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Organizational Factors Affecting the Adoption of Strategic Planning In Rural Mission Hospitals in Kenya

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The purpose of this paper is to establish the factors that affect the strategic adoption of strategic planning in mission hospitals in the rural mission hospitals. The study specifically focused on the challenges they would face whilst implementing strategy and how they would address the same. The case study method is used. A series of in-depth personal interviews were held, with the respondents from various hospitals departments-responsible for strategy development and implementation. These included the Finance, Administration, Nursing and Human Resources Departments. This work represents one of the first reported attempts to adopt an empirical approach to such issues that have been raised by the foundational premises of the health service-dominant logic of marketing, and provide a structure to interactions and experiences from an industry perspective. It is recommended that mission hospitals and other organizations consider designing and implementing strategy taking into account all the factors of leadership; organizational culture; organizational policy; external environment; resource allocation and also organization structure.

Keywords: *Strategic Business Unit, Standard Operating Procedures (SOP), Statistical Package for Social Sciences (SPSS),*

INTRODUCTION

The nature of today's business has become greatly competitive thus adoption of strategic planning becomes an important element in the strategic management of firms. This is mainly due to the fact that firms ply their existence through an open system and thus are affected by external conditions largely beyond their control (Pearce and Robinson, 1997).

Life has changed drastically in many aspects such as science and technology and this has changed the business world greatly. Factors like globalization, technology advancement, free trade, new industry emergence and market and the restructuring of economics push the firm towards strengthening its strategies greatly. Organizations that have enjoyed success over time, irrespective of the field, have realized the importance of planning strategically so as to attain their business goals. However, a number of factors affect the formulation of a consistent strategy and this proves difficult for any management team. The challenge comes when adopting strategic plans and turning them into organizational action.

Kenya has national policies that guide healthcare and pharmaceuticals. The policies agenda were set out for the health sector from the Kenya Policy Framework (1994). The National Health Sector Strategic Plan (NHSSP, 1999-2004) was developed to operationalize this framework paper.

Inasmuch as formulating a consistent strategy may prove as difficult a task as any for many management teams, making any strategy work by implementing it throughout the organization is even more difficult (Hrebiniak, 2006).

A number of factors may potentially affect the process of adopting strategic plans and turning them into organizational action. Unlike strategy formulation, strategy implementation is often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 1999).

Adoption of strategic planning covers all decisions and activities that lead to one or more effective strategies for achieving goals. There are three basic elements in this process: developing strategy, implementing, evaluating and controlling strategy. In strategic management process, after formulating, implementing is the most important stage. In Strategic Planning adoption, implementing strategy is the connecting loop between formulating and control. In

fact what integrates strategies is successful implementation of them.

The health sector in Kenya comprises the public system, with major players including the Ministry of Health and parastatals organizations; and the private sector, which includes private for profit, NGO, and FBO facilities. Health services are provided through a network of over 4,700 health facilities countrywide, with the public sector system accounting for about 51 percent of these facilities. The public health system consists of the following levels of health facilities: national referral hospitals, provincial general district hospitals, health centers, and dispensaries. (Muga et al, 2004).

National referral hospitals are at the helm of the health care system as they provide sophisticated diagnostic, therapeutic, and rehabilitative services. Provincial hospitals act as referral hospitals to their district hospitals. They also provide very specialized care. The provincial level acts as an intermediary between the national central level and the districts. They oversee the implementation of health policy at the district level, maintain quality standards, and coordinate and control all district health activities. District hospitals concentrate on the delivery of health care services and generate their own expenditure plans and budget requirements based on guidelines from headquarters through the provinces. The network of health centers provides many of the ambulatory health services. Health centers generally offer preventive and curative services, mostly adapted to local needs. Dispensaries are meant to be the system's first line of contact with patients, but in some areas, health centers or even hospitals are effectively the first points of contact. Dispensaries provide wider coverage for preventive health measures, which is a primary goal of the health policy.

The government health service is supplemented by privately owned and operated hospitals and clinics and faith-based organizations' hospitals and clinics, which together provide between 30 and 40 percent of the hospital beds in Kenya. (Muga et al, 2004). Christian Health Association of Kenya (CHAK) and the Kenya Episcopal Conference (KEC) serve as national coordinators of the networks of missions hospitals across the country. Their very survival is at stake today due to the macro-environmental changes that have been taking place in the health care industry

in the last two decades (Mburu, 2007; Wamalwa, 2006) The Private hospitals are owned by individuals and mainly established to offer their services for profit. They significantly vary in size and also in the type of services that they offer to their clients.

The involvement of Christian missions in the delivery of health services in East Africa dates back to the latter part of the eighteenth century. The purpose of the early medical institutions was to proselytize among the African population. With the passage of time, this has become less important. The activities of these health institutions are coordinated by two different groups, Kenya Catholic Secretariat (KCS) and Christian Health Association of Kenya 4 (CHAK) which reflect the two broad divisions of the Christian church (Berman and Benson, 1995).

CHAK coordinates the activities of about 230 health facilities in Kenya operated by various protestant denominations such as the Seventh Day Adventist Church (SDA), Presbyterian Church of East Africa (PCEA), Church of the Province of Kenya (CPK), the African Inland Church (AIC). Each hospital member of CHAK is autonomous and makes its day-to-day operational decisions independent of CHAK and other member-facilities. CHAK exists to represent its member-institutions on common issues before the GOK, disburse grants from the GOK to member facilities, to coordinate the activities of the facilities on issues of mutual concern and to be the repository of aggregate information on the health activities of member-facilities (Berman and Benson, 1995).

There are about 354 Catholic-affiliated health facilities. Catholic health facilities are, like their CHAK counterparts, autonomous in their day-to-day operations. They are largely supported by volunteers and donations from abroad. The KCS performs the same duties for its members as CHAK does. There were 14 (13.2%) KCS health facilities identified during the survey. Mosque-affiliated health facilities are run and operated by the Crescent Medical Aid (CMA). There are about 12 mosque health facilities in Kenya. The CMA, unlike CHAK and KCS, directly runs the facilities (or the individual mosque owners (Berman and Benson, 1995).

LITERATURE REVIEW

Strategic planning

Strategic planning is the process by which an organization defines its strategy, or direction, and

makes decisions on allocating its resources to pursue the set strategy, which includes its capital and people. For an organization to determine its direction, it has to know where it stands exactly and then determine where it wants to go and how it will get there. Thus the document that outlines all this is called a strategic plan. In real sense, whilst strategic planning may be used to effectively plot a company's longer-term direction, one cannot use it to reliably forecast how the market will evolve and what issues will surface in the immediate future. Therefore, strategic innovation and tinkering with the strategic plan have to be a cornerstone strategy for an organization to survive the turbulent business climate. Strategic planning is the formal consideration of an organization's future course. All strategic planning deals with the what, how, when and whom (Kotler, 2000).

According to Johnson and Scholes (2001), Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. A strategy is an overall approach, based on an understanding of the broader context in which you function, your own strengths and weaknesses, and the problem you are attempting to address.

Strategy is a pattern - specifically, a pattern is a stream of actions (Mintzberg and Waters, 1985). According to this definition, strategy is consistency in behavior, whether or not intended. Strategy is a position - specifically, a means of locating an organization in an environment. According to this definition strategy becomes the mediating force or match between organization and environment, which is between the internal and external context. Strategy is a perspective, its content consisting not just of a chosen position, but of an ingrained way of perceiving the world. This definition suggests above all that strategy is a concept. Other authors argue that strategy is a course of action consciously deliberated by top management (Chandler, 1962; Andrews, 1971) or an analytical exercise undertaken by staff strategists (Ansoff, 1965; Porter, 1980), or a descriptive analysis of the complexity of real organizational phenomena challenges such simplified conceptualization (Allison, 1971).

Thus we can argue and outline that strategic planning is a pattern in a stream of decisions and actions

(Mintzberg and McHugh, 1985) that are distributed across the various levels of an organization. According to Wilder Foundation from the Strategic Planning Workbook, strategic planning is defined as the process by which leaders of an organization determine what it intends to be in the future and how it will get there. Put another way, the leaders develop a vision for the organization's future and determine the necessary priorities, procedures, and operations (strategies) to achieve that vision. Included in the Strategic plan are measurable goals which are realistic and attainable, but also challenging; emphasis is on long-term goals and strategies, rather than short-term objectives.

A myriad of factors influence the adoption of strategic planning in any organization some of them being: organizational culture, organizational policies and procedures, resource allocation and organization structure.

For instance when it comes to organizational culture, an understanding of culture, and how to transform it, is a crucial skill for leaders trying to achieve strategic outcomes. Strategic leaders have the best perspective, because of their position in the organization, to see the dynamics of the culture, what should remain, and what needs transformation for this is the essence of strategic success.

Also in terms of resource allocation in strategic planning, a resource-allocation decision is a plan for using available resources especially human resources especially in the near term, to achieve goals for the future. Thus this will definitely impact on the strategies the firm/hospital chooses to implement.

Organizational Policies and Procedures are a set of documents that describe an organization's policies for operation and the procedures necessary to fulfill the policies. In healthcare, policies and procedures are not only required for the hospital or facility to stay accredited but are also directly related to the consistency and quality of care a patient receives. In line with this definitely for the strategic planning the hospital decides to implement will have to be in line with the set policies and procedures-both internal and external.

However, all definitions generally point to the fact that strategy is that direction that an institution selects to fit in the environment that it is operating in.

Research Questions

The general objective of this study was to find out the factors that affect the adoption of strategic planning in mission hospitals in Kenya. The specific objectives of the study were: *To establish if organization culture affects adoption of strategic planning in mission hospitals; To establish if leadership affects adoption of strategic planning in mission hospitals; To establish if resources affect adoption of strategic planning in mission hospital; To establish if organizational policies affect adoption of strategic planning in mission hospital;. To establish if organizational structure affects adoption of strategic planning in mission hospitals.*

The research questions of the study were:-

- (i) What effect does organizational culture have in adopting strategic planning in mission hospitals?
- (ii) How does leadership affect the adoption of strategic planning for mission hospitals?
- (iii) How do resources affect the adoption of strategic planning in mission hospitals?
- (iv) How does existence or non-existence of organizational policies affect the adoption of strategic planning in mission hospitals?

RESEARCH METHODOLOGY

The case study method was adopted to answer the research questions. Specifically, the researchers selected a number of the largest mission hospitals in the country to act as a general reference point of view, as the case for this study. A series of questionnaires were used to collect data from a sample of the population.

The study used a descriptive survey that was aimed at investigating the challenges facing the adoption of strategic planning in mission hospitals in Kenya generally. A general hypothesis would come from the findings of the major mission hospitals that have been in operation for longer. According to Donald and Pamela (2003) and Boyd, Westfall and Stasch (1990), a descriptive study aims at determining the what, when and how of a phenomenon which is the concern of the study.

Descriptive research is suitable in situations where questions such as how, why and what are investigated on a certain phenomenon to give facts of the situation as it is, without interference by the researcher.

The case study method is suitable when researchers investigate the strategy of a firm in detail (Merriam, 1998). The use of a quantitative study method might be challenging in examining a firm's specific strategy because formulating a strategy entails a number of complex issues. In addition, the case study method allows researchers to provide rich descriptions of phenomena (Stake, 1995). Furthermore, Yin (1981, 1984) claims that case study research fits well when researchers focus on answering "Why" and "How" questions. Yin (1984) also points out that the case study method is useful when need to researchers understand the real and complex contextual issues of a phenomenon.

Sampling Method

Data was collected using structured questionnaires. Open ended and closed ended questions were asked in order to get the answers sought for by the research questions. The questionnaire was largely designed using a Likert Scale. The questionnaire was divided into different sections that included the profile of respondents and also sections that sought to establish the extent to which, organizational culture, leadership, resources, organizational policies, and organizational structure influence strategic planning in the mission hospitals.

The target respondents were from hospital departments that are responsible for strategy development and implementation that included the Finance, Administration, Nursing, and Human Resources Departments. The questionnaires were administered on the basis of drop and pick later or picked immediately depending on the availability of the targeted respondents. To enhance high response rate, the researcher made telephone follow ups with the targeted respondents.

Data collected was both quantitative and qualitative. Qualitative and quantitative methods of data analysis have been used. The qualitative data was analyzed using content analysis Descriptive statistics have been used to analyze the quantitative data. These included use of frequencies, percentages and mean scores among others.

FINDINGS

The findings are presented in sections that cover the profile of the respondents and the hospitals, the aspects that affect strategic planning and related to leadership; organizational culture; organizational

policy; organizational structure; resources and external environment.

The healthcare sector has experienced a rapid growth since Kenya attained independence in 1963; driven majorly by the government's commitment to make healthcare affordable and accessible to the majority of the population (Berman and Benson, 1995). This has largely been achieved through an increase of budgetary allocation that is non-restrictive to private healthcare providers. The Kenya Health Policy framework implementation and action plans (1996) provide three broad categories of Health care Facilities by type. They include the hospitals, health centers and sub-health centers.

Berman and Benson (1995) submits that the government offers 27% of healthcare, private hospitals 36% mission hospitals 22% and private nursing homes 14%. At 36% the private hospitals play a critical role in meeting the gap for a more and higher quality health care in the country. Mburu (2007) states that the public hospitals are characterized by drug shortages, lack of essential supplies and long delays due to failing government funding coupled with increasing population.

Access to health and medical care is unequally distributed across the country, as is the fertility rate and the level of education. Generally speaking, the Central Province and Nairobi are deemed to have the best facilities, whereas the North-Eastern Province is found to be the most underdeveloped. Poor people in rural areas who are ill and choose to seek care, usually only have the option of treatment at primary care facilities. These facilities are often under-staffed, under-equipped and have limited medicines. Among those Kenyans who are ill and do not choose to seek care, 44% were hindered by cost. Another 18% were hindered by the long distance to the nearest health facility (Mburu, 2007).

One of the profile aspects that the study sought to know on the respondents was the number of years that the mission hospitals have been in operation. It was found over 90% of the hospitals have been in operation for more than 11years with majority (65%) having operated for 20 years and above. The long period of operation for majority of the respondents implies that the findings may be relied on and therefore may be generalized for the sector.

It was also found that the entire mission organizations that responded to the study are locally registered i.e.

incorporated in Kenya. Majority of the hospitals have been in operation for more than eleven years. Based on the findings, it can be argued that there is a direct correlation between the number of staff a mission hospital has and the turnover of the mission hospital. It was noted that there was a slightly high number of respondents from the Finance departments. This is consistent with the general trend where strategic planning is linked to the Finance department so that it allows for a linkage of the plans with the provision of funding.

In regard to the broad factors that affect the adoption of strategic planning, it can be argued that leadership aspects have a greater influence on the adoption of strategic planning in the mission hospitals, followed by organizational culture aspects, organizational policy, external environment; resource allocation and organization structure. Relatively, organization structure attracted the lowest score in this category which is in line with the argument of strategic management authors who argue that structure follows strategy.

High costs involved in the developing plans; lack of trained staff and lack of positive organizational culture and policies were found to a large extent pose challenges in the adoption of strategic planning in their organizations. On the other hand, lack of focus by the top management and the Board; ever changes in the environment that renders planning irrelevant and non-allocation of resources to planning were found to be a challenge to a moderate extent.

The respondents in the study to a large extent agreed that strategic planning brings a lot of benefits to an organization. The benefits range from better allocations of human resources in the organization; enhanced hospital competitiveness; effective organizational structure; enhanced teamwork given there is a clear focus; promotion of a positive organizational culture and policies and adoption of a coordinated approach in tackling the changes in the environment.

CONCLUSION

Strategic planning is important for any organization. It is important that each organization to adopt strategic planning as an organization without a strategic plan is like a ship without a compass. From the findings it is clear that both the internal and external factors are important in influencing the

adoption of strategic planning in any organization. It is recommended that mission hospitals and other organizations consider designing and implementing strategy taking into account all the factors of leadership; organizational culture; organizational policy; external environment; resource allocation and also organization structure. It is also recommended that despite the benefits resulting from strategy, it is important the organizations are aware of the challenges, inherent in the activity and the mitigation for each.

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