

# Strategic Planning Practices for Improved Organizational Performance: A Case of MP Shah Hospital, Nairobi

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**Abstract-** Strategic planning practices allow improvement of organizations performance by establishing guidelines in form of clear vision, mission statements and performance expectations including performance indicators. The study focused on the leadership and governance pillar of health system building block. The objective of the study was how communication, staff participation and capacity building influence implementation of strategic planning practices in MP Shah Hospital. A descriptive case study was employed limited to MP Shah Hospital with target population being key professional employees; target population of 349 key professionals. Both qualitative and quantitative was collected using structured questionnaires for key professional employees and key informant interview guide for the unit managers.. The study found out that 110 (91.3%) were aware of strategic planning practices in MP Shah Hospital, while 62(51.4% ) agreed it was highly useful in determining performance only 75(62%) are involved in the implementation process. This was majorly affected by communication whereby majority felt communication was not timely 78(64%), support supervision was lacking since majority 84(69.6%) did not know if it exists and majority 66(54.8%) did not attend timely induction program. It was also found out that MP Shah was performing above average in clinical performance, and customer retention, however, it was noted that they needed to improve on developing effective strategies and establishing priorities in order to improve its performance. Regression analysis indicated  $r = 0.736$  that changes in the organizational performance were influenced by changes in communication, staff participation and capacity building by 73.6%, while other factors not investigated in the study contributed to 26.4% of organizational performance. The study therefore concluded strategic planning practices be emphasized in terms of communication, involvement of staffs and capacity building in order to improve performance of health facilities.

**Index Terms-** Strategy, plan, strategic planning practices, capacity building

## I. INTRODUCTION

Leadership and governance involves ensuring strategic policy frameworks exist combined with effective oversight, coalition building, regulation, attention to system-design and accountability (WHO, 2007). This research addresses the leadership and governance pillar, and seeks to examine the

challenges of implementing strategic planning practices in health facilities. At MP Shah, the management and important stakeholders spent time developing a five-year Strategic Plan. Now, months have passed and there has been progress in achieving the intended goals. According to (WHO,2007) most conspicuous problems confronting health systems were found to be many including management and leadership capacities, inherent flaws in decentralization and policy guidance, it recommended that there is need to improve health system in political stewardship, appointment of suitable managers, promote decentralization and support supervision.

The African Union Health Strategy (2007), and the Africa Health Leadership and Management Network (AHLMN), through its constitution, acknowledge this; they posit that most African countries are unlikely to achieve their national health targets and those espoused in Millennium Development Goals, without strengthening leadership, management and governance at all levels of the health system. Strategic planning in Kenya has influenced new approaches to management in the service sector are imperative as organisations from both the private and public sector face new challenges. Market dynamics have created challenges for all sorts of organizations, with the emergence of the global economy, advances in technology, increased societal demands, and the need to provide quality services with fewer available resources. Strategic planning practices involve formulation of vision and mission statement and performance of situation analysis (Pearce and Robinson, 2008). Strategic decision determines the organization's relations to its external environment, encompasses the entire organization, depends on inputs from all the functional areas in the organization and has a direct influence on the administrative and operational activities (Laban, 2003)MP Shah Hospital is one of the fastest growing hospitals with a reputation for excellent nursing care and general patient care. It was started in 1930 at a level of a nursing home with its vision and aim being providing care to the sick and alleviation of human suffering amongst communities. The facility has heightened its patient care to provide international standardized personalized level of care, including providing specialized care.

## Purpose

The purpose of the study was to examine the effects of communication, staff participation and capacity building on implementation of strategic planning practices to influence performance in MP Shah Hospital, Nairobi County.

**Broad objective**

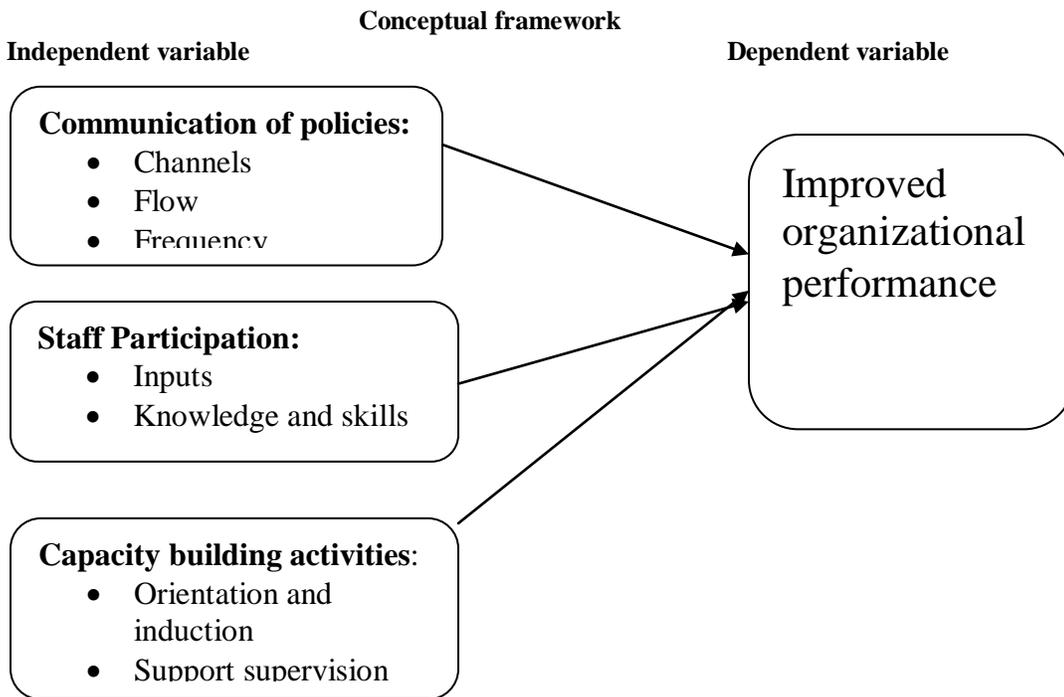
The main objective of the study is to determine the challenges of implementing strategic planning practices adopted by MP Shah Hospital to achieve its performance.

**Specific Objectives**

1. To determine the effect of communication of policies to strategic planning practices adopted by MP Shah Hospital,
2. To establish the influence of staff participation on implementation of strategic planning practices adopted by MP Shah Hospital,
3. To determine capacity building activities influence on implementation of strategic planning practices in MP Shah Hospital.

**Theoretical framework**

Barney theoretical model was used in this study to discuss the use of resources and capabilities in (Resource based theory). The model assumed that resources provide an organization with an excellent opportunity to develop competitive advantage. The gaps included; identifying and appraising capabilities of the organization, failing to incorporate the available resources to the plan incongruence between different stakeholders in the organisation(Agency theory) and the systematic approach to strategic formulation (Strategic Management Process Framework) to result to successful strategic management that is aligned to improving organisational performance.



**Figure 1.1: Conceptual framework**

**II. RESEARCH ELABORATION**

The study involved a descriptive case study design, preferred because it allows for prudent description of the situation, making sure that there was minimal bias in data collection to reduce errors in interpreting the data collected. Study was carried in MP Shah hospital which lies in Westland district in Nairobi County, the district has a total of 67 facilities, whereby four of this are private institutions include MP Shah Hospital. This facility was purposively chosen because of its feasibility and being one of fastest growing private hospital in Nairobi county. The target population of this study comprised 349 key professional employees in different cadres namely nurses, medical officers, pharmacists, laboratory technologies and administration staffs working in MP Shah Hospital in Nairobi. The study used stratified random sampling to select a sample of 139 respondents from the 6 working departments then

each category was treated as a strata then simple random sampling employed to get the sample from the accessible population. Mugenda and Mugenda (2003) states that a sample of 30% is considered representative for a population less than 500, the sample size is justified by 40% since it minimized duplicity and redundancy of the data obtained. Data was collected using two instruments a structured questionnaire and a key informant interview guide.

**Table 1.1: The sample size of respondent**

| Category of the population | Population size | Sample size(40% of the population) |
|----------------------------|-----------------|------------------------------------|
| Administration             | 60              | 24                                 |
| Nurses                     | 218             | 87                                 |
| Medical officers           | 26              | 10                                 |
| Pharmacists                | 19              | 8                                  |

|                       |            |            |
|-----------------------|------------|------------|
| Laboratory technician | 26         | 10         |
| <b>TOTAL</b>          | <b>349</b> | <b>139</b> |

**Ethical Considerations**

researcher obtained ethical approval from Kenya Methodist university ethical committee and clearance from MP Shah Hospital management team. Research was conducted on informed consent of the participants and information gathered was handled with a lot of confidentiality and privacy.

III. RESULTS AND DISCUSSION

**Table 1.2 Characteristics of Respondents**

| Characteristics Respondents N (%) | Variable             |
|-----------------------------------|----------------------|
| <b>Age distribution</b>           | 21-30 years          |
| 67(53.4%)                         |                      |
|                                   | 31-40years           |
| 50(41.3%)                         |                      |
|                                   | 41-50 years          |
| 4(3.3%)                           |                      |
| <b>Gender</b>                     | Male                 |
| 33(27.3%)                         |                      |
|                                   | Female               |
| 88(72.7%)                         |                      |
| <b>Level of Education</b>         | Certificates/Diploma |
| 83(68.2%)                         |                      |
|                                   | Graduate             |
| 38(27.3%)                         |                      |

The findings 53.4% are between 21 – 30yrs old, being the majority of employee in the facility, 41.3% are within 30 – 40yrs old with only 3.3% being 41 – 50 yrs, making majority of MP Shah population young energized in terms of implementing strategic planning practices. The study found out that majority (72.7%) are female whereas (27.3%) are male gender this is attributed to the great numbers in the nursing fraternity were female gender are the majority. The study also indicated majority of the workers have attained a certificate or diploma (68.2%) and graduates (31.8%) This represents a level of knowledge that can contribute to the competitive advantage of the hospital due to knowledge and skills for patient care and participation in the strategic planning process and implementation.

**Communication of Policies**

**Table 1.3 Communications of Policy and Directives**

| Characteristics Respondents N (%) | Variables  |
|-----------------------------------|------------|
| <b>Time</b>                       | Timely     |
| 43(35.5%)                         |            |
|                                   | Not timely |
| 78(64.5%)                         |            |
| <b>Channel</b>                    | Email      |

|                  |                  |
|------------------|------------------|
| 38(31.4%)        | Memo             |
| 19(15.7%)        | Circulars        |
| 7(5.8%)          | Official meeting |
| 57(47.1%)        | Daily            |
| <b>Frequency</b> |                  |
| 14(11.7%)        | Weekly           |
| 5 (4.4%)         | Monthly          |
| 18(15%)          | >Month           |
| 84(69.3%)        | Reports          |
| <b>Feedbacks</b> |                  |
| 82(67.8%)        | Suggestions      |
| 39(32.2%)        |                  |

The findings indicated that majority( 64.5% )of the respondents agreed that communication is not timely, while (35.5%) attested that communication of policies and directives was done on timely basis. Miller and Friesen (2000) who depicted that communication made implementation of strategies easier, this shows why mp shah hospital could still be struggling to implement its strategies.

The study found out that official meeting was the most used channel of communication (47.1%) while email was following with (31.4%).The frequency of communication was indicated as majority meet in more than a month(69.3%) while those who attended monthly meetings were 15% and weekly 4.4% and daily 11.7%.

The findings show that majority (67.8%) of the respondents use reports to give feedback to the management, while (32.2%) of the respondents use suggestions to give their feedbacks. These findings concur with Karen 2009, whereby communication is a tool for public feedback and it has to be given from time to time to enhance implementation of policies. Feedbacks are seen to be an effective way of monitoring and evaluating progress of the implementation process.

**Staff Participation**

The study found out that majority (62.3%), attested that MP Shah Hospital is actively involved in strategic planning practices while 35.1% do not think MP Shah Hospital is actively involved. This is also depicted from a study done by (Kathama Lucy, UoN, 2012) whereby 65% of state corporation in Kenya are actively involved in strategic planning practices. Majority of the respondents (69.6%) attested that they do not know whether there is support supervision offered by the management to its staff to enhance implementation of strategic planning practices. The study shows that majority (61.6%) of the staffs never give there inputs towards decision making, whereas (36.2%) of the responded give inputs but not always, while 2.2% give their inputs always. The limitation to staff participation according to findings from the study, bureaucracy was leading (69.4%), followed by reduced staff morale by 24%, while finance as a limitation has 6.6% of the respondents. Karen 2009, reports that

effective communication increases staff morale and improves the quality of work, the findings from the study could be attributed to by communication in the organization.

**Capacity Building**

The findings indicated that, there was no clear information on needs assessment to guide induction and orientation programs in the hospital. Majority (60.3%) of the respondents agreed that induction and orientation was highly helpful while only 42% of the respondents attended induction program.

**Perceived Organizational Performance**

The study also sought to establish the performance of various aspects in MP Shah Hospital using the 5 point Likert scale, indicating to what extent respondents agree to the statements, where: 1= Far below average, 2 = A little below average, 3 =Average, 4 = A little above average,5 = Far above average. The mean and standard deviations were generated from SPSS.

**Table 1.4: Perceived Organizational Performance**

Majority of the respondents posited that MP Shah Hospital performed above average clinically (M=4.20) being a health facility this meant that majority of the client expectations are being met.

**Correlation Analysis**

This determined whether there exists any significant relationship between strategic planning practices (independent variable) and performance of health facilities (dependent

|                                     | <b>Mean</b> | <b>Standard deviation</b> |
|-------------------------------------|-------------|---------------------------|
| Quality of products and services    | 3.08        | 0.57                      |
| Innovation and technological change | 3.19        | 0.79                      |
| Ability to attract employees        | 3.22        | 0.66                      |
| Ability to retain employees         | 3.81        | 0.68                      |
| Relationship among employees        | 3.12        | 0.90                      |
| Customer satisfaction               | 3.33        | 0.61                      |
| Retention of customers              | 3.93        | 0.67                      |
| Operating efficiency                | 3.06        | 0.64                      |
| Financial performance               | 3.45        | 0.67                      |
| Clinical performance                | 4.20        | 0.57                      |

variable),measured in three dimensions namely: communication process, staff participation, and capacity building.

**Table 1.5: Result on the correlation analysis**

|  |                     | <b>Organizational performance index score</b> |
|--|---------------------|---|
| <b>Communication process index score</b>                           | Pearson Correlation | .528**  |
|  | Sig. (2-tailed)     | .000  |
| <b>Staff participation index score</b>                             | Pearson Correlation | .511**  |
|  | Sig. (2-tailed)     | .001  |
| <b>Capacity building index score</b>                               | Pearson Correlation | .752**  |
|  | Sig. (2-tailed)     | .000  |
| <b>N = 121</b>   |                     |   |
| <b>** Correlation is significant at the 0.01 level (2-tailed).</b> |                     |   |

This suggests that the more the implementation of strategic planning practices, the higher the level of performance. Therefore, health facilities that implement more of the strategic planning practices are more likely to achieve organizational performance, and vice versa.

**Regression Analysis**

To establishing the strength and direction of the relationship between the variables in the study, the researcher went further to use simple regression analysis to determine the extent to which the changes in the dependent variable (organizational performance) were influenced by the changes in the independent variable (strategic planning practices).

**Table 1.6: Model Summary**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |             |   |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|-------------|---|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. Change | F |
| 1     | .780 <sup>a</sup> | .736     | .319              | 6.57252                    | .336              | 19.764   | 3   | 117 | .000        |   |

(a) **Predictors:** (Constant), Communication process index score, Staff participation index score, Capacity building index score  
 The regression analysis gave a coefficient of determination ( $R^2$ ) of 0.736. This implies that 73.6% of any change in the level

of organizational performance of health facilities is influenced by strategic planning practices. The other factors not investigated in this study therefore contribute to 26.4% of the organizational performance of health facilities.

**ANOVA Findings**

**Table 1.7 ANOVA findings**

| Model |            | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 2561.351       | 3   | 853.784     | 19.764 | .000 <sup>b</sup> |
|       | Residual   | 5054.169       | 117 | 43.198      |        |                   |
|       | Total      | 7615.521       | 120 |             |        |                   |

a) **Dependent Variable:** Organizational performance index score.  
 (b) **Predictors:** (Constant), Communication process index score, Staff participation index score, Capacity building index score  
 The ANOVA table above shows that on overall  $F = 19.764$  and  $p < 0.05$ , at 5% level of

significance. This indicates that the slope of the population regression line is not zero and, hence, that strategic planning practices are useful as predictors of organizational performance. Therefore, the model is statistically significant in predicting the influence of strategic planning practices on organizational performance of health facilities

**Table 1.8: Co-efficient of regression model**

| Model |                                   | Un-standardized Coefficients |            | Standardized Coefficients | T      | Sig. |
|-------|-----------------------------------|------------------------------|------------|---------------------------|--------|------|
|       |                                   | B                            | Std. Error | Beta                      |        |      |
| 1     | (Constant)                        | 75.881                       | 3.309      |                           | 22.934 | .000 |
|       | Communication process index score | 1.082                        | .478       | .191                      | 2.264  | .025 |
|       | Staff participation index score   | .250                         | 1.391      | .017                      | .180   | .037 |
|       | Capacity building index score     | 1.948                        | .333       | .505                      | 5.856  | .000 |

a. **Dependent Variable:** Organizational performance index score

Therefore, the equation for the regression model can be given by:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

$$Y = 75.881 + 1.082X_1 + 0.250X_2 + 1.948X_3$$

Where;

- $Y$  = is organizational performance (dependent variable)
- $X_1$  = is Communication process (independent variable)
- $X_2$  = is Staff participation (independent variable)
- $X_3$  = is Capacity building (independent variable)

**IV. CONCLUSION**

The study concluded that; policies and directives were not communicated on timely basis, to the staff. Secondly, Staffs do not give their inputs during decision making, which is a key area in strategic planning practices, this was further established in the study when majority of respondents pointed that bureaucracy was the major limitation to development of policies in the organization. Lastly, capacity-building activities such as induction programs were not done effectively, despite majority of the staff thinking that it is very useful in improving their performance and meeting the expectation of the organization

with an aim of improving general performance of MP Shah Hospital.

## V. RECOMMENDATIONS

The study recommends MP Shah Hospital to adopt Strategies for effective organizational performance to include; effective communication, enhancing staff participation, enhancing strategic and critical thinking among its employees, improving on capacity building and teamwork among other factors not investigated in this study.

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