

**GROWTH STRATEGIES ADOPTED BY NORTH KINANGOP  
CATHOLIC HOSPITAL, KENYA**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE  
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## **DECLARATION**

I the undersigned, declare that this is my original work and has not been presented to any other university for academic credit

Signed ..... Date.....

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**D61/68661/2013**

This project has been submitted for examination with my approval as University supervisor.

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## **DEDICATION**

I dedicate this study to my children Lynn and Levi and my dear wife Veronicah.

## **ACKNOWLEDGEMENT**

I thank the almighty God for this far he has brought me in my academic journey. I also thank my supervisor Dr. Jeremiah Kagwe for guidance during the course of my research work. I am grateful to Mr. Eddy Ambalwa, Misses Ann Wahu, Salome Thuo and Linet for their invaluable advice and support during my research work. Finally, I express my sincere gratitude to the entire family of North Kinangop Catholic Hospital headed by Reverent father Sandro, Sr. Consolata and Mr. Mathenge for allowing me to carry out the study in the hospital and for providing me with the information needed to answer the research questions. May almighty God bless you all abundantly.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>CHAK</b>	Christian Health Association of Kenya
<b>CT</b>	Computed Tomography
<b>ENT</b>	Ear Nose and Throat
<b>FBOs</b>	Faith Based Organizations
<b>HDU</b>	High Dependent Unit.
<b>ICU</b>	Intensive Care Unit.
<b>MMS &amp; MPHS</b>	Ministry of Medical Services and Ministry of Public Health.
<b>MOH</b>	Ministry of Health
<b>NGO</b>	Non-Governmental Organization
<b>NHIF</b>	National Health Insurance Fund
<b>NKCH</b>	North Kinangop Catholic Hospital
<b>PEPFAR</b>	President’s Emergency Plan for AIDS Relief
<b>UPS</b>	Uninterruptible Power Supply
<b>WHO</b>	World Health Organization

## **ABSTRACT**

Growth is necessary for organizations to survive and achieve their goals and objectives. However, in order for the growth to be realized, appropriate strategies are supposed to be crafted by the top management of the organization and strictly implemented. Ansoff's growth matrix and the resource based theory formed the foundation of this study. North Kinangop Catholic hospital has experienced tremendous growth in the recent past with increased patient numbers, expanded physical infrastructure and introduction of a new range of patient care activities. This formed the basis of this study which sought to establish the growth strategies adopted by NKCH and the challenges faced in the implementation of the strategies. To achieve the above objectives, a case study method was adopted as the research design. Primary data was collected from the top level managers of the hospital who are the hospital administrator, the personnel officer and head of nursing services using an interview guide. The interview guide was administered face to face. The data being qualitative in nature was analyzed by content analysis. The findings of the study established that North Kinangop Catholic hospital has adopted a variety of growth strategies. These include market penetration, product development, diversification in the form of both vertical and horizontal integration and strategic alliances and partnerships. It was also established that in the course of strategy implementation, the hospital had encountered a number of challenges. The challenges were of financial, regulatory and human resource. Other challenges included insufficient staff houses, difficulties in coordination of activities as a result of increased staff numbers and political challenge. The hospital had some solutions to some of the challenges such as staff involvement and participation in the change processes in the hospital to reduce resistance and the establishment of WHO standards on patient safety. The study recommended more thorough induction and orientation of new staff for better familiarization with working environment. The study further recommended extension of information technology to the wards to increase efficiency and enhance interdepartmental coordination



# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

Organizations have to constantly change to adapt to an increasingly changing environment. This is because the environment provides organizations with opportunities which they must seize and threats which they must overcome in-order to survive. For survival to be achieved, organizations need to grow. Growth is perceived as the main objective of businesses all over the world. It is essential for the growth, longevity and success of businesses (Bohren & Mogensen, 2010). However, in order for an organization to attain sustainable growth, it is required to adopt appropriate growth strategies. The choice of strategies by an organization determines the overall position the organization attains. Appropriate strategies result in better performance of an organization in terms of sales growth. A study carried out by Oyedipo (2012) showed that firms that used related product-market diversification or specialized strategy experienced faster growth and superior performance than those that used related and unrelated product-market diversification.

This study is based on the resource based view. This theory states that an organization has resources that it relies on for its day to day operations. Some of these resources are tangible while others are intangible. Tangible resources include physical assets such as plant and buildings. Intangible assets include: information, reputation, knowledge and intellectual capital (Johnson, Scholes & Whittington, 2010). Intangible assets cannot be bought and must be developed within the organization over time. They are valuable, rare and inimitable and are thus a source of competitive advantage. The mere presence of

these resources is not adequate as the resources require efficient and effective application to yield success. (Robinson, 2008). Peoples competencies determine how efficient and effective the resources are applied in the organization.

The study is also based on Ansoff Growth Matrix (Ansoff, 1988).The matrix describes choices the organization makes in terms of products and markets. Market penetration is when the organization retains the same products in the same market. Market development on the other hand is when the organization identifies new market segments for its existing products. Product development is the introduction of new products or services for the same market, while diversification is the development of new production to new market segments.

North Kinangop catholic Hospital has been experiencing increase in patient numbers in the recent past. In order to sustain this increase, several expansion activities such as new wards have been put up. In addition, there has been acquisition of specialized equipment such as Intensive care unit (ICU) equipment. Furthermore, with the expansion and equipping of county and sub county referral facilities, the hospital is likely to encounter increased competition from these facilities in the coming days. Therefore, the study of growth strategies is relevant to this setting at this time of expansion of the hospital as well as the competition from the surrounding public hospitals.

### **1.1.1 Concept of Strategy**

A strategy is a blueprint or path the firm creates to lead it to the goals it desires to achieve. According to Johnson et al (2008), a strategy is the direction and scope of an organization in the long term which achieves advantage in a changing environment

through configuration of resources and competencies. Thompson & Strickland (2003) define strategy as the game plan management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good business performance.

From the definitions above, strategy is a multifaceted concept that looks at various aspects of the organization. Firstly, it is concerned with the direction an organization intends to take. Direction means the location organization intends to be after several years of operation. Therefore, strategic plan dictate activities that have to be carried out by an organization in order to reach the desired destination. The directions an organization takes involves the products to produce and the markets to enter and operate from (Johnson et al., 2008)

Secondly, strategy involves mechanism of doing better than competitors' in order to be the number one choice by the customers. For this to happen, an organization has to find mechanisms of setting itself apart from competitors. This is usually achieved through cost leadership, differentiation and focus (Porter, 1985). Cost leadership entails providing customers with products/services of the same perceived value as competitors at a lower price. On the other hand, differentiation means offering products or services of higher perceived value than those of competitors. Focus involves identification of small and unique markets and seeking to be the best in meeting its needs. This coincides with Mintzberg (1998) view of strategy as a ploy, which is a specific manoeuvre aimed at outwitting competitors.

According to the resource based view, attaining and sustaining competitive advantage involves exploiting the strategic capabilities of the organization (Teece et al., 1997). The capabilities are the resources of an organization and its competencies. These resources and core competencies need to be valuable, rare, irreplaceable and complex if they are to offer an organization a sustainable competitive advantage (Johnson et al., 2008). In addition it is the identification and utilization of these resources to take advantage of the opportunities and overcome threats in the environment that will allow organizations to thrive.

The definition of strategy also considers the ever changing environment that the organization operates. Organizations are environmentally dependent and must adapt to it or risk being faced out. They depend on the environment for inputs such as raw materials, labour, capital and knowledge. Organizations also release their outputs in form of finished products/services to the environment.

### **1.1.2 Growth Strategies**

Growth implies a gradual increase in resources and capabilities of an organization for a long time (Hall, 1993). There are different angles to the growth of an organization. It can be defined in terms of revenue generation, value addition and expansion in terms of volume of business (Gupta, Guha & Krishnaswani, 2013). Other measures of growth are increase in number of employees, stock market value, productive capacity and the value of production (Carrizosa, 2007)

Growth can be attained by an organization internally or externally. Internal growth is attained by investing and externally by acquisition of additional units. The strategies

adopted internally to attain growth include: market penetration, market development, product development and diversification (Boone, 2000). Strategies adopted externally to attain growth include: strategic alliances and mergers and acquisitions. Market penetration means increasing the sales of organization's products in an existing market. This is achieved through pricing, marketing, increasing customer loyalty and incentives targeting existing customer base. It is the most obvious and least risky strategy that an organization adopts (Skog, 2011). This is because the organization continues to offer its traditional products or services within its familiar environment using its existing core competencies.

Market development implies search for new market for existing products by the organization. This means getting into new and unfamiliar territories to the organization. For a successful market development, the organization needs to enhance its marketing strategies. It also requires research into consumer behaviours in order to attract and retain them.

Product development is the creation of new goods and/services for the existing market. This requires innovation within the organization in order to come up with products or services that meet the needs of the consumers. It also requires investments into research and development of these new products or services. If successful, it enables the organization to survive from its competitors. It is also beneficial to an organization because of the ever changing customer tastes and preferences.

Diversification is the development of new products for new markets. Diversification can be either concentric or conglomerate. Concentric diversification involves the development of new products which are closely related with the products the company is already producing. On the other hand, conglomerate diversification involves venturing into other products which are totally unrelated with the products being produced by the company. Strategic alliances involve two organizations sharing resources and activities in order to achieve common goals.

A merger is where two organizations come together voluntarily. Acquisitions involve one organization developing its resources by taking over another organization. Mergers and acquisitions results in larger organizations as resources of the organizations are combined.

### **1.1.3 The Health Sector in Kenya**

The health sector refers to all the health and related sector actions needed to attain the health goals in Kenya (MMS & MPHS, 2010). It comprises of the public sector and the private sector (Muga et al., 2004). Kenya has nearly 5000 health facilities that cater for the health needs of its population (Soft Kenya, 2015). These facilities are scattered all around the country with the greatest concentration of the facilities being in the urban areas and less concentration of facilities in the rural areas of the country. This has affected the accessibility of health services, with the people in the least developed parts of the country not being able to get the services readily unlike those in more developed parts of the country.

Generally, health services are classified as primary care services and referral health services. Primary health services are categorized into community or level one, dispensaries or level two and health centres or level three facilities (MOH, 2014). Referral services are further classified as primary referral facilities or level four, secondary referral facilities or level five and tertiary referral or level six facilities (MOH, 2014)). The primary health services involves promotive, preventive and basic curative services. Referral health services on the other hand involves specialized medical care with the tertiary referral facilities being responsible for highly specialized medical care, reference laboratory support, blood transfusion services and research (MOH, 2014).

Provision of health services in Kenya involves the public sector and the private sector. The public provision of health services is carried out by both the national and county governments. They are responsible for 48% of all health facilities in Kenya (soft Kenya, 2015). The role of the national government in health care is to create health policy, national referral health facilities, capacity building and technical assistance to counties (MOH, 2014). County governments on the other hand are responsible for county health facilities and pharmacies, ambulance services and promotion of primary health care (MOH, 2014).

The private providers of health services are classified as private for profit, faith-based organizations (FBOs), Non-governmental organizations (NGOs) and community based organizations (Muga, 2004). The private sector is responsible for 35% of health facilities, faith based organizations 15% while NGOs are responsible for 2% of all health facilities in Kenya (Soft Kenya, 2015). North-Kinangop catholic hospital falls under the Faith-based organizations (FBO). It is a secondary referral hospital (level 5).

Currently, health care is a devolved function carried out by county governments. This has enhanced participation of the people in making decisions on matters of health affecting them. (MOH, 2014).The health sector is important in the attainment of the country's vision 2030 and the sustainable development goals. It is particularly crucial for the achievement of the social pillar of vision whose purpose is “building of a just and cohesive society that enjoys equitable social development in a clean and secure environment” (Vision 2030 research team, 2007). In addition, it is crucial in the attainment of goal 3 of the sustainable development goals which is to ensure healthy lives and promote well-being for all at all ages” (Wikipedia, 2015).

#### **1.1.4 North Kinangop Catholic Hospital**

North Kinangop Catholic Hospital was started in the year 1965 by the catholic diocese of Nyeri. Currently, it is owned by the catholic diocese of Nyahururu. It has since expanded to a level 5 hospital. Thus, it provides inpatient services covering the medical ward, surgical ward, pediatrics ward, maternity ward and the New born unit. It also has a Casualty and outpatient department, maternal and child health clinic, diabetes and epilepsy clinic, tuberculosis clinic, gynaecology clinic, surgical clinic, eye clinic, and dental unit. It also has a busy theatre with four operating tables, main pharmacy, diagnostics department and medical laboratory. In the year 2015, the hospital served 76,000 outpatients and 8757 in patients.

The hospital currently has one hospital administrator, one human resource manager, a number of doctors out of which four are specialists, more than ninety nurses, a number of clinicians some with specialization in anesthesia, two dentists, four pharmacists, two radiologists, three physiotherapists, four accountants and a number of casual workers



working in various areas of the hospital. The hospital is located in Nyandarua County, South Kinangop district along the flyover-Nyahururu road. It has a total capacity of two hundred in-patients.

Increased demand of health services has led to the expansion of the hospital to increase its bed capacity. New medical, surgical and paediatric wards have been constructed in the recent past in addition to a new theatre. Furthermore, there has been the construction of a new facility to act as a high dependent unit (HDU) and acquisition of equipment to serve the unit. The hospital faces competition from the Engineer sub county hospital particularly in the provision of maternity services which are offered free of charge in public health facilities. These factors make the context important for carrying out a study on growth strategies adopted by the hospital.

## **1.2 Research Problem**

Growth remains one of the main missions of organizations worldwide. Furthermore, a significant correlation exists between an organizations growth and profitability (Bohren & Mogensen 2010). Growth is also significant for the survival and overall performance of an organization. However, in order for an organization to attain the desired growth, it must adopt appropriate growth strategies. A study carried out in Nigeria by Oyedipo (2012) showed that organizations that pursued related product-market diversification or specialization registered increasingly better performance than those that had related and unrelated product-market diversification.

North-Kinangop Catholic Hospital has lately been undergoing expansion due to increased number of patients seeking for health services in the facility. This has seen the construction of a new operating theatre and the construction of a second medical ward to accommodate the high number of patients. In addition, the surgical ward has been expanded, the outpatient department extended and a fully equipped high dependent unit created. This comes at a time when the county health facilities are being improved and equipped to provide an extended range of services which were not available before. For example, the Engineer sub county hospital, situated 6 kilometres from NKCH, has constructed a modern maternity complex offering free maternity services to pregnant women in the region. This therefore means that NKCH is likely to experience competition from the public hospital in the coming days. The hospital therefore requires to adopt appropriate strategies.

Several studies have been done on organizational growth strategies. Gerald and Elisifa (2013) carried out a study on analysis of business growth strategies and their contribution to business growth in Tanzania. Kagwiria (2010) studied the basic growth strategies used by commercial banks in Kenya. Her work focused on product development, market development and diversification strategies in these industries. Etori (2013) and Olum (2010) carried out studies on growth strategies in Chase Bank and Barclays Bank respectively. Also, several studies in the field of strategic management have been done in hospitals in Kenya. Joab (2008) carried out a study on strategic management practices at Maseno Mission Hospital. Indimuli (2013) studied strategic management practices in Mbagathi District Hospital. Sheikh (2014) studied strategic management process and performance of M.P. Shah Hospital. A few studies on the growth strategies of hospitals in

Kenya have been carried out. Karanu (2012) studied the organizational growth strategies adopted by St. Mary's Mission Hospital. The findings of the study were that the hospital adopted: organic development, diversification and strategic alliances as its growth strategies. Karanu's study differs from this study in a number of ways. First, this study will seek to establish the challenges faced by NCKH in implementing growth strategies. Secondly, secondary data for this study will be collected from existing hospital records unlike Karanu's, which were collected from medical journals and existing industry analysis. No study has been carried out on growth strategies adopted by North Kinangop catholic hospital. This study therefore, sought to fill that knowledge gap. The study was guided by the following question: What are the growth strategies adopted by North Kinangop Catholic Hospital and challenges in implementing them?

### **1.3 Objectives of the Study**

The objectives of this study were:

- i) To establish the growth strategies adopted by North Kinangop Catholic Hospital.
- ii) To determine the challenges faced by North Kinangop Catholic Hospital in implementing the growth strategies.

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

This study would add to knowledge on the growth strategies adopted by North-Kinangop Catholic Hospital and the challenges encountered during implementation of the strategies. This study was important as it would add to existing literature on appropriateness of growth strategies needed for business success.

Academic and business researchers would gain from the study. They would be able to refer to the content from the study to build on their literature. The methodology used would be essential to other researchers wishing to carry out similar studies in a different study setting.

In order to formulate appropriate policies, correct information is required .The results of the study would assist managers and specifically of hospitals with information that they require in formulating appropriate growth strategies for their organizations. The challenges elicited from the study would enable managers adopting growth strategies to anticipate likely challenges and formulate ways of overcoming them. It would enable managers adopt appropriate growth strategies to cope with challenges encountered in their industries.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter contains Theories of growth and the challenges faced by organizations in implementing growth strategies.

#### **2.2 Theories of Growth**

The theories of growth discussed in this section are resource based view and Ansoff's growth matrix. Key principles of the theories have also been elaborated. Furthermore, an explanation has been provided about the connection between the theories and the research topic.

##### **2.2.1 Resource-Based Theory**

The resource-based perspective starts by examining the firm's internal resources and capabilities. Organizational resources are classified as tangible and intangible. Tangible resources include physical assets such as machines and buildings. The physical assets are also termed as physical capital resources (Barney, 1991). They also include financial resources such as capital. Furthermore, human resources are also considered as tangible resources (Johnson et al., 2010). On the other hand, intangible resources include information, reputation, knowledge and intellectual capital (Johnson et al., 2010).

The resources vary in value depending on the context in which they are applied. It is therefore imperative that managers understand which resources are key in their industry and why (Robinson, 2008). For a resource to be capable of giving superior performance and profitability, it must be valuable, rare and inimitable (Dierickx & Cool, 1989). The

intangible assets such as reputation, trust, customer loyalty are capable of giving superior performance when efficiently applied. This is because they cannot be bought or sold but can only be accumulated within the organization. They require an extended learning process or change in the corporate culture and are more likely to be unique to the organization and difficult to imitate by competitors (Caldeira & Ward, 2001). This is unlike the tangible resources such as machines and buildings.

It is crucial for firms to continue accumulating and developing skills and technology. This is achieved through organizational learning. The mechanisms by which firms learn and accumulate new skills in order to develop business capabilities to outperform competitors is called core competencies (Prahalad & Hamel, 1990). It can be perceived as the firm's most valuable asset for the firm.

The mere presence of these resources in a firm is not adequate for superior performance and profitability of the firm. A firm must be able to adequately apply these resources efficiently and effectively in order to realize profitability and superior performance than its competitors. (Barneys, 1997; Robinson, 2008). Managers play a critical role in the selection, development and deployment of a firm's resources (Colbert, 2004). Competencies are the skills and abilities by which the resources are deployed effectively (Johnson et al., 2010). They must be possessed by the organizational employees for proper application.

Appropriate strategies must be able to take advantage of internal strengths and overcome weaknesses within the organization (Pierce II & Robinson, 2004). It is through the utilization of resource-based view that managers identify valuable resources they can

apply to take advantage of opportunities in the environment and overcome threats. Moreover, with the application of the valuable resources possessed by an organization, superior performance and profitability can be attained. Deploying firm resources enables identification and exploitation of the next growth opportunities (Gupta et al., 2013). This enables the organization to grow.

### **2.2.2 Ansoff's Growth Matrix**

The model explains the four basic directions an organization can take in order to grow. These are: Market penetration, market development, product development and diversification. The choice of any one of the directions depends on the firm's capabilities in terms of resources and competencies. Diversification is the riskiest and requires the highest amount of resources and competencies while market penetration is the least risky and requires the lowest amount of resources and competencies.

Market penetration is an effort to increase company sales without departing from original product-market strategy (Ansoff, 1957). This is achieved through finding new customers to the existing product by product promotion. It is the most obvious strategy for organizations as it involves the use of firms own capabilities. It also involves operating in familiar territory for the organization.

In Market development, a company adapts its current product to a new mission (Ansoff, 1957). It can take three segments: New segments, new users or new geographies (Johnson et al., 2008). New segments entail offering the product to a slightly different set of customers than the typical ones. New users involve a completely different purpose for the product/service. New geographies involve availing the same product to a new town, region or country.

Product development is the development of products that have got new and different characteristics for the same mission (Ansoff, 1957). This requires a degree of innovation within the organization. Often, it involves new technologies that the organization might not be familiar with and more efforts in marketing the product. Flexibility among the human resources and a culture of learning is necessary for this strategy. Moreover, there are higher risks of product failure with this strategy (Johnson et al., 2008).

Diversification involves the development of new product lines to serve both existing markets and new markets. It is a unique strategy because it requires an organization to break away from its past activities and culture and adopt new and uncharted paths (Ansoff, 1957). The two forms of diversification are, related diversification and unrelated diversification (Johnson et al., 2008). Related diversification is where an organization develops new products and markets within its capabilities. Unrelated diversification on the other hand involves the development of products and markets beyond organizations existing capabilities and value networks.

The theories relate to the topic in two ways. Firstly, the organization must have sufficient resources both tangible and intangible. The uniqueness, value and irreplaceability of the resources enable superior performance by the organization. This in turn creates growth through increased sales and expansion. It also enables the firm to better seize the opportunities in the environment and overcome its weaknesses. Secondly, the organization chooses the direction to grow through either: market penetration, market development, product development or diversification. This is based on the resources and competencies it possesses and the risks involved.



### **2.3. Challenges in the Implementation of Growth Strategies**

Challenges in the implementation of growth strategy by an organization can be classified as intern or external. Internal challenges arise from within and are based on the resources and competencies of the organization. Example of internal challenges include; Resistance to change, financial constraints and inflexibility (Mutiso, 2013). External challenges to the implementation of growth strategies include: scarcity of natural resources, change in political stability and technology (Stoner & Freeman, 1989). Other challenges to growth strategies include implementation taking longer than time originally allocated and ineffective coordination of implementation activities.

Growth of an organization involves a change process and in any change process human beings are involved. It is almost inevitable that a firm will have to change the way it does business to manage the increased complexity of a large business (Mckaskill, 2010). Some of the changes occurring in the implementation of growth strategies include: new interactions and processes, increased activity and working under different regulatory regimes (Dewhurst, Heywood & Rieckhoff, 2011). For that reason, it is likely that the changes will be resisted by some stakeholders or some of them will have difficulty adjusting. The administration needs to carry out stakeholder analysis and come up with means of successfully implementing this change process.

Financial capability is all factors related to the availability, usage and management of funds (Gupta et al., 2013). They are essential for growth strategies to be successfully implemented. This is because growth involves increase in capacity and activities. Growth requires an increase in physical infrastructure, increase in customer numbers and adoption of new technologies (Mutiso, 2013). This requires more resource allocation than the previous years.

Inflexibility in an organization is another challenge to the implementation of growth strategies. Growth usually involves the development of new products for an existing market or a new market or moving to a new geographical location. This requires doing things differently from what the organization is used to (Dewhurst et al., 2011). For this to succeed; the organization must adopt a flexible structure which will facilitate these changes.

Technological advancement is a key ingredient to any strategic action taken by an organization including growth strategies. Firm growth introduces innovation through technological change in order to be more efficient (Carrizosa, 2007). This is in order to sustain expansion in range of activities and capacity of the organization. Therefore, adoption of technology is crucial for successful growth strategy. Information and technology is indispensable ingredient for the strategic actions business adopt to meet the challenges of change (Kimani, 1996). Adoption of new technology to aid growth of the organization involves training of employees and heavy investment in the technology and its maintenance. Technological challenges may also emanate from customer side. This is especially so when the organization develops new products or services that require customer technological competence such as use of websites and mobile applications.

Market research is crucial prior to the adoption of any growth strategy. This is because all activities carried out by an organization aim at meeting customer needs. Therefore, failure to understand customers is likely to result in failure in the growth strategies adopted (Gworo, 2012). Market research will enable an organization to overcome the challenge of not understanding the customer prior to the implementing of growth strategies.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines strategies for getting answers to the research questions. It contains information on the research design, data collection and data analysis methods employed.

#### **3.2 Research Design**

A research design is a researcher's overall plan for obtaining answers to the research questions or for testing the research hypothesis (Polit & Hungler, 2003). An appropriate research design effectively addresses questions raised in the study. It produces accurate, objective and interpretable information.

Depending on the type of data, there are quantitative research designs and qualitative research designs (Polit & Hungler, 2003). Examples of Quantitative research designs are: experimental research and descriptive research such as surveys, correlation studies and comparative studies. Qualitative research designs include: phenomenological, ethnographic, grounded theory, historical studies and case studies.

Case study method was used as the research design of choice in this study. A case study involves an in-depth investigation of a single entity. This unit can be an individual, group, institution or phenomenon (Mugenda & Mugenda, 2003). It was chosen as the research design because only one unit of study which is the North Kinangop Catholic Hospital was to be studied. This design would enable in-depth understanding of the growth strategies North Kinangop Catholic Hospital is utilizing and the challenges encountered in implementing the strategies.

### **3.3 Data Collection**

Primary data was collected by use of personal interview using an interview guide. This comprised of open ended and closed ended questions. This was administered to the top management of the hospital. This included the hospital administrator, head of nursing services and the personnel officer. The hospital administrator is the overall manager of the hospital responsible for the strategic direction the hospital takes. He/she influences the allocation of resources through approval of budgets thus informing his choice. The human resource manager is responsible for the planning and execution of employee selection, recruitment, training and deployment. He/she is therefore appropriate in providing answers to questions of the hospitals growth in terms of increased employees. The heads of nursing services has detailed insight of the operations in the hospital including any new diagnostic, curative and rehabilitative services introduced by the hospital.

### **3.4 Data analysis**

Data analysis is a means for making information meaningful and intelligible (Polit & Hungler, 2003). Analysis of data depends on the type of data collected. Quantitative data analysis includes use of descriptive and inferential statistics. Some of the measures of descriptive statistics are: measures of central tendency, measures of variability and frequency distribution. Inferential statistics on the other hand is a method of drawing conclusion about a population from data obtained from a sample (Mugenda, 2013). Qualitative data analysis is carried out through content analysis.

The information obtained was analyzed using content analysis. This involved interpretation of information provided by respondents and deriving meaning from it. The information was analyzed in a systematic way in order to come to useful conclusions and recommendations. The study used content analysis because the information obtained was qualitative in nature.

## **CHAPTER FOUR**

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

#### **4.1 Introduction**

This chapter contains details of the findings of the study. Data collection was done with the help of interview guides which were administered in line with the research objectives. The objectives of the study were: To establish the growth strategies adopted by North Kinangop Catholic hospital and to determine the challenges faced by North Kinangop Catholic hospital in implementing the growth strategies. Primary data was collected from the top level managers of the hospital who are the Hospital administrator, the personnel officer and the head of nursing services.

The interview guide was broken down into four parts .Part one had background information about the respondents while part two had information about the hospital profile. Part three of the interview guide contained questions about the different growth strategies and part four of the interview guide contained questions about the challenges faced by hospital in implementing the growth strategies. The respondents were interviewed face to face.

#### **4.2 Background Information of the Respondents**

The study sought information from the hospital administrator, head of nursing services and the personnel officer. The hospital administrator and the personnel officer were in the administration department whereas the head of nursing services was from the nursing department. The hospital administrator had worked in the hospital for thirteen years, the head of nursing services for three years while the personnel officer had worked in the hospital for nineteen years. This shows that the top level managers of NKCH have

worked in the hospital long enough to understand its operations and provide reliable information for the study.

### **4.3 North Kinangop Catholic Hospital Profile**

North Kinangop Catholic hospital has been in existence for more than fifty years. It offers a variety of health services which are mostly curative and rehabilitative. Some of the services offered include, outpatient services, medical services, surgical services, maternity services and paediatric services. Other services include: dental services, maternal and child health and ambulance services.

The hospital's vision is: To be centre of excellence in health care services focused on holistic approach and dialogue with the clients. The hospital's mission is: To alleviate suffering, promote and restore health through the provision of curative and preventive health services to all that are in need at affordable cost. To improve the quality of health services through training in various medical fields, staff career advancement and partnership with other centres of learning both within and out of the country. To reassure, provide comfort to the patient, attach significance to the sufferings and showing solidarity through meeting their spiritual and psychological needs .The hospitals core values include. Every life is a gift from God. As a church hospital, the following are our core values: Honesty, Integrity, respect, professionalism and teamwork.

The hospital has a five year strategic plan running from 2016 to 2021. It focuses on the improvement of health services through improving diagnostic, clinical and medical service improvements. It also focuses on the motivation and development of the human resources. Other outcomes highlighted in the strategic plan include: establishment and

maintenance of infrastructure, strengthening and enhancing present and new partnerships and collaboration, strengthening institutional planning, management and governance and the establishment of sustainable maintenance units and income generating activities.

North Kinangop Catholic hospital has witnessed increased patient numbers in the past five years. The total bed capacity has moved from 166 patients five years ago to 250 this year. The number is expected to move to 270 in the year 2017 when the new facilities will be fully functional. In terms of patient increase in the year 2016 in comparison to 2015, the outpatient department had a 2.6% increase while the inpatient numbers increased by 4.4 %. The hospital has also expanded its operating tables in theatre from two to four.

#### **4.4 Growth Strategies Adopted by North Kinangop Catholic Hospital**

The first objective of the study was to establish growth strategies adopted by North Kinangop Catholic hospital. The following subsections present the findings of the study.

##### **4.4.1 Market Penetration**

The study revealed that North Kinangop Catholic hospital has adopted this strategy. This was done through outreach services carried out by the hospital in its catchment area. The catchment area for the hospital is thirty kilometres around the hospital. The hospital carries out screening services for various diseases such as diabetes mellitus, hypertension and cervical cancer during the outreach services. The outreach services take place every Sunday. For special clinics such as Ear nose and throat (ENT) and urology, the outreach services extend beyond the catchment area to other sites such as Nyahururu and Laikipia.



Another activity under market penetration strategy is the hospital day. This is organized by the hospital around the month of October and November. This is a day meant for interaction between the hospital staff and community members. It provides an opportunity for community members to get to know the range of services offered by the hospital. Any questions the clients have are posed to the professionals working in the hospital. In addition, organized groups visit the hospital, medical screening is done, and health talks given and mass celebration done. Community members are made aware of this day with the help of the hospital's social workers who disseminate the message to community members.

Clients also get to know about existing hospital services through church announcements. However, the most common way in which clients are made aware of the hospital is through word of mouth from clients who have received health services from NKCH previously. Having been satisfied with services they received, they refer other clients they come across to the hospital.

#### **4.4.2. Product Development**

North Kinangop catholic hospital has introduced a range of new services in the past few years in its various departments. For example, the hospital has opened a new high dependency unit (HDU) which is to start operating soon. They have also started to offer plastic surgery, which is a corrective surgery for patients with deformities such as contractures arising from burns.

Introducing new medical and surgical services must be supported by resources such as new and specially trained personnel and medical, surgical and diagnostic equipment. For that reason, NKCH has purchased a new blood gas analyzer for its high dependency unit. It has also purchased a larger oxygen generator to supply oxygen to its patients especially the critically ill patients and those in theatre. The hospital has increased the theatre beds from two to four to cater for more operations at any given time. An uninterruptible power system (UPS) has also been bought to supply power in the operating theatre during operations. Plastic surgery instruments have also been purchased as have scrubbing machines for theatre instruments.

The diagnostic equipment purchased by the hospital include, new and portable X-ray machine to enable better and more efficient diagnosis of conditions such as fractures among the patients. Endoscopic machines such as gastroscopy and colonoscopy have also been purchased to aid in the diagnosis of gastro-intestinal conditions such as peptic ulcer disease and gastric and colorectal cancers. A hematology fridge has also been purchased as well as other preparations to enable the hospital laboratory to be ISO certified.

Several human resource preparations have been carried out by the hospital in line with the introduction of the new services. These include lobbying for volunteer doctors in urology and plastic surgery. In addition, a physician and pediatrician have been hired by the hospital. Also, nurses have been trained in critical care nursing in order to enable them to operate in the new high dependency unit.

#### **4.4.3 Diversification**

North Kinangop Catholic hospital has embarked on both vertical integration and horizontal integration as part of their diversification. Vertical integration has been embraced through the purchase of an oxygen generator which provides oxygen to patients, a direct input in patient care management. Furthermore, the hospital is involved in the manufacturer of walkers, canes and crutches which are manufactured from the hospital workshop. These are assisting devices for patients with difficulty in attaining mobility, particularly following fractures involving the lower limbs.

Horizontal integration has been adopted by the hospital particularly to provide self-sufficiency in food for the patients. In this regard, the hospital has a farm with various projects being undertaken. The animals kept by the hospital include cows, sheep, pigs and chicken. They supply the patients with meat, milk and eggs. A veterinary doctor has been hired by the hospital to ensure that the animals are in good health and are productive. Any surplus from the animals is sold and the proceeds used in maintenance of the hospital.

The hospital also has a farm manager, hired to oversee crop production. Most of the crops grown by the hospital are Irish potatoes, vegetables and animal feeds. Apart from that, the hospital has a bakery that bakes bread for the consumption by patients. Any extra bread is sold and the proceeds used for the maintenance of the hospital.

The other projects that the hospital is involved in include carpentry, industrial transport, metal work, forest and biogas production. The forest and biogas production provide fuel for cooking. The forest also provides the raw material for carpentry work. These projects

are crucial for the sustainability of the hospital. Income from diversification contributes a considerable proportion of the total hospital revenue, being about eight percent of the total revenue.

#### **4.4.4 Strategic Alliances and Partnerships**

From the study, it was established that North Kinangop catholic hospital has a number of alliances and partnerships with several institutions within and outside the country. These alliances were networks based on collaboration with the institutions. Within the country, the hospital works in collaboration with CHAK and PEPFA in the implementation of the HIV programmes.

Outside the country, the hospital has developed partnerships with several institutions in Italy in the area of specialized patient care activities. The institutions include: University hospital of Siena, University hospital of Padua, Gaslini hospital of Genoa and North Eastern School of ENT. Experts from the university hospital of Siena were also helping the hospital to establish WHO patient safety standards. These are worldwide standards related to procedures, protocol, quality programmes and documentation and security of patients while in theatre.

#### **4.5 Challenges in the Implementation of Growth Strategies**

From the findings of the study, North Kinangop Catholic hospital has faced a number of challenges in the implementation of growth strategies adopted. These challenges are in the financial, regulatory, legal, political, technological and human resource categories. The hospital has also developed various mechanisms to enable it overcome the challenges encountered.

The financial challenges encountered by North Kinangop catholic hospital include: inability of patients to pay their medical bills. This is particularly common among patients without a medical cover such as the national health insurance fund (NHIF). This denies the hospital with the much needed funds to facilitate growth. Another financial challenge is the high cost of equipment and specialized staff needed to run the newly established facilities. This slows down the speed of implementation of growth strategies adopted by the hospital.

North Kinangop Catholic hospital also encountered challenges from interruptions in power supply. This is as a result of blackouts experienced. The consequences of power interruptions included disruption of critical services within the hospital that require constant supply of power such as theatre machines and incubators in the new born unit. Another serious consequence of interruption of power supply is the destruction of machines and equipment that are very expensive to procure.

The political challenge encountered by the hospital was the lack of support accorded to the hospital by the county government health sector. Unlike the national government which used to provide hospital with medical doctors, the county government was not doing so. This had an effect on the hospital which is forced to hire all its doctors at a great cost to it.

There were some legal challenges arising from growth and expansion of the hospital. These were arising from increased legal awareness among clients. This poses the risk of litigation from some clients with the likely consequence of harming the reputation of the hospital. Litigations are also likely to increase hospital costs in terms of compensations

besides taking up administrations time, which could be put to better use in running the hospital.

Human resources challenges arising from growth of the hospital involve the difficulty in the coordination of staff activities. North Kinangop catholic hospital being a teaching institution for student nurses, clinical officer and medical interns, increased the challenge of coordination of activities. This is because students and interns require close monitoring from qualified staff in carrying out patient care activities. Increase in staff numbers also limited the interactions among the staff in different departments.

Other challenges encountered are resistance to changes, though to a small extend. In addition, the hospital was finding it hard to house ninety percent of its staff as earlier envisioned. This is because; the rate of growth of the hospital had surpassed the rate of construction of new staff housing. Therefore, at the moment, the hospital was only capable of housing seventy percent of its staff.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This section presents a summary of study findings, conclusions and recommendations based on the findings of the study.

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

The objectives of the study were to establish the growth strategies adopted by North Kinangop Catholic hospital and determine the challenges in the implementation of the strategies. North Kinangop catholic hospital has experienced tremendous growth in the past five years. This has seen the bed capacity increase from 166 to 250 and is projected to reach 270 by the year 2017. There has also been an increase in the infrastructure development with the construction of a second medical ward, extension of surgical ward and an increase in the number of operating tables in the theatre from two to four. Furthermore, the hospital has embarked on the procurement of equipment and hiring and training of specialists to keep up with the expansion and diversification of services.

The growth has been as a result of increased demand of health services by the population served by NKCH. It has also been as a result of the diversified and specialized services offered by the hospital that are not available in the other hospitals within the catchment area. In addition, services at NKCH are affordable especially given that the hospital accepts the NHIF card which many people have. The growth can also be attributed to quality services offered by highly trained and experienced hospital's human resources. This has seen the hospital attain a good reputation because most of the new patients

attending the hospital are referrals by clients who have been satisfied by the hospital's services.

North Kinangop catholic hospital has adopted market penetration strategy by creating awareness through medical screening services, sports activities and hospital days. However, the most new clients to the hospital have been referred by other clients who attended the hospital and got satisfied with the services. The hospital has adopted product development through introduction of new services such as plastic surgery, critical care, endoscopic services, and blood gas analysis and expansion of existing services. Diversification has been achieved by generation of oxygen and manufacture of walking aids such as crutches in the hospitals workshop. Horizontal diversification has been attained through carpentry, metal work, bakery, forest, farming and industrial transport. The hospital has established networks and partnerships with institutions within the country and outside the country. Within the country, the hospital is working in collaboration with CHAK and PEPFA in implementing HIV programmes. Outside the county, the hospital is working in partnership with various hospitals, including university hospitals in areas of patient care and in the establishment of WHO recommended patient safety standards.

In implementing growth strategies, the hospital has encountered a number of challenges. This has been due to the high cost of new machinery and equipments as well as the high cost of specialists needed to provide specialized health services. Power fluctuations have also caused the destruction of machines and equipment besides interrupting service provision. Legal challenges have arisen out of increased legal awareness of clients thus increasing risks of litigations. There have been a number of human resource challenges



ranging from difficulty in coordination, to some resistance to change and insufficient staff houses. Political challenges have also been encountered by the hospital as the cooperation and assistance from the county health sector has not been good.

The hospital has embarked on a number of activities to overcome the challenges encountered. This includes staff training and development to keep up with changes adopted by the hospital. This has also involved staff involvement and participation in the change process to reduce the resistance to change. The purchase of the uninterruptible power system is aimed at solving the problem of power fluctuations. Establishment of WHO patient safety standards are aimed at reducing medical errors and improving patient safety.

### **5.3 Conclusion**

The study concludes that North Kinangop Catholic hospital has experienced remarkable growth in its operations as indicated by the exponential increase in bed capacity, physical infrastructure development, expansion in the number and specialization of the human resources and the acquisition of new machines and equipment. This has also been occasioned by an increase in the range of services provided to clients attending NKCH. This has been achieved through the adoption of market penetration, product development, diversification and strategic alliances and partnership strategies. However, in implementing the growth strategies, the hospital has encountered a number of challenges categorized as financial, regulatory, legal, and human resource. The hospital has put in place several measures to reduce the challenges such as staff development, staff participation and involvement in the change, establishment of patient safety standards and procurement of uninterruptible power supply.

#### **5.4 Recommendations**

Successful implementation of strategies requires a multiplicity of factors. Importantly, the availability and proper application of organizational resources and competencies are necessary if an organization is to achieve its goals. The study recommends further staff development programmes considering that human resource capacity is the most important resource in any organization.

The study also recommends extension of information technology services into processes within the wards. This will improve efficiency in patient care activities and reduce coordination challenges among the various activities and departments. This will also expedite procedures such as billing and thus increase client satisfaction with services.

The study also recommends a more intensive induction of new staff. This is in order to enable them quickly familiarize with their working environment. This will also enable them better understand the hospital's processes, procedures and policies and better conform with them in their duties and responsibilities. This will also enhance interactions among staff members and improve coordination of activities .The study further recommends creation of forums and platforms for staff interaction.

Finally, the study recommends further analysis of challenges encountered by the hospital in the implementation of growth strategies and possible solutions to them. This requires a proactive approach involving scenario building and possible alternative solutions .This should be carried out for all the categories of challenges from financial, legal, regulatory, human resource and technological challenges. This is because with good anticipation of possible problems, the hospital can better prepare to deal with the problems if they arise.

### **5.5 Study Limitation**

The study design was a case study. This limits the ability of generalizing the study findings to other hospitals. Therefore, a survey examining growth strategies adopted by different hospitals would be more appropriate for purposes of generalization. Furthermore, the study was a cross-sectional study meaning data was collected at a point in time. This is a limitation because the information provided are about the current situation. However, challenges in the implementation of a strategy evolve overtime as a result of the changing internal and external environment. This requires studies of a longitudinal nature to be able to establish.

### **5.6 Suggestions for Further Study**

The study recommends further studies on growth strategies within the health care sector in general and specifically in health care providing institutions at various levels. This is in order to validate the existing studies. The study also suggests studies to investigate appropriateness of growth strategies adopted by health care institutions such as hospitals. Lastly, the study suggests studies on the choice of growth strategies and performance of health providing institutions.

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## APPENDICES

### Appendix 1. Introduction Letter



#### UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

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P.O. Box 3015  
Nairobi, Kenya

DATE.....17/10/2016.

#### TO WHOM IT MAY CONCERN

The bearer of this letter ...PASCAL OMBINGO MADURGU

Registration No.....DCI/68661/2013

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

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

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

Thank you.



  
**PATRICK NYABUTO**  
SENIOR ADMINISTRATIVE ASSISTANT  
SCHOOL OF BUSINESS



## **Appendix II: Interview Guide**

**The study seeks to establish the growth strategies adopted by North Kinangop Catholic Hospital and challenges faced.**

### **PART 1: BACKGROUND INFORMATION**

- Name of institution
- In which department do you work in?
- For how long have you worked at NCKH

### **PART 2: HOSPITAL PROFILE**

- For how long has NKCH been in existence ?
- What are the healthcare services offered by NKCH?
- What are the vision, Mission and core values of NKCH?
- Does NCKH have a written strategic plan?
- What is the ownership structure of NKCH?
- What is the size of NKCH in terms of total bed capacity?

### **PART 3: GROWTH STRATEGIES**

#### **MARKET PENETRATION**

- Has there been an increase in patient numbers in the past five years?
- Has there been increase in capacity in terms of number of beds, size of theatre?

#### **MARKET DEVELOPMENT**

- Do you carry out outreach healthcare services outside NKCH?
- Do you have satellite clinics in towns surrounding NKCH?
- Have you established any other hospital/s that is a branch of NKCH?
- Explain any measures adopted by NKCH to create awareness among clients about services offered in the hospital.

## **PRODUCT DEVELOPMENT**

- Have you introduced any new medical service in the past five years?
- Have you established any new surgical service in the past five years?
- Are there new laboratory services introduced in the past five years?
- Are there any diagnostic services offered today that were not offered five years ago?
- Have you hired any specialist/s to offer services that were not present in the last five years?
- Have you procured any new machines, equipment and supplies in the past five years?
- Have you constructed any new facilities to offer specialized services in the past five years?

## **DIVERSIFICATION**

- Do you have other revenue generating activities apart from provision of healthcare services?
- How closely linked to healthcare provision are they?
- What proportion of total revenue results from these services?

## **STRATEGIC ALLIANCES, PARTNERSHIPS & JOINT VENTURES**

- Do you have any collaboration with other institutions in provision of healthcare services?
- Have you partnered with other institutions in carrying out joint research?
- Are there any resource commitments by NKCH and other institution to pursue a common goal?

## **MERGERS AND ACQUISITIONS**

- Has NKCH taken over any health facility in the past five years?
- Has NKCH come together with another health facility to form new entity in the past five years?

#### **PART 4: CHALLENGES IN IMPLEMENTING GROWTH STRATEGIES**

- What financial challenges have you encountered as a result of expansion?
- What are some of the regulatory challenges affecting growth?
- Are there any legal challenges encountered in expansion
- What human resource challenges have you encountered as a result of expansion?
- Have there been changes in structure as a result of expansion?
- Has NCKH staff been flexible to changes resulting from expansion?
- Explain the technological development NKCH has adopted in response to expansion.
- What technological challenges have you encountered as a result of expansion?