

**ADOPTION OF STRATEGIC ISSUE MANAGEMENT BY PRIVATE
HOSPITALS IN NAIROBI, KENYA**

BY

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**A Management Research Project Submitted In Partial Fulfillment Of The Requirements Of
The Master Of Business Administration (MBA) Degree,
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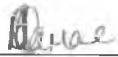
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DECLARATION

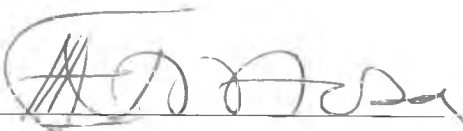
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Date 9th November, 2007

RUTH WANJIRU WAMAE

This research project has been submitted for examinations with my approval as the University supervisor

Signed 

Date 9/11/2007

PROF. EVANS AOSA

DEDICATION

This project is dedicated to my family for their love, patience, help, support, encouragement and prayers which saw me through the entire course. Special appreciation goes to my husband Mungai Kinyanjui and my children Barbara and Caesar who endured my absence during the entire course.

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I wish to thank Almighty God for giving me the courage, time and strength to work on this project.

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I also extend my appreciation to all my lecturers who contributed immensely in seeing me through the entire degree project

Finally I wish to acknowledge all my friends and colleagues for their moral support.

Thank you all and may God reward you and His blessings shine on you always.

ABSTRACT

Strategic issue management has evolved over the last few decades and has become a distinct discipline that adds strategic value to organizations. In order to successfully implement its strategy, in an increasingly turbulent environment an organization needs to develop strategic issue management systems. This will enable the organization to deal with surpriseful events emerging, from the internal or external environments, which are perceived to have the potential to affect an organizations performance.

The study set to determine strategic issue management in private hospitals situated in Nairobi. The objectives of the study were to establish the practice of strategic issue management in private hospitals in Nairobi, Kenya and to identify factors that determine the practice of strategic issues management in private hospitals in Nairobi, Kenya. The study is significant to the hospital managers as it promotes managers strategic thinking when addressing the issues affecting their customers as well as the employees. It assists managers in identifying gaps that may require re-evaluation. It therefore creates awareness of the importance of strategic issue management as an essential tool in strategic management in the hospitals. Academicians will use the study as a basis upon which further research on issues in strategic management could be done in hospitals among other social organizations.

The research was conducted as a survey of private hospitals in Nairobi, Kenya, The population of interest consisted of private hospitals that were recognized by the Ministry of Health (MOH). There are 58 private hospitals in Nairobi. All hospitals were contacted, and 40 responded by filling the questionnaire. This was a response rate of 68.97%. This became the achieved sample of this study.

The main instrument in data collection was through semi structured questionnaires targeting one senior manager in each hospital. Questionnaires were either dropped and picked later or emailed to the respondents. The quantitative data was analyzed by the use of descriptive statistics and then presented through percentages, means, standard deviations, frequencies and charts.

The research findings indicate that most private hospitals have adopted strategic issue management and there were established systems of dealing with strategic issues. 57% indicated that the importance of strategic issue management was clear to all line managers while 47.5% indicated that it was not clear to all staff in the hospital. System delay in information flow and time taken to study new unfamiliar new issues were identified by most hospitals as the most important factor that coursed delay in taking corrective decisions. All hospitals indicated that they faced various challenges in implementing strategic issue management.

The study recommends strategic issue management as a process of specifying the organization's objectives, developing policies and plans to achieve these objectives. To implement the policies and plans to achieve the organization's objectives it should be highly implemented in the hospitals for them to realize these set goals and objectives.

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CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 Strategic Issue Management

Strategic management is an ongoing process that assesses the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors. Each strategy is then reassessed annually or quarterly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment (Lamb, 1984).

Businesses of all sizes practice some form of strategic management. Businesses use strategic management to formulate as well as implement strategy in order to compete successfully. Lawrence & Lorsch (1967) stressed that strategic management is applied for the purposes of molding, directing and relating an organisation effectively to its environment. Furthermore, Murray (1988) considered strategic management as the most critical element of the management of organisations because it explains success and survival to a large extent.

Much of the research on strategic management focuses on business strategies, environment and organisational performance suggests business strategy can influence organisational performance (Karemu, 1993). Strategic issues management is a managerial function that helps corporations to identify, analyze, and respond to social and political concerns that can significantly affect them (Miles & Snow, 1978).

A strategic issue is a forthcoming development, which is likely to have significant impact on the ability of the organization to meet its objectives (Ansoff and McDonnell 1990). It can be internal or external. An issue may be welcome; an opportunity to be grasped in the environment, or an internal strength which can be exploited to advantage. Or it can be unwelcome; an external threat or an internal weakness which endangers continuing success or even the survival of the enterprise. Issues as different as a nonperforming department, changes in the government policy, change professional standards, declining population, or a new entrant in the industry may become strategic issues to an organization.

Strategic issue management is a systematic approach to a major and increasingly important responsibility of general management to position and relate the firm to its environment in a way which will ensure its continued success and save it from surprises (Comerford and Callaghan, 1985). Strategic issue management entails establishment of a mechanism to identify current and future issues through environmental scanning and analyzing of those issues. It also entails listening to and acknowledging the soundness of public opinions. This results in the achievement of high standards of corporate responsibility.

Strategic issue management (SIM) systems are a set of organizational procedures and routines devoted to perceiving, analyzing and responding to strategic issues (Duncan and Weiss, 1979). The strategic issue management system enhances an organization capacity to adopt to its environment. During the last three decades strategic issue management has established a distinct discipline to add value to organizations. In an environment where turbulence is discontinuous and surprising, organizational flexibility and real time judgment and decisions are necessary so as to enhance effective analysis and diagnosis to novel issues.

An organization could adopt two main planning systems in the implementation of strategic management. The two types of systems would include periodic planning and real-time planning. Periodic planning concerns itself with determining the basic thrusts of an enterprise. SIM addresses deviations from these thrusts which may occur as a result of new opportunities, threats, strengths and weaknesses through real time planning. An enterprise which is well coordinated (or too small to have coordination problems) and which has well developed and promising strategic thrusts, may need only a simple periodic system such as financial control, or long range planning. But if the extent and/or internal environments are turbulent such an enterprise will be advised to use SIM (Ansoff and McDonnell, 1990).

1.1.2 The Private Health Sector in Kenya

The first hospitals in Kenya were started by missionaries and the government. The missionary hospitals were taken up by the churches who continued to manage them as non-profit making enterprises. In the 1960s there was a deliberate effort by the government to increase health facilities throughout the country. This also led to establishment of large hospitals in the provinces and districts with large population. Mwangi (2001) argues that the provision of health services has been in the sole hands of the government. However the current trends have seen proliferation of private investors in this area.

A private hospital is an entity that provides medical care to patients on funds generated by the entities owners and fees paid by such patients (Gakombe, 2004). The government was largely unable to provide adequate hospitals and this led to a rapid increase in the number of private

hospitals which mushroomed all over the country. According to Gakombe, (2004) there were about 400 hospitals in the year 2003. 60% were government hospitals while 40% were private hospitals. The increase in the number of private hospitals has continued. The services offered in these hospitals are expected to be of high quality while the cost should remain reasonable as they compete for patients whose expectations continue to increase. The private hospitals are not only faced with stiff competition among themselves but they have to compete with the government hospitals whose seem to be improving services and offering free treatment for various illnesses and conditions.

Private enterprises that adopt strategic issue management have a greater chance of surviving a highly competitive environment. Strategic issue management has proved to be an effective means of performance improvement. It is upon this background that this study is formulated to establish how strategic issue management is be adopted by private hospitals in Nairobi.

Hospitals face a lot of challenges in their work. These challenges may include handling of unexpected emergencies as a result of accidents which result in large numbers of badly injured patients have to be attended to, staff threatening to go on strike , breakdown of critical equipment, disclosure of patient information or even a power failure. They constitute some of the supriseful events that the management may have to deal with as they go about their routine duties.

1.2 Statement of the Problem

A number of strategists use strategic planning techniques to deal with change. Heijden (1996), for example, says that change and uncertainty make “optimum strategy” determination impossible. We have neither the time nor the information required for such a calculation. The best we can hope for is what he calls “the most skillful process”. The fast changing business environment is too uncertain making it difficult for an organization to find sustainable value in formulas of excellence or competitive advantage. Strategic issue management is a technique in which multiple outcomes can be developed, their implications assessed, and their likeliness of occurrence evaluated.

In their study of major European based companies, Oomems and Bosch (1999) established that firms were facing challenges that have made them start organizing for issue management. They are developing a systematic process of identifying, evaluating and responding to strategic issues affecting the company.

Given the current uncertainty and surprising environmental turbulence in the global context, and more so in Kenya, there is a need to institutionalize flexibility and dynamism in planning and implementation of strategies. No longer can any enterprise depend on historical trends or projected trend without critically observing analyzing and evaluating “surpriseful events and issues” which affect the known trend, be it external, internal or performance.

According to Mwangi (2001) changes have been taking place affecting the healthcare industry in Kenya. Hospitals has encountered many new entrants which have lead to intensive turbulence and competition among the private hospitals. Some of the surpriseful issues being faced by hospitals today range from disclosure of private patient information which is against the medical ethics, rapid changes in technology which calls for new equipment to changes in customer expectations. Kent and Rushetsky (1998) argue that the public can exert influence on healthcare policies not only as purchasers of healthcare but also by the perceptions, attitudes and values they bring to the healthcare system as customers. Consequently there may be a contrast between the rapidly changing demands on hospitals and the structural rigidities of hospitals themselves.

However, despite intensive research having been carried out in the healthcare industry in relation to strategic management practice by hospitals in Kenya, there is no research that has been undertaken to specifically address strategic issue management as a technique adopted by private hospitals to deal with environmental turbulence, frequent changes and the need to respond to these changes in order to remain successful. There is therefore a knowledge gap that warrants more research in this sector.

1.3 Objectives of the Study

This study has two objectives:

- i. To establish the practice of strategic issue management in private hospitals in Nairobi, Kenya
- ii. To identify factors that determine the practice of strategic issues management in private hospitals in Nairobi, Kenya

1.4 Significance of the Study

The study is invaluable to the hospital managers as it promotes managers strategic thinking when addressing the issues affecting their customers as well as the employees. It assists managers in identifying gaps that may require re-evaluation. It therefore create awareness of the importance of strategic issue management as an essential tool in strategic management in the hospitals

The study is also invaluable to academicians as it forms a basis upon which further research on issues in strategic management could be done in hospitals among other social organizations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of Strategy

Strategy can be seen as the building of defenses against competitive forces, or as the finding of positions in the industry where competitive forces are weakest. By strategy managers mean their large scale, future oriented plans for interacting with the competitive environment to optimize achievement of organization objectives. Thus, a strategy represents a firms "game plan" (Pearce and Robinson, 2003).

Porter (1980) states that strategy is basically about competition and the means by which an organization tries to gain a competitive advantage. He has described a category scheme consisting of three general types of strategies that are commonly used by businesses. These three generic strategies are defined along two dimensions: strategic scope and strategic strength. Strategic scope is a demand-side dimension and looks at the size and composition of the market you intend to target. Strategic strength is a supply-side dimension and looks at the strength or core competency of the firm. In particular he identified two competencies that he felt were most important: product differentiation and product cost (efficiency). Porter simplifies the scheme by reducing it down to the three best strategies. They are cost leadership, differentiation, and market segmentation (or focus). Market segmentation is narrow in scope while both cost leadership and differentiation are relatively broad in market scope.

Ansoff (1980) pointed out four possible corporate strategies namely; market penetration, product development, market development and diversification as strategies that managers could consider as ways to grow the business via existing and/or new products, in existing and/or new markets.

However, he points out that a diversification strategy stands apart from the other three strategies. The first three strategies are usually pursued with the same technical, financial, and merchandising resources used for the original product line, whereas diversification usually requires a company to acquire new skills, new techniques and new facilities. Therefore, diversification is meant to be the riskiest of the four strategies to pursue for a firm. According to him, diversification is a form of growth marketing strategy for a company. It seeks to increase profitability through greater sales volume obtained from new products and new markets. Diversification can occur either at the business unit or at the corporate level. At the business unit level, it is most likely to expand into a new segment of an industry in which the business is already in. At the corporate level, it is generally entering a promising business outside of the scope of the existing business unit. Strategy is therefore a fundamental framework through which the organization can simultaneously assert its vital continuity and facilitate its adaptation to the changing environment.

2.2 Strategic Management

Strategic management as a discipline originated in the 1950s and 60s. There are numerous early contributors to the literature on strategic management. Chandler (1962) recognized the importance of coordinating the various aspects of management under one all-encompassing strategy. Prior to this time the various functions of management were separate with little overall coordination or strategy. Interactions between functions or between departments were typically handled by a boundary position, that is, there were one or two managers that relayed information back and forth between two departments. He also stressed the importance of taking a future looking long term perspective. In his groundbreaking work, strategy and structure, he showed that a long-term

coordinated strategy was necessary to give a company structure, direction, and focus. He argues that structure follows strategy.

Selznick (1957) introduced the idea of matching the organization's internal factors with external environmental circumstances. This core idea was developed into what we now call strengths, weaknesses, opportunities and threats (SWOT) analysis. Strengths and weaknesses of the firm are assessed in light of the opportunities and threats from the business environment. Many scholars have contributed on the area of SWOT analysis. Ansoff (1965) built this work by adding a range of strategic concepts and inventing a whole new vocabulary. He developed a strategy grid that compared market penetration strategies, product development strategies, market development strategies and horizontal and vertical integration and diversification strategies. He felt that management could use these strategies to systematically prepare for future opportunities and challenges. In his 1965 classic work on corporate strategy, he developed the "gap analysis" which is still used today in which we must understand the gap between where we are currently and where we would like to be, then develop what he called "gap reducing actions".

Drucker (1954) stressed the importance of objectives. He stated that an organization without clear objectives is like a ship without a rudder. He developed a theory of management based on objectives. This evolved into his theory of management by objectives (MBO). According to Drucker, the procedure of setting objectives and monitoring your progress towards them should permeate the entire organization, top to bottom. His other seminal contribution was in predicting the importance of what today we would call intellectual capital. He predicted the rise of what he called the "knowledge worker" and explained the consequences of this for management. He said

that knowledge work is non-hierarchical. Work would be carried out in teams with the person most knowledgeable in the task at hand being the temporary leader.

Strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its objectives. It is the process of specifying the organization's objectives, developing policies and plans to achieve these objectives, and allocating resources to implement the policies and plans to achieve the organization's objectives. Strategic management, therefore, combines the activities of the various functional areas of a business to achieve organizational objectives. It is the highest level of managerial activity, usually formulated by the Board of directors and performed by the organization's Chief Executive Officer (CEO) and executive team. Strategic management provides overall direction` to the enterprise and is closely related to the field of Organization Studies, (David, 1989).

Chandler (1962) views strategic management as the determination of the basic long-term goals and objectives of an enterprise, the adoption of courses of action and the allocation of resources necessary for carrying out these goals. According to Quinn (1980), a strategy is the pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole.

Lawrence and Lorsch, (1967) argues that effective strategic management should be characterized by; a clear business strategy and vision for the future, a strategic direction endorsed by senior managers, taking account of partners and other stakeholders, a mechanism for, a framework for governance at several levels that ensures you can coordinate everything (multiple goals) even when there are competing priorities and different goals, the ability to exploit opportunities and

respond to external change (turbulence) by taking ongoing strategic decisions, and a coherent framework for managing risk - whether it is balancing the risks and rewards of a business direction, coping with the uncertainties of project risk or ensuring business continuity

Strategic actions are influenced by the environmental factors. Changes in the environment will lead to changes in objectives and strategy (Pearce and Robinson, 2003). The environment is complex and ever changing and it will continue to change rapidly, radically and unpredictably (Burnes, 1996). Therefore managers have to keep reviewing their strategy to match the environmental demand.

In order to enhance preparedness in handling surprising events an organization needs to augment the timeliness of managerial response to the surprising changes. This requires the establishment of real time strategic issue management (SIM) systems.

2.3 Strategic Issue Management

Strategic issue management is a system for detecting, analyzing and responding to surprising changes (Ansoff and McDonnell, 1990). Greening and Gray (1994) describe strategic issue management as a management function that helps corporations to identify, analyze and respond to social and political concerns that significantly affect them.

Strategic issue management is a dynamic process of aligning strategies, performance and business results; it is all about people, leadership, technology and processes. An effective combination of these elements will help with strategic direction and successful service delivery (Gekonge, 1999). It is a continuous activity of setting and maintaining the strategic direction of the organization and

its business, and making decisions on a day-to-day basis to deal with changing circumstances and the challenges of the business environment.

According to Johnson and Scholes (2003), dealing with the environment is difficult because of three factors. First is the diversity of the different influences that affect a business. Identifying the environmental influences may be possible but it may not be of much use because no overall picture emerges of the really important influences on the organization. The second difficulty is the speed of change. Managers typically feel that the pace of technological change and the speed of global communications mean more and faster changes than ever before. Third is the problem of complexity. Managers are no different from other individuals in the way they cope with complexities; they try to simplify what is happening by focusing on those few aspects of the environment which have been important historically. It is important to avoid these tendencies whilst achieving an understanding of the environment which is both usable and oriented towards the future.

Ansoff (1980) asserts that when a firm fails to respond to a threat, the losses that results continue to accumulate. The strategic response process is initiated once the rational trigger point is reached. This is the point at which accumulated data shows that there is serious decline in performance which cannot be reversed and that special counter measures are required. Reactive management occurs if the start of the response is delayed past the trigger point. The start of response is delayed past the rational trigger point due to four factors; systems delay, verification delay, political delay and unfamiliarity delay (Ansoff and McDonnell, 1990).

Systems delay typically occurs in large firms due, in part, to the time consumed in observing, interpreting, collating and transmitting information to responsible managers. In another part, it

due to the time consumed by these managers in communicating with one another and establishing a common understanding as well as the time necessary for processing the decisions among the responsible groups and decision levels.

A verification delay may be invoked because some managers will argue that, even though the level of impact has reached unacceptable proportions, there is never an ironclad assurance that the threat is real and that the impact is permanent. They will opt for waiting a little longer to see if the threat will 'blow itself out.'

A political delay may occur if certain managers, whose domain contributes to the crisis, feel that the recognition of a crisis will reflect on their reputation and/or will cause them to lose power. Even if they are convinced that the threat is real, they will want to fight a delaying action to avoid becoming scapegoats, to gain breathing space to develop a line of defense, or to line up a line of retreat.

Unfamiliarity rejection delay would contribute to other three if, as is typical in the Western managerial culture, the managers are trained to trust prior and familiar experiences and reject unfamiliar ones as improbable and invalid.

These delays will substantially increase the total cost to the firm. Such response is referred to as reactive management. The organization will incur two types of costs as a result of delayed response to discontinuous changes. These are the cumulative loss of profit and the cost incurred in arresting or reversing the loss. Management problem is to minimize the total losses (Ansoff and McDonnell, 1990).

2.4 Development of Strategic Issue Management

It has been pointed out earlier that strategic issue is a forthcoming development, from inside or outside of the organization, which is likely to have an important impact on the ability of the enterprise to meet its objectives. An issue may be a welcome issue, an opportunity to be grasped in the environment, or an internal strength which can be exploited to advantage. Or it can be an unwelcome external threat, or an internal weakness which imperils continuing success, even the survival of the enterprise. Ansoff, (1980) argues that external threats, because they signal significant discontinuities in the environment, can be converted into opportunities by aggressive and entrepreneurial management. In fact, such ability to convert threats into opportunities has been one of the most prized characteristics in the history of American management.

The concept of strategic issues first appeared during the evolution of strategic planning. When strategic planning was first introduced in practice, the expectation was that strategies will be revised annually. But experience quickly showed this to be both impractical and unnecessary because a strategy is a long term thrust which takes several years to implement (Ansoff, 1980). He further notes that unnecessary annual revisions, instead of improving a strategy, will cause vacillations in managerial behaviour and prevent a fair test of the strategy. As this understanding grew, business firms began to space comprehensive revisions of strategies several years apart. In the beginning of each year's planning cycle a review of last year's progress focuses attention on strategies which have encountered important strategic issues. A comprehensive analysis of environmental trends and prospects identifies additional strategic issues. Resolution of these strategy and environment-derived issues becomes the central preoccupation of the annual

planning process. Thus strategic issue analysis (analysis of impact and response to significant developments) was added to strategy analysis (determination of thrusts for the future development of the enterprise).

2.5 Value of Strategic Issue Management

The strategic issues facing the organization and its response to them will call on the organization's skills in strategic management - its ability to recognize and deal successfully with strategic issues (England, 2000). In the private sector, these will include ensuring greater efficiency and value for money, improved and innovative product and service delivery to the customers, increased communication with customers and partners, and greater organisational coordination.

Although the strategy process may incorporate timetabled events which fit into the wider management processes, strategic management is a continuous process, (Jakab and Preker, 2003). Managers at all levels in the organisation may need to make decisions on business issues at any time, and some of these decisions could be regarded as 'strategic' - even though they may not appear so at the time. Any business-focused strategy must be flexible enough to accommodate the demands of continuous change (Arrow, 1963).

According to Abdullahi (2000) a manager must be able to identify the strategic issues facing the organisation - those issues it must address if it is to meet its business objectives. These might include social inclusion, for example, or environmental issues. The responses to strategic issues

will be incorporated in the themes of the business strategy. There is not necessarily a one-to-one relationship between strategic issues and the themes of the business strategy, since themes will be chosen as the basis for programmes of business change, and one such programme may address several strategic issues.

A number of studies in the strategic management literature (e.g. Mintzberg (1988); Miles and Snow (1978) are based on a broad approach of the content of strategies, in which organisational features are considered as evidences of the adopted strategic orientations. According to this approach, studying strategic orientations implies to evaluate organisational characteristics simultaneously. Some of these studies identify major strategic behaviours allowing organisations to succeed. Miles and Snow (1978) focused on the content of the strategic orientations. Their typology shows how organisations choose specific strategies that allow them to realize an adequate fit with their competitive environment.

2.6 Practice of Strategic Issue Management

In recent years, two considerations have made it desirable to separate strategic issue analysis from the annual planning cycle (Ansoff and McDonnell 1990). First is that some enterprises cannot afford or do not need the cumbersome annual strategic planning. Small enterprises fall in the former case but they must cope with environmental turbulence. The latter is the case of an enterprise whose basic strategic thrust is clear and relatively stable but whose environment is turbulent.

The second factor is the growing incidence of events which come from unexpected sources and impact quickly on the enterprise. The combination of speed and novelty of such issues may make

them too fast to permit timely perception and response within the annual planning system. When either or both factors are present, it becomes desirable to separate issue resolution from the annual planning cycle. This requires the development of a strategic issue management system.

A strategic issue management (SIM) system is a systematic procedure for early identification and response to surprising changes both inside and outside an enterprise (Ansoff and McDonnell 1990). Unlike the strategic planning systems the strategic issue management system is 'real time'. It is a system where strategic issues are continuously being addressed. In practice this means a periodic review and updating of a key strategic issue list. It also means continuous surveillance of both the internal and external environment side and for any issues that may arise in between reviews. Whenever such issues arise a 'red light signal alerts management of the need for immediate attention.

The strategic issue management system requires that responsibilities are assigned to various groups within the organization. These may be the general management, the staff group, and the workers group (Ansoff and McDonnell 1990). The responsibilities of each group must be very clear to avoid the risk of strategic issue management system degenerating into 'paralysis by analysis.' The groups should be resolvers, and not planners, of issues.

Issues can be identified through environmental scanning. According to Ansoff and McDonnell (1990), there are three possible sources of information about impending strategic issues; the trends in the external environment, the evolutionary trends within the enterprise, and the trends in performance. The estimated impact will determine the urgency of the issue.

Whenever a new major threat or opportunity is perceived, the impact and urgency of the trend is assessed and presented as key strategic issues to top management at frequent meetings. Together

with the planning staff, top management then sorts issues into different categories depending on the urgency and the degree of expected impact (Ansoff and McDonnell 1990). Whereas some issues will be sufficiently visible and concrete to permit the firm to compute their impact and devise specific plans for response, others will be imprecise early indicators about impending impractical issues. They referred to issues whose impact is clear as strong signal and the imprecise ones as weak signals with time the weak signals mature and become strong signals.

If the issue is not detected through the environmental surveillance system, it becomes a strategic surprise. This has certain implications to the organization. The issue may arrive suddenly and completely unexpected and pose novel problems to which the organization has little or no prior experience. If the firm fails to respond to the issues, it can cause a major financial reversal or loss of a major opportunity (Ansoff and McDonnell 1990).

Once a strategic issue has been identified it is paramount that the potential impact of the trend on the present and future performance of the enterprise is assessed. It is also important to assess the probability and the timing of the impact. The impact may be positive or negative or both. A positive impact is one that will be beneficial in assisting the organization achieve its objectives while a negative one will reduce the organizations ability to achieve its objectives. The urgency of the strategic issue or trend should also be assessed by comparing the probable timing of the impact of the event with the time needed by the organization for a timely response.

Ansoff and McDonnell (1990) proposed four analytical techniques for strategic issue management. These include the use of simple environmental impact analysis, cross-impact analysis, ranking approach and the Eureka matrix.

Simple environmental impact analyses technique analyzes one event/trend at a time and does not concern itself with their interdependence. Issues (threats, opportunities, threats, strengths and weakness) can be identified from the continuous surveillance of the external environmental trends, internal capability trends and performance trends.

Issue ranking approach involves estimating impact and urgency of the events. The impact on attainment of the firm's objectives is estimated and the event is classified as minor or major. The impact may be positive or negative. The events are then analysed for urgency and are classified as urgent, delayable or postponable. Urgent issues are current issues of far reaching effect and require immediate attention. Delayable issues are moderately urgent issues of far reaching effect that can be resolved during the next planning cycle. Postponable issues are non urgent issues of far reaching effect which require continuous monitoring. Issues of minor impact are "false alarms" and can be dropped from further consideration. Issues are then arranged in order of priority according to their impact. They form the key issue list of the firm.

The key issue list is used in managing the issue system. The urgent issues are assigned for study and resolution, either to existing organization units, or to special task forces. Top management, both for strategic and tactical implications, monitors the resolution of issues. The list is changed and updated as issues are resolved, others dropped because their impact turns out to be minor and new issues are added as a result of issue surveillance.

The cross impact analysis technique is a more complex procedure which estimates the likelihood of simultaneous occurrence of several events/trends. This analysis produces clusters of events/trends, which are likely to impact together in the firm and allows, among other things, identification and preparedness of probable future disasters scenarios in which a firm may be

severely damaged by a series of threats and/or weaknesses and opportunity scenarios in which the firm will enjoy a series of attractive opportunities and/or strengths.

The Eureka matrix technique analyses issues after the ranking has been done. A positive or the negative synergy evaluations is done for the issues impact and issue urgency. A positive synergy occurs when strengths and weaknesses are useful in pursuing future opportunities, or minimizing the impact of threats. It may result in the discovery of certain capabilities. A negative synergy occurs when neither strengths nor weaknesses help with threats and opportunities and it results in the need to identify new capabilities. A positive synergy will usually increase the positive impact and reduce the negative impact while negative synergy will have the opposite result.

Although strategic issue management is compatible with most organizational structures and systems, it has been suggested that installation and acceptance of SIM is not likely to be simple (Ansoff and McDonnell 1990). The main problems are; the refusal by top management to submit itself to the discipline of strategic issue management systems and managers behavior as described above (2.2). Careful education and an involvement in confrontation of issues by the top group is important in the success of SIM.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research was based on a survey of private hospitals in Nairobi, Kenya. This research design was selected as it was an efficient way of collecting information from a large number of respondents and very large samples are possible. It also enabled comparative study of strategic issue management in the hospitals. Statistical techniques could then be used to determine validity, reliability, and statistical significance of the data collected.

3.2 Population

The population of interest consisted of private hospitals that were recognized by the Ministry of Health (MOH) which had both outpatient and inpatient facilities. According to the Ministry of health records, there are 58 private hospitals in Nairobi which in this category.

3.3 Sample

All the 58 hospitals were contacted and requested fill the questionnaire but only 40 responded. This became the achieved sample of this study.

3.4 Data collection

Both primary and secondary data were required. The main instrument in data collection was through semi structured questionnaires primary data while printed documents and websites were used for secondary data. The questionnaires were designed to give a brief knowledge of the strategic issue management adopted by private hospitals. Closed ended questions enabled

the researcher to collect qualitative data based on the frequency while open ended questions gave the respondent the freedom of response.

The first contact was through telephone before dropping or sending the questionnaires by e-mail. The questionnaires were later picked from the hospitals or returned through e-mail. Information from secondary data was used to support the data received from questionnaires. The documents included financial reports, management circulars, minutes of their meetings websites and magazines.

The respondents chosen for the questionnaires were one senior manager in each hospital. These were mainly administrators or directors or other senior managers.

3.4 Data analysis

The quantitative data was analyzed by the use of descriptive statistics and then presented through percentages, means, standard deviations and frequencies distribution . Frequency tables were used for arraying data to facilitate working out percentages.

CHAPTER FOUR: FINDINGS AND DISCUSSION

4.1 Company Profile

The company profile was considered as an important factor that may affect or influence the adoption strategic issue management. The data analysed is based on size of hospital in terms of bed capacity, number of key staff employed, ownership, nationality of chief executive and number of branches in other locations.

4.1.1 Bed capacity

The majority of the hospitals had bed capacity of 1-50 patients as was shown by 50% of the respondents, 25% had a bed capacity of 51-100 patients, 12.5% had bed capacity of above 100 patients, while 12.5% were outpatients hospitals (Table 1)..

Table 1: Bed capacity

No. of Beds	Frequency	Percent
1-50	20	50.0
51-100	15	37.5
Above 100	5	12.5
Total	40	100.0

Source: Interviews

4.1.2 Number of Staff Employed

The number of staff employed often has great impact in implementation of organizations strategy. The study sought to look at key staff that are likely to influence decision making as well as the general staffing of the hospitals.

Table 2: Number of doctors employed

No. of Doctors	Frequency	Percent
1-10	21	52.5
11-20	10	25.0
21-30	1	2.5
31-40	5	12.5
Over 40	3	7.5
Total	40	100.0

Source: Interviews

The majority of the hospitals according to 52.5% of the respondents had 1-10 doctors, 25% had 11-20 doctors, 12.5% had 31-40 doctors, 7.5% had over 40 doctors, while a small proportion comprising of 2.5% said that they had 21-30 doctors in their hospitals (Table 2).

Table 3: Number of dentists employed

No. of Dentists	Frequency	Percent
1-5	30	62.5
6-10	5	12.5
11-15	5	12.5
Total	40	100.0

Source: Interviews

Table 3 shows that the majority of the hospitals there were 1-5 dentists as shown by 62.5% of the respondents, while 12.5% of the respondent said they had 6-10 and 11-15 dentists in their hospitals.

Table 4: Number of pharmacists employed

No. of Pharmacists	Frequency	Percent
1-5	20	50.0
6-10	20	50.0
Total	40	100.0

Source: Interviews

50% of the respondents said that there were 1-5 pharmacists in their hospital, while 50% said that they had 6-10 pharmacists in their hospital.

Table 5: Number of nurses employed

No. of Nurses	Frequency	Percent
6	4	25.0
15	10	12.5
20	7	25.0
25	11	12.5
35	12	12.5
200	2	12.5
Total	40	100.0

Source: Interviews

The above table also shows the number of nurses employed by the hospitals where, 25% of the respondents said that they had 6 and 20 respondents, while the others, 12.5% each said that they had 15, 25, 35 and 200 nurses.

The respondents were also asked to state other employees in their hospitals where over 80% of the respondents said that there were at least 2 lab technicians, customer care officials and all respondents (100%) said that there were other management employees such as administrators human resource, accounts, finance personnel in their hospitals.

4.1.3 Hospital Ownership

Table 6: The hospitals controlling share

Controlling Shareholder	Frequency	Percent
Kenyan citizens	22	55.0
Foreigner	10	25.0
Missionaries	8	20.0
Total	40	100.0

Source: Interviews

The above table also sought to investigate the hospitals controlling share where the majority shown by 55% said that their hospital was controlled by Kenyan citizens, 25% of the respondents said that their hospital's controlling share was with the foreigners, while 20% said that they were controlled by the missionaries.

4.1.4 Nationality of Chief Executive

Table 7: The nationality of the chief executive officer

Nationality of Chief Executive	Frequency	Percent
Kenyan	26	65.0
Foreigner	14	35.0
Total	40	100.0

Source: Interviews

A majority of respondents as was shown by 65% had chief executive officers as Kenyan, while 35% of the respondents said that the nationality of the chief executive officer to their hospital was a foreigner. The nationality of the chief executive may influence the way the hospital adopts management styles from the home country of the chief executive (Table 7).

4.1.5 Number of Branches

Table 8: Number of branches in other locations

Branches in other Locations	Frequency	Percent
Yes	10	25.0
No	30	75.0
Total	40	100.0

Source: Interviews

The number of braches determines the level of decentralization of critical decisions and the level of delegation one may find in an organization. there may be complex corporate level strategies in

those that have branches in different locations. The table above indicates that the majority of the hospitals did not have branches in other locations as was shown by 75%, but a proportion comprising of 25% said that their hospitals had at least 2, 3, and 5 branches in other locations respectively.

4.2 Performance Measures

The study set to determine the importance of performance measures, such as market share, liquidity and innovation. The respondent were required to rate the importance using the measures such as greater extent, moderate extent and low extent.

Table 9: Importance of performance measures to the organization

Performance Measure	Greater extent	Moderate extent	Low extent	Not at all	Mean
Market share	20	35	45	0	2.75
Liquidity	7.5	60	32.5	0	2.75
Innovation (new product development)	35	30	12.5	22.5	2.76

Source: Interviews

According to the findings, innovation was found to be important to a great extent according to 35% of the respondents, liquidity was important to a moderate extent according to 60% of the respondents, while market share was important to a low extent according to 45% responses. The responses similar means showing that they are similar in importance in measuring organization performance.

4.3 Employee Culture

The researcher set to determine the employee attitude in accepting urgent derivatives and decisions. The respondents expected to indicate whether the employees accept changes quickly or resist changes some time.

Table 10: Classification of employees' culture

Employee Culture Indicator	Frequency	Percent
Accept changes quickly	26	65.0
Resist changes at least for some time	14	35.0
Total	40	100.0

Source: Interviews

The study revealed that the majority of respondents as shown by 65% accept changes quickly, while 35% said that the employees resist changes at least for some time (Table 10).

4.4 The Mode of Decision Making

The mode of decision making is important as it affects the resolution of strategic issues. The researcher wanted to determine the mode of urgent decision making and classified them responses into centralized and decentralized methods.

Table 11: Prevailing mode of making urgent and critical decisions

Mode of Decision Making	Frequency	Percent
Tendency to centralize decisions to top managers	26	65.0
Tendency to use inter departmental committees/taskforces	14	35.0
Total	40	100.0

Source: Interviews

The mode of decision-making is very important when strategic issue resolution is required. The data in the table below was tendency to centralize decisions to top managers and tendency to use inter departmental committee/taskforce, and the respondents were requested to indicate how they describe the prevailing mode of making critical strategic decisions. The results shows that the majority of respondents describe the prevailing mode of making urgent and critical strategic decisions as the tendency to centralize decision to top manager as shown by 65%, the others which were tendency to use inter departmental committees/taskforces at 35%.

4.5 Developments in the External Environment

The researcher wanted to determine the prevailing external environment that organizations had been operating in for the last five years.

Table 12: Developments in the external environment of the organization

State of Environment	Frequency	Percent
Relatively stable	29	72.5
Continuously changing	11	27.5
Total	40	100.0

Source: Interviews

The swiftness to study business environment dynamics and changes may affect strategic issue management. The respondents were therefore asked to state the business/operating environment within the last five years in their hospitals, whether it was relatively stable, continuously changing or always surprising with new issues.

The findings in the above table on the developments in the external environment the organization is operating in within the last 5 years was relatively stable as was shown by 72.5%, while 27.5% suggested that it was continuously changing.

4.6 Factors That Determine the Time Taken In Decision Making

The researcher sought to determine the factors that determine the time taken to make decisions, the respondent were required to indicate using a scale of 1-5, as not important to most important.

Table 13: Importance of some factors in critical decisions in the organizations

Factor	Mean	Std dev
Technological/production process	3.53	1.485
Changing environment	3.45	1.154
Infrastructure (communication system)	3.35	1.292
Employees attitude towards accepting change	3.28	1.219
Technological advancement	3.25	1.808
Organization's size (number of employees)	3.05	1.535
Competition from other hospitals	3.03	1.097
Organization structure (layers of managers)	2.73	0.816
Profitability results	2.10	1.033
Top management (CEO, MD, GM)	1.98	1.074

Source: Interviews

Ranking of factors is very important in addressing issue resolution. It determines the priority order for dealing with and expediting resources of an issue. In respect to this, the respondents were asked to indicate their level of importance of the factors in the above table, in determining the time taken to make urgent and critical decisions in the organization. Top management (CEO,

MD, GM) had the lowest mean of 1.98 which means that it was the most important factor in determining the time taken to make urgent and critical decisions in the organizations. Technological/production process had the highest mean of 3.53, which in the response scale of 1-5 it means that it was less important in determining the time taken to make urgent and critical decisions in organizations.

Other factors which were organization's size (number of employees), organization structure (layers of managers), infrastructure (communication system), competition from other hospitals, employees attitude towards accepting change, technological advancement, changing environment and profitability results had a mean ranging from, which means a mean of 4 meaning that they were less important in determining the time taken to make urgent and critical decisions in the organizations.

4.7 Issues That Affect Operations

A strategic issue is a forthcoming development, either inside or outside of the organization, which is likely to have an impact on the ability of the enterprise to meet its objectives. The researcher, therefore, also asked the respondents whether they study issues which were external environment trends, internal business and capability issues and performance trends which may affect their operations. The results were as shown below.

The research showed that all the hospitals study external environment, and internal business and capability issues. However, the results showed that only 87.5% of the hospitals study the performance trends of their business.

4.8 Factors That Have Impact On The Organizations

The researcher also sought to find the level of impacts in hospitals in respect to, change in government policies, change in top management, restructuring and reengineering, and The respondents were asked to rank them in terms of major, minor and no impact. The outcome of the study is shown in the table below.

Table 14: Factors that have impacts to the organization

Factor	Major impact	Minor impact	No impact	Mean
Change government policies	57.5	12.5	30	2.27
Change in top management	22.5	62.5	15	2.08
Restructuring and reengineering	77.5	22.5	0	2.78
Emergence of new competitors	22.5	27.5	50	1.73

Source: Interviews

The study revealed that restructuring and reengineering had a major impact in the hospitals as shown by 77.5%, followed by change in government policies at 57.5%, change in top management had minor impacts rated at 62.5%, while emergence of new competitors had no impact to the organization (50%). Restructuring and reengineering had the highest mean of 2.78 showing major impact on the organization. The factor with the least impact was emergence of new competitors with a mean of 1.73

4.9 Reviewing Strategic Issues

Reviewing of strategic issues in an organization should not be a one-time affair as an organization is an open system, which must give and take from the environment. The data in the above table sought to find from the respondents how often the key strategic issues are reviewed, that is either, monthly, quarterly, semi-annually or annually.

Table 15: Frequency of reviewing strategic issues

Review Period	Frequency	Percent
Monthly	9	22.5
Quarterly	10	25.0
Semi annually	21	52.5
Total	40	100.0

Source: Interviews

From the findings, it was clear from the majority of respondents that the key strategic issues were reviewed semi-annually as shown by 52.5%, followed by 25% who said that they were reviewed quarterly, while 22.5% said that they were reviewed monthly.

4.10 Procedure for Immediate Action

The researcher sought to find out whether there was a procedure for ensuring that 'immediate action' is taken on urgent and critical issues. The findings indicated that, in all the hospitals, there was a procedure for ensuring that 'immediate action' is taken on urgent and critical issues.

4.11 Objectives

Organizations may have objectives which are of similar in content from year to year. However the environment tends to vary from one year to another. Such variations should be recorded to allow management to make comparisons when making similar goals. The study was sought to establish whether hospitals have recorded strategic objectives for the current year.

The respondents were requested to tick a YES or a NO. All the respondents indicated that their hospitals have recorded strategic objectives for the current year. It is therefore possible for the hospitals to refer to such records in future decisions.

Table 16: Changes in objectives for the last 5 years?

Response	Frequency	Percent
Yes	30	75.0
No	10	25.0
Total	40	100.0

Source: Interviews

The study also sought to find out whether the hospitals had changed their objectives for the last 5 years. The majority of respondents said that they had changed their objectives for the last 5 years as shown by 75%, while 25% said that they had not changed their objectives for the last 5 years.

4.12 Actual performance and targets

Table 17: Frequency of comparing actual performance with targets/objectives/benchmarks

Review Period	Frequency	Percent
Weekly	9	22.5
Monthly	26	65.0
Quarterly	5	12.5
Total	40	100.0

Source: Interviews

Organizations often compare actual performance trends with targets/objectives/benchmarks. The researcher requested the respondents to state how often actual performance trends are compared with targets/objectives/benchmarks.

From the findings in the above table, the study revealed that in the majority of hospitals as shown by 65%, actual performance trends were compared with targets/objectives/benchmarks quarterly.

4.13 Action on Performance Variances

Table 18: Action taken when targets/objectives/benchmarks are not met

Action Taken	Frequency	Percent
Report the variance to top management only	9	22.5
Report to top management and investigate cause of variance	31	77.5
Total	40	100.0

Source: Interviews

It is always necessary to apply some measures to be taken in case the objectives of an organization are not met. The study aimed at establishing the actions that the hospitals take when the targets/objectives/benchmarks are not met. The respondents were requested to indicate whether the variance is reported to the top management only, or reported to the top management and included in the list of issue to be investigated or to indicate other actions taken.

The study revealed that the hospitals report the variance to the top management and investigate cause of variance as shown by 77.5%, while 22.5% said that the variance is reported to the top management only.

4.14 Action Taken On Urgent Issues

Strategic issue management involves establishment of systems that can effectively safeguard the organization against the negative effects of any adverse surprises or take advantage of positive events. The researcher sought to know how the hospitals handle urgent issues that require urgent attention.

Table 19: Action taken on urgent issues requiring immediate action

Action Taken	Frequency	Percent
Immediately alter operation plans to accommodate the issues	21	52.5
Refer it to top management/special "task execution staff" for further analysis	13	32.5
Always await until the next planning period and incorporate	6	15.0
Total	40	100.0

Source: Interviews

The majority of respondents said that in case of urgent issues requiring immediate action, the operation plans are altered to accommodate the issues as was shown by 52.5%, 32.5% said that they refer the issues to the top management/special task execution staff for further analysis, while 15% said that they always await until the next planning period and incorporate.

4.15 Delay Time in Taking Corrective Action

Timely resolving of the urgent issues is essential in strategic issue management and unnecessary delays can be very costly to an organization. The researcher set to find the factors that affect managers' delay in time actually taking corrective action. The time factors included time for discussions and verifying details, time taken to manage the crisis alone by managers, studying the unfamiliar issues and system delay in the information flow. The results are as in the table below.

Table 20: Factors that affect the managers delay time in taking corrective decision

Factor	Most important %	Moderately important %	Less important %	Least important %	Mean
Time taken in discussing and verifying details	15	15	35	35	2.1
Time taken by individual managers trying to manage the crisis alone	35	35	15	15	2.9
Time taken to study the unfamiliar/new challenges	37.5	37.5	0	25	2.875
System delay in information flow	50	12.5	15	22.5	2.9

Source: Interviews

The above table shows the findings on Factors that greatly affect the delay time in actually taking the corrective decision. From the findings, it was clear that system delay in information flow was the factor that greatly affect the managers delay time in actually taking the corrective decision at 50%, followed by time taken to study the unfamiliar/new challenges, with 37.5%, at number three was Time taken by individual managers trying to manage the crisis alone at 35%, while the least affecting factor was Time taken in discussing and verifying details at 15%. The responses had less varied means, the highest score was 2.9 for time taken by individual managers trying to manage the crisis alone as well as system delays in information flow. The other responses had a mean of 2.1 and 2.875, this implies that all the responses are important since they are above the mean of 2.

4.16 Estimating Urgency of The Identified Issues

The study sought to establish whether the hospitals were estimating the urgency of the identified issues. The respondents were required to answer YES or NO. and all of them answered

positively. It is therefore evident that all the private hospitals were found to be estimating the urgency of the identified issues.

4.17 Distinguishing and Prioritizing Issues

Strategic issue management systems require that, issues should be prioritized in order to give appropriate attention immediate attention to each identified issue

Table 21: Distinguishing and prioritizing issues

Issues	Yes	No
Those urgent and critical issues requiring immediate action	100	0
Those issues not very urgent but need continuous monitoring	52	48
Those issues which are not very urgent and therefore postponed to next year's plans	20	80

Source: Interviews

From the findings in the above table on whether the respondents distinguish and thus prioritize the issues, it was found out that all the private hospitals distinguish and thus prioritize those urgent and critical requiring immediate action.

4.18 Authority of Hospital Management

The hospital management plays a huge role in issue resolution if given authority to make certain decisions. The study sought to establish the extent to which the hospital management have authority to review strategic issues, to accept or reject strategic issue proposals and to offer advisory role in role in strategic issues management process. The results of the study were shown in the table below.

Table 22: Extent the hospital management have authority

Area of Authority	Not applicable %	To a less extent %	To moderate extent %	To a great extent %	To a very great extent %	Mean
Review of strategic issues	0	0	12.5	65	22.5	4.10
Accept or reject strategic issues management process	22.5	28	30	19.5	0	2.46
Offer advisory role in strategic issues management process	0	0	0	52.5	47.5	4.48

Source: Interviews

From the results, the study revealed that the management had authority to offer advisory role in strategic issues management process to a great and to a very great extent at 52.5% and 47.5% respectively. 65% of the respondents indicated that management had authority to review strategic to a great extent.

The responses were rated in a scale of 1 to 5, offer of advisory role in strategic issues management process had the highest mean of 4.48 out of five showing a great extent as per the classification. The less extent score was by response for accept or reject strategic issues management process.

4.19 Methods/Techniques used to Analyzing Strategic Issues

The study sought to establish the techniques and methods used to analyzing strategic issues. To realize this objective, the respondents were requested to indicate the method/technique/practice

used to analyze strategic issues. The methods, technique or practices to be captured were, SWOT based on current information only, simple environment impact analysis method based on SWOT, cross impact analysis method based on SWOT, issue impact and ranking method based on SWOT and Eureka matrix method based on SWOT, where SWOT means analysis of the strengths, weaknesses, opportunities and threats facing the hospitals.

Table 23: The method/technique or practice used to analyze strategic issues

Method/Technique	Frequency	Percent
SWOT analysis based on current information only	6	15.0
Cross impact analysis method based on SWOT analysis	7	17.5
Issue impact and ranking method based on SWOT analysis	27	67.5
Eureka matrix based on SWOT analysis	0	0
Total	40	100.0

Source: Interviews

From the above table, the technique that is most commonly used to analyze strategic issues was issue impact and ranking method based on SWOT shown by 67.5%, followed by cross impact analysis method based on SWOT at 17.5%, while the least used technique used was SWOT based on the current information only at 15%.

4.20 Relevance of Strategic Issue Management

Strategic issue resolution requires management to understand several concerns within the organization. The strategic issue should not be confined to top management alone. This study

sought to establish the perception of respondents on various issues relating to strategic issue management practices.

Table 24: Extent that the issues apply to the organizations

Aspects of Strategic Issue Management Practice	Mean	Std dev
Strategic issue management holds a place in our hospital	4.48	0.506
Strategic issue management is a motivating activity to undertake	4.28	0.679
The management understands how critical it is to address strategic issues	4.38	0.705
The resources required to handle strategic issue are adequate	3.6	1.257
Strategic issues management is allocated ample time by top management	3.45	0.639
The importance of strategic issue management is clear to everyone in the hospital	3.13	1.471
The top management takes activities interest in the output of strategic issues committee	4.13	0.757
The strategic issues committees is highly respected and held with high esteem	3.93	1.047
There is a feeling of teamwork in the strategic issues committee	4.13	0.939
Strategic issue management is incorporated in our annual plans	3.9	1.057
Clear channels of communication exist to disseminate strategic issues to staff	4.33	0.694
Strategic issue logs are clear logs are clear to all line managers	4.33	0.694

Source: Interviews

The respondents were asked to rank the issue in a response scale of 5 variables that is, 1- not applicable, 2-to a less extent, 3-to a moderate extent, 4-to a great extent and 5-to a very great extent.

The table above shows the outcome of the study from the responses of the respondents. It can be concluded that Strategic issue management holds a place in private hospitals as it had the highest

mean of 4.48, which in the response scale of 1-5, it means that this variable was important to a great extent. However, the importance of strategic issue management need to be clear to everyone in the hospital variable had the least mean of 3.13. All the other factors had their mean ranging from 3.45 to 4.38, which means that the above issues apply to the organizations to a great extent.

4.21 Strategic Issue Management as A Project

Table 25: Strategic issue management is considered as a project worth investigating

Extent of importance of Strategic Issue Management	Frequency	Percent
To a moderate extent	5	12.5
To a great extent	14	35.0
To a very great extent	21	52.5
Total	40	100.0

Source: Interviews

The study sought to find out the extent to which hospitals consider strategic issue management as a project worth investigating in. The respondents were requested to tick one of the considerations from not applicable, to a less extent, moderate extent, great extent and to a very great extent. The results from the above table shows that strategic issue management is considered as project worth investigate in to a very great extent by 52.5% of respondents, 35.5% viewed it important to a great extent, while 12.5% viewed it important to a moderate extent.

4.22 Benefits and Challenges of Practicing Strategic Issue Management

According to the majority of respondents, practicing strategic issue management in hospitals helped the hospitals to recruit more doctors, acquisition of new and advanced medical machinery, better management, offering of better remuneration to the staff, increase in the number of clients,

great growth in the past years and also proper utilization of the resources. Most respondents also identified ability to keep up with developments in the industry as one of the benefits realized.

The majority of the respondents identified the challenges of practicing strategic issue management. They include streamlining already existing practices to suit current strategy issues, resistance to change, inadequate resources, some committee members are not co-operative, and the hospitals had to train their staff so that they can realize and implement new strategic issues.

CHAPTER FIVE: SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

5.1.1 The Practice of Strategic Issue Management

The research also established that the prevailing mode of making urgent and critical strategic decisions as the tendency to centralize decision to top manager as shown by 65% in majority of the hospitals. The study also revealed that the most important performance measure to the hospitals was innovation; new product development.

The survey also revealed that private hospitals do study external and internal business and capability issues, as well as the performance trend. The hospitals are therefore likely to respond very positively to the rapid changes in their operations. This would involve continuous surveillance and identification of urgent issues or factors, which need immediate action in responding to surprising changes, both inside and outside the organization.

The majority of the hospitals were also found to be reviewing their strategic issues semi annually. The researcher also found that there was a procedure for ensuring that "immediate action" was taken on urgent and critical issues in all the private hospitals and that all the hospitals record objectives (goals) for the current year and the majority of the hospitals had changed their objectives for the last 5 years. Actual performance trends were compared with targets, objectives or benchmarks monthly in majority of the hospitals. The study also revealed that in case targets/objectives/benchmarks of the hospitals are not met, the majority of the hospitals report the variance to the top management and investigate the cause of variance. In case of urgent issues requiring immediate action the majority of the hospitals immediately alter operation plans to

accommodate the issues. All the hospitals also estimate the urgency of the identified issues in their hospitals from the study. The study also established that all the private hospitals distinguish and thus prioritize those urgent and critical requiring immediate action.

It was also clear that the hospital management had authority to offer advisory role in strategic issues management process, to review strategic issues and also to accept or reject strategic issues management process

5.1.2 Factors that determine the Practice of Strategic Issue Management

A majority of the private hospitals had a bed capacity of 1-50 patients. In these hospitals, the majority of them had employed 1-10 doctors, 1-5 dentists, not more than 10 pharmacists, more than 20 nurses in the majority of these hospitals, other employees like lab technicians, customer care, administration, human resources management, accounts, finance, procurement clerks and support staff. In the majority of the hospitals, the controlling share was with Kenyan citizens and the nationality of the chief executive officers in these hospitals was also a Kenyan. The researcher also found out that the majority of these hospitals did not have branches in other locations. The few who had branches were large hospital with over one hundred beds.

It was also found out that employees in hospitals accept changes quickly as far as accepting urgent directives/decisions are concerned. The development in the external environment the organization is operating in within the last 5 years was also found to be relatively stable rated. In determining the time taken to make urgent and critical decisions in the organizations, the researcher found out that top management (Chief Executive Officer, Managing Director, General Manager) was the most important factor in determining the time taken to make urgent and critical

decisions in the hospitals as it had the lowest mean of 1.98, followed by profitability results with a mean of 2.1.

It was also found that the greatest factor that greatly affects the managers delay time in actually taking the corrective decision was system delay in information flow, followed by time taken to study the unfamiliar or new challenges. In the majority of the hospitals, the method/technique or practice that was used to analyze strategic issues was issue impact and ranking method based on SWOT analysis. Restructuring and reengineering had a major impact in the hospitals, followed by change in government policies

Strategic issue management holds a place in majority of the hospitals, strategic issue management was considered as a project worth investigating in the hospitals to a great extent. The researcher found that the benefits of strategic issues management included informed decisions on recruitment, acquisition of new and advanced medical machinery, better management practices, offering of better remuneration to the staff, increase in the number of clients, well disciplined and motivated staff, improved services to the patients, the hospital had realized great growth in the past years and also proper utilization of the resources.

The challenges that the hospitals encountered when implementing strategic issue management practices in their hospitals were streamlining already existing practices to suit current strategy issues, resistance to change, inadequate resources, some committee managers were not co-operative in team work, and the hospitals had to train their staff so that they can realize and implement new strategic issues.

5.2 Conclusions of the Study

Organizations do not operate in a vacuum but within an external environment. This environment consists of variables that form the context within which firms exist.

To be able to effectively deal with the discontinuous and surprising environment, organizations should embrace strategic issue management systems to enhance their capacity to adapt and learn.

Organizations also need to continuously monitor strategic issue throughout the year in order to be able to realize the full potential of investing in strategic issue management. The issue impact and ranking method may help reduce adverse effects.

5.3 Recommendations

From the summary of the findings and the conclusions in this chapter, the researcher can highly recommend strategic issue management as a process of specifying the organization's objectives, developing policies and plans to achieve these objectives, and allocating resources to implement the policies and plans to achieve the organization's objectives it should be highly implemented in the hospitals for them to realize these set goals and objectives.

5.4 Limitations of the Study

The population of the study was 58 hospitals. However, only 40 hospitals responded by filling the questionnaire. This reduced the response rate to 68.97%. This reduced the probability of reaching a more conclusive study. However, conclusions were made with this response rate.

5.5 Suggestions for Further Studies

Further research should be undertaken to determine the success levels of companies that are using strategic issue management. Research should also be undertaken to study adoption of strategic

issue management in public hospitals and to establish the techniques which they use and the factors impacting on the choice of such technique.

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APPENDICES

Appendix 1

Questionnaire

PART A

1. Hospital Name:
2. Title of Respondent:
3. Year Established:
4. Bed capacity
1-50 ()
51-100 ()
Above 100 ()
5. Number of staff employed
Doctors
Dentists
Pharmacists
Nurses
Other
6. The hospital's controlling share is owned by: (Tick one)
Kenyan citizens ()
Foreigner ()
Government ()
Others (please specify).....
7. The nationality of the chief executive officer is
Kenyan ()
Foreigner ()

8. Does your hospital have branches in other locations

yes () No ()

If yes how many

Where are they located?
.....

PART B:

9. Please rate the extent to which following performance measures are important to the organization. Profitability (profit before tax)

Greater extent Moderate extent low extent Not at all

Market share () () () ()

Liquidity () () () ()

Innovation (new product development () () () ()

Others (please specify)..... () () () ()

10. How can you classify the employee's culture (believes, way of thinking, norms, attitudes) in your organization as far as accepting urgent directives/decisions is concerned?

Accept changes quickly ()

Resist change at least for some time ()

Always reject change ()

Others (please specify).....

11. How can you describe the prevailing mode of making urgent and critical decisions in your organization?

Tendency to centralize decisions to top managers ()

Tendency to delegate decisions to lower managers ()

Tendency to use interdepartmental committees/ task forces ()

Any other (please specify)

12. How can you explain the developments in the external environment you are operating in within the last 5 years?

Relatively stable ()

Continuously changing and ()

Always surprising us with new issues ()

Any other (please specify)

13. How important are the following factors in determining the time taken to make urgent and critical decisions in your organization? Please rank them from number 1 to 11 according to importance. (NB. Number 1 to be the most important while number 11 is the least important)

Organization's size (number of employees) ()

Organization structure (layers of managers) ()

Top management (CEO, MD, GM) ()

Infrastructure (communication systems) ()

Competition from other hospitals ()

employees' attitude towards accepting change ()

Technological/ production process ()

Technological advancement ()

changing environment ()

Profitability results ()

Any others(please specify) and give a ranking

.....

14. Do you normally study issues which may affect your operations (both short and long term) coming from the following areas?

a) External environmental trend? Yes () No ()

b) Internal business & capability issues? Yes () No ()

c) Performance trends Yes () No ()

d) Others (please specify).....

15. What impact do the following have on your organization? (tick each according to the estimated impact)

	Major Impact	Minor Impact	No Impact
a) Change government policies	()	()	()
b) Changes in top management	()	()	()
c) Restructuring and reengineering	()	()	()
d) Emergence of new competitors	()	()	()
e) Others (please specify).....	()	()	()

15. If yes, in how frequent do you do a review of strategic issues?

- Monthly ()
- Quarterly ()
- Semi annually ()
- Any other period (please specify)

16. Do you have a procedure for ensuring that “immediate attention” is taken on urgent and critical issues?

Yes () No ()

20. Have your hospital recorded objectives (goals) for the current year?

Yes () No ()

21. Have you changed these objectives for the last 5 years?

Yes () No ()

22. How often do you compare your actual performance trend to your targets/objectives/benchmarks?

- Daily ()
- Weekly ()
- Monthly ()

Quarterly ()

Annually ()

Any other period (please specify)

23. What do you do when the targets/objectives/benchmarks are not met?

Report the variance to the top management only ()

Report to top management and investigate cause of variance ()

Any other (please specify)

24. What action do you take on urgent issues requiring immediate action? Tick one as appropriate.

Immediately alter operation plans to accommodate the issues ()

Refer it to top management/special "task execution staff" for further analysis ()

Always wait until the next planning period and incorporate it there ()

Any other action (please specify)

25. Which of the following contributing factors greatly affect the managers delay time in actually taking the corrective decision: please rank them from number 1 for be the most important factor to number 4 for be the most important factor.

Time taken in discussing and verifying details ()

Time taken by individual managers trying to manage the crisis alone ()

Time taken to study the unfamiliar/new challenges ()

system delay in information flow ()

others (please specify)

26 Which method, technique or practice do you use to analyze strategic issues?

(NB. SWOT analysis means analysis of strengths, weaknesses, opportunities and threats being faced by the organization)

() SWOT analysis based on current information only

- () Cross impact analysis method based on SWOT analysis (where each issues is analyses separately without considering the effect on other identical issues)
- () Cross impact analysis method based on SWOT analysis (where various related issues are grouped together and the likelihood of simultaneous occurrence estimated and hence identify possible future major loss/disaster or future major profit/opportunity)
- () Issue impact and ranking method based on SWOT analysis (where critical issues are ranked according to urgency and therefore grouped as either, issues that are urgent and require immediate attention; issues that are not very urgent and can be postponed to next year's plans; issues that are not very urgent but require continuous monitoring; or issues that are of minor importance that are dropped from the issues list.
- () Eureka matrix method based on SWOT analysis, where the impact/urgency of issues is evaluated. This involves prior and vigorous assessment of whether the strengths and weakness are applicable to responding to strengths and weaknesses.
- () other (please specify).....

Please explain in a few words how you execute the method, technique or practice selected above

27. Do you estimate the urgency of the identified issues? Yes() No()

28. Do you distinguish and thus prioritize these issues as;

- a) Those urgent and critical requiring immediate action? Yes() No()
- b) Those issues not very urgent but need continuous monitoring Yes() No()
- c) Those issues which are not very urgent and therefore postponed to next year's plans
Yes() No()
- d) Others (please specify)

29. To what extent is the hospital management have authority to do the following?

(1-Not applicable, 2=to a less extent. 3 to a moderate extent, 4=to a great extent, 5 to a very great extent)

Statement	1	2	3	4	5
Review of strategic issues					
Accept or reject strategic issues proposals					
Offer advisory role in strategic issues management process					

30. To what extent do the following statements apply to your organization? (Tick where appropriate) (1-Not applicable, 2=to a less extent, 3 to a moderate extent, 4=to a great extent, 5 to a very great extent)

Statement	1	2	3	4	5
Strategic issue management holds a place in our hospital					
Strategic issues management is a motivating activity to undertake					
The management understands how critical it is to address strategic issues					
The resources required to handle strategic issues are adequate					
Strategic issues management is allocated ample time by top management					
The importance of strategic issues management is clear to every one in the hospital					
The top management takes activities interest in the output of strategic issues committee					
The strategic issues committees is highly respected and held with high esteem					
There is a feeling of teamwork in the strategic issues committee					
Strategic issue management is incorporated in our annual plans					
Clear channels of communication exist to disseminate strategic issues to staff					
Strategic issue logs are clear to all line managers.					

31. To what extent do you consider strategic issue management as a project worth investing in? (Tick where appropriate)

- a. Not applicable
- b. To a less extent
- c. To a moderate extent
- d. To a great extent
- e. To a very great extent

32. List five benefits realized as a result of practicing strategic issue management

in your hospital.....
.....
.....

33. Kindly list down the main challenges that you have encountered when implementing Strategic issue management practices in your hospital.....
.....
.....

Thank you for responding to the questions.

Appendix 2

List of Private Hospitals in Nairobi

1. Aga Khan University Hospital
2. Alice Nursing Home, Mathare
3. Alpha maternity, Starehe
4. Avenue Hospital, Parklands
5. City Nursing Home,
6. City Park hospital
7. Coptic Hospital, Ngong Road
8. Eastlands Central Nursing Home
9. Eastleigh Maternity and Nursing Home
10. Easleigh Nursing Home
11. Edelvale Jamaa Home & Mission Hospital
12. Equator Hospital, Nairobi West
13. Family Life Promotion Nursing Home
14. FPAK Headquarter Nursing Home
15. Genesis Nursing Home, Kamukunji
16. Gertrude's Garden Children's Hospital
17. Guru Nanak Ramgarhia Sikh Hospital
18. Huduma Nursing Home and Maternity
19. Huruma Maternity and Nursing Home
20. Ideal Nursing Home
21. Inder Nursing Home
22. Juja Road Hospital
23. Jamaa Home & Maternity Hospital
24. Karen Hospital
25. Kariobangi Chesire Nursing Home
26. Kasarani Maternity and Nursing Home
27. Kayole Hospital Limited

28. Kibera Nursing Home
29. Lily Women Hospital
30. Lions Sight First Eye Hospital
31. Masaba Hospital
32. Mater Misericordiae Hospital, The
33. Marie Stopes Clinic & Maternity Home
34. Melchizedek Hospital, Dagoreti
35. Medina Muslim Nursing Home
36. Metropolitan Hospital Nairobi
37. Midhill Nursing Home
38. Mkunga Nursing Home
39. Mother & Child Hospital Ltd
40. M P Shah Hospital
41. Mutethania Nursing Home
42. Nairobi Equator Hospital
43. Nairobi Hospital, The
44. Nairobi West Hospital
45. Nairobi Womens Hospital, The
46. Nyina Wa Mumbi Maternity
47. Parkroad Nursing Home
48. Radiant Nursing Home
49. Redeemed Gospel Hospital,
50. Sayun Nursing Home,
51. South B Nursing Home
52. St. Anne's Kayole
53. St. Catherine Maternity
54. St. James Hospital
55. St. Mark Nursing Home and Maternity
56. Umoja Nursing Home
57. Westlands Cottage Hospital
58. Wema Maternity and Nursing Home