

**STRATEGIC RESPONSES BY PRIVATE HOSPITALS IN NAIROBI TO CHANGES IN
EXTERNAL ENVIRONMENT**

BY

LIGONDO ANNE APONDI

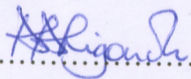
**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
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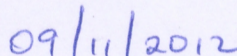
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DECLARATION

Declaration by the Candidate

This dissertation is my original work and has not been presented for a degree in any other University or any other award.





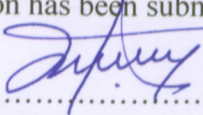
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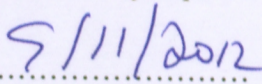
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DEDICATION

To my family and all those who provided their support, inspiration, encouragement and understanding in the completion of this research. Thank you and God bless you abundantly.

God bless you.

To Mr. Muryoki, my Supervisor, thank you for your guidance, patience, support and understanding throughout this Research Project.

To the lecturers at the University of Nairobi, I take this chance to recognize you all.

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To all the lecturers at the University of Nairobi, I take this chance to recognize you all.

ABSTRACT

Hospitals are an important source of critical health care services, providing both basic and advanced care for the population. Given that businesses do not exist in a vacuum, several factors influence the core conduct of the business as well as the objectives and strategies of the business known as the external environment; these are the social, legal, economic, political, technological and ethical factors. This study sought to investigate the strategic responses adopted by private hospitals in Nairobi to changes in the external environment. The study was guided by the following research objectives: to establish the strategic responses adopted by private hospitals in Nairobi to changes in the external environment and to establish the relative importance of the external environmental factors facing private hospitals in Nairobi. To achieve these objectives the study was guided by the following research questions: what are the strategic responses adopted by private hospitals in Nairobi in response to environmental changes? And what are the environmental factors influencing private hospitals in Nairobi?

The study employed a cross-section research design. The study targeted 32 private hospitals in Nairobi using a semi structured questionnaire to collect primary data. The collected data was examined and checked for completeness and comprehensibility. Quantitative techniques were used to analyze the closed-ended questions where a computer program (SPSS software) was used. Qualitative techniques were used to analyze the open-ended questions.

The study found out that the hospitals were affected by economic factors, political factors, legal factors, ecological factors and technological factors. Globalization, societal concerns over global warming, increase in poverty levels and ecosystem destruction influenced the adoption of strategies in the hospitals among other factors. Of these factors economic factors, political factors, legal factors, ecological factors and technological factors affected the hospitals to a great extent. The study recommends that the hospitals adopt collaboration and strategic alliances with other hospitals, competitive action to introduce new products and services among other measures to mitigate the challenges from the external environment. Since the study had various limitations it therefore recommends further research to be done with ^{the} an aim of investigating the other strategic responses adopted by private hospitals in Kenya in response to environmental changes.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Hospitals are an important source of critical health care services, providing both basic and advanced care for the population. For hospitals to provide quality health services they must streamline their policies to conform to changes in the environment in which they operate. Changes in external environment necessitate adoption of efficient strategic responses that mitigate challenges faced in health sector. The purpose of this study is to find out the strategic responses adopted by private hospitals in Nairobi, Kenya to changes in the environment.

1.1.1 The Concept of Strategy

Strategic management provides a framework for guiding the management of all types of contemporary organizations. Over the past two decades, the concept of strategic management has been increasingly applied within the health care industry. Strategic management has been embraced by health care organizations as an integral part of leadership and as a way to anticipate and cope with a variety of external forces (Ginter, Swayne, and Duncan 1998). The primary purpose of strategic management is to ensure a fit between an organization's external environment and its internal situation. To ensure compatibility and survival, organizations must be able to comprehend those significant environmental shifts taking place around them and to equip strategically their organizations to succeed in the new environment. Zajac, Kraatz, and Bresser (2000) noted that although the notion of fit indicates "a match at a single point in time, understanding dynamic fit requires that any new perspective on strategic fit must come to grips with the question of strategic change" (p. 429).

Johnson and Scholes (2003) have noted that in an ever-changing global economy, organizations must find ways for operating by developing new competences as the old advantage and competences gained is quickly eroded owing to external environmental changes. Because of the fact that changes are a necessity in private as well as public sector, every organization must respond to the environment otherwise it would become irrelevant.

1.1.2 The External Environment

There is consensus that healthcare must change in response to: a) demand-side pressures such as changing demographic status and health needs of the population, b) supply-side pressures such as scarcity of resources in the face of new technologies, and c) changing public expectations about the role of the hospitals as a consequence of wider societal and economic change (McKee and Healy, 2002). Scholars also pay attention to other substantial pressures on hospitals requiring fundamental change in the way they operate: increasing specialization in health care, changes in employment practices, improved efficiency, safety, quality and volume of services, technology, and consumerism (Edwards et al, 2004).

According to report by Kenya Healthcare Federation (2009), the challenges facing the healthcare service can be categorized into the three components of the KEPH system namely: service delivery, service delivery resources/inputs and service delivery support systems. With respect to resources, infrastructure challenges range from shortage of some critical infrastructure; lack of maintenance systems to ensure serviceability and functionality of existing infrastructure; and shortage of skilled personnel to use and maintain the infrastructure. Kenya Healthcare Federation further stated that, the human resource has been negatively affected by staff shortage and sub-optimal distribution of available staff.

Although there are many legal and regulatory components in place to facilitate growth of the private health sector in Kenya, there are still areas that need to be strengthened to improve the quality of services such as lack of enforcement by the professional boards result in a highly unregulated private health sector, unqualified health professionals continue to practice privately in the country despite some well publicized crackdowns, responsibility for licensing of private health facilities is spread across too many regulatory bodies, leading to inefficiencies and gaps in monitoring quality of care and lack of non-governmental accreditation or certification for facilities and laboratories.

1.1.3 Private Hospitals in Nairobi

Despite much attention and emphasis on primary care as a first point of contact for patients, hospitals remain the most important element of health care provision with the largest share of

total health expenditure. They are viewed by the public as the main manifestation of the health care system and its ability to fulfill a caring role and are, therefore, significant politically (McKee and Healy, 2000 and Wiley 1998). Hospitals are often the target of health sector reforms aimed at efficiency, equity, and quality improvements. They also play a key role in system-wide reforms in financing and health care delivery, health policy framework, provider payment mechanisms, and competitive market environment (Preker and Harding, 2003 and Harding and Preker, 2000).

In Kenya, the health sector is pluralistic where health services are provided by many players in the field including the public sector through the Government of Kenya (GOK) and Parastatal organizations, the private sector comprising the Faith Based Organizations (FBOs) Non-Governmental Organizations (NGOs) and the Private for-profit facilities. Kenya in 2010/2011 budget allocated just about 6.5% of its national budget on health and medical care contrary to the Abujah Declaration by heads of state of the African Union (AU), which stated that member nations should spend up to 15% of their budgets on health care so as to meet the MDG (Sealy and Rosbach, 2010). This has, to say the least, made public healthcare facilities to lack good and modern equipment and infrastructure essential in healthcare delivery. As a result, private healthcare providers have arisen as a better alternative to the deplorable state of public healthcare facilities in Kenya. Kenya has an extensive network of private healthcare facilities, from small local clinics, to large high-class hospitals.

Over the last 20 years, the private health sector in Kenya has grown significantly. Any meaningful strategy to improve health outcomes in Kenya must look beyond the public sector and consider the potential of the not-for-profit and the for-profit (commercial) health sector.

A study by Rachada Danpongchareon (2010) on healthcare challenges in Kenya revealed that government authorities in both the Ministry of Public Health and Medical Services face the daunting task of allocating limited resources to fund healthcare facilities while also drawing from that same pool of monies to fund programs targeted at increasing the overall number of healthcare professionals. Uneven distribution of healthcare professionals has led to wide disparity of access to care between rural and urban areas in Kenya. While the incentives are low for highly-skilled doctors to go to these rural areas, healthcare officials are still having the much

needed debate on which type of incentives will spur more sustained interest from the well-trained doctors to serve these underserved areas. There is lack of a comprehensive information technology (IT) system that could manage the needs of health workers at all levels of Kenya's healthcare system. The private sector within healthcare has dramatically stepped up its use of IT and analytics in order to eliminate drug stock-outs, and to better manage its human resources in terms of productivity. The public sector remains hopeful that the Ministry of Health will ramp up its spending in this area, but the primary focus continues to be on training and retaining high performing medical practitioners (Rachada Danpongchareon, 2010).

1.2 Research Problem

Kenya's private sector is one of the most developed and dynamic in Sub-Saharan Africa. In the health sector – where the leading causes of death are HIV/AIDS, acute respiratory infection (ARI), ^{diarrhoea} diarrheal diseases, and malaria (WHO, 2004) – the private commercial (for-profit) sector and the not-for-profit sector play critical roles in preventing and treating disease. Even among the poor, the private sector is an important source of care. For example, 47 percent of the poorest quintile of Kenyans uses a private facility when a child is sick (Marek et al. 2005).

Given that businesses do not exist in a vacuum, several factors influence the core conduct of the business as well as the objectives and strategies of the business known as the external environment; these are the social, legal, economic, political, technological and ethical factors. As such, the business has to change to accommodate these changes. For an organization to successfully achieve its desired results, the organization must create a situation in which all internal and external elements relevant to the company are in line with each other and with the corporate strategy.

The link between external changes and organizational performance has not been the subject of much attention among health services researchers. Previous studies have tended to focus on whether hospitals change their strategies in response to environmental shifts (Ginn and Young 1992; Kralewski, et al. 1992; Trinh, 1999 and Trinh and O'Connor, 2000). Others have attempted to identify relationships between strategies and organizational performance (Shortell 1988 and Smith, Piland, and Funk 1992) or between strategies and financial performance (Cleverley and Harvey, 1992). In Kenya, several studies have been done on strategic responses. Muhindi (2007)

studied response strategies to increased competition by spare parts dealers franchise by Japanese motor vehicles in Kenya, Kombo's (1997) study was done with respect to motor vehicle franchise-holders. Studies conducted on the East African Breweries Ltd by Muturi (2000) and Mwangi (2007) and on the airline companies by Thiga (2002) confirmed that firms respond differently to environmental challenges.

However, none of these studies has been conducted with respect to how healthcare sector in Kenya strategically respond to changes in the external environment. Therefore, this study sought to investigate the strategic responses adopted by private hospitals to changes in the external environment. It was guided by the following study questions:

- i) What are the strategic responses adopted by private hospitals in Nairobi in response to environmental changes?
- ii) What are the environmental factors influencing private hospitals in Nairobi?

1.3 Research Objectives

- i) To establish the strategic responses adopted by private hospitals in Nairobi to changes in the external environment.
- ii) To establish the relative importance of the external environmental factors facing private hospitals in Nairobi.

1.4 Significance of the Study

This study provides insights into strategy and further provides a framework for responding to external changes in healthcare provision. The study is, therefore, invaluable to the management of private hospitals.

The study is also invaluable to the government as it might find it useful in getting an insight on how to foster the development and sustenance of private healthcare facilities to augment and act as an alternative to the public health sector. This is in line with its Vision 2030.

Scholars will find the study useful as it acts as a foundation for further knowledge as they seek to improve and develop a better understanding of strategic responses to changes in the environment by private hospitals.

2.1 Introduction

This chapter will discuss the importance of strategic responses to changes in the environment by private hospitals.

2.2 Strategic Responses

Strategic responses are those actions that are carried out. An organization is able to position and secure itself from its competitors. This can be done by the organization's ability to position and secure itself from its competitors. This can be done by the organization's ability to position and secure itself from its competitors. This can be done by the organization's ability to position and secure itself from its competitors.

The environment in which the organization is operating is constantly changing. This is due to the fact that the organization is operating in a highly competitive environment. This is due to the fact that the organization is operating in a highly competitive environment. This is due to the fact that the organization is operating in a highly competitive environment.

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CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explores theoretical and empirical literature on strategic responses and environmental factors affecting health care provision.

2.2 Strategic Responses

Strategic response refers to how the machinery of the resources and operations of an organization are carried out. According to Ansoff (2000), it is through strategic response that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. He further argues that this can be done by first, positioning of the firm through strategy and capability planning in its rightful competitiveness, secondly, use of real time response through issue management and thirdly, systematic management of resistance during strategic implementation.

The environment in which organizations operate is constantly changing with different factors influencing the organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies (Kotler, 2005).

Strategic responses are concerned with decisions and actions meant to achieve business objectives and purpose. Strategy answers the fundamental questions of 'where the organization needs to be; where the organization is currently positioned and what are the means the organization has set aside to reach where it intends to be. Three areas of a company strategy are important in identifying the responses of a firm to its environmental challenges. These include Objective setting, the Vision and Mission of the company, Competitive Strategy where after considerations of the firm's competitive strengths and weaknesses vis-à-vis competition and customer needs, the company establishes a position of competitive advantage (Lowes, 1994).

Survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its

strategy (Grant, 2002). Strategic response requires organizations to change their strategy to match the environment and also to redesign their internal capability to match this strategy. If an organization's strategy is not matched to its environment, then a strategy gap arises. If its internal capabilities are not matched to its strategy, then a capability gap arises. Porter (1985) affirms that it is important that organizations be able to shift strategy with changes in the environment and match their capabilities to the selected strategy in order to survive, succeed and remain relevant. In order to achieve a competitive advantage, strategy needs to focus on unique activities. Operational effectiveness is necessary but not sufficient for achieving a sustainable competitive advantage. Changes in environmental conditions shape a firm's opportunities and challenges. A new environment necessitates the formulation of new strategy best suited to cope with change. According to IPAR (2001) turbulent environments are characterized by unfamiliar rapid and unpredictable events.

2.3 Environment and the Organization

All organizations are environment dependant and changes in the external environment shape the opportunities and challenges facing the organization (Porter, 1991). Porter (1991) argues that the environment is important in providing initial insight that underpins competitive advantage, the inputs needed to act on it, an accumulated knowledge and skills overtime and the forces needed to keep progressing. For an organization to survive in today's ever-changing environment, it must maintain a strategic fit with both internal and external environment. An organizations internal environment has to do with things that are within the organizations ability to control such as staff, systems, structures, corporate culture, processes, facilities, strategy and products (Yip, 1998).

The increasing amount of change and the drastic nature of these changes especially those related to technology results to environmental turbulence and this makes it increasingly difficult to identify causes and predict results of competitive initiatives with reasonable certainty. The diagnostic procedure is derived from the strategic success hypothesis, which states that a firms performance potential is optimum when the following three conditions are met; aggressiveness by which the firms strategy behaviour matches the turbulence of its environment, responsiveness of the firms capability in matching its strategy and the extent to which the components of the

firms capability supports one another. An organizations external environment includes political, economic, social, technological, ecological and legal factors.

Thiga (2002) argues that there is need to adopt new strategies that match the challenges from the environment. Reengineering, downsizing, self-management and outsourcing are some of the dominant strategies that have been used for restructuring in the 1990's. Prahalad (1990) asserts that the management system used by a firm is a determining component of the firm's responsiveness to environment changes because it determines the way that management perceives the environment, diagnoses their impact on the firm, decides what to do and implements the decisions.

According to Crook (2006) the concern in real time responses is to minimize the sum to total losses and restore profitability to ensure organization's success in a turbulent and surprising environment. He also observed that unstable and unpredictable conditions in which organizations have to operate today means that the ability to think strategically and manage strategic change successfully is a key competitive strength for a sustainable competitive advantage. Real time strategic issue responses are necessary to facilitate the firm's preparedness in handling the impending issue, which may have profound impact on the firm.

Global trends have had adverse effect on many sectors, the insurance sector included. Every organization has to develop strategies that will enable it fit within the environment it operates in. This is necessary because the environment is dynamic, multi-faceted and complex; as a result of which organizations have to plan how to respond to the challenges posed by it. An organization can either plan on how to cope with the many changes brought about by the environment or handle them as they emerge.

2.4 Factors that influence a firm's response to environmental changes

Several factors influences a firms strategic response to the external environment, these factors are discussed in the following sections.

2.4.1 Economic factors

Economic factors indicate the economic status of the country in which the organization is operating in. Since consumption networks are affected by the relative affluence of various market mixes, each organization should consider the economic changes occurring in the market segments that affect its organizational sector. Managers both at the national and international level consider general availability of credit, level of disposable income, and the propensity of people to buy products at the best interest rates in the market, interest rates, inflation rates and trends in the growth of the gross countries product and other economic factors that need to be monitored to ensure firms adapt effectively to the changing market conditions. The major components of the economic environment are; the trade factors, finance factors, population factors, income factors, natural factors, economic development and foreign investment.

2.4.2 Political-legal factors

There are political-legal factors which firms would encounter while operating within the Kenyan climate. The major political factors include, government investment, government purchasing, or consumption, economic and political ideology, government control and political stability. The government may require an organization to offer the market for the products and services so as to create, sustain, enhance or eliminate more threat. The legal factors include; laws of the firms' country like, labour laws and regulations, corporation laws and regulations, international and regional laws. Grant (2002) observed that formal strategic planning gives rise to deliberate strategies. Realized strategy is the outcome of both deliberate and emergent strategy. Rational considerations are important but political and behavioural considerations are also important in the strategy process.

Typically non-essential activities such as management development are the first ones to suffer. Secondly future oriented activities e.g. research and development and capital investment are decreased. Thirdly, expenses supporting current operations are cut down. It is only when the organization makes succession losses, that it may face retrenchment and that a reactive firm turns to strategic remedies. Meanwhile a great deal of time has been lost, substantial losses accumulated and extra cost incurred.

2.4.3 Social – cultural factors

Included here are cultural factors and social factors that affect firms operations. Cultural factors are man-made and are part of a people's environment and may be defined as the distinctive way of life of a people e.g. eating habits and kinds of food. It is the collective programming of the human mind that distinguishes one human group from the other. It is a system of collectively held values. Organizational culture is what is typical of the organization, the habits, prevailing attitudes, grown up pattern of accepted and expected behaviour. This may mostly comprise of rules and policies governing the operations of the organizations.

Environments and organizational differences across countries may affect the way strategic management is practiced. Theories advanced to explain strategic behaviour often differed because they are based on observations in different settings. Kirkpatrick (2000) stated that the assessment of environmental threats and opportunities and organizational strengths and weaknesses are the core to developing strategic responses. Strategic diagnosis helps the organization in determining changes to be made to its strategies and internal capabilities. Restructuring, shrinking, selective marketing and cost cutting constitute strategic responses that firms use when the environment changes. Process restructuring aims at bringing the company to an acceptable level of performance. It covers activities such as marketing, product development and service delivery within the aim of cutting cost. Functional restructuring involves laying-off redundant staff or training the staff in functional skills where they are encouraged to acquire new skills. Cutting off expenses and employees may occur by reducing workload as well as eliminating functions. The firm may respond to the changing market conditions by lowering overhead, speeding up strategic responses and eliminating threats.

2.4.4 Firms strategic responses to environmental changes

Strategic management is a set of management decisions and actions that determine the long-run performance of organization. Strategic management is concerned with arriving at decisions on what organizations ought to be doing and where they ought to be going. Pearce and Robinson (2005) define strategic management as the formulation, implementation, control and evaluation of business strategies to achieve future objective. Strategic management includes strategic analysis, strategic choice and strategy implementation. Strategic analysis is where a strategist seeks to understand the organizations strategic position. Strategic choice involves the

formulation of possible course of action, evaluating them and enabling a choice to be made between them. Strategic implementation is concerned with planning how the choice of strategy can be put into effect and managing the challenges required. Strategy formulation, implementation and evaluation should occur at the corporate, divisional and the strategic business units of an organization.

Miles (1997) summarized the benefits of strategic management. First, strategic management provides the central purpose and direction to the activities of the organization, specifically the organizations vision, mission and objectives. Secondly, strategic management enables the organization to adjust to different conditions or pressures because of changing environment. Organizations can and do often create their environment by focusing on strategic issues. Thirdly, strategic management helps companies develop sustainable competitive advantage. Fourthly, strategic management is important for the organizations boundary interface. This enhances the quality of its relationship with the outside environment. Lastly strategic management helps organizations focus their competitive efforts, be more effective in resource allocation and identify their key success factors. This ensures that organizations are looking at long term implications of their plans hence creating a culture of learning organization.

2.5 Strategic Response in Healthcare Sector

Strategy and plans determine how goals and objectives in an institution are to be implemented using resources such as capital, revenue, leadership capacity, organizational structures and the workforce. Davies (2000) noted that there is a need for adoption of appropriate tactics which entails knowledge on the decisions and actions needed for successful implementation. Resources for implementation of strategies can be formulated at different levels such as government, inter organizational partnership or network, organization, service and department.

Corporate strategies are used to achieve organizational policy goals and objectives (Porter 1987). If strategic position looks outwards, seeking to locate the organization or service in the external environment, then strategic perspective looks internally. In that context, strategy becomes the ingrained way of perceiving the world. What is most important about strategy and planning is that healthcare organizations and the services they provide do not stand still. In common with other organizations providing healthcare are dynamic entities constantly evolving because their

external world is constantly changing and developing. Consequentially, strategies rarely get finished and fully implemented before an organization's external operating context forces further change if the organization or service is to survive. For these reasons understanding the policy context and the current and future operating environments of healthcare provision is crucial to strategic planning success.

Along with technological or clinical developments in patient treatment, the economic and operating contexts for governments and healthcare organizations will drive the development of their strategies and plans. The major challenges facing hospitals and other providers of healthcare across the world stem from international macro-economic and demographic health changes. For example, countries across Europe are facing a set of four pressures that will challenge not only the European Union and national politicians but also the local leaders of healthcare organizations and clinical professionals across every country (Goodwin 2005). Healthcare in the United States is not immune from these pressures and challenges. The US system, which is subject to more competition than virtually anywhere else in the world, has registered unsatisfactory cost and quality performance over many years (Porter & Teisberg 2004).

The contextual challenges facing health and healthcare are so complex that they defy simple solutions. Understanding the nature of the healthcare environment, the relationship of the organization to its environment, and the often conflicting interests of internal functional departments and services requires a broad conceptual paradigm. Many of the strategic planning and management methods adopted by healthcare organizations, both public and private, were developed in the business sector. In many respects, healthcare has become a complex business using many of the same processes and much of the same language as the most sophisticated business corporations.

In Europe, a consumerist emphasis on competition and choice lies at the centre of national government policy and healthcare strategy, and having stimulated a consumerist approach to healthcare, governments are now likely to be powerless to remove the notion of choice from the public policy debate (Oliver 2005). This can only raise the expectations of citizens on health systems already under considerable pressure. It is possible that government strategies such as

choice and competition may well improve some aspects of healthcare by driving out poor professionalism and service delivery. However, choice is likely to be more appropriate in some segments of healthcare, such as elective surgery and diagnostic services, than in other segments, for example emergency care.

Unfortunately, offering greater choice may also often undermine other core goals assuming that primary care practitioners and their patients embrace the choices that are offered to them. For example, it is possible that choice will raise expectations and meeting expectations is costly but the intention of governments is clear: they want to make healthcare more accessible, more efficient and more responsive. The aim is to create services that meet the rising expectations of patients and public, and yet remain affordable within the constraints of government or insurance funded systems. The only way that these laudable aims can be met without significantly increasing costs is to restructure healthcare provision, which requires the formulation of more imaginative strategies and implementation plans that are acceptable to citizens, politicians and healthcare professionals.

3.3 Target Population

The target population comprised the private hospitals in Nairobi County. The study focused on those hospitals registered under the Kenya Association of Private Hospitals (KAPH). The total number of registered private hospitals in Kenya is 32 (KAPH, 2011). Therefore the study focused on all the 32 hospitals, hence it was a census.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology of the study and it comprises of Research Design, Population, Study techniques, Data collection, Pilot study and Data analysis. The chapter will address the actual methodologies used in the research process from inception to the end.

3.2 Research Design

The study employed a cross-section research design which entails the collection of data on more than one case and at a single point in time in order to collect a body of quantitative or quantifiable data in connection with two or more variables, which are then examined to detect patterns of association.

This type of study utilizes different groups of people who differ in the variable of interest, but share other characteristics such as socioeconomic status, educational background, and ethnicity. Cross-sectional studies are observational in nature and are known as descriptive research not causal or relational. Information that is present in a population is recorded, but the variables are not manipulated. This type of research can be used to describe characteristics that exist in a population, but not to determine cause-and-effect relationships between different variables. This method is often used to make inferences about possible relationships or to gather preliminary data to support further research and experimentation.

3.3 Target Population

The target population comprised the private hospitals in Nairobi County. The study focused on those hospitals registered under the Kenya Association of Private Hospitals (KAPH). The total number of registered private hospitals in Kenya is 32 (KAPH, 2011). Therefore the study focused on all the 32 hospitals, hence it was a census.

3.4 Data Collection Procedure

The study used a semi structured questionnaire to collect primary data. The questionnaire was administered through email, drop and pick and by personal administration depending on which method was convenient to the specific respondents. The study targeted the hospitals' management and these were mainly first-level managers, middle-level managers and clinical managers. The respondents in each hospital were randomly selected to get one respondent from each hospital. Data was collected predominantly by questionnaire.

3.5 Data Analysis

The data collected was examined and checked for completeness and comprehensibility. The data was then summarized, coded and tabulated. Factor analysis was done to identify the important factors. Descriptive statistics such as means, standard deviation and frequency distribution was used to analyze the data. The collected data was analyzed using both quantitative and qualitative techniques. Quantitative techniques were used to analyze the closed-ended questions where a computer program (SPSS software) was used. Qualitative techniques were used to analyze the open-ended questions. Correlation analysis was done to find out the nature and the strength of relationships between the various factors and firm characteristics. Data presentation was done by the use of percentages and frequency tables.

In terms of the bed capacity, the results are as shown below in Table 4.1.

Table 4.1 Bed Capacity of the Hospital

	Frequency	Percent
50-100	16	50.0
100-150	1	3.1
150-200	11	34.4
Over 200	4	12.5
Total	32	100.0

The study found out that 50% of the hospitals had a bed capacity of 50-100 beds, 34.4% had a bed capacity of 150-200 bed, 3.1% had a bed capacity of 100-150 while 12.5% had a bed capacity of over 200 beds. This shows that a majority of the hospitals had a bed capacity of 50-

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the analysis and findings of the study as set out in the research methodology. The research data was gathered exclusively through questionnaires as the primary research instrument. The questionnaire was designed in line with the research objectives of the study. To enhance the quality of the obtained data, Likert type questions were used whereby respondents indicated the extent to which the variables were practiced in a five point Likert scale.

The study targeted private hospitals in Nairobi. All the 32 hospital respondents filled in and returned the questionnaire contributing to 100% response rate. This acceptable response rate was enabled by the researcher with the engagement of research assistants to administer the questionnaires.

4.2 Organisation Characteristics

The study sought to find out the characteristics of the hospitals in terms of bed capacity, years of operation and the number of hospital branches.

In terms of the bed capacity, the results are as shown below in Table 4.1.

Table 4. 1 Bed Capacity of the Hospital

	Frequency	Percent
50-100	16	50.0
100-150	1	3.1
150-200	11	34.4
Over 200	4	12.5
Total	32	100.0

The study found out that 50% of the hospitals had a bed capacity of 50-100 beds, 34.4% had a bed capacity of 150-200 bed, 3.1% had a bed capacity of 100-150 while 12.5% had a bed capacity of over 200 beds. This shows that a majority of the hospitals had a bed capacity of 50-

100 beds.

The study sought to find out the number of years the hospitals had been in operation. The findings are shown in Table 4.2.

Table 4. 2 Years of Operation of Hospital

	Frequency	Percent
2-4 Years	1	3.1
5-10 Years	2	6.3
11-15 Years	9	28.1
16-20 Years	11	34.4
Over 20 Years	9	28.1
Total	32	100.0

The study found out that 34.4% of the hospitals had been in operation for 16-20 years, 28.1% had been in operation for 11-15 years, 28.1% had been in operation for over 20 years, 6.3% had been in operation for 5-10 years while 3.1% had been in operation for just 2-4 years. This shows that most of the hospitals had been in operation for over 10 years.

Finally the study sought to find out the number of branches the hospitals had. The findings are shown in Table 4.3.

Table 4. 3 Number of Hospital Branches

	Frequency	Percent
1 Branch	18	56.3
2 Branches	7	21.9
3 Branches	2	6.3
4 Branches	2	6.3
5 Branches	3	9.4
Total	32	100.0

The study found out that 56.3% of the hospitals had 1 branch, 21.9% had 2 branches, 9.4% had 5 branches, and 6.3% had 3 branches while 6.3% had 4 branches. This shows that the majority of the hospitals had 1 branch.

4.3 Environmental Factors

The study sought to find out the environmental factors affecting the hospitals. The results are shown below.

4.3.1 Economic Forces

The study sought to find out the how economic factors such as the general availability of credit, level of disposable income, interest rates, inflation rates and trends in the growth of the gross countries affect the operations of the hospitals. The findings are shown in Table 4.4.

Table 4. 4 Extent to which the Economic Forces affect the operations of the hospitals

	Frequency	Percent
	2	6.3
Least Extent	1	3.1
Less Extent	10	31.3
Moderate Extent	12	37.5
Great Extent	7	21.9
Very Great Extent	32	100.0
Total		

The study found out that 37.5% of the respondents indicated that environmental factors affect hospitals to a great extent, 31.3% indicated environmental factors affected hospitals to a moderate extent, 21.9% indicated it affected hospitals to a very great extent, 6.3% indicated to least extent while 3.1% of the respondents indicated to a less extent. This shows that most of the hospitals are affected to a great extent by economic factors.

4.3.2 Political Forces

The study sought to find out the how political factors such as the government investment, government purchasing, or consumption, economic and political ideology, government control and political stability affect the operations of the hospitals. The findings are shown in Table 4.5.

Table 4. 5 Extent to which the Political Factors affect the operations of the hospitals

	Frequency	Percent
Less Extent	6	18.8
Moderate Extent	7	21.9
Great Extent	13	40.6
Very Great Extent	6	18.8
Total	32	100.0

The study found out that 40.6% of the respondents indicated that economic factors affect hospitals to a great extent, 21.9% indicated political factors affected hospitals to a moderate extent, 18.8% indicated it affected hospitals to a very great extent, while 18.8% indicated to less extent. This shows that most of the hospitals are affected to a great extent by political factors.

4.3.3 Legal factors

The study sought to find out the how legal factors such as employment laws, laws; regulations, codes, ethics etc. affect the operations of the hospitals. The findings are shown in Table 4.6.

Table 4. 6 Extent to which the Legal Factors affect the operations of the hospitals

	Frequency	Percent
Less Extent	1	3.1
Moderate Extent	10	31.3
Great Extent	12	37.5
Very Great Extent	9	28.1
Total	32	100.0

The study found out that 37.5% of the respondents indicated that legal factors affect hospitals to a great extent, 31.3% indicated legal factors affected hospitals to a moderate extent, 28.1% indicated it affected hospitals to a very great extent, while 3.1% indicated to a less extent. This shows that most of the hospitals are affected to a great extent by legal factors.

4.3.4 Ecological Factors

The study sought to find out the how ecological factors such as waste disposal regulations etc. affect the operations of the hospitals. The findings are shown in Table 4.7.

Table 4. 7 Extent to which the Ecological Factors affect the operations of the hospitals

	Frequency	Percent
Less Extent	3	9.4
Moderate Extent	2	6.3
Great Extent	16	50.0
Very Great Extent	11	34.4
Total	32	100.0

The study found out that 50% of the respondents indicated that ecological factors affect hospitals to a great extent, 34.4% indicated ecological factors affected hospitals to a very great extent, 9.4% indicated it affected hospitals to a less extent, while 6.3% indicated to a moderate extent. This shows that most of the hospitals are affected to a great extent by ecological factors.

4.3.5 Technological Forces

The study sought to find out the how technological factors such as health information exchange (HIE), the electronic transfer of patient-level information between organizations, computers etc. affect the operations of the hospitals. The findings are shown in Table 4.8.

Table 4. 8 Extent to which the Technological Forces affect the operations of the hospitals

	Frequency	Percent
Less Extent	3	9.4
Moderate Extent	8	25.0
Great Extent	14	43.8
Very Great Extent	7	21.9
Total	32	100.0

The study found out that 43.8% of the respondents indicated that technological factors affect hospitals to a great extent, 25% indicated technological factors affected hospitals to a moderate extent, 21.9% indicated it affected hospitals to a very great extent, while 9.4% indicated to a less extent. This shows that most of the hospitals are affected to a great extent by technological factors.

4.4 Importance of the Environmental Factors

The respondents were asked to indicate the importance of the various environmental factors affecting the hospitals. The results are shown in Table 4.9.

Table 4. 9 Importance of the Environmental Factors

	Not important at all	Not important	neutral	Important	Very important	Mean	Std. Deviation
Economic forces e.g. general availability of credit, level of disposable income, interest rates, inflation rates and trends in the growth of the gross countries	1	2	6	17	6	3.7812	.94132
Political e.g. government investment, government purchasing, or consumption, economic and political ideology, government control and political stability	0	5	8	13	6	3.6250	.97551
Legal factors e.g. employment laws, laws, regulations, codes, ethics etc.	0	4	9	12	7	3.6875	.96512
Ecological factors e.g. waste disposal regulations,	1	3	11	13	4	3.5000	.95038
Technological forces e.g. health information exchange (HIE), the electronic transfer of patient-level information between organizations, computers etc.	1	1	3	22	5	3.9063	.81752

From the findings, technological forces are important to the hospitals as shown by a mean score of 3.9063, Economic forces as shown by a mean score of 3.7812, legal factors as shown by a mean score of 3.6875, political factors as shown by a means core of 3.6250 and ecological factors as shown by a mean score of 3.5000.

4.4.1 Globalization

The study sought to find out the extent to which globalization changes influence the adoption of strategies in the hospitals. The findings are shown in Table 4.10.

Table 4. 10 Extent to which Globalization influences the adoption of strategies

	Frequency	Percent
Least Extent	5	15.6
Less Extent	2	6.3
Moderate Extent	6	18.8
Very Great Extent	11	34.4
Great Extent	8	25.0
Total	32	100.0

As shown in table 4.10, 34.4% of the respondents indicated that globalization changes influence the adoption of strategies in the hospitals to a very great extent, 25% indicated globalization changes influence the adoption of strategies in the hospitals to a great extent, 18.8% indicated it affected hospitals to a moderate extent, 15.6% indicated to least extent, while 6.3% indicated to a less extent. This shows that most of the hospitals are affected to a very great extent by globalization changes that influence the adoption of strategies in the hospitals.

4.4.2 Societal Concerns over Global Warming

The study sought to find out the how societal concerns over global warming influence the adoption of strategies in the hospitals. The findings are shown in Table 4.11.

Table 4. 11 Societal Concerns over Global Warming

	Frequency	Percent
Less Extent	2	6.3
Moderate Extent	7	21.9
Great Extent	15	46.9
Very Great Extent	8	25.0
Total	32	100.0

As shown in table 4.11, 46.9% of the respondents indicated that societal concerns over global warming influence the adoption of strategies in the hospitals to a great extent, 25% indicated societal concerns over global warming influence the adoption of strategies in the hospitals to a very great extent, 21.9% indicated it affected hospitals to a moderate extent and 6.3% indicated

to a less extent. This shows that most of the hospitals are affected to a great extent by societal concerns over global warming and this influenced the adoption of strategies in the hospitals.

4.4.3 Increase in Poverty Level

The study sought to find out how an increase in poverty levels influence the adoption of strategies in the hospitals. The findings are shown in Table 4.12.

Table 4. 12 Increase in Poverty Levels

	Frequency	Percent
Less Extent	1	3.1
Moderate Extent	8	25.0
Great Extent	13	40.6
Very Great Extent	10	31.3
Total	32	100.0

As shown in table 4.12, 40.6% of the respondents indicated that an increase in poverty levels influenced the adoption of strategies in the hospitals to a great extent, 31.3% indicated an increase in poverty levels influenced the adoption of strategies in the hospitals to a very great extent, 25% indicated it affected hospitals to a moderate extent and 3.1% indicated to a less extent. This shows that most of the hospitals are affected to a great extent by an increase in poverty levels and this influenced the adoption of strategies in the hospitals.

4.4.4 Ecosystem Destruction

The study sought to find out how the ecosystem destruction influences the adoption of strategies in the hospitals. The findings are shown in Table 4.13.

Table 4. 13 Ecosystem Destruction

	Frequency	Percent
Less Extent	1	3.1
Moderate Extent	7	21.9
Great Extent	15	46.9
Very Great Extent	9	28.1
Total	32	100.0

The study found out that 46.9% of the respondents indicated that ecosystem destruction influenced the adoption of strategies in the hospitals to a great extent, 28.1% indicated ecosystem destruction influenced the adoption of strategies in the hospitals to a moderate extent, 3.1% indicated it affected hospitals to a less extent. This shows that most of the hospitals are affected to a great extent by ecosystem destruction that influences the adoption of strategies in the hospitals.

4.4.5 Social Degradation

The study sought to find out how social degradation influences the adoption of strategies in the hospitals. The findings are shown in Table 4.14.

Table 4. 14 Social Degradation

	Frequency	Percent
Moderate Extent	4	12.5
Great Extent	15	46.9
Very Great Extent	13	40.6
Total	32	100.0

As shown in table 4.14, 46.9% of the respondents indicated that social degradation influenced the adoption of strategies in the hospitals to a great extent, 40.6% indicated social degradation influenced the adoption of strategies in the hospitals to a very great extent while 12.5% indicated it affected hospitals to a moderate extent. This shows that most of the hospitals are affected to a great extent by ecosystem destruction and this influences the adoption of strategies in the hospitals.

4.5 Strategic Response

The study sought to find out the hospitals' strategic responses to the external environment. The results are shown in Table 4.15.

Table 4. 15 Strategic Responses

Strategic Response	Least extent	Less extent	Moderate extent	Great extent	Very great extent	Mean	Standard Deviation
Collaboration with the stakeholders	1	1	4	19	7	3.9375	.87759
Forming Strategic alliances		3	8	11	10	3.8750	.97551
Organizational learning			11	12	9	3.9375	.80071
Organization Reengineering		1	6	18	7	3.9688	.73985
Adoption of innovation strategies		2	6	14	10	4.0000	.87988
Proactive Strategies	1	5	2	17	7	3.7500	1.07763
Downsizing and outsourcing	3	4	6	11	8	3.5313	1.26960
Adopting focusing strategies		1	15	10	6	3.6562	.82733
Technological forces		1	6	20	5	3.9063	.68906

From the study findings, the respondents agreed to a great extent that the hospitals' responded to the external environment by adopting innovation strategies as shown by a mean of 4.0000, re-engineering the organization as shown by a mean of 3.9688, collaborating with stakeholders as shown by a mean of 3.9375, adopting organizational learning as shown by a mean of 3.9375, technological forces as shown by a mean of 3.9063, forming Strategic alliances as shown by a mean of 3.8750, Proactive Strategies as shown by a mean of 3.7500, Adopting focusing

strategies as shown by a mean of 3.6562 and Downsizing and outsourcing as shown by a mean of 3.5313.

4.6 Corporate Strategies

The study sought to establish the level of agreement on the hospitals corporate response. The study looked at the corporate response undertaken by the hospitals as a result of changes in the external environment. The results are shown in Table 4.16.

Table 4. 16 Corporate Strategies

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
The hospitals corporate strategies enables it to establishing a distinctive competence and competitive advantage at the organization level		2	6	11	13	4.0938	.92838
Overall purpose and scope of the organization is to add value to all parties to the business		1	3	22	6	4.0313	.64680
The objectives cannot be achieved by continuing to operate in their existing market.			9	14	9	4.0000	.76200
Diversification is helping the hospital’s response to political forces in Kenya	2	1	8	15	6	3.6875	1.02980
The hospitals should exploit the gap in the market by developing an innovative product that a customer cannot do without		2	4	18	8	4.0000	.80322
The hospitals development of corporate strategies creates opportunity to develop its own niche and compete against low-cost hospitals	1		6	15	10	4.0313	.89747

From the study findings, majority of the respondents were in agreement that the hospital’s corporate strategies enables it to establishing a distinctive competence and competitive advantage at the organization level as shown by a mean score of 4.0938, the overall purpose and scope of the organization is to add value to all parties to the business and the hospitals development of corporate strategies creates opportunity to develop its own niche and compete against low-cost hospitals as shown by a mean score of 4.0313, that the objectives cannot be achieved by continuing to operate in their existing market and the hospitals should exploit the gap in the market by developing an innovative product that a customer cannot do without as shown by a mean score of 4.0000, and that diversification is helping the hospital’s response to

political forces in Kenya as shown by a mean score of 3.6875.

4.6.1 Competitive Positioning

The study sought to find out to what extent the respondents agreed to the hospitals competitive positioning as a strategic response to the environmental changes. The findings are shown in Table 4.17.

Table 4. 17 Competitive strategies

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Deviation
Hospital’s management needs to take competitive action to specifically and visibly introduce new product and services	1		5	16	10	4.0625	.87759
Real time strategic issue responses are necessary to facilitate the hospitals preparedness in handling the impending issue	0	3	6	13	10	3.9375	.94826
Competitive positioning enables the hospital realize an effective and efficient service delivery	1	1	9	14	7	3.7813	.94132
Competitive positioning helps the hospital to offer service at appropriate prices	0	1	7	14	10	4.0313	.82244
Through competitive positioning the hospital is able to maintain its market position and market share in the industry.	1		6	15	10	4.0313	.89747

The study also wanted to establish the level of agreement on the hospitals competitive positioning. From the study findings, majority of the respondents were in agreement that the hospital’s management needs to take competitive action to specifically and visibly introduce new product and services as shown by a mean score of 4.0625, competitive positioning helps the hospital to offer service at appropriate prices as shown by a mean score of 4.0313 and through competitive positioning the hospital is able to maintain its market position and market share in the industry as shown by a mean score of 4.0313 while real time strategic issue responses are necessary to facilitate the hospitals preparedness in handling the impending issue as shown by a mean score of 3.9375, and also competitive positioning enables the hospital realize an effective and efficient service delivery as shown by a mean score of 3.7813.

4.6.2 Entry Barriers

The study sought to find out if entry barriers are used by the hospital as an aspect of adaptability strategies to continue delivering its services effectively despite changes in the environment.

The findings were 75% of the respondents indicated that the hospital did not erect entry barriers while 25% indicated that the hospitals did erect entry barriers. This shows that the majority of the hospitals did not erect entry barriers as an aspect of adaptability strategies to continue delivering its services effectively despite changes in the environment.

4.6.3 Isolation Mechanisms

The study sought to find out if isolation mechanisms that protect their competitive advantage are used by the hospitals as an aspect of adaptability strategy to continue delivering its services effectively despite changes in the environment.

The findings were 87.5% of the respondents indicated that the hospital used isolation mechanisms while 12.5% of the respondents indicated that the hospital did not use isolation mechanisms. This shows that the majority of the hospitals used isolation mechanisms that protect their competitive advantage as an aspect of adaptability strategy to continue delivering its services effectively despite changes in the environment.

4.6.4 Market Flexibility

The study sought to find out if market flexibility mechanisms by improving the ability to have a high market share are used by the hospital as an aspect of adaptability strategies to continue delivering its services effectively despite changes in the environment.

The findings were 87.5% of the respondents indicated that the hospital used market flexibility mechanisms by improving the ability to have a high market share while 12.5% of the respondents indicated that the hospitals did not use market flexibility mechanisms by improving the ability to have a high market share. This shows that the majority of the hospitals used market flexibility mechanisms by improving the ability to have a high market share as an aspect of adaptability strategies to continue delivering its services effectively despite changes in the environment.

4.6.5 Geographic Markets

The study sought to find out if the hospitals improved their ability to sell their major services in large geographic markets as an aspect of adaptability strategies to continue delivering their services effectively despite changes in the environment.

84.4% of the respondents indicated that the hospitals improved their ability to sell their major services in large geographic markets while 15.6% of the respondents indicated that the hospitals did not improve their ability to sell their major services in large geographic markets. This shows that the majority of the hospitals improved the ability to sell their major services in large geographic markets as an aspect of adaptability strategies to continue delivering their services effectively despite changes in the environment.

4.6.6 Competitive Flexibility

The study sought to find out if the hospitals used competitive flexibility by improving its ability to coordinate its national competitive moves as an aspect of adaptability strategies to continue delivering its services effectively despite changes in the environment.

The findings were, 81.3% of the respondents indicated that the hospitals used competitive flexibility by improving its ability to coordinate its national competitive moves while 18.8% of the respondents indicated that the hospitals did not use competitive flexibility by improving its ability to coordinate its national competitive moves. This shows that majority of the hospitals used competitive flexibility by improving its ability to coordinate its national competitive moves as an aspect of adaptability strategies to continue delivering its services effectively despite changes in the environment.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to establish the strategic responses adopted by private hospitals in Nairobi to changes in the external environment and to establish the relative importance of the external environmental factors facing private hospitals in Nairobi.

5.2 Summary of the findings

From the study, the following can be deduced. First, majority of the hospitals were affected to a great extent by economic factors, political factors, legal factors, ecological factors and technological factors. In terms of the importance of the factors, technological forces, economic forces, legal factors, political factors and ecological factors were found to be significant in how they affected the hospitals.

Secondly, most hospitals are affected to a great extent by globalization changes, societal concerns over global warming, increase in poverty levels and ecosystem destruction and this has greatly influenced the adoption of strategies in the hospitals. The study also established that most of the hospitals collaborated with stakeholders, formed strategic alliances, adopted organizational learning, organizational re-engineering, innovative strategies, proactive strategies, downsizing and outsourcing strategies, focusing strategies and technological forces to a great extent as a strategic response to environmental change.

5.3 Conclusions of the study

The study concludes that the hospitals are affected to a great extent by economic factors, political factors, legal factors, ecological factors and technological factors and that these factors are key to the hospitals' management hence the strategies adopted by the hospitals are influenced by globalization changes, societal concerns over global warming, increase in poverty levels and ecosystem destruction. The study also concludes that the hospitals collaborated with stakeholders, formed strategic alliances, adopted organizational learning and organizational re-

engineering, and came up with innovative strategies, proactive strategies, adopted downsizing and outsourcing strategies, focusing strategies and technological forces as a strategic response to environmental changes.

The study deduces that the hospital's management needs to take competitive action to specifically and visibly introduce new products and services, competitive positioning to help the hospitals to offer service at appropriate prices, competitive positioning to maintain its market position and market share in the industry and real time strategic issue responses to facilitate the hospitals preparedness in handling the impending issues to enable the hospital realize effective and efficient service delivery.

The study revealed that the hospital's corporate strategies enable them to establish a distinctive competence and competitive advantage at the organization level. The overall purpose and scope of the organization, is to add value to all parties to the business and the hospitals. Development of corporate strategies creates opportunity for the hospital to develop its own niche and compete against low-cost hospitals, objectives cannot be achieved by continuing to operate in their existing market, hospitals should exploit the gap in the market by developing an innovative product that a customer cannot do without and diversification will help the hospital's response to political forces in Kenya.

The study finally concludes that the hospitals should not erect entry barriers but use isolation mechanisms to protect their competitive advantage and market flexibility mechanisms to improve their ability to have a high market share and to sell their major services in large geographic markets as aspects of adaptability strategies to changes in the environment.

5.4 Recommendations

From the study, the recommendations are as follows;

5.4.1 Recommendations with Policy Implications

Foremost, the study found out that hospitals collaborated with stakeholders, formed strategic alliances with other hospitals, adopted organizational learning and organizational re-engineering,

adopted innovative strategies, adopted proactive strategies, adopted downsizing and outsourcing strategies, adopted focusing strategies and technological forces as a strategic response to environmental changes. It is therefore recommended that the hospital's management should take competitive action to specifically and visibly introduce new products and services, competitive positioning to help the hospitals to offer service at appropriate prices, adopt competitive positioning to maintain its market position and market share in the industry, adopt real time strategic issue responses to facilitate the hospitals preparedness in handling the impending issues and also adopt competitive positioning to enable the hospital realize effective and efficient service delivery.

Secondly, the study found out that the respondents were in agreement that the hospital needs to implement corporate strategies, create opportunities to develop their own niche and compete against low-cost hospitals and exploit the gap in the market by developing an innovative product that a customer cannot do without. It is therefore recommended that the hospitals adopts these and in addition, not to erect entry barriers but rather use isolation mechanisms that protect their competitive advantages, use market flexibility mechanisms by improving the ability to have a high market share and to sell their major services in large geographic markets and use competitive flexibility by improving their ability to coordinate their national competitive moves as aspects of adaptability strategies to changes in the environment.

5.4.2 Recommendations for Further Studies

The study has investigated strategic responses adopted by private hospitals in Nairobi in response to environmental changes with specific reference to 32 private hospitals in Nairobi and established that economic factors, political factors, legal factors, ecological factors and technological factors affected the strategic responses adopted by the hospitals. The private hospitals in Nairobi are comprised of various other organizational factors, differ in their way of management styles and have different settings all together. This warrants the need for another study which would ensure generalization of the study findings for all the private hospitals in Kenya and hence pave way for new policies and recommendations. The study therefore recommends further study to be done with an aim of investigating the other strategic responses adopted by private hospitals in Kenya in response to environmental changes.

5.5 Limitations of the Study

Limitations were regarded as major factors that were present and contributed to the researcher getting either inadequate information or responses or if otherwise the response given was totally different from what the researcher expected.

The other limitation of this study was that the small sample size (32 hospitals) could have limited confidence in the results and this might limit generalizations to other situations and again the researcher found out that most of the respondents were busy throughout and had to continuously be reminded and even persuaded to provide the required information.

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APPENDICES

APPENDIX I: The members of Kenya Association of Private Hospitals (KAPH)

1. AIC Kijabe Hospital
2. Avenue Hospital
3. Chiromo Lane Medical Centre
4. Coptic Hospital
5. Family Heath Hospital
6. Gertrude's Garden Children's Hospital
7. Guru Nanak Ramgardhia Sikh Hospital
8. Jamaa Hospital, Buru Buru
9. Karen Hospital
10. Lang'ata Hospital
11. Lions Sight First Eye Hospital
12. Mariakani Cottage Hospital
13. Masaba Hospital
14. Melchizedek Hospital
15. Meridian Medical Centre
16. Metropolitan Hospital
17. Mother & Child Hospital
18. MP Shah Hospital

19. Mutomo Mission Hospital
20. Mwea Mission Hospital
21. Nairobi Equator Hospital
22. Nairobi South Medical Centre
23. Nairobi West Hospital
24. Nairobi Women's Hospital
25. Nazareth Mission Hospital
26. Olive Tree Hospital
27. PCEA Kikuyu Hospital
28. South B. Hospital
29. ST. John's Hospital
30. The Aga Khan University Hospital (Nairobi)
31. The Mater Hospital
32. The Nairobi Hospital,

Source: (KAPH, 2011)

APPENDIX II: QUESTIONNAIRE

This questionnaire has been designed to collect information on the strategic responses by major private hospitals to external environment, please read carefully and answer them in scale of 5 to 1 as honestly as possible. The information gathered will be used purely for the purpose of academic research and will be treated with utmost confidence.

Instructions

1. Tick appropriately in the box [] or fill in the space provided.
2. Feel free to give further relevant information to the researcher even if not in the questionnaire.

Appendix Questionnaires

Section A (Demographic Factors)

1. How long have you been working in this private hospital?

Less than 2 years	[]	2-4 years	[]
5-10 years	[]	11-15 years	[]
16-20 years	[]	Over 20 years	[]

2. In which department do you work in?

Finance	[]	Procurement	[]
Medical	[]	IT	[]
Nursing	[]	Human Resource	[]

3. What is the bed capacity of this hospital?

50-100	[]	150-200	[]
100-150	[]	over 200	[]

4. How long has this hospital been in operation?

Less than 2 years ☐ 2-4 years ☐

5-10 years ☐ 11-15 years ☐

16-20 years ☐ Over 20 years ☐

5. How many branches does this hospital have?

1 branch ☐ 4 branches ☐

2 branches ☐ 5 branches ☐

3 branches ☐ 6 branches ☐

Section B (Environmental Factors)

6. To what extent do the following affect the operations of this hospital?

(1-Less extent and 5- Very Great Extent).

Statement	1	2	3	4	5
Economic forces e.g. general availability of credit, level of disposable income, interest rates, inflation rates and trends in the growth of the gross countries					
Political e.g. government investment, government purchasing, or consumption, economic and political ideology, government control and political stability					
Legal factors e.g. employment laws, laws, regulations, codes, ethics etc.					
Ecological factors e.g. waste disposal regulations,					
Technological forces e.g. health information exchange (HIE), the electronic transfer of patient-level information between organizations, computers etc.					

7. Please indicate the importance of the following factors as far as they affect your organization.
(1-not important and 5- very important).

Statement	1	2	3	4	5
Economic forces e.g. general availability of credit, level of disposable income, interest rates, inflation rates and trends in the growth of the gross countries					
Political e.g. government investment, government purchasing, or consumption, economic and political ideology, government control and political stability					
Legal factors e.g. employment laws, laws, regulations, codes, ethics etc.					
Ecological factors e.g. waste disposal regulations,					
Technological forces e.g. health information exchange (HIE), the electronic transfer of patient-level information between organizations, computers etc.					

8. To what extent do the following environmental changes influence adoption of strategies in this hospital?

(1-Less extent and 5- Very Great Extent).

Statement	1	2	3	4	5
Globalization					
Societal concerns over global warming					
Increase in poverty levels					
Ecosystem destruction					
Social degradation					

Section C (Strategic Responses)

9. Kindly indicate to what extent your hospital adopts the following strategies due to environmental change?

(1-Less extent and 5- Very Great Extent).

Statement	1	2	3	4	5
Collaboration with the stakeholders					
Forming Strategic alliances					
Organizational learning					
Organization Reengineering					
Adoption of innovation strategies					
Proactive Strategies					
Downsizing and outsourcing					
Adopting focusing strategies					
Technological forces					

10. To what extent do you agree with the following statements concerning your hospital's competitive positioning as a strategic response to the environmental changes? (1-means strongly disagree, 2-disagree, 3-neutral, 4-agree and 5- strongly agree).

Statement	1	2	3	4	5
Hospital's management needs to take competitive action to specifically and visibly introduce new product and services					
Adoption of expansion strategy has enabled the firm to operate effectively in ever changing environment					
Real time strategic issue responses are necessary to facilitate the hospitals preparedness in handling the impending issue					
Competitive positioning enables the hospital realize an effective and efficient service delivery					
Competitive positioning helps the hospital to offer service at appropriate prices					
Through competitive positioning the hospital is able to maintain its market position and market share in the industry.					

11. To what extent do you agree with the following statements concerning your hospital's corporate response as a strategic response to environmental changes? (1-means strongly disagree, 2-disagree, 3-neutral, 4-agree and 5- strongly agree).

Statement	1	2	3	4	5
The hospitals corporate strategies enables it to establishing a distinctive competence and competitive advantage at the organization level					
Overall purpose and scope of the organization is to add value to all parties to the business					
The objectives cannot be achieved by continuing to operate in their existing market.					
Diversification is helping the hospital's response to political forces in Kenya					

The hospitals should exploit the gap in the market by developing an innovative product that a customer cannot do without					
The hospitals development of corporate strategies creates opportunity to develop its own niche and compete against low-cost hospitals					

12. Kindly indicate which of the following aspects of adaptability strategies your hospital uses to continue delivering its services effectively despite changes in the environment.

Statement	Yes	No
The hospital erects entry barriers		
Isolates mechanisms that protect their competitive advantages		
Market flexibility by improving the ability to have a high market share		
Improves the ability to sell its major services in a large number of geographic markets		
Service flexibility by spreading its value creation activities in the market		
Competitive flexibility by improving ability to coordinate its National competitive moves		