

**ORGANIZATIONAL GROWTH STRATEGIES UTILIZED BY ST.  
MARY'S MISSION HOSPITAL, NAIROBI**

**By**


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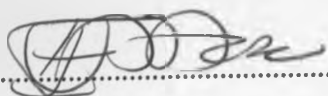
## DECLARATION

This project is my original work and has not been presented for a degree in any other university

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This project has been submitted for examination with my approval as the university supervisor

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I give special thanks to all people who have played a role in shaping me into the person that I am today, from my family and friends to my mentors, teachers and lecturers

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## DEDICATION

I dedicate this project to my lovely daughter Annie and to all those who have had an influence in my life

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## ABSTRACT

Organizational growth, which refers to the expansion of the organization in terms of number of clients and also in terms of the level of services offered, can be pursued through a variety of strategies. These strategies can be divided into three types basic types, which are organic development, mergers and acquisitions and strategic alliances. Each strategy is suitable depending on the organizational capabilities, availability of suitable partners and enabling political and cultural conditions.

This is a case study on St. Mary's Mission Hospital whose objective is to determine the organizational growth strategies utilized by this organization. This is a mission hospital run and founded by members of the Catholic Church. The study found that among the organizational growth strategies which may be organic development, mergers and acquisitions and strategic alliances, the organization mainly utilizes organic growth as its growth strategy, with emphasis on revenue, headcount and quality pillars. This relies on the organization building and developing its own capabilities. The study also revealed that the hospital has an informal strategic alliance with The Aga-khan University Hospital. There have been diversification strategies including the initiation of a nursing school, a high school and a hospital farm. Primary data was collected using an interview guide administered to the top three officials at St Mary's mission Hospital, while secondary data was collected from medical journals and industry analysis reports. The data was analyzed by content analysis. The hospital has grown from a staff population of 50 at commencement ten years ago to over 200 today. In addition there has been growth in the specialized services offered as well as one extra branch at Elementaita. The use of other organizational growth strategies such as mergers and acquisitions would enable faster more cost effective growth of the hospital. These mergers could be formed with smaller institutions located in smaller towns, thus enabling growth of the institution into these other areas. Formal monitoring of competition would also be appropriate and incorporating the necessary changes in the strategic plan appropriate growth of the institution.



# CHAPTER ONE INTRODUCTION

## 1.1 Background of the Study

Organizations today are preoccupied with activities to out-compete their rivals and stay relevant in the ever-changing market. The ultimate goal of these activities is to attain market dominance, organizational growth and the resultant profit associated with it. This is the basis of organizational strategy which Johnson and Scholes (2008) defines as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.

Organization growth is a necessity to meet the demands of an increasingly complex and dynamic environment. Knowledge and evidence-informed decision-making are instrumental in organizational growth and entails being focussed on important goals and involving others in achieving them (D'Silva, 2008). This process in turn involves strategy formulation, which is affected by the existing conditions, the level of competition and market growth. In addition, the prevailing laws and culture affect the strategy. In Kenya, the law prohibits hospitals from advertising themselves or their products openly. The law defines advertising as means to issue or cause to be issued a sign, notice, circular, label or wrapper to make any announcements orally or by means of producing or transmitting light or sound (Government of Kenya, 1978). This prohibition leads them to employ indirect methods to market their products and avoid being prosecuted for breaking the law. Indeed, Mburu (2008) found that one of the major external influences to choice of strategy for private hospitals in Mombasa was regulation.

The health sector in Kenya is composed of institutions that are government owned, mission or church owned and privately owned. Despite these organizations being in both private and public sectors, they are actually in competition with one another. Thus whatever organizational growth strategy is employed, which may be organic growth, mergers and acquisition or strategic alliances, the complexity of this interaction of players in the health sector has to be taken into consideration. Each strategy is suitable depending on the organizational capabilities, availability of suitable partners and enabling political and cultural conditions.

### 1.1.1 Strategies for Organizational Growth

Organizational growth refers to the expansion of the organization in terms of number of clients and also in terms of the level of services offered. Organizational growth can be pursued through a variety of strategies. These strategies can be divided into three types, which are organic development, mergers and acquisitions and strategic alliances (Wheeler and Hunger, 2007). Organic development is most suitable in situations where partners or acquisitions are not available or suitable and where cultural and political conditions enable it. Organic development involves building on own capabilities, learning and competence development. Mergers and acquisitions work best where speed is essential and where possibilities of culture clash are addressed. Joint development on the other hand is useful for market entry and quick growth, and it has the advantage of diluting risks and learning from partners

Johnson and Scholes (2008) describes the product-market matrix proposed by Igor Ansoff which provides four different growth strategies. In market penetration the firm seeks to achieve growth with existing products in their current market segments, aiming to increase its market share. In market development the firm seeks growth by targeting its existing products to new market segments and in product development the firm develops new products targeted to its existing market segments. Finally, in diversification the firm grows by diversifying into new businesses by developing new products for new markets. The organization would then decide whether to pursue one or both approaches.

The direction that the organization decides to take in order to grow then determines the strategy that the organization will utilize. The strategic choices will further be influenced by the external environment that may constitute the political, economic, social, technological and legal influences. The pestel concept helps in understanding key environmental drivers and changes in industry structure. The ultimate goal of these strategic choices is to gain competitive advantage over the rivals and hence grow the organization. Suitability is concerned with whether a given strategy addresses the key issues relating to the strategic position of the organization (Johnson and Scholes, 2008). Suitability is therefore concerned with the overall rationale of a chosen strategy. An in-depth understanding of the organization and its environment is absolutely necessary to plan suitability.

### 1.1.2 The Health Sector in Kenya

The health sector in Kenya is controlled by several key players. These key players can be broadly divided into the central government (through the ministry of health), the local government and the private hospitals. The central government controls 53% of all health facilities in the country, whereas the other two players control the rest (IEA/SID, 2001). The mission hospitals are classified under private hospitals. This situation is set to change with the promulgation of the new constitution where activities such as health provision are relegated to the county governments. Under the new constitution, the National government will be responsible for health policy and the national referral hospitals. The county government, on the other hand, will be responsible for county health services, and in particular county health facilities and pharmacies (Government of Kenya, 2010).

In line with the primary health care policies, Kenya has continued to design and implement policies aimed at providing health care for all. This has included expansion of medical schools, now totaling 4 in the country, as well as construction of national referral hospitals, now three in the country. Though noble, these achievements cannot achieve healthcare to all. In order to enable health coverage to a big number of its populace, Kenya has followed a pluralism strategy, allowing for a large and diverse non- government healthcare sector to develop. The government has tried to create an environment that is enabling for private health providers by relaxing the hurdles that needed to be overcome in order to set up a private health facility. As Berman and Rose (1996) wrote, failure to consider the diversity of private health providers could lead to faulty policy advice because form, behavior and importance with respect to both size and range of activities is likely to differ significantly between types of providers. This pluralistic method has resulted in a healthy private health sector in Kenya that has grown over the years. The growth in this subsector has been in terms of both number and size of the health facilities. The growth has resulted in competition between the various health facilities as they try to outgrow one another.

The medical practitioners and dentists act is silent about the classification of health facilities in Kenya. The Kenya Essential Health Package, however, identifies six levels of health care as listed below (Fund, 2007)

Level I	private single practice clinics
Level II	dispensaries
Level III	health centers, small nursing homes and private facilities
Level IV	district hospitals, medium sized private and medium sized faith based facilities
Level V	provincial hospitals and big private and faith based facilities with all specialists
Level VI	national teaching and referral hospitals

This classification, though not comprehensive, effectively brings out the stages of growth that an organization would plan to ascend through. The ultimate level would be a regional or international referral center which is not included in the above classification. This classification also emphasizes that government and private facilities are not grouped separately and so are, effectively, in competition with one another.

Health facilities within the country have shown tremendous growth such that a new level would be needed to include international or regional referral hospitals. Indeed, hospitals like The Karen hospital and the Aga-khan Teaching and University hospitals receive referrals from neighboring countries. Mission hospitals have also grown from being institutions that handled basic services, to hospitals like Kijabe Mission Hospital that has neurosurgical, plastic surgical and intensive care services. The medical practitioners and dentists' board has about two thousand registered health facilities, although they cannot quantify how many facilities there are in each of the classes listed above. This number of health facilities is expected to provide services to Kenya's population of two million people.

### **1.1.3 St Mary's Mission Hospital**

This is a mission hospital run and founded by members of the Catholic Church. It is a Kenyan Christian mission establishment- run by Kenyans for Kenyans. It was founded in the year 2000 with the intention of providing quality, affordable health care to Kenyans. It provides specialist surgical, obstetric, paediatric and medical services to clients from all over the country. The hospital receives patients from areas as far as

Mandera, Kilifi, Lodwar and Teso, as well as from countries like Uganda, Tanzania, Democratic Republic of Congo and Rwanda. The hospital is relatively self-sufficient financially as the income generated from services provided enables the running as well as the expansion costs to be catered for. Whatever donations are used assist in the growth and specialization of the institution, but not the day-to-day running.

The hospital has grown in leaps and bounds over the last decade, as it began as a level three facility with one hundred patients a day, but today may be a level five facility with 1000 patients a day. At initiation, the facility was performing fifty operations in a month, but today performs over five hundred major operations and a similar number of minor operations in a month. It has not only grown in the number of patients it gets in a year, but also in the variety of services offered. Currently it is in the process of introducing orthopaedic surgery, radiotherapy and ct- scan services. The hospital has developed branches such as St. Mary's Gilgil, which sees about 300 patients in a day and offers specialist services such as surgery, paediatrics, obstetrics and gynaecology. Construction on another branch in Sagana has begun and this branch may open its doors to the public in another two years.

In addition to offering medical services, the institution has purchased agricultural land in Olkalau region that not only enables it to produce food for its patients but also enables sale of agricultural produce to staff members as well as outsiders. The farm has a maize mill that runs in it. The hospital also has a high school associated with it, called The St Mary's Mission Hospital High School. The target population for this school are the needy people that the hospital tends to and it has two streams in each form, with thirty to forty students in each class. In relation to education, the hospital also has a nursing school associated with it. The nursing school began by offering upgrading facilities to lower cadre nurses, but now plans to offer degree nursing in conjunction with The Catholic University.

## **1.2 Research Problem**

Johnson and Scholes (2008) state that growth is not optional in many markets and that if an organization chooses to grow more slowly than the competition, it should expect the competitors to gain cost advantage in the longer term. There are several methods that an organization can utilize in order to pursue organizational growth. These methods include organic development which Johnson and Scholes (2008) defines as a situation where strategies are developed by building on and developing an

organization's own capabilities. This is most suitable where partners or acquisitions are not available or suitable and where political and cultural practices make it the easier option. Another organizational growth method is acquisition, where an organization takes ownership of another organization or mergers that are a mutually agreed decision for joint ownership between organizations (Pearce and Robinson, 2007). The mergers and acquisitions enable fast penetration of a market segment, they enable growth as well sharing of value but with potential for culture clash (Johnson and Scholes, 2008) Another growth strategy that may be utilized is strategic alliance where two or more organizations share activities and resources to pursue a strategy. Strategic alliance takes advantage of your core competencies while strengthening weaker areas of your business (NZTE, 2012). Well chosen partnerships can provide advantages such as sharing of risks, opportunities for growth, access to target market and resources.

St Mary's Mission Hospital began 10 years ago as a Mission Hospital located in Langata area of Nairobi. At the time of its commencement it was rated as a level 3 health facility with about 100 patients per day and a bed capacity of fifty. Today the institution has a 300 bed capacity and gets about 1000 out patients per day. The institution has also opened a branch in Elementaita and plans to open a few others in the next few years. This growth has occurred in the face of a depreciating Kenyan shilling and legislation that prohibits explicit advertising. The health sector itself has grown in the sense that the size of the existing institutions has grown as has their specialty. In addition to this organizations have adopted almost open marketing in order to grow their clientele. The engaging of professional hospital managers in most major hospitals has brought with it the necessary skill to facilitate implementation of organizational growth strategies.

There are several studies that have been done in the field of organizational growth strategies. Eisenherdt and Schoonhoven (1990) discovered that the greatest influence to organizational growth strategies chosen by young firms is environmental determinism and founding conditions. This tends to imply that the success of organizational growth strategy is dependent on circumstantial factors and not the chosen strategy. Dewhurst et al (2011) discovered that addressing the organization's weaknesses as growth strategies were implemented gave the organizations significant advantage. Herman et al (2011) discovered that leadership quality is essential for

growth and that certain competences are more important to some growth strategies than to others. Both Dewhurst and Herman therefore imply that the success of organizational growth strategies is not circumstance driven but is dependent on purposeful steps to address organizational weaknesses and chose the right managers. Weinzimmer et al (1998) suggested that the success of organizational growth organization growth was dependent on the specific approaches used to measure growth. This therefore implies that the results are subjective and by choosing one measure of organizational growth the results can be altered.

Mburu (2008) looked at the competitive strategies utilized by hospitals in Mombasa, where she found that hospital strategy is shaped by a number of external influences including economic and demographic trend as well as regulation amongst other things. In her study, she failed to analyse the strategic measures employed and the effectivity of each. Separate studies done by Rinje (2006) and Wanjiru (2007) looked at the strategic management principles employed by health related organizations that they were analyzing. They emerged with similar findings that the organizations they were studying were employing strategic management principles to run their affairs. They did not analyze what effect these strategies had on organizational growth or how effective they were. Riungu (2007) analysed mission for Essential Drugs and found that they employed a low cost focus strategy and enjoyed a high degree of customer loyalty. Kimeli (2007) looked at competitive strategies of health management organizations in Kenya. He found inconsistencies between the rate of success of strategies and the extent of their application. His study implies a failure of the management to realize that they were piling resources on the less effective strategy. Kundu (2007) on the other hand looked at competitive strategies employed by mission hospitals in Kenya. He found the competitive strategies employed include high quality services, customer service, new service, regular market surveys, customized services and low charges. He, however, did not try to establish which of his listed strategies had the best results.

There are various methods to achieve organizational growth including organic growth, acquisitions and strategic alliances. The success of whatever chosen strategy may be dependent on environmental influence, addressing of existing weaknesses and the leadership in the organization. Whatever strategy chosen may have a varying effect on organizational growth. In addition the success of each strategy may be unfairly

determined by choosing the wrong approach to measure growth. Therefore, in order to analyze organizational growth effectively, it is necessary to analyze the utilized organizational growth strategies utilized using an appropriate measure of the organizational growth. What organizational growth strategies are utilised by St Mary's Mission Hospital in order to grow the organization?

### **1.3 Research Objectives**

The objective of the study is to establish the organizational growth strategies utilized by St Mary's Mission Hospital.

### **1.4 Value of the study**

The study will help to establish the most effective growth strategy for St Mary's Mission Hospital. This would enable the management to place more resources on this particular strategy and waste fewer resources on strategies that yield little or no results. The research will help health sector managers to realize the benefit of developing and utilizing appropriate strategies in management of health facilities. The study will also help bring out an appropriate measure for organizational growth.

The study will form a basis on which managers can identify an appropriate strategy for their health facility. The study will help to grow a new area of study where health facilities in Kenya are viewed and managed like any other corporate organization in the country. The study will also form a basis for other studies on strategy utilization in management within the health sector. The study will cover St Mary's Mission hospital in Nairobi. It will cover the organizational growth strategies utilized within the hospital. It will not analyse other unrelated management aspects of the hospital



# CHAPTER TWO LITERATURE REVIEW

## 2.1 Introduction

This chapter looks at organizational growth and how it is assessed. The chapter also looks at the organizational strategies that can be utilized as well as their grading. Finally the chapter describes the effects that external environment has on strategy.

## 2.2 Organizational Growth

Organizational growth means different things to different organizations. Most companies will measure their growth in terms of net profit, revenue and other financial data (Caplow, 1983). Other business owners may use sales figures, numbers of employees or physical expansion. The parameter that is chosen has a tendency to influence the amount of growth that is perceived. Indeed Weinzimmer et al, 1998, found that the significance of relationships between determinants and organizational growth, as well as the amount of explained variance depend on the specific approaches used to measure growth. Companies have to grow in order to accommodate the increased expenses that develop over the years (Crosby, 1990). Most firms, of course, desire growth in order to prosper, not just to survive.

Desirable as growth may be, it has a number of problems that arise from it. Organizational growth brings with it inevitable dilution of the hands on capability while the complexity of various organizational tasks simultaneously increases (Caplow, 1983). Organizational growth also triggers an almost inevitable diminution of consensus about organizational growth (Caplow, 1983). When this growth is sudden rather than incremental, it results in disorientation of employees. These problems then require to be addressed by changes in organizational structure that then compliments the organizational growth.

## 2.3 Organizational Growth Strategies

Organizational growth means different things to different organizations. Indeed there are many parameters a company can select to measure its growth. One yardstick is to assess progress with respect to an organizations stated goals. Other measures may be sales figures, number of employees, physical expansion, or net profit (Caplow, 1983) There are, in turn, different methods that can be utilized to pursue organizational growth. These methods can be divided into three types, which are, organic development, acquisition and alliances (Johnson and Scholes, 2008)

Organic development is also called internal development, and it is where strategies are developed by building on and developing an organization's own capabilities (Johnson and Scholes, 2008). This method has advantages for small organizations because resources utilized are preexisting ones and moreover this method can be adapted and spread in order to suit the organization's resources. Organic growth strategies grow a company via increased output and larger sales volumes. This strategy is based on four main pillars revenue, headcount, public relations and quality (Lehrich, 2007) Businesses that are growing organically need to grow revenue volumes in the most efficient manner possible. Growing revenues allows for the effective functioning of the other three pillars. Headcount refers to the employee numbers as well as the qualifications of the employees. Public relations and advertising enables the company to get the word out about its products and services. Quality is essential because organic growth relies heavily on repeat customers. For a company that has strength in any or all of the above pillars then organic growth is most appropriate. The challenge in this strategy lies in ensuring that each of the developed pillars is greater than the competition

Acquisitions and mergers are similar, though in acquisitions one organization that has the necessary resources, takes control of another organization (Pearce and Robinson, 2007). Mergers on the other hand imply a mutually agreed decision for joint ownership. The organizations here tend to be of similar strength. The motives for acquisition and mergers include consolidation of opportunities, exploitation of strategic capabilities, competitive situation and when rapid entry of products into a market is necessary (Johnson and Scholes, 2008). Acquisitions can be classified further as private and public, depending on whether the company initiating the process is or is not listed on the public stock markets. In addition, the acquisition may be hostile or friendly (King and Covin, 2008). The hostile merger occurs when one company is coaxed into the agreement through the monopolization of resources or strong competitive measures. The conditions that tend to favor acquisitions include the presence of a large company in the same market as a smaller one, or the possession of limited resources by one company at the expense of another. This strategy is most appropriate for a company that wants to muscle its way into an existing market.

Strategic alliances occur when organizations share resources and activities with a predetermined goal (Johnson and Scholes, 2008). These partnerships exist for a

defined period during which partners contribute their skills and expertise to a cooperative project. Partners may provide the strategic alliance with resources such as products, distribution channels, manufacturing capability, knowledge, capability or intellectual property. This alliance is a collaboration which aims for synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts (Rigsbee, 2000). There are four types of strategic alliances which are joint ventures, equity strategic alliance, non equity strategic alliance, and global strategic alliances. In joint ventures two or more firms create a legally independent company to share some of their resources and capabilities to develop a competitive advantage. With equity strategic alliance two or more firms own different percentages of the company they have formed by combining some of their resources. In non equity strategic alliance the firms develop a contractual relationship to share some of their unique resources in order to create competitive advantage. In global strategic alliance the partnerships are across national boundaries. This may provide an easy way to escape lengthy legislation processes in a foreign country. The bottleneck with strategic alliance is the legal process involved in their formation and ensuring that both parties actually benefit from the alliance.

The growth of an organization, in terms of products and markets, can be analyzed using the Ansoff matrix. The matrix may not be able to analyze the organization mergers or alliances, but it does analyze the organizations growth in terms of the core areas of a company. This matrix provides a simple way of generating four basic directions for strategic development (Johnson and Scholes, 2008)

Figure 1: The Ansoff Matrix

	Existing products	New products
Existing markets	A Market penetration Consolidation	B Product Development
New markets	C Market Development	D Diversification

Source: Adopted from H Ansoff, *Corporate strategy*, Penguin, 1988, chapter 6

An organization typically begins in box A with existing products and existing markets. The organization then has an option of developing new products for its existing markets (box B), bringing its existing products into new markets (box C) or attempting full diversification with new markets and new products (box D). The Ansoff matrix explicitly considers growth options and growth is not optional for any organization that wants to remain relevant in an ever changing market.

#### 2.4 The External Environment and Strategy

The external environment has a major influence on the organization's growth. The environment that health organizations function in can be analysed using the PESTEL framework. PESTEL stands for Political, Economic, Social, Technological, Environmental and Legal (Johnson and Scholes, 2008). Politics highlights the role of governments, as seen in Kenya with the sectarian politics that affects organizational growth negatively. Economics refers to the macroeconomic factors such as the strength of the Kenyan shilling, the economic growth rates and the cost of living. Social influences include the cultural influences that may affect health seeking behaviour, the power of religion and the local witch doctor in influencing people's health choices. Technological influence refers innovations such as minimally invasive surgery, laparoscopy, the internet and the amount of medical information that can be gotten from it. Environmental stands for 'green issues' and issues such as waste

disposal, reusable equipment, recyclable products. Legal embraces legislative constraints such as the medical practitioners and dentists act, which regulates registration and controls such things as advertising.

The effects of the PESTEL framework are important in their own right and in the way that it has changed over time and continues to do so. The political environment is continuously changing and in this country, every election comes with a major alteration and it in turn affects the economic environment. The social environment is considerably affected by education levels, which continue to improve with urbanization. This has resulted in better health seeking behaviour over time and a decreased influence by cultural values and the witchdoctor (IEA, 2001) Technological advances have made medical procedures more available and advanced, indeed minimally invasive surgery is now readily available in this country. Environmental influences have also changed with local authorities placing greater emphasis on waste disposal than they did two decades ago. The legal environment has seen the greatest change with health facilities now advertising themselves indirectly by claiming to let the public know about a new facility; this was unacceptable two decades ago and would have resulted in punitive fines or even deregistration. These changes in the organizations' macro environment have necessitated a change in the management styles within these organizations. Slowly but surely competition has begun to show itself.

# CHAPTER THREE RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter summarizes the guideline system to be utilized in this research. It states and explains the research design used, the data collection methods as well as the data analysis methods employed.

## 3.2 Research design

A research design is a plan, structure and strategy conceived so as to obtain answers to research questions. It provides a framework for planning and conducting a study. This is a case study on St. Mary's Mission Hospital. The study aims to get insights into the measures St. Mary's Mission Hospital has put in to outgrow their competitors. A case study will provide a close insight into the workings of the growth strategies. Case studies tend to be qualitative and quantitative in nature and often combine elements of both this particular one will be more qualitative than quantitative.

The main benefit of conducting a case lies in the particular details and holistic understanding researchers gain from a particular case (Yin, 1993). This allows researchers to fully understand how an intervention worked or why an intervention had effect in a particular case. Other research methods such as the experimental type only answer what effect the intervention had but it fails to go into details as to why. The case study method would be most appropriate to understand the what and the why of organizational growth strategies utilized by St Mary's Mission Hospital. The main drawback in using a case study here is the limited external validity. Internal validity addresses how valid it is to make causal inference about the intervention in the study, whereas external validity addresses how generalizable those inferences are to a larger population (Yin, 1993). Case studies tend to have a very strong internal validity but in contrast, they have extremely poor external validity.

### **3.3 Data collection**

In order to comprehensively study the organizational growth strategies applied by the hospital and to make valid conclusions, both secondary and primary data was collected. The use of several sources enabled verification and comprehensiveness. Primary data was collected using an interview guide administered to the top three officials at St Mary's mission Hospital. The interview guide helped to direct the conversation towards the topics and questions relevant to this topic. Interview guides, in general, help the researcher to know what to ask about, in what sequence, how to pose follow-ups. They provide guidance about what to do or say next, after your interviewee has answered the last question (Glantz and Staton, 2002)

Secondary data was collected from medical journals and industry analysis reports. Secondary data is data gathered and recorded by someone else prior to (and for purposes other than) the current needs of the researcher. The data is usually historical, already assembled, and do not require access to respondents or subjects. The advantage of secondary data is in its easy accessibility, which means it can form a basis on which the primary data will be collected. The drawback is that the data tends to be very general and non specific to the objectives of the study being conducted.

### **3.4 Data analysis**

According to Marshall and Rossman (1999), data analysis is the process of bringing order, structure and interpretation to the mass of collected data for purposes of current study. The data collected here was analyzed by content analysis. Content analysis is defined as a research tool used to determine the presence of certain words or concepts within texts. To conduct a content analysis on such a text, the text is coded, or broken down into manageable categories on a variety of levels and then examined using one of content analysis' basic methods of conceptual analysis or relational analysis (Writing, 2011). In conceptual analysis, a concept is chosen for examination and the number of its occurrences within the text is recorded. Relational analysis builds on conceptual analysis by examining the relationships among concepts in a text.

Content analysis offers several advantages to the researcher including allowing for both quantitative and qualitative operations, gets at the central aspect of social

interaction, provides insights into complex models (Berelson, 1952). The disadvantages of content analysis include the fact that it can be time consuming, is subject to increased error, often disregards the context that produced the text and it can be difficult to automate or computerize (Berelson, 1952).



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

## **4.1 INTRODUCTION**

The study had one objective which was to determine the organizational growth strategies utilized by St. Mary's mission Hospital. Primary data was collected using an interview guide administered to the hospital director and also to the hospital administrators. Secondary data was acquired from the hospital's newsletters and website. The Data was analyzed using content analysis in relation to the study objective and the findings are presented under the various headings below.

## **4.2 HOSPITAL PROFILE**

The hospital was started in the year 2000 and was registered as a Mission hospital. The owners were then registered as the merino priests together with the assumption sisters. It has over 200 staff members and provides services in all major disciplines of medicine including surgery, obstetrics and gynecology, pediatrics, internal medicine and radiology. At the time it was founded, the hospital had less than 50 staff members and only offered basic services with no specialist services. It currently has over 200 staff members and has specialist services increasing as the patient needs demand. Initially the hospital only consisted of the unit located in Langata, but currently there exists a fully fledged hospital at Gilgil/Elementaita with numerous specialist services. This facility at Gilgil has over one hundred staff members and receives about two hundred patients in a day. There has already been ground breaking for another branch in Sagana, with construction currently ongoing. This branch at Sagana is expected to begin offering all specialist service within the next two years.

There have also been developments in other areas, such as the commencement of a nursing school. This nursing school initially offered upgrading services to already qualified nurses, but currently it is offering degree nursing in conjunction with catholic university. There is also a high school associated with the hospital, initially built for needy students from slum areas, but now has students even from affluent areas. The hospital also owns and runs a farm at Olkalau that enables food production for patients within the hospital, as well as sale of food to staff members and other interested individuals.

## **4.3 ORGANIZATIONAL GROWTH STRATEGY**

### **4.3.1 Organic Growth**

The organization utilizes organic growth as its growth strategy. This relies on the organization building and developing its own capabilities, which in this case means that the hospital has utilized its existing capabilities in order to grow. The advantage of this organizational growth method is that it is safer than rapid growth or growth through mergers and acquisitions because the method used is already tried and tested for the organization. This method is also cost effective as it involves building and developing own capabilities. The disadvantages are that organic growth takes longer than more aggressive strategies for growth, the strategies utilized here grow over time and are not a quick fix solutions. The method is also limiting for an organization that wants to try different business models and new ideas, therefore St Mary's is limited in the choice of business strategy because of having utilized this method. The growth strategy, as utilized by St Mary's Mission Hospital can best be analyzed using the four main pillars of organic growth, which are revenue, headcount, public relations and quality.

#### **4.3.1.1 Revenue**

Revenue is probably the most important pillar for the organization, because by increasing revenue, then all the other pillars can be financed. Revenue is grown by increasing the number of patients that attend the facility each year because every patient who attends the health facility results in an increase in revenue for the organization. For each patient seen at the hospital, a consultation fee is charged which results in revenue increase. Whatever other services or investigations ordered also results in an increase in revenue. This therefore means that whenever a patient is sent for an ultrasound, an x-ray or blood count at the hospital, the charges for each of these services results in revenue for the institution. Most services offered at the institution are offered at prices far below the competitors which therefore means that they are more likely to do the investigations at St Mary' Mission hospital. This also has a second effect in that some patients come to seek the investigative services here while still being managed at other health facilities. Indeed a lot of the referrals seen at the institutions are for patients sent from other hospitals and private clinic in order to undergo some investigation or other, while still being managed at the referring

institution. These referrals that originally arrive just for investigations, most times prefer to finally be treated or operated at St Mary's Mission Hospital, which therefore results in further increases in revenue.

The other method utilized in order to raise revenue is to decrease the expenditure. The decrease in expenditure is achieved, first of all, by seeking cheaper sources of supplies. Therefore instead of looking for original drugs, well tested generics are utilized, instead of using imported products and machines, tested and proven local products and machines are utilized. This use of local supplies and machines also results in decrease of transportation costs as most of the companies deliver the supplies themselves. When it comes to machines, the use of local machines means that after sales services are easily and cheaply available, as are the spare parts. Bulk ordering of supplies enables the hospital to get quantity discounts that further lower the cost of goods. Wastage is also kept very low by having section heads who continually assess and address any wastage that may be occurring within their sections. Wastage is also minimized by ensuring that each staff member is held accountable for any wastage that occurs in the performance of their duties. Growing revenue eventually leads to profit growth which is the end goal of organic growth strategies. Growing revenue allows for the effective functioning of the other three pillars.

The disadvantages encountered with this revenue pillar of organic growth strategy are several. First of all, the raising of revenue is based on numbers, which therefore means that a depression in numbers, for whatever reason, results in a significant decrease in revenue. This is unlike the competition that has a significant profit margin gained with each patient, which therefore makes them less reliant on the number of patients attending the health facility. A lot of patients referred for investigations end up seeking definitive management at the institution and this result in rivalry with those institutions, thus elevating the level of competition with these referring institutions. The use of generic drugs results in a group of patients who have diminished faith in the organization as a lot of people believe in using original drugs. The focus on decreasing wastage may also result in decreased quality of services as staff members place the decrease in wastage at a higher level than quality provision.

#### 4.3.1.2 Headcount

Headcount refers to the human resource component of the organization. The organization has progressively increased the number of employees as well as their qualification in relation to the patient demands. Increase in the number of employees has occurred in order to match the increase in the number of patients. The hospital began with four wards and now has eight wards. Each ward has a certain number of nurses, subordinate staff and clinicians and so to increase the number of wards one must increase the headcount. This has resulted in an increase in capacity that thereafter leads to an increase in the number of patients. The organization generally runs at maximal capacity and therefore by increasing the number of workers allows an expansion of the operational capacity. For theater, outpatients, wards and nursing departments to function efficiently, they must be properly staffed and as revenue has increased the hospital has been able to afford to hire more employees. The increase in staff numbers acts as an indirect marketing method because the new staff members, in some occasions, move over with some of their regular patients in tow. The ophthalmologist at the hospital was recruited from Kikuyu Eye Hospital and when he came over, it resulted in a big section of the patients at Kikuyu Eye Hospital following him over to St. Mary's mission hospital. This appears to be a tactic that the hospital uses regularly because the same pattern has been utilized in the dental and surgical departments. The administration also counters any staff movements to other facilities by increasing salaries and perks for any staff members who threaten to leave and by ensuring that the staff salaries are the best in the market.

Quality is more important than quantity for company headcount. An increase in the qualification of the staff members, such as more specialized doctors, has resulted in an increase in the patients that require more specialized services. The hospital began without any surgeons in service, but now has three general surgeons, a urologist and an orthopedic surgeon. There has also been training of other cadres of staff such as theatre nurses, critical care nurses and a professional counselor. In addition to this the specialization acts like a marketing stunt, thus resulting in the hospital marketing itself. To this end the doctors are encouraged to get a masters degree in medicine within five years of having been employed by the institution. The nurses are also eligible for further training once they've been in the hospital for at least three years. The hospital has thus formed an educational committee, whose role is to ensure that

education of staff progresses in line with the hospital's growth targets. The hospital also has employed a technique where it gets some specialists to visit the hospital at regular intervals, without being employees of the hospital. For instance, there is a twice weekly visit by a urologist who is not employed by the hospital, but receives remuneration for each of his visits. He is therefore paid for the hours that he works at the institution. Here, the pillars of headcount and revenue are complimenting one another in that the facility has specialists working for it without them being on the payroll, or receiving other perks such as house allowance. Moreover it means that should the need for these extra specialist services diminish, then the hospital is able to terminate these extra services at minimal notice and without having to pay off a severance package.

The disadvantages encountered in the use of this pillar for organizational growth are several. First of all, there is the question of whether the number of employees should increase in order to result in an increase in patients or the other way around. The hospital appears to take the option of waiting for patient numbers to increase and then increasing the staff numbers to match the demand. This option results in pressure on the workers and has the major disadvantage of reacting to change rather than anticipating it as strategic management would dictate. The tactic of recruiting staff members from rival hospitals and attracting their loyal patients along with them results in unfriendly competition with those aggrieved institutions. The method of developing specializations based on the demand is reactionary and fails to qualify as strategic management where the organization should anticipate change and plan for it.

#### **4.3.1.3 Public relations**

Public relations and advertising allow companies to get the word out about their products and services. The organization has no formal public relations activities, neither does it have a formal advertizing method. The director, as well as the hospital administrators, are responsible for any public relations matters that may arise. This state of affairs is seriously disadvantageous to the hospital because the institution requires professionals whose daily activities are geared towards public relations. The administration prefers to rely on word of mouth for marketing, as well as relying on the low cost of services to attract customers. This again is a serious error because advertising allows companies to get the word out about their products and services.

The organization has been lucky in that it has enjoyed continuous growth over the last ten years since its inception; however, having attained its current size, marketing should be an essential part of the organization's activities. The Good public relations strategies allow for revenue growth. Bad public relations can be more damaging to a company than good public relations can be effective. This therefore means that the organization needs to have a formal structure in place to handle any bad public relations events that may occur. The lack of this department lays the organization in a very susceptible position should any unwelcome event occur. All public relation avenues must be used and monitored to ensure positive word of mouth advertising and branding. The organization does not have a formal structure for monitoring competition but it does informally monitor what the competition is doing and tries to keep abreast with their developments. This situation again means that the hospital reacts to what the competition is doing rather than setting the pace for the competition to follow.

#### **4.3.1.4 Quality**

To successfully grow any enterprise, there needs to be a quality product. St Mary's Mission hospital relies heavily on the provision of quality services because this ensures that repeat customers keep accessing the hospitals services. The quality is ensured by appropriate management of all conditions treated and referral of any patients with problems requiring sub-specialized management. Quality is also assured by strictly adhering to the rules and regulations of the medical practitioners and dentist's board. Quality control and customer service are critical to gaining a sufficient sales volume to grow a company. The weakness in this institution lies in there being no formal department to assess and manage quality provision of services. Moreover, there is no complaint or customer care department which would help solve whatever quality issues that the patients may bring up. The provision of quality care in health provision also implies provision of the most modern way to handle medical conditions. In the case of surgery, this would mean doing laparoscopic surgery instead of open surgery. Herein lies the weakness of the hospital because it falls behind the competition who are able to provide laparoscopic surgery. So here the hospital has failed in the quality pillar of this organizational growth strategy.

### 4.3.2 Strategic alliance

A strategic alliance is a form of collaboration between two or more companies which can take on many forms such as technology transfer, purchasing and distribution agreements, marketing and promotional collaboration. Though a formal strategic alliance does not exist, there is an existing collaboration between St Mary's Mission hospital and The Aga-khan University Hospital. In this collaboration, St. Mary's sends all its pathological specimens to Aga- khan hospital for a very subsidized fee, whereas the Aga-khan surgical students get to train at St Mary's hospital at no cost. In addition to this, The Aga-khan provides fine needle aspiration services to patients from St Mary's Mission Hospital. This alliance, though at its initial stages, has facilitated St Mary's to provide affordable pathology service to its patients. This means that the hospital is able to get quality pathology reports, including immune-histochemistry, at very little cost. This low cost pathology services thus act as a pull factor for patients from all over the country, including those that would ordinarily get the services from The Aga-khan University and Teaching hospital. The alliance also helps The Aga-khan to get a whole variety of pathological specimens that would be essential for the training of their pathology students. The alliance has also given St Mary's Mission Hospital an opportunity to recruit the surgical students from The Aga-khan once their training is complete. Indeed, two of the surgeons who've worked at St Mary's were recruited from The Aga-khan University and Teaching Hospital. Other faces of the alliance include studies which the institutions have carried out together, including joint studies on breast cancer and prostate cancer. The two institutions have also carried out sensitization campaigns on breast cancer and colon cancer together.

There are a number of advantages that a strategic alliance can offer, some of which are applicable here and others are not. One major advantage is sharing of risks, which is not applicable in this case because both institutions, by the time of the collaboration, were beyond that risk level. In addition, the nature of their alliance did not offer any risk protection. Another advantage, which is applicable in this case, is offering opportunities for growth. The collaboration enabled St Mary's Mission Hospital to grow the range of pathology services that are offered at the health facility. The Aga-khan University Hospital on the other hand, was able to offer adequate and appropriate training to its pathology students based on the variety of pathology specimens received from St Mary's Mission Hospital. Focus on your core strengths is

another advantage of collaboration. The alliance has enabled St Mary's Mission Hospital to focus on the provision of health services without heavy investment in pathology and laboratory services. The formation of an alliance also enables access to resources, where one partner enables the other to get access to resources such as specialized staff. This has occurred in the sense that St Mary's has access to surgeons and pathologist from the Aga-khan medical school, whom it can take onto its payroll.

The disadvantages of the alliance include the problem of exclusivity. St Mary's Mission Hospital is bound by the collaboration in that it cannot take its specimens to other pathology centers, thus reducing possible cost reductions and other technological advantages. It also means that for research purposes, The Aga-khan University and Teaching Hospital would have first priority over other institutions that may be willing to go into joint research with St Mary's Mission Hospital. This collaboration would better serve St Mary's Mission Hospital if it included a clause that exclusively leads to referral of patients who cannot afford the services offered at the Aga-khan University and Teaching hospital. In addition to this, the hospital is bound to give preference, for employment, to surgeons and pathologists graduating from The Aga-khan University and Teaching Hospital. This is disadvantageous because there may be more qualified and experienced doctors from other institutions such as The University of Nairobi.

Apart from this alliance with The Aga-khan University and Teaching Hospital, St Mary's Mission Hospital has not attempted to form any mergers or taken any acquisitions, which is a loss of potential opportunity. There are smaller institutions such as Mission hospitals in areas like Rongai in Nairobi and acquisition, or at least mergers, with such institutions would enable St Mary's Mission Hospital to penetrate the suburbs of Nairobi with little capital investment. This method has been utilized by institutions like The Nairobi Women's Hospital that has acquired The Masaba hospital, thus enabling its faster growth and penetration into the market. The Nairobi Women's Hospital had also attempted a similar acquisition of St James Hospital but the deal fell through. Kijabe Mission Hospital has acquired a few dispensaries in the regions of Kimende and Limuru. With this trend in mind, it would therefore be unwise for St Mary's Mission hospital not to borrow a leaf from the competition. Indeed as noted earlier, organizations need to move with the times in order to stay relevant in today's market place.



### 4.3.3 Ansoff Matrix

The growth of the hospital can also be analyzed using the Ansoff matrix

Figure 2: The Ansoff Matrix- St Mary's

Existing medical services                      New medical services and  
Other products

Existing hospital	A Market penetration Consolidation	B Product Development
New hospital and location	C Market Development	D Diversification

Source: Adopted from H Ansoff, *Corporate strategy*, Penguin, 1988, chapter 6

The hospital typically began in box A with existing products and existing markets. The organization then increased the number and variety of medical services offered, thus moving to box B. Having constructed the new hospital at Elementaita, the organization began to court new markets thus moving to box C. The new hospital with new more specialized services then resulted in diversification- box D. In addition to this, the hospital has gone into the provision of non medicine related products, which include the nursing school, the high school and the hospital farm. The building of the new hospital at Elementaita enabled the hospital to get patients from area such as Gilgil, Nakuru, Naivasha and all surrounding areas. This has resulted in penetration of areas previously unserved by mission hospitals and only had government and private facilities. The hospital has, for instance, resulted in significant changes in health care provision and costs in Nakuru town, where the private health providers have had to revise their charges downwards. The success of the Elementaita branch has resulted in confidence building that has then encouraged the administration to venture into Sagana, where construction has begun. Once Sagana is built and operational then the

plan is to venture into other regions in the country such as The Coast and Northern Kenya. The end effect is to have a network of St Mary's Mission hospitals distributed all around the country and with different specializations and capabilities in each of the institutions that comprise the network.

The initiation of the nursing school has taken the organization into a new level where the services offered are significantly different from the core product which is medicine. This, together with the new locations constitutes diversification as described by Ansoff. The nursing school not only results in an increase in revenue from the fees charged to the students but also results in the training of a cadre of staff that can then be recruited as the organization grows bigger. The diversification has further been enhanced by the construction of a high school within the hospital grounds. Initially, this was started in order to help needy students from slums like Kangemi and Kibera. However, as time has gone by, the school has been frequented by students from more affluent backgrounds, thus resulting in a venture that contributes to the revenue of the hospital. The school began with one stream in each form, but now has two streams in each form. The plan is to grow it into a school with four streams and then eventually start off a branch at the Elementaita Hospital. This will eventually see a network of St. Mary's Mission Hospitals all over the country, coupled with a network of schools within each hospital compound. The diversification process has further been reinforced with the initiation of a hospital farm at Olkalau. The farm originally began as a source of food for the hospital patients but with time, the farm went into increased production and green houses that resulted in a surplus of food. This surplus enabled food to be sold to staff members at low prices and now the food is sold to outsiders as well. The farm consists of 20 acres of green houses with ten fresian dairy cows, with plans to expand the capacity in future.

The diversification, although it results in organizational growth, is a serious risk because the hospital has gone into areas that are beyond its core expertise. Whereas health provision comes second nature to the management and staff, provision of education is a whole different scenario. It requires hiring of teaching staff, abiding by rules and regulation set by the ministry of education and competing in a field that the organization had no previous experience in. This scenario means that the hospital may ultimately have to change its structure with the school forming a different organization despite being affiliated to St Mary's mission Hospital. These changes would facilitate

a professional team of administrators to run the education facilities and utilize organizational growth strategies to grow them independently of the hospital. The same thing applies to the hospital farm which would require a different set of managers. Should the hospital management decide that this farm has achieved its intended level of growth then maintaining status quo would suffice. However, if the plan is to grow this sector into a viable, sizeable business entity, then the hospital would require to set this up as a different entity, with different administrators, though still affiliated to the hospital.

## **4.4 DISCUSSION OF FINDINGS**

### **4.4.1 COMPARISSON TO THEORY**

This hospital appears to base its operations on organizational strategy which Johnson and Scholes (2008) defines as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. Therefore despite not having formally trained strategic managers, the organization is able to maintain a direction and scope that achieves advantage in a changing environment. Organizational growth can be pursued through a variety of strategies which can be divided into three types, which are organic development, mergers and acquisitions and strategic alliances (Wheeler and Hunger, 2007). Organic development is most suitable in situations where partners or acquisitions are not available or suitable and where cultural and political conditions enable it. This is the case for St. Mary's Mission Hospital which began without formal partners and no hope for acquisition and therefore needed to build on its own capabilities. This strategy is based on four main pillars revenue, headcount, public relations and quality (Lehrich, 2007). For a company that has strength in any or all of the above pillars then organic growth is most appropriate. St Mary's Mission Hospital has shown strength in the pillars of revenue and headcount but has weaknesses in the pillars of public relations and quality. The challenge in this strategy lies in ensuring that each of the developed pillars is greater than the competition

Organic development involves building on own capabilities, learning and competence development, whereas mergers and acquisitions work best where speed is essential

and where possibilities of culture clash are addressed (Johnson and Scholes, 2008) Joint development on the other hand is useful for market entry and quick growth, it has the advantage of diluting risks and learning from partners. Strategic alliances occur when organizations share resources and activities with a predetermined goal (Johnson and Scholes, 2008). These partnerships exist for a defined period during which partners contribute their skills and expertise to a cooperative project. The strategic alliance between St Mary's Mission Hospital and The Aga-khan University and Teaching hospital is based on this premise. Suitability is concerned with whether a given strategy addresses the key issues relating to the strategic position of the organization (Johnson and Scholes, 2008). Suitability is therefore concerned with the overall rationale of a chosen strategy. Based on the environmental conditions and the economic position of St Mary's Mission Hospital, then the chosen growth strategy can be said to be appropriate. An in-depth understanding of the organization and its environment is absolutely necessary to plan suitability. Johnson and Scholes (2008) state that growth is not optional in many markets and that if an organization chooses to grow more slowly than the competition, it should expect the competitors to gain cost advantage in the longer term. St Mary's Mission Hospital has opted to grow faster than the competition thus it has gained cost advantage in both the short and the long run.

The hospital has adhered to organizational growth as described by Ansoff, whose matrix provides a simple way of generating four basic directions for strategic development (Johnson and Scholes, 2008). Here, by utilizing both new products and growing into new markets then the organization has exemplified the ultimate growth with diversification. Growth of the organization on its own cannot be adequately analysed without relating it to the external environment. The environment that health organizations function in can be analysed using the PESTEL framework. PESTEL stands for Political, Economic, Social, Technological, Environmental and Legal (Johnson and Scholes, 2008).

#### **4.4.2 COMPARISSON TO OTHER STUDIES**

Mburu (2008) found that one of the major external influences to choice of strategy for private hospitals in Mombasa was regulation. This is the case for St Mary's Mission

hospital which is under the regulations of the medical practitioners and dentists' board and so cannot advertize openly. This therefore results in the organization relying less heavily on the organic growth pillar of publicity and more on revenue and headcount. Eisenherdt et al (1990) discovered that the greatest influence to organizational growth strategies chosen by young firms is environmental determinism and founding conditions, which tallies well with both the findings of Mburu (2008) above and the practice at St Mary's Mission Hospital. Dewhurst et al (2011) discovered that addressing the organization's weaknesses as growth strategies were implemented gave the organizations significant advantage. Therefore by addressing its weaknesses as brought out in the lack of mergers and acquisitions or the lack of formal strategic management structures, then the organization is likely to achieve much greater and faster growth.

Herman et al (2011) discovered that leadership quality is essential for growth and that certain competences are more important to some growth strategies than to others. The management structure and style at St Mary's Mission Hospital is highly dependent on the founder's views, and this was instrumental in the initial success of the institution. In order to enjoy continued growth then the organization needs to seek out leadership competencies that address the desired growth strategies. Weinzimmer et al (1998) suggested that the success of organizational growth organization growth was dependent on the specific approaches used to measure growth. This was avoided in this study by employing several parameters to measure growth rather than one. Riungu (2007) analysed mission for Essential Drugs and found that they employed a low cost focus strategy and enjoyed a high degree of customer loyalty. This also ties in well with the low cost strategy employed by St Mary's Mission Hospital. Kimeli (2007) looked at competitive strategies of health management organizations in Kenya. He found inconsistencies between the rate of success of strategies and the extent of their application. His study implies a failure of the management to realize that they were piling resources on the less effective strategy. The findings on this study tend to point in a similar direction, where diversification may be less effective and appropriate compared to utilizing more resources in the organic growth strategies.

## **CHAPTER FIVE SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 INTRODUCTION**

The objective of the study, which was to determine the organizational growth strategies utilized at St Mary's Mission hospital, was met. The use of an interview guide administered to three senior members of staff enabled the comparison and collaboration of the information collected. Where necessary, the interviewed individuals were pursued afterwards in order to supplement whatever additional information was necessary. The summary, conclusions and recommendations of the research are included in this chapter. Also included are the limitations of the study as well as suggestions for further research.

### **5.2 SUMMARY OF FINDINGS**

The hospital has grown from a staff population of 50 at commencement to over 200 today. In addition to this, there has been the development of a branch at Elementaita with a staff of over one hundred people. There is already construction ongoing for another branch at Sagana. There has also been the development of specialized services in orthopedics, urology and general surgery occurring in both hospitals. The ultimate effect of these extra services has been the increase in the number of patients attending the hospital. The main organizational growth method utilized is organic growth with the main pillars being revenue, headcount and quality provision. Revenue is increased by trying to increase the number of patients attending the facility, as well decreasing expenditure through sourcing of cheaper goods, bulk purchases and decreasing wastage. Headcount has been utilized by increasing the number of workers that are employed at both hospitals as well as the specialization of all cadres of staff. Doctors with subspecialty training in orthopedics, urology and general surgery have been employed and some of the existing doctors retrained. The nurses have also been trained in theater nursing, critical care and administration. Quality provision has been accomplished through adhering to rules and regulations provided by the medical practitioners and dentists' board. Organic growth has advantages for this organization because the resources utilized are pre-existing ones and the method can be adopted and spread in order to suit the organization's resources.

The organization also an existing collaboration with The Aga-khan University Hospital, but no formal strategic alliance has been formed. This collaboration enables provision of cheaper pathology services to St Mary's mission hospital, as well services for fine needle aspiration. The two organizations also carry out joint research and sensitization projects. The collaboration facilitates surgical students from The Aga-khan University and Teaching hospital to get practical experience under supervision at St Mary's. Once the training of these students is complete, they get preferential employment at St Mary's Mission Hospital. The hospital has also ventured into education with the establishment of a nursing school as well as a high school. Further diversification has been seen with the hospital establishing and running a farm at Olkalau.

### **5.3 CONCLUSION**

The hospital has successfully utilized organic growth strategy which has enabled it to expand in both capacity and capability. It has utilized most of the pillars in this organizational growth strategy except for public relations. The hospital has also formed a strategic alliance with The Aga-khan University and Teaching hospital, with the alliance falling short of some of the requirements in order to be considered a full fledged alliance.

The hospital has also diversified by venturing into education with a nursing school and a high school. Both the high school and nursing school have achieved good success. Further diversification has been seen with the initiation of a hospital farm, which is in the initiation phase at present but projected to grow further.

### **5.4 RECOMMENDATIONS**

The organizational growth strategies including organic growth and strategic alliances have been applied without knowledge on the theory of these. The use of managers well trained in strategic management would enable the appropriate application of the theory and facilitate more rapid growth of the organization. The hospital has utilized organic growth strategy but has failed to utilize the full potential of this growth strategy. The revenue pillar of the organic growth strategy would best be utilized by not relying heavily on the number of patients that attend the hospital, because a slight depression in these numbers results in significant decreases in revenue. The revenue raising strategies such as decreasing wastage and use of cheaper drugs and supplies

should be used with caution as it may result in the compromise of quality services. In reference to the headcount pillar, the hospital appears to react to growth rather than anticipating it. Here, the organization should increase staff numbers in anticipation of an increase in the number of patients rather than waiting for the patient numbers to increase and then increasing the staff numbers. The organization does not utilize the pillar of public relations and advertizing which would greatly enhance the growth of the hospital as well as preempt any negative publicity that may arise. St Mary's also requires a formal unit to address the quality provision of services and responds to patient complaints and reservations.

The strategic alliance with The Aga-khan University and Teaching Hospital needs to be enhanced to cover other areas such as obstetrics and gynecology, as well as referral of patients unable to afford the Aga-Khan fees to St Mary's. The use of other organizational growth strategies such as mergers and acquisitions would enable faster more cost effective growth of the hospital. These mergers could be formed with smaller institutions located in smaller towns, thus enabling growth of the institution into these other areas. The diversification plan with the initiation of a high school and a farm for the hospital appear to be out of the depth of the hospital and would better be managed by registering and managing these units separately from the hospital. Formal monitoring of competition would also be appropriate and incorporating the necessary changes in the strategic plan appropriate growth of the institution.

## **5.5 LIMITATIONS OF THE STUDY**

The main limitations of the study stemmed from time issues. The nature of the research required very in depth analysis of the organizational growth strategies which requires a lot of time. Research questions utilized were open ended and this required time to get the information from the respondents, but in addition to this, analysis becomes more subjective than objective. The results therefore gotten are heavily dependent on the analyst and may not be reproducible

The use of an interview guide to collect data and content analysis to analyze the data collected means that mathematical, objective methods to analyze the data could not be utilized. The respondents had very busy schedules which necessitated the interview to be done in stages. This breaking the interview into stages results in a loss of the flow of the interview and could possibly have resulted in the loss of value data.. The use of



more respondents than three would have better brought out the data and limited the consistency problem. Moreover, questionnaires administered to staff members who are non management would have produced more realistic information and helped to identify strategy problems that the management would be eager to conceal. An interesting twist would have been to administer questionnaires to patients who would have given a very different opinion of the situation.

## **5.6 SUGGESTIONS FOR FURTHER RESEARCH**

Further research may be done on the management practices and the hospital and the development of a strategic plan at the hospital. The value of such a study would be invaluable to the administration of the hospital. Such a study would also be invaluable to other health facilities with similar plans. Further studies could be conducted on the potential of strategic alliance to the hospital and how the existing alliance can be enhanced.

Other studies could involve the role of mergers and acquisitions on the growth of the hospital. It would also be interesting to compare the organizational growth strategies utilized in the various mission hospitals, or to compare growth strategies utilized by mission hospitals compared to those utilized by government hospitals or private hospitals. Probably the most interesting research for the hospital would be to analyze the effect that founder of the hospital has on the organizational growth strategies utilized.

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## APPENDIX

### INTERVIEW GUIDE

- General information
  - What is your designation
  - Name of hospital
  - When started
  - Employees
  - What is the ownership structure of the hospital
  - What is the range of services offered
  - What branches does the hospital have
- Mission and vision
  - Do you have a mission statement
  - If yes is it written
  - How are staff made aware of the mission statement
- What organizational growth strategy is utilized by the hospital
  - Organic growth
  - Mergers and acquisitions
  - Joint ventures
- Elaborate on the organizational growth strategy utilized
- Any strategic plan
  - Is it formally written
  - What span does it cover
  - Which strategy are you in
    - Targeting market segment
    - All segments
    - Differentiated services
    - Low cost
    - Others
  - Challenges in implementing strategy
  - Nature of the following at opening and presently
    - Hospital space
    - Premises rented or owned

- Turnover ksh
  - Competition
    - Do you monitor competitors strategy
    - Rating of the following 1-5
      - Profitability
      - Growth potential
      - Barriers of setting up hospital
    - Who are biggest competition
      - New hospitals
      - Upcoming
    - Indicate services currently offered
      - Are competitors offering these
    - Have you utilised any of the following
      - The use of satellite clinics
      - Free medical camps
      - Provision of medical education to target referral regions
      - Setting up sister hospitals
      - Running awareness weeks for certain conditions such as breast cancer
      - Establishment of medical programs of study
      - Word of mouth, from patient to patient
    - What were your client numbers before and after
- Utilizing each method
- Which method do you think contributed the most to increases in client numbers
  - Why do you think this method was the most successful