

**STRATEGY IMPLEMENTATION AT KENYATTA NATIONAL
HOSPITAL, KENYA**

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE 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 presented to any university or institution of learning for the award of any diploma or degree.

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

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DEDICATION

*For the support, patience and love of my friend,
Dr. Georgina Magoma*

*To my beloved dad and mum
Sir Joseph Matheka and F.K. Mbithuka*

*To my siblings
Fred, Charity and Janet*

*To my grandma and late Grandpa
"Inya" and "Atiti"*

ACKNOWLEDGEMENTS

I am greatly indebted to my supervisor Professor Evans Aosa for his mentorship, support and direction. You have been extremely supportive of me and inspirational over the last few years as a Master's student at the University of Nairobi. I am indeed indebted to you and when I grow up I want to be like you.

Many thanks also to the School of Business, the lecturers who shaped my intellectual capacity: You all have made significant contribution to open my 3-D thinking into the entrepreneur I have always wanted to be. Special mention to Dr. Ndemo, for being a teacher, a friend and a mentor

To all the informants at Kenyatta National Hospital who were very helpful during the data collection, thank you.

I am profoundly thankful for the support of my family. I salute my parents, Mr. & Mrs. Matheka who encouraged me to continuously pursue excellence, never settling for anything less than my best. To my siblings, Fred "Bursar", Charity, and Janet that's the way to go.

I am especially indebted to my friends Mwololo, Oundu, Jane, Cloy, Alice, Breneen, Faith, Engineer Angela and Justina for the love and support from the very beginning of our journey. Thank you for walking the MBA journey together and making me realize the importance of going back to school, and the words of encouragement and willingness to listen to my thoughts.

Finally, to my teachers, mentors, and friends: Dr Maritim, Prof Charles Omwandho, Dr. Muriungi and Prof. Ndeti Musyimi, thanks very much for your encouragement.

Ultimate thanks to all you whose love, support and encouragement have been significantly in my journey.

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ABSTRACT

Public institutions in Kenya, including Kenyatta National Hospital, have been involved in strategic planning as a requirement of performance contracting. These organisations are characterised by management failure and poor customer satisfaction. Performance contracts requires that all public institutions are involved in strategy drafting and implementation. Drafting a superior strategy does not always result into superior outcomes if the strategy is not well implemented. This study, therefore, sought to establish how strategy is implemented at Kenyatta National Hospital and the challenges facing strategy implementation at the country's largest teaching and referral hospital. The study employed a case study design employing qualitative data. Data was collected through personal interviews among four middle level managers at the hospital. Analysis was then done using content analysis and data presented in a descriptive format. The study found out that strategy at the hospital is implemented using the Balanced Score Card approach with the four perspectives: Internal business process, customer perspective, financial perspective and learning and growth perspective. Strategy implemented has been cascade from the top management (tier 1) to the individual level (tier 4) for effective implementation. There is continuous training for all the stakeholders to fully understand and implement the Balanced Score Card for optimal outcomes. The challenges facing strategy implementation at the hospital included the hospital culture that results into resistance to change, inadequate government support, lack of finances, inadequate skill sets for specialised services and inadequate infrastructure. Lack of management support to the strategy implementation was also a major challenge to strategy implementation. Thus, there exist pertinent challenges facing strategy implementation at Kenyatta National Hospital. The informants in this study view management training, outsourcing and an incentive system as likely to play a major role in overcoming these challenges. It may therefore be necessary to institute such measures in the hospital.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Strategy management involves all key managerial functions i.e. planning, organizing, staffing, directing, and controlling of company's strategy related decisions and actions (Wakiuru, 2011). Thus, it involves a set of decisions and actions that result in the formulation and implementation of plans designed to achieve organizational objectives and corporate success (Aosa, 2000). This process requires critical environmental and situational analysis to determine firm's position in their industry, and appropriate utilization of the firm's resources to achieve its major goals (Bracker, 1980).

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work, that is, implementing it throughout the organization is even more difficult (Hrebiniak, 2006). A myriad of factors can potentially affect the process by which strategic plans are turned into organizational action. Unlike strategy formulation, strategy implementation is often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 1999). It is thus not surprising that, after a comprehensive strategy has been formulated, significant difficulties usually arise during the implementation process. The best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented (Noble, 1999).

Implementing strategies in the context of health systems is difficult including at Kenyatta National Hospital. Kenyatta National Hospital is the and oldest and biggest teaching and referral hospital in Kenya that offers specialised health care services in Kenya and the East Africa region at large. to provide facilities for medical education for the College of Health Sciences of the University of Nairobi, to provide facilities for medical training in nursing and other health and allied professions and to participate as a national referral

hospital in national health planning. There are many strategic documents developed to improve health care delivery in Kenya. However, the main challenge has remained effective implementation of the plans. As a state corporation, the hospital is expected to be involved in crafting and implementation of strategic plans in keeping with the public sector reforms including performance contracting.

1.1.1 The concept of strategy

Strategic management can be defined as the process by which the management of a company identifies the purpose of the organization and the plans and actions to achieve that purpose. It consists of the analysis, decisions and actions that an organization undertakes in order to create a sustainable competitive advantage. Strategy has also been defined as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations (Johnson, Scholes & Whittington, 2008). Mintzberg (1994) defines strategy as a plan, ploy, pattern, position and perspective that integrates organization's major goals, policies and actions sequences into a cohesive whole.

Chandler (1962) terms strategy as the willpower of the long-run goals and objectives of an organization, embracing of courses of action and allocation of resources essential for carrying out these goals. For Pearce and Robinson (2011) strategy is large-scale, futuristic plans for interacting with the competitive environment to achieve company objectives. Strategy acts as a link of the organization and its environment and to avoid any mismatch between the firm and the environment, organizations have to objectively choose strategies that align them properly with their environment (Kariuki, Awino and Ogutu, 2011).

The field of strategic management deals with major intended and emergent initiatives taken by the top management on behalf of the owners and other stakeholders, involving utilization

of resources, to enhance performance of the organization in their external environments and thereby add value to the organization (Richard, 2012). Every organization has to manage its strategies in three main areas; the organization's internal resources, the external environment within which the organization operates and the organization's ability to add value to its undertakings.

Mintzberg, Lampel, Quinn and Ghoshal (2002) argue that a well formulated strategy helps to marshal and allocate organization's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents. Firms' capacity to continually scan and do critical analysis to the environment and take timely actions guarantees it success to the future.

Strategy can be either formal and documented or informal. Formality of strategy depends on the size of the organization, the scope of operations, the complexity and turbulence of the environment. Formality of strategy refers to the degree to which members, responsibilities, power, and discretion in decision making are specified (Pearce and Robinson, 2011). Further, Mintzberg et al., (2002) argue that strategy can be intended, a well thought out process and planned, or emergent which evolves without preplanning. Emergent strategy comes about through adapting to the environment changes (Lynch, 2009).

Strategy exists in different organizational levels depending on the size and degree of diversification. Business strategy is classified into corporate, business unit, and functional levels. Corporate level determines the long-term plans and strategies. Business unit level managers translate the statements of direction and intent generated at the corporate strategic level into concrete objectives and strategies for individual business units. Functional level develops annual objectives and short-term strategies in areas of human relations,

production, operations, finance and accounting, marketing, research and development (Pearce and Robinson, 2011; Mintzberg et al., 2002).

1.1.2 Strategy implementation

Strategy implementation is the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives (Noble, 1999). This ensures that employees understand and undertake their tasks cohesively towards achieving the objectives. Institutionalization of strategy is establishing the appropriate structures within the organisation that will form the framework on which the strategy will be implemented. The requirements of the firm are assessed and proper structures are put in as part of institutionalization.

Organizations are open systems. They receive inputs from the environment, transform them into outputs and discharge them back to the environment. Thus organizations are environment dependent and environment serving. Strategy therefore relates a firm to its environment (Porter, 1980). It is the link between a firm and its environment. Strategy can be formulated at the corporate, business unit and or operational level. While strategy may be about competing and surviving as a firm, one can argue that products and not organizations compete. Products are developed by the organisation so that each is competitive and so that each contributes to the organization's purposes (Porter, 1980).

Strategy implementation is the realization process of the strategy that is developed from the formulation stage. Therefore, if the formulation stage is not done properly, it will have a direct impact on the implementation stage, potentially becoming a challenge to strategy implementation. Successful strategy implementation results from accounting for implementation issues during the formulation stage. Well crafted strategies can also fail due to problems and difficulties arising during implementation (Al-Ghamdi, 2005). Strategy

implementation can be studied from the perspective of budgetary processes (Wildavsky, 1974). Strategists should ideally use budgeting as a tool to help implement policies by understanding the current financial position and setting the best course for the future. Studying budget decisions enables researchers to make concrete comparisons between budget allocations and policy objectives (Wildavsky, 1974).

Strategy implementation of a well crafted strategy at times faces challenges. Challenges in strategy implementation may arise due to organizational politics, culture and sometimes managing change. All of which require single minded pursuit from top and unquestionable commitment from managers. Organizational politics (especially when strategy execution contradicts the existing power structure in the company) may hamper proper allotment of resources, which will adversely impact strategy deployment. Such challenges can be addressed through communication. Since Strategic planning may be the prerogative of upper levels of management, implementation percolates down to front level managers responsible to carryout operations efficiently, influencing the experience of customers, or carrying out improvements which are important in the long run. Hence communication and role clarity are of paramount importance (Yang, Sun, Martin and Eppler, 2008).

There is no one-size-fits-all approach to strategy implementation. Different firms in different industries have different expertise, objectives and capacity in dealing with the industry. Industry peculiarities mean strategy implementation must be geared toward giving a firm a sustainable competitive advantage in its industry. It cannot be assumed that the strategy implementation approach adopted in one firm organisation will work for another.

1.1.3 Health care sector in Kenya

Health services in Kenya are provided through a network of over 6,152 health facilities countrywide, with the public sector system accounting for about 51% of these facilities. The

best quality of care is found at national referral hospitals, which represent the apex of the healthcare system and provide diagnostic, therapeutic and rehabilitative services. The two public national referral hospitals are Kenyatta National Hospital in Nairobi and Moi Referral and Teaching Hospital in Eldoret. The equivalent private referral hospitals are the Nairobi Hospital and the Aga Khan Hospital, also in Nairobi (Health and Economics Development Consortium, 2004).

The public health care has gone through a period of increasing shortage of resources for health since the early 1980s. Important problems of public health systems in this country are services of poor quality, inequitable distribution of resources and services, inadequate procurement systems and inefficient supervision coupled with a high disease burden (World Health Organization, 2001; Streefland, 2005). Kenya does not seem to be an exception when it comes to difficulties of implementing policies in the health care sector, although policy documents are well supported by accurate data (Health and Economics Development Consortium, 2004; Maina, 2006).

The public delivery system is organised in a traditional pyramidal structure. First level care is provided at dispensaries and medical clinics. The next level is the health centres and sub-district hospitals. Third level care is provided at district hospitals and provincial general hospitals. There are two national hospitals; Moi Referral and Teaching Hospital in Eldoret and Kenyatta National Hospital, located in Nairobi (Ministry of Health, 2005a). Resources for health are scarce and the disease burden is high in Kenya, just as in other countries in the region.

The estimated total per capita expenditure on health was USD 19.2 in 2001/02, which is about half of what is required to finance the minimum health package set by the World Health Organization (Wildavsky , 1986). The shortage of resources for health applies also to real resources. There are about 5,000 doctors in Kenya, for a population of 45 million, i.e.

about 6,400 inhabitants per doctor (Ministry of Health, 2005b). The major source of funding is the households (51%), followed by the government (30%) and donors (16%) (Ministry of Health, 2005a). The Kenyan GDP has grown steadily over the years from \$771 (2009), \$793 (2010), \$816 (2011), \$993 (2012) and \$994 (2013) (World Bank, 2014).

There are many strategic documents developed to improve health care delivery in Kenya. However, the main challenge has remained effective implementation of the plans. An example is the failure to meet the set target of allocating 15 percent of total government spending to the health sector as agreed in the Abuja declaration. Possible explanations of the weak policy implementation during the last decade include insufficient human and financial resources, unrealistic policy targets and that the health sector has suffered from a lack of political commitment, operational management of strategies and means to evaluate implementation of policies as well as poor communication between different levels of the system (Health and Economics Development Consortium, 2004). Faced with the challenge of poor strategy implementation, the government adopted performance contracting. A performance contract is a written agreement between government and a state agency (local authority, State Corporation or central government ministry) delivering services to the public, wherein quantifiable targets are explicitly specified for a period of one financial year and performance measured against agreed targets (Sylvester, 2009).

The government launched performance contracting in the public sector with the aim of improving service delivery to the public by ensuring that top-level managers are accountable for results, reversing the decline in efficiency, ensuring that resources are focused on attainment of key national policy priorities of the government, institutionalizing performance oriented culture in the public service through introduction of an objective performance appraisal system and measuring and evaluating performance, linking reward to measurable performance (Sylvester, 2009).

Other aims of performance contracting are to facilitate the attainment of desired results, instil accountability for results at the highest level in the government, ensure that the culture of accountability pervades all levels of the government machinery and strengthen and clarify the obligation required of the government and its employees in order to achieve agreed target (Sylvester, 2009). Performance management aims at attaining operational effectiveness which in a broader sense refers to a number of practices that allow an organization to utilize its resources. Every organisation aims at productivity, speed and quality. The quest for productivity, quality and speed has spawned a remarkable number of management tools and techniques, for example, total quality management, benchmarking, re-engineering and change management to mention just a few (Sylvester, 2009).

It is government requirement that all state corporations establish strategic plans. These strategic plans should be aligned to Vision 2030, the country's developmental blueprint. The strategic plans should include annual work plans, medium term plans, collaborations, implementation road map, funding model and flagship projects implementation matrix (Government of Kenya, 2007).

1.1.4 Kenyatta National Hospital

Kenyatta National Hospital (KNH) is Kenya's top public referral, teaching and research hospital established in 1901. The Government converted it into a state corporation through Legal Notice No. 109 of 6 April 1987. The responsibilities of the hospital as spelled in Notice spells are to receive patients on referral from other hospitals or institutions within and outside Kenya and provide them with specialized health-care services, to provide facilities for medical education for the College of Health Sciences of the University of Nairobi, to provide facilities for medical training in nursing and other health and allied professions and to participate as a national referral hospital in national health planning.

The core business of Kenyatta National Hospital is to receive and treat patients on referral from lower-tier institutions. The Hospital provides radiotherapy, heart surgery, neurosurgery, plastic and reconstructive surgery, critical-care, post-natal care, orthopaedic surgery, kidney transplant surgery, renal therapy and burns management among other specialized services.

Kenyatta National Hospital turned 113 years in 2014 and it had its Centenary Celebration in 2001. The Hospital was built to fulfil the role of being a National Referral and Teaching Hospital, as well as to provide medical research environment. Established in 1901 with a bed capacity of 40, KNH became a State Corporation in 1987 with a Board of Management and is at the apex of the referral system in the Health Sector in Kenya. The hospital has 50 wards, 22 out-patient clinics, 24 theatres (16 specialised) and Accident & Emergency Department. Out of the total bed capacity of 1800, 209 beds are for the Private Wing. There is a Doctors Plaza consisting of 60 suites for various consultant specialities. The hospital offers a wide range of diagnostic services such as Laboratories, Radiology/Imaging and Endoscopy among other specialised services. Sometime, the average bed occupancy rate goes to 300%. In addition, at any given day the Hospital hosts in its wards between 2500 and 3000 patients. On average the Hospital caters for over 80,000 in-patients and over 500,000 out-patients annually (Office of Auditor General, 2012).

The national hospital faces many challenges that in the past have made the delivery of its core mandate a major challenge. Coupled with inadequate funding, shortage of human skills and expanding number of patients, the hospital has not delivered the best of services. For example, A survey at the hospital revealed that new patients at the Cancer Treatment Centre wait for an average of 63 days (over two months) to see a clinical specialist for the first time, while in the cardiology department patients wait for an average of 34 days (one month) to consult a specialist doctor for the first time and 112 days (three and half months)

to appear before a multi-disciplinary committee that recommends the mode of treatment for each patient. In the renal unit, patients wait for eight days from one dialysis session to another contrary to the recommended waiting time of three days (Office of the Auditor General, 2012). The hospital is involved in strategic management in keeping with requirement for all state corporations to develop and implement strategic plans.

1.2 Research problem

Strategy implementation is translating formulated strategies into action. A well crafted strategy does not guarantee organization success if not executed effectively and efficiently. The strategy implementation task is the most complicated and time consuming part of a strategic management process (Thompson, Strickland and Gamble, 2008). Again, there is no one-size-fits-all approach to strategy implementation. Different firms in different industries have different expertise, objectives and capacity in dealing with the industry.

There are many (soft, hard and mixed) factors that influence the success of strategy implementation, ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control (Thompson et al. 2008). The process is also faced with challenges which include resistance to change, organisational culture, management politics, and financial constraints among others.

Health care in Kenya is one of the major sectors under the social pillars of Vision 2030. The sector is also of major importance to the government since it is one of the social goods that the government provides to its citizenry. At the apex of the health care delivery in Kenya is Kenyatta National Hospital. This facility offers specialised medical care in Kenya as well as a training centre for the school of Medicine, of the University of Nairobi. The hospital is faces many challenges in the delivery of its core mandate including financial constraints, obsolete equipment, lack of adequate specialised human resources and increased workload. The hospital is also called upon to offer specialised emergency treatment especially after

terrorist attacks, natural disasters and other disease outbreak. As a state parastatal, the hospital is under performance contracting to improve service delivery. It is also a requirement that the hospital participates in strategic planning.

At both the international and local arena, many studies on strategic planning and strategy implementation have been conducted. In the health care sector, these studies have focused on Non-governmental organizations, competitive strategies adopted or challenges of strategy implementation. Govindarajan (1988) studied the factors that can affect strategy implementation. He reported that the effectiveness of strategy implementation is, at least in part, affected by the quality (skills, attitudes, capabilities, experiences and other characteristics) of people involved in the process.

Alexander (1985) pointed out that communication is one of the single items promoting successful strategy implementation. He pointed out the content of such communications includes clearly explaining what new responsibilities, tasks, and duties need to be performed by the affected employees. It also includes the why behind changed job activities, and more fundamentally the reasons why the new strategic decision was made firstly. Factors relating to the organizational structure are also important implementation barrier according to Noble (1999). Therefore, proper strategy-structure alignment is a necessary precursor to the successful implementation of new business strategies (Noble, 1999).

In his study on competitive strategies adopted at the Aga Khan Hospital Varmah, (2012) found out that the hospital faced stiff competition in Kenya and therefore focused on managing stiff competition to retain their customer base and acquire others, and this led to Aga Khan University Hospital to initiate its new delivery service methods. The major challenges the hospital faced in strategy implementation were high cost of maintaining

quality service, inadequate internal support systems, economic downturn, inability to differentiate products, and cost of maintaining skilled staff (Varmah, 2012).

In Migori County, Kenya, a study by Kirui (2013) found out that organizational culture, structure, strategic leadership, and financial resources affects implementation of strategic plans in local authorities. Again, poor internationalization of mission and strategic content, lack of participation in making of rules and regulations, lack of operational manuals, insensitive employee development policies, and highly structured downward communication affected employees mobilization to executing strategic plans were also factors found to impede proper strategy implementation (Kirui, 2013).

A comparative analysis of the challenges of strategy implementation in public and private hospital in Nairobi County found out that political interest, financial constraints and organisational culture were major barriers to strategy implementation in the public sector. In the private hospitals, high cost of attracting and maintaining skilled personnel, lack of differentiation strategy and weak internal control systems were the major causes of poor strategy implementation (Kihuria, 2013). At Kenyatta National Hospital, Gatonga (2011) studied the management training and management of strategic changes. The study reported that developing management capability to handle change through training was important to accelerate adoption of new strategic management practices.

Although many studies have focused on strategy implementation, few of such studies have focussed on the public health care sector in Kenya and specifically at Kenyatta National Hospital. This study therefore sought to fill the existing research gap by carrying out a case study on strategy implementation at Kenyatta National Hospital. How is strategy implemented at Kenyatta National Hospital?

1.3 Research objectives

This study had two objectives. These were:

- i. To determine how strategy is implemented at Kenyatta National Hospital in Kenya.
- ii. To establish challenges of strategy implementation at Kenyatta National Hospital.

1.4 Value of the study

This study provides useful information to various groups. First, the results are useful to the top management team at Kenyatta National Hospital. The findings provides the hospital management with an independent view concerning the implementation outcomes of strategic plans developed by the hospital. Thus, the findings help in improving the overall performance, effectiveness, efficiency, accountability and transparency stance of the leadership. This will create trust, ownership and continual sustainable support for hospital activities by government and other potential partners.

Secondly, the research findings are useful to the government and other policy makers by informing them on the strategy implementation in a public health care sector, which can form basis for policy direction on strategy implementation in the public health care sector, the challenges faced and thus assist the sector to reach its vision. The study findings also enable policy makers to closely monitor policy implementation in the health care sector in a bid to make service delivery more focused on the customer, even in the context of health care devolution in Kenya.

Finally, the study findings are contributing to the existing knowledge in the field of strategic management, more specifically in the area of strategy implementation in the service industry and in not-for-profit institutions in Kenya. The research findings should also be a useful source of reference for scholars and researchers who might be interested in carrying out further research based on the findings of the current study.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the literature available on strategic management practices adopted by different firms. This section captures the theoretical foundation of the study, concept of strategy, strategy implementation and challenges to implementing competitive strategies in different organisations.

2.2 Theoretical foundation of the study

Strategy implementation as a dynamic, iterative and complex process, which is comprised of a series of decisions and activities by managers and to turn strategic plans into reality in order to achieve strategic objectives. Strategy is defined by how a firm relates to its environment. This has to take into account the internal capabilities of the firm which defines the firm's competitive advantage. The success or failure of a firm's strategy will depend on the skilful formulation and effective implementation. However, all successful strategies have some common elements. They are based on simple consistent and long term objectives. They are also based on a profound understanding of the competitive environment and objective appraisal of available resources (Cox and Britain, 2000).

Presently, researchers and company owners are more concerned about strategy implementation, since good strategies need to be developed and implemented if companies are to grow and develop, and if companies want to be competitive. There are several ways to define strategy implementation. Generally, strategy implementation can be defined as the process by which strategies and policies are put into action (Smith and Kofron, 1996).

Strategy implementation is important since strategies will not make sense until they have been implemented and put into real world practice. It has been proved that, if organizations are to learn and grow, then good strategies need to be developed and implemented (Beer

and Fisenstat, 2000). There are several theories that have been used to explain strategy implementation including the agency theory (Govindarajan and Fisher, 1990), organization theory (Govindarajan and Fisher, 1990), Psychology (Kim and Mauborgne, 1993), social system theory (Walker and Ruekert, 1987) and the social learning theory (Govindarajan, 1988). The social systems theory emphasizes the interconnected nature of organizational activities to attain strategy implementation.

The agency theory proposes that manager's behaviour is a key issue in strategy implementation, since managers are the work performers in the real strategy implementation processes. In other words, no matter how much time a company spends on strategy planning, no matter how much money and energy a company invests in strategy implementation, and no matter how many advanced techniques or approaches a company uses, if managers in the company are prone to disobeying the designed strategy, nothing will materialize (Govindarajan and Fisher, 1990). In order to ensure proper strategies implementation quality, it is meaningful to get managers involved in strategy development stages, which are strategy generation, strategy evaluation, and strategy selection. Again, in order to minimize the managers' self-interest and improve strategy implementation performance, companies needed to focus on performance measurements and incentive systems construction (Govindarajan and Fisher, 1990).

The psychology theory of management is the effect of the mind that is directing work upon that work which is directed and the effect of this undirected and directed work upon the mind of the worker. Strategy implementation works well if there is recognition of the individual, not only as an economic unit but as a personality. This stresses the importance of including the "human element" in strategy implementation (Kim and Mauborgne, 1993).

Organizational theory studies organizations to identify patterns and structures for how they solve problems, maximize efficiency and productivity, and meet the expectations of stakeholders through strategy implementation. Organizational theory then uses these patterns to formulate normative theories for how organizations function best. Therefore, one can study Organizational Theory in order to learn the best ways to implement a strategy in an organization or identify organizations that are managed in such a way that they are likely to be successful (Govindarajan and Fisher, 1990).

The social systems theory is an interdisciplinary approach and means for enabling the realisation and deployment of successful strategies. The system theory integrates other disciplines and specialty groups into a team effort, forming a structured strategy implementation process that proceeds from concept to production to operation and disposal. Systems theory considers both the business and the technical needs of all customers, with the goal of providing a quality product that meets the user needs (Walker and Ruekert, 1987).

2.3 Strategy implementation practices

The phases of formulating and implementing strategy entails developing a strategic vision and mission, setting objectives, crafting strategies to achieve the objectives, implementing the chosen strategies efficiently and effectively, monitoring and evaluating performance and initiating corrective adjustments (Thompson et al., 2008). Pearce and Robinson (2005) outline nine critical areas of strategic management process namely; formulating company's mission, developing company profile, assessment of external environment, strategic analysis and choice, selecting long-term objectives and grand strategies, developing annual objectives and short-term strategies, implement strategic choices, controlling and evaluating. At the implementation phase coaching and mentorship is required to make the strategic plan work to achieving the set objectives.

Strategy implementation is the most significant management challenge which all kinds of corporations face at the moment. A study by Yang, Sun, Martin and Eppler (2008) reported that 83 percent of surveyed companies failed to implement their strategies smoothly, only 17 percent felt they had a consistent strategy implementation process. The key challenge for today's organizations are many and the factors that influence the success of strategy implementation range from the people who communicate or implement the strategy to the systems' mechanisms for coordination and control. The challenges discussed included: strategy formulation, organization structure, organization culture, changing environment, operation planning, poor communication, resource allocation, and poor execution (Yang, Sun, Martin and Eppler 2008).

Strategy formulation is an integral part of the overall strategic management process. The strategy implementation stage is the realization process of the strategy that is developed from the formulation stage. Therefore, if the formulation stage is not done properly, it will have a direct impact on the implementation stage, potentially becoming a challenge to strategy implementation.

Strategy implementation processes frequently result in problems if the assignments of responsibilities are unclear. Clear understanding of strategy is a pre-requisite in strategy implementation. Clear understanding of strategy gives purpose to the activities of each employee and allows them to link whatever task at hand to the overall organizational direction. Additionally, lack of understanding of strategy is an obstacle of strategy implementation. Aosa (1992) also revealed that lack of compatibility between strategy and culture can lead to high organizational resistance to change and de-motivation which can in turn frustrate the implementation of strategy.

Organisational structure has a major influence on strategy implementation. One of the earliest studies on strategy-structure relationship was by a Harvard University historian, Alfred Chandler. Tracing the development of organizations from 1909 to 1959, Chandler (1962) concluded that changes in corporate strategy preceded and led to changes in an organizations structure. Chandler (1962) put it that a new strategy required a new or at least a refashioned structure if the enlarged enterprise was to be operated efficiently or put differently “unless structure follows strategy, inefficiency results.

Chandler (1962) argued that organizations typically begin with a single product line. The simplicity of this strategy is compatible with a mechanistic structure. Decisions can be centralized. Because organizations strategy is narrowly focused, the structure to execute it can be low in both complexity and formalization. So, Chandler concluded, the efficient structure for an organization with a simple product strategy is one with high centralization, and low formalization. As organizations seek to grow, their strategies become more ambitious and elaborate. From the single product line, companies typically expand activities within the same industry. This vertical integration strategy makes for increased interdependence among the units and creates the need for a more complex coordination device. This calls for increased formalization and complexity (Chandler, 1962).

If growth proceeds further into product diversification, the structure must further be adjusted if efficiency is to be achieved. A product diversification strategy demands a structural form that allows for efficient allocation of resources, accountability for performance and coordination of units. This can best be achieved through the creation of a multiple set of independent divisions each responsible for a specified product line. Thus, according to Chandler (1962), successful organizations that diversify should have a different structure from that of successful firms that follow a single product strategy.

Popular strategy implementation models are the McKinsey 7-S framework and the Balanced Scorecard frameworks. According to Peters & Waterman (2006), McKinsey 7-S framework is a management tool that provides 7 key components that managers must consider in making strategies work in a holistic and effective way. This model is based on the theory that, for an organization to perform well, seven elements need to be mutually aligned and reinforced. The model proposes 7 interdependent factors – 3 hard ‘S’ i.e. strategy, structure, systems; and 4 soft ‘S’ i.e. shared values, skills, style and staff. The hard ‘S’ are more tangible, easily to define and easy to influence than the soft ‘S’. This framework helps in managerial analysis of the organization, change management, strategy development and implementation and understanding of linkages and interconnections. The model is an important tool for successful implementation of strategy and assessing and monitoring tool for change.

The Balanced Scorecard (BSC) framework by Kaplan and Norton (2001) is a strategic performance and a management tool that provides a framework for business units to translate company’s vision and strategy into implementation. It measures four perspectives namely financial, customer, internal business process, learning and growth. The BSC model in implementing strategies use four main implementation factors: translating vision and strategy into objectives, planning and target setting, communication and linking, and strategic feedback and learning. It helps to manage, evaluate, and control strategy (David, 2011). The BSC has to be complimented by a strategy map that aligns individual aspiration with the firms’ strategic goals.

2.4 Challenges of strategy implementation

Although formulating a consistent strategy is a difficult task for any management team, implementing it throughout the organization is even more difficult (Hrebiniak, 2006). Making the plan work is the bigger challenge for it deals with organizational politics,

culture and sometimes managing change. This requires single minded pursuit from top and great commitments from managers. Aosa (1992) asserts that managers need to know these relationships so as to avoid developing strategies that can't be implemented. Latif, Gohar, Hussain and Kashif (2013) illustrate common variables that hinder execution as lack of accountability, lack of commitment, inadequate instructions to employees, power, influence and culture. Again, lack of senior and line-management commitment gives rise to limited accountability.

Resistance to change is a major challenge to strategy implementation. To successfully implement a high risk perceived strategy, change of organizational culture is important. If change of culture to enhance strategy is not evident, firms will hardly execute specific strategies that enable it cope with challenges (Latif et al., 2013). Other variables that affect strategy implementation as lack of understanding of the overall goals and roles of employees in the process, deviation from planned objectives, unclear changes of employee responsibilities, lack of rewarding plans, inadequate guidance by departmental managers, inadequate information systems used for implementation (Latif et al., 2013).

There are six key supporting factors that firms should manage for strategy implementation. These are action planning, organization structure, human resources, an annual business plan, monitoring and control and linkage. The organizational structure has to be strategically aligned with the strategic changes (Birnbaum, 2013).

Strategy implementation challenges could be addressed through clear communication and information sharing, effective management of the change process, participation of employees in the planning process, regular checks, mentorship and coaching and employees being held accountable for results. It is vital that communication cuts across the whole process of strategy execution. The implementers need to have training on what the strategy is all about. They need to know what roles, performance measures and motivation strategies

put in place in the strategic game plan. Otherwise, may result in having your priorities wrong and missing to achieve the projected levels of outcome.

Human resource factors require the management to facilitate communication, train and develop skills, allocate resources to motivate implementers to fully understand and effectively execute strategy. An annual business plan is a funding requirement for intended strategies to be implemented. The monitoring & control plan includes a periodic look to see if you're on course. It also includes consideration of options to get a strategy once derailed back on track. Linkage is the foundation for everything else for it is simply the link of all the activities of the organization to make sure that all of the organizational resources are optimally utilized.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents the research methodology that was used in the study. It covers the research design, data collection, research instruments and data analysis.

3.2 Research design

This study adopted a case study research design. The study site was Kenyatta National Hospital. This was the preferred research design because the purpose of this research was to develop a definitive and descriptive resource and argument for evaluation of strategy implementation in the success of medical practice in this country. Case studies typically combine data collection from several sources such as archival records, interviews, questionnaires and observation.

Case studies are a useful method of research because they provide in depth description (Kidder, 1982), they can be used to test a theory (Pinfield, 1986) or can be used to generate a theory (Gersick, 1988). A case study also places more emphasis on full contextual analysis of fewer elements and their inter-relationships which relies on qualitative data (Cooper and Schindler, 2008).

3.3 Data collection

The results in this study are based on both primary and secondary data. Yin (2003) suggests using multiple sources of data in a case study. The data was also be quantitative and qualitative in nature.

Primary data was collected using an interview guide administered during personal interviews. As noted by Yin (2003) interviews are one of the most important sources of information in a case study. Secondary data was collected from archival records for

example budgetary allocations. According to Yin (2003) the advantage of using such data is that they are precise and quantitative and that they exist prior to the study.

The interview guide was developed after review of previous similar studies and was pre-tested before administration. The interview guide was used to collect data from three top management and middle-level leadership at the hospital: a senior administrative director, clinical services, and two senior assistant directors who requested anonymity.

3.4 Data analysis

The data collected from the interview was edited for completeness and consistency. Given that data most data collected will be qualitative in nature, content analysis was used to analyze the data. According to Creswell (2003), content analysis is a technique for making inference by systematically and objectively identifying specified characteristic of messages and using the same to relate trends.

In content analysis, the researcher looked at different emergent themes, ideas and concepts which will be subjected to data analysis. Study limitations are highlighted and clearly outlined.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

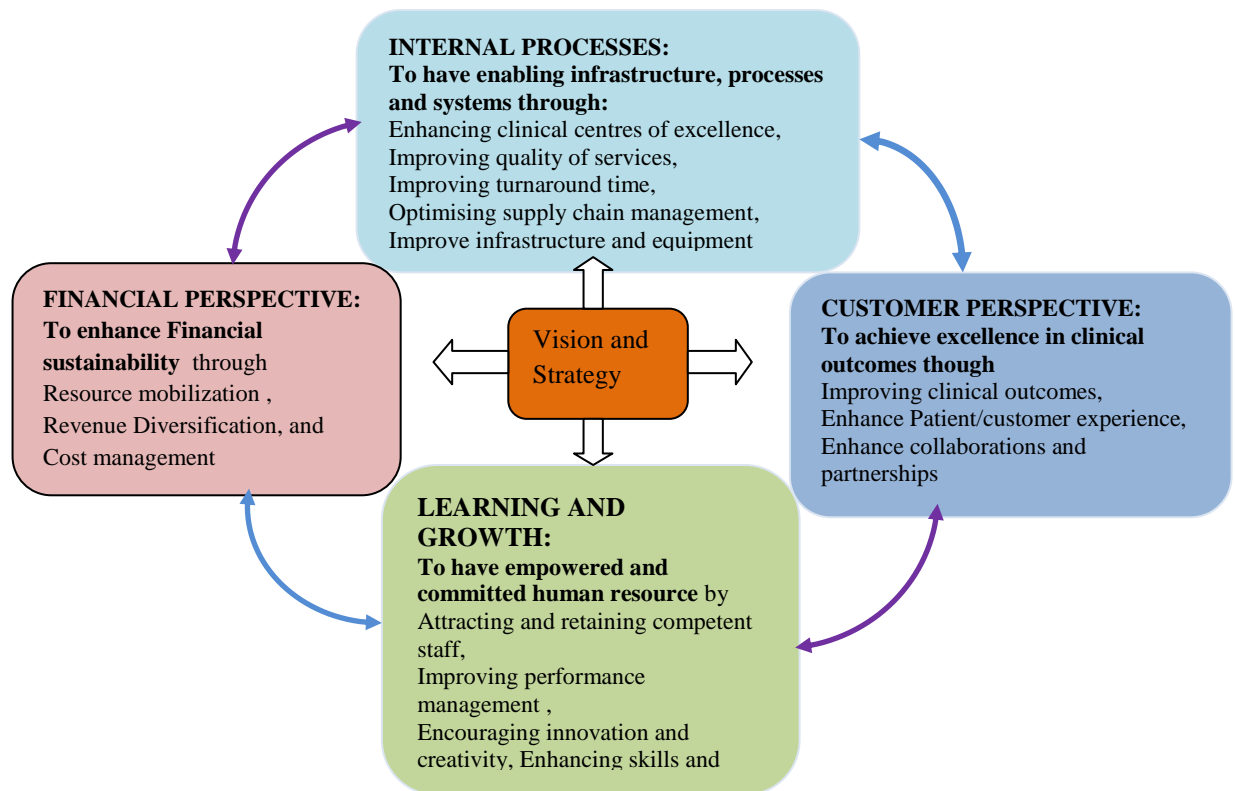
This chapter presents the findings and analysis of the study. The researcher interviewed three management team members at the Kenyatta National Hospital. The staff interviewed were middle level managers in the hospital and directly involved in strategy implementation. The raw data was grouped together and evaluated to clearly depict how strategy is implemented at Kenyatta National Hospital and the challenges of strategy implementation. The results have been grouped into similar themes for ease of interpretation.

Three manager in the middle level management and directly involved in the strategy implementation agreed to participate in the study, while another director's office had been abolished in a organisational structuring. The informants included two Senior Assistant Directors and an administrator in the clinical services department. The management team members were selected since they are involved in the daily execution of the strategy. All the interviewees had more than 2 years in their current position, but more than five years at a middle level of administration in the hospital.

4.2 Strategy Implementation framework

The study found out that Kenyatta National Hospital primarily uses the Balanced Score Card (BSC) as a strategy implementation and performance management tool. The BSC provide clear guidance in order to effectively communicate and monitor the implementation of the strategy and the achievement of the hospital's objectives. The strategy implementation aspects include communicating the Vision and Mission of the hospital to all staff and linking the team and individual objectives to the hospital strategic objectives. Prior to the implementation of the Balanced Score Card, the hospital was implementing strategy using the *Kaizen* philosophy. The BSC perspectives adopted by the hospital in the strategy implementation are shown in Figure 4.1.

Figure 4.1. The four perspectives of the Balanced Score card as employed at Kenyatta National Hospital



Source: Author Primary Data.

4.3 Balanced Score Card perspectives

According to the study interviewees, the strategic plan focuses on four thematic areas which are in keeping with the BSC perspectives. The successful execution of the perspectives has enabled the hospital achieve its Mission and vision to a great extent. These areas are excellence in clinical outcomes as the hospital’s core business (Customer Perspective), enabling infrastructure, processes and systems (Internal Processes), empowerment of the human resource, which aims at having the right people with the right skills and attitude (Learning and Growth), and attainment of financial sustainability (Financial Perspective). These strategic themes/ perspectives are explained herein.

4.3.1. Customer Perspective/ Excellence in Clinical Outcomes

During the interview and review of the other hospital documents, it was established that the management of KNH and the entire staff are committed to continued provision of accessible specialized quality healthcare. The hospital has therefore identified several core activities to steer it into great customer service and optimisation of clinical outcomes. These included carrying out and implementing clinical audits, undertaking surveillance of hospital acquired infections, developing and implementing annual infection prevention and control plans.

Among surgical patients, the hospital has been conducting monthly theatre utilization audits, conducting quarterly audits on service delivery charter, developing and implementing patient centered care guidelines and conducting and implementing patient safety audits. These have been coupled with benchmarking for excellence, engaging county health management teams, creating centres of excellence and establishing specialist teams.

In one of the surgical wards, these activities should have translated into increasing the number of spinal operations from 12 to 15, reducing the patient average length of stay from 44.3 days to 30 days, and reducing theatre booking time for elective cases from 60 days to 21 days by 30 June, 2014. These objectives, have remained largely unattained according to the informants.

4.3.2 Internal Processes/ Institutional Capacity Activities/Initiatives

The hospital has identified mechanisms to upgrade, maintain and rehabilitate the available infrastructure to support the processes, systems and facilities necessary to support the customer perspective of improving clinical outcomes. The hospital has initiated internal measures to ensure proper strategy execution. These have included aligning the organizational structure to strategy, automation of processes and developing and implementing a capital investment and asset management policy. According to the interviewees, the hospital has also developed planned rehabilitation of infrastructure schemes,

established economic order quantities and vendor managed inventories for essential supplies. To attain international standards, the hospital has continued to participate in quality/excellence models assessments including performance contracting, ISO certification, among others. According to the interviewees, plans are underway to develop and implement an enterprise risk management policy.

4.3.3 Learning and Growth perspective/ Empowered human resource

According to the interviewees, the hospital is committed to empowering its human resource for the achievement of the hospital strategy. This it does by continuously facilitating performance of the available human resource as well as addressing the shortages and mix of the work force. The hospital has been sponsoring doctors and other clinical staff to sub-specialise in skills that are in shortage in the country by sending doctors to other countries to further their studies. The hospital has also been keen to engage in exchange programmes, identify skills gaps, recruit and train specialists, build human capacity in research and has created a budgetary provision for research activities. Currently the hospital has established a research department that is well equipped and funded adequately. The hospital has been giving out funds for upcoming and established researchers to conduct research in areas of importance to the hospital and the country at large.

According to the interviewees, the hospital is developing and implementing a mentorship program, institutionalising innovations process and rewarding innovators. In conjunction with the University of Nairobi, College of Health Sciences the hospital has been conducting quarterly medical symposiums to disseminate current information on the management of different diseases.

In the implementation of the strategic plans, the hospital has engaged with many partners both locally and internationally. In the local scenes, Kenyatta National Hospital is working closely with the Kenya Medical Research Institute (KEMRI), Government Chemist, National Radiation Protection Board, National Public Health Laboratories Services (NPHLS), National AIDS and

STIs Control Programme (NASCOP), National AIDS Control Council (NACC), National Blood Transfusion Services (NBTS) and African Medical and Research Foundation (AMREF). The hospital has also developed outreach programmes including the Nyeri Neurosurgical Programme and Cancer Treatment Programme in Mombasa and Kisumu.

The Hospital has established linkages and collaborations with other institutions outside the country in providing various clinical services and research. Collaborations have been established with Operation Smile International, Plastic Surgical Project of the late Prof. Platt, Renal Transplant Programme of University of Barcelona/NOVARTIS, Neurosurgical Mission of St. Louis (USA), Vesico Vagina Fistula (VVF) Project with AMREF, Open Heart Surgery through Medical and Educational Aid to Kenya (MEAK) of Guys Hospital (UK) and Spinal Surgery with Nuvasive Spine Foundation (USA) among others. There are various research projects with University of Washington, CDC, University of Nairobi, Grand Challenges Canada, and MERCK among others.

4.3.4 Financial Perspective/ to enhance financial sustainability

The hospital has relied to a major extent on government financing. Kenyatta National Hospital, according to the interviewees, is aiming at achieving financial sustainability. The hospital has aimed to achieve this objective through mobilisation of resources, revenue generation /collection and cost containment. Under this perspective, the hospital has been keen to have financial stability through increasing clientele base, reviewing user charges, automating revenue collection and raising funds through development partners and financial institutions. Other avenues of raising resources have included grants for research activities, seeking more funding from the government and identifying projects for Public Private Partnerships. Apart from the existing revenue streams, the management has indentified new revenue streams for example the Kenyatta Prime Care Centre.

The hospital has aimed at the control of costs through the introduction of cost centre budgetary control, strengthening debt management, implementation of an Hospital Management

Information System and cost reduction innovations. The recurrent strikes by hospital workers have however remained a threat to this objective as the wage bill keep on increasing.

4.4 Challenges to the strategy implementation

According to the informants, the biggest challenge to strategy implementation at the Kenyatta National Hospital is the culture. Most of the employees have a deep entrenched "public sector" complacency culture. Some of them still perceive that helping the client is a favour, rather than the service for which the client pays for. This culture has been passed down over generations. Due to the independence of the facility, as a parastatal and the security of tenure that staff enjoy coupled with the strength of unionism, the resistance to change is so much that the top level management has not managed to exert a change of the culture over the years. The recruitment system has not helped the scenario, since a number of hospital workers have been employed through introduction by a member of the staff. This denies the hospital the opportunity to recruit from external sources who can be agents of change.

Politics has a major influence on strategy implementation at the hospital. This is through the appointment of the hospital Chief Executive Officer. This is usually a difficult scenario that many a times compromise the service delivery. In the recent past, the appointment of CEOs without a medical background has been a source of infighting because the clinical teams, especially doctors, and the hospital management. Again, since the major portion of KNH budget comes from GoK, this affects the operations, especially where budgets delays or the hospital receives less money they anticipated. This creates cash deficits limiting the capital expenditure and expansion of the infrastructure. For example, the hospital has a single mammogram machine that is a donation.

As the national referral hospital of choice, the hospital also finds itself handling many cases of maternal deliveries for free in keeping with the ruling party's election promise to deliver

free maternal care to Kenyan mothers. The hospital is never adequately compensated for the cost it incurs. According to one of the interviewees, the strategy is just not sustainable and makes no economic sense as there are better ways to achieve the same including encouraging uptake of social insurance like the National Health Insurance Fund, NHIF, at low monthly premium for the masses.

The top management must be focused for delivery of the strategy. There is lack of commitment on the part of some members of the management to improve service delivery especially where they have conflict of interest. The main source of conflict of interest is when patients are sent to private clinics where some of the senior doctors are also consultants. For example, the hospital has a single endoscopy unit that is functional and patients are booked to be examined four months after presentation to the department. Oxymoronically, there is a donation of a full endoscopy unit that has not been installed one year after delivery, because the hospital lacks more nurses to run the new unit.

Again, despite loss of millions of cash through manual processes in the hospital, the management has not automated billing, supply chain management and management of hospital assets. This has been happening in the watch of administrative staff who feel too hopeless to correct the scenario. According to one of the interviewees, there is need to have "out of box thinking" to deliver the strategy and achieve meaningful outcomes.

The hospital faces a major shortage of specialized human resources. There is still a limited number of specialized doctor to run centres of medical centers. The hospital relies mainly on "consultants in training" from the University of Nairobi for the delivery of most clinical duties. This means the hospital cannot directly control them. This type of arrangement has faced many challenges in the past where the doctors withdraw their services leading to massive disruption of clinical services at the clinics, wards, outpatient and the theatre areas.

Due to the shortage of specialists, in a study done by the Office of the Auditor General (2012), it was found that new cancer patients at the hospital Cancer Treatment Centre wait for an average of 63 days (over two months) to see a clinical specialist for the first time. Heart patients, on the other hand, wait for an average of 34 days (one month) to consult a specialist doctor for the first time and 112 days (three-and-a-half- months) to appear before a multi-disciplinary committee that recommends the mode of treatment for each patient. On average, the multi-disciplinary committee deliberates on 23 cardiac patients every month. Of the 17 patients booked for surgery during the month, only 6 (six) are operated on. In view of the delays, at least 132 patients on the waiting-list at the end of the year are carried forward to the following year.

Lack of adequate and functional equipment is a major threat to the attainment of the hospital vision, mission and strategic aspirations. For example, in a study done by the office of the Auditor General, (2012) it was found out that for cancer patients, those booked for radiotherapy sessions wait for four months before they attend the first session, patients due for chemotherapy wait for one and a half months, while patients due for brachytherapy (treatment for cervical cancer) wait for an average of five months before they access treatment services for the first time. Among the cancer patients booked for chemotherapy, only one out of every two received the service on schedule while histology laboratory results are availed after an average of twenty-two (22) days against the hospital target of within seven (7) days.

Heart patients wait for an average of 207 days (seven months) before they are admitted into the wards to prepare for heart-surgery. Upon admission, patients stay in the ward for an average of 22 days (three weeks) before surgery. Among kidney patients, International guidelines on renal therapy require patients to be dialyzed for at least four (4) hours, three times every week, or a total 12 hours in each week. The hospital's target is to put renal patients on dialysis for at least eight (8) hours each week. However, most patients are

dialyzed only once per week (4 hours) and some only once in two weeks. On average, the patients wait for eight (8) days from one dialysis session to another contrary to the recommended waiting time of three (3) days. This is due to the shortage in functional dialysis machine.

There are not enough finances from the hospital to fully implement strategy. The manual process of revenue collection leads to massive losses in revenues especially in the inpatient areas. According to one of the informants, there is blatant misuses of hospital resources for private uses among workers in the hospitals. This makes the hospital incur massive losses in property misappropriations.

The inadequate financing has also be worsened by the presidential directive for free maternal health care in the country. While the hospital is refunded a nominal fee of about two thousand shillings for every delivery, many times the patients handled at the referral hospital are the complicated ones where the cost of management is very high. This includes the cost of investigations, the drugs, consumables, consultation among others. The hospital is therefore reimbursed a fraction of the total cost incurred. This creates more financial pressure on a hospital that is already underfunded.

It has been noted that about 60% of the health care expenditure in the country comes from out of pocket financing. Many of the patients admitted at the hospital cannot pay their costs. This is partly because of poverty and because of the high cost of healthcare in the country. Therefore, many patients admitted for emergency care and for treatment requiring long hospital stay end up incurring huge bills that they are unable to service. This calls for the hospital to advance them credit facilities/ waiver some of the bills. This creates monetary pressure to the hospital. Again, many disasters victims in the country e.g. the Sinai Fire, The Gikomba grenade attack, attacks in Wajir, The Lamu and Mpeketoni clashes end up seeking care at the KNH. Such disasters create more financial pressure on the hospital.

Lack of adoption of modern technology is a big challenge to strategy implementation. The hospital processes have remained manual and modernization of the hospital has largely lagged behind. There is need to develop and implement Hospital Management Information Systems (HIMS) and maintain and improve its Information and Communication Technology (ICT) to tap into the benefits of the information technology in the health care sector. This can lead to automation of the whole hospital enterprise and thus improve the consistency of care, minimise revenue loss and optimise supply chain management. These challenges, among others, the likelihood of their occurrence and the projected impact are summarised in Table 4.1.

Table 4. 1. The Challenges to strategy implementation.

Risk Factors	Likelihood	Impact
Change in disease patterns due to lifestyles	Certain	High
Skill Gaps	Certain	High
Unpaid debts/ credit due to out of pocket health financing	Certain	High
Devolution of health care services	Certain	Medium
Slow pace of health care automation	Marginal	High
Low uptake of technology among clinical staff	Certain	High
Revenue loss to corruption, manual system	Certain	High
Medico Legal Cases for compensation, negligence, etc	Certain	Medium
Establishment of other referral institutions and health facilities	Certain	Medium
Establishment of centres of excellence in the counties	Certain	High
Medical Training institutions setting up their health facilities.	Certain	High
Increased public expectations in line with constitutional requirements:Bill of Rights (accessibility, costs and quality)	Certain	High
Brain Drain to other countries, private sector etc	Marginal	Medium
Terrorism and other disasters	Certain	High
Rapid changes in equipment design and technology	Certain	High
Cyber security especially with healthcare automation	Certain	High
Increased Power cost/outage	Marginal	Low
Critical data systems failure	Marginal	High
Inflation	Certain	Medium
Industrial Unrest among all cadres of staff	Certain	High
Inadequate financial resources	Certain	High

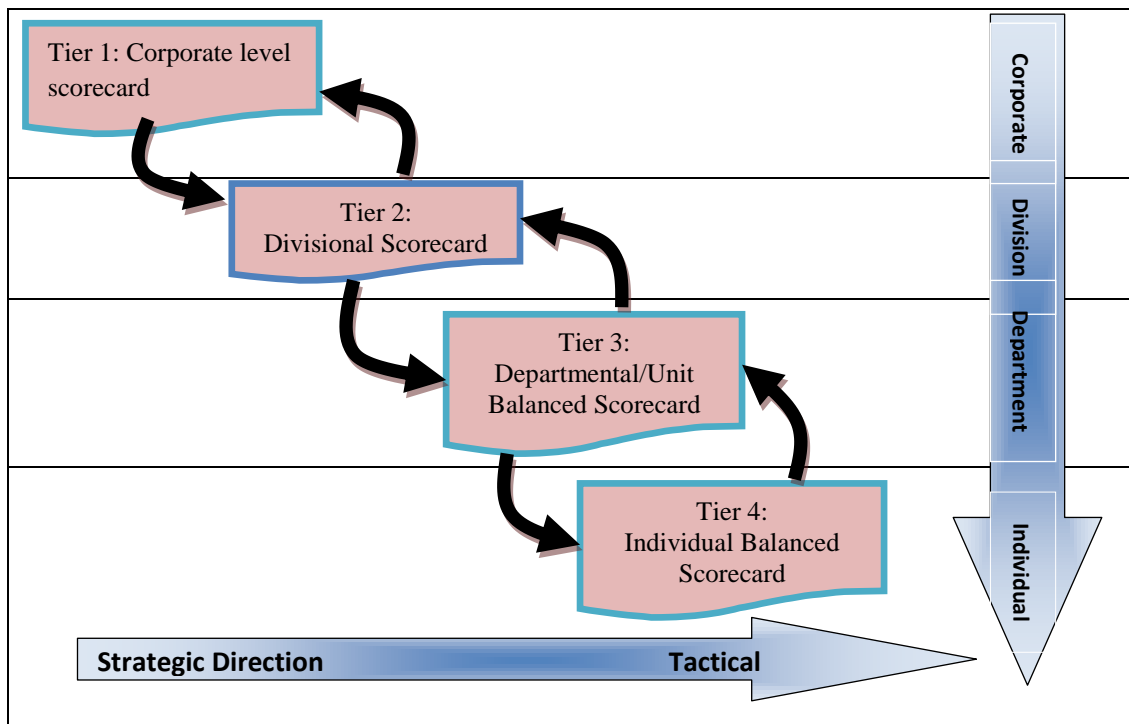
Source: Author.

4.5. Strategy implementation challenges coping mechanisms

4.5.1 Cascading strategy implementation

Informants were asked how the strategy is being implemented from the top levels of management to the individual levels. From the responses, it was clear that the strategy implementation aspects include the cascading of the hospital objectives from the corporate level to the various departments and teams and thereafter to the individual objectives. This is formalized through performance agreements which are based on the balanced scorecard. The departmental or team heads are evaluated on their department or team scorecards, whereas the individual members are evaluated based on their individual scorecards. There are Key Performance Indicators (KPIs) that are used as a measure of attainment of the specified objectives. Figure 4.2 depicts the cascading of the BSC to the individual level for effective strategy implementation.

Figure 4.2 Cascading the Balanced Score Card from the top level to the individuals

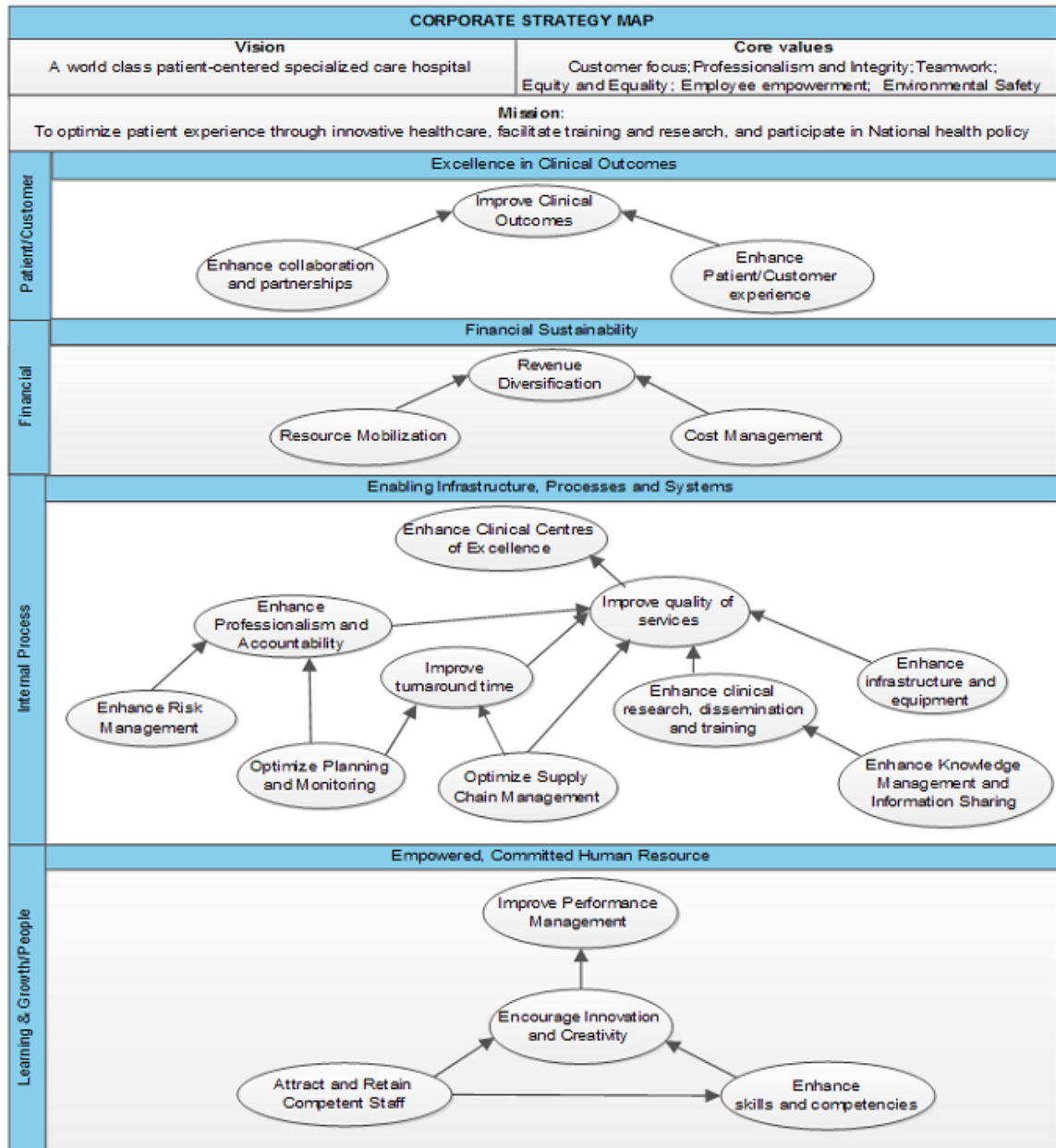


Source: Author.

From the informants, the cascading has been done so as to translate high level strategy into aligned lower-level objectives and measures using a four pronged cascading framework

comprising of the corporate scorecard, divisional scorecard, departmental/unit scorecard and employee scorecard as shown in Figure 4.2. In this regard the hospital has aligned the Vision to make strategy actionable by departments and down to employees while linking rewards, recognition and incentives to results as shown in Figure 4.3.

Figure 4.3. Linking the Vision, Mission and Balanced Score Card perspectives



Source: KNH.

4.5.2. Stakeholders training

According to the study informants, the key success factor in the implementation of strategy using the balanced score card is organizing thorough training to all the employees to make

sure all of them understand the balanced score card and what is expected of them in strategy implementation. The staff regardless of their level in the organization should understand the vision of the company.

The Management has been organising such trainings in conjunction with a consulting firm, Ladder Consulting Limited, among employees. However, due to the large numbers of the employees in the organisation not all tier 4 individuals are trained on the Balanced Score Card. Since the management and heads of units are the main participants in such training, some people who are involved in the actual service delivery are never involved in the training process. This creates a discrepancy in the anticipated outcomes and the actual outcomes.

4.5.3 Organisational structure

The hospital has adopted a devolved governance structure for effective service delivery, accountability and ease of communication. The Hospital is headed by the Chief Executive Officer (CEO) who is responsible to the Board of Management for the day-to-day running of the hospital. The CEO is assisted by three Deputy Directors (Clinical, Finance and Administration, and Nursing) and ten Senior Assistant Directors. The offices of the ten Senior Assistant Directors were created in the recent past as a perceived need to devolve the management to smaller specialised units that would ensure delivery of specialised care is concentrated at the hands of heads with the requisite training, expertise and experience.

The Deputy Directors and Senior Assistant Directors form the Executive Management Committee that assists the CEO to implement the Strategic Plan and policies approved by the Board. To improve the delivery of the BSC framework, the hospital in conjunction with a training firm, Ladder Consulting Limited, has been conducting training amongst the top management team on the Balanced Score Card and Performance Management. Management

Training has been an important aspect of strategy to minimise the chances of resistance to change, and enhances the understanding of all the levels of staff on their responsibilities in the execution of the hospital strategic plan. The Hospital has also developed an implementation matrix that clearly spells the objectives to be achieved, the activities, the output indicators, the responsible officers and the timeframe. An example of the implementation matrix for the improvement of the customer perspective is shown in Table 4.2.

Table 4.2. An example of a strategy implementation matrix

Objective	Activities	Output Indicator	Time Frame (Year)					Responsibility
			1	2	3	4	5	
Excellence in clinical outcomes								
Improve clinical outcomes	1. Carry out clinical audits	One annual audit report						HoD Research
	2.....							

Source: KNH.

4.5.4 Financing the strategic plan

Financial resources are important for the successful implementation of any strategy. According to the informants and reviewed documents, Kenyatta National Hospital management team has set up a budget projection for the implementation of the strategic plan.

It is important to note that most of the resources for the implementation of the plans comes from the government, therefore political good has been a very important element for the success of the organisation and for the delivery of the strategy. Other projected sources of income cannot be confirmed e.g. for donor funded projects or the grants from developmental partners especially in the wake of the rebasing of the country wealth making the country a middle income economy. Table 4.3 shows the annual projected incomes and the projected capital and recurrent expenditure over the strategy implementation period.

Table 4.3. The KNH strategic plan financial projections

Income	Budget in Kshs. Millions				
	Year 1	Year 2	Year 3	Year 4	Year 5
Cost sharing	4,037	4,441	4,885	5,373	5,910
Private wing surplus	61	91	121	151	181
GoK funds	8,087	7,913	8,616	9,389	9,852
Grants from development partners	644	466	1233	325	3000
Donor funded projects	200	200	200	200	200
Total income	13,029	13,111	15,055	15,438	19,143
Total Recurrent expenditure	11,907	11,758	12,935	14,226	15,643
Total Capital expenditure	1,122	1,353	2,120	1,212	3,500
Overall surplus/(deficit)	-	-	-	-	-

Source: KNH.

4.5.5 Monitoring and evaluation

According to the informants, the hospital has set up a monitoring and evaluation team comprising of the deputy directors, the heads of divisions and departments to champion implementation, monitoring and evaluation of the strategic plan. The committee is headed by the Head of Planning Department and is responsible for the overall monitoring, evaluation and reporting through quarterly Monitoring and Evaluation meetings chaired by the CEO to review the status of the Strategic Plan implementation. The CEO provides quarterly reports on implementation status to the Board, annual review of the Strategic Plan with a management dashboard to monitor the implementation of Key Performance Indicators. The hospital has set out clear tasks and responsibilities to specific people to ensure specific activities are accomplished as expected. The CEO also shares out the status of the strategic plan implementation to the hospital staff through the "CEO forum" where hospital staff are updated on major activities taking place in the hospital and an address on the status of the implementation of the strategic plan.

4.6 Discussion of research findings

The Balanced Score Card is a tool that was developed by Kaplan and Norton in the early 1990s to help organizations in implementing strategy. The BSC enables organizations to align the Vision and strategy with activities of each individual employee in the organization. With the use of the BSC, employees are able to see where they fit in the overall vision of the organization and their contribution towards realising the organization goal. The objective of this study was to establish how Kenyatta National Hospital implements its strategy and the challenges to strategy implementation.

The study found out that Kenyatta National Hospital has been using the BSC for the last two years since the arrival of the current CEO. The previous hospital CEO had implemented the *Kaizen* philosophy successfully. The hospital uses the four pillars of the balanced score card to measure performance which is reviewed on half yearly basis. It is then cascaded downwards to departmental targets and down to individual targets. Kaplan and Norton (1992) assert that balanced score card presents a tool for translating an organization's mission into more tangible goals, actions and performance measures.

Study results indicated that KNH had not modified the BSC perspectives. Some organizations make modifications to having controls rather than objectives, having more perspectives than the four outlined in the BSC framework and having performance indicators that relate to the specific organization. The KNH approach differs from the observation of Kaplan and Norton (2004) who claimed that significant modifications and adjustments in the BSC model were required for organizations in the non-profit and public sectors. Despite KNH being in the public sector, there was no modification to the BSC perspectives as originally crafted by Kaplan and Norton (1992).

The study also established that successful implementation of the Balanced Score Card requires proper training, on not only how the BSC works but also to get everybody's understanding the company objectives and their role in meeting these objectives. All the activities are therefore aligned towards achieving the overall organization objectives. The Key Performance Indicators (KPIs) and Key Performance Measures (KPMs) are developed and well explained to each staff. Goold (1991) asserted that successful strategy implementation requires sound mechanisms for directing activity and behaviour, especially including effective communication systems as well as appropriate strategic and management controls. The importance of enabling sound two way communication within organizations is seen as fundamental to the effective implementation of strategy (Alexander, 1985).

Adopting the BSC the process needs to be led by the highest level of authority and be coordinated down the different levels. This is usually difficult due to the busy schedules of top level authorities. At KNH this has been overcome by introducing a middle level cadre of administrative officers called the Senior Assistant Directors. This is keeping with Chandler (1962) proposition that structure follows strategy. The role of the top management team in strategy implementation also agrees with the observation of Kaplan and Norton (1996) who indicated that based on its vision, executive management sets overall, strategic goals for a company in each of the BSC's areas and coordinates all business units. Failure to support BSC by top management will ultimately lead to failure in the BSC implementation.

The study findings also agree with assertions by Madsen and Windlin (2006) who observed that together with the middle level management, top management identifies variables crucial to the firm's success in each area and establishes standards or benchmarks for them. In this fashion, an enterprise's top executives construct a common, numerical, strategic indicator system for use throughout the organisation. The balanced scorecard concept has

also simplified strategy concepts to all members of staff, thus enabling them to know and relate to the vision and mission of the organisation.

Historically, strategy and strategic management concepts were viewed as the preserve of the top management and the board of directors. However, since the objectives cascade all the way from the corporate strategy to the day to day activities of the individual, then everyone is better able to feel a part of the strategy and understand their specific contribution to it.

Kaplan and Norton (2001) observed that having only a few individuals who clearly understand the concept of the balanced score card could be a challenge to effective strategy implementation. From the study it was found out that one of the main challenges in strategy implementation is the special relationship between Kenyatta National Hospital and the University of Nairobi. This has created lack of understanding from the University side on the balanced score card and how it works in strategy implementation.

Lynch and Cross (1995) identified three criteria's that must be met by performance management systems if they are to effectively mediate between the organizations strategy and its day to day activities. These necessary conditions are that the system must explicitly link operational targets to strategic goals; its must integrate financial and nonfinancial performance information; and the system should focus on business activities on meeting customer requirements. It is asserted that the balanced score card fundamentally meets these criteria by providing a truly strategic control system (Mooraj, Oyon, and Hostettler, 1999).

The advantages of implementing the balanced score card are such that it aligns individual actions to achieving the organizational objectives, addresses all the critical aspects of running the organization, measures performance objectively, helps identify areas that require more attention and at a glance capture the overall picture of the business performance. The importance of the balanced score card was noted and as one informants in

this study captured it "managing the hospital without the balanced score card would be like driving in the desert without a compass".

According to the responses by those interviewed, the main challenges of implementing the balanced score card include the organizational culture that creates resistance to change. This challenge is being overcome by continuous training of staff on the balanced score card to change the culture among the individuals. The culture of the complacency in the hospital is a challenge to the delivery of the strategy.

Adapting BSC to the organization and internalizing it is usually a main challenge. This is because BSC is a generic framework but to make it beneficial for a particular organization, it has to be modified and adapted for the particular organization. Kong (2010) observed that coordination and good communication organization-wide were important to engage employees in any strategic management system.

Research findings indicate that BSC has gained widespread acceptance as a useful performance management tool for business organizations. Locally several studies have been conducted in Kenya by various researchers on the use of balanced score card. Use of balanced score card in strategy development and implementation at Safaricom Ltd (Karimi, 2010); use of the BSC at AAR Kenya Ltd (Kariuki, 2012), Balanced scorecard application in strategic management at Flashcom limited (Mugo, 2007) among others. This has been necessitated by the need to view the organisation objectives from more than one perspective as has been the case where organizations focused on the financial perspective only.

CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the study findings and draws conclusion in line with the objectives of the study. It also discusses the findings, implication to policy and their contribution to theory and practice. It gives recommendations related to the strategy implementation framework, challenges identified and what coping mechanisms are applicable to the challenges. It also proposes areas for further studies related to the study and finally, highlight some of the study limitations.

5.2 Summary of findings

This study aimed at determining how strategy is implemented at Kenyatta National Hospital. The study found out that Kenyatta National Hospital uses the Balanced Score Card to implement its strategic plan. The hospital has adopted the four perspectives of the Balanced Score Card without modification. These thematic areas are excellence in clinical outcomes as the hospital's core business (customer perspective), enabling infrastructure, processes and systems (internal processes), empowerment of the human resource, which aims at having the right people with the right skills and attitude (learning and growth), and attainment of financial sustainability (financial perspective).

The hospital has cascaded the strategy from the corporate to the individual level for effective strategy implementation. Again the organisation has linked the organisational vision, mission to the Balance Score Card perspectives.

The hospital faces several challenges in the strategy implementation. One such challenge is the organizational culture. If the strategy executors have the right culture, work philosophy, the organisation is likely to achieve the strategic intent. On the other hand, where the culture is wrong, the achievement of a strategy remains a mirage. This study on strategy

implementation in a top referral public hospitals show that the public sector complacency culture present a major challenge in the implementation of the strategy.

The commitment of the top management team to the strategy is another major determinant of the success of strategy implementation. The organisational leadership in the hospital has a transactional kind of leadership and are not really transformative. This presents as a major challenge to the strategy implementation. This is because a vision can only be as strong as the vision bearer. The top management's commitment to the strategic direction itself is the most important factor. The top managers must demonstrate their willingness to give energy and loyalty to the implementation process for it to succeed.

Other challenges to strategy implementation, according to this study, include political influence, the shortage of specialized human resources and inadequate infrastructure in to achievement of good patient outcomes. Under utilization of health care information technology system is another challenge to strategy implementation. Hospital automation has been found to increase the customer experience by availing laboratory results, imaging findings and making billing faster. Automation also ensure better revenue collections, cost control and asset management which boosts the financial perspective of the Balanced Score Card.

Lack of communication and training causes more harm as the employees are not informed about new requirements, tasks and activities to be performed by the affected employees. It is essential both during strategy formulation and implementation to communicate information about organizational developments to all levels in a timely fashion. This is partly a challenge to KNH who draw a major portion of its human resource from University of Nairobi making it difficult to train them on the hospital strategy.

There are several mitigation strategy to ensure implementation of the strategy remains on course despite the prevailing challenges. Training and communication were found to be key success factors in strategy implementation. Training plays an important role in popularizing the strategy, knowledge dissemination and learning during the process of strategy implementation. Kenyatta National Hospital has been involved in training for middle level management and individual workers. Through memos, the CEOs Forum, notices etc the hospital communicates the expectations of the management to the individual workers.

5.3 Conclusion

The basis of strategy implementation is the cascading of objectives of the organization from the top level management to the individual level and the coordination of goals and tasks, resources and control to achieve the organizational goal and Vision. Culture and politics interconnect in many cases since both are wide and abstract concepts. Goal setting is a systemic practice very often associated with strategy in many real-life organizations. Resources, human resources, financing and information technology are very important aspect of strategy implementation, especially in the service industry where the experience of the customer is important for repeat business. From this study, board and top management support and commitment is crucial for success of BSC in strategy implementation which can help the hospital improve its relation with its stakeholders. This has assisted the organization clarify the vision and mission and translate them into tangible actions for each of the staff members as well as helped the hospital to align strategy with individual staff activities.

Kaplan and Norton (1992) assert that balanced score card presents a tool for translating an organization's mission (embodied in its strategy) into more tangible goals, actions and performance measures. More effort is spent on developing strategies that are not usually followed though up to implementation. However, some organizations have used the

balanced score card in strategy implementation and achieved tremendous results. The use of balanced score card to implement strategy at Kenyatta National Hospital has enabled the hospital to transform its overall board objectives to measurable objectives that are cascaded to departmental and individual targets. Some of the highlighted benefits are increased customer retention, customer and membership growth resulting to increased profitability.

The balanced score card has also helped the organization improve its relationship with its stakeholder. Based on the findings the researcher recommends that there is need for further training to deepen the understanding of the balanced score card and the role that each staff plays in overall achievement of the organization goals. The organization staffs need to understand that the activities that they are required to carry with their departments are all geared to help the organization achieve its overall objectives. Failure by any of the staff to achieve their targets contributes to the overall shortfall in targets for the entire organization. The training should also focus on changing the culture and perception of the staff that balanced score card is just another performance appraisal tool.

Kaplan and Norton (2001) observe that the ability to meet ambitious targets for financial, customer and internal business perspective objectives depends on organization's capability for learning and growth. Performance drivers for organizational and individual objectives must be aligned as articulated in the balanced score card. The benefits derived in using the balanced score have been increased customer satisfaction, improvement of internal processes. The process of strategy implementation has been made possible by cascading the balanced card to the individual level and involvement in training to reduce resistance among staff and other interested parties. There have been a few challenges faced in implementing the strategy using the balanced score card which are resistance to change by staff and lack sufficient investment by the government in the hospital.

5.4 Recommendations

Strategy implementation should be effectively coordinated since it is the coordination of goals and tasks, resources and control that enables an effective strategy implementation. When a organisation develops a new strategy, it must carefully think out every aspect of the culture and structures required to support the strategy. That is the only way to implement lasting improvements. Every part of an organization, every person working for that organization needs to be focused on supporting the vision and direction. How every activity is performed and individuals operates needs to be integrated so all the effort and resources support the strategy.

The Government should review the financing of the national hospital since it plays a critical referral role in the country and can therefore not be handled like the other low level facilities. It is also important for the hospital to consider outsourcing some of its non essential services to other parties so that it can concentrate on its core business. Such services as security, catering, transport and cleaning are some services for which outsourcing can release a lot of effort and resources to concentrate on the provision of the health care services.

Based on the findings the researcher recommends that there is need for further training to deepen the understanding of the balanced score card and the role that each staff plays in overall achievement of the organization goals. The organization staffs need to understand that the activities that they are required to carry out within their departments are all geared to help the organization achieve its overall objectives. Failure by any of the staff to achieve their targets contributes to the overall shortfall in targets for the entire organization. The study also recommends the automation of balanced score card by use of the available balanced score card software to reduce the tedious work of compiling data manually and reduce the chances of staff manipulating the data to achieve better scores

5.5 Limitations of the study

Due to tight schedules of the top management in the hospital, the researcher encountered difficulties in gaining access to the interviewees and the researcher had to keep rescheduling their time to align with the availability of the informants. Again, the requirement of the hospital that the proposal has to pass through a process of ethical approval at the hospital and subsequently registration with the office of research created delays and other costs to the data collection process. Again, information relating to strategy implementation is always treated with sensitivity. This caused difficulties in convincing the informants of the importance of giving sincere answers to the asked questions.

The study focused on the heads of departments who are involved in strategy implementation and left out the other staff who could have given their views on the balanced score card approach. Again, the study also focused on KNH as the only unit of study. The application of the balance score card could differ in different organizations even when they are operating in the same industry and therefore the findings cannot be generalized to other organizations. Due to time and resource constraint, the research study focused on KNH while it could have been extended to other hospitals of KNH status both in the private and the public sector. This would have formed a good basis of comparison between the different health care facilities on how strategy is implemented.

5.6 Suggestion for further studies

The study investigated the use of balanced score card as a strategy implementation tool at KNH. The researcher suggests that further research is done on the use of balanced score card in strategy development in other organizations in the health care sector to comprehensively understand the contribution balance scorecard has made in the performance of firms within the medical sector, the challenges they have faced and how they have managed to overcome them. The research should also be done in other industries

like health care insurance, banking, manufacturing, telecommunications, public sector and not for profit organizations. This would give a sufficient database of comparison between organizations in different sectors on successful implementation of balanced score card. This is because different organizations especially public and private sectors tend to have different strategic approaches.

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APPENDICES

APPENDIX I: Interview guide

I am a student at the School of Business, University of Nairobi. I am conducting a study on “Strategy Implementation at Kenyatta National Hospital” .This academic questionnaire is prepared purposely to assist in collecting data relating to implementation of strategic plans at the Kenyatta National Hospital for academic purpose at the school of Business, University of Nairobi. As one of the key identified respondents/informants, you are hereby requested to complete it. Any information given with respect to this request shall be treated with strict confidentiality and will only be used for the intent aforementioned.

Kindly indicate your consent prior to completion.

I agree I disagree

Complete the table below as appropriate

Name of Facility	Your current Department	Position held in the department	The length of time you have worked for KNH as a senior director
Any other additional information			

1. Please explain to us about this organisation?
2. Is the organisation involved in strategic planning? Who are in charge of strategy formulation and implementation at the hospital?

.....

3. How is strategic approach is used for strategy implementation?

.....

4. What is the organisational structure of the hospitals?

.....

5. Have you ever found any difficulty in terms of accessing communication feedback from the top management of the hospital? Yes () No () If Yes, to what extent did the difficulty compromise attainment of your performance goals?

.....

.....

6. How would you describe employee synergy towards common goals?

.....

.....

.....

7. How regular does the hospital review its organizational structure towards ensuring compliance with intended goals?

.....

.....

8. How do you rate the top management commitment towards strategy implementation?

Kindly state the reasons:

.....

.....

9. What is the most preferred mode of communication between the management and staff?

.....

.....

10. How does the hospital ensure that employees are fairly represented in decisions that have bearing on their welfare?

.....

.....

11. Generally, what portion of your overall outlay is allocated to strategy implementation?

.....

.....

12. What key financial control has the hospital implemented to ensure that resources are utilized only for purposes intended?

.....

.....

13. How would you rate the hospital's ability in revenue collection?

.....
14. Has the hospital received any donor support financially or otherwise in implementing its strategic plans for the last 5 years? Yes () No () If Yes, explain.
.....

.....
15. What would you recommend so as to sustain efficiency in executing strategic plans for the hospital?
.....

.....
16. Generally, how do rate the hospital success in plan implementation?
.....

.....
17. How do you find the employees' work culture at the hospital? Explain.
.....

.....
18. What elements in the culture support or compromise sustainability of efficiency in implementing planned strategies?
.....

.....
19. What contributions have you made over your stint to ensure a favourable work culture?
.....

.....
20. Briefly explain how the organizational structure impedes or supports strategy implementation at the hospital.
.....

.....
21. Are you convinced that every employee is rightly satisfied with the allocated roles and that he/she is best qualified for the job? Explain.
.....

.....
22. Have you ever found any form of resistance from any internal sources regarding corporate issues? Explain.
.....

.....
23. What challenges do you normally meet when implementing strategic plans?
.....

.....
24. How have you ensured efficiency in revenue collection and utilization of funds?
.....

25. What would you recommend towards ensuring sufficiency in hospital strategy implementation goals?

.....

Thank you very much for finding time to respond to our questions. After synthesis of the finding, we shall give you a copy of our study findings. Thanks a lot once more.

Additional Notes:

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APPENDIX II: Kenyatta National Hospital organogram

