impact on organizational performance measured. Linda et al (2012) shows how health care leaders have embraced strategic management demonstrating effective leadership in their health care organizations. Noorein and Kaplan (2002) seek to understand how the balanced scorecard has been used to measure performance in various healthcare providers. Njeru (2015) explored the strategic management practices and performance on small and medium sized enterprises in Kenya. The study recommended for inclusion of lower level employees to the strategic management process. Wang'ombe (2012) showed that the major competitive strategies by health organizations in Nairobi was by being low cost leaders.

Mburugu (2010) recommends for increasing revenue streams at Christian Health Association of Kenya in a bid to overcome the challenges the organization faces in implementing the strategy. Whereas Alali (2015) advocates for proper communication and sensitization of stakeholders on the long-term direction and coherence on the strategy through full involvement in the strategy process, documentation and audits at St. Monica Hospital, Kenya.

The company, TotoHealth's success above its peers in the mLab incubation program is remarkable. All the startups at the program received the same training and support with regards to establishing themselves, however only TotoHealth has emerged as the one start up not only still functional but with tremendous growth that has enabled it to expand and invest in a foreign country. The fact that they have harnessed and leveraged technology to offer a product into a health sector and succeeded where even well-funded projects such as Safaricom's Call-a-Doc have not succeeded warrants scrutiny. It is expected therefore that TotoHealth have employed strategic management practices that have led to this performance. As a start-up organization, what strategic management practices has TotoHealth employed and what has been their impact on performance?

1.3. Research Objective

The objective of this study is to determine the strategic management practices and its impact on performance at TotoHealth, Kenya.

1.4. Value of the Study

Kenya has an estimated 510 deaths per 100,000 live births per according to the WorldBank (2016) which is higher than its peers in Uganda, Rwanda and Ghana. With the advent of technology, the entrepreneurs at TotoHealth Kenya have attempted to improve the health sector by setting up ventures in this field. This study will assist those

with interest in the sector; new entrepreneurs with an understanding of the importance embracing strategic management practices in its operations, outlining how the practice can be used to achieve the vision and mission of the company from the inception of the company.

For potential external parties such as private individuals or corporations who act as investor be it in seed investment, angel investment, venture capital financing, mezzanine financing and bridge loans and initial public offerings (IPO) (Kelly, 2010). This study assists in identifying well run companies that have a potential future in their industry. For individuals in academia, this research expands the knowledge sphere and offer insights into the running of a social entrepreneurship in Kenya. It expands the knowledge based theorem by demonstrating how a data driven company in Kenya has amassed and uses critical data in health care. It also reveal how a business has adapted to changes in the environment and internal structures supporting the contingency theorem while putting into consideration the various stakeholders in the health care industry in Kenya.

For government and policy makers, the research can be useful in understanding the effects of policies passed in prior years and how entrepreneurs have interpreted the policy either as a threat or as an opportunity as well as how it has affected the business in question. It can be used to assist government in formulating policies that will not hinder future businesses but assist managers improve on their delivery of services to the population. The findings of this study will aid TotoHealth's management team to identify areas that are progressing well in the strategic management cycle and those that are falling short and require improvement.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter offers theoretical and empirical studies that have been done in Strategic management. The field of strategic management, albeit young compared to other fields such as accounting has amassed a wealth of knowledge that one can derive useful lessons from in our bid to understand the relationship between strategy, strategic management practices and its impact on performance.

2.2 Theoretical Foundation

The study of strategic management as a field has led to the development of a number of theories over the short span of the field. A select number of theories and framework are to be covered with in the scope of this chapter. The study had been guided by the knowledge based theory, contingency theory and stakeholder theory.

The theories highlighted in relation to the scope of this study is the knowledge based theory as the overarching theory, contingency theory and stakeholder theory complement the study.

2.2.1 Knowledge Based Theory

Barney (1991) states that a resource based view of a company's competitive advantage is with the intangible assets or capabilities within the company and how the management utilizes these resources to achieve an in-imitable advantage in a market. This allows a company to offer a product or service unique that competitors cannot replicate and thus obtain a competitive advantage. This begs the question how one can maintain this advantage in the 21st century. The key pillar to the answer is a proposed by Alavi and Leidner (2001) in their paper which builds and extends the resource based theory. They propose that knowledge-based resources that are difficult to imitate and socially complex are the most strategic resources for any organization.

An organization's culture and identity should illustrate the depth of knowledge that the company has in a particular field. Its employees must pride themselves in their ability to capture, interpret and disseminate the data and knowledge leading to preference for the organization over the competitors. Information technologies plays a vital role in such a firm. This large scale knowledge management should encompass internal data as well as external data in order to aid in bridging the gap between the two environments. A disciplined and scalable use of formal methods in the development and collection of the knowledge increases the degree of operational success to the organization emanating from the knowledge (Vermesan and Coenen, 2013).

The knowledge that the management holds allows them to employ various tactics that have been defined by Mintzberg (1987). Mintzberg shows that there is no one-size fits all in defining strategy and a company may use different forms at different stages in its life cycle. This emanates from the management understanding of its inner relationships in the organization and a current analysis of the environment in which they operate in. Mintzberg (1987) suggests that the management may have the strategy as a plan implying a level of intended steps that have been developed deliberately and purposefully and are 'before the fact' in that they outline the steps for the organization in advance. Management may also opt for a ploy as its strategy whereby with some level of spontaneity and tactics by a start-up companies that operated in stealth mode only to emerge as full-fledged companies offering full solutions to compete in the market place thereby disrupting an ecosystem.

Strategy as a pattern: This form of strategy emanates from consistency in behavior over time be it intentional or unintentional. Mintzberg (1987). This can only be seen in 'after the fact' instance when the companies actions emanate. However, if management have identified a gap or niche in an eco-system and intent to bridge the gap in order to give

the organization an edge over its competitors then strategy as a position is being employed. Strategy as perspective which is fairly common in start-ups where the founder(s) hold a lot of power, places emphasis on the founder(s) imbedded way of perceiving the world. With no clear written down or explicit communication, a joint understanding between the key stakeholders of a company on specific and key elements of the company greatly influence the company's strategic behavior. A business that understands and uses each element appropriately is well placed to achieving a robust and practical business strategy in the various life cycles.

2.2.2 Contingency Theory

The contingency theory indicates that there is no ultimate optimal organization or management style but that it is all situational and depends heavily on various internal and external factors. The contingency theory when applied on an organization shows that the design of an organization and its subsystems must 'fit' within the environment in which the organization operates.

According to Garlich (2011), the concept of strategic fit illustrates how a company can gain strategic advantage in the market by aligning its capabilities and resources to meet the opportunities available in the external environment. This product/market fit ensures that the company is successful in its endeavor, be it an entry to a new market or the introduction of a new product or a new service. Hambrick and Fredrickson (2005) deduce that if a business must have a single, unified strategy for it to be a success then the strategy must have parts that address the various facets of the business. Their frameworks seeks to have the management delve into the business in order to highlight the product categories, market segments, geographic areas, core technologies and stages of the business that create value.

The business tries to establish an answer to the question “How will we win in the market-place?” for its differentiator and to obtain the perfect fit to ensure success. Hambrick and Fredrickson (2005). It aims at finding the reason a customer will chose their product or service against that of the competition. It is the management team that decides how to compete in the market place be it by offering lower costs on its products or services, create a distinct product or service or focussing on one area of the market/product spectrum. These can lead to great success when implemented perfectly but can be detrimental if not decided upon upfront as it would be confusing to the lower level of the business.

Mazzarol (2004) proposes a framework for the strategic management of small and new ventures deemed Entrepreneurial Ventures Framework of Strategic Management. The framework is based on the assumption that the organization’s main goal is achieve sustainable growth over time and is a useful tool for the understanding of strategic management of small entrepreneurial ventures. The framework has the entrepreneur is at the core of the venture and the processes, a key agent on change and innovation. The entrepreneur as is with most start-up companies, bears the vision and goals and simply engages the organization by establishing and running the company with a strategic approach. Mazzarol (2004) suggests that innovation by the company is a necessary factor for growth and differentiation from competition.

The start up being a small company is keen to grow its user base, it seeks to innovate and be malleable to the needs of the users in order to obtain a strategic fit would channel its growth ambition (Ries, 2011). As it establishes the right business model to run on, the company can now aim at expanding its product-market matrix therefore a good understanding of the market and its changing needs is vital for the current fit and a sustainable growth of the business.

2.2.3 Stakeholder Theory

The stakeholder theory states that an organization should place consideration to the concerns of the various individuals and parties that interact directly or indirectly with the organization's activities (Gibson, 2000). This is especially important for management to consider as they formulate and implement the strategies for the organization. The theory asserts that an organizations is accountable to more than just the shareholders but to every stakeholder in the ecosystem. Most relationships in a company's ecosystem tend to be highly complex and very dynamic. (Gray, Owen and Adams, 1996) therefore an understanding of the stakeholders' key influences and ability to quickly respond to the stakeholders' concerns is a vital element in the stakeholder theory and the success of the organization.

Clarkson (1995) classifies the stakeholders into primary; individuals that are critical to the delivery of the business needs and goals and secondary stakeholders; those that impact or are impacted by the activities of the organization. For a technology start up the primary stakeholders would comprise of owners, managers and employees while secondary stakeholders include the government bodies, regulatory bodies, non-government agencies, customers, trade associations, financiers, society and creditors. Management is mandated with the role to cater to the interests of the various stakeholders and obtain an equilibrium that will allow the company to thrive and succeed (Mitchell and Cohen, 2015). The identification of which stakeholders have the largest impact to the core of the company is vital as is their incorporation in the strategy formulation and implementation process. Without this the effective engagement of the stakeholders in later stages of the business would become problematic (Belal 2002).

2.3 Strategic Management in Organizations

A clear strategy offers clear objectives and direction for the organization resulting to higher effectiveness and better performance (Simons, 2012). Decisions can be arrived at faster as a quick check is how this decision fits into the strategy of the company. Such a cooperation and integration is useful in tackling problems and exploiting opportunities. With employees knowing what tasks need to be done, by whom, when and why acts as a motivation mechanism and a psyche tool which improves employee satisfaction.

A comprehensive performance metric system is a complex, time-consuming and expensive platform. Top-management support and commitment is very necessary as is the use of the organization's performance measurements. The metrics should show the value added capabilities of the process at hand. Various performance measurements tools and frameworks have been developed such as The Balanced Scorecard which identifies four categories i.e. financial, customer, business processes and learning and growth that guide in setting objective, measures and initiatives to the performance of the organization (Noorein and Kaplan, 2002).

The effort of collecting the metrics must be weighed against the value that can be derived from it. The quality, cost and delivery of the services in the organization should be documented and measured and where possible modelled/mapped to the organizations strategy.

2.4 Strategic Management Practices

Formalised strategic management has been known to lead to better performance by organizations (Noorein and Kaplan, 2002). The three main components of strategic management practices; strategic analysis, strategic choice and strategy implementation enable management to adapt their strategic vision and tie it to the conditions in the

environment in which they are operating in. (Pardiprathi, 2011). It also offers the management team a platform for collaboration and knowledge share on their clients, aid anticipate future problems and exploit opportunities. The use of strategic management practices by managers at all levels of a business allow for interaction when planning and implementing and has great behavioral consequences. (Pearce and Robinson, 2003).

Strategic analysis within strategic management also offers a clear guide on identification, prioritization and exploitation of opportunities. It improves on the coordination efforts of management and makes change and change management easy by encouraging a positive attitude towards change. The strategy implementation is a powerful tool that translate the analysed and selected strategy into organisational actions, whose true value can only be realised when management use it to effectively manage the company (Pardiprathi, 2011). The measures of performance tend to be mapped against a critical success factor and in the traditional metrics took into consideration the historical financial aspects as sales turnover, profit, and actuals versus budget. Modern performance takes into consideration the customer requirements and/or the business strategies. Metrics such as productivity ratio, defects and errors, customer satisfaction and project completion milestones are considered.

2.5 Empirical Studies and Knowledge Gaps

Over the years, empirical research in the strategic management has been centered on identifying which set of strategies and practices would enable business firms to achieve economic success. An efficient and effective strategic management system can lead to an increase in desired results be it economic or social or growth. More recent empirical evidence indicates that on the average, companies that plan outperform those that do not. In one of such studies by Rhyme (1963) it can concluded that, superior long-term

financial performance both relative to their industry and in absolute terms have a high correlation to organizations with strategic planning systems resembling strategic management theorems.

Noorein & Kaplan (2002) shows the balanced scorecard as a performance measurement tool for healthcare providers but limited the scope and did not look at the strategies and strategic management practices that may have led to the performance. Krop (2014) expands on this investigating the influence of business strategies on performance of small and medium enterprises in Nairobi and concludes on the affirmative that various business strategies have influenced the performances of the business. Murigi (2010) considers small and medium enterprises in the technology sector in Kenya and concludes that product development strategy and organic growth have been opted for as strategies adopted. Whereas Alali (2015) deliberates on the health sector, analyzing strategy implementation at St. Monica Hospital.

Njagi (2014) brings in the technology aspect into consideration analyzing the adoption of management information systems by health programs in Nairobi. Whereas Mumbua (2004) narrows at the status of the organization being a not-for profit NGO and how they implement their strategy. The scope not inclusive of how the implementation of the strategy correlates to the performance led the research to seek more on studies that sought the correlation. Onyango (2014) looks at the strategic management practices that have been employed by Kenya Commercial Bank that has led the bank to surpass its peers in performance. The study revealed the six steps of the strategic management process that the management team at the bank follow. In contrast to Onyango's study on a large corporation, Njeru (2015) undertook a similar study but opted to look at the strategic management practices and performance of small and medium enterprises. Linda et al (2012) demonstrated how effective leadership has been achieved in select

healthcare organizations through the use of strategic management practices. This research seeks to analyze the strategic management practices employed in a technology-based start-up company operating to disrupt the health sector and its impact on performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter focusses on the research design and methodology in use for the study. It describes the research design, data collection and analysis methods that are in use in the study.

3.2. Research Design

The research design is a blueprint for the collection, measurement and analysis of data (Cooper and Schindler, 2014). For this research paper, a descriptive case study method was employed. This was deemed suitable as it enabled the researcher to seeking out answers to the research questions. A descriptive case study has the capability of mining for abstract interpretations of data and principles. This is best when seeking to evaluate a sample organization in detail and depth with the aim of enunciating a descriptive theory.

The case study involved a comprehensive observation of the organization. It aimed at getting detailed information regarding strategic management practice at TotoHealth Kenya by employing interviews. The method studied in-depth placing more emphasis on full analysis of the strategic management process that is formulation, implementation and evaluation and their impact on performance of the organization.

3.3. Data Collection

The researcher used both primary and secondary data for the study. Primary data was collected through personal interviews with the help of an interview guide while the secondary data which was supplementary was gathered from the organization's publications, journals and website.

The interview guide used contained a list of open-ended questions that facilitated for further probing and as such helped the researcher gain a better understanding and more insight into the organization. The interview guide shall be administered on a one on one basis at the organization's premises. The respondents were drawn from top level management and thematic heads at TotoHealth Kenya.

3.4. Data Analysis

The researcher employed content analysis enabling systematic qualitative description of the composition of the materials of the study as described by Mugenda and Mugenda (2003). This method allowed for analysis of the large data sets in a logical order as well as compilation of the same. It proved suitable due to its flexibility, allowing objectivity on the communication obtained following comparison of the interview data and summarization according to the objectives of the study.

The data was next examined by reading and reviewing the material gathered through the interview guides and content analysis was be used in examining the knowledge of strategic management concepts by the interviewees' and their perception of how strategic management is practiced in TotoHealth Kenya.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter outlines analysis and research findings of the study as set out in the research methodology. The outcomes are presented on strategic management practices and its effects on organizational performance at TotoHealth in Kenya. The information was collected from interviews with the interview guide as the research instrument. The interview guide was composed in accordance to the objectives of the study. Content analysis was used during data analysis. The information sought and provided was treated in strict confidence and used for academic purposes only. All respondents' names and positions were anonymous.

4.2 Demographic Profile

The study was earmarked to interview fifteen respondents from TotoHealth Kenya among whom were line leaders in technology, clinical services, finance, marketing, knowledge and communications, products, human relations, community health volunteers' coordinator and sales team at TotoHealth. The co-founders and two members of the board were also available for responses and this offered a better perspective on the organizations shareholders expectations and strategy evaluation. For the study, 12 out of 15 respondents were available to be interviewed.

The respondents' competence and conversance with subject matter regarding TotoHealth was assured based on the high education level that each staff has obtained as well as their working tenures at the start up coupled by the position cadre of the interviewees. Education level data findings showed that all the interviewees at the

company were highly educated, all had undergraduate degrees, one is currently pursuing their postgraduate degree where as two had completed post graduate degrees.

With respect to the working tenures of the staff and the response showed all the respondents had worked for more than one year at TotoHealth and within the same capacity. This offered assurance to the researcher that the staff had been with TotoHealth long enough to have been involved in the formulation of yearly objectives as alluded by the founders. Thus the select population were knowledgeable enough with regards to the company's strategic management practices strategies due to their service at the company.

4.3 Strategic Management Practices and Performance at TotoHealth

This section presents analysis and findings of the interviews conducted on management team of TotoHealth Kenya. It presents these findings with respect to the strategy formulation, implementation and evaluation as well as the impact on performance of these practices.

4.3.1 Strategy Formulation

At TotoHealth, the respondents were asked the extent of their involvement with strategic management process and all of them confirmed that they are involved at various stages in the strategy formulation, implementation and review. They were involved to a large extent in the stages of formulation process mainly providing input at management level committees. This shows that the respondents are key in policy formulation and ultimately influencing performance.

Within strategic management practices, it is the strategy as driven by organization that dictates the success of the organization. The interviewees indicated the important role the organizational structure and communication in strategy formulation process. A

majority of respondents concurred on the importance of organizational structure in ensuring effective and efficient formulation of strategy terming it as one of the core variables for consideration.

They pointed out that communication greatly enhanced the effective coordination of efforts within the various subunits of the organization when formulating the strategy. This aided in ensuring alignment of interests towards achievement of a common goal. Communication they pointed out greatly reduced resistance to change both internally and externally. The change either being derived from a reactionary stance to the environment or intrinsically motivated from feedback by their staff has aided them in growing their customer numbers.

4.3.2 Strategy Implementation

On strategy implementation as a vital process of strategic management, the respondents to the interviews alluded to adequate preparation of employees in terms of training and guidance to enable them implement the strategy effectively and efficiently. A majority of respondents indicated that the organization had a process within the strategy implementation phase that takes care of equipping the employees through both formal and informal training to ensure they are better prepared to implement strategies. As to whether there were any measures in place and available to the employees while implementing the strategies effectively, the respondents pointed that the team accountability plan measures progress of assigned tasks as well as allocation of resources within the organization.

The respondents were also asked on whether the organization allocated adequate resources in terms of labor and material in order to ensure effective implementation of strategy, to which a majority felt that there was adequate allocation while still admitting

that it was a fine balance given the need to avoid wastage and meet all the competing needs in the organization, this has encouraged them to be more creative and innovative in order to remain competitive. The respondents alluded to enjoy autonomy in terms of work location, tools of trade and even making decisions on the fly as long as the objective of the task is met, well documented and the future developments in plan are taken into consideration.

Communication being instrumental in strategic management is highly valued at TotoHealth as the interviewees mentioned the high degree of effective communication within TotoHealth to all the parties in the organization involved in its implementation. A majority of the respondents felt that it was being done adequately and that all respondents understood what their roles would be in the implementation process. The company articulated the strategy on a One Page Strategy Page (OPSP) document and circulated to all team leaders a Team Accountability Plan (TAP) – a worksheet that shows the cascading down of strategy and tasks to measurable and time bound states. The use of interactive face to face meetings, emails and general bulletins are the preferred mode of communication at TotoHealth asserting the works of Johnson, Scholes, and Whittington (2002).

4.3.3 Strategy Evaluation

The evaluation phase of strategic management practices offers a termination of the implementation process and start of the feedback mechanism for the organization. The team assessment plan is TotoHealth's main tool in the evaluation of the organization's progress on the strategies. The tool is also used to award bonuses ensuring that employees both as a group and individually are rewarded for meeting the goals or targets set out by the organization. The management team, with the use of the team

assessment plan, monitor the progress of various tasks more so those that supersede short term goals that can be affected by third parties in the environment.

Respondents pointed out that strategy implementation enhanced employee performance given the clarity of purpose that it introduces, each employee understands their role in the implementation process and because of this they were performing better. The staff signaled that through the team assessment plan they are able to see the review of their performance measures within their roles and how it fits in with the larger company strategy. They also pointed out that the strategy implementation has led to an increase in employee satisfaction as the efficient implementation of strategies outline the connection between promotions, remuneration increases and other incentives at the company.

4.3.4 Performance

Ultimately, the goal of an organization can be measured by its performance to its strategy. The objective of the study is to determine the impact on performance on strategic management practices at TotoHealth, Kenya. The researcher probed the respondents on the extent to which strategic management practices influences organization performance, of which the respondents alluded that strategic management practices influences organization performance to a great extent laying emphasis of the formulation of appropriate strategies and communication of the strategy and implementation processes between the management and staff within the organizations.

For the findings, the respondents touched on three main areas of organization performance and this were the change management at the company, the customers and the employees. Under the change management at the company most of the respondents felt that the management teams managed the change processes as well as the narrative

behind the changes be it in staff turnover or tact changes in response to the environment. This has streamlined the strategy implementation helping promote business excellence and instilling discipline and focusing on efficiency of the operations thereby increasing its quality of service delivery. Under customers satisfaction, majority of the respondents were of the opinion that strategy implementation influences customer satisfaction, through ensuring the delivery of superior quality of services and that they remain relevant and responsive to the market. As a result, the customer base has grown over the period and a culture of service innovation has been embedded to the organization.

4.4 Discussion of Findings

The study's objective was to determine the strategic management practices adopted and their impact on performance at TotoHealth, Kenya. The study revealed that the organization had knowledge of the process of strategic management. The organization has dedicated time, man power and invested in technology to ensure that the management team undertakes the strategic management process.

This management team has followed the six steps of strategic management practices, having formulated mission and vision statements, undertaken a situational analysis, determined strategic objectives for the organization. They have also performed strategic analysis and made a choice from this, sought to implement the strategy and continuously undertake evaluation of the strategic choices. This is in accordance to Pearce and Robinson (2003) which outlines six steps in the strategic management process.

The organization maintains a tool to document and communicate the strategy, creating team assessment plans outlining the tasks at hand and the deliverable dates for each task. The tool is in use not only as a communication tool but also as a feedback

mechanism whereby it is frequently referred to ensure that the organization is moving in the right direction. This tool being available and in use by all staff members illustrated that the organization has all the staff at all levels involved in the strategic management process. This is consistent with the findings of a study carried out by Onyango (2014) titled Strategic Management Practices adopted by Kenya Commercial Bank Limited.

In spite the organization being at the intersection of two major industry sectors technology and health care and the organization approaching the venture as a social entrepreneurship, its observance of strategic management practice has have a positive impact on performance. This is consistent with the findings on similar studies. For instance, studies by Aosa (1992), Hambrick and Cannella (1989) as well as Machuki and Aosa (2011) found that the observance of strategic management practices in an organization had positive significant influence on performance. Conversely, other researchers have established that strategy implementation does not significantly influence performance especially if strategy formulation and communication is faulty (Schaap, et al., 2008). Research suggests that adopting and implementing the right practices is essential to attaining outstanding performance (Brown et al., 2007). Without harnessing the capabilities within the organization and adapting to the changing environment, all technological advancement, marketing prowess and financial muscle would be in vain as the company would fail (Kale & Singh, 2009).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the findings, conclusions and recommendations drawn after analysis of the data by the researcher. Conclusions have been drawn from the study and recommendations on strategic management practices and its impact on performance at TotoHealth, Kenya

5.2 Summary of the Findings

This section gives a summary of the findings of this study. The general objective was to determine strategic management practices and its impact on performance at TotoHealth, Kenya. The findings revealed there is positive relationship between strategic management practices and performance at TotoHealth.

The researcher found out that like many organizations, TotoHealth was also experiencing challenges in communication. Communication is critical to all employees as everyone needs to be aware of the objectives and targets. Communication is also important in giving feedback so as identify areas that need improvement. The use of team assessment plan as a tool aided the communication within the company but certain staff did not update the document as frequent as needed leading to a leakage in evaluating the strategy.

The company also faces the challenge of prioritization of targets. Targets are set every financial year. Prioritizing the targets to ensure that the most critical if not all are achieved by the end of the financial year is a challenge. Other challenges pointed out are external factors like government policies and lack of an optimal organization

structure, change of guiding policies by umbrella bodies. Other factors mentioned in the external environment that had an adversarial effect in implementation of strategy at the company were found to ever-increasing globalization, matters such as Brexit and US new administration policies have adversely affected the company by thinning out the number of donor agencies and donor funds available.

5.3 Conclusion

The main objective of this research was to explore the strategic management practices and its impact on performance at TotoHealth, Kenya. The results supported findings done by other scholars. It was established that strategy management practice had a positive influence on performance of TotoHealth as it is being practiced correctly. With the management team being active in the formulation and a tool being used in the communication for implementation and evaluation coupled with board involvement at a high level, the organization is bound to succeed at its endeavors.

What is not to be ignored though is the quality of the strategy in the first place. A poor strategy no matter how well implemented will not lead to a positive performance. A strategy that is not cognizant of the environment and the resources and capabilities within the organization is bound to lead the company to diminutive success or failure. The results seen in this study anchor in literature the importance of strategy management practices and its impact in influencing performance.

5.4 Recommendations

The study makes two recommendations. First, the study recommends that organizations should continually enhance the strategy communication process within to assist in effective coordination of strategy implementation in a turbulent environment. As our

research result shows that high employee performance relates to involvement in strategy formulation, adequate training and development and adequate incentives and recognition once they effectively and efficiently implement strategies. A structured way that clearly cascades down the tasks and offers a monitoring and evaluation facility has proven to be very useful and can be attributed to the success of the organization.

Lastly, the study recommends that companies at the intersect of technology and healthcare sector have an adequate strategy implementation process that is agile enough to align the organization to its environment in a way that ensures it takes full advantage of its strength and opportunities in the industry. This should give such a company a competitive edge while mitigating against the effect of its weaknesses and the threats posed by the industry.

5.5 Limitations of the Study

In attaining its objective, the study was limited to TotoHealth therefore may not necessarily be applicable to other companies or other sectors in the economy. However, the aforementioned findings and recommendations can offer guidance to future scholars, entrepreneurs and policy makers on strategic management practices and its impact on performance in an organization.

The study was also limited by the degree of precision of the data obtained from the respondents. There were differences in the way the respondents dealt with the issues of strategic formulation, implementation and evaluation as well as performance measurements. The researcher noted with concern the exposure to bias emanating from each individuals perceptions and degree of exposure to the workings of the company and sought out contraindications in the information. However minimal inconsistencies were found.

5.6 Suggestions for Further Research

More studies can be undertaken to examine factors that may influence performance in startup companies and where possible weigh the impact of each factor against performance. Such knowledge would offer even better guidance to entrepreneurs, managers and policy maker as to where identify critical success factors in a startup company and ensure the success of such a company.

The researcher suggests that a similar study be done on other start-up companies leveraging on technology to disrupt other industries in Kenya, for the purposes of benchmarking. This would allow for generalization of the study further adding to the body of knowledge. Further future studies should obtain a large population of start-up companies to determine whether the results alluded herein can be generalized as this case was limited to one company.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsities

P.O. Box 30197
Nairobi, Kenya

DATE... 24 July 2017

TO WHOM IT MAY CONCERN

RE: LETTER OF INTRODUCTION

The bearer of this letter .. NJAGI WHITNEY NJIRY .. DG/74508/2014

are a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

They are required to submit as part of their coursework assessment study report on a marketing management problem. We would like the students to do their study on real problems affecting government institutions in Kenya. We would, therefore, appreciate your assistance to enable them collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

APPENDIX II: INTERVIEW GUIDE

STRATEGIC MANAGEMENT PRACTICES AND PERFORMANCE OF TOTOHEALTH IN KENYA

Education level: A Levels Graduate Post Graduate

Years at the company: <1 1-2 2-3 3+

Role:

STRATEGY FORMULATION

1. Does TotoHealth have vision and mission statements?
2. Describe the process of developing the vision and mission statements
3. Describe how vision and mission is communicated to employees
4. Are there objectives set for your organization?
5. Describe the process of setting objectives in your organization?
6. How do you communicate these objectives?
7. Does your organization prepare and document strategic plans?
8. What is the process of developing these plans?
9. Do you carry out situational analysis during the planning process? If yes, which tool and techniques do you use?
10. Which factors in the internal and external environment have had an impact on strategy formulation in the organization?
11. How do you develop strategies for operations? What tools and techniques do you use?
12. What challenges does TotoHealth face while responding to changes internal and external environment?

STRATEGY IMPLEMENTATION

1. What is the process of implementing strategies at TotoHealth?
2. How are the strategies communicated to employees?
3. In which ways are the employees empowered to implement chosen strategies?

4. What measures are in place to recruit and retain best employees?
5. What challenges have been encountered in implementation of strategies at TotoHealth and how have they been dealt with?

STRATEGY EVALUATION

1. How do you define success at TotoHealth?
2. How do you monitor success of TotoHealth's strategic plan?
3. Is TotoHealth involved in continuous review of its strategic plan?
4. How often do you review the strategic plan? And what influence the process?
5. Are there documented corrective measures and procedures in the strategic management process? If yes, which measures and procedures are in place?
6. Are employees empowered to take corrective actions and what is the approval process to take corrective actions?
7. Who is involved in strategy evaluation and what are the challenges they face?

PERFORMANCE MEASUREMENT

1. Are there performance measures for the task(s) that you are involved with?
2. Does your performance measure tell you:
 - a. Number of service requests
 - b. Efficiency of operations
 - c. Customer satisfaction
 - d. Quality of products/services
3. Is the information on performance measures easily accessible to employees?
4. Do you have access to the performance measures that related to your role?