

**INFLUENCE OF EXTERNAL ENVIRONMENTAL CHALLENGES ON
STRATEGIC RESPONSES OF PRIVATE HOSPITALS IN NAIROBI CITY
COUNTY**

BY

MARY MWELU MUSAU

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NAIROBI**

DECLARATION

I declare that this project is my original work and has not been submitted to any other college or university for academic credit.

Signature _____

Date: _____

Mary M. Musau

D61/8073/2017

I confirm that the work in this project has been done by the candidate under my supervision.

Signature: _____

Date: _____

Dr. Jeremiah Kagwe

School of Business

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ABSTRACT

This research examined the influence of external environmental challenges on strategic responses of private hospitals in Nairobi city county. The objective was to establish the influence of external environmental changes on strategic responses of private hospitals in Nairobi city County. The research will be of significance to the management private hospitals in Nairobi city county, policy makers in health sectors and other scholars who intend to carry more studies on similar titles. Primary data was used in this study and was collected using a designed questionnaire. The questionnaire had both closed and open ended questions. The study used drop and pick method to distribute the questionnaires. Since the population was small, a census survey was used. This research had a population of 349 private hospitals in Nairobi City County. The validity and reliability of the study was affirmed by carrying out a pre-research. The findings were then analyzed quantitatively and qualitatively and presentation of data done by applying tables and figures. From the findings, 96% indicated that environmental challenges influence operations in private hospitals in Nairobi city county. Respondents of 56% indicated that strategic responses do affect functions at private hospitals in Nairobi city county. The study made the following recommendations. First the health sector should involve all the stakeholders while developing strategies to counter environmental changes. The objectives should be applied uniformly to all sources depending on the level and nature of what they do. Further, hospitals should hire strategic managers. The managers should develop effective strategic plans to guide the hospitals. The plans should be future oriented and set on achievable goals. Hospitals must also place more emphasis on an integrated health service strategy and recognising the macro environment influences their hospitals performance. The study also reconns that the government through the ministry of health should come up with a seamless strategy to incorporate both the private and public hospitals in developing their vision plans in the health sector and ensure they provide sustainable and efficient policies to favour the hospitals.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The modern day organizations have to deal with dynamic and uncertain environments. In order to be successful, organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes. Organizations must be able to act quickly in response to opportunities and barriers (Papulova & Papulova, 2016). In a competitive marketplace, organizations cannot influence environmental conditions, but can develop specific competences that enable managers to identify and respond to the environmental conditions better and/ or faster than competitors (Ivančić *et al.*, 2017).

This study is guided by Open systems theory, Dynamic Capability theory and Institutional theory. According to open systems theory, an organisation is an open system that needs to put environmental factors into account when making decisions or efforts to achieve their purposes. No such organisation can prosper and excel without paying attention to its environment (Duffy, 2008). On Dynamic capability theory, the underlying assumption is that firms which are able to reconfigure their resources internal resources and environmental enhancement can easily overcome the modern day challenges and create competitive advantage (Breznik & Lahovnik, 2016). Institutional theory is built on the argument that the institutionalized rules and norms of society intrude on the internal structure of organizations. The core idea is that organizations are deeply embedded in an expansive environment and consequently become influenced by the pressures and constraints of this environment (Scott, 2008).

This study will be conducted in private hospitals in Nairobi City County. The private sector helps to improve on delivery of health services which is one of the aims of the government. The health sector is the key social pillar in Vision 2030. Kenya Vision 2030

goals would be a delusion if the health sector does not institute and implement measures to generate a healthy productive population. The private hospitals are part of improving the access to quality health services. However, the private hospitals in Nairobi County are facing business environment challenges such as with changes in technology, increased societal demands, government policies, which may affect effective service delivery and firms' sustainability (Mugwe, 2011, Sheikh, 2014).

1.1.1 External Environment

The modern corporate environment is highly uncertain, the basic managerial task is to find ways to cope with the perceived uncertainty (Rupčić & Zekan, 2012). Changing business environments alter the way organizations fundamentally conduct business. Environmental changes come with both positive and negative factors that managers have to take into account during the decision making process (Ivančić *et al.*, 2017). To the extent that they cause problems and create opportunities in the organizations, the business environments, increase the level of uncertainty and lead to a process of acquiring information, as the managers need to detect and interpret challenging areas, and identify opportunities. One way to avoid being taken by surprise by environmental changes is the environmental scanning, which consists in an essential process of organizational management, enabling managers to spot environmental changes and the strategies adopted by their competitors (Cancellier *et al.*, 2014).

Every company interacts with the environment in order to acquire, process, distribute, create and use necessary resources in the value creation process. Therefore, understanding the external context can be facilitated by considering issues arising from legal, technological, competitive, market, cultural, social, and economic environments (Ivančić *et al.*, 2017). In order to be successful an organization needs to improve its capability to design novel strategic approaches to face changing environment conditions. To respond to these environmental changes companies need to adopt new patterns of thinking and behavior, especially managerial (Rupčić & Zekan, 2012). These sentiments are

also echoed by Ivančić *et al.* (2017) who revealed that for any business to grow and prosper, the organization must be able to anticipate, recognize and deal with change in the internal and external environment. For this reason, managers need to collect, process, and address environmental information constantly since environmental changes increase environmental uncertainty, which in turn affects the business.

1.1.2 Strategic Responses

Response strategies are ways an organization ensures a fit into the changing environment. Strategic response is the set of decisions and actions that results in the formalization and implementation of plans designed to achieve a firm's objectives (Pearce & Robinson, 2010). As indicated by Ansoff and McDonnell (2010) strategic response is the method in which organisations changes their strategic behaviour and way of doing things for purposes of future business doing. Such adaptations made to suit the firm may be referred to strategic response. Strategic management literature suggests that a successful firm's strategy must be favourably aligned with the external environment (Ndung'u *et al.*, 2014).

Strategic responses require organization to change their strategy to match the environment and to redesign their internal resources to go inline with strategies formulated (Grant, 2011). Response strategies may include: response which are beneficial and justifiable in their own right; economically efficient and cost effective, in particular those that use market-based mechanisms; able to serve multiple social, economic, and environmental changes. According to Smith (2002), good strategies define one or more target markets each of which is homogeneous in terms of the benefits it seeks; they differ from those of the competition; and minimise risk by avoiding unnecessary diversification in markets or products.

1.1.3 Hospitals in Nairobi City County

Kenyan healthcare system can be categorized into three in relation to where the funding for the facilities are acquired. These are: Public Hospitals, Private hospitals and those hospitals managed by NGO's, FBO's and Philanthropists mainly offer services at

subsidized rates and most of the time caters for the underserved areas. The promulgation of the new constitution in Kenya in August 2010 effectively ushered in devolution as the latest and highest form of decentralization in Kenya. The health sector was the largest service sector to be devolved under this new governance arrangement. However, the sector in nearly all counties, Nairobi included is currently bedevilled with monumental challenges ranging from capacity gaps, human resource deficiency, lack of critical legal and institutional infrastructure, rampant corruption (Kimathi, 2017).

Nairobi City County which consists of 17 Sub counties and 85 wards has a total of 672 health facilities offer services at various level of care. Hospitals (9%) and Nursing homes (7%) comprise 16% of the total number of health facilities, while primary health facilities comprise of: Clinics (55%), Dispensaries (20%) and Health centres (9%) which constitute 84% of the total number of health facilities. With regards to ownership, majority (52%) of the facilities is privately owned, 22% are Government owned and the remaining 27% are owned by Not-for-Profit; Faith Based Organization (FBOs) and Non-Governmental Organizations (NGOs) (Nairobi City County, 2017).

The major challenges facing hospitals in Nairobi City County include the compensation package, working conditions and tools as well as uncertainty over transition to devolved health services. Revenue collection has also not been adequate due to challenges in logistics such as lack of computerization of services and centralized services. Secondly, the national policy changes on healthcare financing e.g. the abolition of user fees in 2013, has affected revenue collection at the facility level. This calls for innovation and new strategies for alternative methods of resource mobilization. Sustaining the resources in support of health services delivery in Nairobi City County is a key challenge. Delays in disbursement of funds from the national government are attributed to inadequacies in reporting and lengthy mechanisms that steer the flow of funds (Nairobi City County, 2017). However, despite the challenges Nairobi City County is committed to providing quality and targeted health services that respond to the unique challenges.

1.1.4 Private Hospitals in Nairobi City County

Private hospitals are profit making facilities which charge the patients for all the services rendered thereby getting their revenues for operation of the hospitals and a profit out of the business (Omondi, 2016). The private hospitals in Kenya are therefore in the business to make profits and also for social activities. The private sector market is huge and plays an important role in improving people's health in most parts of the country. They ensure that they have the best doctors to offer the services as they are required. The concentration of the hospitals is mainly in the urban areas with the majority of the hospitals located in Nairobi (Kioi, Cowden, & Karodia, 2015).

The private hospitals in Kenya are considered to be developed and are an important source in the care of patients. The private hospitals in Kenya are considered to be developed and are an important source in the care of patients. Private hospitals have a fundamental duty in provision of services in the health care sector and improvement of efficiency and offering better quality care (Nderitu, 2016), which is in line with the achievement of Vision 2030. Private hospitals in Nairobi County interact with its environment. They are dependent on the external environment for its inputs and outputs. The external environment poses both opportunities and threats forcing the management to come up with strategic responses aimed at responding to those external factors (Sheikh, 2014).

Strategic management by private hospitals in Nairobi County is crucial for effective service delivery and for the realization of the firms' suitability and competitive edge. Market dynamics have created challenges for private health institutions, with advances in technology, increased societal demands, government policies and the need to provide more social services with fewer resources (Sheikh, 2014). New approaches to management in the health sector are therefore imperative to respond to the environmental changes.

1.2 Research Problem

The environment that organizations exist encapsulates many different influences which forces organizations to align their operations. According to Ndung'u *et al.* (2014) all firms need to have a clear understanding of both the external environment that directly or

indirectly affect their business because ultimately they will affect consumption patterns. As the environment changes firms must change their strategies so as to survive and remain competitive. In turbulent environment, strategic thinking enables organizations to be flexible enough to change accordingly (Thompson *et al.*, 2010).

Kenya has a vibrant private health sector which is rapidly expanding. However, there has been changes taking place which are affecting the healthcare industry in Kenya (Kimathi, 2017). The private hospitals have encountered many new entrants which have led to intensive turbulence and competition among the private hospitals. First, the failure of public hospitals to provide good health care has pushed many Kenyans to private hospitals. Most public dispensaries lack specialised machines and medical staff. This has led to high traffic to private hospitals which has forced many to expand and buy equipment so as to meet the increasing demand (Mugwe, 2011). There are also rapid changes in technology which calls for new equipment to meet changes in customer expectations (Wamae, 2007). The national policy changes on healthcare, for example the abolition of some user fees in 2013 in public hospitals, have affected private hospitals. Therefore hospital executives are facing challenges on how to navigate the complexity and dynamism of health care structures with changes in government policies and global partners dictating how health care needs to be run. With these challenges, the private hospitals in Nairobi have to employ techniques to survive and to effectively continue to deliver quality health services.

A review of empirical conceptual studies shows that Ahmad (2012) investigated the influence environment factors on strategies made in private hospitals in Saudi. This study however was limited to macro environment factors in Saudi and therefore the findings would not be generalized into the Kenyan context. Pogutz and Tyteca (2010). Also looked at business organisational response to environmental challenges, the study however only looked at technological innovation and ingored other environmental challenges. Finley (2002) also examined strategic responses to institutional pressures of a non-profit health organization. The context of this study is however different.

A review of empirical contextual studies shows that Wamae (2007) examined the adoption of strategic issue management by private hospitals in Nairobi while Sheikh (2014) also examined the influence of strategic management process and performance of M.P. Shah Hospital, a private hospital in Nairobi, Kenya. These two studies however did not examine how environmental challenges influences the strategic responses in the private hospitals. Omondi (2016) analysed the factors that led to effective running of hospitals in Nairobi County, the study however did not examine the strategic responses that the hospitals were employing.

From the review of empirical conceptual and contextual studies, it can be observed that no notable studies have been conducted on on strategic responses to changes in external environment by private hospitals in Nairobi city County. This study therefore sought to fill the gaps left by other studies by answering the following question: what are the influences of external environmental changes on strategic responses of private hospitals in Nairobi City County?

1.3 Research Objective

The study sought to determine the influence of external environmental changes on strategic responses of private hospitals in Nairobi city County.

1.4 Value of the Study

The study findings are of value to policy makers since they will be able to utilize the findings of this study to outline the relevant policies on strategic responses to environment challenges by private hospitals in Nairobi city County. This study may guide future policies on how private hospitals not only in Nairobi County but in other counties, should respond to the environment challenges.

The study will also be of importance to the scholars and researchers. First its expected that this research will add value to the already available empirical data on environmental challenges hospital and strategic responses by private hospitals. Other than enrichment of the available literature, the study might also be a source of empirical data and other future scholars might get much insight from the study findings.

Findings from this research will be of immense help to the top and middle management of private hospitals in Nairobi City County. The study will also demonstrate to the management of the private hospitals on how to respond to changes that arises from the external environment. Further, results of this study will therefore enlighten and give insight to the management of the private hospitals which may inform their future decisions on the strategic responses they adopt.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Theoretical review is presented in this chapter which discusses the various relevant theories that guide the study. This chapter further discusses the external environmental changes on strategic responses of private hospitals in Nairobi city County. The chapter ends with a section on knowledge gaps identified from the literature.

2.2 Theoretical Foundation

This part of the chapter presents the theories that inform the study. A theory is a tested hypothesis that reinforces a study.

2.2.1 Open Systems Theory

Open systems theory refers simply to the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival (Bastedo, 2006). Organisation as an open system has several attributes or characteristics. Organisational theorists such as Duffy (2008) argue that open system in organisation needs to have the following attributes namely boundary, purpose, inputs, throughput (transformation process), outputs, feedback and environment. Open systems theory proposes that an organisation transforms inputs into outputs within the environment (both internal and external) upon which it is dependent (Katz & Kahn, 1971).

In open systems, any change in any elements of the system causes changes in other elements (Wang, 2004). Organizations are not able to internally generate all the resources required to maintain themselves and therefore must enter into exchange transactions with elements in the environment to ensure a stable flow of resources (Stewart & Ayres, 2001). However, the systems theory does not specify when and how collaboration with the organization needs to take place, nor what to do when there is conflict among the staff members (Yoon & Kuchinke, 2005).

As portrayed by the theory, it is apparent that as the environment in which organizations operate has become more complex and turbulent; organizations can no longer ignore the impact of these changes to their business. In the context of this study, it can be said that private hospitals in Nairobi city County are embedded in the external environment, and any changes to the environment has an impact on their business. Private hospitals in Nairobi city County therefore have to pay emphasis on how the changes in external environment (may it be technological changes, regulatory changes, changes in economic factors) is impacting on their business and respond to these changes for them to prosper and remain sustainable.

2.2.2 Dynamic Capabilities Theory

As per this research theory Dynamic capability means the organisation capacity to adapt, integrate, build and reconfigure internal and external competences to address rapidly changing environments (Teece, Pisano & Shuen, 1997). The term 'dynamic' refers to the capacity to renew competences so as to achieve congruence with the changing business environment. The rate of change of the business environment is rapid, and the nature of future competition and markets is difficult to determine hence, certain innovative responses are required and timing is critical (Jovanović, 2015). The term 'capabilities' refers to an organization demonstrated and potential ability to accomplish against the opposition of circumstances or competition, whatever it sets out to do. The fundamental question is how firms achieve and sustain competitive advantage (Teece *et al.*, 1997).

The notion of dynamic capabilities complements the premise of the resource-based view of the firm, and has injected new vigour in empirical research in the recent past. Nonetheless, several issues surrounding its conceptualisation remain ambivalent (Wang & Ahmed, 2007). Eisenhardt and Martin (2000) reckon that dynamic capabilities cannot be a source of sustained competitive advantage. Dynamic capabilities are just another type of capability and become irrelevant over time (Eisenhardt & Martin 2000).

Dynamic capabilities theory is being used in this study to explain how firms respond to the dynamic business environments, focusing on the capabilities that firms

employ to reach competitive advantage. The theory informs this study on how Private hospitals in Nairobi city County can develop and build their capability to adapt and even capitalize on rapidly changing external environment. They need to effectively use their capabilities (internal and external competences) to respond to the external environment challenges for them to continuously remain competitive.

2.2.3 Institutional Theory

Institutional Theory is based on set of assumptions that centre on the concept of social construction, that is, the external and internal world of organisations is that which is subjectively understood or perceived by people in those organisations (Marquis & Raynard, 2015). Institutional theory views organizations as social entities that seek approval for their performances in socially constructed environments. Organizations conform to gain legitimacy and acceptance, which facilitate survival (Scott, 2008). Internally, institutionalization arises out of formalized structures and processes, technological factors as well as informal or emergent group and organization processes. Forces in the external environment include those related to the state (e.g. laws and regulations), the professions (e.g. license and certification), and other organizations – especially those within the same industrial sector (DiMaggio & Powell, 1983).

In organizational studies, particularly in institutional theory, there has been a growing interest in the strategic responses of organizations to institutional demands, especially those of a conflicting nature such as Scott (2005); Seo and Creed (2002), which are broadening the limits of attention on the part of institutional theorists, which was hitherto focused on the effects of the institutional environment on structural conformity and isomorphism effects (Rincón, 2014). The institutional perspective has been increasingly criticised for its lack of attention to the organizational self-interests and active agency in organizational responses to institutional pressures and expectations (Oliver, 1991).

As guided by this theory, this research focuses on the different types of institutional pressures exerted and the strategic responses used. The study will identify the different

strategic responses that organizations enact as a result of the institutional pressure toward conformity that are exerted on them. As argues by authors of this theory, the external environment poses both opportunities and threats forcing the management to come up with strategic responses aimed at responding to those external factors.

2.3 External Environment Challenges in Organizations

The external environment of an organization comprises of all the entities that exist outside its boundary, but have significant influence on its growth and survival (Gupta, 2009). An organization has little or no control over its environment but needs to constantly monitor and adapt to these external changes, a proactive or reactive response leads to significantly different outcome. The common external factors that influence the organization are competition, customers, resources, technology and laws and regulations (Voiculet *et al.*, 2010).

Pearce and Robinson (2011) also posits that there are factors that influence a firm's choice of direction and action and, ultimately, its organizational structure and internal processes. These factors which constitute the external environment, can be divided into three interrelated sub-categories; factors in the remote environment, factors in the industry environment, and factors in the operating environment. Economic factors influence the purchasing capability of potential customers and the firm's cost of capital. These include economic growth, interest rates and inflation rate. Social factors include demographic and cultural aspects of external environment. Technological factors can lower barriers to entry, reduce minimum efficient production levels and influence outsourcing decisions (Crossan, Fry, & Killing, 2004).

In order to survive and prosper, the organization has to adapt itself to the ecological system that surrounds itself. It is important to utilize the environmental intelligence to determine the uncertainty and take appropriate actions for the well being of the organization (Gupta, 2009). Organizations can adapt to external environment by forecasting and planning, organization design or reorganization and reduce resource dependence (Fereidouni *et al.*, 2010). In the process of formulating policy options, the organization must take account of external

environmental opportunities and threats, present and future but internal potential, the forces and weaknesses of the organization, competitive advantage over competitors. Organizations need to achieve harmony between the organization's external environment and internal environment (Voiculet *et al.*, 2010).

Dynamic external environment changes impact on organizations goals and objectives and this makes it difficult for organizations to remain viable (Dragnić, 2014). To be able therefore to stay ahead of competition, it's imperative for the organizations to continually scan the environment so that the organizations adjust their strategic responses to accommodate the demands of the environment (Ndung'u, Machuki & Murerwa, 2014). In view of the highly competitive market, companies must quickly grasp opportunities, respond to threats and out manoeuvre their rivals to endure and succeed (Thompson, Strickland & Gamble, 2010).

2.4 External Environment and Strategic Responses

Gachambi (2007) carried a study on SMEs strategic responses due to changes business external environment in Nairobi County. This study established that companies can apply various strategic responses to address changes in customer taste and preferences, product designs, distribution designs, government policies, organisation integration among others. The study revealed that even for successful companies strategic responses were crucial in assuring continued success.

Finley (2002) explored strategic responses to institutional pressures of a non-profit health organization using concepts from neo-institutional and resource dependency theories. The study revealed organizations have to contend with legitimacy issues from a variety of stakeholders. Organizational responses to these pressures involved the adoption of business practices, while attempting to maintain values and culture. Leadership was identified as a key variable that influenced the structural and strategic responses of the organization. The study concluded that when utilized in a complementary manner, institutional theory and resource

dependency theory offer insightful explanations about the adoption of business-like structures and strategies in a an organization.

2.5 Empirical Review

A review of the existing literature shows that Pogutz and Tyteca (2010) reviewed the dimensions of technological innovation as related to environmental pressures. The study indicated environmental challenges can be taken, in various ways, as the central focus on which business strategies can be elaborated. The study cited that environmental pressures can be addressed through various forms of environment-friendly innovations at three different levels, that is, the process, the product, and the system. It was concluded that in many instances, technological innovation induced by environmental issues not only yields advantages from an ecological standpoint, but also from an economic and strategic point of view.

Ahmad (2012) investigated the influence macro environment factors have on the health service strategy made by the hospital managers. This study focused on four factor macro environment factors with considerable influence in health service strategy in the hospitals. These factors include political/legal, economic, social/cultural, and technology. All Saudi general private sector hospitals in Western Region were targeted in this research. The results show significant differences in the influence of macro environment factors on health service strategy. Furthermore, the results show that the hospitals might benefit further by placing more emphasis on an integrated health service strategy and recognising the macro environment influences on their hospitals. The study concluded that the rapid changes in the Saudi private sector hospital environment have exerted significant pressures on the hospitals and they should pay attention to marketing strategies in general and health service strategy in particular.

Gichuki (2013) conducted a study to establish the strategic responses adopted by multinational companies in the cosmetics industry in Kenya to the changes in the environment. The study found out that there was high level of rivalry among cosmetic companies as each company struggles to out-perform its

competitors. Internal factors like management style and level of capital affected changes that took place in the companies. Cosmetic companies adopted different strategies in response to changes in their operating environment which ranged from outsourcing, retrenchment, product diversification, innovation, cost leadership, target marketing and enhanced customer care.

Macharia (2014) carried out a study to examine how Alliance Ginneries Company in Tanzania is strategically responding to challenges posed by the competitive environment. The study found out that the operating environment in the cotton industry is very dynamic and volatile. The study further concludes that Alliance Ginneries had adopted various strategies to respond to the environmental changes such as expansion into new regions, operation cost reduction, restructuring and outsourcing of non-core activities.

Matabishi (2015) conducted a study to determine the response strategies to environmental changes by International Award Foundation in Kenya. The study established that the changes in IAF environment include economic, technological, legal and social changes. For purposes of adopting the new environmental changes, IAF adopted information technology, organizational restructuring, differentiation strategy, strategic partnership, innovation strategy, organizational structure, resource mobilization, leadership and culture, and change management. The study recommended that IAF continually monitor its environment and swiftly modify its strategy to be able to respond correctly to the external environment.

In another study, Wasike (2015) investigated how Old Mutual Kenya has been responding to environmental changes while carrying it business. The study established that Old Mutual Kenya Limited has adopted strategies similar to those adopted by other players in the financial services sector although it has been more aggressive in some aspects. Changes in business environment that affect the operation of the organization were traditional and non-traditional competition, political instability, economic changes, technological changes, regulatory changes, changing customer needs, talent flight due to changing employees expectations, industry's poor reputation resulting in low penetration and changing customer needs. The study revealed that Old Mutual

Kenya responded to the business environment through mergers and acquisitions, product development and differentiation, aggressive brand campaigns, technology advancements and infrastructure refresh, business process automation, branch network and distribution expansion. The study also confirmed that the strategies adopted were effective and resulted in improved financial performance, enhanced brand visibility, better customer retention and diversified product offering.

Kamwere (2016) conducted a study on strategic responses to environmental challenges facing Faulu Bank in Kenya. The study found that the environmental challenges that faced Faulu bank were competition, obsolete technology, evolving customer needs, complying with regulatory requirements and political instability. It was observed that these challenges hindered Faulu bank's survival in environment and thus necessitated the bank to find strategies to deal with the situation. It was further found out that the main strategic responses adopted by Faulu bank to deal with environmental challenges included the adoption of product and service innovation, use of modern technologies, product differentiation, investing in research and development programmes, strategic talent management programme and training and development programme.

Moreover, Koech (2012) examined the strategic responses adopted by the commercial banks, and the intensity of the competitive forces to the banks operation. The findings revealed commercial banks in Kenya faced a number of challenges which includes high expectations from customers, high rate of competition, government rules, bureaucracy, marketing and high cost of operation. The study found out that commercial banks responded strategically to the competitive challenging environment through product differentiation, cost leadership and management, investment in technology, focus strategy and customer focus strategy. The study showed that there is a positive relationship between the competitive environment determined by the Porters five force and the strategies the commercial banks adopted to respond to the competitive environment.

2.5.1 Conceptual Framemework

The conctual framework shows the hypothesized relationship between variables in the study. As shown in Figure 1, the independent variable is External Environmental while the dependent variable is Strategic Responses.

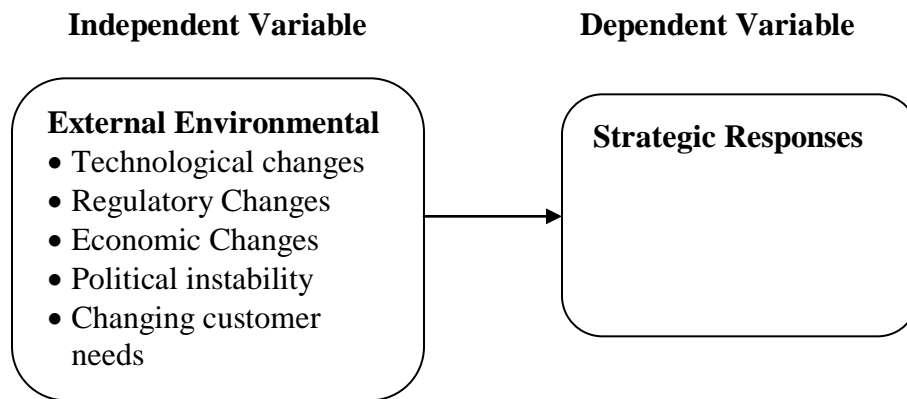


Figure 1: Conceptual Framework

2.6 Summary of Knowledge Gaps

Empirical literature that have been reviewed shows that several researches have been carried and investigated both globally and locally on strategic responses to environment factors such as political factors, legal, economic, social/cultural, and technology. However, most of these studies have been conducted in other forms of business other than in private hospitals, whose operations are quite different as compared to other forms of business who sell their products the market.

Globally, Ahmad (2012) looked at the strategic responses to macro environment factors by the private hospitals in Saudi. However, the findings of the proposed study cannot be generalized in the Kenyan context, since the operating environment of private hospitals in Saudi is different from that of Kenya. Locally, Wamae (2007) examined the adoption of strategic issue management by private hospitals in Nairobi; Sheikh (2014) also examined the influence of strategic management process and performance of M.P. Shah Hospital, a private hospital in Nairobi, Kenya. None of these studies has filled the gap that this proposed study seek to fill.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were put in place in finalising this research. This entailed a blueprint for the primary data collection, measurement and analysis of the primary data collected from the field. It covers the research design, study population, data collection methods and finally data analysis.

3.2 Research Design

The study made use of cross-sectional descriptive research design. This design is a research technique in which data are gathered by asking questions of respondents. The design is among the best techniques for conducting research in human backgrounds as a result of portraying accurate present evidences via data collection for answering questions to conclude the study (Williams, 2007).

The cross-sectional descriptive design incorporates both quantitative and qualitative analysis. It is therefore be appropriate for this study since it helps in collecting data through a questionnaire for the purposes of answering the question of the present position and describe the nature of existing circumstances of the focus under research.

3.3 Population of the Study

The study population was private hospitals in Nairobi City County. There are currently 349 private hospitals in Nairobi City County. The unit of observation were senior management staff, and specically the hospital administrators who are basically the head of operations for entire hospital, and who are responsible for the carrying the daily activities in running the hospital.

3.4 Sample Size and Sampling

A sampling frame refers to list of all items in any field of inquiry that constitute a population (Kothari, 2011). It constitutes the elements from which a sample is actually drawn. Kothari (2011) suggests that a sample size of at least 30% is considered acceptable. Using this method, the study therefore picked a sample of 30% from the target population of 349, to give a sample size of 105 private hospitals. The managers or Hospital administrators or their equivalent were picked randomly.

3.5 Data Collection

The study collected primary data through use of a questionnaire to test for validity and reliability. The questionnaire had both closed and open ended questions. It was divided into three sections. Section one gathered information on demographic information of the respondents, section two covered questions on external environment challenges affecting the private hospitals in Nairobi City County while section three sought information on the strategic responses adopted by the private hospitals in Nairobi city County. The data was collected from the management staff since they are the ones who develop and oversee the implementation of the strategic responses; they are deemed informed to give reliable information on the research problem. A drop and pick method was used in the questionnaire distribution.

The use of questionnaires were considered as the appropriate data collection instrument for this study since they provide a high degree of data standardization, they are relatively quick to collect information from people in a non-threatening way and they are cheap to administer. Questionnaires are also able to give a detailed answer to complex problems (Kombo & Tromp, 2009).

3.6 Data Analysis

The primary data data was first edited, then coded, and finally entered into Statistical Package for Social Sciences (SPSS) Version 21, which also aided in data analysis. The data was analyzed using descriptive statistics to enable the researcher to summarize and organize data in an effective and meaningful way. frequencies, percentages, mean and standard deviation were derived using descriptive statistics.

Content analysis was used to analyse qualitative data and findings presented in the different thematic areas in a prose form.

CHAPTER FOUR: DATA ANALYSIS , FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents an analysis of primary data collected from the field. The data was analysed using SPSS version 23. Tables and figures were used to present data for easier interpretation.

4.2 Presentation of Findings

These are flow diagrams and tables that show the methods used to present data outcomes.

4.2.1 Response Rate

Table 4.1 Response Rate

Category	Frequency	Percentage (%)
Response	47	44
No Response	58	56
Total	105	100

Source: Research data (2018)

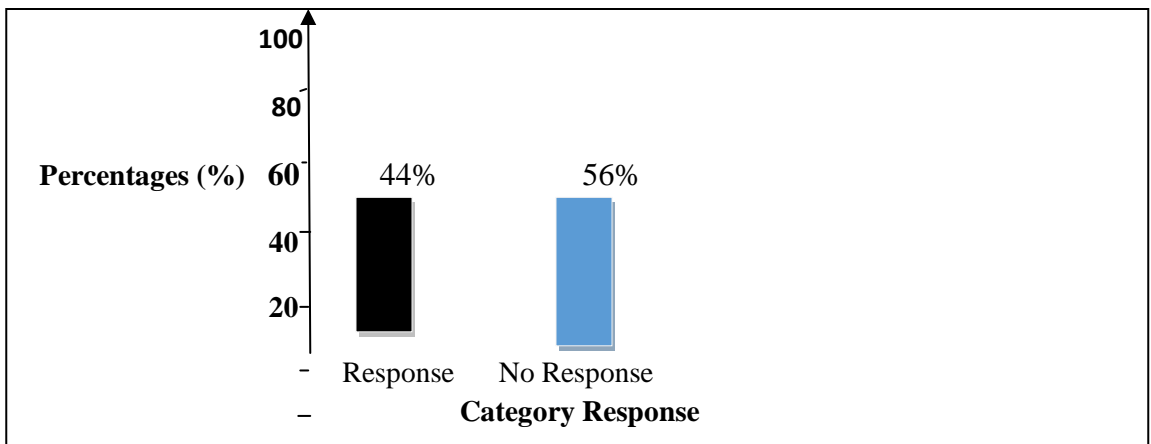


Figure 4.1 Response Rate

Source Research data (2018)

As indicated on table 4.1 and figure 4.1, the response rate was at 44%. This was achieved through the researcher presenting the questionnaires to the respondents and frequent reminders via mobile phones.

4.2.2 Gender Response

Category	Frequency	Percentage
Male	40	86
Female	7	14
Total	47	100

Source: Research data (2018)

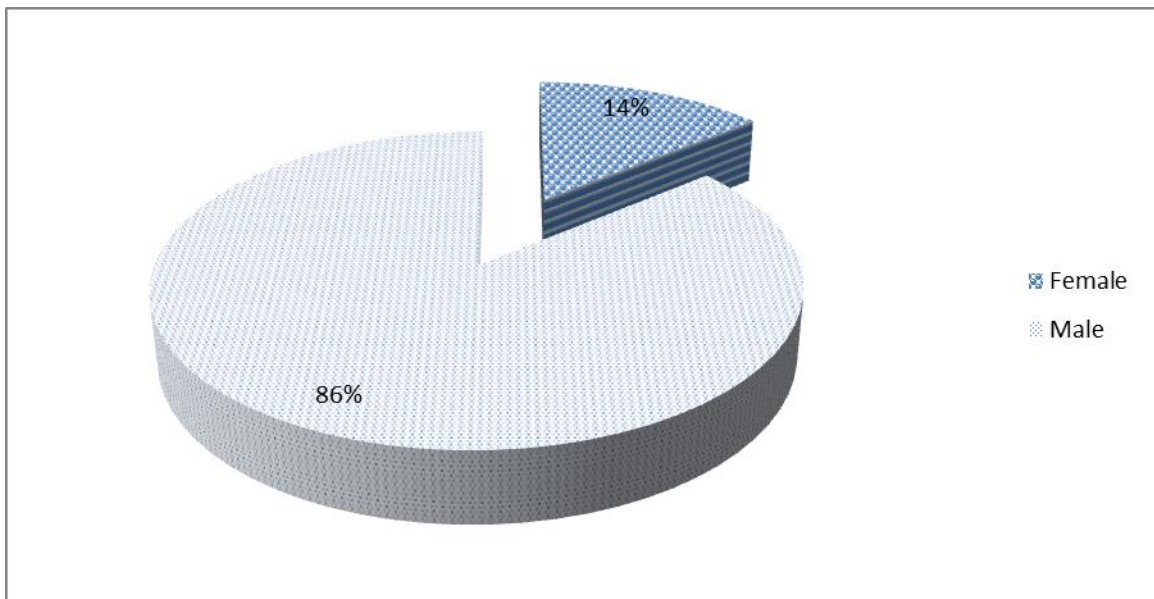


Figure 4.2 Gender Response

Source: Research data (2018)

As indicated in table 4.2 and figure 4.2, majority of the respondents as represented by 86% were male while 14% were female. The study was represented by both genders and therefore never suffered gender bias.

4.2.3 Age Response

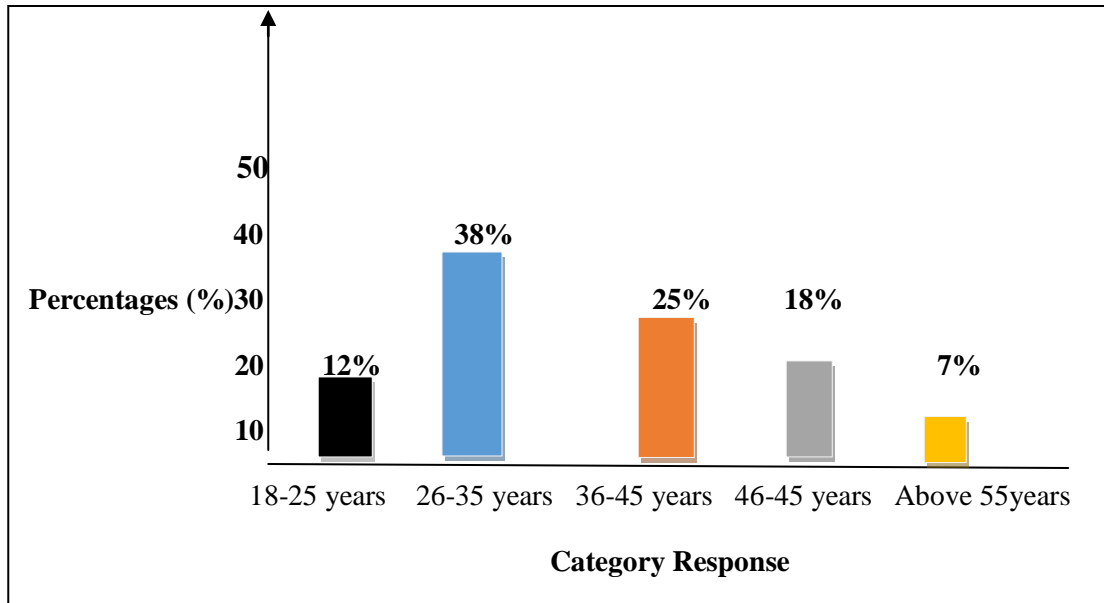


Figure 4.3 Age Responses
Source: Research data (2018)

The respondents age is represented by figure 4.3. Majority of the respondents were between 26 and 35 years, followed by those who were between 36 and 45 years. Respondents above 55 years were the least represented as shown by a response rate of 7%.

4.2.4 Years of Operation

Category	Frequency	Percentage (%)
Less than 5 Years	0	0
5-10 Years	10	21
11-15 Years	30	64
16-20 Years	3	6
Above 20 Years	4	9
Total	47	100

Table 4.2 Years of Operation

Source: Research data (2018)

Figure 4.4 Years of Operation

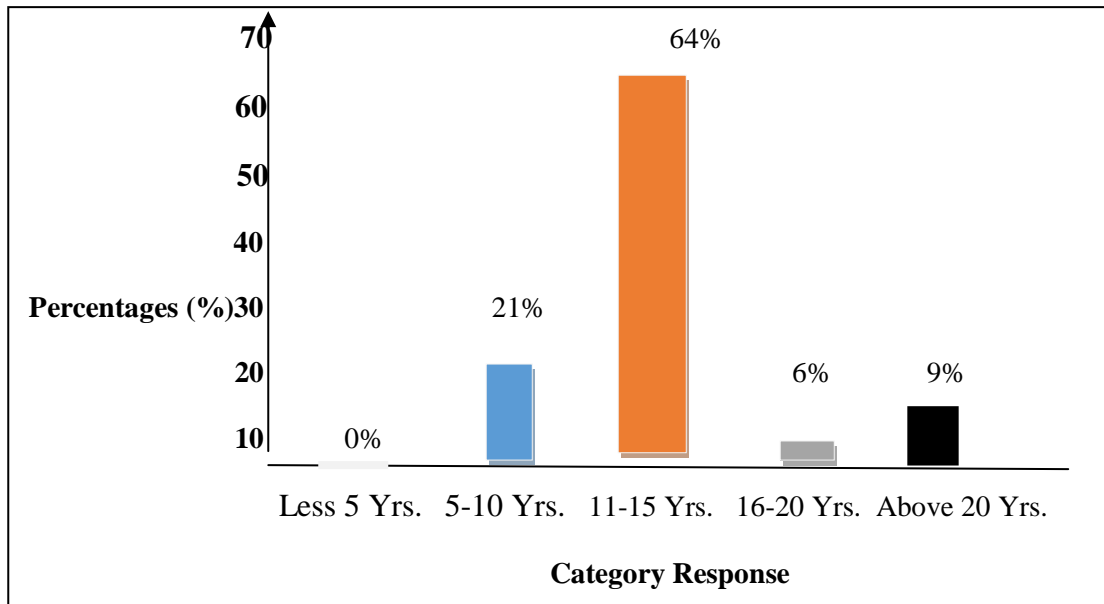


Figure 4.5 Years of Operation

Source: Research data (2018)

On the years of operations, majority of the respondents stated between 11 to 15 years as represented by a 64%. This was followed by 5 to 10 years as represented by 21%. Above 20 years came third as represented by 9%. Respondents between 16 to 20 years were represented by 6% while no respondents indicated less than 5%.

4.2.5 Years of Experience

Category	Frequency	Percentage
Less 5 years	17	36
5-10 years	13	28
11-15 years	11	24
16-20 years	4	8
Above 20 Yrs.	2	4
Total	47	100

Table 4.3 Years of Experience

Source: Research data (2018)

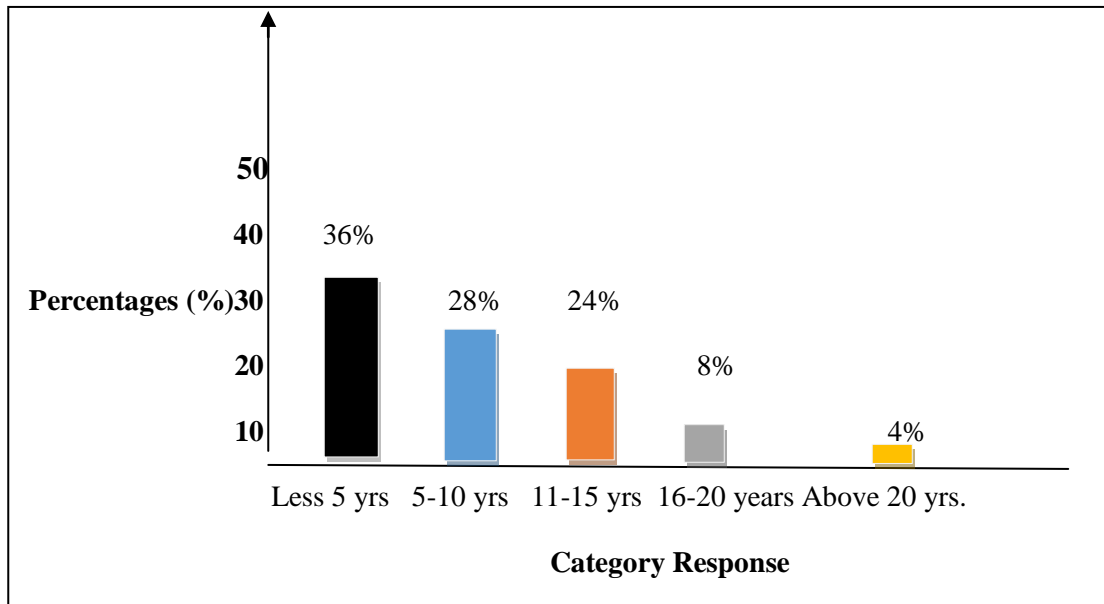


Figure 4.6 Years of Experience

Source: Research data (2018)

As shown in Table 4.5 and Figure 4.5 majority of the respondents had an experience of less than 5 years as shown by 36% response rate, 28% indicated 5 to 10 years, 24% indicated 11 to 15 years, 8% indicated 16 to 20 years while only 4% indicated above 20 years.

4.2.6 Response rate to whether there are environmental challenges.

Table 4.4 Response rate to whether there are environmental challenges.

Response	Frequency	Percentage (%)
Yes	45	96
No	2	4
Total	47	100

Table 4.5 Response rate to whether there are environmental challenges.

Source: Research data (2018)

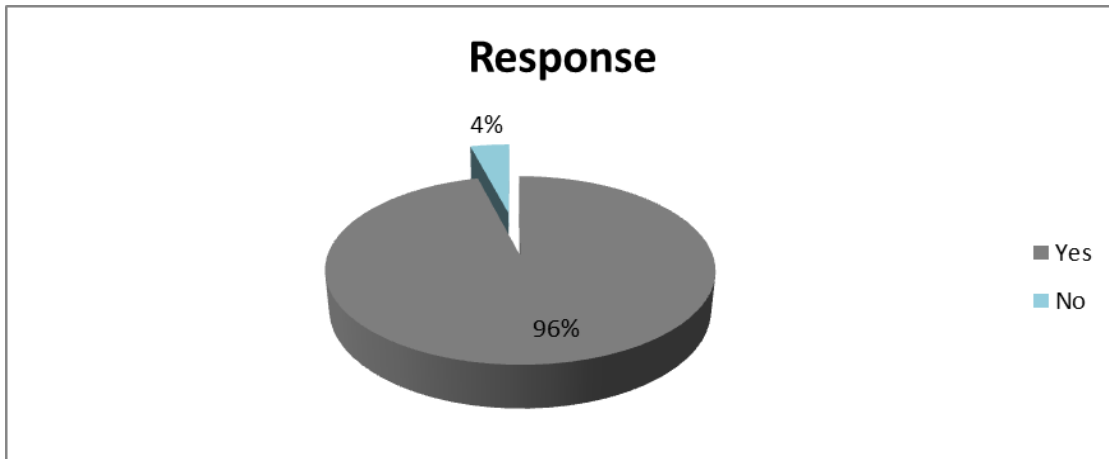


Figure 4.7 Response rate to whether there are environmental challenges.

Source: Research data (2018)

The table 4.6 and figure 4.6 represents the study findings on whether there are environmental challenges on strategic responses of private hospitals in Nairobi city. The response of 96% indicated yes there are while 4% indicated that there aren't any. By comparing the two, it can be noted that there are environmental challenges on strategic responses of private hospitals in Nairobi city county.

Category	Frequency	Percentage (%)
Very Great Extent	23	48
Great Extent	10	21
Moderate Extent	7	15
Small Extent	5	12
No at All	2	4
Total	47	100

Table 4.6 Extent to which enviromental challenges affects strategic responses of private hospitals in nairobi city county.

Source: Research data (2018)

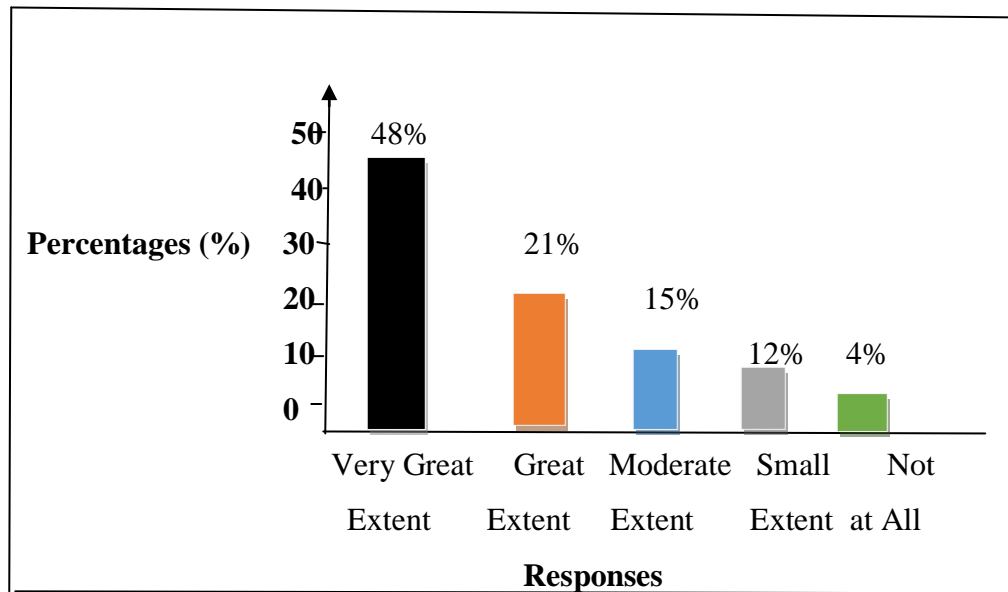


Figure 4.8 Extent to which enviromental challenges affects strategic responses of private hospitals in nairobi city county.

Source: Research data (2018)

Table 4.7 and figure 4.7 indicate that 48% were of the opinion that environmental challenges impacts strategic responses of private hospitals in nairobi city county, 21% great extent, 15% to a moderate extent and 12% had small extent on strategic responses of private hospitals in nairobi city county. Not at all had 4%. The researcher asked the respondents to indicate of what importance the following as an aspect of environmental challenges influence the strategic responses in their organization

Importance	Frequency	Percentage
Less importance	4	9
Moderate importance	6	13
Great importance	24	51
Very great importance	13	28
Total	47	100

Table 4.7 Technological changes

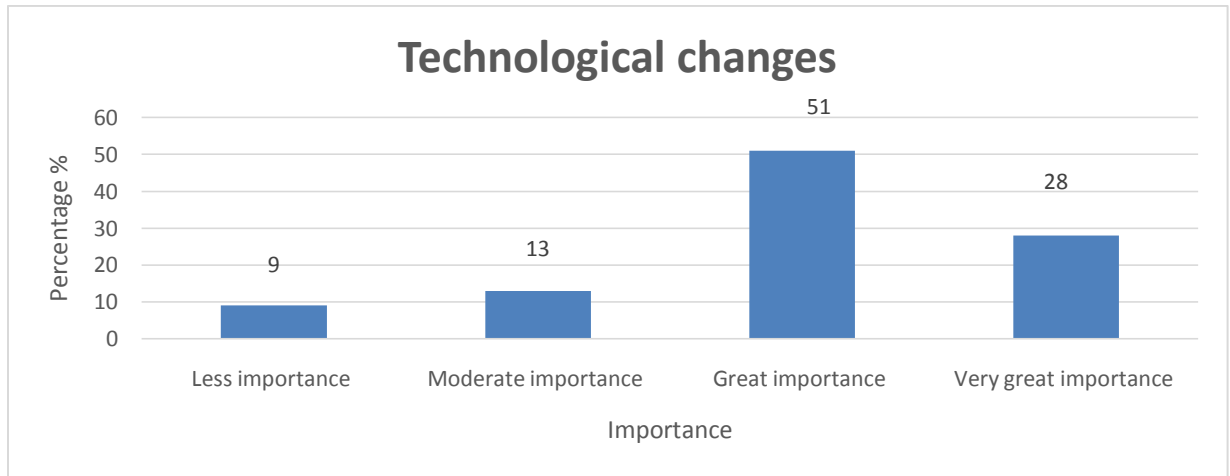


Figure 4.9 Technological changes

As shown in the table and figure, 51% of the respondents indicated that technological change to a great importance was a factor influencing the strategic responses in their organization, 28% indicated that it was of very great importance, 13% indicated that it was of moderate importance and 9% indicated that it was of less importance.

Regulatory Changes – e.g. Tax policy

Agreement	Frequency	Percentage
Strongly Disagree	1	2
Disagree	6	13
Neutral	8	17
Agree	20	43
Strongly agree	12	26
Total	47	100

Table 4.8 Level of agreement according to Regulatory changes

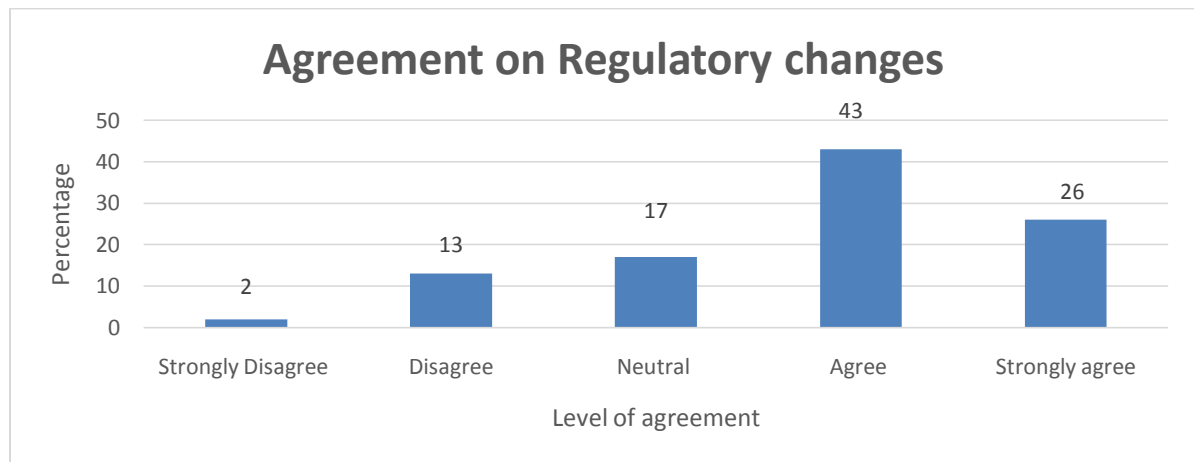


Figure 4.10 Level of agreement according to Regulatory changes

As was shown in the table and figure the study indicated that, 43% of the respondents agreed that regulatory change influence the strategic responses in the organization, 26% strongly agreed, 17% were neutral, 13% disagreed and 2% strongly disagreed.

Economic changes	Frequency	Percentage
Less importance	1	3
Moderate importance	4	9
Great importance	25	53
Very great importance	17	36
Total	47	100

Table 4.9 Economic Changes

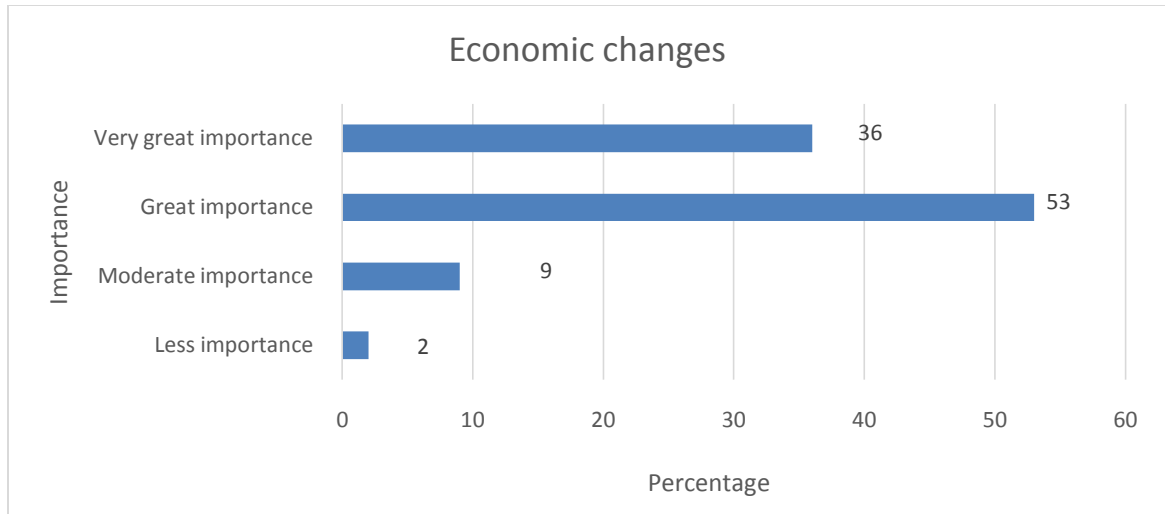


Figure 4.11 Economic Changes

As was shown in the table and figure, 53% of the respondents indicated that to a great importance economic changes was a factor influencing the strategic responses in their organization, 36% indicated that it was of very great importance, 9% indicated that it was of moderate importance and 2% indicated that it was of less importance.

Agreement on Political instability	Frequency	Percentage
Strongly Disagree	2	4
Disagree	6	13
Neutral	8	17
Agree	19	40
Strongly agree	12	26
Total	47	100

Table 4.10 Political instability Importance

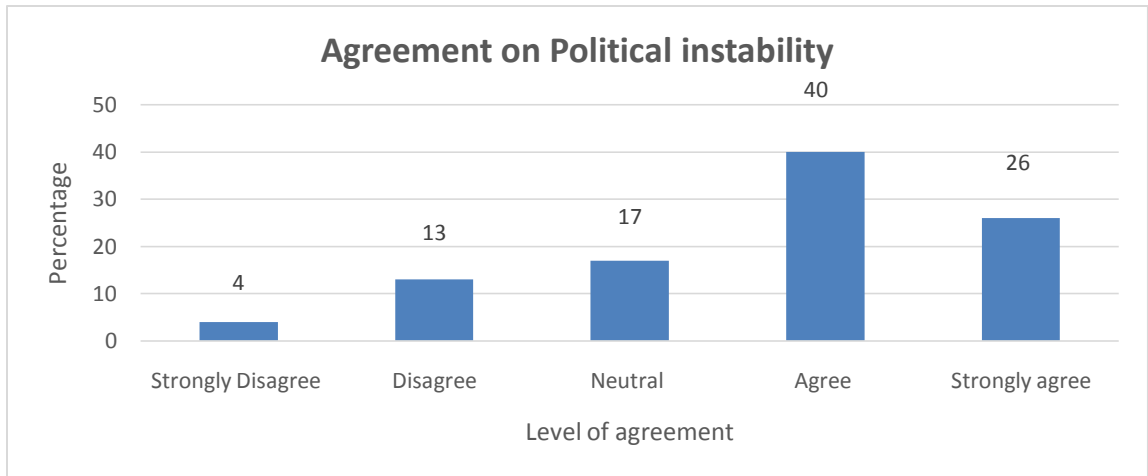


Figure 4.12 Political instability Importance

As was shown in the table and figure the study indicated that, 40% of the respondents agreed that political instability influence the strategic responses in the organization, 26% strongly agreed, 17% were neutral, 13% disagreed and 4% strongly disagreed.

Changing customer needs	Frequency	Percentage
Less importance	5	11
Moderate importance	9	19
Great importance	15	32
Very great importance	18	38
Total	47	100

Table 4.11 Changing customer needs

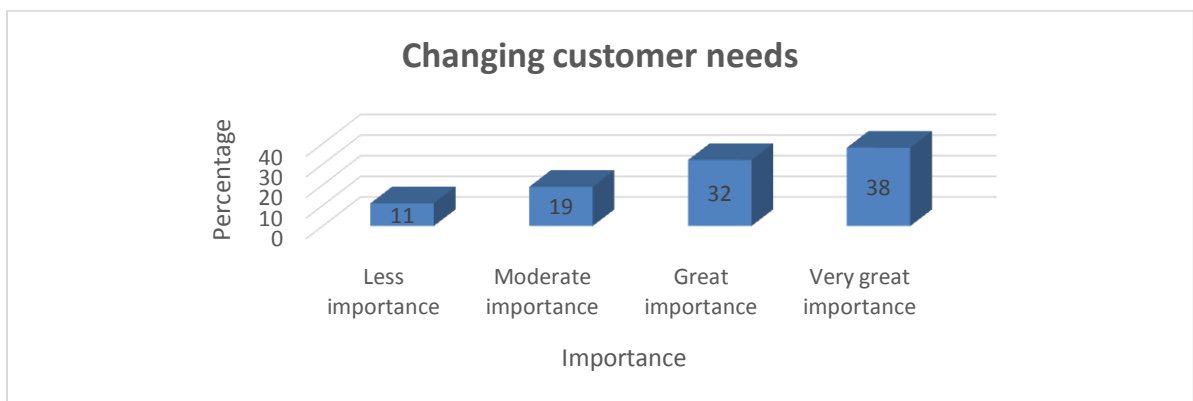


Figure 4.13 Changing customer needs

As was shown in the table and figure, 38% of the respondents indicated that to a very great importance changing customer needs was a factor influencing the strategic responses in their organization, 32% indicated to a great importance, 19% indicated to a moderate importance and 11% indicated to less importance.

Agreement on new entrants and competitors	Frequency	Percentage
Strongly Disagree	2	4
Disagree	3	6
Neutral	6	13
Agree	23	49
Strongly agree	13	28
Total	47	100

Table 4.12 New entrants and competitors in to the market/industry

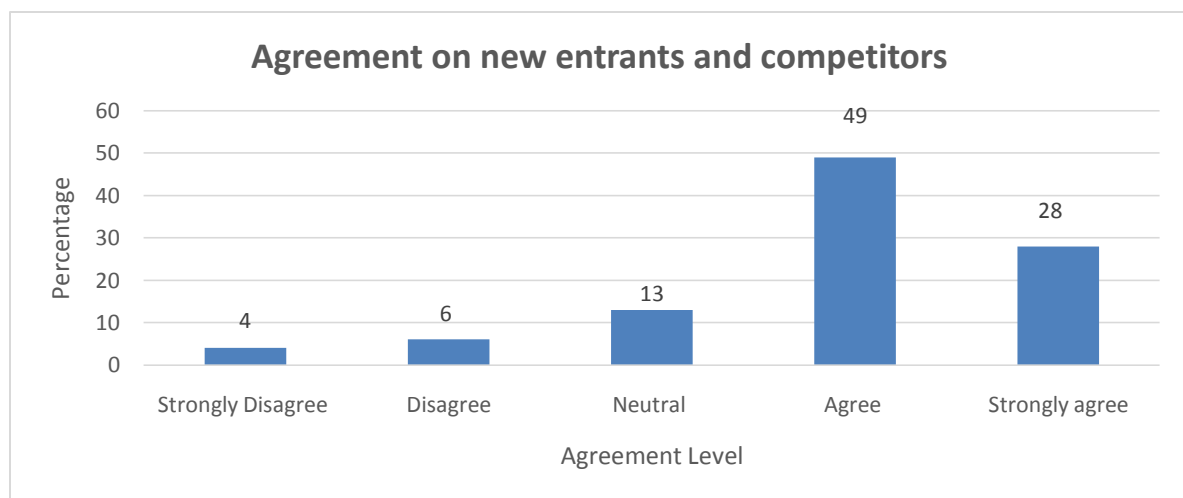


Figure 4.14 New entrants and competitors in to the market/industry

As was shown in the table and figure the study indicated that, 49% of the respondents agreed that new entrants and competitors in to the market/industry influence the strategic responses in the organization, 28% strongly agreed, 13% were neutral, 6% disagreed and 4% disagreed.

Importance of employment laws	Frequency	Percentage
Less importance	3	6
Moderate importance	7	15
Great importance	26	55
Very great importance	11	23
Total	47	100

Table 4.13 Employment laws

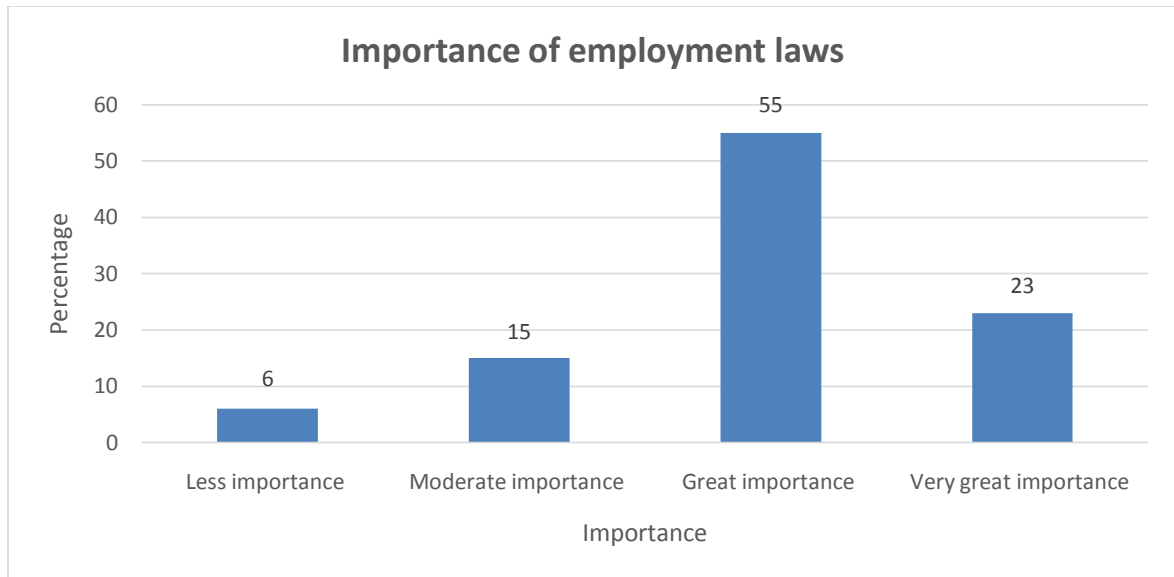


Figure 4.15 Employment laws

As was shown in the table and figure, 55% of the respondents indicated that to a great importance employment law was a factor influencing the strategic responses in their organization, 23% indicated that it was of very great importance, 15% indicated that it was of moderate importance and 6% indicated that it was of less importance.

Trade restriction importance	Frequency	Percentage
Less importance	4	9
Moderate importance	9	19
Great importance	22	47
Very great importance	12	26
Total	47	100

Table 4.14 Trade restrictions importance

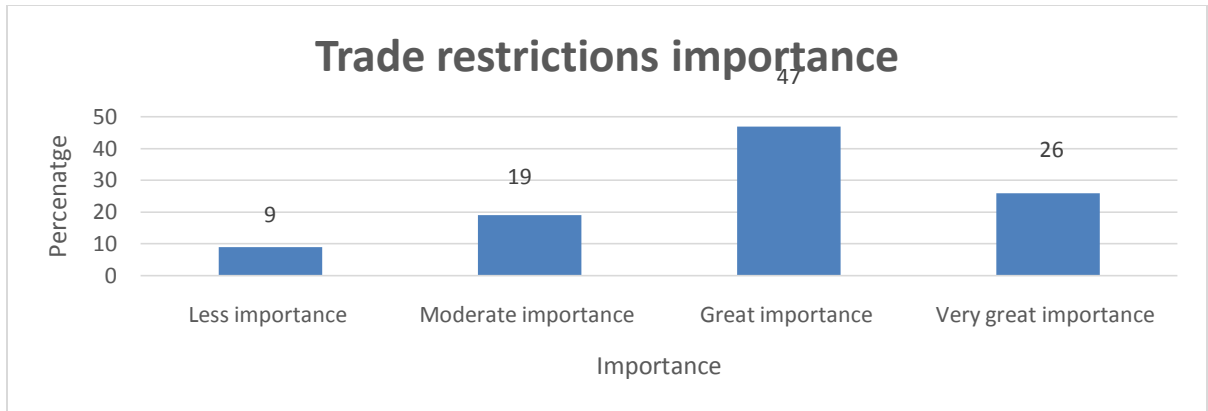


Figure 4.16 Trade restrictions importance

As was shown in the table and figure, 47% of the respondents indicated that to a great importance trade restriction was a factor influencing the strategic responses in their organization, 26% indicated that it was of very great importance, 19% indicated that it was of moderate importance and 9% indicated that it was of less importance.

Social and cultural factors Importance	Frequency	Percentage
Less importance	1	2
Moderate importance	2	4
Great importance	28	60
Very great importance	16	34
Total	47	100

Table 4.15 Social and cultural factors in your market of operation

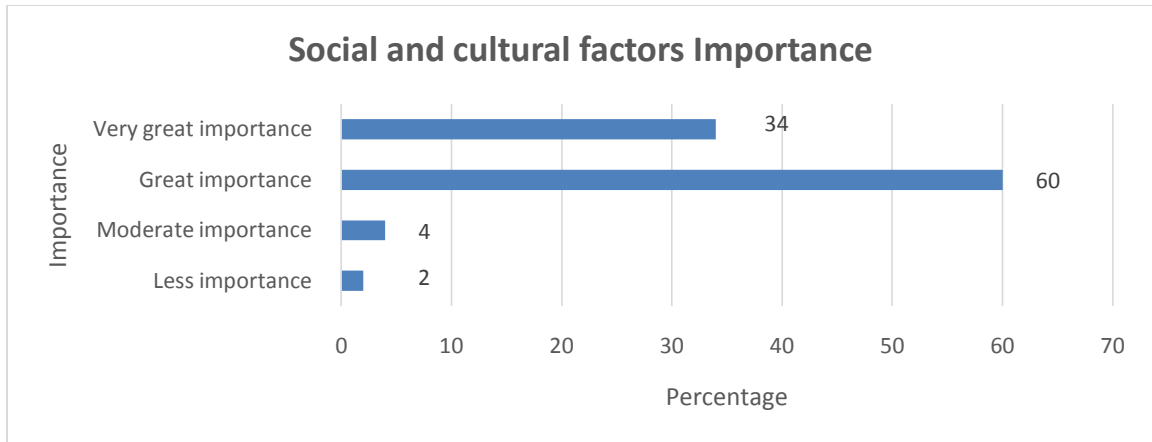


Figure 4.17 Social and cultural factors in your market of operation

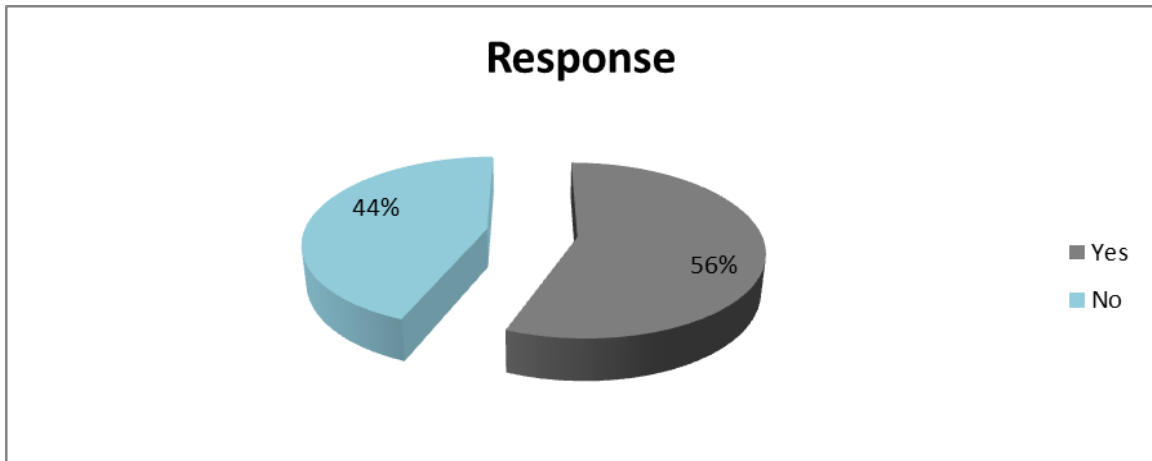
As was shown in the table and figure, 60% of the respondents indicated that to a great importance social and cultural factors in the market of operation was a factor influencing the strategic responses in their organization, 34% indicated that it was of very great importance, 4% moderate extent and 2% indicated that it was of less importance.

4.2.8 Response rate to whether there are strategic responses.

Response	Frequency	Percentage
Yes	26	56
No	21	44
Total	47	100

Table 4.16 Response rate to whether there are strategic responses.

Source: Research data (2018)



Source: Research data (2018)

The table 4.8 and figure 4.8 indicate the response got from the respondents on whether there are strategic responses towards external environmental changes. In this regard 56% agreed while 44% disagreed that there are strategic responses towards external environmental changes.

Category	Frequency	Percentage (%)
Very Great Extent	20	43
Great Extent	3	6
Moderate Extent	2	4
Small Extent	1	2
Not at All	21	45
Total	47	100

Table 4.17 Extent to which strategic responses impacts environmental changes in private hospitals in nairobi city county.

Source: Research data (2018)

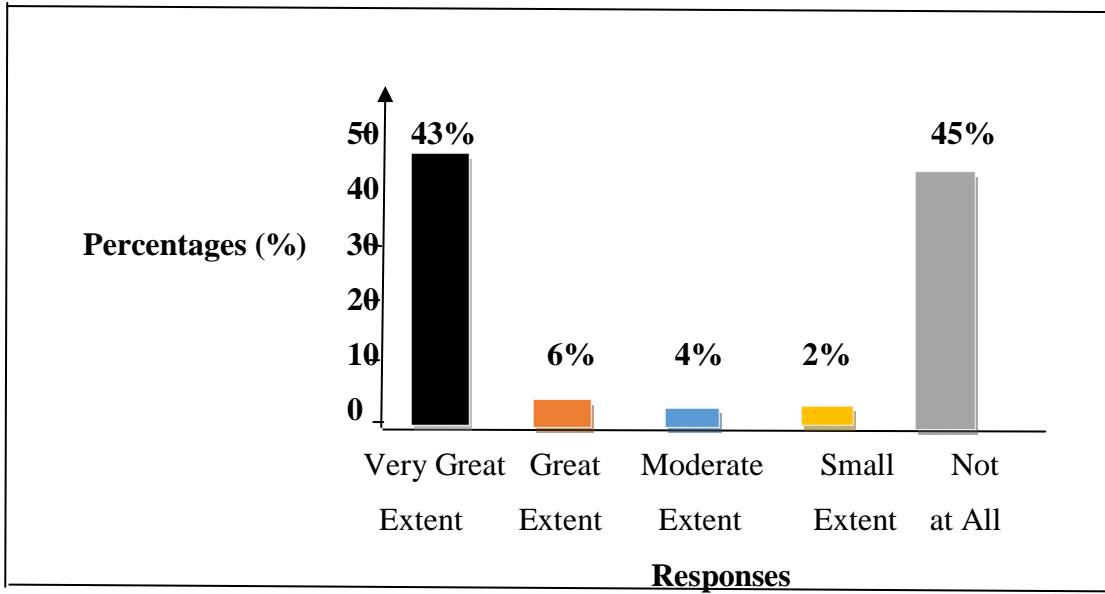


Figure 4.18 Extent to which strategic responses impacts environmental changes in private hospitals in nairobi city county.

Source: Research data (2018)

Table 4.9 and figure 4.9 indicate that 43% were of the opinion that strategic response impacts environmental changes in private hospitals in nairobi city county to a very great extent, 6% were of the opinion that it has a great effect, 4% moderate effects, 2% small extent and no effect had 45%.

Table 4.18 Innovate and expand into new markets

Respondents were asked to indicate the extent to which their organization was innovating and expanding into new markets.

Extent on innovation and expansion	Frequency	Percentage
Little extent	4	9
Moderate extent	9	19
Great Extent	23	49
Very great extent	11	23
Total	47	100

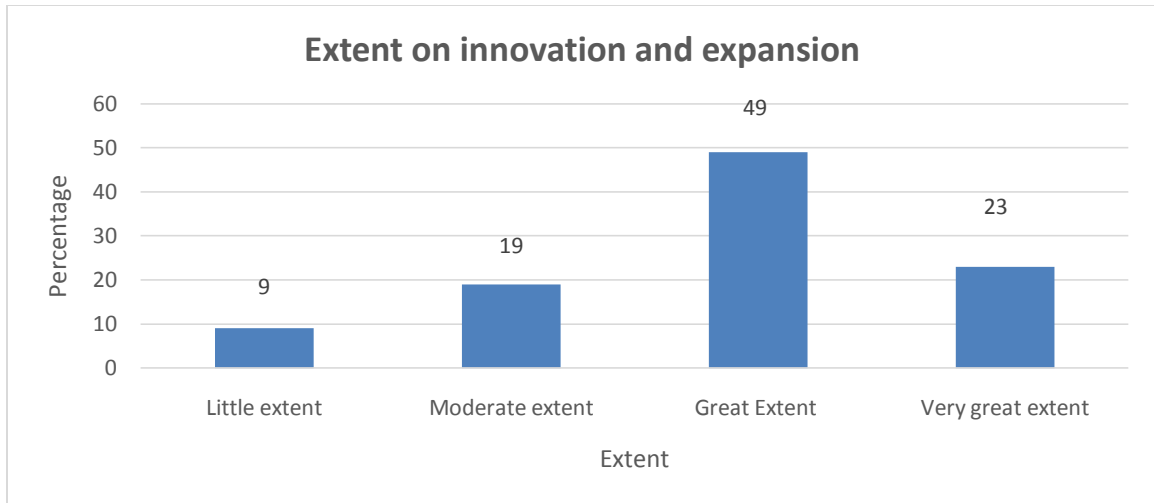


Figure 4.19 Innovate and expand into new markets

As was shown in the table and figure, 49% of the respondents indicated that to a great extent that their organization was innovative and expanding to new markets in a strategic move. Further, 23% indicated to a very great extent while only 9% indicated to a little extent.

Table 4.19 Retrenchment of staff to cut operating costs

Extent of Retrenchment of staff	Frequency	Percentage
Little extent	5	11
Moderate extent	9	19
Great Extent	22	47
Very great extent	11	23
Total	47	100

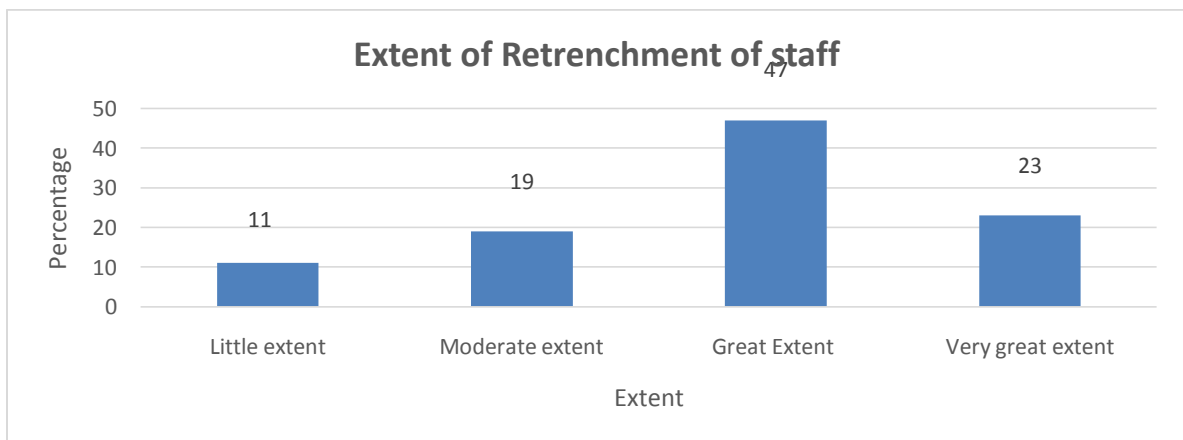


Figure 4.20 Retrenchment of staff to cut operating costs

As was shown in the table and the figure 47% of the respondents indicated that to a great extent that their organization was adopting retrenchment of staff to cut operating costs as a strategic measure and only 11% of the respondents indicated to a little extent.

Table 4.20 Diversifying into other products/services.

Extent in Diversifying into other products/services	Frequency	Percentage
Little extent	3	6
Moderate extent	8	17
Great Extent	24	51
Very great extent	12	26
Total	47	100

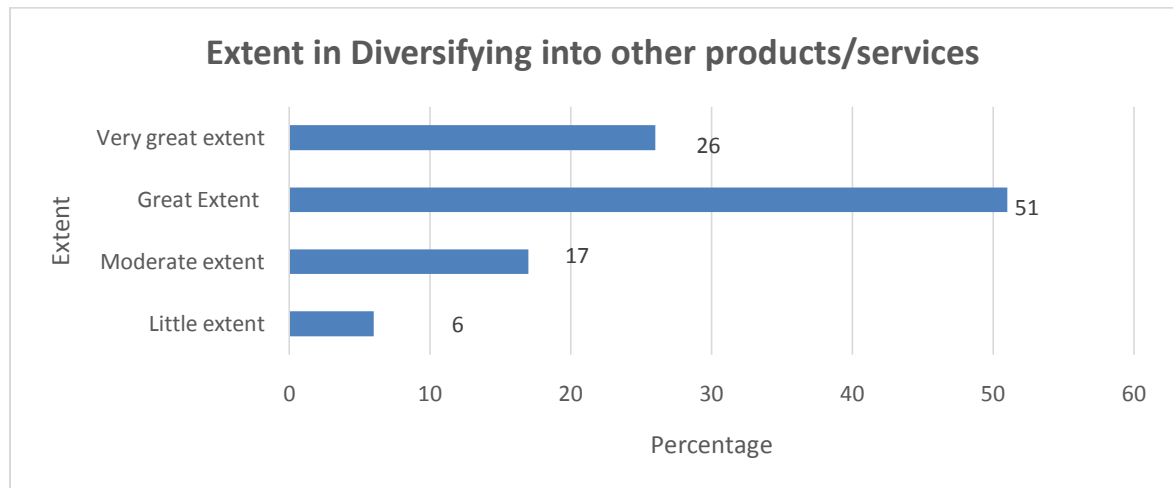


Figure 4.21 Diversifying into other products/services.

As was shown in the table and the figure, 51% of the respondents indicated that to a great extent the company is diversifying into other products/ services, 26% indicated to a very great extent.

Extent on Product and service innovation.	Frequency	Percentage
Little extent	4	9
Moderate extent	9	19
Great Extent	16	34
Very great extent	18	38
Total	47	100

Table 4.21 Product and service innovation.

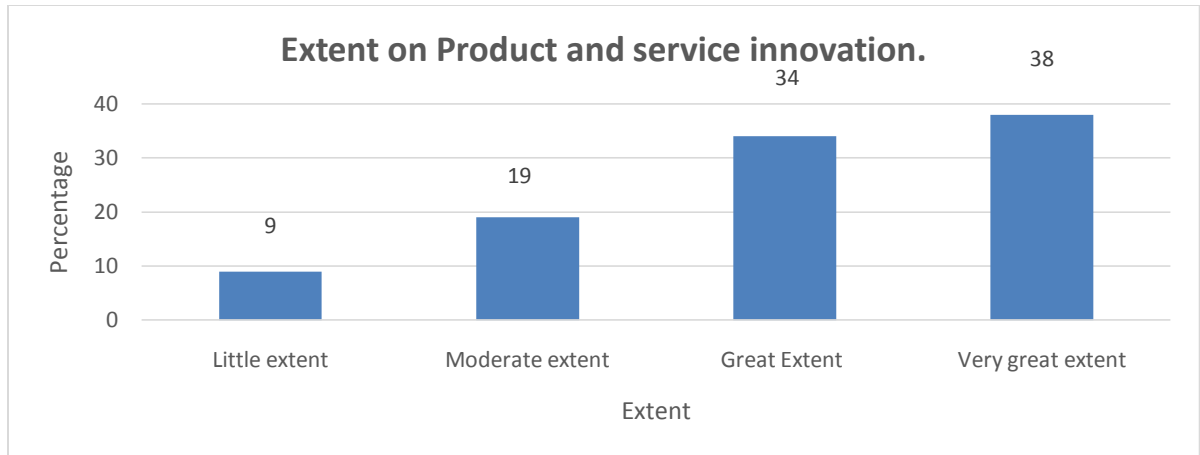


Figure 4.22 Product and service innovation.

As was shown in the table and the figure, 38% of the respondents indicated that to a very great extent the company is undertaking product and service innovation as a strategic measure. This was followed by 34% who indicated to a great extent and only 9% of the respondents indicated to a little extent.

Extent of Closing some branches	Frequency	Percentage
Little extent	2	4
Moderate extent	7	15
Great Extent	24	51
Very great extent	14	30
Total	47	100

Table 4.22 Closing some branches/ establishments

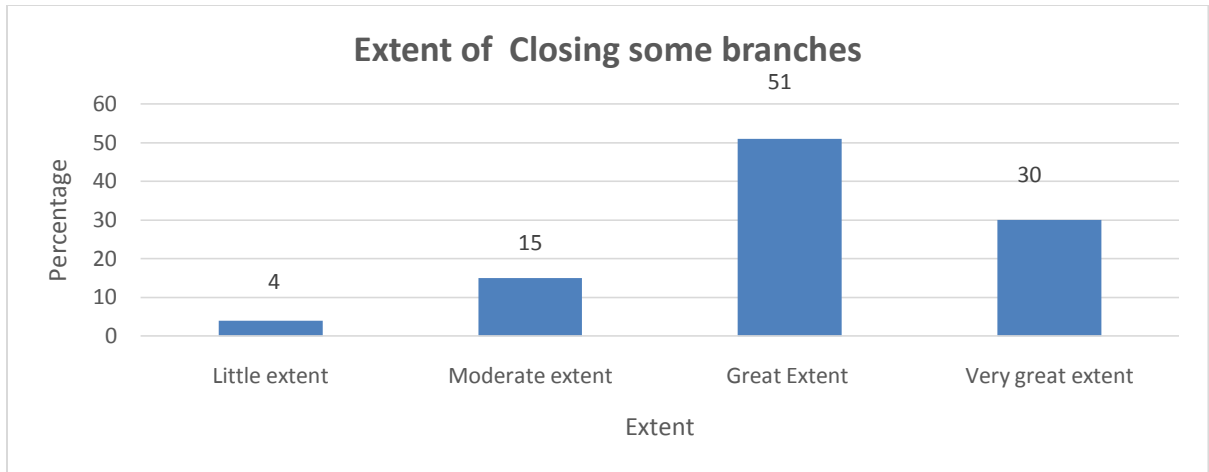


Figure 4.23 Closing some branches/ establishments

As was shown in the table and the figure, 51% of the respondents indicated that to a great extent the organization is closing some branches/ establishments as a strategic measure.

Extent of Adopting modern technology	Frequency	Percentage
Little extent	6	13
Moderate extent	9	19
Great Extent	19	40
Very great extent	13	28
Total	47	100

Table 4.23 Adopting modern technology in hospital operations to enhance efficiency

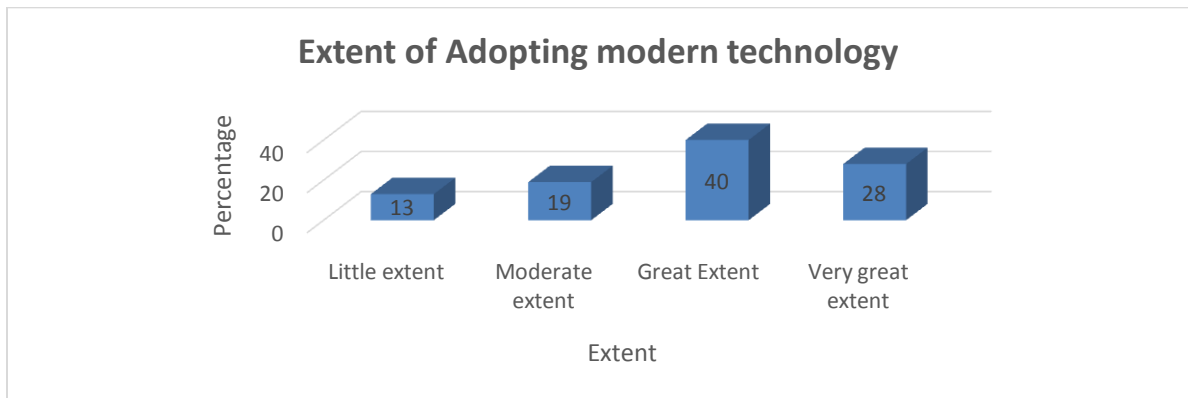


Figure 4.24 Adopting modern technology in hospital operations to enhance efficiency

As was shown in the table and the figure, 40% of the respondents indicated that to a great extent the hospital is adopting modern technology in operations as a strategic measure. Further, 28% of the respondents stated to a very great extent, followed by a 19% response rate that stated to a moderate extent and only 13% of the respondents indicated to a little extent.

Extent on reducing operational expenses and costs	Frequency	Percentage
Little extent	5	11
Moderate extent	8	17
Great Extent	23	49
Very great extent	11	23
Total	47	100

Table 4.24 Reducing operational expenses and costs (e.g. outsourcing)

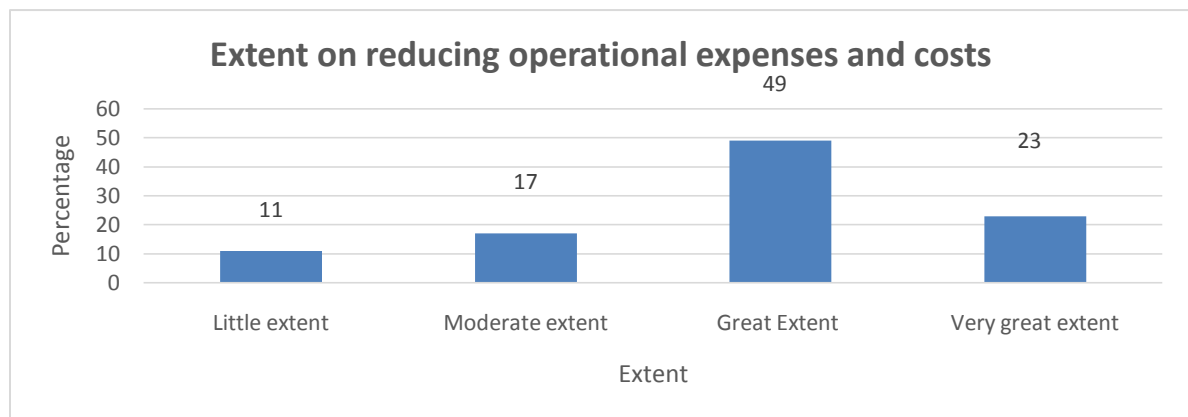


Figure 4.25 Reducing operational expenses and costs (e.g. outsourcing)

As was shown in the table and the figure above, a response rate of 49% had the great extent response that organization is reducing operational costs and expenses as strategic response, 23% indicated that to a great extent, 17% indicated to a moderate extent and 11% indicated to a little extent.

Importance of resources within the	Frequency	Percentage
---	------------------	-------------------

organization disposal		
Less important	3	6
Moderate important	6	13
Great importance	21	45
Very great importance	17	36
Total	47	100

Table 4.25 Importance of resources within the organization disposal

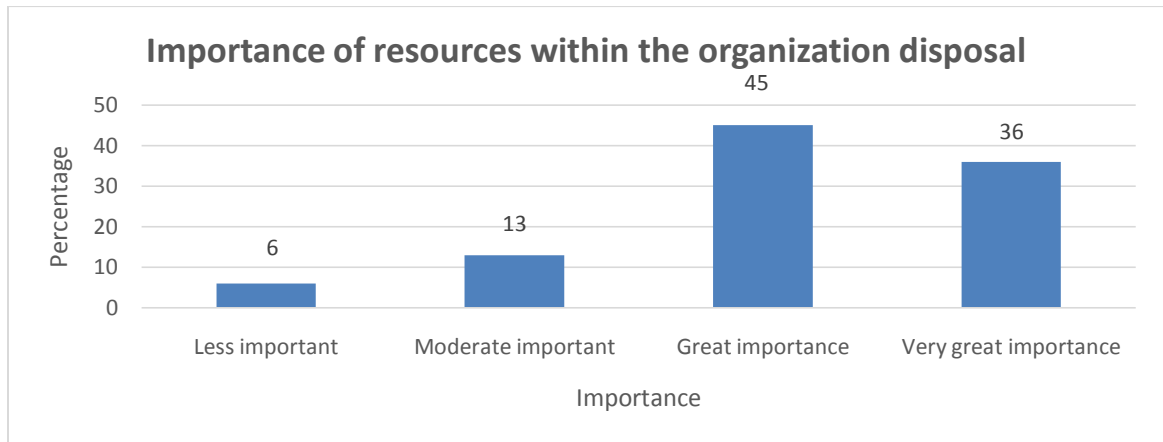


Figure 4.26 Importance of resources within the organization disposal

As was shown in the table and figure, 45% respondents indicated that it was of great importance concerning the resources within the organization disposal, 36% indicate that it was of very great importance, 13% indicated that it was of moderate importance and 6% indicated that it was of less important.

Importance of resources within the organization disposal	Frequency	Percentage
Less important	5	11
Moderate importance	9	19
Great Importance	16	34
Very great importance	17	36
Total	47	100

Table 4.26 Organization internal priorities, risk avoidance and internal efficiency

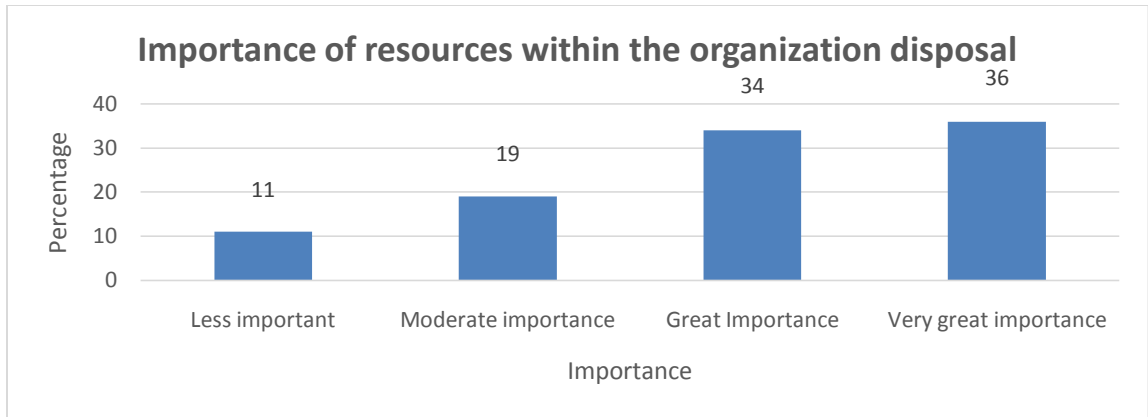


Figure 4.27 Organization internal priorities, risk avoidance and internal efficiency

As was shown in the table and figure, 36% respondents indicated that it was of very great importance concerning organization internal priorities, risk avoidance and internal efficiency, 34% indicated that it was of great importance, 19% indicated that it was of moderate importance and 11% indicated that it was of less importance.

Extent in which Desire for growth and influence on the market	Frequency	Percentage
Low extent	2	4
Moderate extent	9	19
Great extent	22	47
Very great extent	14	30
Total	47	100

Table 4.27 Desire for growth and influence on the market

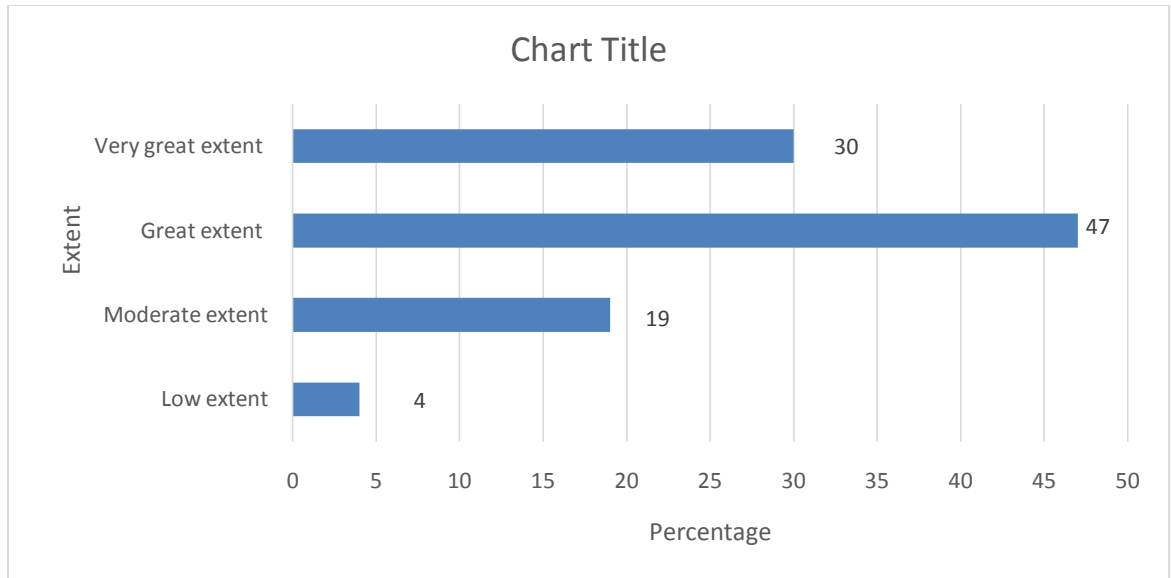


Figure 4.28 Desire for growth and influence on the market

As was shown in the table and the figure 47% of the respondents indicated that organization desire for growth and influence on the market by a great extent influence the strategies adopted by the organization, 30% stated to very great extent. This was followed by 19% whose their level of agreement was moderate extent while only 4% who stated low extent.

Importance of Available strategic choices and low influence from environment	Frequency	Percentage
Less important	5	11
Moderate importance	9	19
Great importance	22	47
Very great importance	11	23
Total	47	100

Table 4.28 Available strategic choices and low influence from environment

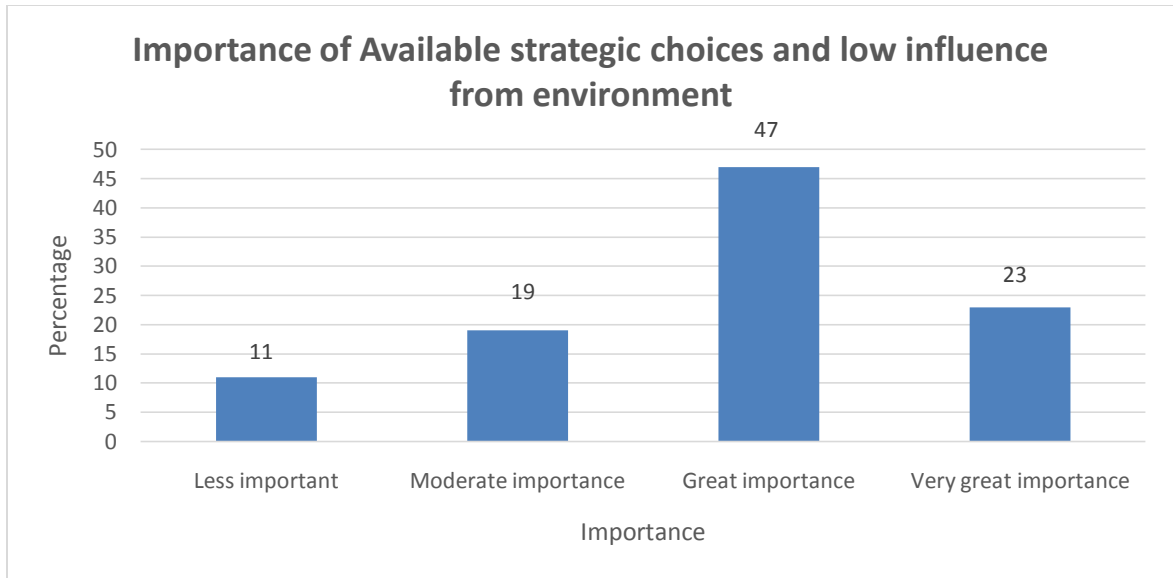


Figure 4.29 Available strategic choices and low influence from environment

As was shown in the table and figure, 47% of the respondents indicated that it was of very great importance concerning the available strategic choices and low influence from environment. This was followed by 23% of the respondents who stated great importance. Those who stated moderate importance were represented by 19 while only 11% stated to be of less important.

Importance of Emerging market opportunities	Frequency	Percentage
Less important	6	13
Moderate importance	9	19
Great importance	18	38
Very great importance	14	30
Total	47	100

Table 4.29 Emerging market opportunities

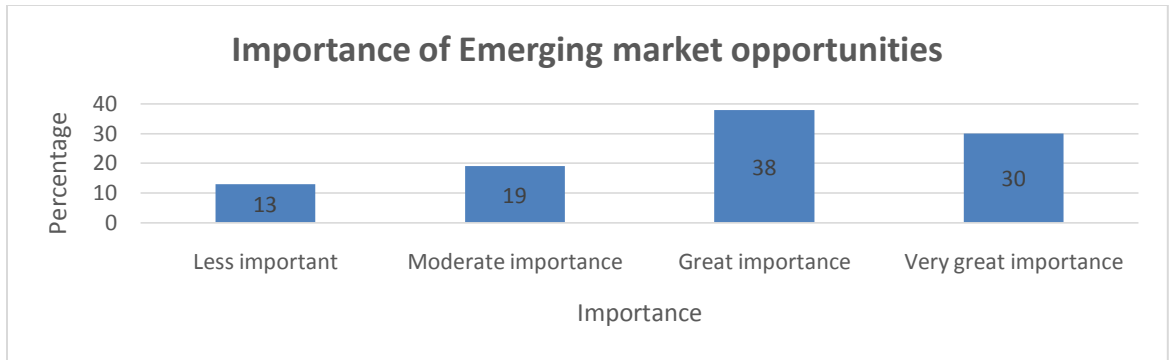


Figure 4.30 Emerging market opportunities

As was shown in the table and figure, 38% of the respondents indicated that it was of very great importance concerning emerging market opportunities, 30% indicated that it was of very great importance, 19% indicated that it was of moderate importance and 13% indicated that it was less important.

Importance of Scanning the external environment for threats and trends	Frequency	Percentage
Less important	4	9
Moderate importance	6	13
Great importance	19	40
Very great importance	18	38
Total	47	100

Table 4.30 Scanning the external environment for threats and trends

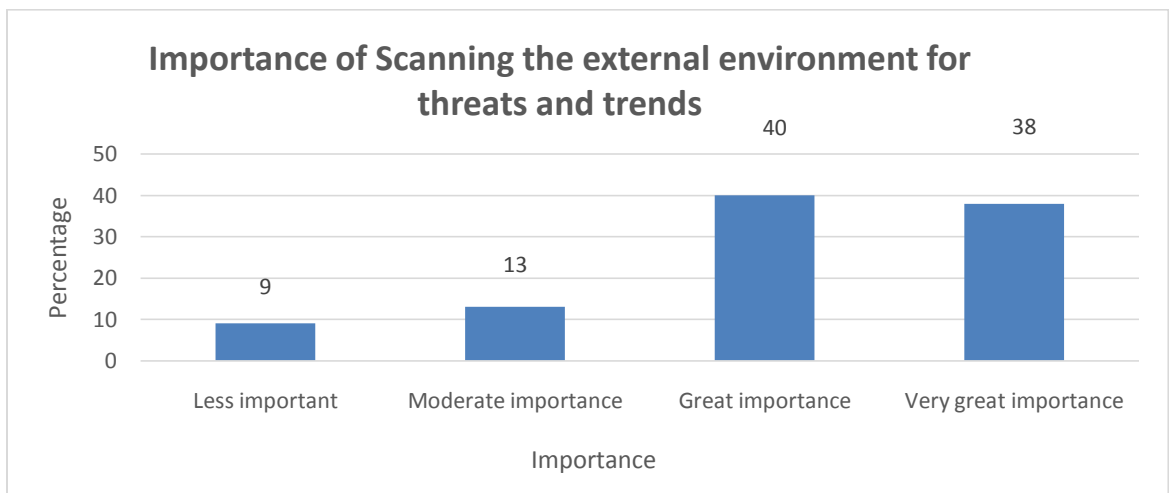


Figure 4.31 Scanning the external environment for threats and trends

As was shown in the table and figure, 40% of the respondents indicated that it was of great importance concerning scanning the external environment for threats and trends, 38% indicated that it was of very great importance, 13% indicated that it was of moderate importance and 9% indicated that it was of less importance.

Importance of Internal capacity (internal capability) of the organisation to handle the change	Frequency	Percentage
Less important	2	4
Moderate important	5	11
Great importance	21	45
Very great importance	19	40
Total	47	100

Table 4.31 Internal capacity (internal capability) of the organisation to handle the change

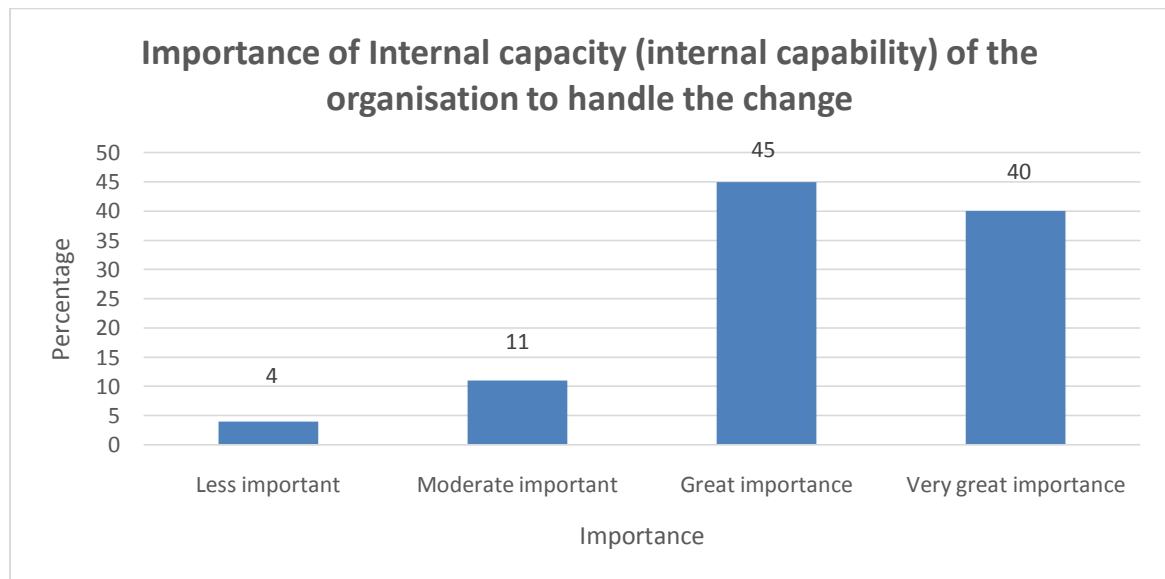


Figure 4.32 Internal capacity (internal capability) of the organisation to handle the change

As was shown in the table and figure, 45% of the respondents indicated that it was of great importance on internal capacity (internal capability) of the organisation to handle the change, 40% indicated that it was of very great importance, 11% indicated that it was of moderate importance and 4% indicated that it was of less important.

4.3 Discussions of findings

4.3.1 General information

The response of 44% indicate the response of the questionnaire returned which represents the number of respondents who contributed to the study. The response of male was 86% indicating the majority response while the 14% indicated the response of female respondents. This study revealed that most of the research participants were between 26 and 35 years. Those between and 36 and 45 years followed while respondents above 55 years were the least represented as shown by a response rate of 7%. On the years of operations, majority of the respondents stated between 11 to 15 years as represented by a 64%. This was followed by 5 to 10 years as represented by 21%. Above 20 years came third as represented by 9%. Respondents between 16 to 20 years were represented by 6% while no respondents indicated less than 5%. On the years of experience, majority of the respondents had an experience of less than 5 years as shown by 36% response rate, 28% indicated 5 to 10 years, 24% indicated 11 to 15 years, 8% indicated 16 to 20 years while only 4% indicated above 20 years.

4.3.2 Environmental Changes

The majority respondents representing 96% indicated that environmental changes is one of the key factors that impacts environmental challenges on strategic responses of private hospitals in nairobi city county. The organization respondents indicate that the environmental changes influences strategic responses of private hospitals in nairobi city to a very great extent.

It came to the researchers attention that technological changes have in a greater extent influenced the strategic response of the hospital. The modern hospitals are run using modern technology. This is in terms of operations and customers services delivery. Adoption of technology equally helps in easing service delivery and therefore improves customers satisfaction. These findings are in line with those of A study by Gachambi (2007) who revealed that companies can apply various strategic responses to address changes in customer taste and preferences, product designs, distribution designs, government policies, organisation integration among others.

On the regulatory changes, it was established that hospitals run under strict regulatory codes. Hospitals need to follow to the letter the set codes for the purposes of improving customers confidence in them. The findings are in line with those of Grant, (2011) who indicated that strategic responses require organization to change their strategy to match the environment and to redesign their internal capability to match this strategy. The findings further agrees with those of Smith (2002) who stated that good strategies are those that target a specific market and exploit it to the fullest. This helps as it thrust an organisation to its next growth level and gain competitive advantage.

Economic changes were also established to have huge impact on the strategic response. Economic changes affects businesses in all sectors. Organisations needs to move with economic changes. The findings are in line with those of Ahmad (2012) who established that macro environment factors have a huge effect on the health service and managers needs to position themselves strategically in the management of the modern hospitals. There fore hospitals must place more emphasis on an integrated health service strategy and recognising the macro environment influences their hospitals performance.

Political instability was a factors that was also established to have a greater impact on strategic response. Political instability affects way of doing things and can affect private hospitals operations to a greater extent. Changing customer needs were also stated to have an effect on strategic responses. For effective strategic responses continuous scanning of both internal and external environment is a prerequisite so as it keeps abreast of all environmental variables underpinning current and future business operations of the firm (Thompson & Strickland, 2003).

The study findings agrees with those of Sheikh, (2014). He asserted that strategic management by private hospitals in Nairobi County is fundamental for growth and development. This helps an organisation to realise its full potential and have a clear understanding of its market needs. He also asserted that Market changes have brought about huge predicaments for to private health institutions, with advances in technology,

increased societal demands, government policies and the need to provide more social services with fewer resources.

4.3.3. Strategic Responses to Environmental Challenges

Hospitals have been said to be incurring some environmental changes. In this case slight high percentage of 56% of respondents indicated that strategic responses impacts environmental changes in private hospitals in nairobi city county to a great extent. The study findings agrees with those of Ansoff & McDonnel (2010). They asserted that strategic response involves changes in the firm's strategic behaviors to ensure success in transforming future business environment. Also the findings agrees with those of (Ndung'u *et al.*, 2014) who stated that organisation must come up with strategic responses that suits their needs.

CHAPTER FIVE: SUMMARY AND RECOMMENDATIONS, CONCLUSION

5.1 Introduction

This chapter presents, the summary of the research findings. This is followed by the conclusions, recommendations and recommendations for further studies.

5.2 Summary of Findings

5.2.1 Impacts of environmental changes in private hospitals in Nairobi city county

According to this finding, environmental changes have very great influences to external environment in private hospitals in Nairobi city and this was indicated by majority of the respondents of 96% while those who disagreed were only 4%. The majority respondents representing 96% indicated that environmental changes is one of the key factors that impacts environmental challenges on strategic responses of private hospitals in Nairobi city county. The organization respondents indicate that the environmental changes influences strategic responses of private hospitals in Nairobi city to a larger extent. The research further established that technological changes have in a greater extent influenced the strategic response of the hospital. The modern hospitals are run using modern technology. This is in terms of operations and customers services delivery. Adoption of technology equally helps in easing service delivery and therefore improves customers satisfaction.

On the regulatory changes, it was established that hospitals run under strict regulatory codes. Hospitals need to follow to the letter the set codes for the purposes of improving customers confidence in them. Economic changes were also established to have huge impact on the strategic response. Economic changes affects businesses in all sectors. Organisations need to move with economic changes. Therefore hospitals must place more emphasis on an integrated health service strategy and recognising the macro environment influences their hospitals performance. Political instability was a factor that was also established to have a greater impact on strategic response. Political instability affects way of doing things and can affect private hospitals operations to a

greater extent. Changing customer needs were also stated to have an effect on strategic responses.

5.2.2 Impacts of strategic responses in private hospitals in nairobi city county

According to this finding, strategic responses have great influences to external environment in private hospitals in nairobi city and this was indicated by slight majority of the respondents of 56% while those who disagreed were represented by 44%.

5.3 Conclusion

As per the discussed findings, it can be concluded as follows: The study has found that, there are factors that impacts on external environmental and strategic responses of private hospitals in nairobi city.

The health sector was said to be improving and structures with strategies in order to facilitate quality service. In this case the majority respondents with 96% indicated that the environmental changes put it place to strategize development is of much significance.

From the study analysis, the researcher noted that strategic responses are essential of all administration and has to be felt everywhere as a distinct and dominant thing in organizations. The respondents representing 56% indicated that strategic responses impacts changes in private hospitals in nairobi city.

5.4 Recommendations

As per the findings and conclusions, this research makes the following recommendations: The management of the health sector should ensure that strategies used for environmental changes in Kenya should be developed in consultation with all the stakeholders. The objectives should be applied uniformly to all sources depending on the level and nature of what they do.

Further, hospitals should hire strategic managers. The managers should develop effective strategic plans to guide the hospitals. The plans should be future oriented and set on achievable goals.

Hospitals must also place more emphasis on an integrated health service strategy and recognising the macro environment influences their hospitals performance.

The study also recommends that the government through the ministry of health should come up with a seamless strategy to incorporate both the private and public hospitals in developing their vision plans in the health sector and ensure they provide sustainable and efficient policies to favour the hospitals.

5.5 Implication for Policies and Practices

Health-related policy and its implementation can help show the flow from health-related policy development to health-related policy and program implementation and to health systems and health outcomes. Policy should be understood as more than a law or health policy that supports operations in private hospitals in Nairobi city county. Operational policies are the rules, regulations, guidelines, and administrative norms that the sector uses to translate policies into programs and services.

5.6 Suggestions for further Research

Based on the research done, it can be suggested that similar research should be replicated in other health sectors to determine if there are other factors that impacts environmental challenges on strategic responses by use of other environmental factors.

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APPENDICES

The Influence of external environmental challenges on strategic responses of private hospitals in Nairobi City County

Appendix I: Questionnaire

Instructions: Please read the questions and answer them appropriately as far as possible. It is advisable that you answer or fill in each section as provided. Tick (✓) where appropriate.

Section A: Demographic Information

1. Gender Male () Female []

2. Age of the respondents

18-25 yrs. []

26-35 yrs. []

36-45 yrs. []

46-55 yrs. [] Above 55 yrs. []

3. For how long has your hospital been operational?

a) Less than 5 Years [] b) 5-10 Years []

c) 11-15 Years [] d) 16-20 Years []

e) Above 20 Years []

4. How many years have you worked in this hospital?

a) Less than 5 Years [] b) 5-10 Years []

c) 11-15 Years [] d) 16-20 Years []

e) Above 20 Years []

Section B: Environmental Challenges

5. To what extent do the following external environmental factors influence the strategic responses in your organization? Use a scale of 1-5, where 1 Not at all, 2 is Small extent, 3 is Moderate extent, 4 is Great extent and 5 is Very great extent

Enviromental Challenges	1	2	3	4	5
Technological changes					
Regulatory Changes – e.g. Tax policy					
Economic Changes					
Political instability					
Changing customer needs					
New entrants and competitors in to the market/industry					
Employment laws					
Trade restrictions					
Social and cultural factors in your market of operation					

6. Which other external environmental factors or changes influence the strategic responses in your organization.....

Section C: Strategic Responses to Enviromental Challenges

7 How is your organization responding to external environmental challenges inorder to protect its bottom line and remain competitive in the market? Use a scale of 1 to 5 where 1 is strongly disagree, 2 is disagree, 3 is Neutral, 4 is agree and 5 is strongly agree

Statements on Strategic Responses to Enviromental hallenges	1	2	3	4	5
Innovate and expand into new markets					
Retrenchment of staff to cut operating costs					
Diversifying into other products/services.					
Product and service innovation.					
Closing some branches/ establishments					
Adopting modern technology in hospital operations to enhance efficiency.					
Reducing operational expenses and costs (e.g. outsourcing)					

8. How else is your hospital responding to the external environmental challenges?

.....

.....

.....

8a). Are the strategic responses employed by your hospital effective in addressing the external environmental challenges?

Yes [] No []

b). Explain your answer.....

.....

.....

9. When responding to the external environment changes, to what extent do the following elements influence the strategies adopted by your organization: Use a scale of 1-5, where 1 Not at all, 2 is Small extent, 3 is Moderate extent, 4 is Great extent and 5 is Very great extent

Statements	1	2	3	4	5
The resources within the organization disposal					
Organization internal priorities, risk avoidance and internal efficiency					
Desire for growth and influence on the market					
Available strategic choices and low influence from environment					
Emerging market opportunities					
Scanning the external environment for threats and trends					
Internal capacity (internal capability) of the organisation to handle the change					

10. Which other factors influence the strategies adopted by your organization?

.....

.....

.....

THANK YOU FOR YOUR PARTICIPATION

Appendix II: List of the Hospitals

1. THE NAIROBI HOSPITAL
2. THE AGA KHAN UNIVERSITY HOSPITAL
3. M P SHAH HOSPITAL
4. THE MATER HOSPITAL
5. METROPOLITAN HOSPITAL, NAIROBI
6. GERTRUDE GARDEN CHILDRENS HOSPITAL
7. GURU NANAK RAMGARHIA SIKH HOSPITAL
8. AVENUE HOSPITAL
9. COPTIC HOSPITAL
10. . JAMAA HOSPITAL
11. THE KAREN HOSPITAL
12. THE NAIROBI WOMENS HOSPITAL
13. MASABA HOSPITAL
14. NAIROBI WEST HOSPITAL
15. NAIROBI EQUATOR HOSPITAL
16. PARKLANDS AMBULATORY SURGICAL CENTRE
17. MERIDIAN EQUATOR HOSPITAL
18. MERIDIAN MEDICAL CENTRE
19. ST MARYS MISSION HOSPITAL
20. SOUTH B HOSPITAL
21. CHIROMO LANE MEDICAL CENTRE
22. MELCHIZEDEK HOSPITAL
23. LIONS SIGHTFIRST EYE HOSPITAL
24. FAMILYCARE MEDICAL CENTRE
25. NEW LANGATA MEDICAL CENTRE
26. MADINA NURSING HOME
27. MOTHER AND CHILD HOSPITAL
28. MARIAKANI COTTAGE HOSPITAL
29. MEDANTA HOSPITAL
30. MMM MUKURU HEALTH CENTRE
31. N.C.C.K COMMUNITY HEALTH CLINIC HURUMA
32. BIAFRA MEDICAL CLINIC
33. KIVULI DISPENSARY
34. MARIA DOMENICA DISPENSARY
35. KARIOBANGI CATHOLIC DISPENSARY
36. SRI SATHYA SAI MEDICAL CLINIC
37. MAKADARA MERCY SISTERS DISPENSARY
38. ST. THERESAS PARISH DISPENSARY

39. NYINA WA MUMBI HEALTH SERVICES
40. CHEMI CHEMI YA UZIMA CLINIC KIBERA
41. MUKURU PROMOTION CENTRE - MARY IMMACULATE CLINIC
42. ST. MARY TUINUANE HEALTH SERVICES CLINIC
43. COPTIC MEDICAL CENTRE - INDUSTRIAL AREA BRANCH
44. ABUNDANT LIFE COMPASSIONATE MEDICAL CLINIC
45. REDEEMED GOSPEL CHURCH HEALTH CENTRE
46. SHRIMATI KANTA BHASIN - ARYA SAMAJ CLINIC
47. DIVINE MERCY PARISH DISPENSARY
48. CRESCENT MEDICAL AID KENYA PARK ROAD CLINIC
49. GATINA UNITED CHURCH DISPENSARY
50. CORNERSTONE BAPTIST CLINIC
51. CONSOLATA SHRINE DISPENSARY HIGHRIDGE
52. R.F.M GRACE CHILDRENS CENTRE DISPENSARY
53. GOOD SAMARITAN MEDICAL CENTRE
54. MOTHER IPPOLITA CATHOLIC DISPENSARY
55. GIANTS FOUNDATION HEALTH SERVICES
56. P.C.E.A TENA COMMUNITY DISPENSARY
57. CHILDREN OF GOD RELIEF INSTITUTE -LEA TOTO KAWANGWARE
58. RUAI SDA CHURCH DISPENSARY
59. K.A.G. BAHATI MEDICAL CLINIC
60. PCEA PIPELINE CARE CLINIC
61. ST. BRIDGET DISPENSARY
62. FOCUS OUTREACH MEDICAL MISSION
63. CANAAN HEALTH PROVIDERS LTD
64. ST. ODILIAS DISPENSARY
65. KWETU HOME OF PEACE DISPENSARY
66. THE CATHOLIC UNIVERSITY OF EASTERN AFRICA
67. A.I.P.C.A MAHINGA DISPENSARY
68. ROYAL CHRISTIAN CHURCH DISPENSARY
69. NADAPAL DISPENSARY
70. ST FRANCIS CATHOLIC DISPENSARY KAWANGWARE GATINA
71. CRESCENT MED. AID JAMIA PLAZA CLINIC
72. I.R. IRAN MEDICAL CLINIC-NGONG ROAD
73. PATEL BROTHERHOOD NAIROBI CLINIC
74. CRESCENT MEDICAL AID KENYA
75. VALENTINE GROWERS KIBUBUTI DISPENSARY
76. ST. JOSEPH MUKASA DISPENSARY
77. THE EAST AFRICA SATSANG SWAMINARAYAN CLINIC

78. VICTORY MEDICAL CENTRE
79. AAR HEALTH CARE CITY CENTRE
80. HALAL MEDICAL CLINIC
81. I.R. IRAN MEDICAL CLINIC NGARA
82. MOGIRA MEDICAL SERVICES
83. MARIE STOPES KENYA KENCOM CLINIC
84. MARIE STOPES KENYA PANGANI CLINIC
85. SHREE CUTCHI LEVA PATEL SAMAJ MEDICAL CLINIC
86. AVENUE HEALTHCARE ENTERPRISE ROAD CLINIC
87. UNITED NATIONS JOINT MEDICAL SERVICE
88. ADAMS MOSQUE MEDICAL & DENTAL CLINIC
89. PUMWANI RIYADHA CLINIC
90. IMENTI MEDICAL CENTRE
91. RUAI COMMUNITY HEALTH CENTRE
92. THOMAS BARNADOS HOUSE CLINIC
93. SAIFEE FOUNDATION CLINIC
94. NEGST MEDICAL CLINIC
95. IOM TREATMENT CENTRE EASTLEIGH
96. TAWAKAL MEDICAL CLINIC
97. NYUMBANI DIAGNOSTIC LABORATORY
98. BM STAFF CLINIC
99. KENAFRIC INDUSTRIES LTD CLINIC
100. IOM MIGRATION HEALTH ASSESSMENT CENTRE
101. AVENUE HEALTHCARE - NAKUMATT LIFESTYLE CLINIC
102. TABITHA MEDICAL CLINIC
103. CENTRAL GLASS INDUSTRIES CLINIC
104. KENYA BREWERIES LTD. CLINIC
105. EASTERN DEANERY AIDS RELIEF PROGRAMME KOMAROCK CLINIC

Source: Kenya Medical Practitioners and Dentist board Website

Appendix III: Data Collection Letter