Strategic Management Practices Adopted by The Karen Hospital Nairobi. //

By

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DECLARATION

The Project is my original work and has not been submitted for a degree in any other university.

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The project has been submitted for examination with my approval as the university supervisor.

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Date..........14/11/08

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DEDICATION

I dedicate this project report to the Higher ground leaders. C.A.M leaders and dear mum. Thank you for the sacrifice, guidance and support you have given me throughout my life. I do hope this makes you proud because you have always instilled in me the value of hard work and trusting in God.

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ABSTRACT

The study was to identify the strategic management practices and challenges faced by The Karen Hospital in the strategic management process. The hospital is operating in a turbulent environment including facing stiff competition from other private hospitals. The research was in the form of a case study and involved interviewing the Chief executive officer, Deputy chief executive officer and the Director. Data analysis was by content analysis. The study established that The Karen Hospital does adopt strategic management practices to a great extent. They have a clearly stated vision and mission statement. The hospital's top management is mainly involved in strategy formulation and is also responsible for strategy implementation by providing leadership to senior managers and heads of department. The hospital faces challenges in strategy formulation, implementation and evaluation. Strategy implementation is faced with major challenges of finance, employees' resistance to change and healthcare industry forces.

The study recommends to The Karen Hospital management to involve the entire staff in sharing the vision and mission statement. The environmental scanning should involve healthcare industry analysis to identify opportunities and threats posed by the external environment. Situational analysis should involve extensive customer analysis since they form significant component of the firms operating environment. Strategy analysis should involve use of strategy workshops to deliberate strategy generation process. The strategic analysis and evaluation should incorporate use of several tools such as General electric matrix and Product market model apart from the Boston Consulting group matrix. The strategy implementation should be enhanced by formulation of policies designed to control decisions while defining the scope of operational activities. To reduce resistance to change from any of the stakeholders, participation and communication in the entire strategic management process should be encouraged. The strategy implementation evaluation and control system should be closely monitored to ensure they are effective to give feedback timely for necessary decisions to be made

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CHAPTER ONE: INTRODUCTION

1.1 Background

Success, which is the survival and prosperity of any organization, depends on how the organization relates to the environment. The position taken by an organization in adapting to the turbulent environment is key to the success of the organization. Proper strategic management practices enable the organization to avoid a mismatch with the environment. Strategy is a link between an organization and its environment and must be consistent with the goals, values, the external environment, resources, organizational structure and system (Ansoff & Mcdonell. 1990). Strategy is the heart of strategic management because it helps the organization to formulate and implement various tasks to remain competitive (Hussey, 1991). An organization strategy defines its unique image and provides its purpose and direction to its activities and to the people within and outside the organization (Grant, 1998). Many managers feel that the pace of technological change and the speed of global communications mean faster change than ever before (Mintzberg, 1994).

1.1.1 The Concept of strategy

Bracker (1980) stated that the word strategy comes from the Greek word stratego, meaning to plan the destruction of one's enemies through the effective use of resources. The concept of strategy was developed purely in relation to the successful pursuit of victory in war. The concept remained a military one until the nineteenth century, when it began to be applied to the business world, though most writers believe the actual process by which this took place is untraceable (Bracker, 1980; Chandler, 1962). Chandler (1962) put forward the view that the emergence of strategy in civilian organizational life resulted from an awareness of the opportunities and needs created by changing population, income and technology to employ existing resources more profitably.

Hoskin (1990) agreed with Chandler's view of the development of modern business strategy since the industrial revolution. Hoskin however does take issue with both Chandler and Bracker in two crucial points. First he argues that the modern concept of organization strategy bears little resemblance to military strategy, at least as it existed up to the First World War. Secondly, he challenges

the view that the origin of business strategy is untraceable. When investigating the emergence of modern strategy he did find a link with the military world, though it was not quite the link that Bracker and Chandler proposed.

According to Mintzberg et al (1998), there are five main and interrelated definitions of strategy: Plan, Ploy, Pattern. Position and Perspective. Andrew (1998) defined strategy as a pattern of decisions in a company that determines and reveals its objectives, goals, plans for achieving those goals, and defines the range of business the company is to pursue. Mintzberg et al (1998) draws a distinction between planned or deliberate strategy and emergent ones. Deliberate strategy focuses on control while emergent strategy emphasizes learning. Whittington (1993) attempted to make sense of the many definitions and categories of strategy by identifying four generic approaches to strategy: Classical, Evolutionary, Processional and Systematic. The resource based model, sees profitability as coming from the effective deployment of unique resources that allow firms to have lower costs or better products, rather than firm tactical maneuvering or product market positioning (Fahy, 2000).

1.1.2 Strategic Management

Strategic management is the ongoing process of ensuring a competitively superior fit between the organization and its ever-changing environment (Teece, 1984). Strategic management can also be defined as a process of determining the long term direction and performance of an organization by ensuring a careful formulation, proper implementation and control of strategies (Byars & Rue, 2005;Pearce & Robinson, 1997). It is a continuous, iterative process aimed at keeping an organization as a whole appropriately matched to its environment (Certo & Peter, 1988).

To cope with the new and rapidly changing technological, economic and informative developments that followed the end of the 2nd World War, American organizations, began to adopt long-range planning techniques. A key aim in this process was to close the gap that often occurred between the level of demand that a firm expected, and planned for and the level of demand that actually occurred (Fox, 1975). Long range planning failed for a variety of internal and

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external reasons (Mckiernan, 1992). Long-range planning techniques could not cope with environmental turbulence. In response to the failure of long range planning, in the late 1960s the concept of strategic management began to emerge. Strategic management unlike long-range planning focuses in the environmental assumptions that underly market trends and incorporate the possibility that changes in trends can and do take place, and is not based on the assumption that adequate growth can be assured (Elliot & Lawrence. 1985; Mintzberg & Quinn, 1991). Strategic management focuses more closely on winning market share from competitors, rather than assuming that organizations can rely solely in the expansion of markets for their own growth (Hax & Majluf. 1996).

The strategic management practices are the elements in the strategy management process. Strategic management practices involve the process of determining the long-term direction and performance of an organization by ensuring a careful formulation, proper implementation and control (Byars &Rue, 2005:Pearce & Robinson. 1997). Johnson & Scholes (2002) state that strategic management includes understanding the strategic position of an organization, strategic choices for the future and turning strategy into action. He emphasizes that strategic management is concerned with the complexity arising out of ambiguous and non-routine situations within the organization wide rather than operation specific implication. Judson (1996) states that owing to the nature in which the various actions from the different phases overlap each other, the strategic management process is not linear. Organization executives design strategic management practices that they feel will facilitate optimal positioning of the firm in the competitive environment. This positioning is only possible if the strategic management practices allow the firms to more accurately anticipate environmental changes and improve preparedness to react to unexpected internal and external changes (Pearce & Robinson. 1997).

Hospitals need to be scanning the environment. noting the developments in the market and preparing to respond to the implications these developments are going to have. They must therefore ensure they have the resources and capabilities that are required to operate in the new environments. In the 1940s and 1950s, the literature on strategy only considered one aspect of organization activities-the external environment. It tended to seek rational, mathematical approaches to planning. With the passing of

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time, more intuitive and less rational approaches to strategic management have been developed which claim to incorporate the totality of organizational life.

According to Johnson and Scholes (2002 there are three levels of strategic decision making in organization, corporate, business and functional. Strategic management must encompass the totality of the organizational domain and must not be restricted to one aspect, such as determining the product-market mix (Andrews, 1980). Strategic management process described by Johnson and Scholes (2002), consists of the following phases; Strategic analysis, Strategic choice, Strategy implementation and strategy evaluation. Strategic analysis comprise of analysis of the environment, and also considering the resources and expectations of stakeholders. Strategic choice involves generating options, evaluation of options and selection of strategy. Strategy implementation involves resource planning, consideration of people and systems and the organization structure (Johnson & Scholes, 1999). These are the main elements of strategic management. In practice business managers divide the elements into the following sub phases; defining vision and mission, situational analysis, strategic analysis and choice, strategy implementation and strategy evaluation.

Vision describes set of ideas and priorities, a picture of the future, a sense of what makes the company special and unique including a core set of principles that the company stands for (Harani, 1994). Situation analysis comprise of external and internal analysis of organization (Johnson & Scholes, 1999). Strategic analysis aims at identifying and generating strategic options for corporate and business strategic objectives. Strategic choice is concerned with the evaluation of the strategic options and selection of the most appropriate options for achieving the objectives. Courtney et al (1997) asserts that to cope with different levels of environmental turbulence, organization needs different analytical approaches to determine the best possible strategies. Strategy implementation involves translating the intended strategy from the top into workable strategies down through the organization (Johnson et al, 2005).

Strategic management process should be examined, its strengths and weaknesses noted and modification suggested to improve the next round of strategic planning (Bryson 1995). The events and activities do not follow each other in a logical

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sequence and therefore every organization has different approaches to this process of strategic management. Proper strategic management practices enable the organization to avoid a mismatch with the environment. Therefore The Karen Hospital is expected to embrace strategic management practices because it is operating in a turbulent environment. It is expected to embrace the strategic management practices element; vision and mission, situation analysis, strategic objectives, strategic analysis, strategic implementation and control.

1.1.3   Strategic Management Practices of Private Hospitals in Kenya

Private hospitals like any other organization are operating in a very turbulent environment (The East & Central African Business Mirror, 2006). They depend on the environment to survive, for example, the patients and drugs and at the same time the environment needs the health services. They therefore cannot afford to ignore the environment (Ansoff & McDonell, 1990). They operate under environment where they are affected by political, ecological, social, technological, and legal factors.

In the year 2004 private hospitals were facing a challenge on how to handle the proposed National Social Health Insurance Fund. Gakombe (2004) studied the perceived implications and planned responses by private hospitals to the proposed fund. Private hospitals in Kenya face the challenge to ensure they satisfy the patients and the same time the health care insurance provider. Patients insist on quality service, which to the hospital has cost implications while on the other hand the insurance provider wants to spend the least amount possible to remain profitable. The private hospitals have to ensure they maintain a balance because all these stakeholders are key to their survival. The Private hospitals especially in Nairobi operate at very competitive environment (Gakombe, 2004). The Karen Hospital is competing out Nairobi Hospital and the Aga Khan University Hospital in the Cardiology treatment by employing recent and advanced technology in this field. Due to this phenomenon major private hospitals are seriously engaging in strategic management practices

Aga khan University Hospital Nairobi has its strategic plan guided by the overall umbrella of the Aga khan Foundation that runs hospitals and other facilities in Pakistan and Kenya among other countries. The Aga khan University Hospital has a strategy of operating satellite clinics. Currently they are located in Thika, Buruburu,

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Ongata Rongai and City center. Mater Hospital is involved in strategic management where its carries out strategy formulation, implementation and evaluation (Njenga, 2006). Mater Hospital faces challenge of changes in top management that interfere with effective implementation of strategies. Nairobi Hospital is also involved in strategic management. They recently opened a new doctors plaza with aim of attracting key doctors so as to be able to offer competitive services to their clients.

According to Kanyatta (2007) Gertrude's Garden Children Hospital is involved in strategic management practices. They have a clearly stated vision and mission, objectives, does environmental scanning and have strategic plan of 3-5 years. They have a strategy of operating satellite clinics in different parts of Nairobi so as to reach as many clients as possible. The hospital mainly target children patients.

1.1.4 Overview of the Private Hospitals in Kenya

Hospitals are important in the health care system because they not only deliver healthcare services but also influence the way in which services are delivered and the type of services that are delivered (Kent & Rushetsky, 1998). Despite great differences in hospitals systems worldwide, hospitals in all areas have to deal with rising expectations, and a need to contain costs of healthcare. Kimalu et al (2004) observed that healthcare indicators in Kenya are worsening and the gap between the supply and the demand of health services continues to widen and there is a problem of service quality. The health sector has not been able to expand as rapidly as the population to ensure adequate coverage, accessibility and acceptable quality of health services.

According to the Kenya Medical Directory (2007/2008) there are 322 private hospitals and nursing homes in Kenya. The Karen Hospital falls under the category of privately owned hospitals. Private hospitals in Kenya play a major role to supplement the government health services. Kimalu et al (2004) reported that most Kenyans rely on non-governmental organizations for healthcare services. Most of the government health facilities are operating above capacity.

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1.1.5 The Karen Hospital Nairobi

The Karen Hospital is a private hospital located in the serene suburbs of Karen,on Langata –Karen road 12 kms from Nairobi city center It opened its doors in March 2006.The Karen Hospital is a fully fledged 102 bed hospital offering high quality healthcare services in response to the changing demands for efficient. effective and affordable treatment. The hospital was built at a cost of kshs 1 billion (Kenya Medical Directory, 2007/2008). The Karen Hospital's mission is to serve not only Kenyans by bringing in quality medical care but also those beyond the country's borders. The hospital top management comprises of a Chief executive officer (CEO), a Deputy chief executive officer and a Director .The Karen Hospital serves patients with general illnesses alongside those who need expert medical attention especially as concerns cardiac cases and surgical interventions. The Karen Hospital employs advanced equipment in diagnosis, surgery. intensive care, kidney dialysis, laparoscopic and physiotherapy.

The inpatient services encompass three levels of accommodation in addition to diagnosis services that include cardiac catheratisation. radiology, ultrasound and video-endoscopy (Kenya Medical Directory. 2007/2008). The Karen Hospitals' facilities comprises of four wings, in house conferences facilities, a business center, doctor suits and a cafeteria .A director of the hospital assert that the medical facility was thoughtfully planned to ensure that the services provided are accessible with minimum effort. The intensive care unit at the hospital is probably one of the largest in the region. The unit is equipped to cater for coronary care patients. post surgical and medical patients. A hospital director points out that the unit is built with capabilities of allowing patients comfort and safety (The East & Central African Business Mirror, 2006). Regarding training and research The Karen Hospital plans to provide high-level medical manpower in collaboration with some of the local and regional universities as well as international medical institutions (Kenya Medical Directory, 2007/2008). Considering the competitive health services industry, it is expected that The Karen Hospital should be embracing the strategic management practices.

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1.2 Research Problem

The provision of health services by private hospitals is very demanding. Hospitals are often faced with a situation of ensuring they offer quality services and at the same time remain profitable. The Karen Hospital is operating in a very turbulent environment facing competition from other key private hospitals such as Aga Khan University Hospital and the Nairobi Hospital. The two hospitals have been in the market for long unlike The Karen Hospital. The Karen Hospital being fairly new in the industry is faced with a challenge of ensuring that it stands out in the provision of healthcare services. It has to continuously scan the environment. It would be expected that The Karen Hospital would embrace strategic management techniques to remain competitive.

Several studies have been done on strategic management practices in various industries. Aosa (1992) did an empirical investigation of aspects of strategy formulation and implementation within large, private manufacturing companies in Kenya. The findings were that there was formal strategic planning in the large manufacturing companies. Foreign companies were more involved in strategic planning than local ones while indigenous companies were more involved in formal strategic planning than Indian Kenyan companies. Others studies include Kangoro (1998) on Public sector organizations, Mittra (2001) on Hotels and restaurants, Mbayah (2001) on Commercial internet service providers, Kiruthi (2001) on Public membership clubs, Mugambi (2003) on Shipping companies, Bukusi (2003) on Reproductive health Non Govermental Organizations, Nganga (2002) on Agricultural Statutory boards, Kasinga (2001) on Stockbrokers and Kimemia (2006) on Public secondary schools.

In the healthcare industry, Ongaro (2004), studied strategic change management practices at KNH, Nganga (2004) investigated the strategic response of GlaxoSmithkline. Opiyo (2006) studied strategies by pharmaceutical firms in Kenya to counterfeit drugs. Studies have also been done in the healthcare related organizations within the East African region. Toshe (2006) studied strategic management practices in healthcare Non Govermental Organizations in Southern Sudan. In the private hospitals Njenga (2006) researched on strategic management practices at the Mater Hospital. In the Mater Hospital study, the areas of research

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were vision and mission, environment scanning, general planning practices, strategy implementation and evaluation. Kanyatta (2007) studied strategic management practices at the Gertrude's Garden Children Hospital. Gertrude's study areas of research were the governance practices, vision and mission, general planning practices, environmental scanning, setting objectives and strategic implementation.

Many studies have been done on strategic management but very few have focused on the private hospitals. The Mater Hospital study is a different context. Mater Hospital has the Catholic Church as a key stakeholder unlike the Karen Hospital and therefore the strategic management practices observed cannot be assumed to represent this case. Kanyatta (2007) research on Gertrude's Garden Children Hospital is a different context. First considering that this hospital's main target is child patients as opposed to The Karen Hospital that handles patients of all ages. Furthermore The Karen Hospital is focused on Cardiology unlike Mater Hospital and the Gertrude's Garden Children Hospital.

The review of these researches clearly demonstrates that there are gaps in knowledge especially in strategic management practices in the private hospital. Karen Hospital is a new ultra modern hospital with a focus on cardiology services and therefore its strategic management practices may not necessarily be represented completely by the practices in the other hospitals. This is also because of contextual and managerial differences.

The research was to answer the following questions

(i) To what extent and how has the Karen Hospital employed strategic management practices?

(ii) What are the challenges faced by the Karen Hospital in strategic management process?

1.3 Research Objectives

The objectives of this study were to

(i) Identify the strategic management practices adopted by The Karen Hospital.

(ii) Determine the challenges faced by The Karen Hospital in strategic management process.

1.4 Importance of the Research

To Researchers; it will provide information and insight on strategic management practices in a different context of a new modern private hospital.

To Practioners; it will provide information vital to provide advice on improvement on strategic management practices among the private hospitals.

To Karen Hospital; it will be able to gauge whether their current strategic management practices are in line with what is expected for optimal performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of strategy

According to Mintzberg et al (1998) there is no single universally accepted definition of strategy. However there are different perspectives put forward by strategy authors through which the concept of strategy can be understood. According to Mintzberg et al (1998) these are five main and interrelated definitions of strategy: plan, ploy, pattern, position and perspective. Johnson and Scholes (2002) define strategy as the direction and scope of an organization over the long term, which achieve advantage for the organization through its configuration of resources within a turbulent environment, to meet the needs of markets and to fulfill stakeholders' expectations. According to Johnson and Scholes (1999) within the organization there are different subtypes of strategy. Corporate strategy is concerned with the types of business to operate and how resources should be focused to achieve competitive advantage. Business strategies are linked with the various individual business units that comprise the overall organization. Operation strategy relate to the control of various functional areas, within individual business units to overall corporate and business strategies.

Strategy is the unifying theme that gives coherence and direction to the actions and decisions of an organization (Grant, 1998). Strategic position of an organization is influenced by the external environment, internal strategic capability and the expectations and influence of stakeholders. Strategic choices include the underlying basis of strategy and both the corporate and business levels and the direction and methods of development. Strategic management is also concerned with understanding which choices are likely to succeed or fail. Translating strategy into action is concerned with issues of structuring, resource allocation to enable future strategies and managing change (Johnson, 2002). Understanding the strategic position of an organization and considering the strategic choices open to it are of little value unless the preferred strategies can be turned into organizational action. Such action takes form in the day-to-day processes and relationship that exist in organizations (Johnson, 2002).

2.2 Strategic management

According to Dess et al (2005), strategic management is a management process consisting of the analysis, decisions and actions an organization undertakes in order to

create and sustain competitive advantages. Strategic management has its origin and development between 1950-1973. Chandler (1962) asserted what is strategy and how strategy informs structure. Ansoff (1965) defined strategy as the common thread in an organization business. He also defined strategy as the product /market scope of an organization. The period between 1973-1985 was a period of disenchantment where there was widespread dissatisfaction with strategic management. It was a period of increased environmental turbulence. Porter (1987) asserted that although strategic management had gone out of fashion in the late 1970's, it needed to be rediscovered.

Strategic management is an approach that many organization have employed to make sure they survival and be competitive in the turbulent environment. Strategic management enables managers to give direction and scope of the organization over the long term thereby achieving advantages for the organization through its configuration of resources within a changing environment (Johnson & Scholes, 2002). Strategic management is a continuous, iterative process aimed at keeping an organization as a whole appropriately matched to its environment (Certo & Peter, 1988). It is a process of making explicit the goals of the enterprise, the environment in which it operates, the strategic and finally the feedback loops that tell the firm whether each of these steps have been identified correctly (Gardener et al, 1994). Strategic management is a stream of decisions and actions that lead to the development of an effective strategy or strategies to help achieve cooperate objectives (Jauch & Gluck, 1988). The strategic management process described by Johnson and Scholes (1999) consists of the phases; strategic analysis, strategic choice, strategic implementation and evaluation.

Organization can reap many benefits from appropriately practicing strategic management. First it provides better guidance to the entire organization on the crucial point "what are we trying to do and achieve" (Thompson & Strickland, 1992). The second benefit is financial because an effective strategic management system increases the firm profitability (Certo & peter, 1988) since it provides organization with a rationale to evaluate competing budget request for investing capital and new staff (Thompson & Strickland, 1992). Strategic management emphasis on assessing the organization environment allows firms to anticipate changing conditions and therefore makes it less likely to be surpassed by changes within the market place or by

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action of competitors that could put organization at sudden disadvantage. Firms are able to launch strategies to secure sustainable competitive advantage and then use their market edge to achieve superior firm performance (Porter, 1980). Johnson (2002) states that strategic management includes understanding the strategic position of an organization, strategic choices for the future and turning strategy into action. He further emphasizes that strategic management is concerned with complexity arising out of ambiguous and non-routine situation with organization wide rather than operation specific implications.

2.3 Strategic Management practices

Strategic management practices involve strategy formulation, strategy implementation and control. Johnson and Scholes (1999) provide a useful model that summarizes the main elements of strategic management. This involve three main phases; Strategic analysis, strategic choice and strategy implementation.

Figure 2.3: Summary model of elements of strategic management
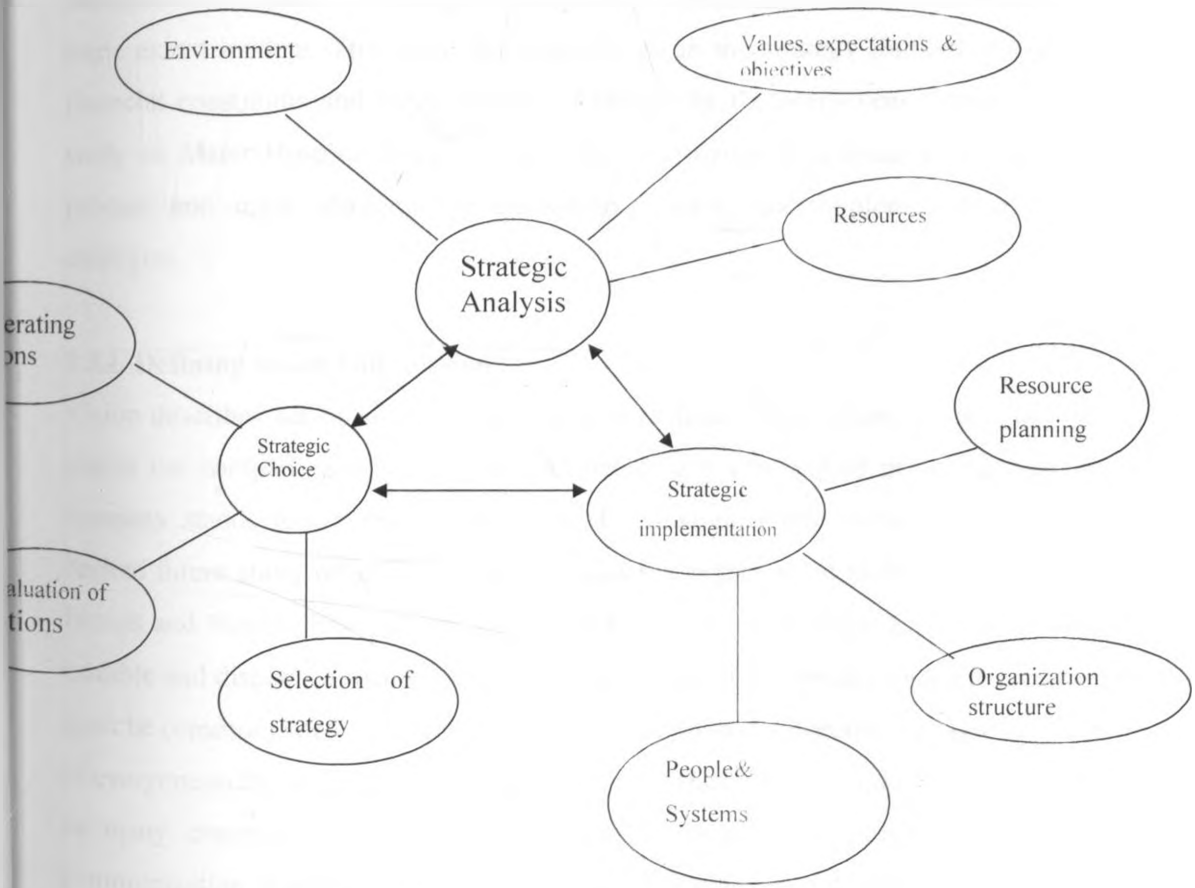
Source: Adapted from Gerry Johnson and Kevan Scholes 5th edition (1999) page 24

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The three phases, in practice business managers divide them into the following sub-phases; defining vision and mission, strategic objectives, situation analysis, strategic analysis and choice, strategic evaluation and choice, strategic implementation and control. Due to the nature in which various actions from the different phases overlap each other, the strategic management process is not linear (Judson, 1996). Strategic management can also be seen as the ongoing process of ensuring a competitively superior fit between the organization and its ever-changing environment (Teece, 1984).

Strategic management is a process of determining the long term direction and performances of an organization by ensuring a careful formulation, proper implementation and control (Byars & Rue, 2005; Pearce & Robinson, 1997). Among the private hospitals, studies on strategic management practices have been done in Mater Hospital and Gertrude's Garden Children Hospital. Kanyatta (2007) study of Getrude's Garden Children Hospital found out that they indeed embrace strategic management. Aspects of strategic formulation, implementation and evaluation are to some extent evident. The main challenges faced in the strategy implementation are financial constraints and the resistance to change by the employees. Njenga (2006) study on Mater Hospital found out that they are involved in strategic management process and main challenge is encountered during the implementation of the strategies.

2.3.1. Defining vision and mission

Vision describes set of ideas and priorities, a picture of the future, a sense of what makes the company special and unique including a core set of principles that the company stands for (Harani, 1994). It is the strategic intent, which represents the desired future state, which is the aspiration of the organization (Johnson et al 2005). Bennis and Nanus (1997) assert that the right vision for an organization is realistic, credible and displays a realistic future for that organization. Once a vision is created it must be communicated and articulated effectively so that it becomes the shared vision of everyone in the organization (Goldberg, 1997). The vision should be integrated into as many communication channels as possible in personal presentation, written communication, making campaigns and by placing plaques and engraving stating the vision (Doluk, 2001).

According to Johnson et al (2005) a mission is a general expression of the overall purpose of the organization, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization. Mission is sometimes referred to in terms of the apparently single but challenging question: "what business are we in"? Birnbaum (2004) advocates that, the mission statement should incorporate socially meaningful and measurable criteria addressing concepts such as the ethical position of the enterprise, public image, target market, product/services, geographical domain and expected growth and profitability. Mission should arouse a strong sense of organization identity and business purpose (Thompson & Strickland, 1995). Bailer (1996) recommends that a mission writing committee should be set up. Although mission statements had become much more widely adopted by the early 2000, many critics regard them as uninteresting and wide-ranging (Bartkns, et al 2000).

2.3.2 Strategic Objectives

Strategic objectives are statements of specific outcomes that are to be achieved. Objectives both at corporate and business unit level are often expressed in financial terms (Johnson et al, 2005). They could be the expression of desired sales or profit levels, rates of growth, dividend levels or share valuation (Hutton, 2001).Ansoff (1968) stated that objectives are not helpful unless they are capable of being measured and achieved. However they are necessary given the political nature of strategic management, since it is essential at that level to have statements to which most, if not all, stakeholders can subscribe. They need to emphasize the common ground amongst stakeholders and not the differences. A recurring problem with objectives is that managers and employees 'lower down' in the hierarchy are unclear as to how their day-to-day work contributes to the achievement of higher level of objectives (Johnson at al, 2005).

2.3.3 Situation Analysis

Strategic position is concerned with the impact on strategy of the external environment, an organization strategic capability (resources and competences) and the expectations and influence of stakeholders (Johnson et al, 2005). Situation analysis comprise of external and internal analysis of organization (Johnson and Scholes, 1999). Situation analysis addresses the question 'where are we now. The purpose of

situation analysis is to understand the organizations present situation and to some extent its background. Swot analysis is one of the simplest ways for environmental scanning (Wheelen & Hunger, 1998). Swot analysis involves the assessment of the internal strengths and weaknesses of the organization in the light of the opportunities and threats posed by the environment in which it operates (Andrew, 1980). Johnson et al (2005) categorizes the environment into the Pestel frame work (which is the political, economic, social, technological, environmental and legal factors), Industry environment and the operating environment. As any of these factor changes it affects the competitive environment in which organizations operate. Porter (1980) developed the five forces framework, which help to identify the sources of competition in an industry or sector. This framework was originally developed as a way of assessing the attractiveness of different industries. Porter (1985) popularized the value chain approach, a technique that can be used for firm internal environment analysis.

2.3.4 Strategic Analysis and Choice

Strategic analysis aims at identifying and generating strategic options for corporate and business strategic objectives. Strategic choice is concerned with the evaluation of the strategic options and selection of the most appropriate options for achieving the objectives. Corporate strategic analysis is facilitated by portfolio analysis which enables the organization to identify the strategic options which can help in strengthening its business portfolio in order to enhance performance. Choosing a strategy can be done by rational portfolio management tools like the Boston Consulting Group (BCG) growth-share matrix, the General Electric (GE) grid and the Ansoff product market matrix. . The growth share (B.C.G.) Matrix is whereby various businesses are plotted accordingly depending on their market growth and the organization's relative market share into stars, cash cows, question marks and dogs (Henderson, 1979).

Business strategic analysis can be done using the Generic Strategic model. Porter (1985) pioneered thinking in competitive advantage when he proposed that there are three different 'generic' strategies by which an organization can achieve competitive advantage. These are over all cost leadership, Differentiation and focus strategies. Strategies can be identified with the help of this model, depending on the strategic objective to be achieved.

2.3.5 Strategic Evaluation and Choice

Olsen et al (1998) described strategic choice as the choice of competitive methods used by the firm to take advantage of opportunities and minimize effects of threats. According to Johnson and Scholes (2002) strategic options generated during strategic analysis must be evaluated in order to select the best options. Courtney et al (1997) asserts that to cope with different levels of environmental turbulence, organization needs different analytical approaches to determine the best possible strategies. Strategic choices should be based on core competencies (Hamel & Prahalad, 1990). There are number of ways to evaluate strategic options. One of the ways is to assign weights to the criteria and compute weighted scores for the options. After the evaluation, the strategic option with the highest weight score can be chosen for implementation.

2.3.6 Strategy Implementation

Strategy implementation involves translating the intended strategy from the top into workable strategies down through the organization (Johnson et al 2005). Strategy implementation involves consideration of issues like organization structure, leadership, culture, support systems, policies, reward systems, resource planning and managing of strategic change (Johnson & Scholes, 2002). Chandler (1962) asserts that strategy inform structure. Having the right people in the right position is a key success factor. A lack of staff expertise can present a major problem for the implementations of a major strategy (Alexander 1985).

Management training is important for enhancing ability to develop and implement strategy (Hussey, 1990). Organization culture can either support or work against a strategy. Every organization possesses its own culture, which is transmitted from generation to generation (Wheelen & Hunger, 1995). Resistance to change is one of the greatest threats to strategy implementation (David, 1993). Organization operates on different contexts and therefore managing change needs to be different (Maccoby, et al 1958). Kotter (1995) argued that problems of strategic change could be put down to top executives failing to recognize the necessary sequence required to manage such changes. However Balogun and Johnson (2004) questioned the extent to which top managers can really manage change in a top down fashion.

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2.3.7 Strategy Control and evaluations

Control and evaluation enable an organization to examine how its strategy has been implemented as well as the outcome of the strategy (Coulter, 2005). Strategic management process should be examined, its strengths and weaknesses noted and modifications suggested to improve the next round of strategic planning (Bryson 1995). Ansoff and Mcdonell (1990) assert that if a strategy turns out to be uncompetitive, it can be revised and abandoned before major financial and psychological implications.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The Research was in the form of a case study. This was to allow in depth study since the research required an investigation on various strategic management practices adopted in The Karen Hospital which could best be obtained by case study.

A case study is a very popular form of qualitative analysis and involves a careful and complete observation of a social unit be that unit a person, a family, an institution, a cultural group or even the entire community (Kothari 1990;Young 1960). Cooper and Emoly (1995) assert that case studies emphasize more on a full contextual analysis of fewer events or conditions and their interrelations. Yin (1988) notes that the case study contributes uniquely to the knowledge of an individual, organization, social and political phenomena. Thus case studies have become common research tools in psychology, sociology, political science and planning. The advantages of using a case include facilitating intensive study of concerned unit which is not possible with other methods and possibility of obtaining the inside facts from the experienced employees. According to Kaplan (1964) a single, well-designed case study can provide a major challenge to a theory and provide a source of new hypothesis.

The limitations of the case study include the danger of false generalization which might be experienced because of lack of set rules to follow in collection of information, it is time consuming and expensive, the researcher might be subjective and it is used in a limited sphere, not in a big society. Despite the above limitations, the study was based in Nairobi and focused to interview the Chief executive officer, the Deputy chief executive, and the Director.

3.2 Data Collection

This was a case study and relied on both primary and secondary data.

Secondary data

Secondary data was obtained from The Karen Hospital website which has extensive information on history, functioning, management and current activities of the hospital. Secondary data was collected regarding management practices such as organization structure, board membership, and previous decisions made by the board. Although information in some of these areas was obtained through interviews, it was important to confirm what was given during the interview from secondary data.

Primary data

Primary data was collected using the interview method by help of an interview guide (Appendix11). The interview guide was to enable the coverage of all aspects of strategic management practices under research. The interview method used was direct personal investigation which aimed to collect the information from all sources targeted. In structuring the questionnaire, closed ended questions that could limit the respondents' answers were avoided in an effort to minimize the risk of subjective answers.

The Chief executive officer, Deputy chief executive officer and Director were interviewed. They were expected to provide information on board composition and strategic management practices. The Chief executive officer and the Top management are key decision makers on strategy. They are involved in strategy formulation while the middle level managers and managers of various departments are mainly involved in strategy implementation under the direction of top management. Top management establish clarity of vision with an acceptance that this will variously be interpreted, they monitor changes outcomes and respond to change initiatives coming up from below and are prepared to adjust the strategic intent in line with emerging strategy. Thus it was necessary to interview Top management.

3.3 Data Analysis

Content analysis was done since the data collected was mainly qualitative in nature. Content analysis measures the sematic content or the what aspect of a message. Its breadth makes it a flexible and wide-ranging tool that may be used as a methodology or a problem specific technique (Cooper &Emoly, 1995). The content analysis has been described as research technique for the objective, systematic and quantitative description of the manifest content of communication (Berelson, 1952). Content analysis guards against selective perception of the content, has provision for the rigorous application of reliability and validity criteria, and is amenable to computerization Case studies can often yield information that could not be obtained using other methods. Content analysis of data was based on analysis of meanings and implications emanating from respondent's information and documented data on strategic management practices at The Karen Hospital.

CHAPTER FOUR
DATA ANALYSIS AND FINDINGS

4.1 Introduction
The research objectives were to establish the extent and how the Karen Hospital has employed strategic management practices and the challenges faced in the process. This section contains data findings and analysis. Data analysis is by content analysis, which measures the 'what' aspect of information obtained from respondents and the documented data. Content analysis assists in getting the meanings and implication of information obtained.

4.2 Vision and Mission
The study established that the Karen Hospital has a clearly stated vision and mission statement. The vision is to be a reputable, world class healthcare provider offering teaching, research and referral facilities for the African region and beyond. The mission is to provide value for money quality healthcare services assisted by the most modern state of art equipment and to offer the best medical training, research and referral facilities. The hospital also works alongside the core values of compassionate care, convenience, cost effectiveness and competence. The top management who include the chief executive officer, Deputy chief executive officer and Director were responsible for the formulation of the vision and mission. Development of the vision and mission involved establishing the gap in the healthcare services and through deliberations in meetings conclusion was reached on the most suitable.

The chief executive officer and the Director had the idea of establishing a specialized heart hospital sixteen years before its inception and therefore they played a major role in coming up with a vision and mission. The vision and mission are incorporated in the hospital departments by holding departmental meetings and communicating to the hospital staff through the head of the different departments. The vision and mission are also included in the hospital website accessible to the staff and interested stakeholders. The vision, mission and the core values strictly guide the hospital strategic and operational activities. The hospital states clearly in its brochures and website that it provides leadership in healthcare.

4.3. Corporate Social Responsibility

The study established that Karen Hospital is very keen on corporate social responsibility. The hospital has partnered with a local medical charity the Heart to Heart Foundation that is dedicated to control, prevention and treatment of heart diseases in children. The chief executive officer and director are co-founder of the foundation. The hospital involvement is by giving a portion of its profit to the foundation and at the same time providing a medical facility where needy cases can be attended to. The future needs and goals of the foundation is to consolidate rheumatic heart disease prevention program in all established sites by training more health care providers and enhancing community outreach services.

4.4. Situation Analysis

The study established that the hospital does environmental scanning. This involves internal and external analysis. This is facilitated by the SWOT Analysis. The external analysis is mainly done by the marketing department who also continually identify developments in the healthcare industry and especially the competitors' activities. Through the analysis any gaps in the healthcare provision is noted. Internal analysis is also regularly done. Within the hospital several suggestion boxes where the patients can give their feedback are located in several places. Patients are provided with feedback forms and the feedback given is analyzed. Patients can also give their feedback through the electronic mail.

The marketing department regularly does customer analysis with the aim of identifying opportunities and threats that would require strategic attention. The department also regularly does competitor analysis with the aims of addressing the issues of who competitors are, competitor systems and processes, competitor marketing strategy, competitor future goals and competitor capabilities. The marketing department is able to get such information for instance from competitor's employees, published sources, customers and distributors. The study established that situation analysis also involves consideration of the internal customers who is the employees since the hospital consider them as key stakeholders in the accomplishments of the mission in line with the vision.

4.5 Strategic Objectives

The study established that the Karen Hospital has objectives aimed at achieving the mission of the hospital in line with the vision. The hospital aims at opening 8 more branches within the country. The long term plan is to have branches not only within Kenya but the African region and beyond. The hospital's strategic plan ranges from two to five years period. The Karen Hospital has a satellite branch in Nyeri. The strategic objectives are developed by the top management but also in consideration of objectives raised by senior manager and various heads of department. The objectives have to be specific, measurable, flexible, motivating, realistic and achievable within a stipulated time. Narrowing down on objectives involve several meetings of the top management in constant contact with the senior managers and head of departments. The set objectives are clearly communicated immediately to the various departments. The hospital's top management involves a consultant whenever deemed necessary.

The Karen Hospital departments have to have specific operational objectives under the responsibility of head of departments. These objectives have to be in line with the hospital strategic objectives. When the strategic objectives are communicated to the head of department, they are expected to develop specific departmental objectives, which upon approval by top management can then be pursued. The Karen Hospital also has qualitative goals operating under the strategic objectives directed toward patient care. The goals are quality care initiatives aimed at improving the care and customer service delivered to patients and families, to improve convenience, efficiency, outcomes of therapies and safety of patient care environment.

4.6 Strategic Analysis

The study established that the Karen Hospital has strategies aimed at achieving the set objectives. The top management notes that the health service industry is turbulent and thus the need to have very competitive strategies. The Karen Hospital's cardiology department is equipped with latest machines to ensure it has a competitive advantage over its competitors. The strategies are formulated by the top management but in close liaison with the senior management who also involve the heads of department in raising several strategies. Through several meetings a close analysis of several strategies is done to narrow down on the very competitive strategies necessary to achieve the strategic objectives. Strategy analysis is facilitated by Boston consulting

Group matrix. Departments of the hospital are expected to have operational strategies, which are guided by the corporate strategy. The head of department are supposed to submit their specific departmental strategies that have to be approved by the top management.

4.7. Strategic Evaluation and Choice

The study established that strategic options generated during strategic analysis are evaluated to select the best options. The hospital top management uses evaluation criteria. The Karen Hospital evaluates strategies on basis of suitability. acceptability and feasibility. Suitability of a strategy is the concern wheather it addresses the circumstances in which the organization is operating. This involves considering the suitability of the strategy in providing patient care. The suitability process involves a broad assessment of the extent to which a strategy would fit with the future trends, changes in the environment, exploit the strategic capability of the hospital and meet the expectations of the stakeholders. To understand the suitability of strategy environmental scanning is done. This is facilitated by the marketing department. To determine the relative suitability of strategic options a framework of ranking against a set of factors concerning the hospital is carried out. A score is computed for each option. By use of the criteria the strategies with highest score are selected

Acceptability of strategic option is determined which is concerned with the expected performance outcomes of the strategies and the extent they would be in line with shareholders expectations. To understand acceptability assessment of the risk, return and stakeholders reaction associated with every strategic option is carried by the hospital top management and senior managers. The strategic options are also evaluated on the basis of how feasible they are. This establish how workable is each strategic option generated and the resources and competences to implement any of the given strategy. The Karen Hospital finance department plays a major role to provide information on the finance required for each of the strategic options. The Hospital top management considers the feasibility assessment very vital so that it is ensured that no strategies are selected and later not implemented.
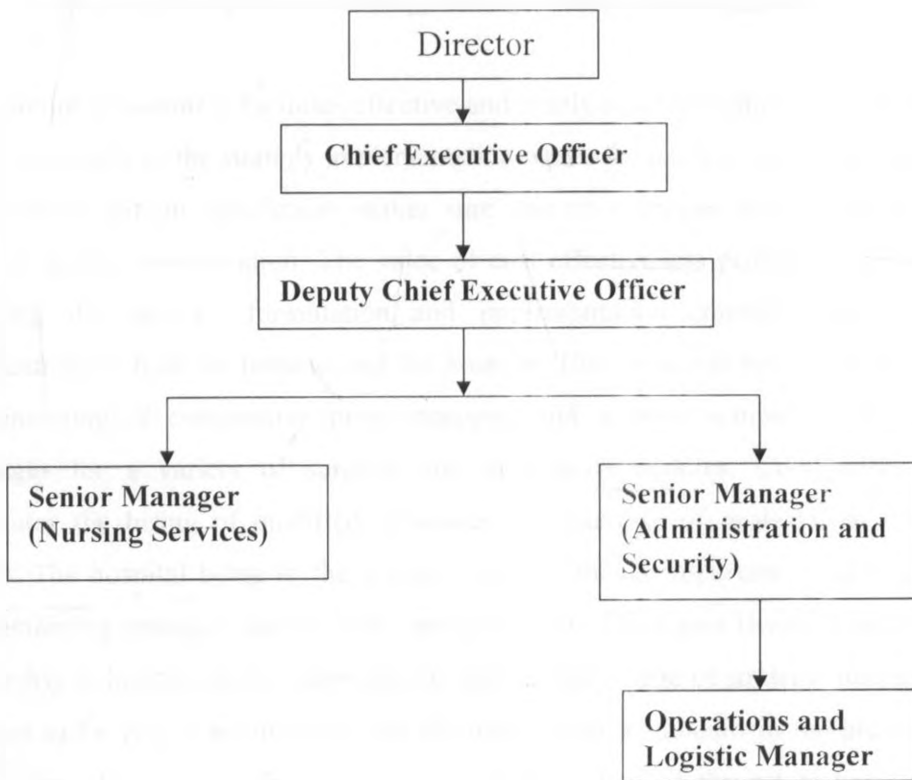
4.8. Strategy Implementation and Evaluation

The study established that the Karen hospital management considers this to be important process because it makes the formulated strategy a reality. This involves working out strategies by ensuring that the organization's daily activities, work efforts and resources are directed as much as possible toward implementing the strategies. Operationalizing of strategy involves developing operational plans which specifically spells out what will be done within short run periods in order to implement a given strategy. The Karen Hospital marketing department operationalizes the corporate strategy of expansion in terms of increasing awareness to medical personnel, medical insurance providers and other key stakeholders. The Karen Hospital departments are expected to develop action plans encompassing corporate strategies, operational objectives, activities, time frame, responsibility and budget. Operationalizing the strategy involves translating the strategy into shorter time frames appropriate for implementation. The hospital top management ensures that each department plays its role effectively and teamwork is encouraged.

The Karen Hospital top management has clearly set procedures and measures of evaluation. This facilitates monitoring of performance against controls to facilitate uniform and predictable performance. The hospital evaluation system include financial system which is the use of budgets to access the actual and expected cost of a strategy. Study established that the hospital employs both concurrent and feedback control system to ensure that formulated strategies are implemented effectively. Concurrent control system gives immediate feedback and thus allows for timely decisions to be made. This involves monitoring resources and progress of implementation of activities and includes measuring individual and organizational performance and taking corrective actions when necessary. The hospital's strategy evaluation involves the reviewing of external and internal factors that are the basis of current strategies and measuring performance. Heads of department report to the Top management and senior managers in the strategy implementation process. Suggestion boxes located on strategic places facilitate the feedback from patients on improvement on healthcare services provision. The strategy implementation is facilitated through the aspects of structure, leadership, culture, support systems, finance and human resources. These facilitate the institutionalization of strategy with aim of matching the strategy to the institutions of the hospital.

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4.8.1. Organization Structure

The Karen Hospital usually adjusts its organizational structure to ensure the strategies are implemented effectively. The hospital aligns the structure to the strategy. Apart from the top management the hospital also has two senior managers; one is in charge of nursing services and the other one administration and security. The creation of the two posts is to facilitate the implementation of the strategies for the hospital to be competitive. The nursing services manager organizes continuous medical education for doctors and nurses and oversees nursing services.

Figure 4.8.1:The Karen Hospital organization structure.

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                    ┌─────────────────┐
                    │    Director     │
                    └────────┬────────┘
                             │
             ┌───────────────▼───────────────┐
             │   Chief Executive Officer      │
             └───────────────┬───────────────┘
                             │
             ┌───────────────▼───────────────┐
             │ Deputy Chief Executive Officer │
             └───────┬───────────────┬───────┘
                     │               │
        ┌────────────▼──────┐   ┌────▼──────────────────┐
        │ Senior Manager    │   │ Senior Manager        │
        │ (Nursing Services)│   │ (Administration and   │
        │                   │   │  Security)            │
        └───────────────────┘   └────────────┬──────────┘
                                             │
                                  ┌──────────▼──────────┐
                                  │ Operations and      │
                                  │ Logistic Manager    │
                                  └─────────────────────┘
```

4.8.2 Leadership

The Karen Hospital chief executive officer and the entire top management are usually at the forefront, in providing the necessary leadership. The top management and the senior managers steer the hospital to undertake changes required in strategy implementation. The chief executive officer encourages the senior managers and heads of departments to team up to enhance successful strategy implementation.

4.8.3 Culture

The study established that the Karen hospital has values that form part of the culture of the hospital. These are compassionate care, convenience, cost effectiveness and competence. The other aspects of culture include patient satisfaction, teamwork, integrity, openness and leadership in healthcare. Team work plays a major role in strategy formulation and implementation. The top management work as team to provide guidance in strategy formulation and to encourage all staff to work together in the implementation of the strategy. Teamwork spirit cascade downwards from top management to every department. This makes every staff to perform their responsibilities knowing that they are important in the strategy management process. This encourages participation in strategy management process by all staff.

The culture of openness facilities effective and timely communication. This adds great value especially in the strategy implementation where feedback is very important. The belief about patient satisfaction makes sure that all strategies are formulated with service quality consideration. The value of cost effectiveness provides a ground for ensuring the strategy formulation and implementation considers the financial implications to both the patients and the hospital. This value has been instrumental in implementing of competitive price strategies and a large number of fixed price packages for a variety of surgical and medical procedures. Competence value facilitates the hiring of qualified personnel and exercise of professional care and ethics. The hospital being in the service industry ,this is important especially when implementing strategies dealing with service quality .The Karen Hospital belief about leadership in healthcare motivates all the staff at every stage of strategic management process to be very committed so that the hospital set a standard in the provision of healthcare services. The hospital has invested in state of the art technology and equipment. The hospital top management usually ensures that the culture is supportive to the strategy management process.

4.8.4. Support Systems

The study established the Karen Hospital has invested in an integrated information technology system manned by a consultant which facilitates sharing information, practice telemedicine locally and internationally, something not yet found in other

medical facilities in the region. The top management ensures that the support systems facilitate effective communication to reinforce strategy implementation.

4.8.5 Finance Allocations

The study established that through the finance department there are budgetary allocations to the strategy to be implemented. The top management realizes that finance and the way it is managed is a key determinant of strategic success. The department use both internal sources and external sources of funds. Accountability as a virtue is emphasized to ensure there is transparency in use of funds in every step of strategic management process.

4.8.6 Human Resources

The Karen Hospital Management recognizes the importance of human resources in the effective implementation of the hospital strategy. The hospital human resource department ensures that its recruits well qualified personnel to facilitate provision of quality health services. The hospital vacancies are posted on the hospital website career section as well as through other form of internal and external advertisement. To ensure efficiency in nursing services the hospital employed a nursing services manager who was previously working at Nairobi Hospital. This indicates that the hospital does employ a strategy of recruiting trained staff working in competing hospitals who have relevant qualifications for the vacancies that arises.

The study established that the hospital organizes continuous medical education training sessions for nurses and doctors to ensure that they are up to date with current medical practices. The continuous medical education involves key stakeholders in the healthcare industry such as pharmaceutical companies. There are also regular trainings for staff of various departments in the hospital facilitated by the human resources department. The human resource department has a reward system to recognize performance by the employees so as to encourage commitment to the hospital strategy implementation. The hospital has staff employed on permanent basis and some on temporary basis especially for nurses and doctors. The resistance to strategic change is experienced which is normally handled through effective reward system, effective communication and good leadership in all levels of management.

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4.9. Challenges in Strategic Management Process.

The study established that the main challenges faced are finances, resistance to change and healthcare industry forces. Challenges are faced at all stages of strategy management process. Sources of challenges are both internal and external. Challenges faced are mainly dependent on the stage of strategic management process. During the inception of the hospital there was the challenge of lack of experience in the strategic management. The management handled this by involving a consultant. The aspect of time management is a challenge during the strategy management process and to solve that, deadlines are established clearly stipulating the time allocated for every stage.

The most delicate stage is during the strategy implementation. The internal sources are a behavioral challenge which is resistance to change by employees and shareholders. This resistance is manifested by lack of commitment, absenteeism, disrespect of deadlines and poor performance. The inadequacy of resources especially funds for strategy implementation, because being a hospital some strategies require purchase of medical equipments worth millions of shillings. The Karen Hospital being relatively new in the industry faces the challenge of being in the process of fully establishing support systems.

External sources of challenges at The Karen Hospital are macro environmental forces especially technological because the medicine field is developing rapidly such that medical equipment may be relevant today but obsolete with passage of time. Industry forces especially from powerful pharmaceutical suppliers and powerful medical insurance providers. Medical insurance providers desire to spend the lowest amount possible on the policy holders which pose a major challenge to the hospital in implementation of patient service quality. Some medical equipments are supplied by few suppliers which leave the hospital with less bargaining power especially for cardiology machines. This becomes a challenge when implementing strategy to be competitive in the provision of cardiology services which is a major focus of The Karen Hospital.

The hospital Top management liaising closely with senior managers and heads of departments reduce resistance to change through education and communication which involve explanation of the reasons for and means of strategic change. This also

involves collaboration and participation by involving the people who will be affected by the strategic change process. The top management through the human resources department has enforced an effective reward system to encourage performance and teamwork. To address the funds inadequacy the top management through the finance department usually seeks for internal sources from the shareholders and if insufficient is sourced from financial institutions. The Karen hospital has good relationship with Kenya Commercial Bank, which was instrumental in the building of the hospital. The hospital encourages continuous improvement by ensuring there are appropriate systems especially in areas of policies, processes, leadership, culture, structure, and support systems.

The Karen Hospital has employed a consultant in information technology to ensure that the hospital is update with developments in the markets. Research is normally carried out before purchase of any medical equipment to make sure that the hospital acquires relevant equipments for diseases diagnosis and treatment. To reduce the impact of healthcare industry forces to the hospital strategic management process, there is a constant and effective communication with the suppliers and buyers. The hospital involves pharmaceutical suppliers in organization of continuous medical education training sessions. During these training sessions of doctors and nurses these suppliers are given opportunity to display and market their products. This helps in building collaboration and understanding. The Karen Hospital as policy involve as much as possible all the key stakeholders in the strategy management process to ensure that formulated strategies are effectively implemented.

CHAPTER FIVE SUMMARY AND CONCLUSIONS

5.1 Summary and Conclusions

The study objectives were to establish the extent of strategic management practices adopted by Karen Hospital and the challenges faced. The objectives of the study were achieved because the research carried out established that the Karen Hospital does practice strategic management practices to a great extent. The top management recognizes the environment is turbulent and thus the need to practice strategic management. The Karen Hospital has documented vision, mission and the core values. The hospital is actively involved in corporate social responsibility through the Heart to Heart Foundation. The Karen Hospital undertakes environmental analysis, which enables the hospital to be informed of the progress in the internal and external environment. The hospital has strategic objectives and undertakes strategic analysis to generate strategies. Strategies generated are evaluated on the basis of suitability, acceptability and feasibility which result into the most suitable strategies to meet the set objectives. The hospital has goals which are qualitative aimed at improving patient service quality. The hospital ensures there is patient satisfaction by employing feedback system. The feedback is analyzed and used to improve and augment patient care and satisfaction. The hospital plans to open satellite branches within and out of the country.

The Karen hospital has a competitive advantage in cardiology having been equipped with most modern machines and boosting of its own renowned cardiologist. This gives it an upper hand over the closest competitors especially in the cardiology specialization. Strategic implementation involves consideration of all factors necessary for effective implementation of strategy. The hospital strategies are operationalized by developing operational plans which spells out more specifically what will be done within short-run periods by a functional unit in order to implement them. Institutionalization of strategy involves incorporating aspects of organization structure, leadership, culture, human resources, and support systems. Every department usually has key role in strategy implementation. The Karen Hospital information system ensures smooth flow of information within the hospital departments. This enhances timely and effective communication. Training employees

is regularly done through continuous medical education training sessions and seminars within and out of the hospital environ.

Strategy Evaluation and control is undertaken to closely monitor strategic implementation process. This involves a concurrent and feedback system to ensure formulated strategies are effectively implemented. The strategic management process faces challenges which are mainly finance, resistant to change and healthcare industry forces. The strategy implementation is the most delicate and challenging part of the management process. These challenges are normally addressed through effective communication, reward system, sourcing for internal and external sources of funds, encouraging participation and collaboration.

5.2 Limitations of the Study

The research was a case study, which used the interview method that is relatively more time consuming and may at times introduce systematic errors that could interfere with results. The presence of the interviewer on the spot may over stimulate the respondent, sometimes even to the extent that he may give imaginary information just to make the interview interesting. The study was not able to elucidate all the details of the hospitals specific strategies and objectives, which top management felt are confidential information. The Karen hospital being relatively new, some of their systems are still under development, which limits the quantity of information gathered in the study.

The use of mainly open ended questions encouraged the respondent to give more information not necessarily important for the study. The aspect of time was a limitation in that the top management who were the respondents were very busy at the time of doing the study which made them to spare only a small part of their time for the interview which limited the information obtained. This is because the chief executive officer and the director apart from being in management, professionally they are medical specialists and thus their services are required in attending to the patients in the hospital which calls for a striking of a balance between management and medical work. The research concentrated on the main hospital and it was not possible to confirm the strategy implementation at the satellite clinic.

5.3 Suggestion for Further Studies

The Karen Hospital plans to open eight more branches across the country and it would be imperative to study the implementation of the strategies to meet that objective. The Karen hospital is relatively new and several strategic changes are expected and thus is important to study these changes in the turbulent environment. It would be important to study the competitive strategies employed by the hospital in the long run as it continues increasing its market share. The Karen hospital is involved in corporate social responsibility through the heart to heart foundation and it would be important to study this in depth and determine its impact on the overall hospital performance.

5.4 Recommendations

To make everybody in the hospital share and champion the vision and mission, the vision and the mission should be conspicuously displayed within the hospital premises. This can also be enhanced by including the vision and mission in the organization pamphlets, bulletins and other publications. The environmental scanning should involve industry analysis to identify opportunities and threats posed by the state of healthcare industry so as to match strategy to industry condition. Extensive customer analysis should be part of the environment analysis because customers form significant component of a firm's operating environment. The customer analysis should address the questions who are the hospital customers, why they go for particular health service, how they go for the service, when they go for the service and where they buy the services. This will facilitate efficiency in patients' service.

The strategic analysis process should involve use of several tools for instance the general electric matrix and the product market model apart from the Boston consulting group matrix. The hospital management should consider use of strategy workshops which employ tools of strategy analysis to allow staffs in the hospital to contribute to the quality of thinking about future strategies. This allows discussion drawing on different experiences, interests and views. Strategy evaluation should involve a pertinent evaluation criteria reviewed from time to time because one criteria may be plausible today but irrelevant later due to the environmental turbulence. The weighting of criteria can be generated through brainstorming or empirically. Strategy implemented should be enhanced by having policies designed to control decisions while defining allowable discretion within which operational personnel can execute

operational activities. To reduce resistance to change by employees, participation in the strategy development should be encouraged. To reduce other stakeholders' resistance, effective planning that takes care of stakeholders interests should be done which should involve understanding them and effective communication. The strategy evaluation and control systems should be checked regularly to determine their effectiveness in ensuring that strategy implementation is taking place effectively.

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APPENDIX I
LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

The CHIEF EXECUTIVE OFFICER
THE KAREN HOSPITAL
NAIROBI

DEAR MADAM,

RE: REQUEST FOR PARTICIPATION IN MY RESEARCH WORK

I am a postgraduate student in the University of Nairobi, School of Business, and pursuing Masters in Business Administration (M.B.A.) degree programme in Strategic Management.

In order to fulfill the Masters Degree requirements. I am undertaking a research project on **Strategic Management Practices adopted by The Karen Hospital Nairobi.**

The research is purely for academic purposes. All information given shall be kept strictly confidential. This study may bring out some suggestions, which could be useful to The Karen Hospital. A copy of the final study may be availed to you on request once the study is complete.

Thanks

Yours faithfully,   UNIVERSITY SUPERVISOR

KARIUKI PAUL MUTURI   MR. J.KAGWE

APPENDIX II

INTERVIEW GUIDE:

STRATEGIC MANAGEMENT PRACTICES IN THE KAREN HOSPITAL

A: STRATEGY FORMULATION

1. Who is responsible for the formulation of the vision and mission?

2. How was the vision and mission statement developed?

3. How do you incorporate the vision and mission in the hospital departments?

5 Does the hospital have strategic objectives?

6 How are the strategic objectives developed?

7 Who formulate strategic objectives?

8 Do you carry out environmental analysis?

9 How is the environmental analysis done?

10 Do you have strategies?

11. What is the process of generating strategies?

12. Which tools are used to develop strategies at the hospital?

13. How do you analyze and choose strategies

14. Which challenges do you face in strategy formulation in The Karen Hospital?

15. How do you handle challenges faced?

B: STRATEGY IMPLEMENTATION

1. What is the process of implementing strategies at the hospital?

2. Who are responsible for strategic implementation?

3. How do you incorporate hospital culture. structure and other key aspects during Strategy implementation?

4. Which challenges have been encountered in implementation of strategies in the Hospitals?

5. How have they dealt with the challenges faced in strategy implementation?

C: STRATEGY EVALUATION AND CONTROL

1. How do you monitor progress of the hospital's strategic implementation?

2. Which systems have been put in place to determine the success of strategic implementation in The Karen Hospital?

3. Which challenges do you face in the strategy evaluation and control in The Karen hospital.

4. How are the challenges faced handled?