

**STRATEGIC LEADERSHIP AND SUSTAINABLE COMPETITIVE  
ADVANTAGE OF AAR HEALTHCARE KENYA LIMITED**

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**DECLARATION**

This project is my original work and has not been presented for the award of a degree in this University or any other Institution of higher learning for examination.

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This project has been submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

This project is devoted to family for instilling in me virtues of hard work and discipline.

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## **ABBREVIATIONS AND ACRONYMS**

<b>CEO</b>	Chief Executive Officer
<b>ICT</b>	Information Communication Technology
<b>IT</b>	Information Technology
<b>SMEs</b>	Small and Medium-Sized Enterprises
<b>HRM</b>	Human Resources Management
<b>HRD</b>	Human Resources Development
<b>PI</b>	Programmed instructions

## **ABSTRACT**

In the 21st century, strategic leadership is viewed as one of the greatest concepts in adopting better value based culture within business firms. Bad leadership negatively impacts an organization's overall success. The environment is evolving and this has forced firms to look for ways to remain competitive in the market place. Human and social capital has been considered as a source of sustainable competitive edge for firms and thus must be nurtured and developed. It has however been noted that lack of strategic leadership is a key hindrance towards successful strategy adoption and firm's competitive advantage. This study was set out to determine role of strategic leadership practices on AAR health care of Kenya's competitive advantage. The study implemented a case study research design where primary data was collected with the help of an interview guide. Data collected was analyzed using content analysis. The study concluded that the most popular strategic leadership practices implemented by AAR health care were setting strategic direction (targets), maintaining core competencies, regular training and development, organizational culture code of ethics, autocratic leadership style, democratic leadership style, laissez-faire leadership style and bureaucratic leadership. Implementation of all these practices was considered to be important by AAR health care. The study found that strategic leadership practices strengthened the unity of the employees in working towards the same direction. Decisions were made faster and this improved value for AAR health care products and services and this contributed to a reduction in customer complaints. The study recommends that AAR health care should make consideration to pool more funds to invest in advanced technologies and research and development in order to maintain competitiveness and overall AAR health care competitive advantage.



## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Success in undertaking business in the current global and well interlinked economy is anchored on effective sharing of key information. An argument by Omar and Mahmoud (2014) asserted that organizational capabilities relating to strategic leadership are key in the competitive landscape expected in the twenty first century. The researchers further argue that human and social capitals can be avenues through which organizations attain and sustain competitiveness and should therefore be carefully nurtured and developed (Halawi et al., 2012). According to Ong & Ismail (2014) organizational competitiveness could be determined through the economic value generated by the organization within a specified time of its operation.

The theories anchoring this study included the Trait Theory, Upper Echelons Theory and Contingency Theory. Trait theory states that an individual personality has a significant impact on the effectiveness of strategic leaders. Eysenck (1990) contends that a leader can be known by looking at their personality traits and how they relate to the roles of a strategic leader in an organization. Carpenter and Sanders (2004) posit that the senior executive of a firm is responsible for formulation and enactment. They interpret the strategic possibilities through their experience, values including other human factors. Contingency Theory holds that there lacks specific way to manage, plan, organise, lead and control an organization

Business world has been swiftly changing more than ever before. To address this kind of environment, businesses require leaders with adequate capabilities. Strategic leadership is one of key determinants of performance of an organisation through strategic decision-making, determining organisational structure and managing the organisational process (Robbins et al, 2010). Thus the motivation of this study is to establish the relationship between strategic leadership and sustainable competitive advantage of AAR healthcare Kenya limited.

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. AAR Healthcare Kenya Limited is one such company that concentrates on healthcare solutions that make a difference to life.

### **1.1.1 Strategic Leadership**

Kjelin (2013) defined strategic leadership as the ability of organizations to expect, envision and sustain flexibility while empowering others in order to establish a strategic opportunity and a viable future for the firm. Understanding strategic leadership entails the highlighting of what efficient organizational top leadership actually so as to give rise to a strategy-focused organization (Rumsey, 2013). Efficient strategic leadership capabilities are required for organizations to survive in the current competitive business arena (Ireland & Hitt, 2012; Katee, 2013).

According to an argument by the Center for Creative Leadership (2004), strategic leadership entails the discovery of important aspects in an organization that can enable the organization do well and also enhance conditions that facilitate this discovery. This calls for the organizations to learning process strategy where strategic leadership transforms an organization into a continual learning engines. Strategic leaders need to appreciate the need of strategically planning the future of their various organizations in order to ensure their success (Mapetere, Mavhiki, Nyamwanza, Sikomwe & Mhonde, 2012).

Generally, strategic leadership capabilities are geared on establishing both human and social capital in an organization which are not mutually exclusive (McCallum & O'Connell, 2013). Strategic leaders are expected to manage the firm' resource portfolio through grouping them according to capabilities, restructuring the firm for well utilization of resources and creating strategies for the firm to further take advantage of these resources so as to enhance competitiveness (Sirmon, Hitt, & Ireland, 2014).

### **1.1.2 Sustainable Competitive Advantage**

Andrews (1980) described competitive advantage as the advantage that an organization has over its competitors, that further allows it record greater sales or profit margins or retains most of its customers as compared to its competition. The organization should however be in a position to sustain its competitiveness for a reasonable time through ensuring that its competitive strategies are not easily imitable by its competitors. With the global market competition becoming increasingly tight, attaining and sustaining business competitiveness has started obtaining more attention (Omar & Mohamoud, 2013).

In 2014, Barney and Hesterly opined that two categories of organizational competitiveness exist, namely temporary and sustainable competitiveness. According to the researchers, when an organization attains competitive advantage it generally results to improved profits, however, these profits attract further competition that may limit the length of period the organization enjoys the competitive advantage hence mostly competitive advantage is temporary.

According to the researchers, when an organization attains competitive advantage it generally results to improved profits, however, these profits attract further competition that may limit the length of period the organization enjoys the competitive advantage hence mostly competitive advantage is temporary. On the other hand, some organizational competitiveness are sustainable in the event that competitors are not able to imitate the source of advantage or if none of its peers births a better offering to the clients. Different researchers have argued out on the various aspects relating to organizational competitiveness.

### **1.1.3 The Health Care 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.

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 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.

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.

#### **1.1.4 AAR Healthcare Kenya Limited**

AAR Healthcare Kenya Limited is a backup of AAR Healthcare Holdings Limited working in Kenya as one of the main medical specialist organizations in the nation. As pioneers in the arrangement of private social insurance in the area, AAR's prosperity has generally been driven by its kin and their promise to constantly offer high caliber and reasonable human services – by working capably, executing with greatness, applying imaginative innovations and catching new open doors for productive development.

AAR Healthcare is right now one of the biggest suppliers of outpatient medicinal services benefits in East Africa, with a system of 18 centers the nation over and serving more than 300,000 customers yearly from over the social partition. At AAR Healthcare, they utilize experienced medicinal and the board staff, and utilize universally endorsed sickness the executives conventions and medication model bolstered by the best in class data innovation frameworks to give predictable treatment to their customers from anyplace in East Africa.

They differ significantly from other providers in the region because they have a strong focus on clinical risk management and provision of preventive care. They are proud to be one of the health providers who have incorporated ICT into every service they provide since the year 2014. This allows a complete paperless service with ability to store large volumes of patients' records.

## **1.2 Research Problem**

In the 21<sup>st</sup> century, strategic leadership is viewed as one of the greatest concepts in adopting better value based culture within business firms (Draft & Pirola-Merlo, 2013). Bad leadership negatively impacts an organization's overall success (Breene & Nunes, 2006). AAR Healthcare's success has largely been driven by their people and their commitment to always offer high quality and affordable healthcare - by operating responsibly, executing with excellence, applying innovative technologies and capturing new opportunities for profitable growth. At AAR Healthcare, they employ experienced medical and management staff, and use internationally approved disease management protocols and drug formulary supported by the state of the art information technology systems to provide consistent treatment for our clients from anywhere in East Africa.

The available literature indicates that a number of studies have been conducted on the impact of strategic leadership on organizational performance. Serfontein (2010) performed a study "The impact of strategic leadership on the operational strategy and performance of business organisations in South Africa". The study utilized longitudinal surveys research design. The study was however based in South Africa and thus different operatin environment from the current study. Greenberg (2011) explored Slovenian service firms using descriptive research design and concluded that lack of strategic leadership had a significant and negative impact on strategic plans. He argued that strategic leadership provided direction to the organisation by direct the employees in working towards accomplishing set goals. Firms that embraced strategic leadership practices in the implementation of strategic plans recorded better performances.

Jeffrey et al. (2014) did a study to establish the key capabilities for strategic leaders in commercial banking sector to maximize competitive advantage. Descriptive research design method was used. These researchers limited their study to commercial banks. Wendy (2012) studied the relationship between strategic leadership and strategic alignment in high- performing companies. The study employed cross-sectional survey method. The study established that strategic leadership positively impacts organizational strategic alignment that also affects the company'. The researcher however did not to measure strategic leadership against organizational competitiveness.

Katee (2013) studied the effect of strategic leadership on the performance of commercial and financial state corporations in Kenya. The study used longitudinal survey research method. However, the study was limited on state corporations in Kenya. Abba (2016) investigated the influence of strategic leadership on strategy implementation in commercial banks in Kenya in a study that adopted a descriptive and inferential statistics designs. The current study utilized case study research design. Nthini, (2011) researched on the, "Effect of strategic leadership on performance of commercial and financial state corporations in Kenya" and found out that strategic leadership have a positive effect on the performance of government corporations. The study was based on descriptive research design while the current study used case study research design. Nganga, (2013) focused on strategic leadership and performance of manufacturing firms. Descriptive research design was used. The study focused on manufacturing firms and thus little information can be borrowed with regards to healthcare.



However, most of the studies undertaken have addressed other sectors in the country's economy and also failed to assess the cumulative effect of variables such as human capital development, organizational style of leadership and strategic intent and vision articulation on competitiveness. This study therefore sought to fill this existing knowledge gap by asking the question on: what is the relationship between strategic leadership and sustainable competitive advantage of AAR healthcare Kenya limited?

### **1.3 Research Objective**

The research objective of this study was to determine the linkage between strategic leadership and sustainable competitive advantage of AAR healthcare Kenya limited.

### **1.4 Value of the Study**

The management of AAR Healthcare Kenya Limited and other health institutions will consider this study value adding. It may be used to identify some of the strategic leadership best practices and their role in enhancing competitiveness. This may enable AAR Healthcare Kenya Limited to successfully adopt strategic leadership practices and remain competitive in the market.

The outcome of the study may be gainful to policy makers. This include Ministry of Health in setting policies that enable health institutions top management executives to craft and implement strategies that may boost performance of the health institutions. This may lead to uniformity in policy adoption by the top management and thus promote fair competition among health institutions.

The results from this research enhance the knowledge on influence of strategic leadership and competitive advantage of AAR healthcare Kenya limited. These results also aid further studies on other aspects of strategic leadership and organizational competitiveness through providing a reference platform for other researchers. The traits theory, upper echelons theory and contingency theories therefore affirms that strategic leadership determines and affects the competitiveness of the firm. This is because the leadership style, organization culture and resources are all important in determining how employees perceive both their internal and external working environment.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

According to Mugenda and Mugenda (2003), literature review involves locating, reading and evaluating of previous studies, observations and opinions related to the planned studies. It is important to carry out literature review to avoid duplication of what has been done by other scholars as well as to gain new understanding of the existing body of knowledge.

Strategic leadership has therefore has an impact on an organization' competitiveness hence long-term performance. This is as a result of strategic leaders playing a role in stirring employees towards working efficiently through uncertain and turbulent business environments through developing a vision and pathway that enhances firms' staff resolve to evolve and innovate.

The literature in this section was presented in the following subsections; theoretical review, strategic leadership, strategic leadership and firm competitiveness and empirical studies and research gaps. It opens by highlighting the theoretical framework and the assumptions of each: the upper echelons, trait and contingency theories are tackled. Further it analyses on the research output on the field of strategic leadership and competitive advantage. In conclusion it summarizes the literature output putting clear the contextual, methodological and conceptual gaps in the existing literature.

## **2.2 Theoretical Foundation**

This section gives detailed coverage of the theories anchoring this study; they include Trait Theory, Upper Echelons Theory and Contingency Theory. The discussion of these theories is based on several research works by critics and the proponents. The upper echelons theory was introduced by Hamrick et al (1984). It is a theory that is anchored in the idea that the top executives view their situations through highly personalized lenses. . The essentials of the Upper Echelon Theory are that demographic features are substantially interwoven to the psychological and cognitive elements of the leaders at the apex of the organization.

Traits theory is anchored on the traits or the individual characteristics of leaders. Some specific traits are key to the success of a leader and his leadership. Intelligence and ability to communicate among others are very essential traits necessary for success of leadership. This theory makes an assumption that leaders are have innate great character qualities that enable them to be better suited for leadership. This makes them different from other people or their followers. These qualities of leaders are very pertinent when any great leader possesses them; they make them to perform their roles with excellence.

Contingency theory is categorized under the behavioral theories and argues that there exists no one best method in leading, organizing or making decisions in a firm. Instead, the best action is contingent (dependent) on both external and internal factors. Contingency theory explains how conditional factors such as culture, technology, competition impact the design and operation of organizations (Vroom and Jago, 1988)

### **2.2.1 Traits Theory**

This theory was put forth by Allport (1937). It is also referred to as dispositions. He indicated that cardinal traits control and shapes the behaviour of an individual. An example is the need for fame (Eysenck, 1990; Costa & McCrae, 2011). The main criticism of this theory is that it pegs effectiveness of a leader on inborn emotional mechanisms and restricts the importance obtaining skills through imparting knowledge on individuals through school (Pervin, 1994).

At times, inborn traits are not as rigid or important when leading as the theory supposes. The theory does not consider circumstances that might affect the outcome given separate scenarios call for separate behaviors from leaders. The relevance of this theory is that it assists an organization to identify a leader from his or her qualities and traits that are essential in leading. Some of these traits include integrity, empathy, assertiveness, decision-making and likability. But none of these traits, nor a specific combination of them can guarantee success by a strategic leader. Traits are behaviour that emanate from the things that go through individual minds. It is regarded as an internal belief and processes that are critical for effective strategic leadership.

Key among the traits is to be a good communicator, ability to make excellent decisions and empathy in various situations. Derue et al (2011), argues that even if many of these traits have been researched by many scholars. Many of them group these qualities as: intellect, diligence, appetite for risk, and emotional maturity. Research suggests that leadership qualities associated with occupational proficiency and interactive qualities are eminent projectors of management efficacy

### **2.2.2 Upper Echelons Theory**

This theory was put forward by Hambrick and Manson (1984); they maintained that managerial traits can be adopted (partially) to forecast the outcome of the organization. Decisions made by top management executives are driven by values and cognitive basis. The proponents: Hogan & Kaiser (2012) argue that personality traits play a critical role in influencing firm outcome

Hambrick and Mason (1984) opine that strategic decisions and management traits are affected by the present scenario of a firm, (Carpenter et al. 2004; Nielsen, 2010). It is assumed that management features and performance of a firm will be strengthened when the management faces challenges. In cases, where the management face minor challenge, the decisions made might be more accurate since they don't rely on their individual traits. In line with this study, the personality of the top management influences organisational outcomes. Nielsen (2010) argues that a strategic and competent management team can easily succeed in implementation of strategy.

Hambrick et al. (1984) argue that personal traits possessed by senior executives' influences the outcome of an organisation. It is expected that strategic leadership will impact positively on organisational performance. Hollenbeck, DeRue & Mannor (2006) argue that the demographics traits of the management greatly contribute to competitiveness and firm performance. An understanding of the factors that strengthen cognitive morals and perceptions of the executive management in shaping organisational strategic direction and working towards achieving set goals.

### **2.2.3 Contingency Theory**

This theory was postulated by House (1996), it is based on the understanding that there is no specific way to manage, plan, organise, lead and control an organization. A contingent leader adopts a style of leadership based on the situation at hand. Scholars such as Morgan (2014) opine that strategic leadership should be flexible to accommodate the changing needs of the customers.

Contemporary management view/management approach points at adapting management behavior to specific circumstances within the organization and to every given condition. This view however is different from the single best way that the theorists in the classical management sought since they based their assumption on management principles being universal or applicable in all situations, without considering the organization's unique conditions. According to Woodward (1998), apart from disregarding the past management perspectives, the contingency theorists acknowledge any correct and applicable principles that facilitate managers to effectively manage.

Further, Vroom and Jago (2013) explain that strategic leadership must exploit their leadership skills to ensure successful implementation of strategy. Secondly, the theory assumes that decision-making style must be compatible to the situation that the firm operates (Martin, 1979). Strategic leaders ought to understand customer wants and uphold a leadership style that is compatible with customer needs. They should commit themselves to strategy implementation by inspiring and encouraging employees to work towards set targets (Vroom et al., 2013). In line with this study, strategic leaders should engage their employees in key decisions in order to prepare them for change; this aids the management to make informed decisions that is reflective of employee needs. This contributes towards successful strategy implementation and organisational performance.

### **2.3 Strategic Leadership**

Comprehending strategic leadership entails clearly outlining what effective management organizations undertake so as to actually produce a strategy-focused firm (Rumsey, 2013). In addition, strategic leaders are required to intentionally target an organization's key resources that have a higher likelihood of positively impacting and sustaining future organizational success. Literatures on strategy stress that efficient strategic leadership capabilities are greatly demand within the current competitive business environment (Ireland & Hitt, 2012).



Generally, strategic leaders are expected to undertake the management of these resources through setting them into capabilities, establishing the firm to utilize the capabilities and executing a strategy to take advantage of these resources in achieving competitiveness (Sirmon, Hitt, & Ireland, 2014). Rowe (2011) views strategic leadership that unique ability to capacitate the employee working under them to at will make deliberate choices and decisions that can benefit the organization in the short term and long term in its pursuit of performance viability

The research views and addresses three aspects that are key in strategic leadership; human capital development, organizational style of leadership and strategic intent and vision articulation. According to Hitt and Ireland (2012), the criticality of strategic leadership lies in its ability to effectively manage its human and social capital. Hitt, Ireland and Hoskisson (2010) defined human capital as the cumulative knowledge and skills of an organization's complete workforce.

Au, Altman and Roussel (2014), categorized human capital into three groups, namely; generic or general, organization-specific and task-specific human capitals. Comprehending strategic leadership entails clearly outlining what effective management organizations undertake so as to actually produce a strategy-focused firm (Rumsey, 2013). In addition, strategic leaders are required to intentionally target an organization's key resources that have a higher likelihood of positively impacting and sustaining future organizational success.

Literatures on strategy stress that efficient strategic leadership capabilities are greatly demand within the current competitive business environment (Ireland & Hitt, 2005). Generally, strategic leaders are expected to undertake the management of these resources through setting them into capabilities, establishing the firm to utilize the capabilities and executing a strategy to take advantage of these resources in achieving competitiveness (Sirmon, Hitt, & Ireland, 2007). The research views and addresses three aspects that are key in strategic leadership; human capital development, organizational style of leadership and strategic intent and vision articulation. The utilization of newer methodologies alongside the traditional ones that include mentoring, coaching, lectures and conferences (Aswathappa, 2014) can be utilized by organizations to enhance performance. The current intensely competitive environment in which most firms operate demand a new style of management so as to ensure their survival and enhanced competitiveness (Masungu et al, 2015).

NosheenSarwat et al., 2011) clarified that leadership styles are categorized into three; autocratic style, participative style and laissez-faire style. Under autocratic leader style, the manager arrives at a resolution and describes to his/her team on what is to be done, by who and the expectations (Eghdamy, 2013). Strategic leadership focuses on enhancing an organization' human capital and intellectual capabilities and it should develop a support system for the organization (Makri, & Scandura, 2010). Marki and Scandura add that strategic leadership therefore encourages the employees to innovate and assess the performance of the employees and their duties in a distinct manner that support the key organizational achievements and develop a business environment that encourages innovation and exploratory research.

According to Jansen, Mary and Justin (2013), an organization' style of leadership should focus on developing human capital that develops the required business environment within the firm and increasing organizational knowledge and the innovation of new ideas. A good style of leadership entails four aspects: personal characteristics, properties, thinking and the ability to motivate and affect the ideas upon others. With reference to a view by Thompson (2004), strategic intent refers to firm' aggressive goal that describes the specific business position with the intent of becoming a winner in a market place. It can be viewed as a big, hairy, and audacious goal that overly may need a long time to attain. A firm' strategic intent may include becoming the recognized sector leader, availing the best customer service or changing a new technology to a capability of transforming the manner in which individuals work and live.

Strategic leaders are viewed as agents of transformation through whom success is determined by how efficient they execute an organization' strategic vision and mission through a specific path so as to make the firm gain her objectives (Dess, 2012). Generally, developing a strategic vision accrues a number of benefits that include definite future direction, a clear set-up for the firm' mission and objectives and establishing employee involvement and commitment (Lynch, 2013). In today's competitive business times, organizational leaders to do more than maintaining a specific train but establish more revolutionary organizational visions (Day, 1994).

A firm's strategic intent therefore avails a long-term organizational objective that is ambitious and brings out the organization's unidentified core competencies while drawing from all dimensions of the firm. According to Schilling (2012), strategic intent captures 10 to 20 years into an organization and develops specific milestones for the organization staff to work toward. This forward orientation is important because without it firms can fast target markets they have been involved in (Pearce and Robinson, 2012).

#### **2.4 Strategic Leadership and Organizational Competitiveness**

The abilities of a firm's leaders to efficiently inspire critical organizational transformations in business phenomena that include processes, products and/or services are important since resolutions by the leaders bear a huge impact on the performances of firms and general business successes (Guimaraes, Brandon & Guimaraes, 2010). Consequently, organizational competitiveness is the greatest crucial aspect that determines the ultimate performance recorded by a firm (Cristian-Liviu, 2013) and strategic leadership is hugely viewed among the important aspects that enhance competitiveness of a firm over a long period of time.

The abilities of a firm's leaders to efficiently inspire critical organizational transformations in business phenomena that include processes, products and/or services are important since resolutions by the leaders bear a huge impact on the performances of firms and general business successes (Guimaraes, Brandon & Guimaraes, 2010). Consequently, organizational competitiveness is the greatest crucial aspect that determines the ultimate performance recorded by a firm (Cristian-Liviu, 2013)

Strategic leadership is hugely viewed among the important aspects that enhance competitiveness of a firm over a long period of time. Barney and Hesterly (2008) asserted that there exists two categories of an organization's competitiveness: temporary and sustainable competitiveness. They further clarify that organizational competitiveness typically results in increased business profits, however, these profits intensify competition with the competition further limiting the duration of the competitiveness hence most competitiveness attained by organizations turn to be temporary. Similarly, competitiveness may be sustainable if the competitors are not able to duplicate the sources that result to the advantage or if no one competitor develops a better offering. Strategic leadership has therefore has an impact on an organization's competitiveness hence long-term performance. This is as a result of strategic leaders playing a role in stirring employees towards working efficiently through uncertain and turbulent business environments through developing a vision and pathway that enhances firms' staff resolve to evolve and innovate.

Ireland and Hitt (2005) confirmed that when strategic leadership aspects are fulfilled successfully, the organization's strategic leadership activities can turn out to be a source of competitiveness. Additionally, strategic leadership within a firm that allows for the developing of its capabilities has also the capability of sustaining its competitiveness. A number of firms have tried to attain and sustain competitiveness through taking advantage of resources and capabilities in line with the resource-based view (Omar & Mahmoud, 2014).

Most strategic leaderships perceive that investing in both human and social capital may enhance their firm's competitiveness and allow them to sustain it (Ireland & Hitt, 2005). Barney and Hesterly (2014) asserted that there exist two categories of an organization's competitiveness: temporary and sustainable competitiveness. They further clarify that organizational competitiveness typically results in increased business profits, however, these profits intensify competition with the competition further limiting the duration of the competitiveness hence most competitiveness attained by organizations turn to be temporary. Ireland and Hitt (2012) confirmed that when strategic leadership aspects are fulfilled successfully, the organization's strategic leadership activities can turn out to be a source of competitiveness. A number of firms have tried to attain and sustain competitiveness through taking advantage of resources and capabilities in line with the resource-based view (Omar & Mahmoud, 2014).

## **2.5 Empirical Studies and Research Gaps**

Funda and Cihan (2014) led an investigation on the impact of key administration styles on firm execution among Turkish SMEs. The examination conveyed an expressive research plan and set up that just relationship-situated and transformational authority styles are altogether identified with firm execution with transformational administration having the most grounded impact on an organization's execution. The investigation was just restricted to Turkish SMEs. Kadzrina and Yen (2016) considered key administration, association ingenuity, data innovation capacity on viable procedure execution. Utilizing unmistakable, correlational and relapse investigations techniques, the analysts inferred that vital authority conduct, hierarchical ingenuity and IT capacity advance the viability in organizations.

Jeffrey et al. (2014) did a study to establish the key capabilities for strategic leaders in commercial banking sector to maximize competitive advantage. Descriptive research design method was used. The research established that strategic leadership impacts competitive advantage within the banking sector. These researchers limited their study to commercial banks in Lao hence the findings may not be applicable in health sector. Lufthans (2012) studied the role of strategic leaders in influencing operational strategies of service firms in US using Descriptive research design, and it was found that strategic leadership enhanced organisational success. It was revealed that through strategic leadership core competencies were organisational individual strengths that enhanced performance. However, the study was based in US.

Serfontein (2010) played out an investigation "The effect of vital authority on the operational methodology and execution of business associations in South Africa". The examination built up that components of vital authority are proportionately related with execution of associations in South Africa. Wendy (2012) studied the relationship between strategic leadership and strategic alignment in high- performing companies. The study employed cross-sectional survey method. The study established that strategic leadership positively impacts organizational strategic alignment that also affects the company'. The researcher however did not to measure strategic leadership against organizational competitiveness.

Palladan, Kadzrina and Chong (2016) tested the link between strategic leadership and competitiveness of tertiary firms in Nigeria and it was unearthed that strategic leadership practices such as strategic direction contributed towards enhancing competitive advantage. The study was based on Nigeria and thus little can be borrowed in the current study. Greenberg (2011) explored Slovenian service firms using descriptive research design and concluded that lack of strategic leadership had a significant and negative impact on strategic plans. He argued that strategic leadership provided direction to the organisation by direct the employees in working towards accomplishing set goals. Firms that embraced strategic leadership practices in the implementation of strategic plans recorded better performances.

Katee (2013) investigated the effect of strategic leadership on the performance of commercial and financial state corporations in Kenya. The research concluded that strategic leadership aspects such as organizational culture, ethical practices and organizational controls positively influence a firm' performance. This research was however conducted on state corporations hence the findings may not necessarily be applicable in the health sector. Abba (2016) examined the impact of strategic leadership on strategy implementation at the Kenya commercial bank. Using causal research design. The study found out that informed decision making as an aspect of strategic leadership influence strategy implementation within the banks. However, the study failed to link strategic leadership to the competitiveness of the health institutions.



Nganga (2013) established a high linear relationship between performance of manufacturing firm and strategic leadership using causal research design. He found out that firms which had leveraged on strategic leadership were able to withstand the economic challenges affecting the industry and align themselves to attain competitive advantage Masungu et al. (2015) did a study on effect of strategic leadership on the performance of devolved government system concluded that strategic leadership significantly and positively affect performance. The research however limited its area of study to Kakamega County Government hence the findings may not be applicable in a Health organization.

Ndunge (2014) examined influence of strategic leadership on implementation of change management practices in commercial banks using descriptive research design. The study found out that strategic leadership influenced implementation of change management practices in commercial banks. However, the study focused on implementation of change management practices and paid little attention to competitiveness.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

Research methodology refers to the process through which researchers collect information and data for the purposes of making business decisions. It was a way to systematically solve the research problem. The correct research methodology is important in helping the researcher to solve the research problems.

This section summarized the research methodology to be undertaken during the study. It covers research design, population, sampling techniques, data collection instruments and procedures, data processing and analysis.

To develop an understanding of the linkage between strategic leadership and sustainable competitive advantage of AAR healthcare Kenya limited, this study adopted both a case study research design and correlation research design. Both qualitative and quantitative approaches were also adopted.

### **3.2 Research Design**

The methodology taken by research is denoted by research design with intentions to meet its intended goals and is the guide or a master plan that defines the methods, techniques and processes for gathering and analyzing the required information or simply a model or blue print of operation for the study (Charmaz 2003).

The study adopted a case study research design. This type of research design allowed the researcher to execute an in-depth examination about the object being studied. Maxwell (2014) maintains that a case study focuses on a single unit of analysis; a single organization.

Under this design, the researcher sought information from interviewees who were grounded on the issues studied. Choice of a case study by the researcher was because it enabled her to get first-hand information which was reliable, relevant and accurate.

### **3.3 Data Collection**

An interview guide was used to collect data. Data was collected by interviewing five Heads of Departments. They include, The Managing Director, Head of Clinical Business Operations, Financial Controller and Quality Assurance Manager. This category of interviewees is believed to be conversant with matters that related to strategic leadership practices and the firm's competitive advantage.

Formulation of interview guide questions and its designing was guided by the objective of this study which determined the strategic leadership practices and competitive advantage of AAR Healthcare Kenya Limited. The interview guide consisted of three sections: Section A sought general information about the interviewees and AAR Healthcare Kenya Limited. Section B sought information on the strategic leadership practices adopted by AAR Healthcare Kenya Limited and section C sought information on the influence of strategic leadership practices and competitive advantage of AAR Healthcare Kenya Limited.

A one- on-one interview was carried out with the selected departmental heads. Prior arrangements were made to ensure that the interview meetings will be carried out at a convenient time. This ensured that enough time was created for the interview processes so that the interviewees could respond to all the questions posed by the interviewer.

### **3.4 Data Analysis**

This study applied content analysis. Neundorf (2013) contends that content analysis is an empirical scientific approach that is utilized to draw conclusion concerning the content in several kinds of communication for example interviews and observation protocols. Content analysis is also known as text analysis method applied in qualitative social research. Krippendorff (2004) posits that reading of texts is qualitative even if one decides to convert the content into numbers through counting.

Textual data was presented inform of an essay, a blend of responses from raw data and published sources were discussed in line with the research objective. Presentation of analyzed data was accomplished through inferring to the available literature in order to address the research question. This is because the researcher was able to identify patterns and themes as well as describe situations. Pertinent questions were raised to establish whether the outcome was consistent with the theories and empirical findings. Assessment was made in accordance with the frequency of the analysis.

The researcher carried validity testing to find out contradictory evidence and deviant cases. For contradictory evidence, the researcher demonstrated that supporting prevailed over the controversial. The researcher laid most of her concentration on key counter arguments and little time was given to controversial issues. Instead the researchers identified those issues and elaborate them giving much attention to the weak points. The researcher did not dip into those matters to prevent undermining supporting examples. The researcher also carried out constant comparison of findings from all the interviewees after which a conclusion was made on the basis of consistency of responses and convergence of thoughts.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

The chapter gives a discussion of findings that have been achieved through use of content analysis. These findings have been described in line with the objective for this research. The sub-topics discussed in this chapter include the background information, strategic leadership practices, the connection between strategic leadership practices and competitive advantage as well as the discussion of findings.

The results evidenced that aligning an organization's leadership style to its transforming business environment enhances its effectiveness while effective and efficient leadership style enable the organization attain better performance through enhancing commitment levels among their employees. The study acknowledges the effect of strategic leadership components; leadership style, ethical issues, organisational culture and effective organisational resource management on organisational competitiveness of the AAR health care in Kenya.

The findings of the study therefore provide various organization' management and industry regulators with relevant information that facilitate policy making and strategy development within the health industry that further seek to enhance the performance of the entire industry. The research also enriches the argument on strategic leadership and also contribute towards the current existing and literature relating to strategic leadership and organizational competitiveness, especially within the health industry in Kenya.

#### **4.2 Demographic Information**

The interviewees were requested to indicate their managerial positions, it was discovered that the interviewees were head of clinical business operations manager, finance manager, human resource manager, quality assurance manager and the managing director. The decision to choose this category of interviewees was because they were presumed to be involved directly in decision making regarding issues of strategic leadership practices.

Interviewees were asked to indicate the duration that they worked for AAR health care of Kenya. Quality assurance manager had worked in AAR Healthcare for 20 years, human resource manager was in her 2<sup>nd</sup> year and the rest were clocking their 10<sup>th</sup>, 12<sup>th</sup> and 14<sup>th</sup> years. Hence, we can conclude that most of the employees had worked in AAR Healthcare for more than 5 years. This was an indication that they had attained a significant experience regarding the implementation of strategic leadership practices and thus had a better understanding of how these practices impacted on the AAR Healthcare's competitive advantage.

The interviewees were requested to indicate the duration that they had served in their present capacity and it was revealed that three of the interviewees had served for 5 years in their present capacity. Other two heads of department were in their 2<sup>nd</sup> years in the present positions and the head of clinical business operations was in her 4<sup>th</sup> year. It can be concluded that the interviewees had a better understanding of how strategic leadership decisions were made and how they were aligned to the AAR health care's strategic goals and targets.

### **4.3 Strategic Leadership Practices of AAR health care of Kenya**

Regarding the most commonly utilized strategic leadership practices by AAR Healthcare, all the five interviewees totally agreed that setting targets (strategic direction), maximizing core competencies, training and development, organisational culture, code of ethics, autocratic leadership Style , democratic Leadership Style, laissez-faire Leadership style and bureaucratic leadership were the most commonly applied strategic leadership practices.

Interviewees indicated that ARR health care of have adopted leadership strategies which are generally effective. The effective human capital development stirs employees towards working efficiently. The current human capital development strategies impact organizational competitiveness more than traditional strategies.



Respondents indicated that lectures and conferences, mentoring, coaching, role playing and use of computer programmed instructions are utilised in the organizations in developing their human capital. Interviews indicated that AAR health care has adopted autocratic Leadership Style. Leaders at AAR health care are task centered and their focus is to get a certain task done quickly. AAR health care Leaders makes all the decisions and assigns tasks to members of the group and are usually guided by a powerful Managing Director who hold multiple titles

Interviewees also indicated that AAR health care have adopted democratic Leadership Style which encourages employees to be part of the decision making. AAR health care Leaders keeps their employees informed about everything that affects their work and shares decision making and problem solving responsibilities. These leaders are like a coach who has the final say, but gathers information from staff members before making a decision. Many employees at AAR health care like the trust they receive and respond with cooperation, team spirit, and high morale. Typically the AAR health care leaders develops plans to help employees evaluate their own performance, allows employees to establish goals, encourages employees to grow on the job and be promoted, recognizes and encourages achievement

Further, the interviewees indicated that AAR health care have adopted Laissez-faire Leadership Style. In this style of leadership AAR health care leaders are hands-off and allow group members to make the decisions. However, researchers have found that this is generally the leadership style that leads to the lowest productivity among group members.

The laissez-faire leadership is the extreme loose principle which includes non-interference policy that allows complete freedom to all the employees and has no particular way of attaining goals. Interviewees also indicated that through setting targets, AAR Healthcare was able to shape its strategic direction and employee actions in work towards achieving set goals and targets. Some interviewees (three of them) insisted that to realize this important goal, the strategic leader needed to engage the employees and the stakeholders in key decisions to successfully implement strategic leadership practices.

These findings abide to the observations made by Serfontein (2010) who explains that the strategic direction is a road map that defines the organisational objectives and how the management intends to achieve those objectives, the resources needed as well as defining how the organisation ought to work. He further argues that many organisations fail to incorporate internet and technological advances in their strategic vision which is critical in world of today. He further argues that by setting strategic direction the top management can easily influence employees to make decisions voluntarily in enhancing the prospects of an organisation's long-term success.

Another popular strategic leadership practice as indicated by the employees was core competencies. The interviewees were in agreement that by exploiting its core competencies, AAR Healthcare was able to deliver value to its customers. It was discovered that the AAR Healthcare's strategic leadership played a critical role in ensuring that the health care maximized its capabilities through making huge investments in advanced technology and adoption of health digital application to maintain its competitiveness.

Some of the interviewees' opined that core competencies gave the AAR health care a competitive edge over its competitors. As a result of being stable, AAR Healthcare invested in new technologies and this enabled the AAR health care to deliver value adding services. Nimsith, Rifas and Cader (2016) insist that core competencies were difficult to duplicate by other firms whether they were in existence or new entrants. They indicate firms might have several core competencies; these core competencies are also referred to as core capabilities or distinct competencies that help in creating a sustained competitive edge for firms. Companies across the industries identify and nurtures core competencies to boost their competitive gains and future growth.

Interviewees agreed that AAR Healthcare sponsored its employees on a quarterly training and development program so as to improve their skills and knowledge on how to plan, meet their targets and improve their efficiency. They argued that the AAR health care was responsible for developing human capital; people their skills, capabilities and intellectual property.

Employees were considered as essential human assets in AAR health care and thus strategic leadership of AAR Healthcare made efforts in developing human capital to enhance the quality of their input. These results are in consonance with Emmerling (2012) who explains that rationalizing human assets and building their capacity through training helps to nurture a team with a positive attitude for growth

All the interviewees agreed that organisational culture was a key component in influencing employees' behaviour, actions and how they interacted in the AAR health care. The AAR health care's strategic leadership had a duty to cultivate a supportive culture to inspire and encourage the employees in working towards set goals. The interviewees agreed that strategic leadership was a key proponent in implementation of strategy.

They had a duty to instil values and behaviours that greatly impacted on the employees' commitment and contribution towards implementation of the AAR health care's strategic plans. Hill and Jones (2010) found that most organizations failed to successfully implement strategy because of failing to integrate their culture to strategy. Some interviewees emphasized that organisational culture was an essential component in aligning organisational activities and employees in the implementation of strategic leadership practices as supported by Chung and Kim (2013) who indicated that successful implementation of strategic leadership was characterized by a supportive culture that guided employees' behaviours and actions. In view of this,

Von Hippel (2011) highlights the supportive role of organisational culture in cultivating norms and values that motivate and encourage employees to work in a similar direction. Three interviewees argued that organisational culture influenced employees' perception about change and thus minimized resistance to change. In line with this, Spender (2011) insists that a cultural setting influences employees' change perception this provides a solid ground to easily persuade employees to participate in the implementation of strategic leadership.

Further, the interviewees averred that the code of ethics was a critical item of strategic leadership practice. Interviewees agreed that through the AAR health care's strategic leadership maintained a code of ethics by ensuring that their employees complied with the codes of conduct. As explained by Toor and Ofori (2009), code of ethics prompts the employees to be heedful of professional ethics to shield themselves from ethical conflicts.

Three of the interviewees noted that codes of conduct guided employees' behaviour and the manner in which they conduct themselves when transacting business in the AAR health care. The interviewees argued that AAR health care that was seeking to build and maintain its reputation and credibility to its customers and investors was concerned about the behaviour of its employees. This finding conformed to the observations of Hoskisson and Johnson (2012) who argued that effective strategic leadership must uphold good morals and ensure that the employees abide to the ethical principles and standards.

About the best strategic leadership practice implemented by AAR Healthcare, the interviewees agreed that the best strategic leadership practice implemented by AAR health care of Kenya was setting a strategic direction since it provided a foundation for the implementation of all the other strategic leadership practices. The interviewees indicated that this practice was the most critical because, AAR Healthcare had to first set its strategic direct direction that provided a clear road map on the direction that the AAR health care wanted to take.

Interviewees were requested to explain about the least effective strategic leadership practices. All the five interviewees were in agreement that none of the strategic leadership practices was least effective since implementing strategic leadership practices was a process in which each and every practice depended on each other. Findings are supported by Kasasbeh, Harada, Abdullah and Basman (2014) who exclaimed that implementation of strategic leadership practices was a process in which the success of implementation of each practice dependent on the other.

After setting strategic direction, the executive management creates an environment that allows the AAR health care to maximize on its core competences and this requires trained employees who understand the AAR health care processes and procedures to be able to work efficiently towards the set targets. Organisational culture is important in defining employees' beliefs and norms since it impacts on how employees do things and how they behave in the organisation. Moreover, code of ethics is essential in defining the behaviour of employees in the work.

With regard to how AAR Healthcare had utilized advanced technology to enhance strategic leadership practices, all the interviewees agreed that the AAR health care had committed huge investments and resources in investing in modern technology. Regarding the contribution of strategic leadership practices in enabling employees to accomplish their set targets, interviewees universally agreed that strategic leadership practices have played a significant role in enabling employees to realize their set targets. These results match the findings by Lufthans (2012) who concluded that strategic leadership practices aided employees to realize their set goals and targets. Interviewees contended that implementation of strategic leadership enabled AAR Healthcare to shape its vision, accomplish targets and improve overall performance of the AAR health care. These findings are consistent to a study by Holman (2011) who found a significant relationship among strategic leadership and organisational performance. Two interviewees pointed out that adoption of strategic leadership practices aided the executive management to express their strategic vision and to persuade employees to work towards acquiring their vision.

Interviewees concurred that strategic leadership helped the management in managing employees towards the right direction; and driving strategic change by aligning the organisational resources and the employees to the organisation's strategic vision in order to influence employees in working towards achieving set goals and targets. This is in agreement with the observations made by Taylor (2010) who emphasized on strategic leadership was essential in providing direction and shaping the strategic vision of an organisation. This enhanced team spirit, shared goals and motivation amongst employees.

The research revealed that AAR health care have a strategic intent of becoming the recognized sector leader and availing the best customer service while an equally large number seek to change a new technology to a capability that is transformative. The findings also indicated that a firm' aggressiveness of becoming a winner in a market place, efficient execution of an organization' strategic vision and mission, clearly defining the path followed by the organization in executing its vision and adopting an intent strategic leadership assessment of the organization' business environment are likely to impact competitiveness. On the other hand, it was not conclusive as to whether complete understanding of a firm' stakeholders, establishing more revolutionary organizational visions and developing specific milestones for the organization' staff to work toward is likely to impact competitiveness.

#### **4.4 Strategic Leadership Practices and Competitive Advantage of AAR health care of Kenya**

The results depict that the AAR Healthcare consider the importance of adopting an effective leadership style in enhancing its competitiveness and to a good degree, the competitiveness of the banks can be attributed to the effective organizational leadership style adopted. It was also evident that effective strategic leadership style encapsulates managers within all levels of management of the firm while good leadership style facilitate the organization in attaining competitiveness through improving employee levels of commitment.



On whether the implementation of strategic leadership practices improved the relationship among employees working for AAR Healthcare, all the interviewees agreed that strategic leadership practices enhanced the relationship between employees by uniting them to work towards similar goals. The employees had shared goals and values and this strengthened the relationship between them by building strong bonds and motivating them in working accomplishing set goals and targets. Adoption of strategic leadership practices has improved communication and the level of interaction amongst the employees and between the employees and the top management. This is also supported by Sanchez et al (2011) who contended that strategic leadership practices encouraged a harmonious working relationship among employees.

Further, respondents indicated that the competitiveness of AAR Healthcare lies in its ability to effectively manage its human and social capital which impacts individuals towards achieving performance improvement. The study also established that current human capital development strategies impact organizational competitiveness more than traditional strategies while effective human capital development stirs employees towards working efficiently through uncertain and turbulent business environments.

Four interviewees pointed out that the executive management of AAR Healthcare involved the employees in key decisions and this gave them an opportunity to express their views. This helps to build a positive relationship between the management and the employees and thus minimize resistance to change. Hence, this provided a solid ground for the executive management to effectively implement strategic leadership practices.

Whether implementation of strategic leadership practices improved value for products and services, interviewees universally agreed that application of strategic leadership practices improved value for services offered by AAR Healthcare. AAR Healthcare had customized services to address specific consumer needs. Whether the adoption of strategic leadership practices lowered customer complaints, all the interviewees agreed that AAR Healthcare recorded a significant reduction in customer complaints from the implementation of strategic leadership practices. In line with this, Hsieh and Yik (2011) found that strategic leadership practices were positively linked to a decline in customer complaints.

Interviewees noted that the AAR health care's customer care personnel demonstrated empathy and professionalism when handling customer complaints. The AAR health care also dealt with customer queries through telephone calls, short text messages, resolving customer disputes, giving customers' information about the services and products and explaining to them the procedures through providing the required information and responding to questions. It was observed that the AAR health care, through its customer service personnel was able to identify and prioritize matters whenever there was a need.

Four interviewees insisted that it was through the implementation of strategic leadership practices that the AAR health care became stricter in keeping customer records in accordance to the standard operating procedures. These results abide with Golnaz and Brian (2011) and Ogbonna and Harris (2012) who unearthed that successful implementation of strategic leadership practices was positively related to a major reduction in customer complaints.

Concerning whether the implementation of strategic leadership practices improved customer satisfaction, all the interviewees were of the opinion that strategic leadership practices improved the satisfaction of customers. Consistent to these findings is the observation made by Green and Burke (2012) who revealed that strategic leadership impacted positively on the satisfaction of customers. Three of the interviewees revealed that progress that AAR Healthcare had made in strengthening its relationship with the customers such that it was able to establish long-term mutual relationships with its customers.

By strengthening its customer relationships AAR Healthcare has shaped its management efforts in handling business interactions with customers and aligning business processes. A close customer interaction has enabled AAR Healthcare to gain a deeper understanding of the customer by offering them with customized products or services that can specifically address their needs in priority areas. Thus, AAR Healthcare was able to meet the needs of its customers efficiently and in some cases the AAR health care was able to go beyond the expectations of its customers. However, this was received well by the customers using real-time feedback mechanism through live chats and emails.

#### **4.5 Discussion of Findings**

Regarding AAR's implementation of strategic leadership practices, all the interviewees reported that the strategic leadership practices utilized by AAR were setting strategic targets, maximizing core competencies, continuous training and development, organisational culture and code of ethics. By setting strategic targets, the executive management of AAR was able align the AAR health care's strategic goals to the vision of the AAR health care. It acted as a guide in influencing organisational activities and employees as well as ensuring that organisational resources are aligned towards achieving corporate goals and objectives. This results Phipps and Burbach (2010) who observed that setting strategic direction and targets gave employees direction to work and accomplish set targets. According to Irene (2013), effective Human Resources Management (HRM) provides a means, through which an organization attracts, retain and adequately develop its employees for a sustained growth and increased competitiveness.

A number of HRM literatures point out to several newer approaches towards organizational staff development. Fresh and new skills and knowledge can be passed through an organization's employees by the use of new technologies and adapting to innovative training methods including PI (programmed instructions), computer and simulated games, role playing and audio-visual tools are more efficient and therefore the same are being extensively applied within current training curriculums (Armstrong, 2010).

Interviewees noted that AAR maximized on its strengths, because of its stability, the health care invested largely on innovation to improve the quality of its services and minimize its operational costs. Interviewees indicated that AAR utilized technology as a strategic tool in developing its capabilities to deliver services efficiently. This finding is in agreement Nada and Zahari (2014) who contended that technology was utilized as a strategic tool to boost organisational performance.

Interviewees were in harmony that investing in human asset was a key driver towards successful implementation of strategic leadership practices in AAR. The argued that trained employees were self-motivated and competent in their work. Abdul et al (2016) validate these findings; he explains that employee is the human capital of any organisation, engaging employees in regular helped in improving their efficiency in achieving targets.

Three interviewees noted that organisational culture provided a supportive environment that influenced employees to work towards attaining corporate goals. Top management aligned organisational culture to the AAR health care's strategic goals and targets. Spender (2011) posits that the culture of an organisation defines the manner in which employees and top management interacts in the implementation of strategic leadership practices. It also influences employees' perception to change.

All the interviewees agreed that AAR had a code of conduct that guided employees' behavior in the organization. Top management acted as role models to the employees by abiding with the code of conduct. These results coincide with Denton and Vloeberghs (2010) who ascertained that with a code of ethics employees got guidance on how to behave in the organisation particularly on issues that concerned integrity.

Interviewees were requested to explain how the implementation of strategic leadership practices improved relationship between employees. All the interviewees agreed that implementation of strategic leadership practices united the employees in sharing similar goals and vision. This way, employees supported the direction by the top management without protest. This improved the employees' level of commitment and unity in working towards achieving corporate goals. These results are consistent to Phipps and Burbach (2010) emphasized the need to ensure that the employees feel comfortable with each other by sharing a good rapport and working in close coordination towards accomplishing a similar goal. Interviewees indicated that strategic leadership implementation promoted a healthy relationship among their employees.

On whether implementation of strategic leadership practices improved value addition to AAR, the interviewees agreed that implementation of strategic leadership practices improved AAR's value for its products and service. Through its huge investment in technology, the AAR health care was able to lower transactional costs for its customers, products and services were differentiated to suite cater for a wider market segment.

Implementation of strategic leadership practices led to a reduction in customer complaints. In view of this, Nthini (2013) discovered that strategic leadership implementation led to a reduction in customer complaints. All the interviewees agreed that implementation of strategic leadership practices resulted into increased customer satisfaction. Interviewees cited various ways that led to their satisfaction as a result of AAR efforts to implement strategic leadership practices. Top management executive of AAR adopted a participative form of leadership that allowed all the stakeholders to be involved in key decisions including the customers. Credit and compliance did physical visits to their customer businesses to find out the problems that they experienced, as such these informed the bank on the kind of products or services to design in order to address customer needs. These results are consistent Kinyanjui (2015) who indicated that successful implementation of strategic leadership practices contributed positively towards improved customer satisfaction.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

Under this chapter, the study gives summarized findings drawn from the previous chapter that have been done in line with the objective for this study which was determining the contribution of strategic leadership practices on AAR health care of Kenya's competitive advantage. The areas discussed in this research are as follows: summary of findings, a conclusion, recommendations, study limitations and suggestions for future research.

Data was collected by interviewing five clinical business operations manager, finance manager, human resource manager, quality assurance manager and the managing director. These categories of interviewees were believed to be conversant with matters that related to strategic leadership practices and the firm's competitive advantage.

The interviewees had attained a significant experience regarding the implementation of strategic leadership practices and thus had a better understanding of how these practices impacted on the AAR Healthcare's competitive advantage. The interviewees were requested to indicate the duration that they had served in their present capacity and it was revealed that three of the interviewees had served for 5 years in their present capacity



## **5.2 Summary**

This section gives summarized findings on implementation of strategic leadership practices and their contribution towards improving AAR health care competitive advantage. The study revealed that AAR health care has adopted autocratic Leadership Style. Leaders at AAR health care are task centered and their focus is to get a certain task done quickly. AAR health care Leaders makes all the decisions and assigns tasks to members of the group and is usually powerful CEOs who hold multiple titles. The study established that AAR health care have adopted democratic Leadership Style which encourages employees to be part of the decision making. AAR health care Leaders keeps their employees informed about everything that affects their work and shares decision making and problem solving responsibilities. Also, the study revealed that AAR health care has adopted Laissez-faire Leadership Style. In this style of leadership AAR health care leaders are hands-off and allow group members to make the decisions.

In addition, setting direction (targets) was another strategic leadership practices adopted by AAR health care. The interviewees reported that setting targets allowed the AAR health care to determine its desired achievements. Success in setting effective strategic goals was promoted by the ability of the leaders to develop a vision and communicate it to the employees.

AAR developed core competencies by investing in technology and innovation in designing superior products and services that add value to the customers. The AAR health care had quarterly training programs as a strategic leadership practice to build employees' skills and knowledge a supportive culture that gave employees an environment to effectively participate in the implementation of strategic plans. AAR's formulation of code of ethics was a great strategic leadership practice. The interviewees indicated that the determining factor on success of strategic leadership practices was nature of implementation.

The AAR health care's ability to gain competitive advantage in the industry depended on its efficiency in meeting the set targets. AAR did set targets to its employees to provide direction and cultivate them to work towards achieving corporate goals. Adoption of strategic leadership practices improved communication and interaction among the employees and motivated employees to work harder towards improving the quality of employee services as evidenced from the reduced number of customer complaints. This contributed positively in improving the AAR health care's efficiency in the delivery of services. Improved efficiency attracted more customers leading into increased sales giving the AAR health care a competitive edge against its rivals. Implementation of strategic leadership practices by AAR enhanced its interaction with the customers and this strengthening their relationship which resulted into customer loyalty.

### **5.3 Conclusion**

It can be concluded that the most commonly applied strategic leadership practices at AAR health care of Kenya included setting strategic direction (targets), core competencies, training and development programs, organisational culture, code of ethics autocratic leadership style, democratic leadership style, laissez-faire leadership style and bureaucratic leadership. All these strategic leadership practices were considered to be important since none of them could be implemented in isolation. The AAR health care considered it a necessity to implement these practices to realize corporate goals and to effectively survive in an environment that was dynamic.

Strategic leadership practices were found to contribute effectively towards building and strengthens the relationship between employees by sharing common goals and shared values in working towards the same goals. These practices helped the AAR health care to enhance its efficiency in decision making processes since these practices were aligned to the AAR health care's strategic goals. Thus, the AAR health care was able to deliver value adding products and services that enhanced the satisfaction of the customers.

The AAR health care also recorded significant reduction in customer complaints as a result of implementing strategic leadership practices and this contributed to the AAR health care's competitive advantage. The findings will provide reference information to researchers who seek to expound on the concept of strategic leadership and the health industry' competitiveness.

#### **5.4 Recommendations**

AAR health care of Kenya should pool more funds and resources to invest in technologies and innovation so as to improve employees' efficiency and minimize operational costs. The AAR health care will be able to deliver value adding services that cater for evolving customer needs and thus attract more customers. This will result into increased services and improved AAR health care performance.

AAR health care of Kenya should sponsor its staff to a continuing training and development program in order to expose the employees to specialized skills and knowledge. Thus, bolster their understanding of strategic leadership practices and its impact on the AAR health care's competitive advantage. This will boost efficiency in execution of their tasks and motivate employees to work towards their set targets.

Top management should provide adequate support to their staff in form of resources and facilities. With a conducive environment, the employees feel more comfortable to work and relate with their colleagues. This makes working enjoyable and provides the employees with a safe environment to work and accomplish their set targets. Ministry of health of Kenya should set uniform policies that encourage private and public hospitals to embrace strategic leadership practices. This will lead to the adoption and implementation of strategic leadership practices among health care institutions. Thus, promote good health care in Kenya.

### **5.5 Limitations for the Study**

Due to time and cost constraints the study limited itself to a single organisation: AAR health care of Kenya. This implies that the findings obtained under this study cannot be utilized for direct application in another private healthcare or even the public hospital to generalize the results got from this study. A wider scope could have provided basis of comparison and generalization of the findings.

The interviewees are senior management and were difficult to book an appointment. This took a long period of time to achieve while all the interviewees were not fully available. Four of the interviewees rescheduled a few times when they were needed to give information.

Open-ended questions only were utilized under this study. A blend of both closed-ended and open-ended questions could have allowed the researcher to collect more detailed information that is sufficient for more detailed and comprehensive findings. This could have improved the quality of the results obtained in this study.

### **5.6 Areas for Further Research**

Researchers in future might consider duplicating this study in the public hospitals. This will help researchers to compare strategic leadership practices so as to establish the best practices. Further, they will enhance their understanding on the challenges experienced by the public hospitals in implementing strategic leadership practices and ways to counter these challenges.

A replica of this study should be executed using an explorative research design to find out the cause and effects of strategic leadership practices on competitive advantage. Then, suggestions can be made on the most effective strategic leadership practices that can sustain the firm's competitive advantage in the long-term. Thus, provide a solid basis for a more reliable conclusion.

The needs of the customers keep changing and other external factors such as technological changes, competition and regulations. These changes influence the management's approach to strategic leadership decisions and practices in order to cope with the environment. It is advisable for the future researchers to replicate this study after a period of time say for like 10 years to find out some of the strategic leadership practices utilized then and compare findings.

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## APPENDICES

## APPENDIX I: INTRODUCTION LETTER



### UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

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

P.O. Box 30197  
Nairobi, Kenya

DATE 9/11/18

#### **TO WHOM IT MAY CONCERN**

The bearer of this letter MYMOONA MOHAMMED



Registration No. DEI/37652/2015

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

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her 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.

  
  
**PROF. JAMES M. NJIHIA**  
DEAN, SCHOOL OF BUSINESS

## APPENDIX II: INTERVIEW GUIDE

### Section A: Background Information

1. Name of the Sector/Department.

.....  
.....

2. What managerial position/Designation do you hold?

.....  
.....

3. How long have you been working for the AAR Healthcare Kenya Limited?

.....  
.....

4. How long have you been working in your present capacity?

.....  
.....

### Section B: Strategic Leadership Practices

i. In your view, what are some of the most popular strategic leadership practices adopted by your firm?

.....  
.....

ii. In your view, what is the best strategic leadership practice adopted by your firm?

.....  
.....

iii. In your view which is the least effective strategic leadership practice adopted by your firm? Please explain in details.

.....  
.....

iv. Please explain how modern technology has been utilized to improve strategic leadership practices by your firm?

.....  
.....

v. In your opinion, explain how the adoption of strategic leadership practices has enabled employees to achieve their set targets?

.....  
.....

**Section C: Strategic Leadership Practices and Sustainable Competitive Advantage**

i. Please explain to me how the adoption of strategic leadership practices has improved your relationship with your fellow employees?

.....  
.....

ii. Please explain whether the adoption of strategic leadership practices by your firm has improved value addition for services offered?

.....  
.....

iii. (a). Kindly tell me whether the adoption of strategic leadership practices has minimized customer complaints? Yes or No

.....  
.....

b). If yes, please in details

.....  
.....

iv. In your view, has the adoption of strategic leadership practices by your firm improved customer satisfaction?

.....  
.....

v. In your view, has the adoption of strategic leadership practices by your firm improved brand recognition by the customers?

.....  
.....

vi. In your view, has the adoption of strategic leadership practices improved your organization growth?

.....  
.....

vii. In your view, has the adoption of strategic leadership practices improved your organization market share?

.....  
.....

## APPENDIX III: CONFIRMATION OF DATA COLLECTION



Prof Z. B. Awino  
University of Nairobi  
School of Business  
NAIROBI, KENYA

Dear Sir

**RE: RESEARCH PROJECT DATA COLLECTION.**

This letter confirms that Mymoona Mohammed Reg No. D61/77652/2015 carried out an interview with five Senior Managers of AAR Healthcare K. Ltd.

This was for a project titled "Strategic Leadership and Sustained Competitive Advantage of AAR Healthcare K. Ltd."

The findings of the research are solely for academic purpose.

Yours Sincerely  
For: AAR Healthcare K. Ltd



Joan Karanja  
HR Business Partner



## APPENDIX IV: PLAGIARISM REPORT

### STRATEGIC LEADERSHIP AND SUSTAINABLE COMPETITIVE ADVANTAGE OF AAR HEALTHCARE KENYA LIMITED

#### ORIGINALITY REPORT

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<b>13%</b>	<b>6%</b>	<b>2%</b>	<b>4%</b>
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

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#### PRIMARY SOURCES

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<b>1</b>	<b>Submitted to Strathmore University</b> Student Paper	<b>2%</b>
<b>2</b>	<b>www.ukessays.com</b> Internet Source	<b>1%</b>
<b>3</b>	<b>Submitted to Oxford Brookes University</b> Student Paper	<b>1%</b>
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