

**STRATEGIC MANAGEMENT PRACTICES IN
MBAGATHI DISTRICT HOSPITAL, NAIROBI,
KENYA**

BY:

ONDERA ENOCH INDIMULI

**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD
OF DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY
OF NAIROBI**

NOVEMBER, 2014

DECLARATION

This research project is my original work and has not been submitted for examination to any other university.

Signed.....

Date.....

ONDERA ENOCH INDIMULI

D61/66921/2011

This research project has been presented for examination with my approval as the university supervisor.

Signed.....

Date.....

DR. JOHN YABS

LECTURER

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

ACKNOWLEDGEMENTS

I thank God for the strength to be able to complete this project and for providing me with the financial resources to be able to complete this degree.

My sincere appreciation goes to my family with the most important contribution being from Dad and Mum to make it through the course work.

I am extremely grateful to my supervisor Dr John Yabs who was able to guide me to successful completion.

Finally, my sincere gratitude goes to all the staff at Mbagathi District Hospital for all the assistance provided during the research.

DEDICATION

I dedicate this project to all the staff of Mbagathi District hospital who in one way or another contributed to this project and most importantly to God almighty.

ABSTRACT

This research project is titled strategic management practices in Mbagathi District Hospital. Mbagathi District Hospital is located within the capital city of Nairobi and is the main District Hospital serving a population of more than 3 million people. The hospital has utilised the funds granted by the government and donors to improve the service delivery to the many patients that visit the hospital. The objective of the project was to determine the strategic management practices and challenges of the strategic management practices at Mbagathi District hospital. The research design was a case study. The respondents were interviewed using an interview guide and the responses documented. The responses were analysed using content analysis. The study found that some of the challenge faced by the hospital in formulation, implementation and evaluation of the strategic management practices included insufficient funding and the need to adhere to government policy. Other challenges that were noted included limited bed capacity and shortage of medical supplies. The hospital has responded to some of these challenges by providing additional space within the hospital for donors to undertake their projects. In addition, the hospital has undertaken cost cutting measures by adopting practices such as outsourcing. The study concluded that the hospital has adopted strategic management practices as evidenced by the vision and mission of the hospital. The ministry of health has the overall strategic plan for the district hospitals which are broken down into work plans that are developed by the management teams of the various district hospitals. The work plan of Mbagathi District Hospital is formulated, implemented and evaluated by the management of the hospital offering guidance on the annual revenue and expenditure budget of the hospital. The researcher noted that input is received from all the staff during the process of formulation therefore making the implementation of strategy easier. The study also noted that the management of the hospital meet at the end of each month and quarterly to evaluate the progress made in achieving the work plan. Corrective actions are approved in such meetings and the heads of the affected departments are assigned the responsibility of implementing the corrective actions. Due to such actions from the management of the hospital, everyone working within the hospital feels free to contribute their ideas and challenges during departmental meetings which have yielded constructive discussions therefore improving service delivery to patients. In addition, the management has been able to implement changes such as computerising of patients records and cash collection, resulting in quick retrieval of records and improved cash collection. Due to the good strategic management practices in place, the hospital has also been able to attract donors who have continued to fund projects within the hospital that have greatly benefitted patients.

TABLE OF CONTENTS

DECLARATION.....	i
ACKNOWLEDGEMENTS	ii
DEDICATION.....	iii
ABSTRACT.....	iv
ABBREVIATIONS AND ACRONYMS.....	vii
<u>CHAPTER ONE: INTRODUCTION.....</u>	1
1.1. Background of the study	1
1.1.1. The concept of strategy	3
1.1.2. Strategic management practices.....	5
1.1.3. Public Hospitals in Kenya.....	7
1.1.4. Mbagathi District Hospital.....	8
1.2. Research Problem.....	9
1.3. Research Objectives	11
1.4. Value of the study	11
<u>CHAPTER TWO: LITERATURE REVIEW.....</u>	13
2.1. Introduction	13
2.2. Theoretical foundations of the study.....	13
2.3. Strategic management practices	15
2.3.1. Concept of strategic management.....	16
2.3.2. Environmental scanning.....	18
2.3.3. Strategy formulation	19
2.3.4. Strategy implementation	20
2.3.5. Strategy evaluation and control	21
2.4. Challenges of strategic management.....	22
<u>CHAPTER THREE: RESEARCH METHODOLOGY</u>	24
3.1. Introduction	24
3.2. Research design.....	24
3.3. Data collection.....	24
3.4. Data analysis	25

<u>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION</u>	26
4.1. Introduction	26
4.2. The strategic management practices	26
4.3. Challenges of the strategic management practices.....	28
4.4.1. Government policy.....	28
4.4.2. Insufficient funding.....	30
4.4.3. Rising cost of supplies	30
4.4.4. Staff.....	30
4.4.5. Equipment.....	31
4.4. Discussion	31
<u>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS</u>	33
5.1. Introduction	33
5.2. Summary	33
5.3. Conclusions	34
5.4. Recommendations	35
5.5. Limitation of the study	35
5.6. Suggestions for further Research	36
5.7. Implication of the study on theory, policy and practice.....	36
REFERENCES	38
APPENDICES	i
• APPENDIX I – LETTER OF INTRODUCTION	i
• APPENDIX II – RESEARCH AUTHORISATION FROM THE UNIVERSITY	ii
• APPENDIX III – INTERVIEW GUIDE	iii
• APPENDIX IV – RESEARCH AUTHORISATION FROM MDH	vi
• APPENDIX V – LIST OF PUBLIC HOSPITALS	vii

ABBREVIATIONS AND ACRONYMS

CSR – Corporate Socia Responsibility

KNH – Kenyatta National Hospital

MDH – Mbagathi District Hospital

MOH – Ministry of Health

PGH - Provisional General Hospitals

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Strategy is a multi-dimensional concept and is applicable to all fields of study and day to day life. Organisations have applied properly crafted strategies from the experiences gained in a particular industry to succeed against their competitors. Strategic management enables an organisation analyse the information received from the environment and decide on a course of action that will result in a sustainable competitive advantage. Strategic management practice is embodied in the strategic management process. Strategic management is a set of managerial decisions and actions that determine the long- run performance of an organisation (Wheelen and Hunger, 2008). Strategic management process is the full set of commitments, decisions and actions required for a firm to create value and earn above average returns.

Organisations have to constantly be alert to anticipate change and implement the change to the end (Mintzberg, 1987). Aosa (1992) observes that a mismatch between the environment and the organisation brought about by failure to respond to changes in the environment creates a strategic problem. The emergence of a strategic problem requires a strategic response and strategic management practice enables an organisation develop the necessary response (Ansoff and MacDonnell, 1990). Strategic management practice is the process of strategy formulation, implementation, evaluation and control. In practice, the process of strategy formulation has been subdivided to include the process of defining the vision and mission, situational analysis, strategy analysis and choice. Wheelen and

Hunger (2008) noted that strategic management consists of four basic elements; environment scanning, strategy formulation, implementation, evaluation and control. It is within the four elements that strategic management practices are manifested. Environmental scanning assists an organisation interpret what is happening in the external environment based on the understanding of the external forces affecting the organisation. Strategy formulation is the development of long range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses (Wheelen and Hunger, 2008). Strategy implementation is the process through which strategies are put into action throughout the organisation. Strategy evaluation and control is the process of comparing the actual performance against the desired performance.

The health sector is faced with a dynamic environment in which stakeholders are unable to determine when the demand for their services will be required. With this knowledge, stakeholders in the health sector are continuously looking for ways to improve service delivery to the patients and investment in new facilities and equipment is on the increase. Mbagathi District Hospital is located within Nairobi and serves more than 3 million people. Due to the large number of patients, the management of the hospital have to adopt strategic management practices that will ensure cost savings for the overall benefit of the Kenyan public who are entitled to receive free medical services from the hospital. The success of these practices is no doubt heavily dependent on managing all stakeholders whose involvement is necessary for efficient service delivery.

1.1.1. The concept of strategy

The concept of strategy can be traced to the military and is also referred to as ‘strategos’ in Greek which means general welfare. In the military, strategies are defined as a way of managing a country’s forces, in order to obtain security and victory. The initial application of strategy was in military pursuit as per Chandler (1962). During the First World War strategies were used to manage military personnel, move military supplies to soldiers such as food and ammunition without the knowledge of an enemy. Thus strategy involves efficient deployment of resources with the aim of outsmarting rivals in order to gain an advantage (Mintzberg, 1987).

Strategy can be a plan, ploy pattern, position and perspective. Strategy is a plan that provides an organization with the intended course of action and also serves as a guide when dealing with situations. By adopting this definition, strategies are concluded as being made in advance of the action they apply to and are developed consciously. This is reinforced by the military who consider strategy as drafting the plan of war and in game theory strategy is a complete plan which specifies what choices the player will make in every possible situation. In management, strategy is a unified, comprehensive and integrated plan designed to ensure that the basic objectives of the enterprise are achieved. As a plan, strategy can be a ploy, which is a specific manoeuvre intended to outwit an opponent or competitor. (Mintzberg et al, 2002).

Strategy is also a pattern with a stream of actions. This is evident when successful approaches to a strategy merge into a pattern of actions such as managers carrying out the same strategy when competing in a market. In the definition of strategy, plans differ from

patterns in that they may go unrealized. Patterns appear without preconception as managers are carrying out their day to day activities. The patterns are known to emerge about products, processes and customers which become the focal point of competition such as money transfer services. Strategy as a position means locating an organization within the environment (Capon, 2010). This describes strategy as creating a niche which will generate sufficient revenue to enable an organization outsmart its competitors. As a position, strategy makes organisations or governments cooperate for their common good for instance the oil producing countries co-operate and are able to increase the price of crude which earns them more foreign currency. This has been laid out in informal arrangements and discussions to formal agreements such as joint ventures and mergers. (Mintzberg et al, 2002)

Barnely and Hesterly (2008) suggested that a good strategy is one that actually generates a competitive advantage that differentiates an organisation with its competitors by giving it sustainable edge that is valuable, rare and not easy to imitate. Strategy should therefore be unique in order to create a competitive advantage. Porter (1998) in competitive advantage of nations aptly states that “at the heart of positioning is competitive advantage”. Thompson and Strickland (2003) defined strategy as consisting of moves and approaches devised by management to produce successful organisational performance. Wheelen and Hunger (2008) stated that a strategy is a plan that provides direction on how the organisation will achieve its mission and objectives. Strategy ensures continuity in an organisation by giving coherence and direction to growth of the entire organisation (Ansoff and McDonnell, 1990).

1.1.2. Strategic management practices

Strategic management practice consists of four basic elements; environment scanning, strategy formulation, strategy implementation, evaluation and control (Wheelen and Hunger 2008). It is within these four elements that strategic management practices are manifested and is also described as the strategic management process. The strategic management process assists management in selection of strategies to be adopted in the ever changing environment. It is a continuous process requiring the involvement of all the stakeholders in an organisation to ensure that the strategy is achieved.

Environmental scanning assists an organisation interpret what is happening in the external environment based on the understanding of the external forces affecting the organisation. Scanning the environment involves an analysis of past trends and establishing relationships from the information. An organisation can review internal information such as management accounts of previous years to establish the months with low sales which can assist management in determining when to advertise or carry out promotions to increase sales. The management of an organisation reviews the external environment to determine the trends in an industry which assists in establishing structures in an organisation. This is undertaken by reviewing press clips, television and radio clips that may offer clues to or an indication of future activities (Capon, 2010).

Strategy formulation is the development of long range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses (Wheelen and Hunger, 2008). It includes defining the corporate mission,

specifying achievable objectives, developing strategies and setting policy guidelines. The corporate mission is the purpose or reason for the organisations existence and discloses what the company is providing to the consumer. A mission clearly distinguishes an organisation from its competitor by clearly stating the firm's values and philosophy how it does business and most importantly how it handles its human resource (Wheelen and Hunger, 2008).

Strategy implementation is the process through which strategies are put into action throughout the organisation. This is achieved through deriving the short term objectives from the long term objectives and further deriving the functional tactics from the business strategy. This process assists management identify the specific immediate actions that must be taken in the key functional areas to implement the business strategy. Management are further required to carry out functions such as outsourcing of selected functional activities. In addition, empowering employee's guides their behaviour, decisions and actions at the firms operating levels in a manner consistent with both the business and functional strategies. Policies further empower operating personnel to make decisions and take action quickly. Rewarding actions and results of employees motivates them toward achieving set goals during strategy implementation (Pearce and Robinson, 2008).

Strategy evaluation and control is the process of comparing the actual performance against the desired performance. Strategy evaluation involves setting control processes to continuously review, evaluate and provide feedback concerning the implemented

strategies to determine if the desired results are being accomplished such that corrective measures may be taken if warranted (Hill and Jones, 2001; Steiner, 1997). Evaluation depends on speedy transformation of information across the organisation hierarchy through the three levels of strategy which include corporate level, business and functional level strategy. If an organisation operates in one line of business then effectively the corporate level strategy and business level strategy are effectively the same. (David, 2001; Hill and Jones, 2001). Mbagathi District Hospital is operating in a dynamic environment where private clinics encroach on its market share offering affordable medical care to patients.

1.1.3. Public Hospitals in Kenya

MOH is the ministry responsible for health and hosts all public hospitals providing health care services to the Kenyan citizens. The MOH classifies public hospitals based on the primary attributes such as range of services offered, size of facility and number of beds. Other secondary attributes also used in classifying the facilities include the range and size of the establishment and the size of the target population. The facilities under the MOH include a national referral hospital, provincial general hospitals and district hospitals.

A national referral hospital is one that is established under the State Corporation Act Cap 446 to provide therapeutic, diagnostic and rehabilitative services. The referral hospital receives patients who are referred from other hospitals located within or outside Kenya, provide learning facilities for students who aspire to be doctors, nurses or pharmacists. A national referral hospital such as KNH plays a critical role in assisting the development of health care services by providing feedback to practitioners in the lower level hospitals.

PGH are hospitals mandated to act as referral hospitals for the district hospital. PGH maintain quality standards, act as oversight bodies during the implementation of the health policy, coordinate and control all health activities at the district level. PGH have paediatricians, midwives, surgeons and medical physicians who provide services in their fields of specialisation. PGH serves as training institutions for health care personnel such as nurses and interns who are medical officers.

District hospitals are managed by medical superintendents and serve as referral hospitals and supervisory centres for smaller units such as health care centres and nursing homes. District hospitals serve as valuable sources of information during the planning, implementation and evaluation of health care programmes that are implemented by the MOH.

1.1.4. Mbagathi District Hospital

MDH is located within the capital city of Nairobi and is the main District Hospital serving a population of more than 3 million people. The hospital is an ideal location for medical, nursing, dental, midwifery and other healthcare students seeking clinical elective rotations while within an urban setting.

MDH was originally known as “Infectious Diseases Hospital” (IDH) under the then “King George VI Hospital,” currently Kenyatta National Hospital. It was built in the 1950’s to offer health care services for the infectious diseases, which required isolation such as Tuberculosis, Measles, Meningitis and Leprosy. The hospital was under KNH

until 1995 when it was carved from KNH and transformed into an autonomous District Hospital for Nairobi. It has a 200 bed capacity with the following services: Surgical Unit, Maternity Ward, New Born Unit, Growth Monitoring and Promotion and outpatient Services which include: Dental Clinic, Eye Clinic Antenatal, Family Planning, Antiretroviral Therapy, HIV Counselling and Testing, Tuberculosis diagnosis, labs and treatment and Radiology Services (e.g. X-ray, Ultra Scan, MRI, etc.).

1.2. Research Problem

Strategic management is as a process of determining the long term direction and performance of an organisation by ensuring that strategy is carefully formulated, properly implemented and controlled (Pearce and Robinson, 1997). As a process, strategic management is viewed as a sequence of events that include environmental scanning, strategy formulation, implementation, evaluation and control. Management undergo a thought process through each of these stages to determine the appropriate course of action for an organisation. The involvement of stakeholders during these stages ensures buy in by lower level employees. Environment scanning looks both at the inside and outside the organisation entails carrying out a SWOT analysis (Strength, Weakness, Opportunities and Threats). The inputs from the environment scanning enables management formulate strategy that once implemented enables an organisation develop a competitive advantage. Evaluation and control of the strategy entails management continuously reviewing the actual performance against budget and seeking ways of improving performance either through reviewing performance against competitors or reviewing internal business process.

Mbagathi District hospital is a public hospital owned by the government and this study sought to determine the strategic management practices adopted by the hospital. Mbagathi District hospital is under the control of the government and the management's decision making is informed by the decisions made at the ministry of health. The study sought to determine whether management had gone through the stages of environmental scanning, strategy formulation, strategy implementation, strategy evaluation and control. The study further sought to determine the challenges faced by the hospital during each of the stages. In addition, determine the benefits arising from the strategic management practices that could be implemented in other public hospitals.

In Kenya, Mutuma (2011) studied the challenges facing the implementation of hospital management information systems in hospitals in Nairobi whereas Chepkurui (2011) studied the human capital planning practices in faith based hospitals in Kenya. Studies in private hospitals were carried out by Gichane (2011) who studied the adoption of social marketing concept by private hospitals in Kenya and Mbugua (2010) studied the competitive strategies adopted by private hospitals in Kenya. Studies have also been conducted in public hospitals; Ongayo (2005) covered human resource issues, Mutugi (2008) determined the challenges of strategy implementation, Obaga (2009) explored performance contracting, Kamuri (2010) studied the challenges facing the implementation of outsourcing strategy at the KNH.

None of these studies has been carried out to determine the strategic management practices at MDH. The study therefore aims to breach this gap by reviewing the process of formulating the strategy at MDH. The study shall also focus on the implementation and evaluation of strategy. The study intends to fill the gap by answering the question what strategic management practices have been adopted by MDH? What are the challenges of implementing strategic management practices at MDH?

1.3. Research Objectives

The purpose of the study was to gain an understanding of the strategic management practices at MDH. More specifically, the study was undertaken to achieve two main objectives:

- i) To determine the strategic management practices adopted at MDH.
- ii) To establish the challenges of strategic management practices at MDH.

1.4. Value of the study

The study will provide policy makers with the strategic management practices currently in place at Mbagathi District hospital. The study will be an important source of information to donors and members of society who fund and receive services from the hospital respectively. Based on the study, government and donors will determine whether to increase funding to the hospital while the members of society will be able to determine whether the funds have been utilised for the intended purpose.

The study will provide management with the strategic management practises that have been implemented at the hospital. It will also help identify sections within the hospital that may require assistance to enable the hospital achieve its strategic plan. It will be a valuable platform for the management in trying to improve on existing practises by identifying specific areas that hinder efficient service delivery to patients.

The findings of the study will contribute to building the existing body of knowledge in strategic management and specifically the strategic management practices. The finding will assist scholars and researchers who might be required to carry out research on the strategic management practices and will assist in providing other areas of research. The research will therefore close some gaps and open avenues for further research in related topics.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter will focus on the concept of strategy, concept of strategic management, the strategic management process, strategic management practices and challenges of strategic management.

2.2. Theoretical foundations of the study

The theoretical foundations of strategy can be traced to the military and is also referred to as 'strategos' in Greek which means general welfare. In the military, strategies are defined as a way of managing a country's forces, in order to obtain security and victory (Mintzberg, 1987). Military origins of strategy were further supported by Bracker (1986) who was of the view that strategy involved planned destruction of enemies through the effective use of resources. The initial application of strategy was in military pursuit as per Chandler (1962). According to Mintzberg et al (1998) there is no universally accepted definition of strategy. However, different authors have contributed to the definition of strategy such as Chandler (1962) who defines strategy as the establishment of long term goals and objectives of an organisation. Quinn (1980) asserts that strategy is the pattern or plan which integrates an organisation's major goals, policies and actions which are sequenced into one plan.

The industrial revolution played a critical role in the development of strategy which was similar to strategies used during the First World War. During the First World War

strategies were used during the war to manage military personnel, move military supplies to soldiers such as food and ammunition without the knowledge of an enemy. Thus strategy involves outsmarting rivals in order to gain an advantage. Mintzberg (1998) defined strategy in terms of a plan, ploy, pattern, position and perspective. As a plan, strategy specifies a consciously intended course of action designed in advance of the actions it governs. As a ploy, it aims at outwitting competitors or can be aimed at reducing a competitor's threat. As a pattern, it emerges from a series of actions which when observed conform to a particular sequence. As a position, strategy is a means of creating visibility of an organisation in the environment with the sole aim of portraying the organisation as having a superior brand to its competitors.

According to Johnson and Scholes (2008) strategy is the direction and scope of an organisation over the long term through its configuration of resources within a changing environment, to meet the needs of markets and fulfil stakeholders' expectations. The direction is provided by a common pattern of decision making that defines the obligation to the stakeholders. According to Hax and Majluf (1991), strategy is a coherent, unifying and integrated pattern of decisions that determines and reveals the organisations purpose in terms of long term objectives, actions, programs, resource allocation and priorities.

Ansoff and McDonnell (1990) aver that strategy is a set of decision-making rules which guides organisational behaviour. This view is related to Pearce and Robinson (1997) view that strategy is a company's "game plan"; it reflects a company's awareness to positioning and survival in the ever changing environment.

Barnely and Hesterly (2008) posit that a good strategy is one that actually generates a competitive advantage that differentiates an organisation with its competitors by giving it a sustainable edge that is valuable, rare and not easy to imitate. Strategy should therefore be unique in order to create a competitive advantage. Porter (1998) states “The essence of strategy is choosing to perform activities differently”. D’aveni (1994) adds that strategy apart from creating of an advantage should also lead to the destruction of opponent’s advantage. Porter (1998) in competitive advantage of nations aptly states that “at the heart of positioning is competitive advantage”. Thompson and Strickland (2003) defined strategy as consisting of moves and approaches devised by management to produce successful organisational performance.

Scholars like Andrews (1980) argue that corporate strategy is a pattern of decisions that determines and reveals the objectives, purposes, or goals of a firm, produces policies and plans for achieving those goals, and defines the range of business the company is pursuing, the kind of organisation it is or intends to be, and the nature of contribution it intends to make to its stakeholders. Steiner (1997) says strategy answers these basic questions; what should the organisation be doing? What are the ends that an organisation is seeking? And how should it reach these ends? Thus strategy has to do with top managements choice (s) for direction and the means of navigating a firm in that direction.

2.3. Strategic management practices

Strategic management practice is embodied in the strategic management process. Johnston & Scholes (1999) outlined strategic management as the process of strategy formulation, implementation, evaluation and control. In practice, the process of strategy

formulation has been subdivided to include the process of defining the vision and mission, situational analysis, strategy analysis and choice. Wheelen and Hunger (2008) also noted that strategic management consists of four basic elements; environment scanning, strategy formulation, implementation, evaluation and control. It is within the four elements that strategic management practices are manifested. Ehlers and Lazenby (2004) defines strategic management as the process whereby all the organisational functions and resources are integrated and coordinated to implement formulated strategies.

2.3.1. Concept of strategic management

Strategic management is a set of managerial decisions and actions that determine the long- run performance of an organisation (Wheelen and Hunger, 2008). The decisions management are required to undertake include environmental scanning, strategy formulation, strategy implementation, evaluation and control. Strategic management requires management to invest their time in obtaining the views of employees who are involved in the day to day running of the organisation and documenting the finding in a strategic plan. An organisation should also undertake an analysis of its strengths, weaknesses, opportunities and threats so as to be able to determine how to obtain a competitive edge in its operating environment.

Strategic management can also be defined as a process of determining the long term direction and performance of an organisation by ensuring that strategy is carefully formulated, properly implemented and controlled (Pearce and Robinson, 1997). It involves analysing the environment a business operates in and matching the capabilities

of the organisation to the strategy chosen. The traditional functions of managers are operational in nature, the activities they carry out are routine and any challenge from the environment destabilizes the organisation. It is viewed in three main elements: strategic position, strategic choices and strategy into action as viewed by Johnson et al. (2008).

According to Johnson et al. (2008) strategic management goes further in handling of non-routine aspects of management. Strategic management is a continuous iterative process aimed at keeping an organisation as a whole appropriately matched to its environment (Certo and Peter, 1998). Strategic management is the on-going process of ensuring a competitively superior fit between the organisation and its ever changing environment (Teece, 1984). Managers are therefore expected to be proactive to environmental changes given that the future is different from the past thus history plays a small role in determining the future. A firm's success will hinge on its adaptation to the environment it operates in implying that an understanding of the environment is critical to the firm's success.

Strategic management also refers to the processes involved in establishing vision, setting objectives, strategy formulation, implementing, execution and monitoring of the strategy during each stage (Thompson and Strickland, 2003). Mintzberg, (2002) asserts that an organisation's strategic orientation must be synchronised with its environment. Pearce and Robinson (2008) asserts that environmental turbulence necessitates an equal need for rapid recognition of appropriate strengths, opportunities to be exploited, threat to be

countered and weaknesses to be overcome. MDH operates in a dynamic environment which requires management to put in place strategies to ensure survival in the long run.

Mintzberg (1987) defines strategic management as the art and science of formulating, implementing and evaluating cross-functional decisions that will enable an organisation to achieve its objective. Lamb (1984) defines strategic management as an on-going process that assesses the business and the industries in which the company is involved in.

2.3.2. Environmental scanning

Environmental scanning is the monitoring, evaluating and disseminating of information from the external and internal environment to key people within the corporation. It serves to identify strategic factors which exist in both the external and internal environment that have an impact on the long term future of an organisation (Wheelen and Hunger, 2008). The process of environmental scanning is beneficial to the organisation as it ensures that the strategies that are developed through the information received secure the future of the organisation through development of goals that are simple, consistent and long term.

Duncan and Ginter (1990) identify the activities that a company would need to undertake to perform an environmental analysis as monitoring, scanning, forecasting and assessing. Monitoring is the identification of current influences on the company whereas scanning is concerned with identifying future influences on the company. Forecasting is cited as being concerned with anticipating how current environmental influences may change in future while assessing is concerned with evaluating the impact and potential impact of both current and future external environmental factors on the organisation.

2.3.3. Strategy formulation

Strategy formulation includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines. The process of strategy formulation provides recommendations and justifications necessary for an organisation to consider reviewing its mission and objectives together with the corresponding strategies to ensure the overall success of the organisation. This is achieved through reviewing the key objectives and strategies of the organisation, identifying available alternatives, evaluating the alternatives and deciding on the most appropriate alternative (Wheelen and Hunger, 2008). The process of strategy formulation is mainly carried out at three levels which include the corporate level, business level and the functional level.

The scope and direction of an organisation is contained in the corporate level strategy. This is the responsibility of the top level management that enables stakeholders evaluate a company in aspects such as growth, profitability and operating efficiency. The business level strategy determines the mode of operation at the business unit level which is similar to a product line with dedicated resources such as sales men and advertising budgets. The middle level managers are responsible for the successful implementation of this strategy. The lower level managers drive the functional strategies which have short term horizons and relate to a functional area. This includes functional areas such as human resource who are involved in the carry out of activities such as development of job descriptions, evaluation of staff, recruitment and selection that lead to the overall achievement of organisations goals. In addition, ensure that the management have an understanding of the competitive environment, objective assessment of the available resources and can effectively implement the strategy (Macmillan and Tampoe, 2000).

2.3.4. Strategy implementation

Mintzberg and Quins (1998) argued that 90% of well formulated strategies fail at implementation stage. David (2001) further argued that only 10% of formulated strategies are successfully implemented. The successful implementation of strategy is fully dependent on involvement of all the stakeholders in an organisation. This can be achieved through providing such stakeholders with the benefit they are to derive upon attainment of the organisations objectives during the initial implementation of the strategy. The allocation of roles and responsibility in the implementation of strategy assists each of the employees understand what they are required to do in order for an organisation to achieve the strategy. Communicating progress of implementing the strategy to the stakeholders will assist them in determining whether corrective action is required. As part of the strategic management process, communicating actions during the implementation phase provides stakeholders that are extremely interested in the business with an updated on intended courses of actions (Pearce and Robinson, 2008).

Strategy implementation entails allocating the appropriate resources to ensure the selected strategies are properly executed (David, 2001; Steiner, 1997). During the implementation of strategies, companies may be forced to reallocate resources from one functional area to another where opportunities exist such as with the introduction of a new technology organisations may reallocate funds from marketing to production. The management of the company can thereafter reallocate the funds back to the marketing department after realising cost saving from the adoption of a new technology. The implementation of strategy may require companies to recruit additional employees that bring fresh insights on how processes and procedures can be improved.

2.3.5. Strategy evaluation and control

Strategy evaluation and control involves setting control processes to continuously review, evaluate and provide feedback concerning the implemented strategies to determine if the desired results are being accomplished such that corrective measures may be taken if warranted (Hill and Jones, 2001; Steiner, 1997). This process is necessitated by the dynamic environment that can cause a strategy to be considered as out-dated. It alerts the management of the need to take corrective action for any potential or actual problems which may hinder an organisation from achieve the objectives. Some of the activities a company may adopt to detect anomalies include comparing the expected results against actual results and identifying corrective actions such as reallocation of resources to ensure that performance conforms to the set plans.

Strategic control is concerned with tracking the strategy as it is being implemented, detecting problems or changes when deemed necessary and making the necessary adjustments (Pearce and Robinson, 2008). The review of monthly, quarterly and annual reports is one of the means management exercise their evaluation and control of a strategy. The reviews require a look at for instance the profit margins, sales, earning per share and return on investment to assist management determine the effectiveness of the strategy being implemented. The management of an organisation are able to take corrective action from their review to ensure an organisation maintains its competitive advantage. Corrective action from management may be in the form of injection of additional funds to a product line, aggressive marketing or re-deployment of some of the employees to other areas within the company requiring the skilled personnel.

2.4. Challenges of strategic management

Companies are increasingly setting up operations in various countries in a bid to increase their profits. As a result, management are required to replicate the present structures in the various countries of operations. This has been successful in some countries but has not been successful in other countries on account of legal restrictions. Legal restrictions may include aspects such as the requirement that any company being incorporated locally has to cede part of its shareholding to a resident person. This limits the amount of investment the principal shareholders may invest especially in cases where the local shareholder has insufficient funds to invest in the business.

With the ready availability of internet connectivity in many countries, companies are continuously embracing internet enabled applications to assist in the monitoring of stocks, processing of orders and tracking of cargo to ensure prompt delivery. Organisations are therefore increasing their expenditure on technology to keep up to date with the advancement in technology. This has resulted in organisations also increasing their expenditure on computer security to prevent hacking. In addition, organisations have been forced to regularly update their computer systems to prevent the threat arising from viruses. This has strained the amount of finances that would otherwise have been available to implement the organisations strategic plans.

Organisations are continuously faced with competition from other organisations or other substitute products. This has limited the amount of revenue they can generate from the operations within a given year. Coca Cola bottling company for instance has some of its revenue reduced as a result of the entry of Pepsi in the Kenyan market. In addition, Coca

Cola bottling company is faced with competition from juices produced by local manufacturers. Such a company has been forced to ensure that it has sufficient funds to be utilised in carrying out promotional activities. Under such an unpredictable environment, management are consistently forced to review their plans to ensure they protect their market share.

CSR is an important aspect of any organisation seeking to position itself within a market. Organisations are therefore being forced to invest more funds each year in CSR activities which give them visibility in a market. East African Breweries for instance sponsors needy students to Strathmore University. Management are consistently required to review their CSR programs to ensure that they are visible in the market place and are in line with their strategic plans. Mintzberg et al (1998) contended that since effective implementation can make a sound strategic decision ineffective or a debatable choice successful, it is important to examine the process of implementation as to weigh the advantages of available strategic alternatives.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter presents the research design, method of data collection and data analysis to be used in conducting the study.

3.2. Research design

The research design used in conducting the study was that of a case study of MDH located within the capital city of Kenya and serving a population of more than 3 million people. The case study was deemed as appropriate on the basis that it involved interviews aimed at identifying the strategic management practices in MDH. Researchers use this method when studying real life situations, issues and problems.

Donald (2006) notes that a case study seeks to describe a unit in detail with the aim of organising data and looking at the object to be studied as a whole. In addition, case studies are powerful forms of qualitative analysis that involve careful and complete observations of social units. According to Kothari (2004), the case study method is a very popular form of qualitative analysis and involves a careful and complete observation of a social unit such as an individual, the family unit, an institution, cultural group or even a community. The objective of case study is to locate the factors that account for the behaviour patterns of the given unit as an integrated totality.

3.3. Data collection

The study relied on both primary and secondary data. Primary data was collected using an interview guide (Appendix 1) which provides in depth data which is not possible to

obtain if questionnaires are used (Mugenda, 1999). Secondary data was obtained from the hospitals work plan. The interview guide was divided into 4 Sections. Section A covered the respondent's profile, Section B covered strategy formulation and Section C covered strategy implementation while Section D covered strategy evaluation.

The respondents were three senior staff drawn from the supply chain department, accounts and administration that form part of the management team involved in the day to day operations of the hospital. The scope of the study was limited to determining the strategic management practices and challenges of the strategic management practices at MDH.

3.4. Data analysis

The data collected was analysed using content analysis since the data collected is qualitative in nature. According to Nachmias and Nachmias (1996) content analysis is a technique of making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. Content analysis ensures objectivity, systematic examination of communication in order to break down, identify and analyse the presence or relations of words, word sense, characters, sentence, concepts or common themes (Mito, 2008).

The benefit of content analysis is that it is systematic, a replicable technique for compressing many words into fewer content categories based on explicit rules of coding. A key feature of content analysis is that it appropriate when dealing with large volumes of data and allows a researcher to learn about underlying attitudes or repeating themes.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1. Introduction

This chapter presents data analysis, results and discussion of the findings. The primary data was collected through personal interview undertaken through interview guides and analysed by content analysis. The information collected was analysed and interpreted in line with the objectives of the study, namely to identify the strategic management practices adopted by MDH and establish the challenges of the strategic management practices.

4.2. The strategic management practices

According to the findings of the study, MDH does not have a strategic plan but a work plan which includes the annual revenue and expenditure in the course of the year. The work plan is developed at the beginning of each financial year and forms the basis of developing the plan in the fiscal year.

The interview guide sought response on the strengths and weaknesses of the hospital. From the responses received from the interviewees, it was clear that the hospitals strength was that it was assured of receiving funds from the government and had embraced technology to enable it offer efficient services to the patients. The weaknesses included the lack of sufficient staff, shortage of medical supplies and government policy requiring the hospital to provide free medical services to for instance children under the age of five years.

Moreover, the study cited the opportunities and threat as being the customers and competitors respectively. The respondent indicated that MDH was located in a strategic area where it was more likely to attract patients from the surrounding residential areas. However, it faced competition from other hospitals such as Mama Lucy hospital which had already recruited some of its staff.

The study also indicated that the management team reviewed the annual revenue and expenditure budget on a monthly and quarterly basis with the sole aim of resolving any challenges faced after extensive deliberations. A key aspect of the work plan was the need to carry out a review in order to ensure that the hospital remains on track. The factors necessitating changes in the work plan were indicated as technology, the new constitution, increased size of the hospital, diverse skills of the management and their performance contracts. In addition, heads of departments provided input to the work plan after receiving feedback from the staff in their respective departments.

The objectives of the hospital, government, donors, policies and procedures were the factors indicated as influencing the formulation of the work plan and overall strategy developed by the ministry of health. The respondents indicated that rising cost of inputs such as medical supplies, food stuffs, worker unrest, technology and political forces were the challenges faced by the hospital from both the external and internal environment. The hospital had responded to these challenges by open tendering, outsourcing and partnering with donors to enable the hospital benefit from costs savings associated with adopting such actions.

The accounts department was indicated as a critical department in the formulation and implementation of the work plan. They assist other departments with the historical data on the expenditure incurred in previous years and controlled the expenditure incurred by the departments by requesting them to seek authority to incur expenditure before disbursing funds. The administrator of the hospital was indicated as being responsible for over 50 employees and was responsible for the human resource function. The human resource function was responsible for ensuring that each department within the hospital had sufficient staff. The monitoring and evaluation of the hospital's work plan was carried out monthly and quarterly. The heads of department were empowered by the medical superintendent responsible for managing the affairs of the hospital to execute their responsibilities and take any corrective action where necessary in order to ensure operations at the hospital run efficiently.

4.3. Challenges of the strategic management practices

The study further inquired about the challenges of the strategic management practices at Mbagathi District Hospital. There were various reasons cited such as the government policy, insufficient funding, rising costs of supplies, staff unrest and lack of equipment in some sections of the hospital.

4.4.1. Government policy

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

had to be approved by the ministry of health before implementation to ensure that it was in line with the strategic plan of the Ministry of Health. The study established that the government policy prohibits the hospital from turning away patients who are unable to afford medical services. Children below the age of five years are also not required to pay for the medical services they are receiving from the hospital. As a result, the hospital is required to waive the charges incurred by such patients therefore denying it the much needed funds.

The study further revealed that the hospital was unable to plan for more than one year. This was mainly as a result of the hospital's reliance on the government for funding that was prepared on an annual basis. These in turn resulted in the hospital's management team preparing work plans that captured the revenue and expenditure for a period of one year. As a result, majority of the work plans prepared over the years contained revenue generated from operations and expenditure necessary to ensure that the hospital operates efficiently.

The lengthy procurement procedures adopted by institutions that are under the control of the government was an additional challenge that the study revealed. The respondents cited the need to prequalify suppliers and thereafter tender for the items that the hospital required to procure as hindering the smooth operations of the hospital. As a result, the management team of the hospital had ensured that they have a prequalified list of suppliers where goods could be obtained at set prices.

4.4.2. Insufficient funding

Most respondents cited the need to have additional funding from the government to enable the hospital carry out capital expenditure projects. Respondents acknowledge that the hospital had received funding that enable it meet some of the recurrent expenditure that included payment for medical supplies. However, due to frequent changes in the ministries top officials, the hospital had been unable to carryout projects requiring heavy capital expenditure. This was attributed to changes in strategies upon reshuffling or replacement of ministry of health officers.

4.4.3. Rising cost of supplies

According to the interviewee's responses, Mbagathi District hospital has witnessed an increase in the cost of purchasing some of the supplies that included foodstuffs and medical supplies. This necessitated the management team to outsource some of the services such as cleaning services. As a result, the hospital was no longer required to employ staff to carry out tasks such as cleaning and discontinued the purchase of cleaning detergents. During the tendering processes those submitting tenders were required to include in their costing, the price of cleaning detergents which resulted in Mbagathi District hospital benefitting from the outsourcing.

4.4.4. Staff

In seeking to know whether the hospital faced any challenges with staff, the researcher probed the respondents who cited the need to have additional medical staff to assist the hospital in service delivery. The research revealed that the hospital had gained popularity for some of the services offered therefore resulting in more patients visiting the hospital

without an increase in the number of medical staff posted to the hospital. This clearly pointed out that, the public had confidence in the hospital.

The researcher also sought to know the impact of competition on the hospital and established that some staff had been transferred to Mama Lucy hospital. This exerted pressure on the remaining staff that had to serve more patients before replacements for the medical staff who were transferred to be replaced. Despite the transfers, medical staff within the hospital demonstrated their commitment to service by carrying out their responsibilities diligently.

4.4.5. Equipment

The researcher established that the hospital had received an increased flow of patients as a result of the additional equipment that was supplied to the hospital. This included equipment such as a dental chair and an x ray machine. In addition, the hospitals eye and HIV clinics were cited by the respondent as units that were receiving assistance from donors. These in turn resulted in more patients visiting the hospital to receive treatment at the set rates. However, in areas such as the mortuary coolers were yet to be installed and the new maternity wing was in the process of procuring equipment so as to commence operations.

4.4. Discussion

The research revealed that Mbagathi district hospital had strategic management practices in place that comprised of practices that contributed to the overall vision, development of goals through the involvement of all staff, development of short term departmental goals, monitoring and evaluation of the goals to ensure successful achievement of the annual

work plans. The research further revealed that the hospital had challenges in adopting the strategic management practices that were as a result of the government policy, insufficient funding and staff turnover. Despite the challenges, the hospital was able to obtain additional equipment that has assisted it offer efficient services to patient's seeking treatment at the hospital. Overall, the hospital management and staff were cited as being committed to efficient service delivery in spite of the limited financial resources available. Despite the above challenges, resources have been allocated on a need basis which has ensured that patients requiring urgent medical attention are attended to or transferred to Kenyatta National hospital.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter presents the summary of the findings, conclusions, implication of the results, limitations of the study and suggestions for further research. The chapter concludes by focussing on the implication of the study on theory, policy and practice.

5.2. Summary

The overall purpose of the study was to determine the strategic management practices adopted at MDH and establish the challenges faced by the hospital in implementation. From the responses received during the interviews carried out, the hospital has adopted strategic management practices that are steered by the management of the hospital.

From the interviews conducted, the hospital formulates implements and evaluates the work plan by involving all staff working at the hospital. The process commences by part of the management team going for training on how to prepare the strategic plan. The attendees of the training thereafter meet the heads of department and carry out a sensitization meeting on the process of preparing the work plan. The heads of the departments together with staff in their respective department provide the management team with their input which is then consolidated into MDH's work plan that the ministry approves after ensuring that it is consistent with the overall ministries strategic plan for district hospitals. The process of implementation is mainly facilitated by the management team with the evaluation of the strategy being carried out monthly and quarterly by the heads of department.

The study identified the following as challenges the hospital faced when implementing strategy: government policy, insufficient funding, staff turnover and rising costs of inputs. The lack of adequate funds to fund the recurrent expenditure posed the greatest challenge to the adoption of strategic management practices at MDH.

5.3. Conclusions

The first objective of this study was to determine the strategic management practices at MDH. According to the results from the respondents, MDH has embraced strategic management practices that were directed by the management team comprising of the heads of departments. The medical superintendent of the hospital is the chair of the management team and was assisted by the departmental heads to ensure adherence to the work plan.

The second objective was to determine whether MDH faced any challenges in the implementation of the strategic management practices. According to the respondents, the challenges faced by the hospital included inadequate funding, rising cost of services, received from service providers, inadequate medical supplies and government policy.

Based on the above, Mbagathi District Hospital had embrace strategic management practices but has faced various challenges in achieving some of the plans mainly on account of the lack of funds and requires financial assistance so as to achieve the plans set out by the management team.

5.4. Recommendations

The construction of additional facilities by the government at MDH will increase the capacity of the hospital to handle more patients. With the increased capacity, the government will also need to consider increasing the staff and replacing the old equipment for efficient service delivery. The government can consider partnering with donors in the constructions and provision of such equipment for the overall benefit of the Kenyan citizen.

Additionally, the management can consider inviting the private sector to share their experience during the development and monitoring of the work plans. This will assist MDH leverage on such experience of the private sector to improve service delivery at MDH.

5.5. Limitation of the study

Limitation is an aspect of research that may influence the results negatively, but over which, the researcher has no control (Mugenda and Mugenda 1999). The researcher noted that no study had been conducted on the strategic management practices adopt by MDH and therefore interviewed part of the management team.

Some of the information was not availed to the researcher due to the public interest in the operations of the hospital. It is on this basis that the information contained in the findings was based on the responses received from respondents. This is aimed at ensuring that some of the governments decisions communicated to the hospitals management through circulars are kept confidential.

The study was restricted to the strategic management practises and the challenges faced in the adoption of the practises at MDH. This research should be replicated to other district hospitals so as to establish whether they experience the same challenges faced by MDH. It would be important to cover all the district hospitals in a county so as to provide the counties with information on the challenges faced and recommendations that can be implemented in all the hospitals within the county.

5.6. Suggestions for further Research

The suggestions for further research arise from the limitations set out above. Further research on the strategic management practices adopted in other district hospitals should be carried out and compared with the results of this study.

The study further recommends that another study is conducted within MDH and other district hospital with the aim of establishing whether other cost cutting measures can be identified and adopted by the hospitals.

5.7. Implication of the study on theory, policy and practice

The study was based on the strategic management practices and the responses received during the research confirmed the existence of the practices as MDH. The research confirmed that the hospital has a vision, mission and has procedures in place to assist in the formulation, implementation and evaluation of strategy. The study provides a theoretical background on the strategic management practices adopted by a hospital that is not run for a profit but in the public interest and the challenges faced by the hospital.

The key stakeholders of the hospital who include the government and staff working at the hospital are key beneficiaries of the study that highlights the influence of government policy on the strategy of MDH. This government policy that for instance aims to provide affordable health care to the Kenyan citizens may need to be reviewed. The review of the policy may involve engaging the community living around the hospital together with patients already receiving medical services on ways of improving service delivery while maintaining the fee charged for the services at an affordable price.

The study clearly lays out the processes and procedures management have adopted in the formulation, implementation and evaluation of the strategies. This provides stakeholders with the strategic direction of the hospital therefore enabling development partners support the hospital in achieving the mission and vision.

REFERENCES

- Achrol, R.S. (1991), "*Evolution of the Marketing Organisation: New Forms for Turbulent Environments*", Journal of Marketing, Vol. 55 77 – 93
- Andrews, K.R. (1980). *The Concept of Corporate Strategy*. (2nd Ed.) Richard Dow-Jones Irwin.
- Ansoff, H., and McDonnell. (1990). *Implanting Strategic Management* Prentice Hall
- Aosa, E, (1992) *An Empirical Investigation of Aspects of Strategy Formulation and Implementation within large Private Manufacturing companies in Kenya*. Unpublished PhD Thesis, University of Strathchide, Glasgow- Scotland
- Bracker, J.S and Pearson, J.N (1986). '*Pearson planning and financial performance of small mature firms*' strategic management journal, Vol. 7
- Barnely, J.B & Hesterly W.S. (2008). *Strategic management and competitive advantage*. Concepts and cases. Upper Saddl River, NJ: Prentice hall Inc.
- Capon, Claire (2010). *Understanding strategic management*. Prentice Hall
- Certo, Samuel and Peter, J. Paul (1998). *Strategic Management: concepts and applications*. McGraw-Hill
- Chandler, A (1962) *Strategy and Structure: Chapters in the history of industrial enterprise*, Doubleday, New York
- Cooper, D.R., and Schindler, P. (2003). *Business Research Methods*. New Delhi: Tata McGraw-Hill publishing company Limited
- David F.R. (2001). *Strategic Management Concepts & cases*. : Prentice Hall.
- Donald, K. and Delno, L.A. (2006). *Proposal and Thesis Writing, an Introduction*. 2nd Edition. Nairobi: Pauline's Publication Africa.
- D'aveni, R.A (1994). *Hyper Competition: Managing the dynamics of manoeuvring*, New York, NY: The Free Press.

- Duncan, Peter M and Ginter, W Jack (1990) 'Macro-environmental analysis for strategic management', Long Range Planning.
- Ehlers, T., & Lazenby, K. (2004). *Strategic Management; South African Concepts and Cases*. Pretoria: Vanshaik Publishers
- Hax, A. C. and Majful, N.S. (1991). The concept of strategy and strategy formation process. Massachusetts: MIT
- Hill W.C. and Jones G.R (2001). *Strategic Management Theory: An Integrated Approach (5th Ed.)*. Houghton Mifflin Company
- Johnson, G., Scholes, K. & Whittington, R. (2008). *Exploring Corporate Strategy: Text Cases*. New Delhi: India Publishing House
- Lamb, R. (1984). *Competitive Strategic Management*, Englewood Cliffs, NJ: Prentice-Hall,
- Lynch, R. (2000), *Corporate Strategy*, Pitman Publishing.
- Macmillan, Hugh and Tampoe, Mahen (2000) *Strategic Management: Process, Content and Implementation* Oxford University Press
- Mintzberg, H., Quinn, J.B., and Ghoshal, S (2002). The Strategy Process; Prentice-Hall.
- Mintzberg, H., Quinn, J.B., and Ghoshal, S (1998). The Strategy Process; Prentice-Hall.
- Mintzberg, H. (1987). "Grafting Strategy", Harvard Business Review, July/August
- Mito, C.A. (2008). *Strategic responses by World Bank in funding community project in Kenya*. Unpublished MBA Research Project, School of Business, University of Nairobi.
- Mugenda O. & Mugenda A. (1999). *Research Methods: Quantitative & Qualitative Approaches*, Acts Press.
- Nachmias, F. C and Nachmias, D. (1996). *Ethics in Social Science Research, in Research Methods in the Social Sciences, 5th Edition*. London, UK, St. Martin's Press.
- Porter, M.E. (1998). *The Competitive Advantage of Nations*: New York, NY: Palgrave.

- Pearce, J.A., and Robinson, R.B. (2008). *Strategic management; formulation, implementation and control*. McGraw Hill.
- Pearce, J.A., and Robinson, R.B. (1997). *Strategic management; formulation, implementation and control*. McGraw Hill.
- Quinn, J.B., (1980), *Strategies for change: logical incrementalism*, Homewood II. Irwin
- State Corporation Act Cap 446
- Steiner, G.A. (1997). *Strategic Planning: What every Manager must know*, NY: Free Press Paperbacks.
- Teece D. J (1984). *Dynamic Capabilities and Strategic Management: Organising for Innovation and Growth*. Oxford University Press.
- Thompson and Strickland, (2003). *Strategic Management Concepts and Cases* Massachusetts
- Wheelen, T.L & Hunger, J.D. (2008). *Strategic Management and Business Policy*, Upper Saddle River, N.J: Prentice Hall Inc.

APPENDICES

APPENDIX I – LETTER OF INTRODUCTION

Enoch Ondera
P.O. Box 9131 – 00300
Nairobi

8 October 2013

The Medical Superintendent
Mbagathi District Hospital
P.O. Box 20725- 0202
Nairobi

Dear Respondents,

RE: REQUEST TO CARRY OUT RESEARCH AT MBAGATHI DISTRICT HOSPITAL

I am a post graduate student at University School of Business, in order to fulfil the Master of Business Administration requirements; I am undertaking a research on the strategic management practices in Mbagathi District Hospital.

The research is purely for academic purposes and the information given shall be kept strictly confidential. This study may come up with suggestions which could be useful to Mbagathi District hospital and other district hospitals; a copy of the final study will be availed to you on completion of the study.

Yours faithfully,



Enoch Ondera

**APPENDIX II – RESEARCH AUTHORISATION FROM THE
UNIVERSITY**



**UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME**

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

P.O. Box 30197
Nairobi, Kenya

DATE.....08/10/2013.....

TO WHOM IT MAY CONCERN

The bearer of this letter ENOCH INOIMULI ONDERA

Registration No.....061/66921/2011.....

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 NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS**



APPENDIX III – INTERVIEW GUIDE

This interview guide is aimed at obtaining views on the strategic management practices at MDH. It is divided into four sections in line with the strategic management practices being pursued in the study.

SECTION A: BACKGROUND INFORMATION

Name of Interviewee: _____

Position held: _____

Department: _____

Number of staff in charge of: _____

SECTION B: STRATEGY FORMULATION

This section explores the general aspects of strategic management and the environmental analysis.

Overview

1. Does MDH have a strategic plan?
2. Does MDH have a vision and mission? If yes, what is the vision and mission?
3. Does MDH have any document on the process and procedures followed in developing its policy? If yes, which sections of the hospital are covered and what is the timeframe of formulating such policies?
4. Identify at least 4 strengths, weaknesses, opportunities and weakness as applied to MDH.
5. Has MDH reviewed its strategic plan?

6. Which forces are necessitating the change of the strategic plan of MDH?

Environmental scanning

1. Which factors in the internal environment have had an impact on strategy formulation at MDH?
2. Which factors in the external environment have had an impact on strategy formulation at MDH?
3. What challenges does MDH face while responding to changes in the internal environment?
4. What challenges does MDH face while responding to the external environment?
5. What strategies has MDH used in response to the changing environment in the recent past?
6. What are the roles of your department in strategy formulation?

SECTION C: STRATEGY IMPLEMENTATION

This section explores the resource necessary for strategy implementation:

Finance

1. What are MDH sources of funds and estimate percentages as used in the implementation of chosen strategies?
2. What other avenues of finances does MDH seek to obtain in the medium to long term that will assist in implementation of its strategy?
3. What challenges are encountered by MDH in increasing the sources of funds?

Human Resource

1. What measures have been put in place by MDH/MoH to recruit and retain the best employees?
2. Who are involved in the organisation when implementing strategy?
3. Are employees empowered to implement strategies? If yes, in what ways are employees empowered to carry out the implementation?
4. How do employees' respond to strategy implementation?

5. How are job roles affected while implementing strategy?
6. Is there a reward system for employees who achieve the set targets?
7. Is there adequate communication of the formulated strategies to the staff implementing? If yes, which methods are often used in the communication and why?
8. What considerations would you suggest for successful strategy implementation?

Medical Equipment and Supplies

1. How do you describe the overall medical equipment and infrastructure at MDH?
2. How is the strategy implementation affected by present medical equipment and supplies?
3. What are your roles in the strategy implementation?
4. What are the challenges in the strategy implementation?

Other

1. How is competition in the industry interfering with MDH's efforts to implement strategy and how is MDH responding to the competition?
2. How are government policies and regulations hindering the implementation of strategy and what steps is the hospital taking to address the hindrances?
3. What is the effect of technology on the hospitals strategy and how are the challenges being addressed?

SECTION D: STRATEGY EVALUATION

1. Are corrective measures and procedures in the strategic management process institutionalized? If yes which measures and procedures are in place?
2. Is MDH involved in a continuous review of its strategic plan? If yes, what prompts the review?
3. Are employees empowered to take corrective actions? If yes, give an example of any such action that happens in the recent past.
4. What are your roles in strategy evaluation?
5. What are the challenges facing strategy evaluation?

APPENDIX IV – RESEARCH AUTHORISATION FROM MDH

MINISTRY OF MEDICAL SERVICES

Tel: 2724712, 2725791, 0721 311 808

Email: mdhnairobi@yahoo.co.uk

Our Ref.medsup/rsc: 10/5-13



Mbagathi District Hospital

P.O. Box 20725- 00202

Nairobi

October 8, 2013

Enoch Ondera
University of Nairobi
School of Business
P. O. Box 30197
Nairobi.

Dear Sir,

RE: APPLICATION FOR RESEARCH AUTHORIZATION

This is in reference to your application for authority to carry out research on “Strategic management practices in Mbagathi District Hospital.”

I am pleased to inform you that your request to undertake the research in the hospital has been granted.

And on completion of the research you are expected to submit one hard copy and one soft copy of the research report / thesis to this office.



APPENDIX V – LIST OF PUBLIC HOSPITALS

Hospital Name
Alupe Hospital
Armed Forces Memorial Hospital
Awendo Sub-District Hospital
Bahati District Hospital
Kabarnet District Hospital
Bondo District Hospital
Bungoma District Hospital
Busia District Hospital
Butere District Hospital
Chuka District Hospital
Coast Provisional General Hospital
Mandera District Hospital
Eldama Ravine District Hospital
Embu Provincial Hospital
Gatundu District Hospital
Gesusu Sub-District Hospital
Gilgil Sub District Hospital
Gucha District Hospital
Homabay District Hospital
Ifttin Sub-District Hospital
Ijara District Hospital
Isebania Sub-District Hospital
Isiolo District Hospital
Iten District Hospital
Kabarnet District Hospital
Kajiado District Hospital
Kangundo District Hospital
Kanyakine Sub-District Hospital
Kapenguria District Hospital
Kapkatet District Hospital
Kapsabet District Hospital
Karatina District Hospital
Kenyatta National Hospital
Kericho District Hospital
Kerugoya District Hospital
Keumbu Sub-District Hospital

Kiambu District Hospital
Kilifi District Hospital
Kimilili District Hospital
Kipini District Hospital
Kisumu District Hospital
Kitale District Hospital
Kitui District Hospital
Kombewa District Hospital
Kuria District Hospital
Kwale District Hospital
Lamu District Hospital
Lodwar District Hospital
Loitokitok District Hospital
Londiani District Hospital
Longisa District Hospital
Lopiding District Hospital
Lugari District Hospital
Makindu District Hospital
Malindi District Hospital
Manyala Sub-District Hospital
Maragua District Hospital
Maralal District Hospital
Mariakani Sub-District Hospital
Marigat Sub-District Hospital
Marsabit District Hospital
Mathare Hospital
Matuu Sub District Hospital
Mbale District Hospital
Mbooni Sub-District Hospital
Meru District Hospital
Meteitei Sub-District Hospital
Migori District Hospital
Migwani Sub-District Hospital
Moi Teaching & Referral Hospital
Molo District Hospital
Moyale District Hospital
Mpeketoni Sub- District Hospital
Msambweni District Hospital
Mt. Elgon District Hospital

Muranga District Hospital
Muriranja District Hospital
Nairobi Hospice
Naivasha District Hospital
Nandi Hills District Hospital
Nanyuki District Hospital
Narok District Hospital
Nairobi Spinal Injury Hospital
Nyahururu District Hospital
Nyamira District Hospital
Nyeri Provincial General Hospital
Oleguruone Subdistrict Hospital
Ol'Kalou District Hospital
Othaya Sub-District Hospital
Port Victoria Sub-District Hospital
Machakos Provincial General Hospital
Garissa Provincial General Hospital
Kakamega Provincial General Hospital
Kisumu Provincial General Hospital
Pumwani Maternity Hospital
Rachuonyo District Hospital
Rift Valley Provincial General Hospital
Rongo Sub-District Hospital
Ruiru Sub District Hospital
Siaya District Hospital
Sigor Sub District Hospital
Suba District Hospital
Tambach District Hospital
Tambach Sub - District Hospital
Taveta District Hospital
Teso District Hospital
Thika District Hospital
Tigoni District Hospital
Transmara District Hospital
Tseikuru Sub-District Hospital
Vihiga District Hospital
Wajir District Hospital
Webuye District Hospital
Webuye Hospital

Wesu District Hospital
Yala Sub District Hospital

Ministry of Medical Services & Ministry of Public Health and Sanitation Master Facility
List - Implementation Guide Division of health Information Systems (HIS) &
Department of Standards and Regulatory Services (DSRS), June 2010