

**EFFECT OF STRATEGIC PLANNING ON PERFORMANCE OF PUBLIC
HOSPITALS IN KENYA: A CASE STUDY OF MAMA LUCY KIBAKI
HOSPITAL**

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DECLARATION

This research project is my original work and has not been presented for award of a degree in any other University.

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DEDICATION

This project is dedicated to my Mum, Sister and Brother for their unwavering support and also to my Son who inspired and enlightened me.

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To all I say, God bless you.

DECLARATION.....	II
DEDICATION.....	III
ACKNOWLEDGEMENTS	IV
ABSTRACT.....	VIII
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 STRATEGIC PLANNING.....	3
1.1.2 ORGANIZATION PERFORMANCE.....	4
1.1.3 PUBLIC HOSPITALS IN KENYA	5
1.1.4 MAMA LUCY KIBAKI HOSPITAL	7
1.2 Research Problem	9
1.3 Research Objective	10
1.4 Value Of The Study	10
CHAPTER TWO: LITERATURE REVIEW.....	12
2.1 Introduction.....	12
2.2 Theoretical Foundation	12
2.2.1 THE AGENCY THEORY.....	12
2.2.2 RESOURCED- BASED VIEW THEORY	13
2.3 Concept of Strategy.....	14

2.4 Strategic Planning Process	15
2.4.1 SETTING OF VISION, MISSION AND GOALS.....	15
2.4.2 ENVIRONMENTAL ANALYSIS	15
2.4.3 STRATEGY FORMULATION.....	16
2.4.4 STRATEGY IMPLEMENTATION	16
2.4.5 EVALUATION AND STRATEGIC CONTROL	17
CHAPTER THREE: RESEARCH METHODOLOGY	18
3.1 Introduction.....	18
3.2 Research Design.....	18
3.3 Data Collection	18
3.4 Data Analysis	19
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	20
4.1 Introduction.....	20
4.2 General Information.....	20
4.3 Strategy Development, Formulation And Implementation Coordination Mechanism At The Hospital.....	21
4.4 Documented Goal And Objectives	21
4.5 Strategic Planning Process In The Hospital.....	22
4.6 Environmental Analysis During The Formulation Of Strategic Plans	24
4.7 Strategic Planning Implementation And Performance	25

4.8 Evaluation Of Strategic Plans	26
4.9 Challenges Facing The Implementation Of Strategic Plan.....	27
4.10 Discussion.....	28
4.11 Linkages of Agency Theory & Resource - based Theory to Strategic Planning Process.....	30
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION	32
5.1 Introduction.....	32
5.2 Summary Findings	32
5.3 Conclusion	33
5.4 Recommendation	34
5.5 Suggestion for Further Studies.....	365
5.6 Limitations of the Study.....	36
REFERENCES.....	37
APPENDICES.....	45
APPENDIX I: Interview Guide Questions	45

ABSTRACT

The main purpose of the study was to explore the effect of strategic planning on the performance of public hospitals in Kenya with a focus of Mama Lucy Kibaki hospital. The findings from this study may particularly be useful in providing additional knowledge to the hospital and other organizations on strategic planning practices adapted so as to remain competitive. The researcher adopted a case study and thus the data collection instrument used was an interview guide. The researcher interviewed eight (8) top management staff of the hospital. The researcher used content analysis to analyze the data through describing phenomena, classifying it and seeing how the concepts interconnect. The study established that the hospital had a clearly stated and documented Goal and Objective as this were documented in the Nairobi City County Health Sector Strategic and Investment Plan 2013/2014 – 2018/2019 which the hospital was using to guide its operations. The study also established that an environmental analysis was conducted during the formulation of strategic plan; this was done in regards to health service deliver, health Work force and Health Financing. The study concluded that strategic plan implementation at Mama Lucy Kibaki had improved the general Performance of the Hospital especially cost management, customer satisfaction, employee motivation and resource mobilization. The study recommends the establishment of Monitoring and Evaluation unit at the hospital that will have the core function of conducting periodic reviews including impact assessments reports with a view of generating continuous program adjustments necessary to keep the strategy implementation on track.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The success of a business is a very critical issue to any business taking into consideration the ever changing market conditions and the growing competition. Thus for a business to achieve its full potential/ performance some of the key factors required to be done are coming up with a mission and vision, environmental scanning and drafting of a strategic planning.

Strategic planning is the process that focuses on the formulation of organization's objectives taking into consideration the availability of resources required to achieve the objectives. (Robson, 1994). Strategic planning is used as a management tool to enable an organization emphasize the need in achieving its goals by its employees, come up with the direction an organization is taking into consideration the ever changing macro-environment (Auka & Langat, 2016).

In the early 1920s when strategy started being used, it was seen to hold businesses together by combining the resources of a company with the skills of its managerial staff and sharing the market information. Due to the market competition that was experienced during the 1950s, there was a shift of strategic planning from mainly the internal organization setup structure to a wider environment that comprised of various factors like the market share and growth of an organization in the industry.

Around the 1950s, in one of his reviews Ansoff, further clarified that strategic planning in an organization affected its performance and also emphasized that for a business to advance its goals and objectives and attain its full potential in terms of meeting its

organization goals, they have to consider their existing products as well as their customers, and this could be achieved either by improving on the existing products or consider an introduction of new products in the market.

Finally, thereafter strategic planning has been widely adopted by companies even up to the late 1980s and Michael Porter through his competitive advantage theory recognized that strategic planning plays a role in an organization as it helps in meeting its objectives.

Since the adoption of strategic planning in the early years, both the public and non-profit entities have used it as a management tool and it became a standard practice for many as it promotes strategic thinking, acting, and learning (Bryson, 2004). Caution needs to be taken while drafting the plan and the implementation of the plan because the plan may fail mainly due to problems that could be experienced. There has been a constant debate on the relationship that exists on how strategic planning is an effective tool towards performance of an organization (Rudd, Greenley, Beatson, & Lings, 2008).

Therefore an in-depth analysis is required to establish this relationship on how strategic planning affects the performance of an organization or otherwise in day to day practice and operations of an organization (Ridwan & Marti, 2012). Similarly, the health sector in its provision of healthcare services and meeting its population needs, has also adopted the concept of strategic planning since the 1970s as a management tool in its operations though most of this sectors have questioned its relevancy and effectiveness.

The general business environment is dynamic and most hospitals use strategic planning as a tool to add value so as to protect their financial viability and at the same time adopt to the environment. However, to date little is known on how the healthcare organizations have adopted the concept of strategic planning though a previous study done on at least 20 healthcare institutions, has indicated that they value the concept of strategic planning Begun and Kaissi(2005).

1.1.1 Strategic Planning

Strategic planning can further be well-defined as the process of identifying both the internal factors in a firm and external factors within the environment and formulating its vision and mission, organization objectives and set aside of adequate resources which are needed by an organization to meet its obligations and at the same time achieve the set goals (Hellriegel, Jackson, & Slocum, 2005).

First and foremost before an organization defines its strategic planning, the concept of strategy needs to be clearly understood. Both private and public organizations are faced with various constraints in their operations due to competition in the business climate and thus adopting a strategic approach could help. Hospitals is a complex organization due to the fact that it uses complex systems, are ambiguous in nature and also the technologies used are complex thus are a bit different to other organizations (Orton & Weick, 1990; Weick, 1976).

Just like any other organization, hospitals also have different levels of management from the top-level who are either the trustees or administrators. There is also a group of physicians at the management level and thus with this three groups at the peak there is bound to be conflicts of management due to scarce resources at their disposal which jeopardise the level of strategic management. It is for this reason that studies have been

done in the recent past on the conflicts that arises in the decision making and the use of strategic planning in a business so as to advance its performance and at same time meet its obligations.

The uncertainty in the current business environment has made strategic planning an important tool in facilitating development. The external environment has also affected the operations of hospitals mainly due to technological and legislation changes. Consequently, to address these constant changes, hospitals have also experienced high operational costs with the main focus being on improving its administration, advance planning, and instant response to external demands taking into consideration the hopes and needs of the various shareholders (Bryson, 2004).

1.1.2 Organization Performance

Organizational performance is described as an organization's capability to achieve its actual output by utilizing its available resources to achieve its organizational goals and objectives (Griffins, 2006). The financial performance of a business is either assessed by its generated profits, its market value and also the growth of an organization. At the same time non-performance is measured by assessing the employee/customer satisfaction, new innovations, quality of service provision / products and reputation of an organization (Santos & Brito, 2012).

Studies done in the past have recognized the significant of strategic planning on performance and pointed out its role in the contribution of a better performance for an organization. This is further affirmed by Ansoff, (2003) in that most organizations adopted the concept of strategy when they realize that for any organization to achieve its goals then it requires a clearly defined direction interms of its scope and growth. At

the same time, David (2003) maintains that organizational success is not guaranteed by adoption of strategic planning.

From the above, there has been constant reviews or studies done to ascertain if it's true that the organizations that adopt strategic planning perform better in terms of their performance (financial and non-financial) has been of great debate to various management schools, authors, consultants and organizations and has led many to research into the same and at the same time to assess the effect of strategic planning on organizational performance.

Therefore challenge has been on how to measure the performance/non-performance either subjectively or objectively especially in the private sector this is measured by an organization's accounts in terms of its return on assets, return on equity, return on investment, return on sales and return on revenue among others. While this is the case in the private sector, in public sector it's a bit tricky since various sets of indicators are taken into consideration which may include measuring government performance at the same time taking into consideration the political environment. At the same time public departments have many/various departments which perform different functions and the outcome/performance is dependent on the interactions of these departments. Thus organization performance is not only dependent on the strategic plan but also on the interaction which determines the output. Thus the need for a planning-implementation-performance relationship. (Paterson, A. 2009).

1.1.3 Public Hospitals in Kenya

In Kenya, the Health Sector is ranked as one of the major basic needs and as one of the pillars of vision 2030 as well as the constitution, with the main focus being placed on health services provision and service delivery (Makhamara & Waiganjo, 2016). Kenyan

healthcare system can be categorized into three in relation to where the funding for the facilities is acquired. Public Hospitals are mainly funded by the Government of Kenya with minimal input from co-pay by the patients. Private hospitals are profit making facilities which charge the patients for all the services rendered thereby getting their revenues for operation of the hospitals and a profit out of the business. Another category of hospitals are managed by NGO's, and Philanthropists mainly offer services at subsidized rates and most of the time caters for the underserved areas (Omondi, 2016).

Previous studies done in this area identified poor state of healthcare services in most of the public healthcare institutions including major hospitals in Kenya which resulted in discontent among majority of the patients, coupled with a high staff turnover as well as low morale among staff, which made it challenging to offer round the clock clinical service affecting proper patients care and ballooning operations costs mainly due to inadequacies and inefficiencies (Owino & Korir, 2000). The result indicate that majority of patients therefore seek for alternative healthcare providers abroad and spread negative statements which further affect the growth and development of most of the healthcare institutions around the country (Tam, 2005).

The situation is further complicated due to patients' perception of managerial and functional issues, which is perceived and interrelate with when seeking treatment such as internal processes, availability of facilities, service provision by nurses, medics and the rest of the care givers as somehow unsatisfactory and not responsive in their study on the link between the quality of services provided, customer contentment and purchasing intent mainly done in private hospital industry(Boshoff & Gray, 2004) and attitude to the service quality; the gap in expectation (Algılanan, Hizmet, & Connor, 2003).

According to Kenya Health Strategic Plan(2016), the Health Sector Strategic focus in Kenya is envisioned in Vision 2030 with an aim of transforming Kenya to an internationally economical and well-off country and provide high quality life by 2030 by a major transformation of the country from a third world country into an industrialized, middle income country. The 2010 constitution principles also stresses on the same geared towards health provision for all since it's a right for everyone and this can be achieved by a devolved governance system which will ensure that the health services are decentralized. Further, the Kenya Health Policy has also empathized on the strategic focus by clearly laying down the guidelines for a long term policy all geared towards realization of the Vision 2030 and fulfilment of the 2010 constitution.

In the Health Sector, the strategic plan clearly provides the goals, objectives and priorities to enable it move towards achievement of the Kenya Health Policy Directions(Choti & Datche, 2016).In the developing world the public sector experiences low yields caused by both the formulation of a poor strategy and its execution (Grüniget.al. 2005).However the challenge of poor state of healthcare services in Kenyan public hospitals is greatly linked with strategic planning adopted therefore, this study attempts to feel this gap by focusing on the effect of strategic planning on performance of public hospitals in Kenya using Mama Lucy Kibaki Hospital as a case study.

1.1.4 Mama Lucy Kibaki Hospital

Mama Lucy Kibaki Hospital was established in 2011 though it was officially opened in 2013 to serve as a government county referral hospital for the residents of Nairobi's populous Eastland. Since its opening & operation, it has offered health services to

people from all parts of the country thus reducing the pressure of Kenyatta National Hospital which has been in existence for a long time. (Owuondo et al., 2015).

The Mama Lucy Hospital is specifically located along Spine Road, at the boarder of Kayole and Umoja three estates. The hospital is located in a densely populated catchment with an estimated population of two million inhabitants (Nyamasege, 2015). The bed capacity of the hospital is 137, and the average number of patients handled on a daily basis, in the outpatient's docket, is 800. The hospital has a number of departments that include the department of Obstetrics and Gynaecology, Comprehensive Care Centre, male and female medical and surgical units, the Outpatient's Unit and administration. The hospital was funded by the Chinese government and constructed by them as well at a cost of 544 million Kenya shillings. The intended objective was to ease congestion at Kenyatta National Hospital (Owuondo et al., 2015).

Despite the efforts put in place by the hospital to offer services to the citizens in Nairobi, the workers are seen to be sabotaging the institution's management. A recent report tabled by Nairobi County Assembly Public Health Committee exposed that some workers at the hospitals were discontented with the administration of the hospital and could be disrupting its operations as seen by the poor services being offered despite the availability of enough manpower and medical supplies. According to a recent study done, the health committee recommended an overhaul of the hospital management so as to improve the service delivery (Angote, 2013). It was further noted that the hospital is facing challenges of tribalism, corruption, poor procurement procedures, inadequate resources and low morale staff that affect service delivery and overall performance of the hospital (Mutanu, 2014). By adopting strategic planning, performance is enhanced

since it enables an organization to select various strategies which enables an organization to set aside their best resources in advance and check on their strengths in comparison with the external environmental (Akinyi, 2010). This makes strategic planning in Mama Lucy Kibaki Hospital inevitable because they can only improve quality healthcare and receive support from their stakeholders if they meet acceptable standards of performance. Therefore this makes a gap in that this study intends to fill by determining effect of strategic planning on performance of public hospitals in Kenya focusing on Mama Lucy Kibaki Hospital.

1.2 Research Problem

It is seen that in almost all organizations including hospitals, there are clearly well laid down strategic plans outlining on how they intend to achieve their organizational goals and objectives and the various resources that are required, but one thing that is seen to make them fail is the realization of the same experienced at the stage of execution of these (Choti & Datche, 2016). According to Swayne, Duncan, and Ginter (2008), states that research has been done severally on this field for almost four decades and to date it is unclear on how an organization performance is affected by strategic planning. Bellenfant and Nelson(2010) writes that the only organizations that survive are those that have a strategic plan which outlines its vision and the future expected needs. However, to date little is known on how the healthcare organizations have adopted the concept of strategic planning though a previous study done on at least 20 healthcare institutions, has indicated that they value the concept of strategic planning .(Begun and Kaissi(2005).

It is commonly acknowledged that health workers in many respects are not delivering the desired output of health services. The public health sector in Kenya is therefore

under intense pressure due to competition it faces from private health providers. Thus improvement of organizational performance in the public health sector is an urgent problem (Karanja, 2015). As noted by Auka and Langat(2016), in the real-world, strategic planning is about competitive advantage that one organization has over another. Strategic planning plays a major role in enabling an organization gain a sustainable edge over its competitors. Therefore public hospitals in Kenya should adopt better strategic planning in order to remain competitive over private hospitals and improve overall performance of providing quality health care which is a gap that this study intends to fill by looking into these aspects.

Evidence from the background of the study shows that Mama Lucy Kibaki Hospital has a fair share of challenges including tribalism, corruption, poor procurement procedures, inadequate resources and low morale staff that affect service delivery and overall performance of the hospital. It is vital to investigate whether the concept of strategic planning is understood and embraced in the hospital to improve its overall performance in delivering quality healthcare. This study, therefore seeks to fill the knowledge gap on the effect of strategic planning on performance of public hospitals in Kenya using Mama Lucy Kibaki Hospital as a case study.

1.3 Research Objective

The aim of the study was to determine the effect of strategic planning on performance of public hospitals in Kenya focusing on Mama Lucy Kibaki Hospital.

1.4 Value of the Study

The study findings would assist the management of Mama Lucy Kibaki Hospital by providing the organization with information which can be used in establishing proper

policy guidelines concerning strategic planning Practices for an efficient and effective management of employees in Mama Lucy Kibaki Hospital.

Further, this study also would be of value to the Kenyan government and in particular the Ministry of Health by providing relevant information on the various strategic planning to implement to improve performance in both public and private hospitals.

This study would further act as a reference pint to both professional researchers and academic scholars doing similar study in relation to this research topic. Further the study would assist in theory development on similar studies that would be carried out in future. Also the limitations identified in this study would help other researchers doing similar studies to criticize the literature and fill the research gaps by doing their studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter explores the review of literature that has been done on strategic planning of both public and private institutions. It gives introduction to the concept of strategy, evolution of strategic planning, organizational performance and factors affecting the performance

2.2 Theoretical Foundation

A theoretical framework is a collection of interconnected structures that support a research mainly based on theories (Kombo & Tromp, 2006). The researcher has identified two theories that will guide the study on the effect of strategic planning on performance of Mama Lucy Kibaki Hospital. These theories include The Agency Theory, and Resourced- Based View Theory.

2.2.1 The Agency Theory

An agent is someone who acts on behalf of another person who is the principal where the agent advances the goals of its principal. The agent consequently progresses both the principals' interests and his own interests in the organization. At the same time as the agent advances both his interest and those of his principal, an equilibrium has to be maintained so as to ensure both needs are met with an aim of achieving the corporate objectives of the organization. Laffort and Martimost (2002) therefore clarifies an organization in attaining its goals & objectives cannot ignore on the significance in strategic management process cannot be underestimated.

Further, the Theory emphasizes a well laid collaboration between the senior level managers and their stakeholders seem all are working towards attaining a similar goal. The theory also expounds the behaviour of principals and agents interactions in the management of performance contracts. Therefore this theory have a tendency of taking superiority compared to other strategic management theories. Krueger (2004) in his paper in strategic management and management by objectives articulates that the superfluity in implementation of strategy, the theory is widely adopted at all stages of the strategic management process. The writer further points out that from the business strategy to functioning strategy the objectives anticipated at all these levels must be overseen by the agents or managers for the business to accomplish its objectives.

Therefore, in summary the Agency theory of strategic management demonstrates superiority as compared to other theories of strategic management interms of implementation hierarchy. Public hospitals in Kenya and particularly Mama Lucy Kibaki Hospitals can apply this theory by using their management as agents mandated with the accountability on behalf of various shareholders at other stages in strategic implementation to enhance the organizational competitive performance.

2.2.2 Resourced- Based View Theory

As previously discussed, one of the key main factors in achieving an organization goals and objectives is resources which have to be set aside and the allocation should be done carefully. Just like the competitive advantage, in this case the firms that set aside resources interms of human resources, technology and finances, perform better than their competitors. In this case technology is a critical resource which may either be interms of equipment, programs, and devices which helps increase both the value and performance of an organization. At the same human resource are valued as important

and very resourceful since skilled human resource determines the success of an organization thus should be treated well. Lastly, another key resource is finance which may either come from investors, stakeholders, and the institution itself and is a scarce resource.

The theory can be applied by public hospitals in Kenya and particularly Mama Lucy Kibaki Hospitals by choosing the best practices in allocating resources in a fair manner by adopting transparent resource allocation strategies. It can also be applied to the hospitals by distributing medical staff in their different departments and ensuring they have the necessary knowledge to provide quality healthcare services to patients and training them too.

2.3 Concept of Strategy

Strategy is a simple word which is derived from a Greek word “strategos” and has been used widely by managers to mean a plan that is aimed in achieving a future goal. It is the efforts that various organizations put in place in order to achieve that anticipated goals and also to survive in the competing environment. It is clear from this definition that a strategy may be perceived as a conscious decision or a planned move on the part of the organization.

Thompson and Stickland (2007: 3) states strategy as the organization’s action for running a business and conducting operations. Both these descriptions fail to highlight the influence of external factors and therefore subscribe to the planning school or approach to strategy.

2.4 Strategic Planning Process

Literature reviewed under this section reveals that strategic planning process has five major components, setting of vision, mission, and goals, environmental analysis, strategy formulation, strategy implementation, and strategic evaluation and control.

2.4.1 Setting of Vision, Mission and Goals

The vision, mission and set objectives of each business are clearly outlined in its strategic plan. According to Faria (2002), he argues that in defining the business mission, should be founded on an analysis of benefits derived by both the present and potential customers and a future analysis of existing and projected environmental conditions. An organization objective are very critical as they aid in the success of an organization and at the same time the objectives should be realistic, measurable, time specific, and consistent with the organization's priorities.

Vision can be defined as an aspiration of the firm where it wants to be in the future. Pitts (2003) appreciates that vision statements are intended to capture the imagination of the public and as well make employees see the same aspirations at all levels of the management and thus makes them commit all the energy in terms of skills towards attaining the goals and objectives.

2.4.2 Environmental Analysis

According to Faria (2002), notes that in conducting a state of affairs study, an organization should identify both the internal strength and flaws and at the same time scrutinizes the opportunities and threats which are external in nature. In this process, an organization sets aside funds such as production expenses, promotional, financial resources, company or brand image, employee capabilities and available technology for the internal factors. While for the external environment, the managers mainly analysis

the environment by way of scanning that involves collection and interpretation of various factors like sociological, demographic, technological, political legal that may affect the implementation of the strategic plan in the future.

2.4.3 Strategy Formulation

Organization are faced with various decisions for example the new business to venture into, those to abandon, ways of allocating resources ,business expansion or to diversify, mergers or joint ventures or even enter into international markets, and how to avoid a hostile takeover David (2003). For an organization to make a right decision based on the above, then a proper scanning of both the external and internal environments is vital.

Michael Porter has summarized them into three generic types that provide a good starting point for strategic thinking: Overall cost leadership, differentiation or focus. Paul, (1985) recommends that it is vital to cultivate strategies and programs that are both long term actions to attain the objectives and specific short term actions to implement the strategies.

2.4.4 Strategy Implementation

The strategic implementation stage involves preparation of a strategic plan that outlines the organization objectives, establishment of organizational structure, budget allocation and development of a viable information system. Further it involves employee motivation, creation of a supportive culture, allocation of resources and associating employee compensation to the organization (Thompson, Gamble, & Strickland, 2004).

According to David (2003), this stage requires that both the topmost leadership as well as the workforce need to work in harmony in implementing decisions and that appropriate communication is required to achieve effective implementation. At this

stage factors like annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture (David, 2003). Dooley, Fryxell, and Judge (2000) indicated that strategic implementation has a distinct relationship with various organizational elements like performance.

Execution enables an interaction amid strategic goals and objectives and the hospital's daily activities which can be achieved by proper communication of the goals and objectives to all levels in the organization, evaluation of human resource skills in line with available resources. A performance measurement structure allows the implementation of a hospital's strategy by transforming it into operative terms that can be measured, communicated and used to develop analysis, reporting and decision-making at both the product line, organizational and institutional levels (Bellenfant & Nelson, 2010).

2.4.5 Evaluation and Strategic Control

Control is crucial because the success of strategies and programs can never be foreseen with certainty. The purpose of control is to evaluate the degree to which progress toward an objective is being made and to identify the causes of any failure to achieve objectives so that corrective actions can be taken. According to Faria (2002), evaluation and control involves assessing the degree to which marketing objectives have been attained during the specified period.

According to Donnelly (2007), monitoring the strategic plan involves three basic steps. The first step is the measuring of the results, followed by a comparison of the results to the strategic plan and lastly is on whether the plan is achieving its intended objectives. Adjustments towards achieving the planned results are made where deviations exist.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter mainly focuses on the approaches of research taken while conducting the study so as to achieve the objective of the study. A description of the design of the research, population targeted, a sample size, data collection and data analysis is also summarized.

3.2 Research Design

This research was mainly based on an explanatory a case study plan. A case study in this case was based on particular organization which offered a depth understanding and background. It involved gathering of information from the institution, analyzing the information which is both qualitative and quantitative in line with the objective of the study. The general focus on the particular organization would help the researcher to intensively understand the process and procedures adopted by the organization

3.3 Data Collection

The researcher primarily relied on data which was primary in nature and an interview guide was used as the instrument. This data since it was on a face to face interview was regarded as accurate and original. (Kothari, 2004). The researcher focused mainly on interviewing a total of eight members of staff who comprised of the top-level management mainly the Medical superintendent in charge of the institution, other top-level managers/administrators and operational staff at the hospital. This sort of semi-structured interviews in data collection was mainly qualitative in nature as used in research. The researcher ensured that all data required was collected from the

interviewers by use of the interview guide which also helped in saving time since the researcher was focused on the person to interview and questions to be asked. (Holtzhausen & Voto, 2002).

3.4 Data Analysis

Based on the study being a case study, qualitative data was collected and was summarized using content analysis. The qualitative data collected from the interview guide questions was grouped into clusters of responses based on similarity to the major concepts emerging and presented in summarized explanations for those that cannot be clustered and tabulated.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter provides a summary of the findings and analysis of the study which was established by use of interview guide in determining the practices of strategic plan and the extent at which strategic planning has influenced the performance of Mama Lucy Kibaki hospital. Content analysis was used in this study and results have been grouped into similar themes for ease of interpretation. The chapter also tries to explore various and previous literature by other different authors based on the same field of study.

4.2 General Information

The respondents comprised of the Executive management committee members of the hospital this included Health System Managers, Administrative and Support Staff, Facility Based Technical Staff. The researcher interviewed eight respondents intended in the research design. This included Managers from planning, finance, information system, nursing, human resource, patient affairs and clinical. The respondents have worked in the hospital for over three years and had valuable knowledge on strategic planning practices and had participated in preparing the first draft of the strategic planning formulation and implementation. The respondents were found to be well conversant with the operations of the hospital and also very knowledgeable on the information that was used to achieve the study's objectives.

4.3 Strategy development, formulation and implementation

coordination mechanism at the Hospital?

The study sought to determine whether Mama Lucy Kibaki hospital has a coordinated mechanism for strategy development, formulation and implementation. The study also established that the County Health Strategic and Investment Plan 2013 - 2018 provided an overall framework for planning and implementation of Hospital health priorities to realize the County Vision. The interviewee revealed that Mama Lucy Kibaki hospital has a well laid down coordination mechanism for strategy development, formulation and implementation, the hospital in-charge further stated that the process is led by the Facility Health Management Teams (FHMTs) and facility management committees (FMCs) who provide governance and oversight to the hospitals.

4.4 Documented Goal and Objectives

The study sought to establish whether Mama Lucy Kibaki hospital has a clear and precise goals and objectives that are well documented and whether the objectives were achievable. According to Chambers (2003), an Organization's vision as envisaged in its vision and mission statement is the vocal point for all its strategic plan. The researcher established that the hospital has a clearly stated and documented Goal and Objective as this were documented in the Nairobi City County Health Sector Strategic and Investment Plan 2013/2014 – 2018/2019 which the hospital was using to guide its operations. The study established that the goal of the hospital was to 'Attaining the highest possible standard of health in a manner responsive to the needs of the population'. It was also established that the plan focused on the six health sector objectives: 1) elimination of contagious illnesses, 2) halting in addition to reversing the intensifying weight of non-communicable illnesses 3) reducing the drain of violence

and grievances 4) provision of crucial health care 5) minimizing contact to health menace 6) strengthening partnership with health-related sectors. This plan provides direction on implementation, coordination and monitoring of health services delivery in Nairobi City County. Findings of the study were that, for effective alignment, the vision and mission of the hospital are translated into measurable objectives and performance targets through the use of Corporate Annual Operational Plan. To achieve these objectives the corporate objectives are cascaded to departments where departmental annual plans are created and implemented. The Balanced scorecard and performance appraisal are used in the hospital for performance evaluation. According to respondents, the hospital strategic goals were derived from strategic objectives. In the strategic planning process, the hospital identified four objectives on core business in terms of human, physical and financial resources against for expected time of delivery.

4.5 Strategic Planning Process in the Hospital

The process of Strategic management main concern is on the optimal attainment in the organizational goals and objectives with and through other people (Waldion, 1994). Poister and streib (2005), stress further that Strategic Planning processes enable the organization to adapt successfully to the ever changing business and corporate environment.

The study revealed that the formulation of strategy is dependent on a number of steps which requires to be implemented in serial order. The County Health Technical Working Group (CHTWG) in collaboration with the County Health Management team (CHMT) and Sub County Health Management teams and various health partners have to be consulted. This team decides whether to undertake Strategic Planning. If the

decision is positive then efforts are employed to make sure senior management of the hospital is committed to Strategic Planning. A hospital wide strategic Planning Committee is then formed to steer the process. It is this team that designs the strategic Planning process. Once the Strategic process is designed then the information is communicated to all stakeholders.

The study established that values assessment is the first step in the strategy formulation process: Every organization has standards, and the strategic plan should support the organization's values. A value assessment aspects into the personal values of the organization's members, organizational values, the organization's operating philosophy, culture and stakeholders. The study established that Strategic Planning Process involves Vision and mission formulation: Once the hospitals handles its values, it then establishes its vision and mission, this are key to the hospital's strategy. An operational vision entails a basic philosophy as well as an intended future. The basic philosophy can be seen as the dynamism which binds the organization together and comprises of core principles and core drives. The anticipated future will be the main concern interms of the position of an organization at a certain point. The purpose of an organization or reasons why an organization exists is clearly laid out in its mission statement which at the same time guides in determining resource allocation, culture of an organization, creates the borders of its accomplishments and aids in proper accountability interms of time and performance.

The study revealed that internal and external factors that influence the operation of the hospital need to be gathered, this is where the hospitals planning committee reviews the history of the organization, current activities, performance and financial health of the organization. The committee then undertakes SWOT and PESTLE analysis. The team then agrees on what the critical issues are facing the organization and creates strategies

to address the critical issues identified so as to overcome the barriers to the implementation of the strategies. It was established that a draft strategic plan need to be communicates to all stakeholders and receives the feedback. The interviewee revealed that based on the feedback received from all stakeholders, the plan is then reviewed and a final plan is presented to the Board of Management for approval. Once the Strategic Plan is approved it is then communicated throughout the hospital for all departments to adopt in their day to day activities.

4.6 Environmental Analysis during the formulation of strategic plans

The researcher established that an environmental analysis was conducted during the formulation of strategies. In regards to environmental analysis on health service deliver, the study revealed that factors such as the accessibility to an elementary array of parental, child, and procreative well-being services, the occurrence by which these amenities are accessible and at the same time quality of their content influence how clients use these services. The study established that strengthening service delivery is crucial to the attainment of the hospital's strategic objectives and health outcomes. As discussed earlier, generally the main goal for the Hospital was to improve communal right to well-being so as to maintain a healthy status as well as productivity which in result ends up in reducing cases of poverty, deprivation, child and maternal losses and at the same time enhance the performance of education as pertains the health care across all the stages of the life cycle.

In regards to environmental analysis of health Work force, the study established that the hospital's Mission is to "have an inspired, sufficient and operational health staff and this can be achieved by harmonizing and improving both the schemes and the terms of service, performance contracting, structured learning and teaching programs, an all-

inclusive databases and sufficient funding”. During the formulation and environmental scan envisioned to have “An inspired, operative and competitive health workforce providing quality healthcare”

In regards to environmental analysis of Health Financing, the study revealed that the hospital budgeting was to be planned along three health programs namely: Preventive and promotive health services, Curative care and General administration, planning and support services. The fund were to be drawn from the national government allocations, County revenue, Corporations (including health and medical insurance), households (individual out of pocket payments and development partner funding.

4.7 Strategic Planning Implementation and performance

The researcher sought the opinion of the managers on whether strategic Planning has influenced the performance of the hospital. The study established that in order to ensure that an organization performs well through its strategic plan, the critical stage is the execution. All respondents agreed that the hospital’s performance had improved drastically with the implementation of strategic Plan in the hospital. On financial indicator, the respondents asserted that there has been great improvement on revenue generation, resource mobilization and also improved way of utilizing allocated funds. The financial processes have been fully automated as per the target in the Strategic Plan. The automation is able to coordinate all the activities from one Central position.

The respondents held that strategic Planning has made the hospital focused on set objectives and hence able to finance most of the initiatives it has planned before and especially in performance contracting. It was established that strategic Planning has provided the hospital with a frame work that enhanced hospital’s competitiveness in ever changing environment. On service delivery the hospital has a structure that ensures

service, quality and operations that are linked through proper communication channels, regular meetings and review sessions. Most respondents stated that the organization has been able to empower employees by ensuring they deliver quality services.

4.8 Evaluation of Strategic Plans

While evaluating a strategic plan an organization is able to develop its inputs required for the new strategic plan, receive feedback from various stakeholders, come up with various appraisals and reward schemes while at the same time develop the process of strategic management. At the end of the evaluation success of the plan is measured by the achievements of the outcomes and outputs. The study established that Health sector targets, effectively guide monitoring and evaluation of performance during implementation and progress of the Strategic Plan. These are categorized into three: Targets for Scaling up the Provision of Health Services, Targets for Outputs and Outcomes and Targets for Health Inputs. One of the respondents indicated that the stage of evaluation of strategy is critical as well as the formulation of strategy since it emphasizes on the productivity and efficacy of the widespread plans which aids in realizing the anticipated outcomes. Another respondent stated that the evaluation in regard to strategic plan involves assessing the suitability of the strategy in the vibrant world with socio-economic, political and technological innovations. The study established that Mama Lucy Kibaki hospital evaluates the outcome and output targets that are reflected in Annual Work Plans and the hospitals performance contracting plans. The study established that the hospital has continuous weekly, monthly, quarterly and annual processes for reviewing performance. The hospital relayed on several data sources such as County Specific Surveys, Regular Monitoring Reports, Operations Research Reports, Annual Review Reports and reports by development partners. The

study established that this monitoring and evaluation plan aims at providing quality, timely and accurate evidence for informed decision making and tracking progress. This evidence feed into the preparation of comprehensive annual work plans at facility, Sub-county and County levels.

4.9 Challenges facing the implementation of strategic plan

The study revealed that government policy had a significant influence on the operations of the hospital with the hospital being subject to the policies and procedures adopted from the Ministry of Health. The research further revealed that a representative of the ministry had to be incorporated in the board. In addition, the work plan developed by the hospital had to be approved by the ministry of health before implementation to ensure that it was in line with the strategic plan of the Ministry of Health.

The study established that that the hospital receive insufficient funding from the County government to enable the hospital carry out capital expenditure projects. Respondents acknowledge that the hospital had received funding that enable it meet some of the recurrent expenditure that included payment for medical supplies. However, due to insufficient funding the hospital had been unable to carryout projects requiring heavy capital expenditure. This was attributed to changes in strategies and devolved health functions.

The study also established that the major challenges facing the implementation of the strategic plan were compensation package, working conditions and tools as well as uncertainty over transition to devolved health services. Occupational safety and health risks, as per MOH Occupational Safety and Hazards (OSH) risk assessment of 2012, there were variations in the terms and conditions of staff employment in the hospital

thus those variations affect motivation amongst staff thus impeding on effective implementation of the strategic plan.

4.10 Discussion

The study found out that that Mama Lucy Kibaki is guide by the County Health Strategic and Investment Plan 2013 – 2018, this plan provided an overall framework for planning and implementation of Hospital health priorities to realise the County Vision. The study established that the goal of the hospital was mainly focused in achieving a maximum health standard taking into consideration the population needs and requirements. It was also established that the plan focused on the six health sector objectives: 1) eradication of infectious illnesses, 2) halting and reversing the intensifying weight of non-communicable illnesses 3) reducing the burden of violence and harms 4) provision of critical health care 5) minimizing contact to health hazards 6) strengthening partnership with health-related regions. This plan provides direction on implementation, coordination and monitoring of health services delivery in Nairobi City County. This agrees with Bryson (1988) who discusses that strategic planning helps in providing a bearing on how organization staff become aware on the direction the organization is taking and also on where to majorly concentrate interms of more efforts. It further plays a critical role of elaborating the business operations of the firm interms of its operations and the various means and methods it will adopt in achieving its objectives at the end of the plan. He further explains that strategic planning helps in shaping a company's strategy choice by adopting either systematic, logical or rational approach. It divulges and simplifies future prospects and threats and offers a defined framework that enables decision making. Strategic planning looks ahead towards desired goals. (Dusenbury, 2000).

The study established that in formulating a strategy plan various steps are performed in sequential order. The County Health Technical Working Group (CHTWG) in collaboration with the County Health Management team (CHMT) and Sub County Health Management teams and various health partners have to be consulted. This team decides whether to undertake Strategic Planning. If the decision is positive then efforts are employed to make sure senior management of the hospital is committed to Strategic Planning. A hospital wide strategic Planning Committee is then formed to steer the process. It is this team that designs the strategic Planning process. Once the Strategic process is designed then the information is communicated to all stakeholders. These findings agree with Berry (1994) who defines strategic planning as an organization process that conglomerates four elementary features; a vibrant statement of the organizations mission; the identification of the stakeholders, and the delineation of the strategic goals and objectives, typically in a 3-5 year plan; and the development of strategies to achieve them. Further the study agrees with Robinson and Pearce (1983) who found out that in firms the formality of the planning process and the strategic decision process are congruent. The process include; assessing risk through environmental scanning; formulating goals and targets to be achieved in the competitive environment; selecting distinctive competences in order to gain a competitive advantage; determining authority relationships among the departments; deploying financial physical resources to carry out firm strategies; and monitoring and controlling implementation.

The study established that implementation of the strategic plan is the final step for putting it to work for an organization. This positive reinforcement increases support of the plan and belief in its possibilities. All respondents agreed that the hospital's performance had improved drastically with the implementation of strategic Plan in the

hospital. The research findings on organization performance as attributed to strategic leadership concurs with the literature from different authors that; firms with greater strategic leadership tend to achieve higher firm performance and enhance organizational success in its operations. The attainment of the strategic objectives underlying strategic decisions is accomplished through the effective practice of strategic leadership (van der Merwe and van der Merwe, 1985). Effective strategic leadership practices which are: emphasizing on effective organizational culture, determining corporate strategic direction, emphasizing on ethical practices, managing effectively corporate resource portfolio, and emphasizing on balanced organizational controls enhances strategic competitiveness of the organization that lead to high organizational performance. Therefore these two studies have shown that successful implementation of strategic leadership practices enhances high organizational performance.

4.11 Linkages of Agency theory, Resource based theory to Strategic Planning Process

Agency theory is a management approach where one individual (the agent) acts on behalf of another (the principal) and is supposed to advance the principal's goals. The agent therefore advances both the principals' interests and his own interests in the organization and the agents' role in strategic formulation and the overall strategic management process cannot be underestimated. In the case of Mama Lucy Kibaki Hospital, the agency theory of strategic management rested on the hospitals shareholders as the principal and the CEO as the agent in analysing the chain of command the institution. The County Health Technical Working Group (CHTWG), the County Health Management team (CHMT) and Sub County Health Management team acted as the principal agents. This team decides on the common goal and

objectives to be formulated in the County Strategic Plan. Therefore, in summary Agency theory does have implications for the strategy formulation at Mama Lucy Kibaki Hospitals as the theory perceived the CEO of the hospital as the agent control who has the ability to go past constraints on management designed to reduce divergence of interests with shareholders that is the principal agents at the County level.

The resource-based theory emphasizes the firm's resources as the fundamental determinants of its performance. The study revealed that the hospital had a bundle of resources to control and implement the hospitals strategies. Resource availability and hospital capabilities were considered as necessary condition for the hospital performance, and as the basis for the long-term planning, since they provide the basic direction to the institution's operations strategy which entails gathering, developing, and combining resources that are scarce in the industry. In this review, tangible and intangible resource were analysed for interdependencies between the hospitals resource portfolios and strategic choices.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides a summary of the study findings and draws conclusion in line with the objectives of the study. The chapter also gives the recommendations and finally suggestions for further studies.

5.2 Summary Findings

The objectives of the study were to determine the effect strategic planning on the performance of Mama Lucy Kibaki Hospital. From the findings of the study, it is evident that Mama Lucy Kibaki Hospital has a clearly defined and applied strategic planning process. It is also evident that the hospital has a documented mission and vision statements which is the guide for the implementation of the strategic plan and also provides the framework for corporate decision making. The vision and mission of the hospital are displayed in all departments and other strategic positions in the hospital for the consumption of staff and all other stakeholders. The study established that the hospital had a clearly stated and documented Goal and Objective as this were documented in the Nairobi City County Health Sector Strategic and Investment Plan 2013/2014 – 2018/2019 which the hospital was using to guide its operations.

The hospitals strategic planning process involves formulation, implementation and evaluation and control of the chosen strategy. The planning involves collecting background information through SWOT, PESTEL and stakeholders analysis. The study established that the strategic planning process of Nairobi City County Health Sector Strategic and Investment Plan 2013/2014 – 2018/2019 was highly consultative and upon formulation of the plan the hospital align itself to the mission and vision of the

plan by cascading the strategic objectives through annual operational plans. The measurable objectives and performance targets were cascaded to the departments through the strategic plan by the signing of performance contracts promising to implement and achieve the planned set targets and objectives.

Monitoring and evaluation of the implementation of the strategic plan is through weekly, monthly, quarterly and annual reports. Annual budgets are also used as monitoring tools. It was however found that there is no formal reinforcement system for monitoring and evaluating implementation. Implementation monitoring is the responsibility of the planning department, which due to size, is unable to enforce and performance reports are always submitted late or not at all.

The study found that the implementation of the strategic plan has met several challenges. These range from budgetary constraints, shortage of manpower, low level of automation to low staff commitment. The findings established that Strategic Planning has had a positive influence on performance of Mama Lucy Kibaki Hospital. Positive influence was pointed out on financial performance where revenue generation has improved tremendously, increase in the level of customer satisfaction index approaching the world accepted standard and innovations

5.3 Conclusion

The objectives of this study were to determine the effect of strategic planning on health sector performance at Mama Lucy Kibaki Hospital. From the findings of the study the hospital has a well-grounded strategic management system with refined strategic planning practices. Nairobi City County Health Sector Strategic and Investment Plan 2013/2014 – 2018/2019 was used as a bases of planning, formulation, implementation, evaluation and control of strategies to realise the hospital strategic intent.

From the results of the study, it is clear that Mama Lucy Kibaki Hospital has been able to interact and react to its environment. However as a dependant of the external environment the hospital has not been able to fully cope with external threats especially the political, social and economic context.

The study also concludes that strategic plan implementation at Mama Lucy Kibaki has improved the general Performance of the Hospital especially cost management, customer satisfaction, employee motivation and resource mobilization. Quality service delivery was identified as one of the goals to be achieved by the strategic plan through reduced nurse to patient ratio and doctor-patients ratio as per the internationally accepted standards. Strategic planning has enabled hospital deliver on its mandate of offering the required services.

5.4 Recommendation

The study established that the implementation of the Health Strategic and Investment Plan require a lot of finances for the five year period. This therefore requires additional funds from the government and donors since the County allocation to the health sector is barely half of the estimated cost. Currently households are the major financiers of health care, contributing more than half of the total health expenditure while the County Government contributes 18.1%. Strategies to increase financing to bridge the gap need to be discussed to enable the implementation of the plan. This will require the hospital to focus on ensuring effective resource mobilization, allocation and efficient use of available financial resources.

The study recommends the establishment of Monitoring and Evaluation unit that will have the core function of conducting periodic reviews including impact assessments. Outcomes and reports from the process are to be shared with staff and stakeholders with a view of generating continuous programme adjustments necessary to keep the strategy implementation on track. The process for monitoring and evaluation remains an important asset in the future of Mama Lucy Kibaki Hospital.

Strategy implementation should be effectively coordinated since it is the coordination of goals and tasks, resources and control that enables an effective implementation. When an organization develops a new strategy, the management should offer support to the department and employees responsible for the implementation of the plan. Support of top level management is crucial to strategy implementation. The management and heads of Departments should provide sufficient support in implementation of strategic plan. The management should develop an organizational structure which is aligned to the new strategic plan so as to enhance service delivery and enhance effectiveness of communication and coordination during the implementation process.

5.5 Limitations of the Study

The study only focused on the effects of strategic planning on performance of Mama Lucy Kibaki Hospital, thus it was limited only to the strategic planning factor although there are other factors which could affect the performance of the Hospital. Further research could be done on other determinants of performance.

5.5 Suggestion for Further Studies

The study sought to determine the effect of strategic planning on health sector performance at Mama Lucy Kibaki Hospital, a study can be done to establish the link between the county health and investment plan and the challenge facing its implementation at the three Nairobi county hospital.

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Appendix I: Interview Guide Questions

1. What is your position in Mama Lucy Kibaki Hospital and how many years have you been with the Institution
2. Who is involved in strategic plan formulation?
3. Are there any challenges experienced at the implementation stage either at the departmental level or the whole organization?
4. Is there any positive performance change noticed with the staff in your department after conducting strategy implementation please give reasons for your answer?
5. In your opinion do you think strategic financial allocation in your department would increase overall performance of the hospital, please give reason for your answer?
6. How does Mama Lucy Kibaki Hospital measure performance of medical staff from the services i.e either by setting targets, patients surveys, having a suggestion box to get feedback from patients
7. How often do you review your strategic plan in case you do not meet your objectives?
8. What recommendations do you think the hospital top management can adopt in the strategic planning to improve overall performance?
9. Since the formulation of strategic plan, what are (if any) the performance indicators at the hospital that has improved over the years

THANK YOU FOR ANSWERING THIS INTERVIEW