

**ENTRY STRATEGIES USED BY MATER GROUP OF HOSPITALS  
IN KENYA**

**BY:**

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**DECLARATION**

This Research project is my original work and has not been presented for examination to any other University.

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**D61/75761/2012**

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

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And to God the Almighty Father who makes all things possible, Glory be unto you.

## **DEDICATION**

I wish to dedicate this work to my entire family, friends and colleagues. They all inspired me to work hard.

God bless them all.

## ABSTRACT

The establishment of hospitals has generally taken a long time, and very few have attained a strong position on foreign markets. In many countries, the pace of change in hospitality industry is dramatic. Frequently reported trends are blurring off industry boundaries, deregulation and globalization, pressures from new and existing competitors, rapidly advancing information technology and increased customer sophistication. The research objective of this study was to find out the entry strategies used by Mater Group of Hospitals. The research design employed in this study was a case study of Mater hospital. In this study, emphasis were given to primary data. Data was collected using an interview guide. The interviewees were the top and middle level of Mater Group of Hospitals located in Nairobi. The qualitative analysis was done using content analysis. It involved observation and detailed description of objects, items or things that were considered as entry strategies used by Mater Group of Hospitals. The study found that Mater Hospital management instill a supportive culture and policies to ensure that they are among the top-performing hospitals by striking degree of motivation and commitment in ensuring high-quality care and fulfilling their mission in that are not just going through the motions or conducting health care activities because they are under outside pressure to do so. The study found that Mater Hospital ensured quality in two ways by technical outcome and functional outcome. In technical outcome the respondents indicated that they use stable and user-friendly equipment which ensure high quality services while on functional outcome interviews stressed that they make sure they offer just-in-time after sales service, training and education. Mater hospital ensures this by providing quality service in service delivery. The study also concludes that Mater Hospital is faced with a number of challenges while implementing this strategies which include government policies, technological challenges as well as shortage of experienced staff. As can be seen from the findings, the choice of entry strategy facing a Mater Hospital in emerging markets varies significantly between different locations. Following specific set strategies often engenders difficulties, and the need for adapting in individual markets remains of high significance to achieve success for any health service provider. The study finally recommends that Mater Hospital should generally follows a multi-tiered strategy on the three markets, which means they should seek to be present in all the segments on the health sector.

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## **ACRONYMS AND ABBREVIATIONS**

<b>CEO:</b>	Chief Executive Officer
<b>CSR:</b>	Corporate Social Responsibility
<b>MNC:</b>	Multinational Corporations

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background to the Study**

International business is the study of transactions between counterparties who either reside in different nations or who reside in one nation but are compared to a pair of counterparties in another nation. This simple definition focuses our attention on the key facet of research in this area that distinguishes it from other fields. International business research necessarily requires attention to the institutional characteristics that alter the costs of engaging in business activity of a given form in one nation as compared to another. The impulse behind a company's initial entry into a foreign market is usually the prospect of profit on immediate sales, for example in response to an accidental order (Daniels and Radebaugh, 2008). Only later do most companies start to think about an entry strategy approach; what they need to create positions in foreign markets that can be sustained over the long run. A few mistakes about entry strategies are very common; an entry strategy is needed for each product in each foreign market. Every situation is different, thus requires a unique approach. Furthermore, entry strategies are not only interesting for large companies. Every company should understand the idea of planning entry strategies (Tull and Hawkins, 2010).

The choice of entry mode depends on the risk a company is prepared to take and the desired degree of control (Decker and Zhao, 2011). The choice of entry mode normally changes over time, in a rather predictable way; a company becomes more experienced over time, so it is likely to take more risk. The 'stages approach', also known as the

development approach (Solberg, 2007), describes internationalization as a learning and incremental process, in which risk avoiding companies can reach different stages. In the first stage a company has no, or not regular, export. In the next stages the exporting activities increase, until they reaches a maximum in the last stage; a company has become a multinational.

Most companies start their internationalization according to Root's 'pragmatic entry selection approach'. This approach focuses at an entry mode that works, but may not be the most suitable entry mode (Claros et al., 2006). For that reason other kinds of entry modes are only assessed if the chosen entry is not suitable. It is often a cheap and easy low risk export entry mode. Root's 'strategic entry selection approach' is likely to find the most suitable entry mode; it demands systematic comparisons of alternative modes. Nevertheless many, often conflicting, external and internal factors influence the choice of the entry mode. Furthermore, a company has often multiple objectives in the target market (Yin, 2004). Hence, it is often difficult to assess all relevant factors, for example because factors itself can be hard to measure. Different entry mode options, bounded rationality and lack of time and money, make it unlikely for managers to look at all possibilities. Trade-offs have to be made and expected benefits and costs of alternative entry modes should be compared and adjusted for risks.

One of the main problems regarding market entry decisions is the fact that it is ill-defined, complex and dynamic (Russow and Okoroafo, 2006). Scholars often have different opinions about the criteria influencing the choice of entry mode. Different

samples, different time period analyzed, different methodologies or even different skills of the analysts may induce conflicting results (Gannon, 2003). Furthermore, the same criteria can play a different role in different contexts. Hence, the relative importance of criteria is unique for each situation, therefore difficult to determine.

### **1.1.1 Concept of Entry Strategy**

Czinkota and Ronkainen (2010) defines entry strategy as the game plan management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving a good performance. Root (2004) defines strategy as the commercial logic of a business that outlines why a firm can have a competitive advantage. Brake et al., (2004) explains that strategy is what a company does and how it actually positions itself commercially. The services marketing concepts and strategies have developed in response to the tremendous growth in service industries resulting in their increased importance to all world economies. The trade in services is growing enormously worldwide. World-class service providers like American Express alongside other small service firms are exporting information, knowledge, creativity and innovation that the world badly needs. The growing market for services and increasing dominance of services in economies worldwide is evident.

Entry strategy of an organization involves matching its corporate objectives and its available resources. In this development of strategy, managers are concerned with reconciling the business of the organization with the allocation of resources. This allocation process is concerned with the general purposes of an organization, whether it is

part of the grand plan, the overall objectives or a 'strategy' designed to keep the organization in business. According to Peng (2006) strategy is the pattern of major objectives, purposes or goals and essential policies or plans for achieving these goals, stated in such a way as to define what business the company is in or to be in and the kind of company it is or is to be.

The entry strategy consists of a target market and the marketing mix. It is a big picture of what a firm will do in some target market. It encompasses market segmentation, market targeting, positioning of the product with the target market and value proposition to the target market. The right blend of the marketing mix should be identified for an entry strategy. The marketing mix is tailored to fit a specific target market through a construction of a proper entry strategy (Brissimis and Delis, 2005). The focus of a service firm in the current growing and competitive service sector is to gain a competitive advantage by developing a more satisfying marketing mix that guarantees entry strategy.

### **1.1.2 Multinational Corporations (MNC)**

Multinational Corporations (MNC) are any international company which operates in multiple countries. As such, MNCs are categorized as: Multidomestic Corporation, it disperses management and other decisions to the local country (Clarke et al., 2000). With this type of company, operators match their products to local needs and tastes. This is the reason why some foods taste different from country to country or some brands offer certain products in one country and not in others. These companies must adapt their

products to the needs, tastes, and desires of local markets; Global Company, it concentrates management and decision-making in the home country (Fulmer, 2002).

These companies have global holdings but as a global company the organization treats the world market as an integrated whole in order to promote global productivity and cost efficiency; Transnational or borderless organization, it disposes artificial geographic barriers. This type of MNC reflects a geocentric attitude which says "We are not based any place." The main focus is to increase their effectiveness in a competitive global marketplace (Kaplan and Cooper, 2008). Subsidiary companies are companies in which another company possesses a majority of the voting rights that can be exercised at the stockholders' meeting; companies in which another company possesses enough votes to exercise a dominant influence on the ordinary stockholders' meeting ;companies that are under the dominant influence of another company by virtue of special contractual restrictions with it. The Mater Hospital is a subsidiary of The Mater Hospital in Ireland.

### **1.1.3 The Mater Hospital**

The Mater hospitals operates globally and has been a market leader internationally by offering a holistic approach to healthcare and acknowledges the uniqueness of every patient to create a healing environment that is second to none (Higgins, 2005). For over 105 years The Mater hospital has worked in partnership with its patients and their families. Its experienced team of healthcare professionals, care givers and support staff are equipped to provide the highest level of therapeutic, medical and surgical services by working together to ensure your safety, wellbeing and recovery.

In Kenya, The Mater Hospital was opened in 1962 by the Sisters of Mercy, The Sisters of Mercy first set up a 60 bed general hospital to cater mainly to poor, indigenous Kenyans, with the primary mission being general healthcare. The colonial authorities granted 12 acres of land which has since become the Industrial Area of Nairobi. In 1970, a 60-bed maternity ward was opened with antenatal, postnatal and immunization clinics attached in order to upgrade the quality of maternity healthcare available to the poorer segments of the Nairobi population (Mater Hospital, 2013).

In the period 2003 to 2007 the Hospital's growth did not keep pace with the relatively robust growth in the economy. As a result the Governing Council and Management drew up a strategic plan 2008 to 2013 to serve as a platform for the Mater's growth and expansion in order to better serve the hospital's patients and other stake holders in line with the vision of the Sisters of Mercy. One of the deliverables in this strategic plan is to strengthen the Hospital's financial position through proper management of its finances. Purpose of this study seeks the financial and non-financial support by the multinational companies' headquarters to the subsidiaries (Magdalene, 2012).

## **1.2 Research Problem**

The establishment of hospitals has generally taken a long time, and very few have attained a strong position on foreign markets (Franklin, 2007). The entry strategy that leads the organization to the blue ocean is not the traditional strategies such as infiltration in other areas of business and services, cost reduction and assignment, but also innovations of value making as a strategy whose adoption has led to cost reduction and at

the same time added more value to the organization stakeholders (Rothwell, 2010). Experience has shown that operating abroad involves many difficulties, such as cultural differences, language, laws and regulations, lack of foreign contacts and business connections. These factors are ever so difficult for hospitals, since their operations involve a high degree of risk taking.

In many countries, the pace of change in hospitality industry is dramatic. Frequently reported trends are blurring off industry boundaries, deregulation and globalization, pressures from new and existing competitors, rapidly advancing information technology and increased customer sophistication. The hospitality industry worldwide is becoming increasingly interrelated (Ball et al., 2004). Mater Group of Hospitals has adopted entry strategies in various ways which include offering of quality services, distribution, positioning and product strategies. During the period of entry they have experienced performance in aspects of market share and profitability. There are concerns that these entries may be challenged by the local companies and organizations that share the same sector.

Gitonga (2003) did a study on entry processes and the perceived role of the Chief Executive Officers in the banking industry. Kihumba (2008) conducted a survey on the determinants of financial entry strategies and its effects on banks performance in Kenya. Mwarugu (2009) carried out a research on the entry strategies at the Safaricom Limited.



There was therefore a research gap that needed to be filled by carrying out a research on entry strategies used by Mater Group of Hospitals. Hence the study begged the questions which were the entry strategies used by Mater Group of Hospitals?

### **1.3 Research Objective**

The research objective of this study was to find out the entry strategies used by Mater Group of Hospitals.

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

This study was important to the policy makers in the Mater Group of Hospitals as they were able to know what environmental factors play a big role in shaping their operations. Another reason was that they were enlightened on how they affect entry strategies and what strategies to use in order to remain competitive.

The study also helped other managers in knowing the process of developing and executing the entry strategies. The results of this study also were invaluable to researchers and scholars, as it formed a basis for further research. The students and academicians can use this study as a basis for discussion on entry strategies. The study would be a source of reference material for future researchers on other related topics. It would also help other academicians who undertake the same topic in their studies.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter discussed the literature related to influence of entry strategies on growth as found by other researchers. It also looked at strategy development processes which include customer service, distribution, positioning and product strategies. Entry strategy execution was explained here where it was mainly achieved by organizations being in a position to overcome hurdles such as breaking through cognitive hurdles, dealing with the lack of resources creatively, overcoming power games, making strategy feasible and sustainability and renewal.

#### **2.2 Theoretical Foundation**

The study anchors on standardization theory concept which is one of the most popular entry strategy perspective that include; customer service, distribution, positioning and product strategies which are standardized across all international markets. This means the selling of identified products at the same price through similar distribution systems, supported by the same promotion programs across foreign markets. Schon (2008) note that selling a line of products individually tailored to each nation is thoughtless". Instead, customers have an overwhelming desire for dependable, world standard modernity in all things, at aggressively low prices. In contrast, adaptation requires the modification of the marketing mix elements to meet the different tastes and preferences or requirements. The proposed study will investigate if the principles of marketing mix elements are applied in entry strategies of growing organisations.

Adaptation can either be mandatory or voluntary (McNair, 2000). Mandatory adaptation is necessary to ensure conformity with foreign government regulations, geographic and climatic conditions, different measurement systems and product specifications. Voluntary adaptation is based on the decision to modify the product in response to needs of a target market based on a buyer's preferences or standards of living. The following are the key assumptions underlying the standardization strategy: The world is a single large market and wants are therefore the same; Specific preferences like product features, functions and design are compromised for low cost and high quality. The concept of standardization says that the firm will be able to sell a low cost product, which is advanced, functional, reliable and of high quality. It enables the firm to enjoy the competitive advantage of scale economies, scope economies, learning efficiency and cost advantages. In addition, the firm will also benefit from production centralization, purchase dominating, vertical integration and specialized promotion (Gale, 1994).

The other contemporary issue regarding standardization relates to its desirability and feasibility especially in developing countries where most of the population is largely rural and does not have access to modern technology. Therefore the argument that almost everyone everywhere wants all things they have heard about, seen, or experienced via the new technology does not always apply in some countries as well as to some products. The above information indicates that standardization is important only up to a point after which it may not be the best strategy to adopt. Porter (2000) also highlights that some products demand adaptation, others lend themselves to adaptation, and still others are best left unchanged. This means that while adaptation might be desirable, it cannot be

generalized to all products. The linkage between standardization and real estate firms is discussed here in the context of the cost reduction benefit of standardization versus sales revenue. The cost reduction benefit of standardization is however questionable as theoretically it is not the same as “better profits” or “profit maximization”. The study exemplified the main marketing strategies applied by real estate firms, their dynamics and implications Rosenberg (2006).

### **2.3 Entry Strategies**

The following section discussed the four main strategies used by international business as their entry strategies which are used to measure their strengths with Mater group of Hospitals.

#### **2.3.1 Quality Customer Service Strategy**

Definitions of service quality hold that it is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed. Storey (2006) give a three-dimensional view of service quality. They see it as consisting of what they term “interaction”, “physical” and “corporate” quality. At a higher level, and essentially from a customer’s perspective, they see quality as being two-dimensional, consisting of “output” and “process” quality. The model proposed by Reinilde and Bruno (2009) highlights the role of technical (or output) quality and functional (or process) quality as occurring prior to, and resulting in, outcome quality. In this model technical quality refers to what is delivered to the customer, be it the meal in a restaurant, the solution provided by a consultant, the home identified by the estate agent, the efficiency of money withdrawal or banking.

Functional quality is concerned with how the end result of the process was transferred to the customer. This concerns both psychological and behavioral aspects that include the accessibility to the provider, how service employees perform their task, what they say and how the service is done. Thus while technical quality can often be quite readily evaluated objectively, this is more difficult to do with functional quality (Mumford, 2003). The model also recognizes that customers also have some type of image of the firm, which has a quality impact in itself and functions as a filter. The customers' perceived quality is the result of the evaluation they make of what was expected and what was experienced, taking into account the influence of the organization's image. There can be little doubt that quality is, nowadays, among the most critical aspects for the strategic management of service firms. Customer satisfaction and loyalty secured through high-quality products and services providing value for money for the consumer are essential for long-term survival, let alone long-term success (Kakabadse and Kakabadse, 2008).

Customer service is the manner in which a product or service is conveyed to the buyer. Good customer care and strategies involve choosing strategically to serve only a specific type of customers or serving all types of customers, Storey (2006). According to Bessant and Francis (2009) "Customer service is a series of activities designed to enhance the level of customer satisfaction that is, the feeling that a product or service has met the customer expectation". Customer service may be provided by a person (e.g., sales and service representative), or by automated means called self-service. Examples of self service are Internet sites. Customer service is normally an integral part of a company's customer value proposition. Models have been developed to find measure and assess the

determinants of service quality. SERVQUAL is based on the notion of a gap between what customers expect in terms of service quality from the providers of the service and their assessment of the actual performance of that particular service provider. Since Cooper et al., (2002) introduced SERVQUAL instrument; many researchers have used, extended and developed 22-item scale to study service quality in different sectors of the services industry.

### **2.3.2 Distribution Strategies**

In entry strategies, the scope of distribution is the process and location in which customers can purchase a product. A distribution strategy is intended to establish a dominant position in the geographic markets served by organisations. The selection of an appropriate distribution strategy is a major determinant of an organization's success and distribution decisions represent much longer term commitments than do other entry decisions because of the time, costs and intermediate relationships that are involved in gaining access to an established channel. Distribution represents a complex, specialized, sophisticated and coordinated supply chain in developed countries and increasingly in many developing countries (Ekvall, 2009). The distribution sector includes commission agents, wholesalers and retailers who act as enablers of trade.

The distribution strategy must be carefully integrated with all components of the entry program. Before a distribution strategy is formulated by an organisation, two decisions should occur. These are determining whether the organisation will sell directly to end users or will utilize intermediaries and selecting the type of channel. Doyle (2004) holds

that distribution channels evolved through the utilization of national resources contained within an area of trade, hence the need to move the resources to other areas where they were in demand brought about the need for distribution channels. According to Kotabe and Helsen (2001), Modernization of distribution services is becoming crucial in promoting domestic competitiveness and supply capacity, especially given the intermediation role of the sector. In most developing countries there is a prevalence of non-structured and informal distribution activities, which provide many employment opportunities and serve as a refuge for people in the lowest income groups. At the same time, developing countries face challenges in gaining access to international markets for the distribution of their goods and services, often because of a lack of competitive access to international markets and also because of bottlenecks in the distribution systems.

According to Choueke and Armstrong (2008), globalization means doing business according to local customs and institutions and on their own terms. According to them this would lead to increased acceptance, improved competitiveness and an ability to quickly move down the experience curve. Success in a global environment calls for customizing products for specific national, regional, or demographic market niches. Products and services must be differentiated, be of higher quality and usually have shorter life cycles. Globalization will mean increased flexibility and tighter linkages among suppliers, manufacturers, market distribution systems, and the customer.

### **2.3.3 Positioning Strategy**

According to McAdam and McClelland (2002), Positioning is what the organization says to their customers. It helps shape the image of what need, want or desire the organisations product meets, and the value that should be placed on the enter solution. In other words, positioning is concerned with what perception an organization would like customers to have about the product. It is important for the government to know the evaluation of investors on the investment environment of their county. The essence of competitive advantage is a positioning theme that sets a business apart from its rivals in ways that are meaningful to the target customers. The most successful themes are built on some combination of three thrusts; better (through superior quality or service), faster (by being able to sense and satisfy shifting customer requirements faster than competitors), and closer (with the creation of durable relationships). The task for management is to simultaneously find a compelling theme and ensure continuing superiority in the skills, resources, and controls that will be the source of advantage over target competitors. There is the suggestion that positioning in the mind of the customer can be achieved using ‘meaningful’ themes. Undoubtedly these have to be perceived but they must have their basis in reality denoted by actual skills, resources and controls of the business. The avoidance or mitigation of competition can be achieved through product performance benefits that others are unable to match as well as equivalent product performance benefits at a price that others are unable to match (Nonaka and Takeuchi, 2005).



Flexibility in the range and synergy of products, forward or backward integration, or new technologies can all lead to a competitive advantage (Prahalad and Hamel, 2004). The reason why some businesses are more skilful than others at delivering both superior value to customers as well as profitability is raised by Kim and Chan (2005), who points out that the choice of value and managing activities involved in providing the value, whether through the benefits or the cost route, will determine the set of target customers, and the communication of the value to customers will be determined by the particular choice of target market. This implies that a business's preference will not only influence the way to conduct business within those markets but also the choice of target market.

Distinctive competencies, also called resource deployments, are described as the level and patterns of the organization's past and present resource and skill deployments that will help it achieve its goals and objectives (Matsuno et al., 2009). In their investigation of the life insurance industry, Goll and Johnson (2007) identify that a buyer-seller relationship needs more than a social or interactive response, 'shielding buyers from reality', but requires real substance that can be 'rationally' perceived as an objective standard of core service. The roots of competitive advantage depend on the ability to consolidate core competencies that allow a business to adapt quickly to changing opportunities. These core competencies, and particularly some technologies and production skills, should be difficult for competitors to imitate and should make a significant contribution to the perceived customer benefits of the end product.

### **2.3.4 Product Strategy**

Product is what satisfies customers' need. The modern strategy theory shows that customers buy a product not because of its goodness as perceived by producers but for the benefit of the product as perceived by needs. A product is a collection of physical, service and symbolic attributes, which yield satisfaction or benefits to the user or buyer (Pan and Tse, 1990). It has three components that is the physical product core, the product package and the auxiliary services. Examples of the physical core product are the functional features i.e. design, color, size, style and presentation. Elements of product packaging include the brand name, labels, trademark while auxiliary services include warranties, spare parts availability, user instructions, after sales services, delivery and installation. The standardization or adaptation can be in any elements of the physical core product, package or auxiliary services. On one hand the strategy is to standardize by providing only one version of the multinationals in both the local and international arena, or by customizing products or services to meet the unique needs of individual needs or groups of buyers in foreign markets (Amit and Schoemaker, 2003).

Product entry strategy is a combination of physical performance, psychological factors, impression and symbolic meanings. Calantone et al., (2005) provide an easy categorization, they divide a product into three dimensions: core product, which indicates a product's basic function and benefit; branded product, which means the view of a product's packaging, characteristics, quality, style and brand image; third, augmented product, including not only its core benefit and physical being, but also adding other sources of benefits such as shipping service, warranty, returns, product

liability, product recall, and et cetera. Therefore, designing a product strategy should depend on whether the core benefit comes either from the physical products or service performance, or from the augmented dimensions of the product.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter comprehensively explored a discussion of the research methodology that was used in this study. It discussed the research design especially with respect to the choice of the design. It also discussed the population of study, sample and sampling techniques, data collection methods as well as data analysis and data presentation methods employed in the study.

#### **3.2 Research Design**

The research design employed in this study was a case study of Mater hospital. Research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project; the samples or groups, measures, treatments or programs, and methods of assignment, work together to try to address the central research questions (Robson, 2002). Descriptive studies describe characteristics associated with the subject population. According to Cooper and Schindler (2008) descriptive statistics discover and measure cause and effect relationships among variables.

The researcher collected data by way of an interview guide. An interview guide is a mechanism to help the interviewer conduct an effective semi structured interview. It can take a variety of forms, but the primary consideration is that it enables the interviewer to ask questions relevant to the research focus, in ways relevant to the interviewee, and at appropriate points in the developing social interaction of the interview.

### **3.3 Data Collection**

In this study, emphasis were given to primary data. Data was collected using an interview guide. It made it possible to obtain data required to meet specific objectives of the study. The interviewees were the top and middle level of Mater Group of Hospitals located in Nairobi.

The interview guide had unstructured questions which were used so as to encourage the respondent to give an in-depth response without feeling held back in revealing of any information. With unstructured questions, a respondent's response may give an insight to his feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back.

### **3.4 Data Analysis**

The qualitative analysis was done using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 2003). It involved observation and detailed description of objects, items or things that were considered as entry strategies used by Mater Group of Hospitals.

## **CHAPTER FOUR**

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

#### **4.1 Introduction**

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on the entry strategies used by Mater Group of Hospitals in Kenya. The data was gathered exclusively from interview guide as the research instrument. The interview guide was designed in line with the objectives of the study.

##### **4.1.1 Response Rate**

The study targeted the top and middle level of Mater Group of Hospitals which included managing director and other senior managers such as the Human Resource Manager, Business development manager, Customer relations manager. The response rate was and this was made a reality after the researcher made personal visits and conducted the interviews.

#### **4.2 Respondents Information**

##### **4.2.1 Respondents Gender**

The study aimed at investigating the respondent's gender. The study observed gender parity where both genders were equally represented.

#### **4.2.2 Respondents Age**

Among the respondents interviewed majority of them were in the age category of 25-35 years of age. This shows that the study investigated adults.

#### **4.2.4 Respondents Department**

On asked which departments respondents came from the study found that they included the managing director and other senior managers such as the Human Resource Manager, Financial Controller ,one of the Sisters of Mercy and customer relations manager. This shows that the departments were well captured.

#### **4.2.5 Number Years Worked in Mater Hospital**

The study aimed at investigating the number of years the respondents have worked in the institution. Majority of the respondents indicated that they had worked for a period between three and above ten years. This shows that the respondents were well vast with the institution under study.

#### **4.2.6 Educational Background**

Majority of the respondents had education up to degree level an indication that respondents were well educated.

## **4.3 Entry Strategies**

### **4.3.1 Customers' Perceived Quality**

Interviewees were asked to indicate how they ensured customers' perceived quality is adopted by Mater Hospital. The study found that Mater Hospital management instill a supportive culture and policies to ensure that they are among the top-performing hospitals by striking degree of motivation and commitment in ensuring high-quality care and fulfilling their mission. Respondents indicated that they are not just going through the motions or conducting health care activities because they are under outside pressure to do so. They indicated that their commitment is reflected in and nurtured by: active leadership and personal involvement on the part of the CEO, other top managers, and the Board of Trustees; an explicit quality related mission and aggressive quality related targets; standing and ad-hoc quality committees; regular reporting of performance indicators with accountability for improved results; and the promotion of a safe environment for reporting errors.

Respondents also indicated that they attract and retain the right people high-quality physicians, nurses, administrators, and ancillary staffs are critical to producing high-quality outcomes and effective quality improvement. Interviewees stressed that there was need for selective hiring, credentialing, and re-credentialing. Successful recruitment and retention of nursing staff was tied to an absolute respect for and empowerment of nurses who must be treated as full partners in patient care and given opportunities for advancement.



Respondents further indicated that they developed effective In-house processes. The hospital not only collect data on outcomes and cost, but also pull apart the numbers on surgeries, tests, and other procedures are recorded to identify each step in the process where less than optimal medicine is practiced. Mater hospitals have departments which are adequately staffed, have credibility with physicians, and are trained to facilitate the problem solving process. Respondents indicated that deficiencies in outcomes were not hidden or ignored, but instead were used to inspire an iterative process of discovery followed by corrective actions and accountability. Effective problem-solving was upheld at all levels in the hospital to the development of evidence based protocols and critical paths, and enhanced efficiencies such as reduced turnaround time for test results and reduced errors related to standardization of supplies and procedures. Another important process involved team-based care management. A key to success involves making sure physicians and other caregivers accept the case manager's or team leader's role in coordinating and facilitating care. According to the interviewees Mater Hospital promotes such acceptance through a physician-based model where physicians are assigned case managers who work with all of their patients.

#### **4.3.2 Quality Customer Service Strategy**

The study aimed at investigating whether Mater Hospital ensure quality customer service strategy as an entry strategy. According to the interviewees Mater Hospital ensured quality in two ways by technical outcome and functional outcome. In technical outcome the respondents indicated that they use stable and user-friendly equipment which ensure high quality services while on functional outcome interviews stressed that they make sure

they offer just-in-time after sales service, training and education. Mater hospital ensures this by providing quality service in service delivery.

Respondents also indicated that they ensure quality customer service by ensuring performance improvement opportunities are identified and problem-solving techniques are employed. Respondents gave key components of the process that drive quality customer service which include: developing multi-disciplinary teams that include representatives of all clinical and administrative areas that play a role in ensuring affordable service delivery; Mater Hospital has an enabling team to cater for patients needs effectively. Respondents have developed and implemented an action plan to reduce variation and to change the practice patterns of improving the health care sector with appropriate achievable goals that favor both the Hospital and their clients; continued monitoring to ensure the intervention was successful, and holding appropriate department chiefs or staff accountable for implementing the plan and improving outcomes and that they upheld policies that enhance efficiency.

#### **4.3.3 Distribution Strategies Adopted**

On distribution strategies adopted by mater this was done by ensuring speedy of service to customer demand by taking the service at point of need by conducting marketing campaigns and engaging in CSR activities. Respondents indicated that whenever the organization was able to respond to the needs and requirements of the customer quickly and shortest time over competitors then the organization received a larger market share and this improved their performance in the sector. Respondents stressed that they

measured speed delivery as time taken between receipt of customer demand and by meeting on request time.

Interviewees also pointed out that they provided a variety of services unlike their competitors at different levels in the target market through their ability to keep pace with developments in technology, and design products and services according to customer expectations this was done by adjusting services to customers' requirements and by addressing their complaints and by this they ensured high levels of customer satisfaction.

#### **4.3.4 Efficient Distribution of both Product and Services**

The study aimed at investigating how Mater Hospitals ensure efficient distribution of both product and services as an entry strategy. The interviews pointed out that they used micro characteristics of products with item-specific attributes such as composition, weight/value ratio, packaging, brand name or image, and advanced technology in distribution and provision of service. Respondents stressed that they differentiate services of the same kind from one another. It was cited that both macro and micro characteristics of a product are important for entry mode choice. The macro characteristics of a Mater's product allow managers to target specific entry modes and determinants as inputs in selecting an optimal entry mode. Micro characteristics, on the other hand, distinguish the Mater's product from similar products; they reflect the proprietary content of the product.

#### **4.3.5 Positioning Strategy**

Respondents were asked on how Mater Hospital they ensure positioning strategy before entry in a new market of which they pointed out that they used horizontal integration which involve the acquisition of hospitals providing services similar to those of the acquiring unit commonly emergency and provision of acute care services, respondents stressed the primary goal was to serve untapped geographic market segments. Interviews also cited that they used citywide horizontal integration and the main use of this type of positioning was to serve a shifting population base, position hospitals nearer to high income patients, keep the ratio of indigent patients within bounds, and preempt competitors from gaining market share. They also cited that they used regional horizontal integration by creating and maintain rural referral channels that filter patients needing specialized treatment into centralized parent facilities.

#### **4.3.6 Responsibility of Adoption and Implementation of Strategy**

On who was responsible of efficient adoption and implementation of positioning strategy in the interviewee organization, the study found that this was done by active leadership and personal involvement on the part of the CEO, other top managers, and the Board of Trustees and the ad-hoc quality committees.

#### **4.3.7 Product Strategies Adopted**

The study aimed at investigating the product strategies adopted as entry strategy by Mater Hospital according to the respondents they used product diversification which was cited to occur when the hospital adds new products or services. The strategy is used to attract

new patients, augment image, attract additional physicians, raise profits, and reduce the risks from offering limited product lines. The hospital adopts new products by use of high technology for acute care specialties like CT scans; new programs are funded that provide an incentive for hospital to treat specific illnesses.

Respondents also indicated that they used resource-based quality improvement techniques as a product by this the hospital intend to improve both the quality of the product and the image of the hospital, Hence, implementation of this strategy involves construction of physicians' office buildings adjacent to hospitals, investment in the latest high-tech supplies and equipment, intensive nurse and technician staffing, provision of adequate beds to ensure affiliated physicians immediate access, and maintenance of high-tech, in-house labs with short turnaround times.

#### **4.3.8 Strengths of Product Strategies**

On the strengths of applying product strategies the study found that this is used to increase profits and attract physicians and patients. It is accomplished by affiliating prestigious doctors with specialty practices, providing unique product lines and ancillary procedures, advertising the latest devices, medical procedures, and equipment, adding imposing specialty, diagnostic, and office buildings, respondents indicated that this was used to increase market share through promotion of the hospital. According to the interviews Mater Hospital through offering of product strategies ensure financial inducements and proximity to the hospital via space in an on-site building, and promotion involvement with hospital boards and other decision-making bodies.

#### **4.3.9 Challenges Faced in Entry Strategies Implementation**

The study aimed at investigating the challenges faced by Mater Group of Hospitals in the implementation and adoption of entry strategies. According to the respondents Mater Group of Hospitals was faced with unfriendly government policies on investment which were high and besides the taxations were exorbitant to investors. Technology was another issue raised by respondents who indicated that their entry depends on the targeted entry adoption since they use this in all their communication and it is vital for service and products delivery. It was pointed out that adding certain technologies into the health care work place can be very disruptive to work flow and exacerbate inefficiencies. Technologies that are not integrative with other technologies add very little value to the patient's care and the health care worker's practice.

Respondents also cited that they faced challenges due to lack of experienced staff on the retargeted country. Respondents indicated that workforce shortages have persistently plagued hospitals over the last several years. According to the interviews staffing shortages contributed to decreased staff satisfaction. Decreased patient satisfaction, reduced numbers of staffed beds, increased length of stay, increased wait times for surgery, as well as cancelled surgeries also follow in the wake of staffing shortages.

#### **4.4 Discussion**

The study findings were in line with a study done by Kakabadse and Kakabadse (2008) who found that customer satisfaction and loyalty secured through high-quality products and services providing value for money for the consumer are essential for long-term

survival, let alone long-term success, this was so since the study findings show that Mater Hospital management instill a supportive culture and policies to ensure that they are among the top-performing hospitals by striking degree of motivation and commitment in ensuring high-quality care and fulfilling their mission in that are not just going through the motions or conducting health care activities because they are under outside pressure to do so.

According to the study distribution strategies adopted by Mater , was done by ensuring speedy of service to customer demand by taking the service at point of need by conducting marketing campaigns and engaging in CSR activities. These findings correlated with Doyle (2004) who holds that distribution channels evolved through the utilization of national resources contained within an area of trade, hence the need to move the resources to other areas where they were in demand brought about the need for distribution channels.

The findings show that Mater Hospital ensure positioning strategy before entry in a new market of which they pointed out that they used horizontal integration which involve the acquisition of hospitals providing services similar to those of the acquiring unit commonly emergency and provision of acute care services. These findings were in relation with Bessant and Francis (2009) findings in that customer service is a series of activities designed to enhance the level of customer satisfaction that is, the feeling that a product or service has met the customer expectation.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The objective of this study was to identify entry strategies used by Mater Group of Hospitals in Kenya.

#### **5.2 Summary of the Findings**

The study found that Mater Hospital management instill a supportive culture and policies to ensure that they are among the top-performing hospitals by striking degree of motivation and commitment in ensuring high-quality care and fulfilling their mission in that are not just going through the motions or conducting health care activities because they are under outside pressure to do so. The study found that Mater Hospital ensured quality in two ways by technical outcome and functional outcome. In technical outcome the respondents indicated that they use stable and user-friendly equipment which ensure high quality services while on functional outcome interviews stressed that they make sure they offer just-in-time after sales service, training and education. Mater hospital ensures this by providing quality service in service delivery.

The study also found that Mater Hospital ensure quality customer service by ensuring performance improvement opportunities are identified and problem-solving techniques are employed. Respondents gave key components of the process that drive quality



customer service which include: developing multi-disciplinary teams that include representatives of all clinical and administrative areas that play a role in ensuring affordable service delivery; Mater Hospital has an enabling team to cater for patients needs effectively. On distribution strategies adopted by mater this was done by ensuring speedy of service to customer demand by taking the service at point of need by conducting marketing campaigns and engaging in CSR activities.

The study found that Mater Hospital used micro characteristics of products with item-specific attributes such as composition, weight/value ratio, packaging, brand name or image, and advanced technology in distribution of services. The macro characteristics of a Mater's product allow managers to target specific entry modes and determinants as inputs in selecting an optimal entry mode. Micro characteristics, on the other hand, distinguish the Mater's product from similar products; they reflect the proprietary content of the product.

Mater Hospital ensure positioning strategy before entry in a new market of which they pointed out that they used horizontal integration which involve the acquisition of hospitals providing services similar to those of the acquiring unit commonly emergency and provision of acute care services. On who was responsible of efficient adoption and implementation of positioning strategy in the interviewee organization, the study found that this was done by active leadership and personal involvement on the part of the CEO, other top managers, and the Board of Trustees and the ad-hoc quality committees.

The study found that Mater Hospital is faced by challenges a number of challenges in the implementation and adoption of entry strategies the main one being unfriendly government policies on investment which were high and besides the taxations were exorbitant to investors.

### **5.3 Conclusions**

From the findings the study concludes that Mater hospital has adopted a number of entry strategies which have helped them to compete in the health care sector. This strategies include; customers' perceived quality, quality customer service strategy, distribution strategies adopted, efficient distribution of both product and services, positioning strategy, responsibility of adoption and implementation of strategy, product strategies adopted and strengths of product strategies. From the findings the strategies have been implemented to a great extent which intern has ensured performance of Mater Hospital.

The study also concludes that Mater Hospital is faced with a number of challenged while implementing this strategies which include government policies, technological challenges as well as shortage of experienced staff. As can be seen from the findings, the choice of entry strategy facing the Mater Hospital in emerging markets varies significantly between different locations. Following specific set strategies often engenders difficulties, and the need for adapting in individual markets remains of high significance to achieve success for any health service provider.

#### **5.4 Recommendations**

The study recommends that hospitals have a mission to fulfill to society and since offshore services are being developed to serve the poor, elderly and under or uninsured they should set their entry strategies expecting stiff competition from their competitors. With the coming squeeze on health care pricing and increased competition, hospitals need to adapt. They need to learn to do more with less by squeezing out inefficiencies in care delivery. Without the prospect of higher reimbursement rates, hospitals need to reduce their costs in order to achieve equilibrium in the ratio of payments received to costs expended.

The study also recommends that Mater hospital should be well equipped to face the difficulties in emerging markets, markets often characterized by a lacking infrastructure and general lack of development, makes the need for specific entry strategies even more important. This will make the distribution and logistics capabilities of Mater Hospital very significant, especially when the markets for the produced goods are particularly large, hence the design of their entry strategy should be tailored specifically to the individual markets, especially in the early starting phase, but ultimately aims at acquiring total control over the health sector interests and facilities in the given market in order to compete favorably.

The study finally recommends that Mater Hospital should generally follows a multi-tiered strategy on the three markets, which means they should seek to be present in all the segments on the health sector. This can be achieved with creating local products in the

lower priced segments and licensed as well as local premium products covering the more lucrative premium segment on the markets while focusing on the entire market in this way Mater Hospital will be give a good platform for obtaining market leadership.

### **5.5 Limitation of the Study**

There is no research or study without its own unique limitations, therefore the short comings of this research were:

There was reluctance and lack of cooperation on the part of the respondents in answering the questions appropriately.

The fact that the method of study was through the use of interviewguide meant that it was mainly the opinion of the respondents that would elicit information; the sincerity of the respondents was not known or determined.

### **5.6 Suggestions for Further Research**

The study has explored the entry strategies used by Mater Group of Hospitals in Kenya. The health sector in Kenya however is comprised of various other health care providers located in other areas in Kenya which differ in their way of management and have different settings all together. This warrants the need for another study which would ensure generalization of the study findings for all the health care providers in Kenya and hence pave way for new policies. The study therefore recommends another study be done with an aim to investigate the entry strategies used by health care providers in Kenya. Further a study should also be carried out to investigate the factors influencing the entry strategies used by investors in Kenya.

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## **APPENDICES**

### **APPENDIX 1: COVER LETTER**

NGULI NORAH MUTIO

UNIVERSITY OF NAIROBI

P.O. BOX 30197

NAIROBI

Dear Respondent,

I am carrying out a research on the entry strategies used by the Mater Group of Hospitals in Kenya. This is in partial fulfillment of the requirement of the Masters of Business Administration degree program at the University of Nairobi.

This study uses Mater Hospital, Nairobi as the case study from which you are part of the selected sample of respondents whose views we seek on the above-mentioned matter. There are no correct or incorrect answers.

This is an academic research and confidentiality is strictly emphasized, your name will not appear anywhere in the report.

Thank you in advance,

Yours sincerely,

Nguli Norah Mutio

APPENDIX II: STUDENT LETTER



UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
MBA PROGRAMME

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

P.O. Box 30197  
Nairobi, Kenya

DATE 26/8/2013

**TO WHOM IT MAY CONCERN**

The bearer of this letter Ngari Karah Njoro


Registration No. D61/75761/2012

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

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

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

Thank you.

  
PATRICK N. O. OMBATI  
MBA ADMINISTRATOR  
SCHOOL OF BUSINESS

### **APPENDIX III: INTERVIEW GUIDE**

1. Interview gender .....
2. Interview age .....
3. Interview department .....
4. Number of years .....
5. Level of education .....
6. Which are the customers' perceived quality adopted by your organisation?
7. How does your organization ensure quality customer service strategy as an entry strategy?
8. Which are some of the distribution strategies adopted by your organisation?
9. How do you ensure that efficient distribution of both product and services is ensured by organization as an entry strategy?
10. How do you ensure positioning strategy before entry in a new market?
11. Who is responsible of ensuring efficient adoption an implementation of positioning strategy in your organization?
12. Which are some of the product strategies that your firm adopt as a entry strategy ?
13. Which are some of the strengths of applying this strategy?
14. Kindly state some of the challenges faced by Mater group of hospitals in the implementation and adoption of entry strategies

## APPENDIX IV: WORK PLAN

The table below shows the schedule of all the events, it indicates the month each particular activity will take place.

ACTIVITY	PERIOD				
	May	June	July	Aug	Sept
Preliminary literature review	■				
Consultations with supervisor	■	■			
Thesis proposal writing		■	■		
Developing instruments			■	■	
Thesis proposal defense					■

*Source: Author (2013)*

## APPENDIX V: BUDGET

The table below provides the budget for all the expenses that the researcher will incur.

<b>Activity</b>	<b>Amount in Ksh.</b>
Transport <sub>1</sub>	18,000
Writing Materials <sub>2</sub>	4,000
Typing, Photocopying and Binding <sub>3</sub>	16,500
Internet <sub>4</sub>	5,000
Laptop	51,000
Miscellaneous <sub>5</sub>	5,000
<b>Total</b>	<b>99,500</b>

*Source: Author (2013)*

### Notes:

- 1** Travelling expenses
- 2** Payment for the purchase of writing materials such as foolscaps and pens
- 3** Printing and binding the 3 final copies of the thesis proposal report.
- 4** Payment of internet service since much of the secondary data will be gathered from the internet.
- 5** Amount set aside for any uncertainties that are unforeseen at the point of planning.