INFLUENCE OF GROWTH STRATEGIES ON ORGANIZATIONAL EXPANSION: A CASE OF BETA CARE HOSPITAL, KIAMBU COUNTY, KENYA

BY

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DECLARATION

This research project report is my original work and has not been presented for the award of any degree in any other university or institution.

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DEDICATION

I dedicate this research project report to my lovely daughter Bernice Wambui plus my entire family; my mother Mrs. Mary Wambui, my brothers Mr Daniel Wamukuha, Dr. Michael Mukuha, Mr. James Mukuha and my sister Mrs. Nancy Mwangi for their support and patience as I undertook this strenuous and time consuming activity.

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ABBREVIATIONS AND ACRONYMS

BCA	Benefit –cost Analysis
CBA	Cost Benefit Analysis
CO	Company
GOK	Government of Kenya
IEA/SID	Institute For Economic Affairs/Society For International Development
LTD	Limited
NACOSTI	National Commission for Science, Technology and Innovation
NGO	Non-Governmental Organizations
NZTE	New Zealand Trade and Enterprise
PESTEL	Political, Economical, Social, Technological, Environmental, Legal
PR	Public Relations
SPSS	Statistical Package for the Social Sciences
SEC	Securities and Exchange Commission

ABSTRACT

The purpose of the study was to establish the influence of growth strategies on organizational expansion. In order to achieve this the study focused on the following objectives: to identify the influence of organic development on organizational expansion, to establish the influence of mergers, to identify the influence of acquisitions and to determine the influence of strategic alliances on the organizational expansion. The study adopted descriptive survey design and the target population was hospital staff totaling to 70. The sample size was 49 respondents which was 70% of the hospital staff. The study administered face to face interview guides to the top three officials at the hospital and questionnaires to other staff. The data collected was sorted to remove the incompletely filled questionnaires; the sorted data was analyzed statistically using SPPS version 20 for the determination of influence of growth strategies on organizational expansion. The data was presented in tables for the ease of the interpretation of the study findings. The questionnaire return rate was 93.5% which was sufficient for generalization of the findings. The study findings revealed that, through organic development Beta Care hospital has enjoyed growth via increased output with a huge number of customers, the hospital has managed to grow revenue allowing for the effective functioning of the other three pillars of organic development which are headcount, public relations and quality, the hospital also exploits the benefits of the pillar of headcount by ensuring that it has hired the right number of staff with the right qualifications .the hospital has also exploited the benefits of the pillar of quality which is very essential because organic expansion relies heavily on repeat customers. The findings also revealed no possibility of Beta care hospital forming any mergers with other health facilities around dictated by non - existence of similar health facilities with similar strength, most of the health facilities around seem to have limited resources making it easier for Beta Care Hospital to take control over them. Beta Care Hospital stands a chance of forming collaboration ties with other similar health facilities around this region; sharing of resources and activities between this facility and other facilities could lead to better health services offered to the community around. The study recommends that the hospital keeps abreast with modern technology through specialized services whose ultimate effect would be increase in the number of patients attending the hospital. The study also recommends formation of a formal unit to address the quality provision of services and responds to patients complaints and reservations. The study suggests a similar study on the role of mergers and acquisitions; a critical analysis on the growth of private ,mission and government hospitals.

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Today organizations are preoccupied with activities to out-compete their business rivals and stay relevant in the ever changing market. The ultimate goal of these activities is to attain market dominance, organization expansion and the resultant profit associated with it. This is the basis of organizational strategy which Johnson and Scholes (2008) define as a direction and scope of an organization over the long term, which achieves advantage in a changing environment through configuration of resources and competences with the aim of fulfilling stakeholder expectations.

Organization expansion is a necessity to meet the demands of an increasingly complex and dynamic environment, knowledge and evidence informed decision making are instruments in organizational expansion and entails being focused on important goals and involving others in achieving them (D'Silva, 2008). This process in turn involves strategy formation, which is affected by the existing conditions, the level of competition and market growth. In addition, the prevailing laws and culture affect the strategy. In Kenya, the law prohibits hospitals from advertising themselves or their products openly. The law defines advertising as a means to issue or cause to be issued a sign, notice, circular, label or wrapper to make any announcements orally or by means of producing or transmitting light or sound (Government of Kenya, 1978). This prohibition leads them to employ indirect methods to market their products and avoid being prosecuted for breaking the law. Indeed Mburu (2008) found that one of the major external influences to choice of strategy for private hospitals in Mombasa was regulation.

The health sector in Kenya's composed of institutions that are government owned, mission or church owned and privately owned. Despite these organizations being in both private and public sectors, they are actually in competition with one another. Thus whatever organizational expansion strategy's employed, which may be organic growth, mergers, acquisitions or strategic alliance's the complexity of this interaction of players in the health sector has to be taken into consideration. Each strategy's suitable depending on the organization capabilities, availability of suitable partners and enabling political and cultural conditions.

Organizational expansion can be pursued through a variety of strategies. These strategies can be divided into 4 types, which are organic development, mergers, acquisitions and strategic alliances (Wheeler & Hunger, 2007). Organic development is most suitable in situations where partners or acquisitions are not available or suitable and where cultural and political conditions enable it. Organic development involves building on own capabilities, learning and competence development. Mergers and acquisition work best where speed's essential and where possibilities of cultural clash are addressed. Joint development on the other hand is useful for market entry and quick growth and it has the advantage of diluting risks and learning from partners.

Johnson & Scholes (2008) describes the product market matrix proposed by Igor Ansoff which provides four different growth strategies. In market penetration the firm seeks to achieve growth with existing products in their current market segments, aiming to increase its market share. In market development the firm seeks growth by targeting its existing product to new market segment and in product development the firm develops new products targeted to its existing market segments. Finally, in diversification the firm grows by diversifying into new business by development of new products to new markets. The organization would then decide whether to pursue one or both approaches.

The direction that the organization decides to take in order to expand then determines the strategy that the organization will utilize. The strategic choices will further be influenced by the external environment that may constitute the political, economic, social, technological and legal influences. The pestle concept helps in understanding key environment drivers and changes in industry structure. The ultimate goal of this strategic choice's to gain competitive advantage over the rivals and hence grow the organization. Suitability is concerned with whether a given strategy addresses the key issues relating to the strategic position of the organization (Johnson & Scholes, 2008). Suitability's therefore concerned with the overall rationale of a chosen strategy. An in-depth understanding of the organization and its environment's absolutely necessary to plan suitability.

The health sector in Kenya is controlled by several key players: the national government through the ministry of health, county government and private hospitals. In the old constitution, the central government controlled 53% of all health facilities in the country whereas the other two players controlled the rest (IEA/ SID, 2001). Under the new constitution the national government will be responsible for health policy and the national referral hospitals. The county government on the other hand, will be responsible for county health services, and in particular county health facilities and pharmacies (Government of Kenya, 2010).

In line with the primary health care policies, Kenya has continued to design and implement policies aimed at providing health care for all. This has included expansion of medical schools in the county, as well as construction of national referral hospitals. Though noble, these achievements cannot achieve health care to all. In order to enable health coverage to a big number of its populace, Kenya has followed a pluralism strategy, allowing for a large and diverse non-government health care sector to develop. The government has tried to create an environment that is enabling for private health providers by relaxing the hurdles that needed to be overcome in order to set up a private health facility. As Berman & Rose (1996) wrote, failure to consider the diversity of private health providers could lead to faulty policy advice because form, behavior and importance with respect to both size and range of activities is likely to differ significantly between types of providers. This pluralistic method has resulted in a healthy private health sector in Kenya that has grown over the years. The growth in this subsector has been in terms of both number and size of the health facilities. The growth has resulted in competition between the various health facilities as they try to outgrow one another. The medical practitioners and dentists acts silent about the classification of health facilities in Kenya. The Kenya essential health package however identifies 6 levels of health care as listed below (Fund, 2007).

Level I	Private single practice clinics
Level II	Dispensaries
Level III	Health centers, small nursing homes and private facilities.
Level IV	District hospitals, medium sized private and medium size faith based facilities
Level V	Provincial hospitals , big private and faith based facilities with all the specialities.
Level Vi	National teaching and referral hospitals.

This classification though not comprehensive effectively brings out the stages of growth that an organization would plan to ascend through. The ultimate level would be a regional or international referral centre which is not included in the above classification. This classification also emphasizes that government and private facilities are not grouped separately and so are effectively in competition with one another.

Health facilities within the country have shown tremendous growth such that a new level would be needed to include international or regional referral hospitals. Indeed, hospitals like Karen and Aga Khan Teaching and University hospitals receive referrals from neighboring countries. Mission hospitals have also grown from being institutions that handled basic services to hospitals like Kijabe Mission hospital that has neuro-surgical, plastic surgical and intensive care services. The medical practitioners and dentists board has about 2,000 registered health facilities, although they cannot quantify how many facilities they are in each of the classes. This number of health facilities is expected to provide services to Kenya’s population of 42 million.

1.2. Statement of the problem

For any organization to stay relevant in the ever changing market, attain market dominance and the resultant profit associated with it, then it must ensure continuous expansion through appropriate growth strategies (Johnson and Scholes 2008). It is within our market domain that we have witnessed economic giants crippling with big debts some of which are already under receivership. If this is the case with big companies how about small upcoming organizations.

Johnson & Scholes (2008) state that expansion’s not optional in many markets and that if an organization chooses to expand more slowly than the competition, it should expect the competitors to gain cost advantage in the longer term. NZTE, 2012 indicates that well chosen partnerships can provide advantages such as sharing of risks, opportunities for expansion access to target market and resources.

Eisenherdt & Schoonhoven (1990) discovered that the greatest influence to organization growth strategies chosen by young firm’s environmental determinism and founding conditions. This tends to imply that the success of organizational expansion strategy does depend on circumstantial factor and not the chosen strategy. Dewhurst et al (2011) discovered that addressing the organizations weakness as growth strategies were implemented gave organizational significant advantage. Herman et al (2011) discovered that leadership quality is essential for growth and that certain competences are more important to some growth strategies than to others. Both Dwehurst and Herman therefore imply that the success of organizations growth strategies not circumstance driven but is dependent on purposeful steps to address organization weaknesses and choose the right managers. Weinzimer et al (1998) suggested that the success of organization’s growth was dependent on the specific approaches used to measure growth. This therefore implies that the results are subjective and by choosing one measure of organization growth and results can be altered.

The success of whatever chosen strategy may be dependent on environment influence, addressing of existing weaknesses and the leadership in the organization whatever strategy chosen may have a varying effect on organization growth. In addition the success of each strategy may be unfairly determined by choosing the wrong approval to measure growth. Therefore in order to analyze organizational expansion effectively, its necessary to analyze the utilized organizational expansion strategies utilized using an appropriate measure of the organization.

1.3 Purpose of the study

The purpose of this study was to examine the influence of growth strategies on the expansion of Beta Care hospital, Kiambu County.

1.4 Objectives of the study

The study sought to achieve the following objectives:

i. To identify the influence of organic development on organizational expansion
ii. To establish the influence of mergers on organizational expansion
iii. To identify the influence of acquisitions on organizational expansion
iv. To determine the influence of strategic alliances on the organizational expansion

1.5 Research Questions

The study sought to answer the following research questions;

i. In what ways does organic development influence organizational expansion?
ii. To what extend do mergers influence organizational expansion?
iii. To what extend do acquisitions influence organizational expansion?
iv. How do strategic alliances influence organizational expansion?

1.6 Significance of the study

This study would be a benefit to various stakeholders;

i. The government: The findings of this study may help to grow a new area of business understanding where health facilities in Kenya are viewed and managed like any other corporate organization in the country. This may lead the government to soften and open up the health sector where investors can build up hospitals and equip them with all the health facilities. The government can then sign up contracts so that it can be paying a certain percent of the cost so that patients can afford access these facilities instead of either crowding at government hospitals or seeking medical care from outside the country.

ii. Policy makers: The study may form a basis on which managers can identify appropriate strategies and strategy utilization in the management of organizations. This will further help bring out an appropriate measure of organizational expansion.

iii. Beta Care Hospital/Local community: The study will help to establish the most effective strategy for Beta Care hospital. This would enable the management to place more resources on this particular strategy and waste fewer resources on strategies that yield little or no results. The end result of this is better services to the community which I hope would be cost effective in terms of the payments incurred by patients seeking all the services at the hospital.

iv. Scholars: The findings of this study may also be useful to scholars since it will be a reference document for developing other studies relevant to strategy utilization in regards to organizational expansion. The study will also form a basis for other related studies on management practices and development of organizational strategic plans.

1.7. Delimitation of the study

The study was delimited to assessing the influence of growth strategies on organizational expansion. The study covered Beta Care hospital which is a private hospital located in Githunguri, Kiambu County. The target population of the study was top three officials at the hospital (hospital chief executive, hospital administrator and hospital matron), head of departments, section heads, unit heads and other non-management staffs.

1.8. Limitations of the study

While conducting data collection in the field, limitations experienced were time constraints, which was a limiting factor because the study was to be concluded within a short time and definitely coincided with other busy schedules especially with the top three officials at the hospital. This necessitated the interview guide to the top three officials to be conducted in stages. This breaking of the interview into stages results in a loss of the flow of the interview and could possibly have resulted in the loss of value data.

1.9. Assumptions of the study

The study was based on the following assumptions; all factors not included in the study remained constant, all the information given by respondents was true to the best of their knowledge, all respondents were accurately recorded and data analyzed properly and the sample chosen was a representative of the total population.

1.10. Definition of significance terms used in the study

Acquisition: An acquisition refers to the process whereby a company simply purchases another company.

Advertising: The law defines advertising as a means to issue or cause to be issued a sign, notice, circular, label or wrapper to make any announcements orally or by means of producing or transmitting light or sound (Government of Kenya 1978).

Capital Investment: Capital investment refers to commodity or money paid in return for any kind of asset, non-fixed or fixed. Thus, simply put, capital investment is the money that is used for buying things in the market.

Cash Flow Statement: It’s a document that provides aggregate data regarding all cash inflows a company receives from both its ongoing operations and external investment sources, as well as all cash outflows that pay for business activities and investments during a given quarter.

Cost benefit analysis (**CBA**), sometimes called benefit–cost analysis (BCA), is a systematic approach to estimating the strengths and weaknesses of alternatives that satisfy transactions, activities or functional requirements for a business. It is a technique that is used to determine options that provide the best approach for the adoption and practice in terms of benefits in labor, time and cost savings etc. The CBA is also defined as a systematic process for calculating and comparing benefits and costs of a project, decision or government policy (hereafter, "project").

Economies of Scale: Economies of scale refers to situations where costs are lower due to higher volume of production.

Entity: Entity means something that exists in its own right and has its own existence

External Environment: External environment constitutes the political, economic, social, technological and legal influences.

Financial Projections: Estimates of the future financial performance of a business.

Forecast evaluation: Is a management-oriented, stand-level, forest-growth and ecosystem-dynamics model. The model was designed to accommodate a wide variety of silvicultural and harvesting systems and natural disturbance events (e.g., fire, wind, insect epidemics) in order to compare and contrast their effect on forest productivity, stand dynamics, and a series of biophysical indicators of non-timber values.

Government health policies: Government health policies refer to measures put forward by the government to regulate the health sector, these include policies that regulate setting up of health facilities.

Head Count: Headcount refers to the human resources component of the organization and specifically refers to the number of staff and their qualifications.

Lifecycle: Lifecycle is taken to refer to the changes that take place during the life of an entity.

Market Share: It refers to the percentage of an industry or market's total sales that is earned by a particular company over a specified time period. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general idea of the size of a company to its market and its competitors.

Market Value: The price an asset would fetch in the marketplace. Market value is also commonly used to refer to the market capitalization of a publicly-traded company, and is obtained by multiplying the number of its outstanding shares by the current share price.

Medical practitioners and dentists act: Medical practitioners and dentists act regulates registration and controls such things as advertising.

Merger: A merger is a combination of two or more companies to form a new company

Organizational expansion: Refers to expansion of the organization in terms of number of clients and also in terms of services offered.

Organic development: Organic development involves building on own capabilities, learning and competence development.

Overheads: An accounting term that refers to all ongoing business expenses not including or related to direct labor, direct materials or third-party expenses that are billed directly to customers.

Payback period: The length of time required to recover the cost of an investment. The payback period of a given investment or project is an important determinant of whether to undertake the position or project, as longer payback periods are typically not desirable for investment positions.

Calculated as: Payback Period = Cost of Project / Annual Cash Inflows

Pillars of Organic growth: the main pillars of organic growth are: revenue, headcount, public relations and quality.

SEC Filing: An SEC filing is a financial statement or other formal document submitted to the U.S. Securities and Exchange Commission (SEC). Public companies, certain insiders, and broker-dealers are required to make regular SEC filings. Investors and financial professionals rely on these filings for information about companies they are evaluating for investment purposes. Many, but not all SEC filings are available online through the SEC's EDGAR database.

Standard Financial statements: A **financial statement** (or **financial report**) is a formal record of the financial activities of a business, person, or other entity.

Strategic alliance: A strategic alliance' s a form of collaboration between two or more companies which can take on many forms such as technology transfer, purchasing and distribution agreements, marketing and promotional collaborations.

Strategy: Johnson and Scholes (2008) define as a direction and scope of an organization over the long term, which achieves advantage in a changing environment through configuration of resources and competences with the aim of fulfilling stakeholder expectations.

Synergy: Synergy is when combined operations show lower costs or higher profits than would be expected by just adding their financial information together on paper.

Vertical Integration: Vertical integration refers to a situation where greater control over the production process is achieved due to owning more steps in the production process.

1.11. Organization of the study

The research is organized in Five chapters. Chapter One covers the background of the study, problem statement, research objectives, research questions, significance of the study, limitations of the study and the definitions of the significant terms as used in the study.

Chapter Two presents a review of literature regarding the influence of growth strategies on organizational expansion and relevant research associated with the problem addressed in the study and also gives a theoretical approach in relation to the study, a conceptual framework and summary. Chapter Three presents research methodology entailing research design, target population, sample size and sampling procedures, research instruments, pilot testing, validity and reliability of the instruments, data collection procedures, data analysis techniques, ethical consideration and operational definition of terms. Chapter Four presents data analysis presentation and interpretation of the findings this will entail detailed presentations of the findings from the research instruments which were used for the study, and this covers the response rate, presentation of the demographic information and the presentation of the key findings of the study objectives of the study. Chapter Five presents summary of the findings, conclusions, discussions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the Literature related to the influence of growth strategies on organizational expansion. This has been done with specific reference to what others have said in relation to the study topic based on the four objectives. The first objective focuses on identifying the influence of organic development on organizational expansion. The second objective focuses on establishing the influence of mergers on organizational expansion, the third objective focuses on identifying the influence of acquisitions on organizational expansion and the fourth objective focuses on determining the influence of strategic alliances on the organizational expansion The Chapter also looks at the theoretical approach towards the organizational expansion, develop a conceptual framework and knowledge gap.

2.2 An Overview on Organizational expansion in respect to growth strategies

Organizational expansion means different things to different organizations. Most companies will measure their growth in terms of net profit, revenue and other financial data (Caplow, 1983). Other business owners may use sales figures, numbers of employees or physical expansion. The parameter that is chosen has a tendency to influence the amount of growth that is perceived. Indeed Weinzimmer et al (1998) found that the significance of relationships between determination and organizational expansion as well as the amount of explained variance depend on the specific approaches used to measure growth. Companies have to grow in order to accommodate the increased expenses that develop over the years (Crosby, 1990). Most firms of course, desire growth in order to prosper, not just to survive.

Desirable as growth may be, it has a number of problems that arise from it. Organizational expansion brings with it inevitable dilution of the holds on capacity while the complexity of various organizational tastes simultaneously increases (Caplow, 1923). When this growth's sudden rather than incremental, it results in disorientation of employees. These problems then require to be addressed by changes in organizational structure that then compliments the organizational expansion.

Indeed there are many parameters a company can select to measure its growth. One yardstick's to assess progress with respect to an organization's stated goals. Other measures may be sales figures, number of employees, physical expansion, or net profit (Caplow, 1983). There are in turn different methods that can be utilized to pursue organizational expansion. These methods can be divided into three types, which are organic development, mergers and acquisition and strategic alliances (Johnson & Scholes 2008).

Organic development also called internal development, and it's where strategies are developed by building on and developing an organizations own capabilities (Johnson & Scholes 2008). This method has advantages for organizations because resources utilized are preexisting one and moreover this method can be adopted and spread in order to suit the organization resources. Organic growth strategy grows a company via increased output and larger sales volumes. This strategy is based on four main pillars; revenue, headcount, public relations and quality (Lehrich, 2007). Businesses that are growing organically need to grow revenue volumes in the most efficient manner possible. Growing revenues allows for the effective functioning of the other 3 pillars. Headcount refers to the employee numbers as well as the qualifications of the employees. Public relations and advertising enables the company to get the word out about its products and services. Quality's essential because organic growth relies heavily on repeat customers. For a company that has strength in any or all of the above pillars then organic growth's most appropriate. The challenge in these strategies lies in ensuring that each of the development pillars is greater than the competition.

Acquisitions and mergers are similar, though in acquisitions one organization that has the necessary resources , takes control of another organization (Pearce and Robinson, 2007). Mergers on the other hand imply a mutually agreed decision for joint ownership. The organizations here tend to be of similar strength. The motives for acquisition and mergers include consolidation of opportunities, exploitation of strategic capabilities. Competitive situation and when rapid entry of products into a market's necessary (Johnson & Scholes, 2008). Acquisitions can be classified further as private and public depending on whether the company initiating the process's or not listed on the public stock markets. In addition, the acquisition may be hostile or friendly (King & Covin, 2008). The hostile merger occurs when one company is coaxed into the agreement through the monopolization of resources or strong competitive measures. The conditions that tend to favor acquisitions include the presence of a large company in the same market as a similar one or the possession of limited resources by one company at the expense of another. This strategy is most appropriate for a company that wants to muscle its way into an existing market.

The growth of an organization in terms of products and markets can be analyzed using the Ansoff matrix. These may not be able to analyze the organizations merger or alliances, but it does analyze the organizational expansion in terms of core areas of a company. The matrix provides a simple way of generating 4 basic directions for strategic development (Johnson & Scholes, 2008).

Table 1: The Ansoff Matrix

	Existing products	New products
Existing Markets	A Market penetration consolidation	B Product Development
New markets	C Market development	D Diversification

Source: Adopted from H. Ansoff, corporate strategy, Penguin, 1988, Chap 6.

An organization typically begins in box A with existing products and existing markets. The organization then has an option of developing new products for its existing markets (box B), bringing its existing product into new markets (box C) or attempting full diversification with new markets and new products (Box D). The Ansoff matrix explicitly considers growth options and growth's not optional for any organization that wants to remain relevant in an ever changing market.

2.3. The influence of organic development on organizational expansion

Organic development relies on the organization building and developing its own capabilities, which in this case means that the organization has utilized its existing capabilities in order to grow Johnson and Scholes (2008). The advantage of this organizational expansion method is that it is safer than rapid growth or growth through mergers and acquisition because the method used is already tried and tested for the organization. This method's also cost effective as it involves building and developing own capabilities. The disadvantages are that organic growth takes longer than more aggressive strategies for growth, the strategies utilized here grow over time and are not a quick fix solutions. The method is also limiting for an organization that wants to try different business models and new ideas. This growth strategy can best be analyzed using the four main pillars of organic growth, which are revenue, headcount, public relations and quality.

Revenue is probably the most important pillar for the organization because, by increasing revenue, then all the other pillars can be financed Lehrich (2007). Revenue is growth by increasing the number of patients that attend the facility each year because every patient who attends the health facility results in an increase in revenue for the organization. For each patient seen at the hospital, a consultation fee is charged which results in revenue increase. Whatever other services or investigations ordered also results in an increase in revenue. This therefore means that whenever a patient is sent for an ultra sound, an X-ray or blood count at the hospital, the charges for each of these services result in revenue for the institution.

The other method utilized in order to raise revenue is to decrease the expenditure Leirich (2007).. The decrease in expenditure is achieved first of all by seeking cheaper sources of supplies. Therefore instead of looking for original drugs, well tested generics are utilized, instead of using imported products and machines, tested and proven local products and machines are utilized. This use of local supplies and machines also result in decrease of transportation costs as most of the companies deliver the supplies themselves. When it comes to machines, the use of local machines means that after sales services are easily and cheaply available, as are the spare parts. Bulks ordering of supplies enable the organization to get quantity discounts that further lower the cost of goods. Wastage's also kept low by having section heads that continually assess and address any wastage that may be occurring within their sections. Wastage is also minimized by ensuring that each staff member is held accountable for any wastage that occurs in the performance of their duties. Growing revenue eventually leads to profit growth which is the end goal of the organic growth strategies. Growing revenue allows for the effective functioning of the other three pillars.

The disadvantages encountered with this revenue pillar of organic growth strategy are several; first of all the raising of revenue is based on numbers which therefore means that a depression in numbers for whatever reason, results in a significant decrease in revenue. This is unlike the competition that has a significant profit margin gained with each patient, which therefore makes them less reliant on the number of patients attending the health facility. The focus on decrease in wastage may also result in decreased quality of services as staff members place the decrease in wastage at a higher level than quality provision.

Head count: Headcount refers to the human resource component of the organization Johnson and Scholes (2008). Increase in the number of employees occurs in order to match the increase in the number of patients. The increase in staff numbers acts as an indirect marketing method because the new staff members, in some occasions move over with some of their regular patients. The administration can also counter any staff movements to other facilities by increasing salaries and perks for any staff members who may threaten to leave and by ensuring that the staff salaries are the best in the market.

Quality is more important than quantity for a company headcount Caplow (1923). An increase in the qualification of the staff members such as more specialized doctors has resulted in an increase in the patients that require more specialized services.

Public Relations: Public relations and advertisement allow companies to get the word out about their products and services Crosby (1990). Institutions require professionals whose daily activities are geared towards public relations. Good public relations strategies allow for revenue growth. Bad public relations can be more damaging to the company than good public relations can be effective. This therefore means that the organization needs to have a formal structure in place to handle any bad public relations events that may occur. lack of this departments in an organization lays the organization in a very susceptible position should any unwelcomed event occur. All public relation avenues must be used and monitored to ensure positive word of mouth advertising and branding.

Quality; To successfully grow any enterprise, there needs to be a quality product. Quality is ensured by appropriate management of all conditions' treatment and referral of any patient with problems requiring sub-specialized management. Quality is also assured by strictly adhering to the rules and regulations of the medical practitioners and dentists board. Quality control and customer services are critical to gaining a sufficient sales volume to grow a company Weinzimmer et al (1998).

2.4. The influence of mergers on organizational expansion

The term merger can be defined as follows:

Voluntary amalgamation of two firms on roughly equal terms into one new legal entity.

Combining of two or more companies generally by offering the stakeholders of one company's securities in the acquiring company. It's also defined as a combination of two or more companies to form a new company. In a merger two companies agree to combine their operations into a single entity. Mergers are effected by exchange of the pre-merger and when people use the term merger they mean a “merger of equals” that is two companies of the same strength.

According to (John, 2003), companies *would choose to merge together for different reasons:*

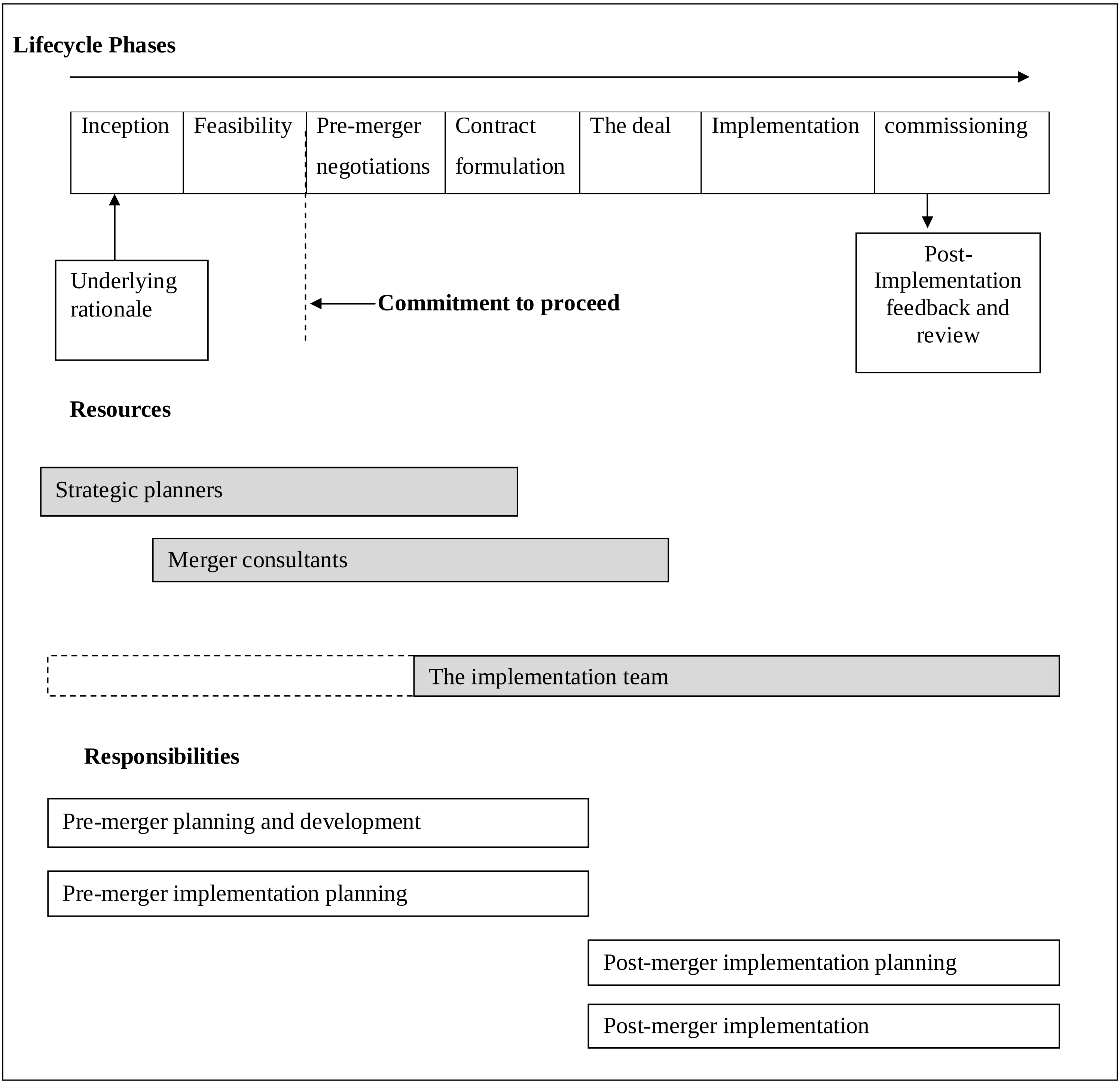
The combined entity would be larger and have corresponding larger resources for marketing, product expansion and obtaining financing. This could help them better compete in the market place. The combined entity could merge similar operations to reduce costs, corporate and administrative functions such as human resources and marketing are often targets for combination. They might also combine the production areas if the companies produce similar products and reduce costs by having few plans or facilities in operation. The combined entity might have less competition in the market place. If the products of the two companies competed for customers they could combine their offerings and use resources for improving the product rather than marketing against each other.The combined entity might have synergy in operations. Synergy is when combined operations show lower costs or higher profits than would be expected by just adding their financial information together on paper. This could be due to economies of scale, where costs are lower due to higher volume of production or due to vertical integration where greater control over the production process is achieved due to owning more steps in the production process (Julian, 1991).

Mergers basically imply a mutually agreed decision for joint ownership between organizations. Merger is a financial tool that is used for enhancing long term profitability by expanding their operations. Mergers occur when the merging companies have their mutual consent as different from acquisitions which can take the form of a hostile takeover. Business firms opt for mergers for consolidating a fragmented market and also increasing their operational efficiency, which give them a competitive edge. Mergers generally succeed in generating cost efficiency through the implementation of economies of scale. It may also lead to tax gains and can even lead to a revenue enhancement through market share gain. The principle benefits from mergers can be listed as increased value generation, increase in cost efficiency and increase in market share. Mergers often lead to an increased value generation for the company. It is expected that the shareholder value of a firm after mergers would be greater than the sum of the shareholder values of the parent companies. An increase in cost efficiency is affected through the procedure of mergers. This is because mergers lead to economies of scale. This in turn promotes cost efficiency. As the parent firms amalgamate to form a bigger new firm the scale of operations of the new firm increases. As output production rises there are chances that the cost per unit of production will come down. It can be noted that mergers proof to be useful in the following stations; Firstly, when a business firm wishes to make its presence felt in a new market. Secondly, when a business organization wants to avail some administrative benefits. Thirdly, when a business firm is in the process of introduction of new products (Wallace and Moles, 2012). The organizations here tend to be of similar strength. The motives for mergers include consolidation of opportunities, exploitation of strategic capabilities, competitive situations and when rapid entry of products into a market is necessary (Johnson and Scholes 2008). Mergers may be hostile or friendly (King and Covin, 2008). The hostile merger occurs when one company is coaxed into the agreement through the monopolization of resources or strong competitive measure. This strategy is most appropriate for a company that wants to muscle its way into an existing market.

Mergers lifecycle

Most mergers progress through a clearly identifiable lifecycle. Lifecycle is taken to refer to the changes that take place during the life of an entity. The word entity means something that exists in its own right and has its own existence. A merger can be regarded as consisting of two or more entities progressing through a series of identifiable changes of lifecycle points until the merger is complete. More correctly most mergers do not have a clearly defined completion point. Most organizations, however, do establish a point at which the merger is regarded as being complete. After this point the process usually receives no separate resources or funding. Any longer term hosts are simply absorbed into the overall operational expenses of the organization.

Figure 1. Typical Merger Lifecycle Phases



Source: Adopted from Mergers and Acquisitions, Roberts, Wallace, Moles, 2010.

Most mergers commence with an inception phase. In this phase the senior managers of an organization initiate the process. Inception is usually followed by a feasibility stage where the underlying financial and logistic areas are considered. The merger may be initiated to improve financial performance or numerous other reasons.
Most feasibility phases include a detailed analysis of the financial characteristics of the proposed merger together with considerations of likely time scale, synergy generation and other variables.

At some point during, or on completion of the feasibility phase a firm commitment is made to proceed. At this point the organization commits itself to the merger and allocates funding and resources as necessary. The pre-merger negotiation phase usually starts right after the commitment to proceed. In this phase the senior managers of the two organizations enter into negotiations in order to reach agreement on the structure and format of the new combined organization. The negotiation phase often involves external professional consultants such as specialist contract lawyers. Once the negotiations are complete the deal itself takes the form of a detailed merger contract. The contract sets out the rights and obligations of each party (organization) under the terms of the deal.

The implementation process starts as soon as the contract is in place. Implementation includes the mechanics of actually making the merger happen. There is usually some point at which implementation is designated as being complete, at least from an independent project point of view. This is usually followed by a longer term phase in which the new organization acclimatizes to the new organizational structure. This phase is usually referred to as commissioning. In some cases the commissioning phase can continue for several years.

2.5. The influence of acquisitions on organizational expansion

Acquisitions refer to a situation whereby one organization that has the necessary resources takes control of another organization (Pearce and Robin, 2007). In an acquisition one company purchases another company, and has the right to sell off operations, merge them into similar groups in the purchasing company, or close the facilities or cancel products all together. Acquisitions are undertaken for strategic reasons as follows:

A company might acquire another company to obtain a specific product. It can be less expensive to purchase a company offering a product you would like to sell than building the product yourself. Software companies often purchase smaller companies that offer extensions to the product line if they become popular with customers, so they can add the functionality to their primary offering. A company might acquire other companies to increase its size Pearce and Robin (2007).. A larger company may have more feasibility in the market place, and also better access to credit and other resources. A company might acquire another to obtain control over a critical resource. For example, a jeweler company might acquire a gold mine, to ensure they have access to gold without market price fluctuations.

An increase in a market share is one of the possible benefits of acquisitions. In case a financially strong company acquiring a relative distressed one, the resultant organization can experience a substantial increase in market share. The new firm is usually more cost efficient and competitive as compared to its financially weak parent organization. The motives for acquisitions include consolidation of opportunities, exploitation of strategic capabilities, competitive situation and when rapid entry of products into a market is necessary (Johnson and Scholes, 2008). Acquisitions can be classified further as private and public, depending on whether the company initiating the process is or is not listed on the public stock markets. In addition, the acquisition may be hostile or friendly (King and Coven, 2008). The conditions that tend to favor acquisitions include the presence of a large company in the same market as a similar one or the possession of limited resources by one company at the expense of another. This strategy is most appropriate for a company that wants to muscle its way into an existing market. This method has been utilized by institutions like the Nairobi Women's hospital that has acquired the Masaba hospital, thus enabling its faster growth and penetration into the market. Kijabe Mission hospital has acquired a few dispensaries in the regions of Kimende and Limuru. Indeed as noted earlier, organizations need to move with the times in order to stay relevant in today's market place.

The acquisition process is often viewed for analytical purposes as a five stage procedure. These stages have been designated as (1) Goal (and Stategy) Definition, (2) Selection and Review of Targets, (3) Forecast Evaluation, (4) Analysis, and (5) Management Review and Decision [Allison, 1984].

Stage One: Goal (and Strategy) Definition: In the first stage the acquiring company must set forth its goals, objectives and strategic plan which should include alternatives to the proposed acquisition. This is done during the strategic planning process when the firm attempts to match its organization with the changing environment. As the business environment changes, the organization is exposed to a variety of threats to its economic stability and opportunities to expand its markets. Some organizations adapt to their changing environment by implementing changes in their structure. These changes may influence the firm's relationship to its environment and have an impact on the firm's effectiveness; or, the changes might instead relate to the external operations of the firm and affect its efficiency (Armitage, 1990). Management accountants serve as key professionals on the management decision making team and their expertise facilitates the development and implementation of a firm's strategy. The management accounting function in the past seemed to be driven by operational requirements, but in today's dynamic environment, the necessary information tends to be more strategic in nature. Such strategic analysis is, in fact, cost analysis from a broader perspective where far ranging factors are more conscious, explicit and formal. The goal is to use management accounting tools and data to aid in the development of superior strategies that will enable the firm to gain a sustainable competitive advantage.

Stage *Two: Selection and Review of Potential Targets:* The second stage of the process Involves screening of target companies. The management accountant can aid in targeting potential candidates by identifying firms with undervalued assets resulting from conservative accounting policies. In addition, the management accountant may choose to employ available multivariate models based on a series of accounting ratios in a firm's efforts to identify the best acquisition candidates. Computer models, using data from annual reports, SEC filings, etc., could then be used to generate a set of financial projections based upon different assumptions made about such factors as the hurdle rate, capital investment level and profitability of the candidate. The candidate's expected performance would be shown in terms of cash flow and standard financial statements. This data, in turn, could be used in another model to investigate the implications of alternative financing strategies. Finally, yet another model could be employed to generate projected consolidated data reports at the corporate level.

Many times the acquirer's first impressions of the company and its management team can highly influence its interpretation of the target's value (Richards, 1986). Therefore, the target company is evaluated in terms of its growth potential, market share of the products it makes, technology and potential synergies (Allison, 1984). Growth potential and market share of its products are obvious criteria to consider when a company is a takeover candidate. The marketing department of the acquiring company assesses the relative market share of the target's products.

The growth potential of the target is a unique area wherein the management accountant can provide expertise in conjunction with the evaluation of the marketing department. However, what is not obvious but necessary to stress at this stage, is the management accountant's role in the evaluation of the target's technology and its potential synergies.

To quantify expected synergies and assess appropriate value requires a technical knowledge of the market in question as well as a disciplined understanding of the industry as whole, and a creative intuition to project a dynamic working relationship between the disparate parts. An additional purpose of such assessment will provide a value of the potential target, which may then be compared to other available candidates.

Stage Three: Forecast Evaluation. The third stage of the process involves the evaluation of the target company's financial forecasts. These projections are especially important if the acquiring firm is considering alternative acquisitions. The management accountant uses these financial forecasts to furnish the basis for comparing prospective acquisitions and arriving at the ultimate decision to chose or reject an individual firm.

An analysis of past financial statements can verify the accuracy of forecasts in relation to past results. Cash balances should be scrutinized for peaks and valleys and a determination made as to the cause of any divergence. An examination of accounts receivable can indicate if customers are complying with the company's payment terms to avoid shortcomings. The existence of old accounts may indicate uncollectibility. By the same token, accounts payable should be consistent with the payment terms of the suppliers. This review may also indicate the existence of excess cash, which could be used in other facets of operations. Finally, the credit policies and collection procedures of the target company should be reviewed to determine the composition of their customer base. This gives the management accountant an idea of the risk involved relative to the future cash receipts of the target company (Gunther, 1979).

An examination of the components of the target firm's asset composition is also a significant analysis to be performed by the management accountant. Such an analysis of property, plant and equipment may indicate that operations can be conducted at less than one hundred per cent capacity, resulting in assets which could be sold. The current market value of assets may be higher than the carrying value and these assets may be sold and leased back by the acquirer. An examination of these factors might provide cash that could be used in financing the acquisition (Gunther, 1979). If a business segment of an acquired entity has been discontinued, the reasons and accounting for the transactions should be scrutinized. Any allocation of overhead to the discontinued segment is reviewed to decide whether the basis of such allocation is reasonable. The allocation could be a device to improve reported income from operations still in existence. Finally, a review of significant ratios from the statement of operations should be performed to determine any changes in the level of profitability (Gunther, 1979).

Stage Four: Analysis Once the financial statements have been evaluated and deemed to be acceptable, the fourth step of the acquisition process is reached. This step consists of the analysis of the financial projections and the subsequent evaluation of the acquisition relative to other investment opportunities. Its internal rate of return is calculated by the management accountant and then compared to any internal financial requirements (Richards, 1986).

Stage Five: Management Review and Decision The final step in the acquisition process is the review of the reports generated by the management accountant and his team by upper level management. With the help of these reports and the input of the management accountant, upper level management can focus on the purchase price that would be required to achieve a specified internal rate of return or a required payback period. The management accountant has a number of tools for valuing companies, including discounted cash flow analysis, the use of price/earnings multiples, and determination of the effect on the parents' earnings per share if it acquires the targeted company. The projections and subsequent conclusions drawn can be used to compare the current acquisition prospect with previous acquisitions. As stated before, they can also be compared with alternative investments (Allison, 1984). Of course, there may be intrinsic rewards associated with a given acquisition that may offset a comparably low internal rate of return. The target company, for instance, may have a certain technology that is considered very important to long-term goals.

In addition, it should be noted that certain synergies resulting from the acquisition may not be obtained by any other means.

2.6. The influence of strategic alliances on organizational expansion

In today's environment, creating sustainable value for customers and shareholders requires creating effective alliances. Alliances are essential building blocks for companies to achieve stronger and more effective market presence Reuer Jeffrey (2004).. A strategic alliance is a form of collaboration between two or more companies which can take on many forms such as technology transfer, purchasing and distribution agreements, marketing and promotional collaboration. Using a broad interpretation, strategic alliance is a relationship between firms to create more value than they can on their own. The firms unite to reach objectives of a common interest while remaining independent. Strategic alliances occur when organizations share resources and activities with a predetermined goal (Johnson & Scholes, 2008). These partnerships exist for a defined period during which partners contribute their skills and expertise to a cooperative project. Partners may provide the strategic alliance with resources such as product distribution channel, manufacturing capacity knowledge, capability or intellectual property. This alliance is a collaboration which aims for synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts (Rigsbee, 2000). There are four types of strategic alliances which are joint ventures, equity strategic alliance, non equity strategic alliance and global strategic alliances. In joint ventures two or more firms create a legally independent company to share some of their resources and capabilities to develop a competitive advantage, with equity strategic alliance two or more firms own different percentages of the company they have formed by combining some of their resources. In non equity strategic alliance the firms development a contractual relationship to share some of their unique resources in order to create competitive advantage (Reuer Jeffrey,2004). In global strategic alliance the partnership are across national boundaries. This may provide an easy way to escape lengthy legislation processes in a foreign country. The bottleneck with strategic alliance's the legal process involved in their formation, ensuring that both parties actually benefits from the alliance.

As the pace of global business accelerates, and customers continually become more demanding and sophisticated, companies are finding the competitive landscape dramatically changing. Markets are moving so quickly that is very difficult for one company to stay current on all technologies, resources, competencies, and information needed to attack, and be successful in those markets. Strategic alliances offer a means for companies to access new markets, expand geographic reach, obtain cutting-edge technology, and complement skills and core competencies relatively fast (Richard, 1986).. Strategic alliances have become a key source of competitive advantage for firms and have allowed them to cope with increasing organizational and technological complexities that have emerged in the global market. In recent years, there has been an explosion of alliances around the world and across industries. For example, in February 2001, The Coca-Cola Company and Procter & Gamble announced a $4.2-billion U.S. dollars joint venture to use Coca - Cola's huge distribution system to increase reach and reduce time to market for the P&G products Pringles and Sunny Delight. Star Alliance is the largest partnership in the airline industry; its reach extends to 130 countries and more than 815 destinations, with collective revenue for the partnership at more than $63 billion U.S. dollars. Hewlett-Packard and NTT DoCoMo created a partnership to conduct joint research on technology for fourth generation mobile phones, bringing together HP's network infrastructure and computer servers with DoCoMo’s wireless broadband technology.

In general, to create successful alliances, a company must understand when alliances make strategic sense and how to manage them for a business results. Alliances can be extremely useful in situations of great uncertainty and in markets with growth opportunities that a company either cannot or does not want to pursue on its own.

(Hook Leonard, 1998) argues that more specifically, the most common reasons for forming strategic alliances and achieve competitive advantages are as follows:

Setting new global standards: Entering into an alliance can be the best way to establish standards of technology in the sector.

Confronting competition: When a high-volume producer decides to attack a new geographic market, defense is difficult if it does not have comparable size. Alliance between companies is a response

e which has often led to positive results. It is equally valid to attempt an attack on a leader that has consolidated its own positions.

Overcoming protectionist barrier: Alliances can allow companies to avoid controls on importation and overcome barriers to commercial penetration. Alliances can also be a way to respect the bonds posted by the “host” country regarding value-added local content and participation in the capital of local businesses.

Dividing risks: For certain projects, risks of failure are high, and even higher when investments are elevated.

Economy of scale: There are many alliances designed to divide fixed costs of production and distribution, seeking to improve volume.

Access to a market segmen:. In mature segments, a company often wants to develop in a market segment where it is not present through an agreement with another company.

Access to a geographic market: A strategic alliance is often a way to enter a market that is protected by (national) tariff and other barriers, or dominated by another company with particular competitive advantages.

Access to technology: Convergence among technologies is the origin of many alliances. It is increasingly more frequent that companies need to appeal to their competition in different sectors if they want to realize a product line.

Uniting forces: Some projects are too complex, with costs that are too high, to be managed by a single company (military supplier contracts, civil infrastructure construction).

Bridging a gap: If a company does not have the resources or capabilities necessary to develop a particular strategy, an alliance with one or more companies is the most logical solution.

Making an alliance to gain access to resources and capabilities that are lacking internally is perhaps the most frequent motive leading a company to seek partners.

"Anticipating a play": The advantages and risks of pioneering are significant. In many sectors, the first company to enter the market with a new product achieves advantages that are difficult for the competition to overcome. The company is the first along the experience curve. It gets the best positions for distribution. It invests initial profit margins in the production process, distancing itself further from the competition. The strategic alliance can have the scope of utilizing the pioneering experience of one of the partners. If this experience is brought to the alliance, it confers the advantages on the other partners as well.

Besides competitive advantages, strategic alliances can have some disadvantages (Dodge David D, 1998).

Alliances are costly, not only due to cash leaving the company's hands, but rather due to returns from which it could be denied. First, they involve the investment of managerial time resources in establishing the alliance, managing it, and resolving possible conflicts of interest between the partners over the functioning of the alliance.

Moreover, alliances can create indirect costs by blocking the possibility of cooperating with competing companies, thus possibly even denying the company various financing options. For instance, an alliance with Ericsson in the area of cellular communications could reduce the likelihood of contracts with Nokia, thereby putting the company at risk that if Ericsson is weakened, so will be all the companies that depend upon it.

Alliances also expose the company to its partners, and the unique technologies that it has are sometimes revealed to its partner company, which could later become a competitor or could utilize the fruits of the venture or the know-how better than the startup itself. In addition, strategic partners may often lead the company in directions that serve the partner company better than they do the company itself.

2.7. Theoretical framework

The study adopted the social systems theory in its focus on the influence of growth strategies on organizational expansion. A social system defines a philosophical viewpoint on relationship of persons with their environment. A social system is composed of persons or groups of persons who interact and mutually influence each other's behavior. Again a social system can be defined as a bounded set of interrelated activities that together constitute a single entity. Organizational strategy which Jonson and Scholes (2008, defines as the direction and scope of an organization over the long term which achieves the advantages in a changing environment through its configuration of resources and competence with the aim of fulfilling stakeholder expectations. Jonson and Scholes (2008) further state that growth is not optional in many markets and that if an organization chooses to grow more slowly than the competition it should expect the competitors to gain cost advantage in the longer term. Organizational expansion can be pursued through a variety of strategies which are organic development, mergers, acquisitions and strategic alliances (Whoever and hunger 2007). The strategy of organic development is based on four main pillars: revenue, headcount, public relations and quality (Lehrick 2007). For a company that has strength in any or all of the above pillars then organic growth is most appropriate. The challenge in this strategy lies in ensuring that each of the development pillars is greater than the competition. Organic development involves building on own capabilities, learning and competence development whereas mergers and acquisitions work best where speed is essential and where possibilities of culture clash are addressed (John and Scholes, 2008). Joint development on the other hand is useful for market entry and quick growth; it has the advantage of diluting risks and learning from partners. Strategic alliances occur when organizations share resources and activities with predetermined goals (Jonson and Scholes, 2008). These partnerships exist for defined period during which partners contribute their skills and expertise to a cooperative project. Suitability is concerned with whether a given strategy addresses the key issues relating to the strategic position of the organization (Johnson and Scholes, 2008). Suitability is therefore concerned with the overall rationale of a chosen strategy. Growth of an organization on its own cannot be adequately analyzed without relating it to the external environment. The environment that health organizations function in can be analyzed using the PESTEL framework. PESTEL stands for Political, Economical, Social, Technological, Environmental and Legal (Johnson and Scholes, 2008).

2.8. Conceptual framework

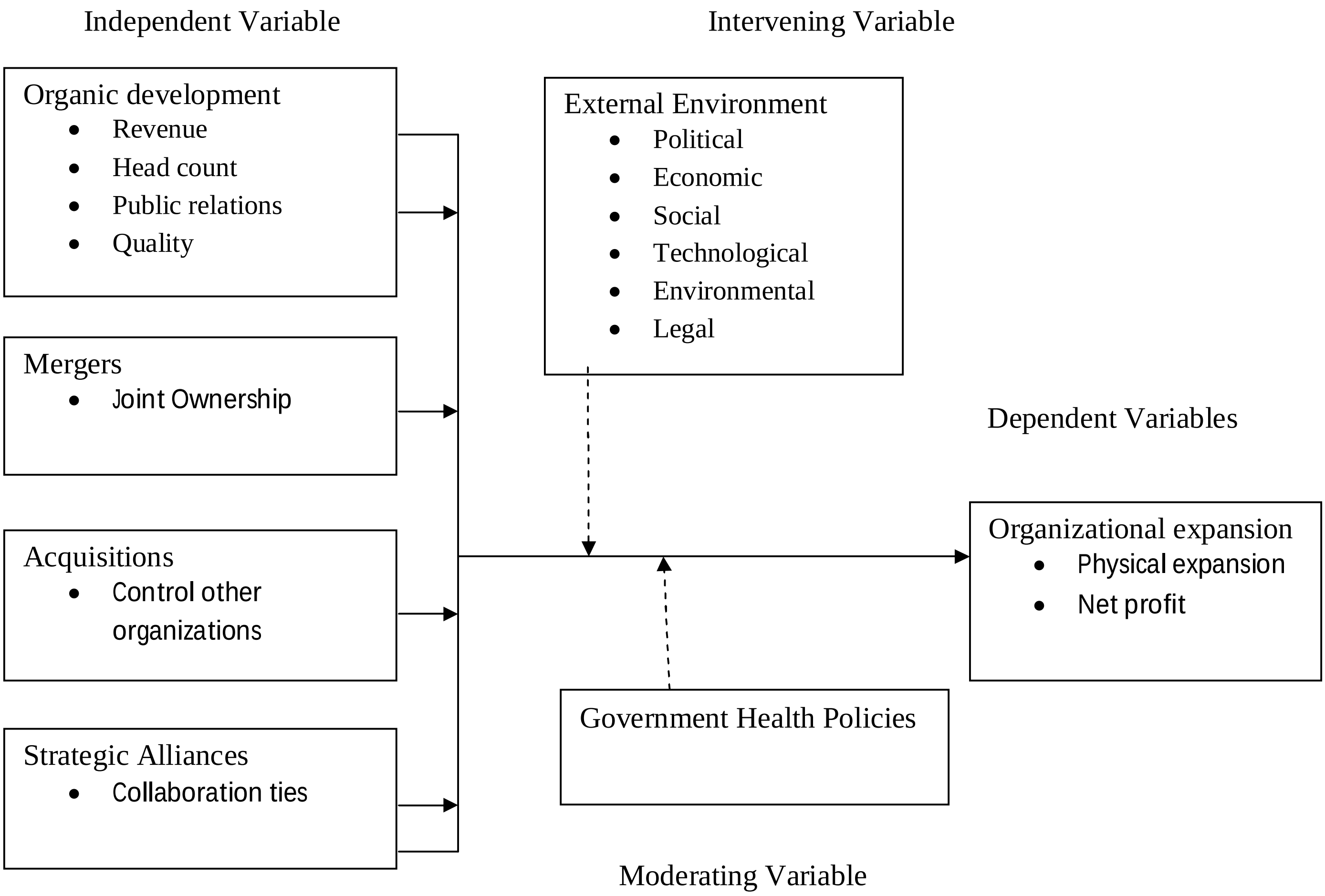


Figure 2: Conceptual Framework

Conceptual framework is a group of concepts that are broadly defined and systematically organized to provide a focus, a rationale and a tool for the integration and interpretation of information.

The study focuses on the influence of growth strategies on organizational expansion. The independent variables of the study being organic development, mergers, acquisitions and strategic alliances. Organic development will be measured through pillars of organic development which are: revenue, headcount, public relations and quality. Mergers will be measured through the number of organizations with mutually agreed decisions for joint ownership. Acquisitions will be measured through the number of organizations being taken control over by other organizations. Strategic alliances will be measured through the number of organizations which have formed certain collaboration ties. The successful inter play of these factors will lead to realization of dependent variable which is organizational expansion.

2.9. Knowledge Gap

Many local studies on organizational expansion strategies have been undertaken in various disciplines in different parts of Kenya. Most of these studies however have tended to focus on the strategies adopted for growth without analyzing the influence of the strategies on organizational expansion. Mburu (2008) looked at the competitive strategies utilized by hospitals in Mombasa where she found that hospital's strategy's shaped by a number of external influence including economic and demographic trend as well as regulation amongst other things. In her study, she failed to analyze the strategic measures employed and the affectivity of each. Separate studies done by Rinje (2006 & Wanjiru (2007) looked at the strategic management principle employed by health related organizations that they were analyzing. They emerged with similar findings that the organizations they were studying were employing strategic management principles to run their affairs. They didn't analyze what effect these strategies had on organizational expansion or how effective they were. Riungu (2007) analyzed mission for essential drugs and found that they employed a low cost focus strategy and enjoyed a high degree of customer loyalty. Kimeli (2007) looked at competitive strategies of health magnet organizations in Kenya. He found inconsistencies between the rate of success of strategies and the extent of their applications. His study implies a failure of the management to realize that they were piling resources on the less, effective strategy. Kundu (2007) on the other hand looked at competitive strategies employed by mission hospitals in Kenya. He found the competitive strategies employed include high quality services, customer services, customer service, new service, regular market surveys, customized services and low charges. He however did not try to establish which of his listed strategies had the best results. These studies gave an insight on organizational expansion strategies however there is limited literature on the influence of growth strategies on organizational expansion.

2.10. Summary of the chapter

This section has reviewed the Literature related to the influence of growth strategies on organizational expansion. This has been done with specific reference to what others have said in relation to the study topic and this study has been undertaken basing on the four objectives. The first objective focuses on the influence of organic development organizational expansion, second objective focuses on the influence of mergers on organizational expansion, third objective focuses on the influence of acquisitions on organizational expansion and fourth objective focuses on the influence of strategic alliances on the organizational expansion. The chapter also looked at the theoretical approach towards organizational expansion strategies; develop a conceptual framework and knowledge gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter focuses on the research design, target population, sampling frame, sample size and sampling procedure and methods of data collection. Instrument validity, instrument reliability, methods of data analysis, operational definition of variables, ethical issues and summary of the chapter.

3.2. Research design

A research design is the scheme, outline or plan that is used to generate answers to research problems (Orodho, 2003). According to (Kombo and Tromp, 2006), research design can be thought of as the structure of research. This research problem was studied through the use of a descriptive research design. According to (Cooper and Schindler, 2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. This method concerns the intense investigation of problem solving situations in which problems are relevant to the research problem. The underlying concept is to select several targeted cases where intensive analysis identified as the possible alternatives for solving the research questions on the basis of the existing solution applied in the selected case. The researcher attempts to describe and define a subject often by creating a profile of group of problems (Cooper and Schindler, 2003).

3.3. Target population

Target population is an entire group of individuals, events or objects having common characteristics (Mugenda and Mugenda , 2003). It is the sum of all that conforms to a given specification and from which a sample is taken. Target population as described by (Borg and Grall, 2009) is a universal set of study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target population of this study was hospital staff at Beta Care hospital totaling to 70.

3.4. Sample size and sampling procedures

According to Singleton et al (1988), sampling design is that part of the research plan that indicates how cases are to be selected for observation. The concept of sampling involves taking a fraction of the population, making observation in this smaller group and then generalizing the findings to the larger population.

A sample size is a sub section of population that is chosen in such a way that their characteristics reflect those of a group they are chosen from Henn, Winstein and Ford (2006). The study had a sample size of 49 respondents which is 70% of the total number of staff (70).

3.4.1. Sample size

A sample size is a sub section of population that is chosen in such a way that their characteristics reflect those of a group from which they are chosen Henn Weisten and Ford, (2006). For representativeness, the law of large numbers suggests that the bigger the sample size drawn from a fixed population the more representative the sample will be Kibagendi Abuga, (2009). The sample of this study was 49 respondents which is 70% of the total number of the staff (70) . The sample size satisfies the condition of sampling which according to Mulusa (1990) should be at least 30% of the target population in order to be representative enough to allow for generalization of characteristic under investigation.

3.4.2 Sampling procedures

From the sample of 49 respondents, the study administered interview guide to the top three officials (hospital chief executive, hospital administrator and hospital matron) at the hospital and questionnaires to other hospital staff. Out of the 46 questionnaires, the study gave priority to low cadre staff (watchman, grounds man/woman, driver, receptionist, cook and laundry person) in order to compare the information that those people at the top management and mid-level management may want to conceal. The rest of the questionnaires went to the head of departments, section heads and unit heads as shown below;

Population Size	70
Sample size (70%)	49

Sample size to be administered with interview guide	
Hospital chief executive	1
Hospital administrator	1
Hospital matron	1
Questionnaires	
Watchman	1
Grounds man/woman	1
Driver	1
Receptionist	2
Cook	3
Messenger	1
Laundry person	3
Head of departments	6
Section heads	12
Unit heads	16
Total	**49**

3.5. Research instruments

The researcher used questionnaires and the interview guide to get information from the respondents. According to (Mugenda and Mugenda, 1999) a questionnaire is a written set of questions to which the subject responds in writing. The questionnaires will had both structured and unstructured questions. The study used questionnaires because they are effective to administer to respondents and are moreover convenient for collecting information within a short span of time (Mulusa, 1990). The study also administered interview guides to the three top officials at the hospital. Under the interview guide, topics and issues to be covered are specified in advance, in outline form; interviewers decide sequence and wording of questions in the course of the interview.

The outline increases the comprehensiveness of the data and makes data collection somewhat systematic for each respondent. Logical gaps in data can be anticipated and closed. Interviews remain fairly conversational and situational.

3.5.1 Pilot testing of the research instrument

The research instrument was piloted in order to standardize before the actual study. The pilot study was conducted to night shift staff. This helped in identifying the influence of growth strategies on organizational expansion. The research instrument would yield the required data for the main study.

3.5.2 Validity of the research instruments

Mugenda and Mugenda (1999) defined validity as the accuracy and meaningfulness of inferences based on the research results. It's hence the ability of instruments to measure what they are intended to measure. To enhance content validity, the research instruments was appraised by the project supervisor. A pilot study was conducted to night shift staff and they were asked what time they would be on duty on the planned day that the rest of the research would be carried out. Ambiguous questions were modified or discarded after the respondents of the pilot study submitted their filled in questionnaires.

3.5.3. Reliability of research instruments

Reliability of measurements concerns the degree to which a particular measuring procedure gives similar results over a number of repeated trials (Mugenda and Mugenda, 2003). It also refers to the consistency of an instrument to yield the same results at different times. The split half procedure was used to test the reliability of the instruments during the pilot testing.

This procedure was chosen over other methods because of its simplicity. The open ended and structured instruments were scored by giving a mark for relevant response and a zero (0) for irrelevant and blank responses. The selected instruments were divided into two halves, taking the odd-numbered against the even-numbered items. After administration to the pilot group, separate scores were assigned to every respondent on the two halves. The scores of the halves were therefore analyzed, computed and then correlated. The coefficient was calculated using the Spearman- Brown prophecy formula as indicated below:

Re= 2r/1+r.

Where Re =Reliability of scores on Total Test and r= reliability for ½ (Half test). Therefore the half tests correlation for (16 item test) between the 8 odd- numbered and the 8 even numbered items on a test was 0.70 which was good for a small number of test items as in this case. A Pearson Product moment Correlation Co-efficient between the respondents' scores on the even numbered items and their scores on the odd-numbered items will be calculated. The resulting coefficient was an estimate of the half-test reliability of the test (i.e. the reliability of the odd-numbered items or the even-numbered items, but not both combined). The Spearman-brown Prophecy formula is justified for adjusting split-half reliability; it can be used for answering what if questions about test length when you are designing or revising a language test. However, Spearman-Brown formula is limited to estimating differences on one dimension usually the number of items or rates.

3.6. Data Collection Procedures

A letter to conduct the research was obtained from the department which enabled me to apply for a research permit through National Commission for Science, Technology and Innovation(NACOSTI).Data was collected from respondents and anonymity of the respondents was assured. The questionnaires were administered and collected after 3 days. Interview guides to the 3 top officials were conducted in stages on scheduled days of appointments

3.7. Data analysis techniques

Data was first edited to identify items wrongly responded to and spelling mistakes in the responses. Information was then categorized into topics. Responses were coded, tabulated and processed by the computer through the statistical package for social science (SPSS) version 18 software. Frequency distribution and percentages were used to analyze data. Research questions were analyzed using descriptive statistics. Tables were constructed to indicate responses for each item used. Qualitative data from the three top officials were analyzed through describing the respective themes using content analysis.

3.8 Operational definition of variables

Table 3.1 Operational Definition of variables

Objective of the study	**Variable of the study**	**Indicators**	**Measurement**
To identify the influence of Organic development on organizational expansion	Organic Development	Head count Physical expansion Revenue	Present/not Present **Level:** Low/High
To establish the influence of Mergers on organizational expansion	Mergers	Joint Ownerships	Present/ not Present
To identify the influence of Acquisitions on organizational expansion	Acquisitions	Control other organizations	Present/ not Present
To determine the influence of Strategic alliances on organizational expansion	Strategic Alliances	Collaboration Ties	Present/ not Present

3.9. Ethical Issues

According to (Mugenda and Mugenda, 1999), ethics is the branch of Philosophy which deals with one's conduct and serves as a guide to one's behavior. Since researchers are people genuinely concerned about other people's quality of life, they must be people of integrity who will not undertake research for personal gain or research that will have a negative effect on others. In order to obtain the required information, it will therefore be necessary to guarantee respondents anonymity. The respondent names will not be recorded in the final project. Children fall in the category of vulnerable groups and informed consent will therefore be sought from the head teachers of the schools. The researcher also commits himself to release accurate research findings irrespective of the findings from the study.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATIONS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the data analysis, presentation and interpretation. In addition, this chapter discusses the findings from the research questions that are an investigation of the influence of organic development on organizational expansion, mergers and their influence on organizational expansion, acquisitions, strategic alliances and their influences on the organizational expansion. The findings were presented using frequency tables and percentages for easy analysis and interpretation

4.2 Questionnaire response and return rate

The table 4.1 shows the distribution and return rate of the respondents of this study;

Table 4.1 Questionnaire return rate

Target category	Number targeted	Number responded	Response rate percentage
Watchman	1	1	2.3
Grounds man/woman	1	0	0
Driver	1	1	2.3
Receptionist	2	2	4.7
Cook	3	3	7
Messenger	1	1	2.3
Laundry person	3	3	7
Head of departments	6	6	14
Section heads	12	11	25.6
Unit heads	16	15	34.9
Total	**46**	**43**	**93.5**

Out of the 46 questionnaires that were issued, 43 of the questionnaires were correctly filled and returned. This represented a response rate of 93.5%. Out of the 3 questionnaires, two were incorrectly filled while one wasn't submitted back and therefore these were disqualified which represented 6.5% of the total questionnaires which were issued. The response rate was considered adequate as according to Idrus and Newman (2002) a response rate of 50% is good enough for social studies.

4.3 General information on the respondents

This is basically the information on the population interviewed in this study. It's the demographic characteristics of the sampled population. This section has analyzed gender issues, age of the respondents, education and occupation of the respondents to the study.

4.3.1 Distribution of the respondents by gender

The study sought to find the gender of the respondents, the gender of the respondents was important in order to find out if all gender was well represented. Table 4.2 shows the data on the gender of the respondents.

Table 4.2 Gender of the respondents

Gender	Frequency	Percentage
Female	22	51.2
Male	21	48.8
Total	**43**	**100**

The findings on the gender of the respondents reveals that majority 22 (51.2%) of the respondents were female while 21(48.8%) of the respondent were male, the findings therefore implies that most of the respondents at Beta Care Hospital were female which in turn may also imply that most of the staff at the same hospital are female.

4.3.2 Distribution of respondents by age

Table 4.2 shows the data on the age brackets of the respondents.

Table 4.3 age of the respondents

Age	**Frequency**	**Percentage**
(18-25) years	4	9.3
(26-35) years	15	34.9
(36-40) years	11	25.6
(41-50) years	8	18.6
50 years and above	5	23.3
Total	**43**	**100**

From the data the findings revealed that majority 15 (34.9%) of the respondents were aged (26-35) years, 11 (25.6%) of the respondents were aged (36-40) years, 8 (18.6%) of the respondents were aged (41-50) years, 5 (23.3%) of the respondents were aged 50 years and above while 4 (9.3%) were aged (18-25) years.

4.3.3 Distribution of respondents by level of education

Table 4.4 Level of education

Level of education	Frequency	Percentage
No formal education	0	0
Primary level	0	0
Secondary education	15	34.9
Tertiary Level	28	65.1
Total	**43**	**100**

From the findings majority of the respondents 28 (65.1%) had attained tertiary level of education 15 (34.9%) had secondary level qualification, 0% had attained primary level of education while none of the respondents had no formal education.

4.3.4 Distribution of respondents by occupation

Table 4.5 shows the occupation of the respondents;

Table 4.5 Occupation of the respondents

Occupation	Frequency	Percentage
Top Management	0	0
Middle Management	13	30.2
Low Management	18	41.8
Support staff	10	23.3
Others, specify	2	4.7
Total	**43**	**100**

The findings reveal that 13(30.2%) of the respondents were in middle management, 18(41.8%) of the respondents were in low management,10 (23.3%) were support staff while 2(4.7%) of the respondents were neither in management nor support staff group and thus were classified under the category named "others". The findings also revealed that top management of the hospital includes the hospital chief executive, hospital administrator and hospital matron (3 top hospital officials) who were administered with an interview guide.

4.4 Organic development

objective one of the study sought to establish the influence of organic development on organizational expansion. The findings in reference to objective one are therefore presented below:-

4.4.1 Aspects of organic development

The study sought to establish certain aspects of organic development in relation to organizational expansion. The data collected was presented in the table 4.6 below:

Table 4.6 Aspects of organic development .

	Information on influences of organic development:	Mean	STDev
i.	Organic development also called internal development has enabled Beta Care Hospital to develop rapidly by building and developing on its own capabilities.	4.980	0.678
ii.	Beta Care hospital has taken the advantage of organic development because the resources utilized are preexisting one and more over this method can be adopted and spread in order to suit the organization’s resources.	3.897	0.234
iii.	Through organic development Beta Care hospital has enjoyed growth via increased output with a huge number of customers.	4.098	0.003
iv.	The hospital has managed to grow revenue allowing for the effective functioning of the other three pillars of organic development which are headcount, public relations and quality.	3.099	0.564
v.	The hospital exploits the benefits of the pillar of headcount by ensuring that it has hired the right number of staff with the right qualifications.	2.870	0.786
vi.	The hospital has made good use of the pillar of public relations and advertising that has enabled it to get the word out about its products and services.	3.983	0.897
vii.	The hospital has also exploited the benefits of the pillar of quality which is very essential because organic growth relies heavily on repeat customers.	4.091	0.008
viii.	Beta Care hospital seems to have been relying heavily on organic development.	2.980	0.897
ix.	The hospital seems to enjoy in the market as it is the only big		

	hospital around	3.098	0.786
x.	The facility exploits to capacity all the four pillars of organic development	2.987	0.142
xi.	The facility is doing well as far as the pillar of revenue is concerned	3.907	0.768
xii.	The pillar of headcount is also doing well	2.789	0.678
xiii.	The facility exploits the pillar of public relations through sign posts.	3.567	0.123
xiv.	The facility offers quality services thus exploiting the pillar of quality	3.987	0.897
xv.	The hospital offers so many services that other health facilities around are not offering	3.907	0.897
xvi.	The hospital charges are lower than the charges at other health facilities around	3.987	0.897
xvii.	The facility attracts customers from far and wide	2.897	0.102

From the data collected organic development also called internal development has enabled Beta Care Hospital to develop rapidly by building and developing on its own capabilities (mean = 4.980), Beta Care hospital has taken the advantage of organic development because the resources utilized are pre-existing one and more over this method can be adopted and spread in order to suit the organization's resources (Mean = 3.897), through organic development Beta Care hospital has enjoyed growth via increased output with a huge number of customers (Mean =4.098),the hospital has managed to grow revenue allowing for the effective functioning of the other three pillars of organic development which are headcount, public relations and quality. (Mean = 3.099), the hospital exploits the benefits of the pillar of headcount by ensuring that it has hired the right number of staff with the right qualifications. (Mean =2.870),the hospital has made good use of the pillar of public relations and advertising that has enabled it to get the word out about its products and services. (Mean 3.983), the hospital has also exploited the benefits of the pillar of quality which is very essential because organic growth relies heavily on repeat customers (Mean = 4.091), Beta Care hospital seems to have been relying heavily on organic development.(Mean =2.980), the hospital seems to enjoy in the market as it is the only big hospital around (Mean = 3.098), the facility exploits to capacity all the four pillars of organic development (Mean= 2.987),the facility is doing well as far as the pillar of revenue is concerned (Mean= 3.907),the pillar of headcount is also doing well (Mean = 2.789), the facility exploits the pillar of public relations through sign posts (Mean =3.567),the facility offers quality services thus exploiting the pillar of quality (Mean = 3.987), the hospital offers so many services that other health facilities around are not offering (Mean = 3.907), the hospital charges are lower than the charges at other health facilities around (Mean = 3.987), the facility attracts customers from far and wide(Mean = 2.897)

The findings imply that Organic development also called internal development has enabled Beta Care Hospital to develop rapidly by building and developing on its own capabilities, Beta Care hospital has taken the advantage of organic development because the resources utilized are preexisting one and more over this method can be adopted and spread in order to suit the organization's resources, Through organic development Beta Care hospital has enjoyed growth via increased output with a huge number of customers, the hospital has managed to grow revenue allowing for the effective functioning of the other three pillars of organic development which are headcount, public relations and quality, the facility attracts customers from far and wide, the hospital charges are lower than the charges at other health facilities around, the hospital offers so many services that other health facilities around are not offering.

4.4.2 Outcome of the organic development

The study sought to establish some of the outcome of organic development through the analysis of the 4 pillars of organic development. The data collected were presented in the table 4.7 .

Table 4.7 Outcome of the organic development .

Outcome	Frequency	Percentage
High revenue generation	12	80
Proper headcount	11	73.3
Good Public relations	13	86.7
Quality services	14	93.3

From the data collected, 14 (93.3%) of the respondents commented positively on quality services, 13(86.7%) on good public relations, 12(80%) on high revenue generation while 11 (73.3%) on proper headcount.

4.5 Mergers

Objective two of the study sought to establish the influence of mergers on organizational expansion. The data collected under this objective were presented in table 4.7

Table 4.8 Information on mergers

Information	Mean	STDev
i.The hospital enjoys the benefits of mergers which basically implies a mutually agreed decision for joint ownership between organizations.	2.887	0.897
ii. The hospital has muscled its way into the market through proper exploitation of the strategy of mergers.	1.098	1.908
iii. Beta Care hospital has formed mergers with other health facilities that are of similar strength.	2.908	1.908
iv The hospital has managed to consolidate opportunities and exploit strategic capabilities through formation of mergers.	2.784	1.876

v. The hospital has at times tried to form joint investments with other facilities.	3.564	1.009
vi.For the need of consolidation of opportunities, competitive situations the facility has been working towards joint investments	2.908	1.908
vii.With the new upcoming technologies and rapid entry of products the hospital is working towards forming mergers with other similar facilities.	2.789	0.678

Despite the beneficial opportunities that would otherwise emanate from mergers, the findings revealed no possibility of Beta Care Hospital forming any mergers with other health facilities around. This is largely dictated by the non existence of similar health facilities with similar strength.

4.5.1 Extent of mergers influence

The study further sought to establish the extent to which mergers influenced organizational expansion, the findings were presented in the table 4.8.

Table 4.9 Extent of mergers influence

Response	Frequency	Percentage
Strongly agree	0	0
Agree	0	0
Undecided	0	0
Disagree	15	34.9
Strongly Disagree	28	65.1
Total	**43**	**100**

From the data collected, majority 65.1% of the respondents strongly disagreed that mergers influenced expansion of Beta Care Hospital, 34.9% disagreed, strongly agree, Agree and undecided had zero rating. The finding implies that mergers had no effects on the expansion of Beta care hospital

4.6 Acquisitions

Objective three of the study sought to establish on the influence of acquisitions on organizational expansion. The data collected were presented in the table 4.9

Table 4.10 Information on acquisitions

Information on influences of acquisitions		Mean	STDev
i.	Beta Care hospital has enjoyed the strategy of acquisition for having had the necessary resources to take control of other health facilities.	2.902	0.999
ii.	The hospital has managed to consolidated opportunities and exploit strategic capabilities through acquisitions.	4.004	0.897
iii.	Most of the health facilities around seem to have limited resources making it easier for Beta Care Hospital to take control over them	3.907	1.876
iv.	With the rapid growth of Beta Care Hospital, the hospital can now take control of other smaller health facilities around that do not have the facilities to offer the services that Beta Care Hospital offers.	2.987	1.097
v.	The need for consolidation of opportunities, exploitation of strategic capabilities, competitive situation puts Bata Care hospital at a better position to take control of other smaller health facilities.	3.897	0.987

vi.	Other health facilities around this area seems to have limited resources and this makes it very easy for Beta Care hospital to take control of them	4.980	0.678
vii.	The hospital has enough resources and facilities to enable it muscle its way into the existing market and be the best health provider around here.	3.983	0.897

The findings revealed that Beta Care hospital has so far not yet acquired any health facility around despite the fact that there are smaller health facilities around with less resources and facilities.

4.7 Strategic alliances

Objective four of the study sought to establish the influence of strategic alliances on organizational expansion, the data collected were presented as follows in the table 4.10

Table 4.11 Information on strategic alliances

Influence of Strategic alliances		Mean	STDev
i.	Beta Care Hospital stands a chance of forming collaboration ties with other similar health facilities around this region	3.987	0.876
ii.	Sharing of resources and activities between this facility and other facilities could lead to better health services offered to the community around	2.908	0.654
iii.	The strategic alliances and ties with partners contributing their skills and expertise to a cooperate project for better health services	2.987	1.987
iv.	This alliance is a collaboration which aims for synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts	3.776	0.143
v.	Facilities around this region in joint ventures would share some		

	of their resources and capabilities to develop a competitive advantage	2.887	0.897
vi.	With the equity strategic alliance the collaborating facilities owning different percentages of the company they have formed by combining some of their resources.	3.997	1.908

From the findings, Beta Care Hospital stands a chance of forming collaboration ties with other similar health facilities around this region (Mean = 3.987), sharing of resources and activities between this facility and other facilities could lead to better health services offered to the community around(Mean 2.908), the strategic alliances and ties with partners contributing their skills and expertise to a cooperate project for better health services (Mean = 2.987), this alliance is a collaboration which aims for synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts (Mean = 3.778), facilities around this region in joint ventures would share some of their resources and capabilities to develop a competitive advantage (Mean =2.887), with the equity strategic alliance the collaborating facilities owning different percentages of the company they have formed by combining some of their resources(Mean = 3.997).

From the findings, it can be implied that Beta Care Hospital stands a chance of forming collaboration ties with other similar health facilities around the region, sharing of resources and activities between this facility and other facilities could lead to better health services offered to the community around, the strategic alliances and ties with partners contributing their skills and expertise to cooperate project for better health services.

4.8 Analysis of the key informants (the 3 top hospital officials)

On organic development, the hospital chief executive alluded that through organic development Beta Care Hospital has enjoyed growth via increased output with a huge number of customers, the hospital has managed to grow revenue allowing for the effective functioning of the other three pillars of organic development which are head count, public relations and quality. He further went on to say that the hospital exploits the benefits of the pillars of headcount by ensuring that it has hired the right number of staff with the right qualifications. The hospital has also made good use of the pillar of public relation and advertising that has enabled it to get the word out about its products and services. The hospital has also exploited the benefits of the pillar of quality which is very essential because organic expansion relies heavily on repeat customers. This further implies that Beta Care Hospital offers quality services thus exploiting the pillar of quality to capacity. He further alluded that Beta Care Hospital offers so many services the other facilities around are not offering and that the hospital charges are lower than the charges at other health facilities around.

On mergers the 3 top hospital officials concurred with one another by confirming no possibility of Beta Care Hospital forming any mergers with other health facilities around. This they confirmed that it was due to non existence of similar health facilities with similar strength.

On acquisitions, the hospital administrator confirmed that although so far Beta Care Hospital has not acquired any health facility around, the hospital stands a chance of exploiting the strategy of acquisition for having had the necessary resources to take control of other health facilities. He further confirmed that most health facilities around seem to have limited resources making it easier for Beta Care Hospital to take control over them and that with the rapid growth of Beta Care Hospital the hospital is in a position to take control of other smaller health facilities around that do not have the facilities to offer the services that Beta Care Hospital offers. These sentiments were shared by the other two hospital top officials that's the hospital chief executive and the hospital matron.

On strategic alliances, the hospital matron confirmed that informal collaborative ties exist between Beta Care Hospital and other similar health facilities around this region; sharing of resources and activities between this facility and other facilities could lead to better health services offered to the community around, the strategic alliances and ties with partners contributing their skills and expertise to cooperate project for better health services, this alliance is a collaboration which aims for synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts, and that facilities around this regions in joint ventures would share some of their resources and capabilities to develop a competitive advantage .

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter covers summary of the findings, discussion of the results and conclusions drawn from the study as well as the recommendations based on the study findings and suggestions for further study.

5.2 Summary of the findings

The summaries of findings have been categorized following the study themes. The findings of the study answered the research questions since the influence of organic development, mergers, acquisitions and strategic alliances have been quantified by descriptive statistics. The discussion and related literature were presented for each of the four variables of the study.

5.2.1 Summary of findings on Organic development

On organic development, the study findings implied that Organic development also called internal development has enabled Beta Care Hospital to develop rapidly by building and developing on its own capabilities, Beta Care hospital has taken the advantage of organic development because the resources utilized are preexisting one and more over this method can be adopted and spread in order to suit the organization's resources, Through organic development Beta Care hospital has enjoyed growth via increased output with a huge number of customers, the hospital has managed to grow revenue allowing for the effective functioning of the other three pillars of organic development which are headcount, public relations and quality, the facility attracts customers from far and wide, the hospital charges are lower than the charges at other health facilities around, the hospital offers so many services that other health facilities around are not offering.

5.2.2 Summary of findings mergers

On mergers, the study revealed no possibility of Beta Care Hospital forming any mergers with other health facilities around. This was largely dictated by the non-existence of similar health facilities with similar strength.

5.2.3 Summary of findings acquisitions

On acquisitions, the study revealed that although so far Beta Care Hospital has not acquired any health facility around the hospital stands a chance of exploiting the strategy of acquisition for having had the necessary resources to take control of the other health facilities. The study further revealed that most health facilities around had limited resources, making it easier for Beta Care hospital to take control over them and that with the rapid growth of Beta Care Hospital, the hospital is in a position to take control of other smaller health facilities around that do not have the facilities to offer the services that Beta Care Hospital offer.

5.2.4 Summary of findings strategic alliances

On strategic alliances the study revealed that informal collaborative ties exist between Beta Care Hospital and other similar health facilities around this region; sharing of resources, and activities between this facility and other facilities could lead to better health services offered to the community around, the strategic alliances and ties with partners contributing their skills and expertise to cooperate project for better health services, this alliance is a collaboration which aims for synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts, and that facilities around this regions in joint ventures would share some of their resources and capabilities to develop a competitive advantage .

5.3 Discussion

The study established that; the study was conducted to investigate into the influence of growth strategies on organizational expansion; The study established that

On organic development Beta Care Hospital has enjoyed growth via increased output with a huge number of customers, in line with Caplow, 1983; most companies will measure their growth in terms of net profit, revenue and other financial data, the hospital has managed to grow revenue allowing for the effective functioning of the other three pillars of organic development which are head count, public relations and quality. This study findings concurs with the study findings of Wheeler and Hunger, 2007; growing revenue allows for the effective functioning of the other 3 pillars. The hospital exploits the benefits of the pillars of headcount by ensuring that it has hired the right number of staff with the right qualifications. The hospital has also made good use of the pillar of public relation and advertising that has enabled it to get the word out about its products and services. The hospital has also exploited the benefits of the pillar of quality which is very essential because organic expansion relies heavily on repeat customers. This further implies that Beta Care Hospital offers quality services thus exploiting the pillar of quality to capacity, Beta Care Hospital offers so many services other facilities around are not offering and that the hospital charges are lower than the charges at other health facilities around. This concurred with the findings of Riungu (2007) who found out that employment of low cost focus strategy resulted in a company enjoying a high degree of customer loyalty.

On mergers, the study established that there was no possibility of Beta Care Hospital forming any mergers with other health facilities around. This is due to non existence of similar health facilities with similar strength.On acquisitions the study established that although so far Beta Care Hospital has not acquired any health facility around, the hospital stands a chance of exploiting the strategy of acquisition for having had the necessary resources to take control of other health facilities. This study findings agrees with the study findings of Pearce and Robin (2007); “Acquisition refers to a situation whereby one organization that has the necessary resources takes control of another organization. Most health facilities around seem to have limited resources making it easier for Beta Care Hospital to take control over them and that with the rapid growth of Beta Care Hospital the hospital is in a position to take control of other smaller health facilities around that do not have the facilities to offer the services that Beta Care Hospital offers.

On strategic alliances the study established that informal collaborative ties exist between Beta Care Hospital and other similar health facilities around this region; sharing of resources and activities between this facility and other facilities could lead to better health services offered to the community around, This concurred with the findings of Johnson and Scholes (2008); strategic alliances occur when organization share resources and activities, the strategic alliances and ties with partners contributing their skills and expertise to cooperate project for better health services, this alliance is a collaboration which aims for synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts, this is also in line with the thinking of Rigsbee, (2000) ; this alliance is a collaboration which aims for synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts and that facilities around this regions in joint ventures would share some of their resources and capabilities to develop a competitive advantage .

5.4 Recommendations

Based on the findings and discussions of the study, the following recommendations were drawn;

1. The study recommends that the hospital keeps a breast with modern technology through specialized services whose ultimate effect would be increase in the number of patients attending the hospital.
2. The study recommends that the revenue pillar of the organic growth strategy would best be utilized by not relying heavily on the number of patients that attend the hospital because a slight depression in these numbers results in significant decrease in revenue.
3. The study recommends that the revenue raising strategies such as reduced wastage and use of cheaper drugs and supplies should be used with caution as it may result in the compromise of quality services.

4. The study recommends formation of a formal unit to address the quality provision of services and responds to patients complaints and reservations.
5. The study recommends use of other growth strategies such as mergers to enable faster and more cost effective growth of the hospital. These mergers could be formed with smaller institutions located in smaller towns thus enabling growth of the institution into these other areas.
6. The study recommends exploitation to capacity of the acquisitions opportunities available in the region.
7. The study recommends full enhancement of the strategic alliances with other health facilities in the region to cover all sectors of health care delivery.
8. The study further recommends that formal monitoring of competition would also be appropriate and incorporating the necessary changes in the strategic plan for appropriate growth of the institution.

5.5 Areas of further study

This study investigated the influence of growth strategies on organizational expansion; the study recommend that a similar study should be undertaken by future researchers in a different geographical area to verify the study results. the study further recommends more research to be carried out in the following research topics;

1. The role of mergers and acquisitions; a critical analysis on the growth of private, mission and government hospitals.
2. Management practices and development of strategic plan in a hospital setup.
3. Principles of strategy establishment and utilization.
4. How technical advances have made medical procedures more available and their influences on the growth of health facilities.
5. How social influences including cultural influence , power of religion influence peoples' health choices.
6. The effects of the economic growth rates and the cost of living on the growth of health facilities.

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APPENDICES

APPENDIX I: LETTER OF TRANSMITTAL

UNIVERSITY OF NAIROBI
COLLEGE OF EDUCATION AND EXTERNAL STUDIES
SCHOOL OF CONTINUING AND DISTANCE EDUCATION
DEPARTMENT OF EXTRA-MURAL STUDIES
NAIROBI EXTRA-MURAL CENTRE

Your Ref:

Our Ref:

Telephone: 318262 Ext. 120

Main Campus
Gandhi Wing, Ground Floor
P.O. Box 30197
N A I R O B I

8th July, 2015

REF: UON/CEES//NEMC/22/094

TO WHOM IT MAY CONCERN

RE: JANE NJERI MUKUHA – REG NO L50/69048/2011

This is to confirm that the above named is a student at the University of Nairobi, College of Education and External Studies, School of Continuing and Distance Education, Department of Extra- Mural Studies pursuing Master of Arts in Project Planning and Management.

She is proceeding for research entitled **"influence of growth strategies on organizational expansion".** A case of Beta care hospital, Kiambu County.

Any assistance given to her will be appreciated.

CAREN AWILLY
CENTRE ORGANIZER
NAIROBI EXTRA MURAL CENTRE

UNIVERSITY OF NAIROBI CEES
P O Box 30197
08 JUL 2015
NAIROBI
NAIROBI EXTRA MURAL CENTRE

APPENDIX II: STAFF QUESTIONNAIRE

I am Jane Njeri Mukuha, an MA student at the University of Nairobi pursuing Masters in Project Planning and Management. I am conducting an academic survey on the influence of growth strategies on organizational expansion. You have been randomly selected to participate in this survey. The information you provide will be confidential and used only for the purpose of this survey. Kindly take a moment to answer the questionnaire. Thank you for the time taken in completing this questionnaire.

SECTION A:

Demographic Information

Tick in the boxes provided

1. Gender of the respondents ☐ Male ☐ Female
2. Age brackets of the respondents

(18-25) years ☐

(26-35) years ☐

(36-40) years ☐

(41-50) years ☐

50 years and above ☐

3. Highest level of education

No formal education ☐

Primary level ☐

Secondary education ☐

Tertiary Level ☐

4. Occupation of the respondents

   Top Management ☐

   Middle Management ☐

   Low Management ☐

   Support staff ☐

   Others, specific ☐

SECTION B:

Influences of Organic Development on Organizational expansion

5. The following information relates to influences of organic development, using a Scale of 1-5 to rate them where 1=Strongly Agree, 2=Agree, 3=Undecided, 4=Disagree 5=Strongly Disagree.

Information on influences of organic development:		**1**	**2**	**3**	**4**	**5**
i.	Organic development also called internal development has enabled Beta Care Hospital to develop rapidly by building and developing on its own capabilities.					
ii.	Beta Care hospital has taken the advantage of organic development because the resources utilized are preexisting one and more over this method can be adopted and spread in order to suit the organization's resources.					
iii.	Through organic development Beta Care hospital has enjoyed growth via increased output with a huge number of customers.					
iv.	.The hospital has managed to grow revenue allowing for the effective functioning of the other three pillars of organic development which are headcount, public relations and quality.					
v.	The hospital exploits the benefits of the pillar of headcount by ensuring that it has hired the right number of staff with the right qualifications.					
vi.	The hospital has made good use of the pillar of public relations and advertising that has enabled it to get the word out about its products and services.					
vii.	The hospital has also exploited the benefits of the pillar of quality which is very essential because organic growth relies heavily on repeat customers.					
viii.	Beta Care hospital seems to have been relying heavily on organic development.					

ix.	The hospital seems to enjoy in the market as it is the only big hospital around					
x.	The facility exploits to capacity all the four pillars of organic development					
xi.	The facility is doing well as far as the pillar of revenue is concerned					
xii.	The pillar of headcount is also doing well					
xiii.	The facility exploits the pillar of public relations through sign posts.					
xiv.	The facility offers quality services thus exploiting the pillar of quality					
xv.	The hospital offers so many services that other health facilities around are not offering					
xvi.	The hospital charges are lower than the charges at other health facilities around					
xvii.	The facility attracts customers from far and wide					

6. Others
   Specify---
   ----
7. The following pillars best describe the attributes of rapid growth of Beta Care hospital

Pillars	Yes	No
i. High revenue generation ii. Proper headcount iii. Good Public relations iv. Quality services		

SECTION C

Influence of mergers on organizational expansion

8. Use as scales of 1 to 5 where 1=Very great extent, 2=great extent, 3=Moderate extent, 4= less extent, 5=No extent, to the following statements.

Information	**1**	**2**	**3**	**4**	**5**
i.The hospital enjoys the benefits of mergers which basically implies a mutually agreed decision for joint ownership between organizations.					
ii. The hospital has muscled its way into the market through proper exploitation of the strategy of mergers.					
iii. Beta Care hospital has formed mergers with other health facilities that are of similar strength.					
iv The hospital has managed to consolidate opportunities and exploit strategic capabilities through formation of mergers.					
v.The hospital has at times tried to form joint investments with other facilities.					
vi.For the need of consolidation of opportunities, competitive situations the facility has been working towards joint investments					
vii.With the new upcoming technologies and rapid entry of products the hospital is working towards forming mergers with other similar facilities.					

9. Mergers influence the growth of an organization to a large extent. Strongly agree (), Agree () undecided () disagree () strongly disagree ().

SECTION D:

Influences of Acquisitions on organizational expansion

10. Kindly rate to what extent the following statements that relate to the influences of acquisitions using a scale of 1 to 5 where 1= Strongly Agree, 2= Agree, 3=Neutral, 4=Disagree 5= Strongly Disagree.

Information on influences of acquisitions	1	2	3	4	5
i. Beta Care hospital has enjoyed the strategy of acquisition for having had the necessary resources to take control of other health facilities.					
ii. The hospital has managed to consolidated opportunities and exploit strategic capabilities through acquisitions.					
iii. Most of the health facilities around seem to have limited resources making it easier for Beta Care Hospital to take control over them					
iv. With the rapid growth of Beta Care Hospital, the hospital can now take control of other smaller health facilities around that do not have the facilities to offer the services that Beta Care Hospital offers.					
v. The need for consolidation of opportunities, exploitation of strategic capabilities, competitive situation puts Bata Care hospital at a better position to take control of other smaller health facilities.					
vi. Other health facilities around this area seems to have limited resources and this makes it very easy for Beta Care hospital to take control of them					
vii. The hospital has enough resources and facilities to enable it muscle its way into the existing market and be the best health provider around here.					

SECTION E:

Influence of Strategic alliances on organizational expansion

11. The following information relates to the influence of strategic alliances. Kindly using a scale of 1 to 5 rate them where 1=Strongly disagree, 2= disagree, 3= Neutral, 4= Agree, 5= Strongly Agree

Influence of Strategic alliances		**1**	**2**	**3**	**4**	**5**
i.	Beta Care Hospital stands a chance of forming collaboration ties with other similar health facilities around this region					
ii.	Sharing of resources and activities between this facility and other facilities could lead to better health services offered to the community around					
iii.	The strategic alliances and ties with partners contributing their skills and expertise to a cooperate project for better health services					
iv.	This alliance is a collaboration which aims for synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts					
v.	Facilities around this region in joint ventures would share some of their resources and capabilities to develop a competitive advantage					
vi.	With the equity strategic alliance the collaborating facilities owning different percentages of the company they have formed by combining some of their resources.					

APPENDIX III: INTERVIEW GUIDE FOR THE 3 TOP OFFICIALS AT BETA CARE HOSPITAL

I am Jane Njeri Mukuha, an MA student at the University of Nairobi. I am conducting an academic survey on the influence of growth strategies on organizational expansion. You have been selected to participate in this survey. I would like to ask you some questions on growth strategies and organizational expansion. Your answers will remain strictly confidential and they will be used for research purposes.

SECTION A:

Bio-Data

Occupation of the respondent---

Gender---

1. What is your understanding of organic development?
2. How has organic development contributed to the growth of this organization?
3. Has the hospital exploited all the four pillars of organic development? If yes which pillar has been of most benefit to the organization? If No, which pillar/pillars has the hospital not exploited and why?
4. Who are your greatest competitors and do you normally monitor your competitors' growth strategies?
5. Has the hospital ever used any of the following: Free medical camps running awareness weeks for certain conditions such as diabetes, breast cancer?
6. How does the hospital ensure proper headcount and what is the current turnover?
7. "Repeat customers" is a clear reflection of proper exploitation of the pillar of quality, explain?
8. What is the ownership structure of the hospital?
9. Has the hospital tried to form mergers with other health facilities that are of similar strength?
10. Has the hospital managed to consolidate opportunities and exploit strategic capabilities through formation of mergers?
11. For the rapid growth of the hospital seems to have enjoyed has the hospital muscled its way into the market through exploitation of the strategy of mergers?

12. Has the hospital tried to exploit the strategy of acquisition by taking over other smaller health facilities around here?
13. Has the hospital managed to consolidate opportunities and exploit strategic capabilities through acquisitions?
14. Has the hospital formed any collaboration ties with other similar facilities around here?
15. Has the hospital tried to share resources and activities with other heath facilities with the hope of offering better services to the community?
16. Do you think strategic alliances and ties with partners contribute their skills and expertise to a cooperative project would result to better health services?
17. According to you, would you share resources and capabilities amount to competitive advantage?
18. How does the environment under which health organizations function influence their growth?
19. How has politics highlights through sectarian politics affected this organization?
20. How has technical advances that have made medical procedures more available and advanced influenced the growth of health facilities?

APPENDIX IV: RESEARCH PERMIT

THIS IS TO CERTIFY THAT:
MISS. JANE NJERI MUKUHA
of UNIVERSITY OF NAIROBI, 617-900
Kiambu,has been permitted to conduct
research in *Kiambu County*

Permit No : NACOSTI/P/15/9443/7148
Date Of Issue : 21st August,2015
Fee Recieved :Ksh. 1000

on the topic: *INFLUENCE OF GROWTH STRATEGIES ON ORGANIZATIONAL EXPANSION:A CASE OF BETA CARE HOSPITAL, KIAMBU COUNTY.*

for the period ending:
30th November,2015

....
Applicant's Signature

....
Director General
National Commission for Science, Technology & Innovation

CONDITIONS

1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit
2. Government Officers will not be interviewed without prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice

REPUBLIC OF KENYA

NACOSTI

National Commission for Science, Technology and Innovation

RESEARCH CLEARANCE PERMIT

Serial No. A 6265

CONDITIONS: see back page

APPENDIX V: NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY AUTHORIZATION LETTER.

NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471, 2241349, 310571, 2219420
Fax: +254-20-318245, 318249
Email: secretary@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

Date:

21st August, 2015

NACOSTI/P/15/9443/7148

Jane Njeri Mukuha
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Influence of growth strategies on organizational expansion: A case of Beta Care Hospital, Kiambu County,"*** I am pleased to inform you that you have been authorized to undertake research in **Kiambu County** for a period ending **30th November, 2015.**

You are advised to report to **the County Commissioner and the County Director of Education, Kiambu County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

SAID HUSSEIN
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Kiambu County.

The County Director of Education
Kiambu County.

National Commission for Science, Technology and Innovation is ISO 9001: 2008 Certified