

DOES STRATEGIC PLANNING IMPROVE ORGANIZATIONAL PERFORMANCE? EVIDENCE FROM KENYATTA NATIONAL HOSPITAL IN KENYA

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Abstract

The purpose of the study is to establish whether strategic planning improves organizational performance taking the case study of Kenyatta national hospital. The concept and practice of strategic planning is present globally and across sectors because of its perceived contribution to organizational effectiveness. Today organizations from both the private and public sectors have taken the practice of strategic planning seriously, as a tool that can be utilized to fast-track their performance. The study targeted the top management, middle level management and operational managers because they understand the institution's strategic plan. The study adopted quantitative and qualitative research approaches. Both primary and secondary data were used and the analysis done using SPSS version 21. Descriptive statistics was used to present the data. The study revealed that strategic plan implementation at KNH improved the performance of the hospital especially on service delivery to customers. The study concludes that in order to ensure effective strategy implementation, the organizations needs to continue involving all stakeholders in the process of strategic planning starting from formulation, implementation to monitoring and evaluation.

Keyword: Performance, Strategic Planning, Implementation, Resource Mobilization

INTRODUCTION

The concept and practice of strategic planning is present globally and across sectors because of its perceived contribution to organizational effectiveness. Today organizations from both the private and public sectors have taken the practice of strategic planning seriously, as a tool that can be utilized to fast-track their performance (Poister & Streib, 2005). Dallago (2012) observes that organizations which have succeeded in their operations are the ones that have been able to put in place effective strategic planning processes. Strategic planning enables organizational leaders to make decisions that positively affect the future performance of their organizations. Subsequently, it is clear that strategic planning enables institutions to survive through the turbulent modern business environment, characterized as dynamic. In addition, strategic planning processes enable organizations to adapt successfully to the ever-changing business and corporate environment (Poister & Streib, 2005).

The Public healthcare faces severe problems in almost all countries of the developing world, although the situation varies from one country to another and even from one city to another. Public healthcare sector in the developing world is plagued by low productivity due to poor strategy formulation and execution (Grüniget.al. 2005). The rapid growth of Kenya's urban population has generated an enormous need for efficient public healthcare services to cater for the increased demand for affordable, accessible and quality healthcare service (Kimalu et.al, 2004). As one of its major goals, the Government of Kenya has incorporated various programs in the public healthcare sector in the social pillar of Vision 2030 (Ministry of State for Planning and National Development & Vision 2030, 2007). The aim is to improve efficiency by offering quality healthcare services to the public. For instance, a comprehensive strategic plan will modify the existing medical amenities in order to concur with the international standards regarding such elements as doctor patient ratio, availability of modern treatment equipment for diseases like cancer and diabetes, and increase of hospitals in all counties.

Kenyatta National Hospital (KNH) formally known as King George Hospital, Nairobi is currently the largest referral, teaching and research Government hospital in Kenya. The Hospital was built to fulfill the role of being a National Referral and Teaching Hospital, as well as to provide medical research environment. Founded in 1901, with a bed capacity of 40, KNH became a State Corporation in 1987 through the guiding principles of the State Corporation Act with a Board of Management and is at the apex of the referral system in the Health Sector in Kenya (J. Barnes; World Bank, 2010). The main facility is located in Upper Hill region of Nairobi, a few meters from Hospital Road. It covers an area of 45.7 hectares and within the KNH complex are College of Health Sciences [University of Nairobi]; the Kenya Medical Training

College; Kenya Medical Research Institute and National Laboratory Service [Ministry of Health]. Currently, it has 1800 beds in the public and private wings. The vision statement of this national hospice is to be an international referral sanatorium that offers modern and specialized healthcare.

Objective of the Study

The main objective of this study is to assess the effects of the KNH strategic plan implementation on its performance.

THEORETICAL MODEL

The Mintzberg model regarding the 5 P's of strategy is a theoretical model invented by Mintzberg. The formulation of this technique is in accordance with the constituents that facilitate the implementation of a feasible strategic plan. This logician formulated this ideology as a way of addressing various aspects affecting the execution of a strategic plan (Mintzberg, 1987). According to Mintzberg, strategic management comprises of five main features denoted as the P's of strategy. This includes plan, ploys, patterns, position, and perspective (Mintzberg, 1987). Based on his argument, these facets determine the effective implementation of a strategic plan as well as its efficiency and effectiveness in attaining the short -term and long-term goals of an organization (Grünig et al. 2005). As a plan, Mintzberg indicates that a strategy is a set of operational or administrative procedures deliberately formulated to solve a particular problem in an organization (Mintzberg, 1987). The management therefore has to generate a strategy, which is the intended course of action before embarking on the implementation process. According to Mintzberg, a ploy on the other hand implies a specific action or maneuver intended to outwit a competitor (Mintzberg, 1987). Therefore and organization can use its strength to take advantage of the external opportunities and identify its weaknesses to manage its threats thus gain a competitive advantage (Dallago, 2012).

This theoretical framework, which encompasses Mintzberg's arguments, offers a detailed comprehension of the essentials of strategic planning and management. Although these five elements of strategic planning have an apparent relationship, each component is independent and equally essential in the development of an organization and attainment of its interim and long-term goals. This makes it evident that a strategic plan not only focuses on the competition aspect of a market, but it also seeks to accentuate other influential features in the internal and external environment of a company that enable and organization to gain a sustainable competitive advantage. Strategic thinking will focus on customers and

competitiveness as well as internal capabilities and resources. It will include reference to the organization's competitiveness, quality and levels of customer service (Akhter, 2003).

Utilization of the elements of the 5 P's of Strategy in the formulation of an effective plan by the management of Kenyatta National Hospital will not only aid in increasing the productivity of its workers, but it will also be helpful in the provision of quality healthcare to a large number of people in Kenya. For instance, effective implementation of the operational and administrative procedures encompassed in the strategic plan regarding the establishment of a modern cancer treatment center in this hospital will enable the management to solve the existing problems competently. This will also enable the management in identifying influential factors in the internal and external environments while formulating practical measures that will provide the hospital with a competitive advantage in the market. This is in accordance with the position and play elements of the 5 P's of strategy.

Nonetheless, this theoretical model may have some negative effects on the performance of Kenyatta National Hospital depending on its interpretation and implementation by the relevant stakeholders. To start with, it emphasizes on the need to include the concept of competition in the strategic plan through the aspect of position. In this case, focusing on attaining a competitive advantage over other participants in the healthcare subsector may affect the performance of the hospital. This is because of the possibility of focusing on approaches that will increase the market share and revenue of the hospital as opposed to offering quality, accessible, and affordable healthcare to Kenyans from all social strata.

For this reason, it is essential for the management of Kenyatta National Hospital to interpret and execute the theoretical model of the 5 P's of strategy in a manner that will not jeopardize the interests of its clients.

METHODOLOGY

The study used Kenyatta National Hospital as a case study. The study employed both quantitative and qualitative research approaches. The population for this study comprised of all 5186 permanent staff who works at Kenyatta National Hospital (KNH, 2014). The target population for the study was 418 senior executive, middle level managers and operational manager who work at Kenyatta National Hospital. Stratified random sampling technique was adopted in the study. The target population for the study was divided into the following strata: (1) senior executives; (2) middle level managers; (3) operational managers. Consequently, the sample for this study was 84 managerial staff who works at the Kenyatta National Hospital.

Semi structured questionnaires were used as data collection instruments. The questionnaire was pre-tested among a small representative sample of 5 managerial staff from Kenyatta National Hospital who was not being allowed to participate in the actual research. The procedures that were used in pre-testing the questionnaire were identical to what were used during the actual data collection, as this allowed the researcher to make meaningful observations.

The researcher used the Statistical Package for Social Science (SPSS) version 21 to analyze data. Descriptive statistics was used to present the data. Reliability and validity of data was ensured as well as observation of all the ethical practices in research.

ANALYSIS AND FINDINGS

Reliability Coefficient

To minimize the possibility of errors in the instrument used as well as increasing the reliability of the data collected, Cronbach's Coefficient Alpha was computed by the use of package for social sciences (SPSS) to test the reliability of the instrument. The Cronbach's Alpha coefficient for this study was very high (0.874) and the instrument was therefore accepted to be highly reliable.

Period Worked with KNH

The period of time the respondents had worked with Kenyatta National Hospital is presented in Table 1 below:

Table 1: Years of operation

	Frequency	Percent
Less than ten years	29	45.3
Ten to twenty years	15	23.4
Twenty to thirty years	15	23.4
Above thirty years	5	7.8
Total	64	100.0

From the findings, 45.3% of the respondents had worked with KNH for less than ten years, 23.4% had worked for between ten to twenty years, 23.4% had also worked for a period of between ten to twenty years and Twenty to thirty years for each of the period category. The final 7.8% had worked for above thirty years. These findings show that a majority of the respondents had worked with KNH for long period to be able to understand how it operated and ran its affairs. This shows that the respondents were better placed to provide information necessary to complete this study.

Extent to which Strategic Plan Implementation at KNH has Influenced Delivery on its Mandate

When the respondents were asked the extent to which the strategic plan implementation at KNH has influenced delivery on its mandate, the results are given in table 2 below.

Table 2: Extent of the Strategic Plan Implementation

	Frequency	Percent
very great extent	29	45.3
great extent	18	28.1
moderately great extent	14	21.9
little extent	3	4.7
Total	64	100.0

Table 2 above shows that, 45.3% (29) of the respondents indicated that strategic plan implementation at KNH has influenced delivery on its mandate to a very great extent, 28.1% (18) agreed to a great extent, 21.9% (14) agreed to a moderately great extent and 4.7% (3) agreed to a little extent. From the findings, it's clear that strategic plan implementation has significantly contributed to achieving KNH mandate.

Whether Strategic Planning has Helped Improve KNH Performance

From the findings, on whether strategic plan implementation has improved service delivery to customers, majority of the respondents 54.7% agreed, 40.6% strongly agreed, 4.7% were neutral and none disagreed. From the findings, majority of the respondents agreed that Strategic plan implementation has improved service delivery to customers. This means that formulation and implementation of these strategies enhance the productivity of the hospital. Consequently, the hospital is able to increase its service delivery regardless of the challenges in the external and internal environment.

On whether Strategic planning has enabled KNH deliver on its mandate, majority of the respondents 59.4% agreed 31.3% strongly agreed, 4.7% were neutral, 4.7% disagreed and none strongly disagreed. The findings show that majority of the respondents agreed that Strategic planning has enabled KNH deliver on its mandate. This means that the hospital is able to deliver the required services to the people in need of it.

On whether Strategic plan implementation has enabled skills acquisition at KNH, majority of the respondents 64.1% agreed 31.3% strongly agreed, 4.7% were neutral and none disagreed nor strongly disagreed. For the hospital to be able to formulate and implement strategies effectively it must have the necessary manpower that possess effective communication skills, interpersonal skills, professional skills and ability to scan an environment

in order to be able to predict future events. The employees need to be engaged and connected to their jobs, applying that extra effort willingly to implement change in order for the strategy to succeed. Employees therefore, must be on board in the strategy formulation and aware of its importance of applying the strategy in their daily work (Gibbons, 2006). On whether Strategic plan implementation has improved the level of efficiency at KNH, 45.3% of the respondents strongly agreed 45.3% agreed, 4.7% were neutral, 4.7% disagreed and none of them strongly disagreed.

On whether Strategic plan implementation has improved the adaptation of KNH to changes in the operating environment, majority of the respondents 59.4% strongly agreed, 28.1% agreed, 12.5% were neutral and none of them disagreed. For the strategy to succeed, KNH need employees who are engaged and connected to their jobs, applying that extra effort willingly to implement change. This means that the strategic plan implementation has improved the adaptation of changes in the operating environment since majority of the respondents 87.5% agreed to it.

On whether Strategic plan implementation has improved resource mobilization at KNH, 50% of the respondents strongly agreed, 32.8% agreed, 14.1% were neutral, 3.1% disagreed and none strongly disagreed. Vurro (2009) argues that institutional processes should ensure that they have the necessary resources in terms of equipment and systems to facilitate the implementation process. Another measure that can be used is that institutions carry out resource assessments before under taking strategic plan implementation processes (Bryson & Alston, 2010; Fogg, 1999). This is attributed to the fact that the hospital become better prepared for the strategic plan implementation process once they carry out a resource assessment before the commencement of the implementation process. This means that the hospitals Strategic plan implementation has improved resource mobilization since majority of the respondents 82.8% agreed so.

On whether strategic plan implementation has improved relationship between KNH and its stakeholders, majority of the respondents 64.1% agreed, 23.4% strongly agreed, 7.8% were neutral, 4.7% disagreed and none strongly disagreed. In order for KNH to improve its relationship with all stakeholders, it is also important for the hospital to engage all departments and the entire labor force in the strategic planning program. Through this scheme, the management will have detailed information regarding the possible effect of the Strategy plan on various subdivisions of the hospital. Moreover, it will be possible to persuade the labor force to embrace the proposed operational changes (Bryson *et.al.* 2011). It is also imperative for hospital to break the strategic plan implementation process into several phases. By so doing, the hospital will have improved its relationship with the stakeholders.

On whether Strategic plan implementation has improved profitability of KNH, 50% of the respondent strongly agreed, 35.9% agreed, 14.1% were neutral and none of them disagreed. From the findings, majority of the respondents 85.9% agreed that profitability at KNH had been improved through Strategic plan implementation. Although the implementation process is the most difficult phase of the strategic plan, KNH has been able to improve its profitability by offering good services to the patients.

CONCLUSION

The study also concludes that strategic plan implementation at KNH improved the performance of the Hospital especially service delivery to customers. Quality service delivery was identified as one of the goals to be achieved by the strategic plan through improved doctor-patience ratio to internationally recommended standards. Much effort was made towards the achievement of this goal which saw the improvement in service delivery to patients. Strategic planning has enabled KNH deliver on its mandate as the hospital is able to deliver the required services to the people in need of it. Strategic plan implementation has improved the level of efficiency at KNH. Strategic plan implementation has improved the adaptation of KNH to changes in the operating environment. In addition, Strategic plan implementation has improved relationship between KNH and its stakeholders. Through this scheme, the management gained detailed information regarding the possible effect of the strategic plan on various subdivisions of the Hospital. In order to reduce employee resistance during strategy implementation, the Hospital needs to continue involving employees in the process of strategic planning starting from formulation, implementation to monitoring and evaluation

SCOPE FOR FURTHER RESEARCH

Further research could be conducted on other sectors of the economy since the current study was a case study that was limited to Kenyatta National Hospital in Kenya and therefore exploration into strategic planning as determinant of organizational performance would be an interesting area for further research.

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