

**INFLUENCE OF STRATEGIC MANAGEMENT
PRACTICES ON ORGANIZATIONAL PERFORMANCE
OF MISSION HOSPITALS IN KENYA**

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**Influence of Strategic Management Practices on Organizational
Performance of Mission Hospitals in Kenya**

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other university.

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DEDICATION

This thesis is dedicated to my beloved parents; Hannah Wangari and Gaturu Njuguna, who worked hard to ensure that I got an education. They were my constant source of inspiration and continue to be so!

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
BoDs	Board of Directors
BSC	Balanced Scorecard
CGD	Centre for Global Development
CEO	Chief Executive Officer
CHAK	Church Health Association
HIQA	Health Information and Quality Authority
HR	Human Resources
HRM	Human Resources Management
IFC	International Finance Corporation
KSF	Key Success Factors
MOH	Ministry of Health
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
RBV	Resource Based View

SWOT	Strength, Weakness, Opportunity & Threats
SPM	Strategic Performance Management
SPSS	Statistical Package for Social Sciences
SSA	Sub Saharan Africa
TMTS	Top Management Teams
UK	United Kingdom
USA	United States of America
W H O	World Health Organization

DEFINITION OF TERMS

- Board:** A group of people who have the power to make decisions and control a company or any other organization (Private Sector Initiative for Corporate Governance, 1999).
- Board of Directors:** A team of individuals with fiduciary responsibilities of leading and directing an organization, with primary objectives of protecting the firm's shareholders' interests (Private Sector Initiative for Corporate Governance, 1999).
- Organizational performance:** It is an accomplishment of a task in accordance with an agreed upon standard of accuracy, completeness, and efficiency. The concept covers what has been achieved and how it has been achieved. Organizational performance can be measured in different ways that are financial and non-financial (Green & Griesinger, 2006).
- Theory:** A theory is a well-substantiated explanation of an aspect of the natural world that can incorporate laws, hypothesis, and facts. A theory can only explain known facts and is testable (Robbins, 2007).
- Strategic Evaluation:** An objective method of testing the efficiency and effectiveness of an organizational strategy and determining whether the strategy being implemented is achieving the intended organizational performance. It gives appraisal to the relevance of general direction of strategy, determined at the formulation stage (Silvi, Bartolini, Raffoni, & Visani, 2015).

Strategic Control: A process that determines when intervention is required in divisional, middle and lower level management, the type of intervention necessary and the role that should be played by senior managers in providing strategic direction in organizations. It determines the degree to which strategies fulfil organizational goals (Kuye, 2011).

Strategic Management: Strategic management is a set of managerial decisions and actions that determine the long term organizational performance (Bakar, Tufail, Yusof, & Virgiyanti, 2011).

Hospital Capabilities: These include the knowledge capacity, specifically to individuals, teams and even the hospital at large. Items for hospital capabilities include; knowledge of senior managers, knowledge of non-managerial employees and collective knowledge in building and maintaining external relationships (Galbreath & Galvin, 2008).

Strategy: The direction and scope of an organization over the long-term; which achieves an advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling its vision, goals and stakeholders' expectations (Zahra, Shaker & Pearce, 1990).

ABSTRACT

Mission hospitals in Kenya provide 43% healthcare service delivery, to the medium and low-income populations, which mostly reside in the rural areas. Despite their importance, policy makers have not focused on their organizational performance, and knowledge on their efficiency and effectiveness is limited and inadequate. A superior organizational performance by mission hospitals would boost healthcare service delivery in the country. The main objective of this study was to examine the influence of strategic management practices on organizational performance of mission hospitals in Kenya. The specific objectives were; to examine the influence of strategic composition of board of directors, establish the influence of strategic evaluation, determine the influence of strategic control and establish the influence of hospital capabilities on the one hand, and organizational performance of mission hospitals in Kenya on the other hand. The hypotheses were guided by the research objectives. The study was anchored on Agency Theory, Stewardship Theory and resource-based view theory of the firm. In the past, mission hospitals received grants from the government and unrestricted donations from churches abroad. This has now changed; the support given is minimal, and with high hospital costs and increased human resource migration, it is imperative for mission hospitals to know how strategic management practices influence superior organizational performance. The study population was 58 mission hospitals in Kenya. The target population was 33 mission hospitals, and simple random sampling technique was adopted. Primary and secondary data was collected and analysed. The study used a cross-sectional research design method. A pilot study was conducted to examine the reliability and validity of the questionnaire using the Cronbach Alpha method. Descriptive statistics were used to profile the respondents. Inferential statistics and multiple linear regression analysis were used to test the hypotheses. The study used correlation analysis to establish the relationship between the independent and the dependent variables. The study findings revealed a positive correlation between strategic composition of the board of directors, strategic evaluation, strategic control, hospital capabilities and organizational performance. In regression analysis, the study revealed a positive influence on organizational performance by strategic composition of board of directors, strategic evaluation and strategic control. Hospital capabilities however had a negative influence on organizational performance. The study concluded that the three strategic management practices are important in influencing superior organizational performance. Mission hospitals should therefore adopt strategic management practices for superior organizational performance. This study however restricted itself to mission hospitals, and generalization of research findings in other industries should be done carefully. Further research studies on influence of strategic management practices on organizational performance were recommended for other industries, public and private hospitals, and to include a variety of hospital stakeholders.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic management developed against a background of a difficult economic meltdown and was concerned with helping organizations that were threatened with extinction. Over the years, there has been an increased importance in research on strategic management practices and their influence on organizational performance. However, the empirical interrelationships have been limited and inconsistent (Sim, Teoh & Thong, 2008), and research studies have shown mixed results (Silvi et al., 2015; Teeratansirikool, Siengthai, Badir, & Charoenngam, 2013). Most research studies were done in the USA and Europe, and therefore inappropriate to generalize the findings in Sub Saharan Africa, which is a different environment.

The healthcare industry is changing around the world, characterized by new disease patterns; advanced technologies; unpredictable patients' needs; physical infrastructure and diverse workforce requirements (Karlsberg & Pierce, 2014). Hospitals are first points of health care service delivery and are critical in fostering healthy populations. Kenya has a distinct non-governmental health sector that mission hospitals belong to (Muga, Kizito, Mbayah, & Gakuruh, 2005). Traditionally, old mission hospitals were part of a large complex that had a church and a school. Their purpose was to facilitate and build capacity to enable them deliver accessible, comprehensive and quality health services to all (Christian Health Association of Kenya (CHAK), 2009a).

Mission hospitals contribute 43% of healthcare service delivery in Kenya, mainly to the medium and low-income groups of the population that reside in the rural areas. Despite their importance, policy makers have not focused on their organizational performance and knowledge on their efficiency and effectiveness is limited and often inadequate (Centre for Global Development (CGD), 2014). A superior organizational performance

would boost healthcare service delivery in the country. However, healthcare costs have escalated, there is increased migration of human resources, fewer missionary experts and hospitals receive limited subsidies. In the past, mission hospitals enjoyed support from a variety of sources that included the government and sponsoring churches abroad (CHAK, 2009). The public concern about healthcare issues has increased, and patients want to be treated in the most effective way as well as being provided with highest quality of care (CGD, 2014). It is therefore important for mission hospitals to examine how adoption of strategic management practices would influence superior organizational performance.

In order to improve accountability and control mechanisms in hospitals, the government established the Health Sector Services Fund, which supports mission hospitals through the Management Committees (Christian Health Association of Kenya (CHAK), 2009a). Muhindi (2012) suggests that Mission hospitals adopted strategic planning practices to improve their organizational performance. Mutie and Irungu (2014) however found that only 25% of strategic plans have been realized. The standard and efficiency of healthcare service provision has stagnated, caused by the absence of high-level strategic focus, governance, strategic control as well as inadequate funding (CGD, 2014). Theuri, Mwirigi and Namusonge (2014) identified strategic planning, technological competitiveness, the level of market competition and corporate policies as key determinants of superior organizational performance but recommended further research for different industries. This study focused on mission hospitals. According to CHAK (2009), the structure of Board of Directors (BoDs), strategic evaluation, strategic control and organizational performance are among the pillars of corporate governance.

1.1.1 Strategic Management Practices

There are many definitions of strategic management, depending on perspectives of different scholars. This study adopted the definition by Bakar et al (2011) that strategic management is a set of managerial decisions and actions that determine the long term organizational performance. It is a process that includes strategy formulation, strategy implementation, strategic evaluation and strategic control (Pearce & Robinson, 2008). It is indeed a concept that is concerned with making decisions, adjusting those decisions in the process of implementation, for long term success of the organization.

Strategic management practices have been associated with superior organizational performance and have become one of the important areas of management. However, studies have demonstrated inconsistent results. Issack and Muathe (2017) suggests that strategic management practices contribute 59.9% variation in performance of public health institutions in Mandera County. Bakar et al. (2011) also found that adoption of strategic management practices improved performance of large construction firms in Malaysia.

Strategic management in general, is thought to examine why some of the organizations are more successful than others, even when operating in the same environment. Organizations therefore endeavour to establish which strategic management practices have the highest influence on their performance variation as an ongoing process. This study focused on mission hospitals, and the influence of strategic management practices on organizational performance.

Governance in mission hospitals need to be strengthened, to ensure essential competence and professional relationship between BoDs and Top Management Teams (TMTs) in enhancing organizational synergy. Ongore (2008) posits that separation of ownership and daily control of organizations have created a principal, agency problem. BoDs have the ultimate responsibility of maximizing shareholders' value and in satisfying the interests of other stakeholders. This is based on Agency Theory that argues that

separation of ownership and control in modern corporations potentially creates a conflict of interest between the managers and the shareholders. Managers are believed to act in self-interest at the expense of the shareholders who are not involved in the daily operations of the organization (Heenetigala, 2011; Kamaara, 2014; Ongore, 2008). BoDs that are dominated by outsiders are believed to be more vigilant in monitoring managerial behaviour. Kamaara (2014) posits that any individual taking the role of a director should be vetted and cleared for the job. Indeed, the BoDs influence the strategy directly by being the link between the organization and its external environment. BoDs gather information, build knowledge and make the right strategic decisions. The responsibility of BoDs is put into question when corporate scandals cause massive losses to shareholders. Based on their network and vast knowledge in the industry, BoDs reduce the risk of doing business (Valenti, Luce, & Mayfield, 2011). When the BoDs perform their fiduciary duties effectively, organizations are expected to experience superior organizational performance.

Strategic evaluation measures have not kept pace with the rapid changes in the global business environment. Evidence has suggested that effectiveness of strategic planning declines with increasing environmental uncertainty (Dibrell, Craig, & Neubaum, 2014; Theuri, Mwirigi, & Namusonge, 2014). This is in tandem with suggestion from Mutie & Irungu (2014) that only 25% of strategic plans get realized. Strategic evaluation is a major cause of organizational failure. Managers use strategic planning to monitor the achievement of organizational objectives and to develop compensation schemes (Teeratansirikool et al., 2013). CHAK (2009) identified strategic evaluation as major weakness in mission hospitals. In mitigating these challenge, CHAK (2009) came up with health systems strengthening initiative for its members to collaborate in improving their organizational performance.

Strategy is sometimes sub optimal and harmful to the mission of the organization (Hastings, 1996). It is imperative therefore that strategy is regularly evaluated and aligned to the mission of the organization; as its success depends on the quality of its

strategy. Strategic decisions are extremely difficult to reverse or even impossible once they have been implemented. Theuri et al. (2014) suggests that strategic plans must be systematically reviewed so that they remain topical, relevant, and at a cutting edge. A bad strategy will not yield the desired result and may cause a disaster in the organization. Research findings on influence of strategic evaluation on organizational performance are inconsistent. A study of 88 firms in Italy, found that most firms used short-term financial indicators that were internally focused and not connected; while those that used financial and non-financial strategic evaluation systems did not have a fully developed fit with the strategy (Chalmeta, Palomero, & Matilla, 2013).

Ojera et al. (2011) posits that strategic control practices are intended to ensure that planned organizational outcomes are achieved. This is because strategic control practices create synergy and value addition through re-shaping the final strategy. Kuye (2013) suggests that good strategic control practices result in superior organizational performance. Strategic planning can fail even when the actions associated with it are executed exactly as intended (Muriithi, 2014), and it is the strategic control practices that are important in shaping the firm's strategy. Strategic control practices ensure that organizations are doing the right things and that the methods being used to achieve these things are working. While a lot of emphasis has been on strategic planning, it is strategic control practices that communicate expected organizational outcomes and should be considered as counterparts of strategic planning and just as important.

Scholars have always sought to know why some organizations are more successful than others, creating a bifurcated view (Galbreath & Galvin, 2008). One view supports industry structure, and the other supports specific organizational resources. Karabag and Berggren (2013) suggests that industry structural characteristics are becoming less relevant and that organizational resources are the basis upon which organizations compete. Extant literature shows that organizational characteristics alone cannot explain the variance in performance of organizations (Hawawini, Subramanian, & Verdin, 2005) This study examined the influence of hospital capabilities on organizational

performance, and was anchored on the resource based view (RBV) theory of the firm. Wernerfelt (2007) coined the term resource-based view (RBV) theory of the firm that provides the theoretical framework for determining which resources and capabilities generate sustainable competitive advantage. The RBV theory holds that organizational performance is driven by internal and not external factors and that strategy is a result of a careful evaluation of firm resources (Ortega, 2010; Wang, Dou, Zhu, & Zhou, 2015).

1.1.2 Overview of Healthcare Sector

Kenya is commonly regarded as the business hub in East Africa and that includes the health care sector. Muga et al. (2005) defined health as the mental, physical, and social wellbeing of a people that includes the environment in which they live. The hospitals' primary responsibility is to ensure that patients are effectively treated and provided with the highest quality of care. They contribute to a country's social and economic development. The National policy framework sets out the agenda for health sector in Kenya and is operationalized by the health sector strategic plan (Masara, 2014). Kenya adopted a new constitution in 2010 that devolved the public health sector to the 47 county governments. The MOH is however responsible for guiding the health sector in Kenya.

The healthcare sector is divided into 3 distinct sub sectors in Kenya. The Public sector runs more than 50% of all public hospitals that are owned by the GOK and provide 27% healthcare service (IFC, n.d.). The main stakeholders include the MOH and all parastatal institutions. It is organized into national, county and county district hospitals forming a referral system with Kenyatta National Hospital and Moi Teaching and Referral hospital at the peak of the referral system. The public health infrastructure has expanded since independence but has not been accompanied by a parallel increase in budgetary allocations. This has created gaps in delivery of health care service in the public sector, opening opportunities for the growth of the private health sector.

Private hospitals are mainly located in urban centres and are perceived to serve the rich and upper middle-class. They are mainly motivated by profit maximization as the government has created a suitable operating environment for them to thrive. Private health sector in Kenya is one of the most developed in Sub-Saharan Africa (SSA) and provides services that might otherwise not be available, such as advanced procedures and equipment (IFC, n.d.). It is however fragmented, and its quality delivery is inconsistent.

Mission hospitals are mainly located in the rural areas and provide healthcare service delivery to the medium and low-income groups of the population. Their mission was to fill in the gaps left by the public sector due to constrained resources. CHAK and Episcopal Conference of Kenya serve as the national coordinators of the network of mission hospitals (Gaturu, 2010). Mission hospitals are also referred to as faith-based organizations and were the first to provide modern healthcare service delivery as we know it today (Mburu, 2007).

In the past, mission hospitals received donations from sponsoring churches abroad and grants from the government in form of drugs, specialized doctors, and vaccines (Mwangi & Ombui, 2013). In the 1980s, the environment changed, and many missionary doctors and nurses went back without replacement. The donations stopped, and grants from the government significantly declined and mission hospitals were threatened with extinction. Mburu (2007) suggests that Mission hospitals hugely contribute to healthcare service delivery owing to their big sizes and physical distribution in the country. A superior organization performance by mission hospitals would foster a healthy population by offering access to specialized treatment and setting standards for national healthcare sector.

1.1.3 Organizational Performance

Organizational performance examines how a firm is able to meet its objectives over time. In mission hospitals, organizational performance is a multidimensional construct, because one criterion alone cannot measure hospital performance. The different dimensions can be explained by having several specialists in the hospitals, each with their own objectives. Organizational performance is an essential concept in strategic management, as managers are judged on performance of their organizations. Performance measurement is done across a range of critical factors that mutually direct attention to strategic areas that are important for superior organizational outcomes (Teeratansirikool et al., 2013). It also guides the behaviour of the organization towards some key organizational outcomes. Organizational performance is frequently used as a dependent variable and despite its importance, there is no consensus about its definition, dimensionality and measurement model (Santos & Brito, 2012). In this study, organizational performance is described from a rational viewpoint, that hospitals pursue specific objectives that they were built to achieve.

Extant literature review demonstrates several performance models. Porter (1980) defines organizational performance as above average rate of return, sustained over a long period of time. Venkatraman and Ramanujam (1986) proposed three levels of organizational performance. Financial performance is the core indicator, but it is not sufficient to define the overall effectiveness of an organization. Financial indicators include; a return on investment (ROI), a return on assets (ROA) and a return on equity (ROE). The second is the business indicator that relates to such factors as an organizations' market share, its market growth; and diversification. The third level measures qualitative performance indicators which include employee satisfaction, quality of service and corporate social responsibility (Mwangi & Ombui, 2013).

Letting (2011) suggests that organizational performance integrates three broad dimensions, effectiveness, efficiency and adaptability. Effectiveness in mission hospitals is measured in terms of quality of care that includes; total admissions; discharges and

outpatient visits. Efficiency is determined by the average days of hospital stay, and the bed occupation rate. Hospitals are expected to achieve satisfactory levels of efficiency and effectiveness, and studies show that the two are compatible (Health Information and Quality Authority (HIQA), 2013).

Hospitals are expected to ensure that patients are treated in the most effective manner, provided with the highest quality of care and this should be done at a reasonable cost.

1.2 Statement of the Problem

A healthy population is the most significant capital in steering economic and social development in Kenya and is guaranteed as a basic human right (Republic of Kenya, 2010). Mission hospitals contribute 43% of healthcare service delivery (IFC, n.d.), and CHAK member mission hospitals are committed to provide comprehensive and sustainable quality healthcare service to all (CHAK, 2009). In the past, the government posted consultant doctors and nurses to mission hospitals, and gave essential drugs and vaccines (Mwangi & Ombui, 2013). Unrestricted donations were also given by sponsoring churches abroad. Today, they receive minimal support, and this has negatively affected their organizational performance, threatening their very survival. Reduced MOH budget, inefficient utilization of resources and an increased disease burden has increased public concern on organizational performance in hospitals (Ministry of Medical Services, n.d.)2013). There are also changes in funding of hospitals, advanced technology and demand of healthcare service. Faced by these challenges, and considering the changes taking place, it is important for mission hospitals to examine how their performance is influenced by adoption of strategic management practices.

Mission hospitals in SSA have not modernized, and knowledge of their organizational performance is limited and usually inadequate. CGD (2014) and Kamaara (2014) partly attributes this to lack of high-level strategic focus, which is the responsibility of the BoDs. The influence of strategic composition of BoDs on organizational performance in

mission hospitals has not been extensively studied in SSA. Kamaara (2014) posits that prior research studies in this area were done in developed countries, and their findings were mostly mixed and inconsistent. As the SSA environment is different from that of the developed countries, it is inappropriate to generalize the results. The research gap is therefore justified. Several scholars have found a significant positive relationship between composition of BoDs and organizational performance (Kamaara, 2014; Letting, 2011; Ongore, 2008; Shukla & Colindres, 2013). Mathenge (2014) suggests that ethical committees are important in hospital governance, promotes loyalty and commitments by employees and contribute to superior organizational performance.

Muhindi (2012) posits that mission hospitals adopt strategic planning practices to improve their organizational performance. However, Mutie and Irungu (2014) observed that despite this adoption, only 25% of all strategic plans are realized; and that organizational performance declines despite their adoption. Junior and Pascucci (2012) suggests that strategic evaluation is rarely done in organizations, and CHAK (2009) had identified strategic evaluation as a major weakness in Mission hospitals, requiring intervention by the hospital management. There exists a limited and inadequate knowledge of strategic evaluation practices and what influence they have on organizational performance in hospitals in Kenya (Issack & Muathe, 2017).

Strategic control practices are believed to have a positive influence on organizational performance. Ojera et al. (2011) found a significant positive influence on organizational performance by belief control practices in the sugar industry. Kuye (2013) also found a significant positive relationship between strategic control practices and organizational performance of manufacturing firms in Nigeria. However, previous research studies on strategic control practices in mission hospitals are limited. (Theuri et al., 2014) studied key determinants of value addition in the seafood industry in developing countries and recommended further research studies in other industries. This research study is therefore motivated by this recommendation and is an attempt to do a research study in

the healthcare industry, on influence of strategic management practices on organizational performance of mission hospitals.

1.3 Objectives of the Study

1.3.1 General Objectives of the Study

The general objective of the study was to examine the influence of strategic management practices on organizational performance of Mission hospitals in Kenya.

1.3.2 Specific Objectives

1. To examine the influence of the strategic composition of the board of directors on organizational performance of Mission hospitals in Kenya.
2. To establish the influence of strategic evaluation on organizational performance of Mission hospitals in Kenya
3. To determine the influence of strategic control on organizational performance of Mission hospitals in Kenya
4. To establish the influence of hospital capabilities on performance of Mission hospitals in Kenya

1.4 Research Hypothesis

H₀₁: There is no influence of strategic compositions of the board of directors on organizational performance of Mission hospitals in Kenya.

H₀₂: There is no influence of strategic evaluation on the organizational performance of Mission hospitals in Kenya.

H₀₃: There is no influence of strategic control on organizational performance of Mission hospitals in Kenya.

Ho4: There is no influence of hospital capabilities on organizational performance of Mission hospitals in Kenya.

1.5 Significance of the Study

This study may offer value to policy makers in the healthcare industry, scholars and practitioners of strategic management, and the government of Kenya through the MOH.

1.5.1 Scholars and Researchers of Strategic Management

This study may contribute to knowledge in advancing the theory and practice of strategic management in mission hospitals. This is especially in the relatively new areas of strategic evaluation and strategic control practices and their influence on organizational performance. Previous research studies in these areas were done in the developed countries, and since the environment in SSA is different, it is not suitable to generalize their results in SSA. This study may shed light as a framework for further research studies on influence of strategic management practices in mission hospitals. Strategic composition of BoDs in mission hospitals is scarcely featured in previous studies in strategic management. Brauer & Schmidt (2007) suggests that this is one area with the most promising research topics, and explicitly called for more focused studies in it.

1.5.2 Policy Makers in Mission Hospitals

Mission hospitals contribute 43% of health care service delivery in the country and their contribution is indispensable. The knowledge gained from this study may help improve governance in mission hospitals, especially in regards to strategic composition of the BoDs. When BoDs effectively perform their fiduciary roles, organizational performance is improved, which in turn improves health outcomes to the medium and low-income groups, which are the main consumers of mission hospital services. The study may help BoDs in improving existing policies that ultimately improve the welfare of all

stakeholders including patients, employees and the local community who visit mission Hospitals.

1.5.3 Government of Kenya

The National and county governments are trying to put structures in place to manage the healthcare sector that is faced with many challenges (Masara, 2014). The Constitution of Kenya (2010) guarantees health as a basic human right, and a superior organizational performance by mission hospitals is imperative. The medical profession has a special and unique calling and professionals in health are entrusted with delicate human lives. They have access to patients' medical information, which no other person has access to. Sustainable development cannot be achieved without tackling disease and disability, and superior organizational performance in mission hospitals can improve access to high quality healthcare and better patient outcomes.

1.6 Scope of the Study

The conceptual scope of this study was on perceptions of top management teams regarding what influence strategic management practices have on organizational performance in mission hospitals. The study was done from September 2014 to February 2018. The study targeted 58 mission hospitals and surveyed 33 of them. The choice was based on their crucial contribution to healthcare service delivery. Mission hospitals are spread throughout the country, and mainly in the rural areas where 80% of the medium and low-income groups of the population reside. Based on these facts, it was indeed appropriate to generalize the results of the study.

1.7 Limitation of the Study

The research study had theoretical and conceptual limitations. The aim was to examine the influence of strategic management practices on organizational performance of mission hospitals. However, only 4 strategic management practices were studied and even then, the first variable on strategic composition of BoDs was only one aspect of corporate governance.

The mission hospitals sampled were only those listed in the Kenya Medical Directory (2014), and important mission hospitals, not listed may have been left out. While the study focussed on mission hospitals, the findings and conclusions were anchored on a sample obtained as per research design. The data collection exercise was conducted when the doctors from Public hospitals were on strike. Many patients sought treatment from mission hospitals, and the doctors and other senior managers were stretched beyond limits. The data collection exercise therefore took a longer time than allocated as targeted respondents were very busy. This challenge was overcome by constant follow-ups and constant visits to hospitals, some of which were very far from urban centres.

Additionally, some respondents were not willing to divulge information on hospital strategy and organizational performance, that they considered sensitive. This challenge was overcome by assuring them of anonymity and confidentiality, so that the fear of victimization was resolved. Similarly, to collect data for this study in mission hospitals, permission required to be granted by hospitals' Ethics and Education committees. This took a long time, further delaying the data collection exercise. Constant follow ups and visits to the hospitals resolved this limitation. Some hospitals are located deep in the rural areas, requiring traveling for long periods of time. The use of electronic mails (emails) was adopted to receive the completed questionnaires. The help of trained research assistants in data collection helped in resolving this challenge.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed the theoretical and empirical literature on the influence of strategic management practices on organizational performance. To encompass most perspectives, inclusive definitions of strategic composition of the BoDs, strategic evaluation, strategic control and hospital capabilities were discussed; including various theories in these areas. The conceptual framework was discussed, a critique of the literature on strategic management practices variables was covered, and major research gaps were identified and discussed.

2.2 Theoretical Framework

Organizations are structures of people that form an integral part of the society, and exist to provide satisfaction to their member (L'Huillier, 2014). Farnham, Horton, and White (2003) defined organizations as social constructs created by groups of people in a society to achieve specific purposes by means of planned and coordinated activities.

A theory is an acquired taste that is dependent on the social and political arrangement that define scholarly practice. The theoretical constructs of scholarly practice help explain the ideological variation between one school of thought and another because the application of theory is full-time to those who perform it (L'Huillier, 2014). A study on the influence of strategic management practices on organizational performance is a contested concept, with different meanings for different people depending on their ontological preferences. The theoretical frameworks below are the prominent theories of strategic composition of BoDs, strategic evaluation, strategic control and hospital capabilities.

2.2.1 Agency Theory of Management

Heenetigala (2011) posits that much of the research work done on composition of BoDs is based on Agency Theory as its basis of analysis. It is a theory that can be applied in every situation in which one party, the principal, delegates work to another, the agent to make decisions, with some decision-making authority being yielded to the agent (L'Huillier, 2014). The contractual relationship entered by the two involves voluntary exchange resulting in some form of dependency. Agency Theory therefore provides a general framework for analysing managerial behaviour. It proposes that owners of organizations (principles) hire managers (agents) for day to day operating decisions. The theory assumes that both the owners and managers seek to maximize their personal utility (Baker & Anderson, 2010). Shareholders maximization of utility is having higher prices for company shares (wealth maximization). However, managers may focus on short-term earnings that correspond to their remaining time in the organization rather than on long term goals that correspond to shareholders' wealth maximization. Managers may also focus on low-risk projects so as not to risk their careers even when these projects do not maximize the shareholders' wealth (Baker & Anderson, 2010).

The incentive for development of Agency Theory is the separation of organizational ownership and daily decision making that is done by the managers. Heenetigala (2011) argues that organizations do not operate per the maximization principle, mainly because of the inherent conflicting interests between shareholders and managers. Principals want to maximize their benefits while minimizing rewards to agents while agents want to maximize their benefits without working hard (Cole, 1998; Shleifer & Vishny, 1997). The assumption of Agency Theory is that principal's wealth would not be maximized when agent and principal have different goals and different access to information (L'Huillier, 2014). Berle and Means (1933) were the first to argue that BoDs are essential monitoring devices, and that they minimize the problems brought about by the principal-agent relationship.

Proponents of Agency Theory suggest that it is all about creating a monitoring mechanism to control organizational insiders to maximize shareholders' wealth by reducing agency loss (Adegbite, Amaeshi, & Nakajima, 2013; Bonazzi & Islam, 2007; Darus, Mad, & Yusoff, 2014). The BoDs run the company on behalf of the shareholders and their composition is an important component of the BoDs' structure. The BoDs are responsible for the overall performance of the organization and most fundamental governance institution (Kamaara, 2014).

The theory is relevant to this study, as the BoDs represent the owners, and are required to maximize wealth through superior organizational performance in mission hospitals. Organizational Performance would improve if the BoDs perform their fiduciary roles effectively. The theory informs that, composition of the BoDs approve the organizational strategy, hire TMTs and are the link between organization and the external stakeholders. Based on their vast knowledge and industry experience, BoDs reduce the risk of doing business and enhance superior organizational performance.

An effective BoDs would reduce the principle, agent conflict by monitoring the strategic activities in the hospital. The BoDs also ensure that hospital leadership is focused on projects that result in improved organizational performance, and not the short-term initiatives that only serve to protect their careers. A properly composed BoDs, with the right size of outside and inside directors, required experience, education levels and background would reduce the negative practices brought by principle agent relationship and that way enhance superior organizational performance.

2.2.2 Stewardship Theory of Management

The Stewardship Theory rejects the assumptions of Agency Theory and suggests that managers' behaviour is pro-organizational and collective, achieving higher utility by serving an organization. It further assumes that managers left on their own will act as responsible stewards of the assets that they control (Heenetigala, 2011; Letting, 2011). This principle is applicable to mission hospitals, as churches were driven by compassion

to provide healthcare services as part of their evangelization ministry (Ongori & Mburu, 2010). Managers in mission hospitals are expected to be compassionate and responsible stewards with their responsibility.

The Stewardship Theory emerged as an alternative to Agency Theory in the field of corporate governance (Leng, 2002). It is, therefore, understandable that the basic assumptions are defined distinctive to the Agency Theory assumptions. In the agency relationship, the emphasis is on building institutional and contractual mechanisms so that managers cannot achieve their own goals at the expense of shareholders (Joslin & Müller, 2016). In a stewardship relationship, the goals are shared, so that manager's interests are in tandem with organization's interest and the agency problems of hidden information and agent's actions are not experienced (Joslin & Müller, 2016; L'Huillier, 2014). Indeed, organizational success also satisfies the personal needs of the managers who experience greater utility accruing from satisfying organizational goals than through self-serving behaviours (Mills & Keast, 2009).

The Stewardship Theory postulates that individuals with legitimate interests in an organization do so to obtain benefits and that there is no priority of one set of interests and benefits over another (Leng, 2002). Ongore (2008) suggests that in being effective stewards, managers effectively manage their own careers as trustworthy stewards of their organizations and focus on the collective good (Joslin & Müller, 2016).

The Stewardship Theory links superior organizational performance to having majority of BoDs coming from within the institution. These executive directors are assumed to better understand business, and make superior decisions compared to outside directors (Bathula, 2008; Letting, 2011). The executive BoDs are preferred for their professionalism, technical expertise, and commitment to the organization (Letting, 2011). The theory is relevant to this study as an alternative to Agency Theory of management.

2.2.3 The Theory of the Business

Drucker (1994) suggests that this theory represents the key assumptions underlying organizational strategy and that the current malaise underlying large organizations is that their theory of the business no longer works. Big organizations that have enjoyed long term success are hit by stagnation and are faced by extinction, despite their long years of experience.

This theory is based on three assumptions. Firstly, that the environment, mission, and core competencies must fit reality. Secondly, that the three categories must work in harmony, must be understood throughout the organization and constantly evaluated. The theory argues that when the assumptions are not in tandem with reality, the organization cannot survive. The environment defines what the organization is paid for and focuses on its customers and market. The mission defines how the organization envisions itself making a difference in society and defines what organizational performance is expected. Core competencies define what an organization must excel in to maintain superior organization performance and leadership in the industry. The theory of business has been tested constantly and must have the ability to change itself (Drucker, 1994).

This theory is applicable to strategic evaluation and its influence on organizational performance. Previously, mission hospitals would get donations from sponsoring churches abroad and grants from the government, but this help is now limited, affecting their organizational performance. The environment has changed and does not fit reality, yet the hospital missions have not changed. Their mission is to facilitate and build capacity to enable them deliver accessible, comprehensive and quality health services to all (CHAK, 2009). While delivery of healthcare in the world has advanced, there has not been a parallel advancement and modernization of the same in mission hospitals in Kenya (CGD, 2014). Strategic evaluation is not constantly done in mission hospitals as required by the theory of business. It emerges therefore, that all assumptions of the theory of business are violated. This has created a need for an in-depth study on strategic evaluation and its influence on organizational performance.

This theory calls for constant strategic evaluation and acting in order to change policies, strategic management practices and creation of new organizational culture in light of changes in the environment, new mission and new core competences. Research indicates that knowledge on specific strategic evaluation systems used in practice and their effectiveness in the decision-making process are still fragmented and ambiguous (Silvi et al., 2015). Johnson et al. (2008) posit that strategy evaluation ensures that a strategy fits the current organizational mission; that it is acceptable to the major stakeholders and it is feasible. The strategic evaluation must be done in a timely manner as by the time strategic opportunities and threats affect operations, it might be too late to respond. Strategic evaluation attempts to confirm that organizations' strategies are appropriate, policies and plans are in tandem with these strategies and that results obtained confirm or refute the critical assumptions on which the strategy rests.

Johnson et al. (2008) suggest that strategic evaluation criterion is acceptability, feasibility, and suitability of a strategy; which is in tandem with the theory of business. When an organizational strategy is clear, consistent; and focused, it is powerful in improving organizational performance (Drucker, 1994). When organizations achieve their original objectives, the theory of business becomes obsolete. Rapid growth, unexpected failure or success are signs that organizations should do strategic evaluation and check the influence of the three assumptions on organizational performance (Waterman & Bell, 2011)

2.2.4 Levers of Control Framework

Simons (1994) developed a four-lever framework of strategic control. Each of these levers independently serve a different role in the organization, but the levers work simultaneously to improve organizational performance. Levers of control framework include systems that control human behaviour within the organization. The framework describes four ways of exercising strategic control and helps managers in altering or maintaining patterns of behaviour that result in superior organizational performance. Levers of control framework has however been criticized for being ambiguous, as it

does not describe how the 4 levers are balanced to enhance superior organizational performance.

Belief lever is the first one, and is used to enhance the core values of the organization and encourage further search for opportunities based on these values (Kuye, 2013). The belief lever articulates the mission, vision and the core values of the organization. It inspires employees to do the right things, with the belief that it is the right thing to do. Organizations formalize their beliefs as company credos and core values and bring them to light (Sheehan & Anderson, 2015). To enhance the belief lever, organizations employ employees who have a strong fit with its core values. Managers recognize and reward employees who demonstrate the core values of the organization in their work, that way enhancing the mission statements. Kuye (2011) suggests that strong beliefs enhance superior organizational performance. However, organizations find it difficult to align themselves when there is a significant change in the environment (Simons, 1994). This study used the belief lever of strategic control to analyse the influence of strategic control on performance of mission hospitals.

The boundary lever of control is the second one, and describes the standard of behaviour, including codes of conduct expected from employees. Boundary lever reduces the risk of doing business by setting limits to behaviours in the organization that are undesirable. Employees are required to regularly sign a code of conduct that set boundaries of what employees can do (Chau & Witcher, 2005). Mission statements describe organizations' target customers, scope of business and what value should be delivered. Organizational missions are focused on in the boundary lever of control, just as well as in the belief lever of control (Sheehan & Anderson, 2015).

The third lever of strategic control is diagnostic lever, which evaluates the indicators of organizational performance. Organizational changes require adjustment of strategies or adoption of new ones, whether the changes are transformational or incremental in nature. Managers use diagnostic lever to ensure that strategy implementation processes is on course (Sheehan & Anderson, 2015). The importance of this lever is the

assumption that what gets measured gets done, and therefore is what is important to measure and manage. Diagnostic lever sets targets and outlining initiatives to reach them. This lever helps organizations to hold employees accountable for their organizational performance. However, if the wrong performance indicators are adopted, this can give wrong results. In this regard, indicators must be carefully chosen.

Interactive lever is the fourth one and is intended to track strategic uncertainties that face the organizations. This include formal information systems that assist in strategic decision making when there are changes in the environment. Changes in customer demands, technology and funding can negatively affect organizational performance (Sheehan & Anderson, 2015). Simons (1994) suggests that regular interaction with the customers, employees and other managers as well as subsequent alignment as per feedback received improves organizational performance.

Simons (1994) posits that adoption of levers of control framework improves organizational performance, but for the framework to be effective, managers must understand their strategy and keep the standards that are set. Ojera et al. (2011) posits that while strategic control is still at its embryonic stage, organizations beset by environmental uncertainties can benefit from adoption of levers of control framework.

A major shortcoming of strategic control literature is that evidence is scarce regarding its actual influence on organizational performance as opposed to its perceived influence, overall effectiveness and usefulness (Baysinger & Hoskisson, 1990; Ojera et al., 2011). Strategic control is defined as the process which ensures that organizational performance is as near as practical to its strategic aims that had been set for it (Horovitz, 1979). Top management teams require freedom to either decide what needs to be achieved or the best way to achieve the strategic aims and the framework ensures that they are both possible.

The framework is applicable to this study as mission hospitals are faced by an uncertain future. The belief lever is especially relevant, and this study used it to analyse the influence of strategic control practices on organizational performance of mission hospitals. Changes in healthcare demand, funding and technology have increased costs of healthcare service delivery (Mwangi & Ombui, 2013). Mission hospitals have not modernized, knowledge of their organizational performance remains inadequate, service delivery has stagnated, and the hospitals are faced with extinction owing to these challenges. Mission hospitals may therefore need to change their mission of doing business, and their core values, align themselves to these changes so that they can prosper in these turbulent times.

2.2.5 Resource Based View of the Firm

Organizational resources are the physical assets, knowledge, processes and capabilities that determine superior organizational performance (Pearce & Robinson, 2008). These resources are either tangible or intangible (Barney, Wright, & Ketchen, 1991; Ombaka, 2014). The intangible assets are more firm-specific and difficult to imitate and contribute more to superior organizational performance compared to tangible resources (Johnson et al., 2008).

The RBV postulates the importance of resources and capabilities as influences of superior organizational performance. (Pearce & Robinson, 2008) defines RBV as a method of identifying firms' strategic advantages based on its distinct combination of assets, skills, and capabilities. RBV argues that an organization's competitive advantage comes from its resources and capabilities (Ortega, 2010). The theory endeavours to determine the value of an organization's resources and capabilities and how organizations can acquire, maintain, deploy and develop resources in a manner capable of establishing and maintaining a competitive advantage (Berman, West, & Ritcher, 2002; Ortega, 2010). Organizational resources are valuable if they meet needs of the customers better than available alternatives, are scarce, drive key portion of a firms' profit and are durable. The RBV has been criticized for not explaining how

organizational resources are developed and deployed to give organizations a competitive advantage (Butler, 2000).

Since inception of strategic management studies, scholars have sought to know why some organizations are more successful than others, sometimes operating in the same environment (Galbreath & Galvin, 2008). This has created two views, one based on industry structure and the other on organizational resources as sources of competitive advantage. Arguments on industry characteristics have however become less relevant, while organizational resources have become the basis upon which organizations compete. RBV is applicable to this study as it examines the influence that hospital capabilities have on organizational performance. In this study, these resources included technology, marketing and managerial capabilities.

2.3 Conceptual Framework

A conceptual framework is a set of concepts or variables that are important in understanding an area of study. These concepts are articulated as independent variables. However, it is crucial that one remains sceptical about the validity and reliability of these variables (Adams, Khan, Raeside, & White, 2007). The independent variables are grouped towards a more holistic theory after review of relevant theoretical and empirical literature and the study of the existing models related to research findings. Extant literature demonstrate that strategic management practices influence organizational performance with mixed research findings.

The first independent variable was the strategic composition of the BoDs. The study examined the size of the BoDs; their independence (inside and outside BoDs); the BoDs' functional and educational backgrounds as well as their chronological ages as indicators for this variable. The second independent variable was the strategic evaluation that examined the suitability of an organizational strategy, its acceptability by various stakeholders, and strategy feasibility (Johnson et al., 2008). Suitability is the screening of a strategy for major flaws and assesses if the strategy is consistent with the

organizational mission. Strategy feasibility examines if an adopted strategy can be funded by an organization and be implemented successfully. Strategic control was the third independent variable, and it is an area of research that is largely neglected despite its potential significance to organizational performance (Ojera et al., 2011). Scott (2000) argued that this could be due to lack of a comprehensive framework. To examine the influence of strategic control practices on organizational performance, the study adopted the Belief control lever model, one of the Levers of Control Framework by (Simons, 1994). Ojera et al. (2011) also used belief control model in his study on the influence of strategic control on organizational performance in the sugar industry in Kenya.

Hospital capabilities was the fourth independent variable, based on Resource Based view (RBV) theory of the firm. The theory suggests that organizations which control rare but valuable resources that are imperfectly imitable and not substitutable have a sustainable competitive advantage (Barney, Wright & Ketchen, 1991). The indicators of hospital capabilities were the influences of technology, managerial and marketing capabilities on organizational performance of mission hospitals. The independent variables were presented on the left side of the conceptual framework described in figure 2.1 below.

The organizational performance of Mission hospitals was the dependent variable. Traditionally, research studies have used efficiency, quality of healthcare service as well as resource mobilization as indicators of organizational performance in hospitals (Chawla & Govindaraj, 1996). This study used the same indicators in examining the influence of independent variables on the dependent variable and was based on the study objectives and review of relevant literature. The conceptual framework is diagrammatically presented in figure 2.1 below.

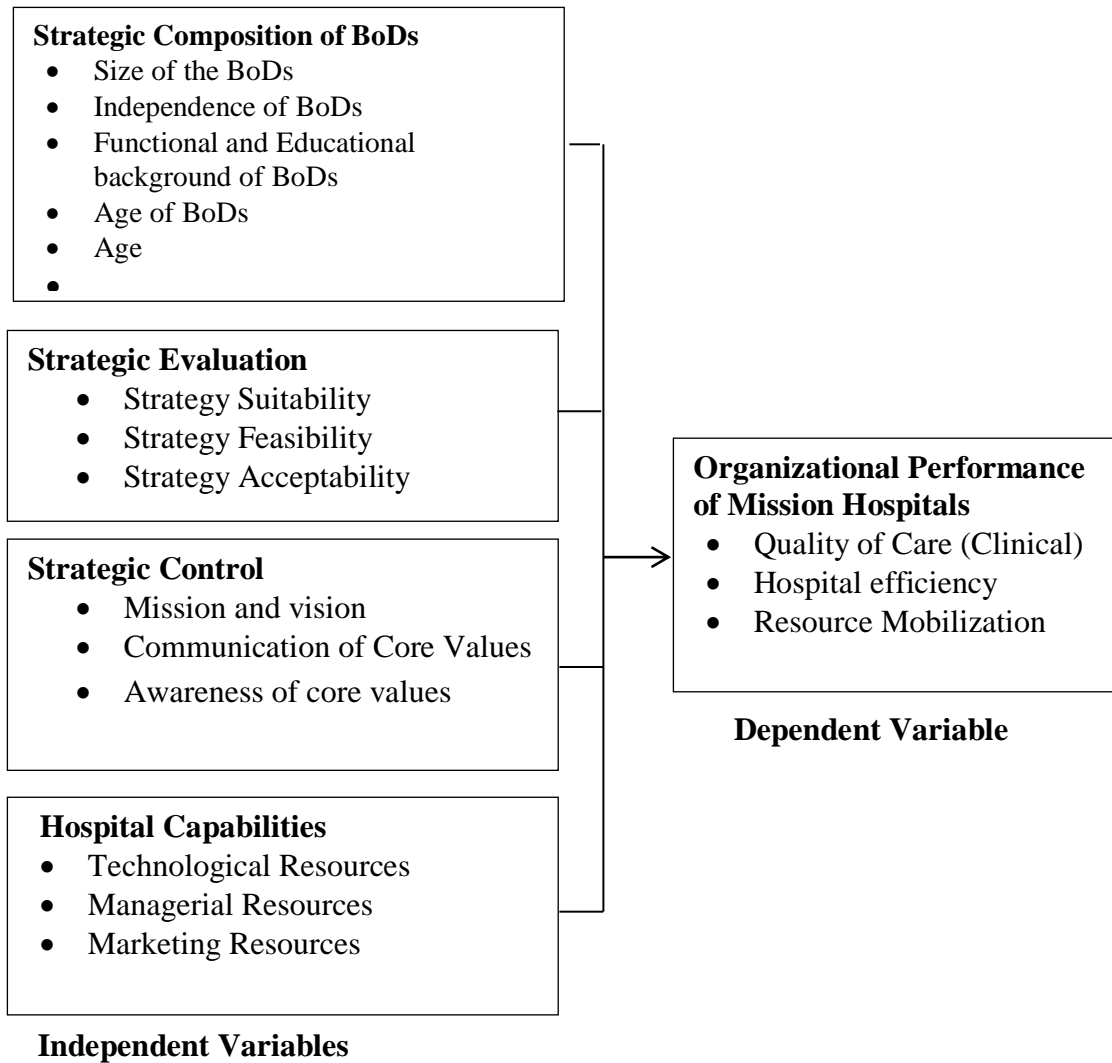


Figure 2.1: Conceptual Framework

2.4 Review of Literature on Variables

This section focused on how the independent variables are related to the dependent variable

2.4.1 Strategic Composition of BoDs and Organizational Performance

The BoDs run the organization on behalf of the shareholders and the strategic composition of the BoDs is an important component of its structure (Heenetigala, 2011). BoDs appoint committees among themselves and delegate certain responsibilities but retain the overall accountability to the shareholders (Mallin, 2013). The committees are important as they look at the delegated responsibility in more detail and can introduce objectivity in areas that have an inherent conflict of interest (Charkham, 2005). Given the importance of the subject and level of research activity, it would be expected that a clear link between the composition of BoDs and organizational performance has been established (Shank, Hill & Stang, 2013). This is not the case, as research studies have been inconsistent and resulted in mixed findings. However, there is a general belief that organizations with good corporate governance have superior organizational performance compared to those with poor corporate governance (Heenetigala, 2011; Shank et al., 2013; Zahra, Shaker & Pearce, 1990).

The strategic composition of BoDs is a mixture of the size of the BoDs, their independence, experiences and their functional backgrounds. It also includes the skills of the BoDs among other attributes (Kamaara, 2014). The mix of BoDs' attributes help them in gathering information and in building knowledge so that they are able to make effective organizational decisions. The non-executive BoDs (outside directors) are believed to monitor management activities better, and that way improve organizational performance. This is because of their independence from influence as they are not employees of the organizations and have no vested interest (Heenetigala, 2011; Ongore, 2008; Valenti et al., 2011). This argument is based on the Agency Theory that assumes that the separation of organizational ownership and control potentially creates a conflict

of interest. Managers act in self-interest at the expense of the shareholders who are not involved in the daily operations of the organization (Heenetigala, 2011; Kamaara, 2014; Ongore, 2008). However, it is generally believed that when BoDs effectively perform their fiduciary roles, organizational performance is improved.

The Stewardship Theory views managers as stewards who maximize shareholders' wealth by improving organizational performance, contrary to assumptions proposed by the Agency Theory that managers work in self-interest at the expense of the shareholders. The Stewardship Theory rejects the assumptions of the Agency Theory and assumes that managers' behavior is pro-organizational and collective, achieving higher utility by serving the organization. It further assumes that managers left on their own will indeed act as responsible stewards of the assets that they control (Heenetigala, 2011; Letting, 2011). The attainment of organizational success also satisfies the personal needs of the managers, who identify greater utility accruing from satisfying organizational goals than through self-serving behaviours (Mills & Keast, 2009). Ranti (2011) suggests that the BoDs appoint and monitor organizational performance of independent auditors and resolve any internal organizational conflicts that may reduce agency costs, that way improving organizational performance.

Previous empirical studies on strategic composition of the BoDs and its influence on organizational performance have focused on the size of the BoDs. According to Private Sector Initiative for Corporate Governance (1999), the size of BoDs in Kenya range between seven and 11 members. An appropriate BoDs' composition has a mix of different ages, gender, geographical spread and team roles (Kamaara, 2014). Ranti (2011) posits that despite developing countries having an appropriate strategic composition of BoDs, they are still faced by challenges in executing their duties as the judiciary and regulatory frameworks are weak.

It is widely agreed that BoDs need to contribute to developing and implementing of organizational strategies (Brauer & Schmidt, 2007). However, there is no consensus on how this should be done. The Committee on the Financial Aspects of Corporate

Governance (1992) identified the monitoring role of BoDs as a strategic management practice that influences organizational performance and argued that strategic composition of the BoDs is an important aspect of its structure. Proponents of small BoDs say that it is effective and efficient, that it is easy to deliberate strategic issues during the BoDs' meetings. Those in support of large BoDs argue in favour of the abundant resources in skills, knowledge, and experience that come with large BoDs and that ultimately improves organizational performance (Kamaara, 2014; Letting, 2011; Ongore, 2008; Ranti, 2011). The BoDs have inside and outside directors; the inside directors are senior employees of the corporation and include the TMTs. Ongore (2008) posits that one way of solving the agency problem is by having more outside directors in the BoDs. The independent directors compel the TMTs to take unbiased strategic decisions and act as referees in implementing corporate governance principles that protect the shareholders' rights and improve organizational performance (Ranti, 2011).

The BoDs' independence, however, becomes less effective in the long term as non-executive BoDs build close relationships with the TMTs (Heenetigala, 2011; O'Sullivan & Wong, 1999). Ranti (2011) posits that the BoDs size can range from small (five or six) to very large boards (over 30). The average board size is between 12 and 14 members (Changanti, Mahajan, & Sharma, 1985; Letting, 2011; Ranti, 2011). Those against large boards say that they are less effective as they take a lot of time in coordinating their activities (Kamaara, 2014; Letting, 2011; Ongore, 2008). They generally believe that that large BoDs' contribute to negative organizational performance because of high agency costs. Some scholars support the idea and suggest that there might be a threshold where the size of BoDs has a negative impact on organizational performance. However there is no empirical evidence on this (Al-Matari, Al-Swidi, & Fadzil, 2014; Postma, van Ees, & Sterken, 2001; Ranti, 2011).

The other variable to consider is the number of outside BoDs (non-executive). Independent board members are defined as all non-management members of the BoDs, appointed as a way of solving the agency problem between shareholders and managers

(Johnson et al., 2008; Letting, 2011). The empirical evidence on the influence of non-executive directors on organizational performance has mixed findings. Lorsch & Clark (2008) demonstrate that non-executive directors contribute to improved organizational performance. Some BoDs have executive directors who double as senior employees of the organization. The executive directors bring valuable organizational specific information to BoDs meetings that improve strategic decisions making. It has been argued that this dual responsibility might, however, create a conflict of interest. Letting (2011) suggests that the same conflict can occur with interlocking BoDs, a situation where a board member serves on many boards of other organizations. Conflict of interest can also arise in a situation where a CEO also serves as the chairman of the BoDs.

Corporate scandals and organizational failures have resulted in massive organizational losses and questioned who is indeed responsible for protecting the shareholders. A study on comprehensive situational analysis of faith-based health services vis a vis government health services conducted in 2007 identified hospital governance as a major weakness (Mwenda, 2009). This study on the influence of the BoDs on organizational performance of mission hospital is therefore justified. Good corporate governance is the duty of BoDs and involves settings performance standards and ensuring their implementation. BoDs select and approve appropriate compensation for the CEOs; evaluate pay dividends; oversee share repurchase programs; approve the company's financial statements and recommend acquisition and mergers (Kamaara, 2014; Private Sector Initiative for Corporate Governance, 1999).

Strategic decision making is crucial in improving organizational performance when it is efficient and effective. Kamaara (2014) observed that the BoDs set the vision and mission of the organization and ensure that all activities undertaken are aligned to the mission. There is a near consensus that effective BODs management contributes to organizational survival and prosperity (Kamaara, 2014; Letting, 2011). The BoDs are the link between management and shareholders in an organization (Mallin, 2013) and

also forms the link between the organization and its external environment, that way providing resources needed for survival (Mallin, 2013). The BoDs create an internal control in organizations by formulating policies that give a general direction that organizations should take (Fama & Jensen, 2008; Letting, 2011; Ongore, 2008).

BoDs sit at the apex of corporate governance and have the ultimate responsibility for guiding and monitoring the strategic decisions taken by managers. Abdulla and Page (2009) posits that the BoDs have a strategic duty of maintaining an organization's reputation and legitimacy. Letting (2011) posits that the BoDs do high-level reviews of strategic plans, monitor their implementation and assess organizational performance. The BoDs have the ultimate mandate of providing strategic alternatives to organizations.

BoDs from developed countries participate more in strategic decision-making than those from developing countries as governance structures are missing; legal and judicial systems are weak, and institutions are not developed (Heenetigala, 2011). Despite this bleak picture, the important influence of the BoDs on organizational performance is taking root in Kenya and BoDs have the ultimate responsibility for enhancing superior organization performance.

2.4.2 Strategic Evaluation and Organizational Performance

In examining the influence of strategic evaluation on organizational performance of mission hospitals, the study adopted the criterion proposed by Johnson et al. (2008). This criterion included strategy suitability, strategy acceptability and strategy feasibility as indicators of strategic evaluation measurement. In strategy suitability, the study examined the fit between strategy and the hospital mission. It assessed how simple the strategy was communicated to stakeholders and how enthusiastic they were about it. It examined how strategy was aligned to skills, competencies, and resources of the hospital. Strengths, weakness, opportunities, and threats (SWOT) analysis is used as a tool by many organizations to establish the suitability of their organizational strategy.

Strategy suitability exploits the strengths of the organization and checks to improve its weaknesses (Johnson et al., 2008).

In strategy feasibility, the study examined how a hospital strategy was successfully implemented, and how it coped with environmental changes in the industry. The study examined the funding and how the hospital coped with competition. In strategy acceptability, this study examined how strategy satisfied the expectations of stakeholders. The discussed constructs are context free and were applied to all the hospitals located in their different environments.

Strategic evaluation examined how appropriate organizational objectives were, and how organizational performance confirmed or refuted the critical assumptions on which the strategy was set (Stacey, 2010). Rumelt (1980) posits that strategy should satisfy four broad criteria. Firstly, goal clarity, that a strategy should not present mutually inconsistent goals. The author suggested that a strategy that presents organizational goals and policies that are inconsistent should be rejected. Secondly, the strategy must be adaptive to the external environment and to critical changes occurring within the organization - a concept the author referred to as consonance. An effective strategy should also create a competitive advantage. Moreover, a strategy should have feasibility that an organization should have resources and competencies that help deliver its strategy. A strategy, therefore, needs to be evaluated against these criteria and considered flawed, if it does not meet all these conditions.

Silvi et al. (2015) suggested that strategic evaluation helps organizations to focus on long-term performance goals. It also helps communicate the strategy to the whole organization, predict future financial performance and enhance strategic alignment with organizational learning among others (Dossi, Patelli, & Zoni, 2010; Silvi et al., 2015). A study on strategic evaluation systems of 88 medium to large sized organizations in Italy found that most organizations use the short-term financial indicators that are internally focused and unconnected, while those that use financial and non-financial strategic

evaluation systems do not have a fully developed fit with the strategy (Teeratansirikool et al., 2013).

The success of an organization depends on the quality of its strategy and therefore, it is crucial to periodically evaluate the quality of an organizational strategy. Strategy can sometimes be suboptimal, ineffectual or even harmful to an organization's mission (Hastings, 1996). It is important to quantitatively and qualitatively evaluate a strategy periodically and align it to the mission of the hospital. This is because strategic decisions are difficult to reverse and sometimes impossible once they have been implemented. An inappropriate strategy may not only fail to yield expected organizational results but may also result in disaster.

The question of whether an organization is well positioned to achieve its intended strategy has been in strategic management for a long time. Some organizations evaluate strategy through financial ratio analysis, others through time series analysis and others through operation research methods (Hastings, 1996). These strategy evaluation methods have however been widely criticized that they evaluate the quality of strategy in terms of financial returns and not in the achievement of organization's mission. Some other strategic evaluation approaches examine the internal factors of the organization while others looked at the external environmental factors only. SWOT analysis is commonly used to evaluate if strategy is appropriately positioned for economic and competitive environment (Johnson et al., 2008).

Strategic evaluation should be done early in the implementation process (Hastings, 1996), so that the strategy can be changed or modified if it is seen to be inherently bad or less beneficial than an alternative one. Strategic evaluation is a powerful tool for strategic deployment. Despite its importance, the methods of strategic evaluation have not kept pace with the rapid changes in the environment. The financial indicators used by many organizations focus on past achievements, yet in a highly dynamic environment, past performance is not an indicator of an organization's future success (Saad, 2001). In a public service industry, the primary goal is service delivery and not

profit maximization and therefore financial indicators are insufficient for strategic evaluation. This necessitates the need for strategic evaluation measures that address current strategy, sustainable growth and improved organizational performance (Johnson et al., 2008).

Strategic evaluation reflects on internal and external changes in the environment, and enables organizational objectives to be reviewed, changed and given priorities (Chalmeta et al., 2013). It is just as important as strategy formulation; as it throws light to the efficiency and effectiveness of strategic plans in achieving the desired organizational performance. It coordinates activities by managers, groups and hospital departments by assessing their performances and providing feedback that helps in judging the validity of a hospital's strategy. It also helps in hospital appraisals and consequently in giving organizational rewards. Strategic evaluation ensure that hospital schedules are being adhered to, and resources are utilized efficiently.

This study examined how strategic options are evaluated in helping mission hospitals reinforce their strategies, revise them or select new ones. Previous research studies found out that knowledge on specific evaluation systems in practice and their effectiveness in the decision-making are still fragmented and ambiguous (Johnson, Reckers, & Bartlett, 2014; Silvi et al., 2015). According to Teeratansirikool et al. (2013) research studies have progressively emphasized the role of strategic evaluation in enhancing strategy development and implementation and are used as the yardstick to determine the rewards and compensation for managers.

In a study on competitive strategies and organizational performance, the mediating role of performance measurements, Teeratansirikool et al. (2013) suggested that an organization ultimately leads to superior organizational performance when appropriate. Moreover, strategic evaluation is an essential step in guiding an organization and must be done in a timely manner; as by the time strategic opportunities and threats affect operations of the organization, it might be too late to respond to them. A suitable strategic evaluation process should ensure the following aspects are in place: strategic

plans with a combination of short term and long-term horizons, an integration of financial and non-financial measures, internal and external environment viewpoints, and the presence of a forward-looking future among different measures and perspectives included in the system (Chenhall, 2005; Gimbert & Bisbe, 2010).

Research studies have analysed the effectiveness of many evaluation systems (Chenhall, 2005; Silvi et al., 2015) and none of these systems have all the required characteristics (Dossi et al., 2010)). Kaplan & Norton (2001) suggested that non-financial performance measures are better predictors of long-term organizational performance. Research studies are inconclusive on whether strategic evaluation is associated with organizational performance and this motivated this research study (Teeratansirikool et al., 2013)

2.4.3 Strategic Control and Organizational Performance

Globally, businesses are focusing on strategic control practices to ensure their sustainability (Ojera et al., 2011). Strategic control practices are concerned with shaping the organizational behaviour and the context within which managers operate (Johnson et al., 2008). Furthermore, strategic control creates synergy for different business units, defines overall strategy and rules of engagement, setting standards for organizational performance.

Strategic control guides strategy implementation when the results are still several years away. They help managers to ensure that employees' creativity and innovation ultimately benefits the organization and TMTs understand the planned reality. In the past, strategic planning practices were considered as determinants of superior organizational performance, but it is strategic control practices that determine and communicate what organizational outcomes are to be achieved.

Many changes occur in organizations during strategy implementation with major implications for their ultimate success (Pearce & Robinson, 2008). Kuye (2013) suggests that the increase in globalization of markets and rapid technological progress has exerted

pressure on organizations to improve their profits by devoting resources to corporate innovations. The study suggested that good strategic control practices are tools that ensure improved implementation of strategic plans and superior organizational performance.

In examining the influence of Strategic control practices on organizational performance of mission hospitals, this study adopted the Belief Lever Control model, one of the 4 levers of control framework (Simons, 1994; Tavakol & Perks, 2001; Tuomela, 2005). Ojera et al. (2011) posit that Simons' lever of control framework is regularly used in strategic control research. The author used the Belief Control system in his study on Belief Control practices and organizational performance in the sugar industry in Kenya. Simons (1994) levers of control framework is based on four levers that control different areas of the organization but work simultaneously to ensure superior organizational performance.

The Belief Control practices enhance organization's core values and encourages search for more opportunities based on these values (Kuye, 2013). Managers formally communicate core values to stakeholders and give a general direction to the organization. Belief lever of strategic control argues that the practice will help organizations to search for new ways of creating value (Kuye, 2013; Ojera et al., 2011; Simons, 1994; Witcher & Chau, 2007).

The Boundaries Control lever is the second in Levers of control framework and focus on reducing the risk of doing business. This is done through a code of conduct that sets limits to undesirable behaviours in organizations. The diagnostic control lever is the third one and focuses on a formal information system that monitors organizational performance by use of critical success factors. The fourth is the interactive lever of control that is used to monitor environmental uncertainties, create new knowledge and align the organization accordingly (Simons, 1994)

Tavakol and Perks (2001) model looked at 5 levers of strategic control that were referred to as premises. The first lever is the planning premise established during the strategic planning stage and systematically checks on the environment to ensure that the initial premise adopted in the planning stage is valid. A SWOT analysis is conducted to demonstrate environmental changes that may have taken place. Key success factors are the second premise that focuses on circumstances, events, and actions that require special attention by organizations as key to superior organizational performance. Competitive advantage is third premise that focuses on variables that promote their competitive advantage. The other two premises are the strategic goals and strategic capabilities models

Pearce and Robinson (2008) suggest four basic types of strategic control practices including the premises control, implementation control, strategic surveillance and special alert control. The premise control is designed to systematically and continuously check that the premises set during strategic planning are still valid. If a vital premise is violated, the organizational strategy should be changed. The implementation control checks if the overall strategy should be changed due to unfolding events during strategy implementation. The strategic surveillance monitors a broad range of changes taking place in the environments that are likely to threaten organizational performance. The special alert control prompts organizations to quickly change their strategy if there are sudden unexpected changes in the environment.

Majority of organizations have doubts about the effectiveness of strategic planning without a corresponding strategic control measures in place. Horovitz (1979) posits that strategic planning without strategic control measures can render such strategic plans ineffective. Ojera et al. (2011) assert that strategic control is still at its embryonic stage and organizations that are beset by environmental turbulence can indeed benefit from strategic control practices. McKinsey (2009) posits that the global economic recession of 2008 shook businesses because of their inability to see the future and build organizations that can prosper in any possible future. Strategic control is a counterpart of strategic

planning and ensures that organizational performance is as close to the intended outcomes as practically possible.

Kuye (2013) posits that strategic control practices require managers to go beyond internal operations and examine the industry and general environment. Hoskinsson, Hitt, Johnson, and Grossman, (2002) suggest that there is little in terms of strategic control practices in emerging economies. Despite extensive literature on strategic control, there is little evidence on its actual or perceived effectiveness, overall usefulness, and impact on organizational performance. Research studies have findings that are inconsistent (Henri, 2006; Otley & Bisbe, 2004). While empirical data demonstrate increased adoption of strategic planning practices, there are no strategic control practices to match this increase in organizations.

Ruefli and Sarrazin (1981) suggest that strategic control is about superior organizational performance and how well organizations will perform in future. Furthermore, strategic control focuses on the achievement of future goals rather than past achievements. This is because it takes a long time before the expected strategic results are achieved, by which time it will be late to make any changes in the organization.

Strategic control has a set of standard elements that include articulation of strategic outcomes, strategic activities, methods that track progress made and an effective method to track progress. Strategic control is especially important for organizations operating in an environment with rapid changes and that is complex in nature (Goold, 1983). Bakar et al. (2011) posits that strategic planning emphasizes the ability of an organization to dominate its environment, but strategic control emphasizes the ability of the organization to negotiate outcomes with its environment and to adapt to environmental changes. Strategic planning puts emphasis on forecasting and therefore the influence of the environment, but strategic control allows strategic decisions to go on even with incomplete information. Strategic control practices are tools for improving the implementation of strategic plans and organizational performance (Ojera et al., 2011).

Kuye (2013) suggested that strategic control facilitates an organizational climate with more open reporting of its data and increased willingness to share sensitive information, which offers more constructive alternatives to traditional hierarchical control. It helps to determine the degree to which strategies fulfil the goals and objectives of the organization and plays a vital role in the success of strategy implementation. Strategic control practices motivate managers to be committed and stick to a strategic plan.

2.4.4 Hospital Capabilities and Organizational Performance

Since the inception of strategic management studies in the 1950s, scholars have sought to know the determinants that make some organizations more successful than others, sometimes in the same industry (Galbreath & Galvin, 2008). This quest has created a bifurcated view, one on industry structure and the other on specific organizational resources as determinants of superior organizational performance. Arguments on industry structural characteristics have become less relevant, while organizational resources are becoming the basis upon which organizations compete (Karabag & Berggren, 2013). Extant literature however show that organizational characteristics alone cannot explain variance in organizational performance (Hawawini et al., 2005).

There has been a major change over the last two decades regarding organizational performance variation, from industry's specific to organization-specific factors (Ortega, 2008). This is based on the RBV theory of the organization. Wernerfelt (2007) coined the term Resource-Based View of the firm. RBV theory provides the theoretical framework for determining which resources in organizations generate sustainable competitive advantage and return above normal rates of return (Ortega, 2010). Barney et al. (1991) posits that the resources enable sustainable competitive advantage if they are rare, valuable and inimitable, as well as non-sustainable. The RBV holds that superior organizational performance is driven by internal and not external factors and that strategy is a result of a careful evaluation of organizational resources (Wang, Dou & Zhou, 2015).

Resources refer to assets that organizations access and control. These resources are either tangible or intangible (Ahuja & Katila, 2004; Barney et al., 1991; Ombaka, 2014). These are assets, knowledge, capabilities and organizational processes (Pearce & Robinson, 2008). They include land, factories, raw materials and machines for tangible assets and employees' knowledge, experience, skills, organizational reputation as well as brand name for intangible resources (Johnson et al., 2008). The intangible assets are more organizational-specific and difficult to imitate, contributing more significantly to superior organizational performance.

The RBV theory suggests the importance of resources and capabilities as influences to superior organizational performance. Pearce and Robinson (2008) define RBV as a method of identifying organizations' strategic advantages based on its distinct combination of assets; skills; capabilities; and intangible assets. The main argument in RBV is that organization's competitive advantage comes from its resources and capabilities rather than its products and markets (Ortega, 2010).

This view endeavour to determine the value of organizations' resources and capabilities and how organizations can acquire, maintain, deploy and develop resources in a manner capable of establishing and maintaining competitive advantage (Berman, West & Ritchter, 2002). Organizational capabilities are not specific inputs (Pearce & Robinson, 2008) but skills, organization's ability to configure and deploy resources to improve organizational performance and achieve its strategic goals (Teng & Cummings, 2002). Ortega (2008) posits that capabilities are lower order functional, operational or technical capabilities that include different forms of knowledge, individual skills, and relationships that are embedded in the organizational culture. They enable an organization to take the same input factors as rivals and convert them into products and services with greater efficiency and quality.

Resources of the organization are more valuable if they meet the needs of the customers better than alternatives, are scarce, drive key portion of an organization's profit and are durable. The key is to identify resources that provide the basis for future competitive

advantage. An organization has a competitive advantage when its superior market position creates conditions for performance outcomes to those of competitors (Eiriz, Barbosa, & Figueiredo, 2010).

Capabilities refer to an organization's ability to deploy and configure those resources to improve their productivity (Teng & Cummings, 2002). Ortega (2010) argue that capabilities can further be divided into specific skills and specialized capabilities and that they constitute individual skills, tacit forms of knowledge and social relations that form an organizational culture.

Previous studies show relationships between technology and organizational performance (Coombs & Bierly, 2001; Ortega, 2010). This relationship is broadly seen as an essential component of competitiveness embedded within the structure of the organization, its processes, products, and services. Indeed, technology is believed to improve organizational performance and innovation. Marketing and managerial capabilities also demonstrated relationships between them and organizational performance.

The operationalization of resource constructs is inconsistent and often controversial (Hoopes, Madsen, & Walker, 2003). To establish the influence of resources, this study examined the influence of hospital capabilities on organizational performance of Mission hospitals. It examined the influence of hospitals' core competencies on organizational performance that Pearce and Robinson (2008) defined as key building skills. Galbreath and Galvin (2008) used technological capabilities as a moderating factor in their study on competitive strategies and organizational performance.

Advanced technology tools provide high quality healthcare services, faster, accurate diagnosis and treatment. The procedures are less invasive, enabling patients' quick recovery and discharge from hospitals even after major surgery. Information technology plays a crucial role in advancing healthcare and improving treatment. Managerial capability focuses on organizational structure and its efficiency, skills of the employees and administrative procedures. It includes hospital's strategic planning activities. Theuri

et al. (2014) opine that strategic planning is a good management practice that contribute to organizational performance. Marketing capability is about relationships that hospitals have with stakeholders and the marketing knowledge that they possess.

2.4.5 Organizational Performance

Measurements are central to quality improvements and define what is done by hospitals and compare that with original plans to identify areas of improvement. Organizational performance is depicted on the right-hand side of the conceptual framework (figure 2.2) as a dependent variable. Three performance indicators were used to measure organizational performance in this study, quality of healthcare, hospital efficiency; and resource mobilization.

The organizational performance in hospitals is mainly examined through its capacity to deliver high-quality clinical care at minimum cost (Chawla & Govindaraj, 1996; Shaw, 2003). This study adopted two performance indicators to measure quality of healthcare. The length of hospitalization, measured by the average number of days a patient remained in the hospital between admission and discharge. The other indicator was bed turnover rate, the average patients admitted in a bed per year. Bed occupancy rate was used as measure of organizational performance, the total hospital beds occupied in a year.

The hospital efficiency was measured by the average length of waiting time at the outpatient department before the services were provided. It was also assessed by the number of follow-up visits to hospitals clinics after discharge, and meetings held to improve the quality of hospital services and access to its services. These indicators are recommended by (HIQA, 2013).

Resource mobilization focused on appropriateness of human resources, staffing and consultant doctors required for specialized procedures. The performance indicators adopted were the scope of healthcare services provided by the hospitals, organizational

structures and capabilities required in delivery of healthcare service. Mwangi (2015) in his study on effects of competitive strategies on performance of mission hospitals conducted at Kijabe Hospital, used profitability, market share, customer service, and number of employees, as well as recognition by relevant professional bodies as performance indicators. Eiriz et al. (2010) in a study of a conceptual framework to analyse hospital competitiveness for Portuguese hospitals used efficiency and effectiveness to analyse hospital performance.

Other indicators of organizational performance identified in extant literature include access to healthcare care service and equity (Kruk & Freedman, 2008). These indicators are however suited to examine organizational performance at industry and country levels, and not at the organizational level as is the case in this study.

Managers are judged based on their organizational performance (Murphy, Trailer, & Hill, 1996) making it an important concept in strategic management research. Porter (1980) defines organizational performance as above average rate of return sustained over a period of time. Balta (2008) observes that organizational performance is multi-dimensional and proposed three levels of organizational performance. The study suggests that financial performance is the core performance indicator in organizations. Ongore (2008) supports this view and suggests that superior organizational performance is based on increased profitability and efficiency in an organization.

2.5 Empirical Literature Review

Various research studies have looked at influence of strategic management practices on organizational performance in different industries. Generally, strategic management can improve the efficiency of an organization and in turn enhance superior organizational performance. Bakar, Tufail, Yusof and Virgiyanti (2011) conducted a study on implementation of strategic management practices in Malaysian construction industry. The study found that strategic management practices increased the performance of organizations in their operations and administration. The study emphasized that

application of strategic management practices helped organizations to enhance their performance through improved effectiveness, efficiency and flexibility.

This study specifically looked at the influence of strategic composition of BoDs, strategic evaluation, strategic control and hospital capabilities on organizational performance of mission hospitals. This section will outline and critique previous research studies done in these areas.

2.5.1 Strategic Composition of the BoDs

The study examined the size of the BoDs, the executive and non-executive BoDs, functional/ professional specialization, the age and gender of BoDs. BoDs are composed of executive and non-executive directors. Executive directors are full time employees of organizations, while non-executive directors are outsiders and considered independent from influences of TMTs. Previous studies have shown that only a few cases have a positive relationship between either executive or non-executive BoDs and organizational performance, and even in the most competitive stock markets, hardly do organizations consistently provide superior returns (Abdullah & Page, 2009).

A review of 85 empirical studies composed of more than 200 samples found no compelling evidence supporting a positive relationship between the strategic composition of BoDs and organizational performance (Valenti et al., 2011). However, Lorsch & Clark (2008) found that independent directors improved organization performance. Proponents of independent (outside) directors regard them as professional referees who ensure that competition among insiders stimulates actions consistent with shareholders' value maximization (Fama & Jensen, 2008; He & Sommer, 2010; Kamaara, 2014). Those in support of inside directors consider the valuable organizational knowledge that is very specific to deliberations during the BoDs' meetings. This helps in improving strategic decision-making in organizations, and subsequently the organizational performance.

Wang and Oliver (2009) conducted a study on the relationship between composition of BoDs and performance variance for Australian organizations. The results showed that affiliated and independent directors have no significant effect on the level of organizational performance variance and casted doubts on the importance of strategic composition of the BoDs. However, Postma, van Ees, and Sterken (2001) in a study on relationship between BODs composition and performance of Dutch listed organizations found a negative relationship between the size of BoDs and organizational performance.

Monitoring of TMTs in organizations by BoDs is enhanced by their sizes. Some support big BoDs and suggest that big BoDs have more problem-solving capabilities (Baker & Anderson, 2010; Postma et al., 2001). Letting (2011) however, argues that large BoDs can be ineffective considering the coordination challenges that they experience. Al-Matari et al. (2014) posit that there could be a threshold where BoDs size could have a negative effect on organizational performance. Yermack (1996) found a strong negative relationship between organizational performance and size of BoDs. Private Sector Initiative for Corporate Governance (1999) is in support of a board of between 7 and 11 directors.

Clark and Huckman (2009) in a study on specialization in the hospital industry concluded that there was a strong connection between specialization and performance at the level of an operating unit and the firm. The study recommended in support of specialization in the hospital industry with intent of improving organizational performance. Valenti et al. (2011) in a study of the effects of firm performance on corporate governance found a negative initial change in organizational performance that was significantly related to in overall number of directors and a decrease in the number of outside BoDs. The study was therefore in support in large BoD, with high representation of outside directors.

Kamaara (2011) in a study on relationship between board design and roles on commercial state corporations in Kenya, found that the level of education, age and specialization were statistically significant factors to organizational performance in

commercial state corporations. The study also found that board size, gender and independence of appointment of directors were statistically significant factors and contributed to organizational performance.

Letting (2011) examined the relationship between BoDs attributes and strategic decision making and corporate performance of firms listed at the Nairobi Stock Exchange. The study found that, the average number of BoDs in Kenya for the listed companies was 9, and an average age of BoDs members being 56 years old. The BoDs were dominated by male board members at 93%. Most BoDs had specialized in Business Administration, Finance and Accounting, with a combined effect of 43%. The study supported the presence of executive directors in the BoDs with a significant relationship between the number of executive directors and ROA.

2.5.2 Strategic Evaluation

Strategic evaluation is perhaps the least researched part of strategic process, but still very crucial in assessing the success of a strategy. The extant literature contains many cases of business failure, yet problems would have been detected earlier and corrected if the strategic evaluation had been adopted.

Emmett and Tayler (2013) suggests that people have powerful motivations that influence their beliefs and judgments and can lead to disastrous business outcomes when crucial decisions on selection and evaluation of strategy are biased. Pun and White (2005) and Sinclair and Zairi, (1999) opine that strategic evaluation is aimed at determining how successful enterprises are in achieving their goals. Chenhall (2005) asserts that strategic evaluation identifies integrated information as a key dimension which assists managers in delivering positive strategic outcomes. The information retrieved from strategic evaluation must be accurate, timely, relevant and easily accessible to those who require it. Furthermore, the strategic evaluation must be designed to reflect the most important factors influencing the productivity of different processes in enterprises. Indeed, the

definition of strategic evaluation will differ from one company to the other based on this (Tangen, n.d.).

Performance contracting is used in the public sector in Kenya to define responsibilities and expectations between parties to reach mutually agreed results. It is used to assess the key performance indicators and can therefore, be referred to as strategic evaluation process (Makkonen & Olkkonen, 2013). In a study of perceived link between strategic planning and performance contracting, Choke (2006), found that performance contracts act as tools that help organizations achieve their set objectives. Kiboi (2006) found that there was an improvement in organizational performance for organizations that adopted performance contracts and therefore had a strategic evaluation system in place. Gathai, Ngugi, Waithaka, and Kamingi (2012), in support of performance contracts argued that what gets measured gets done and that strategic evaluation resulted in superior organizational performance.

Okibo and Masika (2014) posit that organizations have seen the need to adopt well-crafted strategic plans and that monitoring of these plans is a critical element of this process. It enables stakeholders to get feedback about organizational performance and monitor strategy implementation. Monitoring of strategic plans plays a critical role in organizations' strategy development and strategic evaluation. The study recommended that sufficient resources should be availed to ensure that strategic evaluation is adopted in organizations and effectively implemented.

Theuri et al. (2014) examined the determinants of value addition in the seafood industry in developing countries. The study suggested that strategic evaluation provides input for future decision making. Strategic evaluation practices ensure that strategies are topical, relevant and at a cutting edge. Saad (2001) found that the organizational performance differs as a function of the criteria used, weight assigned, and the meaning given to each criterion. The study found that using the same criterion with different weights resulted in different outcomes for the same organizational performance, a finding that has important implications for practitioners of strategic management.

2.5.3 Strategic Control

Previous studies on the influence of strategic control practices on organizational performance in developing countries are limited (Baysinger & Hoskisson, 1990; Ojera et al., 2011). However, many studies on strategic planning practices and their influence on organization performance have found a positive relationship between them and organizational performance (Theuri et al., 2014). Strategic Control is a counterpart of strategic planning and it would be expected that its relationship with organizational performance is also positive, and that it contributed to superior organizational performance.

However, Ojera et al. (2011) suggested that studies done on strategic control gave mixed results and were inconclusive. Horovitz (1979) did a study on strategic control: A new Task for Top Managers in UK, Germany, and France and found that TMTs still focused on short-term operational performance indicators. The study suggested that while Managers focus on long range planning, organizations have doubts about the effectiveness of such planning methods. Strategic control is a counterpart of strategic planning and its objective is to take corrective measures when the objectives defined in strategic planning are different from organizational performance (Horovitz, 1979). Gaithuma (2009) in a study of strategic control practices for faith-based organizations in Nairobi, found that there must be a prior expectation for strategic control to work. Ojera (2011) researched on strategic control practices in sugar industry and found limited use of strategic control practices. The study suggested that strategic control, and especially the belief lever of control has attracted interest with organizations in communicating the core values in order to search for more opportunities to address customer needs.

Kuye (2013) found a statistically significant relationship between strategic control and corporate entrepreneurship but noted significant differences for organizations whose strategic control was low. The practical implications of the findings were that manufacturing organizations that were attempting to become more entrepreneurial required to embrace strategic control practices. He quoted Goold and Quinn (1993) who

asserted that strategic control practices play a vital role in improving organizational performance. Strategic control practices establish precise plans, guides managers on what exactly needs to be done and provide motivation and commitment for strategic planning process.

Eid (2002) posits that changes in the business environment are likely to affect organizational performance and the attributes of a strategic plan. Such attributes may include feasibility, consistency, capabilities, reliability and validity which reduce their ability to strategic business objectives. It is therefore necessary to adjust organizational strategies in tandem with changes in the environment. A strategic plan that does not have a strategic control system to review and improve its efficacy will not perform to its full potential. Strategic control introduces a strategic stretch that help TMTs to take timely strategic actions facilitated by early warning signs that business is deteriorating. Kamau (2013) suggested that strategic control practices need to fit the overall strategic plan for them to improve organizational performance. In a study of strategic control practices employed by Syngenta Pollen Company, Kamau (2013) suggests that the stakeholders need to be involved and that strategic control practices need to be flexible and change in tandem with changes in the environment.

2.5.4 Hospital Capabilities

Galbreath and Galvin (2008) posit that in the quest to understand the determinants of organizational performance, two views have been created one supporting the industry structure characteristics and the other supporting organization-specific resources. In their study on firm factors, industry structure, and performance variation, they found that resources are more important than industry structure variables in explaining organizational performance variation. The findings created two competing theories of organizational performance variation with important implications for management practice. The first view is that, if resources are the most important determinants of organizational performance, should managers then be concerned about industry

structure, and if industry structure is the prime determinant of organizational performance, how much attention should be paid to resources?.

Makkonen and Olkkonen (2013) in a study of dynamic capabilities and organizational performance in financial crisis found that adoption of new technologies and new business models are likely during the recession due to lower opportunity costs. Leonidou, Katsikeas and Samiee (2002), in a study on marketing strategy determinants of export performance: a meta-analysis, found that although many marketing strategy variables demonstrated positive effects on an overall export performance, the relationship is not always significant, and that time of study, geographical focus and product type had limited impact on export performance. Raos and Cruiz (2015) conducted a study on organizational service capabilities and organizational performance: contingent analysis of customer contact and focused on organizational, marketing, managerial and service quality capabilities. The study found a positive relationship between all these variables and concluded that service management should differ depending on the level of customer contact that service organization require.

Hospital resources can be assessed through different indicators. Among these indicators are the number of beds, number of doctors, and nurses in a hospital. The hospital capacity can be measured through the number of available equipment and surgeries done. Eiriz et al. (2010) in a study on a conceptual framework to analyse hospital competitiveness found that quality of healthcare and its delivery are the most important determinants of hospital performance. Tuckman and Chang (1966) found that resource-based quality improvement is a strategic determinant of superior organizational outcome in hospital performance; intended to improve both the quality of the product and image of the hospital. Construction of physicians' office buildings next to the hospital, investment in high technology diagnostic equipment, highly trained doctors, nurses and other technicians, provision of adequate hospital beds and high technology laboratories were some of the strategic determinants identified in this study.

2.6 Critique of Existing Literature

Most of the previous research studies on influence of strategic management practices on organizational performance have been done in the developed world, especially in the USA and Europe. The socio-economic environments are different from those of SSA and therefore not appropriate to generalize the result findings (Kamaara, 2014). Research studies on influence of strategic composition of BoDs on organizational performance have given mixed and inconclusive results.

Khan and Awan (2012) in a study of listed firms in Pakistan found a significant relationship between strategic composition of the BoDs and organizational performance. Postma et al. (2001) in a study of the listed companies in Netherlands did not find a relationship between the strategic composition of BoDs and organizational performance. Mulili and Wong (2011) and Kamaara (2014) suggest that there is a need for further research studies on influence of strategic composition of the BoDs and organizational performance in different industries in developing countries.

On strategic evaluation, there is inadequate literature on monitoring and strategic evaluation of strategic plans as compared to evaluation of projects. Okibo and Masika (2014) argue that most research studies in strategic planning focus on strategy formulation and implementation, leaving out other sections of strategic planning process. In this regard, there is a need to therefore focus on strategic evaluation and strategic control. The relationship between strategic planning and organizational performance has been studied but the importance of strategic evaluation has been left out. This study argued that while it is important to select a good strategy, strategic evaluation would significantly improve organizational performance.

The theory of strategic decision making has traditionally been dominated by a planning orientation (Ruefli & Sarrazin, 1981). While this paradigm has been relevant in the past, business uncertainty, turbulence and quest for competitive advantage has created a new paradigm shift. Strategic control grounds organizational performance on a strategic

criterion which includes customer satisfaction, product innovation and achievement of quality control systems (Kuye, 2013).

Most studies in strategic control have been done in the developed economies and have not focused on the healthcare industry. This study examined the influence of strategic control practices on organization performance of mission hospitals. Ojera et al. (2011) posits that strategic control is still at its embryonic stage and it is therefore, understandable why there is limited literature in this area in SSA.

The field of strategic management has undergone a major shift in focus regarding the explanations of organizational performance variation from industry specific factors to organizational-specific factors (Galbreath & Galvin, 2008). The literature on RBV holds that organizational performance is driven by internal factors of the organization and not external factors. This study examined hospital resources as a strategic determinant to superior organizational performance for mission hospitals. RBV provides a theoretical framework for determining which resources and capabilities generate sustainable competitive advantage and lead to superior performance (Ortega, 2010).

Mokua (2013) suggests that 54% of the population lives in abject poverty and that there is need to examine major determinants of superior hospital performance as a way of poverty alleviation. Mission hospitals contribute 43% of health service delivery in developing countries and need to change their business models to survive and thrive. This study examined the influence of hospital capabilities on organizational performance of mission hospitals in Kenya and added to strategic management literature in this area of study.

2.7 Research Gaps

The theoretical and empirical literature reviewed indicate that despite extensive research studies on strategic management practices on organizational performance, the findings are mixed and inconclusive. There is also limited empirical literature on mission

hospitals and knowledge on their organizational performance is limited and inadequate. This has been attributed to lack of high level strategic focus that include strategic planning, governance, strategic control and funding, requiring further research study in this area. This research study has discussed several research gaps that it attempted to fill.

Kamaara (2014) suggested that BoDs' structures, existing theories and analytical frameworks are now well documented. The adoption of these structures has not prevented financial scandals and organizational failures witnessed in organizations today. This anomaly motivated the need for further research on strategic composition of BoDs and their influence on organizational performance.

Kimando, Njogu and Sakwa (2012) in a study of competitive strategies employed by private universities in Kenya established that the universities have embraced technology as a strategic management determinant to superior performance. They strongly supported the introduction of e-learning and virtual schools to advance competition in private universities. They believed that this will increase enrolment; enhance learning and the ease of admission criteria. The study, however, did not look at the influence of governance on organizational performance of private universities. The aspect of the composition of the BoDs and their influence on organizational performance was covered in this study. Governance had been identified as challenge for mission hospitals in Kenya by CHAK (2009).

Diab (2014) did a study on the competitive dimensions to achieve competitive advantage for Jordanian private hospitals. The study established that private hospital used to cost, flexibility, and service delivery as competitive dimensions and considered them as the strategic management determinant for superior performance. These determinants used at different levels increased the quality of healthcare service that was provided in private hospitals in Jordan. The influence of the strategic composition of the board of directors; strategic evaluation; strategic control and hospital capabilities were however not studied. These areas were covered in this research study.

Muga et al. (2005) in a study of the overview of health systems in Kenya looked mainly at the public hospitals. The researchers defined health in a broad sense as not just the absence of disease, but also general mental, physical and social well-being. In their definition, the environment in which people live, including access to nutritious food, safe water, sanitation, education and social cohesion also determines health. The mission hospitals serve the low and medium income groups of the population; majorly in the rural areas where many of them are located. Their study only focussed on public hospitals and did not examine strategic management practices and their influence on organizational performance. This research gap was identified and covered in this study that examined the influence of strategic management practices on organizational performance of mission hospitals.

Ojera et al. (2011) conducted a study on the relationship between belief control practices and organizational performance for the sugar industry in Kenya. The researcher was motivated by poor organizational performance in the sugar industry because of deregulation. The study found that belief control practices are moderately prevalent in organizations in the sugar industry and had a significant positive relationship with organizational performance. The study underscored the need for employees to be involved in organizational strategy process; the core values and the design of strategic control in tandem with changes in the business environment. The study focussed on a single lever of strategic control framework to do his empirical analysis in the sugar industry. The study recommended further research in other industries, a research gap that had been identified. This study focussed on mission hospitals in Kenya in an attempt to further knowledge in strategic management. Belief lever, one of the Levers of Control Framework was used to do the analysis in this study as well.

Kuye (2013) studied strategic control and corporate entrepreneurship, an empirical study of the manufacturing firms in Nigeria. The study found a statistically significant relationship between strategic control and corporate entrepreneurship as well as significant differences between firms whose strategic control was low and

entrepreneurship firms whose strategic control was high. The research findings are significant, coming from an African country and can, therefore, be generalized in the Kenyan context. Manufacturing industry in Kenya is in its infancy and this study encouraged more entrepreneurship practices in the industry. Strategic evaluation, governance and resources for competitive advantage were not examined. This study examined these strategic management practices and their influence on organizational performance in an attempt to fill this research gap.

Dibrell et al. (2014) examined strategic planning process, planning flexibility and innovation as determinants of organizational performance. Strategic planning and flexibility were statistically associated with organizational performance. Innovation was found to fully mediate the relationships between organizational performance and the formal strategic planning process and planning flexibility. The study was conducted in the USA, which is a different socio-economic environment. It is therefore not suitable to generalize the result findings in a developing country like Kenya. The study did not examine strategic evaluation, governance; strategic control and resources as determinants of superior organizational performance creating a research gap. These strategic management practices were covered in this study in an attempt to fill this research gap.

Wang, Dou, Zhu and Zhou (2015) studied the effect of organizational capabilities on external collaboration and performance; the moderating effect of market turbulence. The study suggested that little attention has been given to organizational capabilities as strategic management determinants to superior. The findings are important as they emphasize the importance of considering strategic determinants in the strategy process. The aspects of strategy evaluation, the strategic composition of the BoDs and strategic control are not studied.

Galbreath and Galvin (2008) in their study of organizational factors, industry structure, and performance variation rekindled the quest to understand the determinants of organizational performance and created a bifurcated view. One view focused structural

characteristic of industry structure and the other on organizational resources as determinants of superior organizational performance. The findings of the study were that resources are more important than industry structure as determinants of superior organizational performance variation. The study was done in the USA and not suitable to generalize the findings in Kenya. The study did not examine the influence of hospital capabilities on organizational performance, creating a research gap that was covered in this study.

Ortega (2010) studied competitive strategies and organizational performance; technological capabilities' moderating role in Spain. The findings were that technological capabilities enhanced the relation between quality orientation and organizational performance. The results suggest that the theoretical prescriptions of RBV and competitive strategy must be strategically combined within the organization for maximum effect. This research study examined hospital capabilities and their influence on organizational performance of mission hospitals in Kenya in an attempt to fill the research gap left by Ortega (2010).

Saad (2001) researched on strategic performance evaluation; descriptive and prescriptive analysis. The findings emphasized the use of qualitative and quantitative performance indicators in strategy evaluation. The implication of the study is that performance evaluation is perhaps the most powerful tool for strategic deployment in both private and public settings. The study also established that evaluation outcomes differed as a function of the evaluation criteria used, the weights assigned, and the meaning given to each criterion. The use of the same evaluation criterion with different weights resulted in different outcomes. This study, however, concentrated on the models of strategic evaluation, leaving a research gap in strategic evaluation process. This study examined the strategic evaluation process and its influence on organizational performance.

Theuri et al. (2014) in a study of the strategic management determinants of value addition in the seafood industry in developing countries; an analysis of the Kenyan context, identified strategic planning, technological competitiveness, the level of market

competition and corporate policies as key determinants. The study recommended the need for continuous study if necessary redefine the chain to rid it of unnecessary bottlenecks and operational challenges. This study was therefore an effort to fill this gap by examining other strategic management practices and their influence on organizational performance of mission hospitals.

2.8 Summary

The study reviewed theoretical and empirical literature on strategic management practices and their influence on organizational performance. The influence of Strategic composition of BoDs, strategic evaluation, strategic control and hospital capabilities on organizational performance were specific objectives in this study and were examined. The variables were found to have influence on organizational performances, but the results were inconsistent and mixed.

Mission hospitals have not modernized and knowledge on organizational performance is inadequate due to the absence of high level strategic focus, which include strategic planning, governance, strategic control and funding (CCD, 2014). The modern healthcare is characterized by changes in unpredictable patient demands, advanced technology, diverse workforce requirements and physical infrastructure. Public concern on healthcare issues has increased.

The literature review looked at Agency and Stewardship theories; the theory of Business, Levers of control Framework and the Resource-Based View of the firm. These theories were found to be appropriate to inform strategic management practices that were specific objectives in the study. It is evident from the literature review that strategic management practices have an influence on organizational performance. This chapter also looked at the conceptual framework, with the variables drawn from theoretical review. The research gaps were identified after reviewing prior studies in this area of study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this research study was to examine the influence of strategic management practices on organizational performance of mission hospitals. The chapter discussed the research methodology that was used in the study. The chapter covered the research philosophy, research design, the target population, sample and sampling techniques, data collection instruments and procedures. In addition, pilot testing, data analysis and presentation were covered. Reliability and validity of the testing instrument was also discussed; and the analytical techniques used for hypothesis testing were presented.

3.2 Research Philosophy

The research method and theoretical paradigm in economics and social sciences must be compatible (Heenetigala, 2011). The term paradigm was introduced by Kuhn (1996) and refers to a set of basic assumptions about the proper techniques for a specific inquiry. It includes the key issues, how research is conducted and methods of seeking answers, as well as what data should be collected and interpreted. There are two main research paradigms that are used in social sciences, the positivist and phenomenological views.

The positivist view believes that the methods of natural science are appropriate for the study of social phenomenon and only the social phenomena that are observable can be counted as knowledge. Positivists believe that knowledge is developed inductively through the accumulation of verified facts and that hypothesis are derived deductively from scientific theories to be tested empirically. The facts and values are distinct, making it possible to make an objective inquiry. The observations are the final arbiter in theoretical disputes (Ritchie & Lewis, 2010). Kamaara (2014) posits that positivistic

philosophical view is quantitative; knowledge is based on facts, not abstractions and can, therefore, be predicted on observations and experiments. The researchers are independent of the research study, and that reality is objective and measurable. The usual process for positivists is to review literature to establish the relevant theories and develop hypotheses which can be tested for the association through deducing logical consequences that are tested against empirical evidence (Heenetigala, 2011).

Phenomenological paradigm is the opposing view and was introduced by (Guyer & Wood, 1998) who argued that there are other ways of knowing about the world other than direct observations and that people use them all the time. He argued that knowledge transcends basic empirical inquiry about the world (Ritchie & Lewis, 2010) and researchers are part of the research process, not independent. The phenomenological view relies on researcher's perception and avoids generalization based on existing theory (Letting, 2011). The usual process for the phenomenological view is collection of data, analysis and then conclusions on the nature of the relationship between variables.

This study used the positivist philosophy. The approach was deemed appropriate as the study sought facts of associations of social phenomena, in this case the influence of strategic management practices on organizational performance of mission hospitals. It involved objective testing of empirical hypotheses with intentions of accepting or rejecting the null hypotheses. Quantitative techniques involved collection of data, its analysis by statistical methods and generalization of result findings.

3.3 Research Design

The research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance with the research purpose and economy in procedure (Kothari, 2004). It constitutes the blueprint for data collection, measurement, and analysis of data. It describes what data is required, where it can be found and sample design techniques. Research design facilitate a smooth sailing of various research operations and organization of research ideas.

This study used a descriptive, cross-sectional survey research design in view of the research problem highlighted earlier and research philosophy adopted. A descriptive research design reports what happened or is happening to the variables in their current situation. It is used to obtain information on the status of the phenomena to describe what exists with respect to variables or conditions in a situation as they naturally occur (Frankfort-Nachmias & Nachmias, 2008). According to Cooper and Schindler (2003) and Letting (2011) if a research study is concerned with what, when, and how much of a phenomenon, a descriptive research design is appropriate. Descriptive research design involves surveys or interviews to collect data. Descriptive research design was deemed appropriate as the study intended to report the relationship between variables without manipulation of the environment of the study. Equally, this study used survey method to collect data; and descriptive research design uses survey or interviews in data collection.

The definite feature in a cross-sectional research design is that it compares different variables at the same time, which was the case in this study. It also provides definite information about cause and effect and that way minimize the possibility of bias. Descriptive cross-sectional survey is suitable in a quick study and was therefore deemed appropriate as the period to do a Ph.D. is definite. Other scholars have also used descriptive cross-sectional survey design to test hypotheses (Kamaara, 2014; Letting, 2011; Ongore, 2008).

3.4 Population of the Study

A population is defined as an entire set of individuals, cases or objects with some common observable characteristics (Mugenda & Mugenda, 2003). The target population was the 58 mission hospitals listed by Kenya Medical Directory (2014). The hospitals are major contributors in delivery of healthcare services and their BoDs are well-structured. The study population consisted of 5 senior managers in each of the 58 hospitals who are involved in strategic management. The study population is therefore 290 senior managers. They consisted of the Hospital Administrators, Nursing Managers, Finance Managers, Human Resource Managers and the Doctors in charge of the

hospital. A list of mission hospitals that form the target population are attached as Appendix III.

3.5 Sampling Frame

A sampling frame is defined as a list of all members of the research population from which a random sample may be drawn from observation in a study (Gill & Johnson, 2010). The sampling frame in this study will be the 58 mission hospitals in Kenya as recorded by the Kenya Medical Directory (2014).

The sampling frame must provide the details required to inform selection and must be comprehensive and inclusive (Ritchie, Lewis, & Elam, 2003). Any systematic discrepancy between the research population and the sampling frame is a key source of error as it means that the target population is not accurately represented. The sampling frame must provide enough potential participants to allow for high quality-selection. The information being collected must be easy to manipulate to highlight the criteria by which the population is defined, and selection determined (Ritchie et al., 2003).

3.6 Sample and Sampling Technique

A sample is a subset of the population used to determine truths about the population (Field, 2009). A small portion of a population is selected for observation and analysis to save time and money. Sampling, therefore, is the process of selecting a given number of items from a defined population that enables the researcher to gain information about the population (Mugenda & Mugenda, 2003).

The sample must be large enough to represent salient characteristics of the population. Mugenda & Mugenda (2003) posit that where time and resources allow, the sample size should be as large as possible. Leedy & Ormrod (2005) recommends 10% of the accessible population as a sample size or 30 cases in correlation research design are suitable sample sizes. Small samples do not reproduce the salient characteristics and the

smaller the sample, the bigger the sampling error. Sampling is done to help make conclusions about the whole population and the sample should, therefore, be representative of the population.

3.6.1 Sampling Technique

Simple random sampling technique was used in selecting the participating hospitals to ensure that every hospital in the sampling frame had a fair chance of being selected. The justification of using simple random technique was to remove bias in the sample (Bordens & Abbot, 2003; Kuye, 2013). Simple random sampling is essential when one must apply research findings directly to a population. The selected hospitals constituted the units of analysis as selected from Kenya Medical Directory (2014).

A sample of 33 mission hospitals was selected; representing 60% of the target population. Leedy and Ormrod (2005) recommends 30 cases as a reasonable sample size in a study, and the sample is therefore justified. Mugenda and Mugenda (2003) suggested more than 10% of the population as an adequate sample size to make a statistical inference. The questionnaires were administered to 5 senior managers in each selected hospital. These were the Hospital administrators, Nursing Managers, Finance Managers, Human Resource Managers and the Doctors in Charge the hospitals.

3.6.2 Sample Size

Kothari (2004) posits that the sample size should be of optimum size; if too small, it will not be representative and if too large, it will incur a huge cost and wastage of resources. To generalize from a random sample and avoid sampling errors, a random sample needs to be of adequate size relative to the complexity of the population and kind of statistical manipulation that will be used in data analysis (Gill & Johnson, 2010). To calculate the sample size, this study used Cochran's (1977) formula, one of the commonly used for calculating categorical data.

$$n = \frac{Z^2 Pq}{e^2}$$

Where:

n = the sample size required when the population is more than 10,000

P = the percentage occurrence of a state or condition, the population with desired characteristic (0.5)

q = the population without the desired characteristic (0.5)

e² = the percentage of maximum error required which is 0.05 as referenced from Z (95%)

Z = the value corresponding to level of confidence required (1.96)

$$n = \frac{1.96^2 0.5 \times 0.5}{0.05^2}$$

$$n = 385$$

In situations where the calculated sample size does not exceed 10% of the population size, n should be adjusted downwards by Cochran's (1977) sample correction factor (Gill & Johnson, 2010)

$$n = \frac{n}{1 + \frac{n-1}{N}}$$

$$= \frac{385}{1 + \frac{385-1}{290}}$$

$$= 165$$

A sample of 165 senior managers who are engaged in strategic management were surveyed in this study. The sample comprised 42.8% of the target population and was therefore representative of the population.

3.7 Data Collection Instruments

Research questionnaires were used to collect primary data, while brochures from CHAK, Episcopal conference and mission hospitals were used to collect secondary data. Kothari (2004) suggests that research questionnaires are free from interviewer's bias and are in the respondents' own words. A questionnaire can be left behind to be filled later, which was appropriate in this case as hospital managers were very busy. Research questionnaires are cheaper than other methods of data collection, and therefore possible to collect data from big sample sizes which make result findings reliable and credible (Ngecu, 2004). Research questionnaires are easy to understand, and they ensure that data collected is consistent.

The questionnaires were developed based on the objectives of the study after review of theoretical and empirical literature. Research questionnaires with a Likert scale of 1-5 were used. Kothari (2004) posits that the questionnaires consist of several questions that are typed in a definite order in a form or set of forms. It is ideal for inquiring sensitive information especially when anonymity is to be assured (Kamaara, 2014). The questionnaires were divided in 6 groups as follows; a) Background information; b) Strategic composition of BoDs; c) Strategic Evaluation; d) Strategic control; e) Hospital capabilities; and f) Organizational performance of mission hospitals. The questionnaire had closed and open-ended questions and the Likert scale method was adapted and contextualized for this study.

3.8 Pilot Test Study

A pilot study is a replica and rehearsal of the main study and intended to restrict errors at a very low cost Kothari (2004). A Pilot test of 30 strategic managers from 6 mission hospitals that had not been selected in the sample, but part of the target population was done, to test the reliability and validity of the questionnaire.

Many scholars have suggested that 10% of the sample is sufficient for an effective pilot test (Frankfort-Nachmias & Nachmias, 2008; Mugenda & Mugenda, 2003; Saunders, Lewis, & Thornhill, 2009). However, Radhakrishna (2007) posits that at least 20% of the sample should be sufficient for a pilot test. Pilot tests help researchers to gain experience and improve the questionnaire and that way, measurement errors likely to occur during data analysis are corrected (Kothari, 2004). In this study, 30 senior managers, involved in strategic management process from 6 mission hospitals were selected for a pilot test to examine the reliability and validity of the questionnaire. The group had not been selected in the sample but were part of the target population. This was 18% of the sample and was considered sufficient as it was within the recommended range of between 10% and 20% of the sample.

3.8.1 Reliability

Ngecu (2004) posits that reliability applies to tools that are used to observe measures in examining research variables and defined it as the extent to which same measuring instruments (questionnaires) produce the same results on different occasions even when used by different researchers. This study adopted an internal consistency method in testing the reliability of the survey questionnaire using the Cronbach Alpha method. Tavakoli et al. (2005) suggested that high-quality tests are important in evaluating the reliability of data supplied in a research study. The closer the reliability coefficient is to 1, the higher the internal consistency reliability. An Alpha coefficient of 0.8 and higher is considered good, 0.7 is within an acceptable range and 0.6 and below is perceived as a poor range on internal consistency

3.8.2 Validity

Validity is defined as an extent to which an instrument measures what it purports to measure (Sekaran & Bougie, 2009). It is the degree to which the results of analysis represent the phenomena under study (Mugenda & Mugenda, 2003). This study adopted content validity by seeking expert opinions from healthcare workers on suitability of the questionnaire regarding research objectives. The expert opinions obtained were then discussed with the research supervisors and some questions were revised.

The pre-testing of the questionnaire was intended to ensure that any mistakes were corrected and that the respondents understood the questions. In content validity, a measure is expected to adequately reflect the topic under study through review of literature (Mwangi, 2015). Validity refers to the representation of the results both internally and externally and how truthful they are (Sekaran & Bougie, 2009). External Validity refers to the generalization of the results. Alasuutari, Bickman, and Brannen (2008) posit that if a large sample was drawn from the population based on probability sampling, then a statistical measure can be provided on how confident the results were generalized.

3.9 Data Collection Procedure

The data was collected from Hospital Administrators; Nursing managers; Human Resource Managers; Finance Managers and Doctors in charge of the hospitals. These are senior managers involved in strategic management in mission hospitals. The questionnaires were distributed to the target population with a signed cover letter. Kothari (2004) posits that personally signed cover letters add to the personal touch between the researchers and respondents. The cover letter emphasized the purpose of the study, gave an assurance that information will be treated confidentially and promised to share the result findings with hospitals on request. A brief introduction of the research study was shared with the respondent when delivering the questionnaire.

The completed questionnaires were collected from the hospitals, and in some instances, they were emailed back by the respondents. In situations where hospitals posted back completed questionnaire, an addressed return envelope was provided. A reminder email was sent to respondents as a follow-up where research questionnaires were not sent back. Mugenda and Mugenda (2003) suggested that the process of collecting research data through questionnaires is known to be slow and advised researchers to be patient.

3.10 Data Analysis and Presentation

Data Analysis is defined as a mechanism for reducing and organizing data to provide findings that require interpretation (Burns, Grove, & Gary, 2015). After the data was collected, it was reprocessed by checking the missing variables and erroneous entries that could have skewed the results. The minimum requirement for inclusion in the final model was a score of 30% for statements as this is the minimum required (Kothari, 2004; Omari, 2015).

Descriptive and inferential statistics were used to analyse and interpret the data. Descriptive statistics related to mean comparisons, frequency distributions and standard deviations. Statistical analysis was found appropriate for this study, as it uses SPSS version 17 which provides a comprehensive set of data transformation and manipulation and compares between variables of interest. Moreover, it sets the base for inferential statistics which are related to multiple regression and correlation analysis. The A t-test was conducted to measure the difference between composite indices for each variable based on the p-value. Van Der Walt, Ingley, Shergill, and Townsend (2006) used the same analytical methods in their study on BoDs' configuration. The quantitative data was presented through statistical techniques that included frequencies, pie charts, bar graphs and measures of central tendency.

3.10.1 Multiple Regression Analysis

To examine the influence of independent variables on dependent variable, this study adopted multiple linear regression analysis. The regression model consists of unknown parameters denoted by β that represents a vector. The independent variable is denoted by X and the dependent variable by Y . In the regression model, Y relates as a function of X and β and the analytical model is demonstrated below:

$$\hat{Y} = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where

\hat{Y} = Performance of mission hospitals in Kenya

a (alpha) = Constant

X_1 = Strategic composition of BoDs

X_2 = Strategic evaluation

X_3 = Strategic control

X_4 = Hospital capability

$A = [1, 2, 3, 4]$ - Regression Coefficients

E_ϵ = random error term

The random error term represents other contributing factors that may also affect organizational performance but are not part of the independent variables of the study. Multiple regression analysis is considered suitable in establishing if the relationship between variables is statistically significant. It is a statistical tool used to estimate one variable that is unknown from a known variable (Kothari, 2004).

ANOVA test was used to examine the strength of relationships between independent and dependent variables. The independent variables of this study include strategic

composition of BoDs, strategic evaluation, strategic control, and hospital capabilities. The dependent variable is the organizational performance of mission hospitals. The operational definitions of the study variables are summarized in the Table below and include indicators and measurements of the variables

Table 3.1: Operationalization of Study Variables

Variable	Operationalization Indicators	Questionnaire section	Measure to Use
Strategic Composition of BoDs			
Size of the board	Number of permanent directors in the board	A	Direct measure
Functional Background	Academic qualification, technical skills, and experience in the industry	„	Direct measure
Executive / Non-Executive Directors	Executive – hold a board position and a senior management position Non – executive – holds board position	„	Direct measure
Strategic Evaluation			
Strategy Suitability	Does the strategy exploit strengths? Does it overcome difficult in the firm? Does it fit with the organization mission	B	Direct measure
Strategy Feasibility	Can the strategy be funded? Can it provide quality healthcare? Are drugs and other materials available	„	Direct measure
Strategy Acceptability	Is strategy sustainable Relationship with patients/relatives/ clients Relationship with the local community	„	Direct measure

Strategic Control

Vision and Mission	Does vision and mission of hospital clearly communicate the core values	C	Direct measure
Managers communication of core values	Number of meetings by TMTS to communicate core values to stakeholders	„	Direct measure
Awareness of core values by employees	Awareness activities by stakeholders - employees, communities/patients etc	„	Direct measure

Hospital capabilities

Technological capability	Specialty technology for diagnosis and treatment Online data storage system	D	Direct measure
Managerial capability	Digital financial management systems Efficiency of organizational structure Skills and knowledge of the TMTs Administrative procedures processes	„	Direct measure
Marketing capability	Strategic planning activities Professional relationships Patient awareness activities Participation in CSR and community-based activities	„	Direct measure

Organizational Performance			
Quality of Care (Clinical)	Bed occupancy rate	E	Direct measure
	Length of hospital stay		
Hospital Efficiency	Bed turnover rate	,,	Direct measure
	Length of waiting time, outpatient		
Resource mobilization	Follow up at the clinics	,,	Direct measure
	TMTs meetings to improve care		
	Scope of services provided		
	Resources required to provide healthcare – Finance, buildings &		
	Missionary experts/local doctors		
	Specialized procedures done	,,	Direct measure
	Professional association registered		
	CSR activities engaged in		

3.10.2 Hypothesis Testing

This study examined the proposed hypotheses using various statistical methods as highlighted in Table 3.2. Irungu (2007), Ojera et al. (2011), and Theuri et al. (2014) also used these methods in their research studies. To estimate the strength of association between variables, this study used correlation analysis. A coefficient (r) demonstrates both the direction and strength of the relationship. An r of +1 demonstrates a perfect positive correlation and an r of -1 demonstrates a perfect negative correlation between variables. When r is 0, it means that there is no relationship between variables. A positive relationship implies that if value of one variable is high, the value of the second

variable will be high as well. The opposite is also true, if value of one variable is low, the value of the second variable will be low. A negative relationship means that if the value of one variable is high, the value of the second variable is low and vice versa. In this study, Pearson's product-moment correlation coefficient was adopted and interpreted as follows; if the coefficient (r) is less than 0.04 at 0.05 level of significance, the relationship is assumed to be low and if above 0.06, it is considered high (Tabachnik & Fidel, 2007).

Table 3.2: Hypothesis Testing

Objective	Hypothesis	Types of Analysis	Interpretation of results
To examine the influence of strategic composition of BoDs on organizational performance of mission hospitals in Kenya	1 H ₀ There is no influence of strategic composition of BoDs on organizational performance of mission hospitals	Pearson's product moment Regression analysis Independent sample t Test	Hypothesis scenarios If $r < 1.96$, Reject If $0.196 < r < 0.5$, weak relationship If $r > 0.7$ strong relationship
To establish the influence of strategic evaluation on organizational performance of mission hospitals in Kenya	2 H ₀ There is no influence of strategic evaluation on organizational performance of mission hospitals	Pearson's product moment Regression analysis Independent Sample t Test	Hypothesis scenarios If $r < 1.96$, Reject If $0.196 < r < 0.5$, weak relationship If $r > 0.7$ strong relationship
To determine the influence of strategic control on performance of mission hospitals in Kenya	3 H ₀ : There is no influence of strategic control on organizational performance of mission hospitals.	Pearson's product moment Regression analysis Independent Sample t Test	Hypothesis scenarios If $r < 1.96$, Reject If $0.196 < r < 0.5$, weak relationship If $r > 0.7$ strong relationship
To establish the influence of hospital capability on organizational performance of mission hospitals in Kenya	4 H ₀ : There is no influence of hospital capabilities on organizational performance of mission hospitals.	Pearson's product moment Regression analysis Independent Sample t Test	Hypothesis scenarios If $r < 1.96$, Reject If $0.196 < r < 0.5$, weak relationship If $r > 0.7$ strong relationship

3.11 Ethical Consideration

Sekaran and Bougie (2009) defined research ethics as the behavior or code of conduct that is expected when conducting a research study. Ethics are important as they protect the rights of participants during the research process. Mugenda and Mugenda (2003) suggested that high ethical standards must be maintained when collecting data, analyzing it and in use of the result findings.

This study ensured that required permission to conduct research was obtained from the relevant authorities. This included the National commission for Science, Technology and Innovation; NACOSTI and Ethics & Education BoDs Committees in mission hospitals. The respondents were given the right to consider if they wanted to fill the questionnaires and were assured of their privacy and anonymity. The research objectives, the data collection procedures and the benefits of conducting the research study were discussed with the participants.

Ethical considerations were important in this research study as it was conducted in mission hospitals. Respect for all participants was observed and discussions on research questionnaires was done when managers, including the doctors in charge of hospitals were not attending to patients.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

The study sought to examine the influence of strategic management practices on organizational performance of mission hospitals. Primary and secondary data was collected and analyzed to find the influence of strategic composition of BoDs, strategic evaluation, strategic control and hospital capabilities on organizational performance. This chapter presents the research findings of the study and the corresponding discussion data based on the objectives of the study.

4.2 Reliability Test Results

This survey used Cronbach alpha model for internal consistency based on average inter-item correlation to test scaled items. According to Brown (2002) Cronbach's alpha reliability coefficient normally ranges between 0 (if no variance is consistent) and 1 (if all variance is consistent). The closer the coefficient is to 1.0 the greater the internal consistency of the items in the scale. An alpha (α) score of 0.70 or higher is considered satisfactory (Gliem & Gliem, 2003). The results of the pilot test are as shown in the Table below;

Table 4.1: Reliability Results of Pilot Data

Variable	Cronbach Alpha	Number of Items
Strategic Composition of Board of Directors	0.839	8
Strategic Evaluation	0.817	5
Strategic Control	0.810	5
Hospital Capabilities	0.709	4
Organizational Performance	0.786	5

The evidence from Table 4.1 shows that the reliability coefficient alphas in all variables in the pilot study for the questionnaire met the minimum required threshold of 0.7 of acceptability (Gliem & Gliem, 2003). The results were adequate and indicated that the study questionnaire was reliable.

4.3. Response Rate

The study targeted a total of 165 respondents from sampled mission hospitals. A total of 165 questionnaires were administered to the respondents in various mission hospitals in Kenya. A total of 146 duly filled questionnaires were returned by the respondents. Yielding a response rate of 88%. Bryman (2016) and Walliman (2016) suggests that a response rate of 85% and above is excellent, 70%-85% is very good, 60%-69% is acceptable, 50%-59% barely acceptable, while below 50% is not acceptable. The response rate of 88% in this study was therefore excellent.

Table 4.2: Response Rate

Response	Total	Percentage
Returned	146	88.0
Unreturned	19	12.0
Total	165	100.0

4.4 Strategic Composition of the BoDs

The strategic composition of BoDs' questions of interest in this study included the designations of senior managers in mission hospitals who were also members of the BoDs. The managers were from different functional areas in the hospital that included the Administration Manager, Doctor in charge, Finance Manager, Human Resource Manager and the Nursing Manager. These were the managers involved in strategic

management issues in mission hospitals. Other questions included the year the hospital was started and the size of BoDs. Data collected was analyzed and the findings are as shown below.

4.4.1 Job Designation

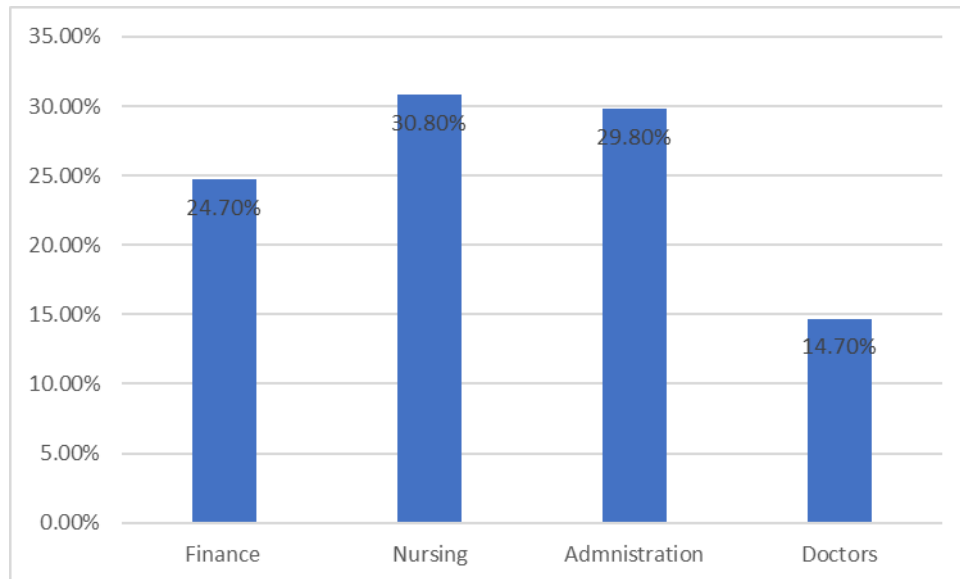


Figure 4.1: Job Designation

According to findings from the study, most respondents were nursing managers represented by 30.8%. The second largest group, represented by 29.8% were Administration Managers. The Finance Managers constituted 24.7% of the respondents while the remaining respondents (14.7%) were medical doctors in charge of the hospitals. The respondents were drawn from all functional areas of the hospital and these functional areas were fairly represented.

4.4.2 Age of the Hospital

Table 4.3: Age of the Hospitals

	Frequency	Percent
1930-1940	22	15.1
1940-1950	21	14.4
1950-1960	9	6.2
1960-1970	28	19.2
1970-1980	37	25.3
1980-1990	12	8.2
1991 – 2009	12	8.2
2010-to date	5	3.4
Total	146	100.0

The study sought to establish the year when the hospitals were established. Data was collected and analyzed, and the findings are as demonstrated in Table 4.1 above. The study established that most of the hospitals were established in the early 1970s. In all, 44.5% of the sampled hospitals were established between 1960 and 1980, while 35.7% were established earlier than that. The study found that 16.4% of the hospitals were established between 1980 and 1990. A small percentage of the respondents said that the hospitals were established between 2010 to date.

Mburu (2010) argues that the church was the first institution to establish modern healthcare facilities as they are known today. Mission hospitals were established by churches to fill gaps that had been left by the government due to constrained resources. Akumu (2008) posits that, the early missionaries had three objectives including evangelization, provision of education and medical services; but used education and

medical services as vehicles to draw the Africans to the church. That explains why modern healthcare facilities were established by the missionaries, especially in the early years before independence in 1963. Moku (2013) observed that mission hospitals set standards for national health services and are first points of healthcare services delivery for patients seeking treatment especially in the rural areas where most of them are located.

The government posted doctors and nurses to mission hospitals and gave them essential drugs and vaccines (Mwangi & Ombui, 2013). The churches also gave mission hospitals unrestricted donations. This has however changed, and mission hospitals today receive minimal support. This has negatively affected their organizational performance and threatened their very survival. This may explain why the establishment of mission hospitals declined between years 2010 to today. Majority of mission hospitals are in the rural areas and serve the middle and low-income groups of the population that resides in these areas. An improvement in their organizational performance would ensure access to quality healthcare service. This would in turn improve the social and economic development of the areas where mission hospitals are located.

4.4.3 Respondents' Level of Education

The study sought to establish the level of education of the respondents. This was important because it assisted the researcher to evaluate the level of adoption and implementation of strategic ideas in hospitals. The study assumed that the level of education influenced the BoDs in the decisions they made.

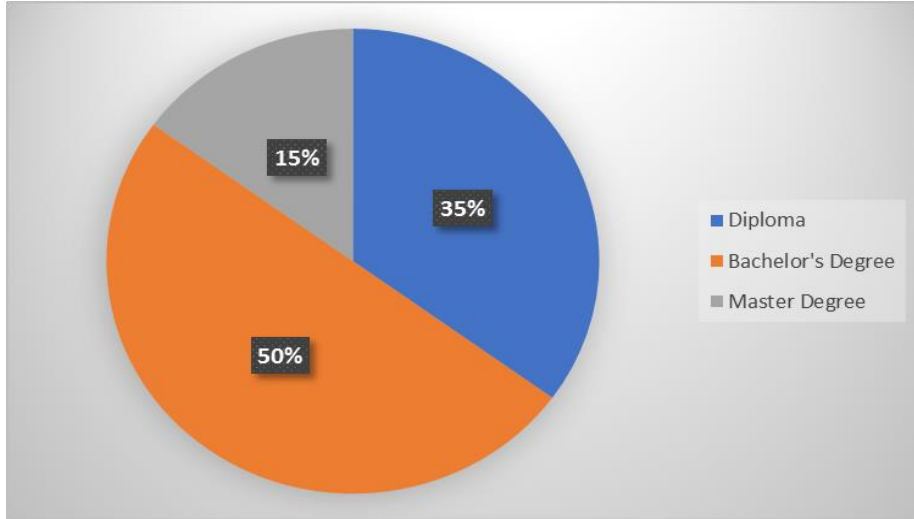


Figure 4.2: Level of Education

The results are as presented in figure 4.2 above. The results indicate that half of the respondents had a first degree qualification in different areas of study (50%) while 35% had diploma course level of education. A small percentage (15%) of the remaining respondents had a master's degree. Ongore (2008) suggests that a higher level of education helps the BoDs in gathering relevant information; building knowledge and making organizational decisions. The BoDs who have a vast wealth of experience and advanced academic qualifications are therefore assumed to make better strategic decisions that help them to effectively drive the strategy and improve organizational performance. For Commercial State Corporations the qualifications of BoDs are found in the State Corporation Act of 1999. The act stipulates that BoDs should hold a postgraduate degree (Kamaara, 2014). Governance and management have been identified as major challenges in mission hospitals (CHAK, 2009). A higher level of education is important to achieve optimization of resource mobilization and utilization. The BoDs in hospitals are responsible for approving strategic plans, formulated by the management for implementation. This can cause challenges when TMTs have more academically qualified officers than BoDs.

4.4.4 Age Group of BoDs

The research question sought to determine the ages of the hospital BoDs. This was considered an important factor of strategic composition of the BoDs. The results are as shown in Figure 4.3 below.

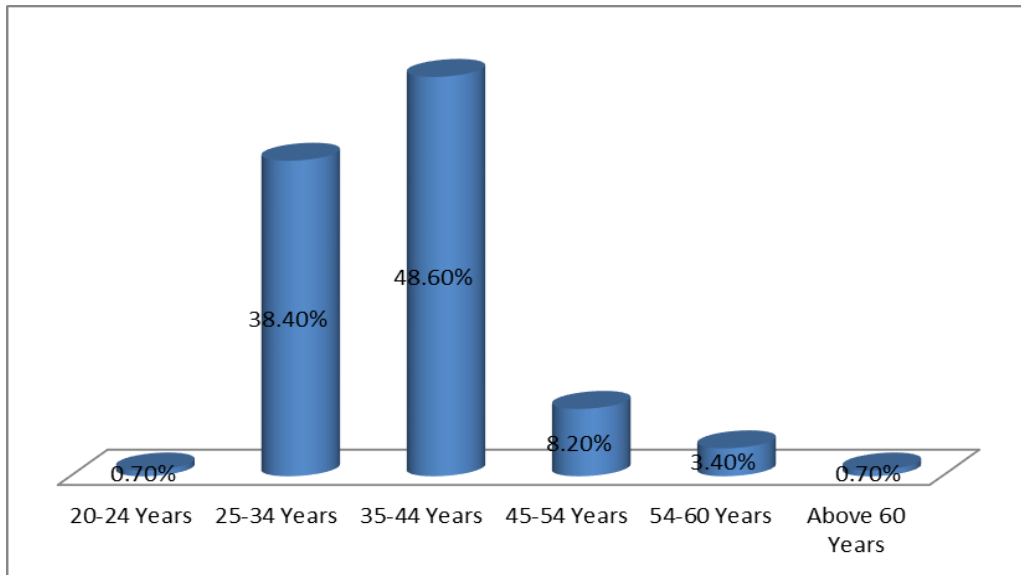


Figure 4.3: Age Group of BoDs

The findings indicate that most of the respondents (48.6%) in this study were aged between 35-44 years while 38.4% were 25-34 Years old. A small percentage of 8.2% were aged between 45-54 years old. The number of respondents between 20-24 years was also very small, only 0.7 %. The remaining respondents (0.7%) said that they were 60 years and above. This shows that the ages of respondents in this study were evenly distributed among the respondents. There is no recommended age group for one to be a member of BoDs in mission hospitals in Kenya. One is however expected to be above 18 years old and to have gained required experience to be of service as a member of BoD.

4.4.5 Professional/ Functional Specialization

The study sought to find out the respondents' area of professional/functional specialization. The study targeted Administration Managers, Doctors in Charge, Human Resource Managers, Finance Managers and Nursing Managers. Data was collected, analyzed and findings presented as shown in Table 4.4 below.

Table 4.4: Are of Professional / Functional Specialization

	Frequency	Percent
Administration	17	11.6
Medical	37	25.3
Finance	37	25.3
Human resource	13	8.9
Nursing	41	28.9
Total	146	100.0

Asked about the area of professional / functional specialization in the place of work, 25.3% of the respondents were Finance Managers. An equal percentage of the respondents (25.3%) were medical doctors in charge, while 11.6% of the other respondents were working as administration Managers. The remaining respondents (28.9%) were working as Nursing Managers. This showed that respondents were evenly distributed across specializations in the hospitals.

Mission hospitals are faced by challenges of transforming their healthcare system and there is need therefore to include all professional / functional specializations in the BoDs to serve in various committees. The structure of BoDs is a key element to effective governance. Letting (2011) argues that different attributes, that include functional / professional specialization impact organizational performance. The hospital's BoDs determine the core business of the hospital and approve any new areas of service expansion and that way impact on organizational performance.

4.4.6 Size of Current BoDs

The study sought to find out the size of BoDs, the number of members in current hospital BoDs.

Table 4.5: Size of Current BoDs

	Frequency	Percent
10-12	116	79.5
13-15	20	13.7
Above 15	10	6.8
Total	146	100.0

The findings showed that majority of BoDs (79.5%) constituted between 10-12 members while 13.7% said that the BoDs had between 13-15 members. A small percentage of respondents (6.8%) said that the BoDs constituted of 15 members and above. These findings are similar to the findings of the study conducted by the Centre for Corporate Governance (2000) which supported BoDs sizes of between 7 and 11 directors. Jensen (1993) however argued that large BoDs can become ineffective because of coordination challenges. Al-Matari et al. (2014) posit that there could be a threshold where board size could have a negative effect on organizational performance. Yermack (1996) found a strong negative relationship between organizational performance and size of the board. CHAK (2009) posits that Mission hospitals recommend hospital BoDs of between 9 and 15 members and a size with an odd number. This is important in breaking deadlock during voting. The results demonstrated that most of the mission hospitals have complied with size as recommended by CHAK.

4.4.7 Number of Independent BoDs

The study sought to establish the number of independent BoDs in each mission hospital that was included in the study.

Table 4.6: Independent BoDs

	Frequency	Percent
3	71	48.6
4	50	34.2
5	15	10.3
6	10	6.8
Total	146	100.0

The results in Table 4.6 above indicate that 48.6% of the respondents had 3 independent members, while 34.2% said that the independent BoDs were 4 in number. Other respondents (10.3%) said that the independent members were 5 in number, while 6.8% of the remaining respondents said that the BoDs had 6 independent members. This shows that the hospital BoDs had a small number of independent members.

There is an assumption that independent BoDs are better positioned to monitor the activities of managers in organizations than the non-executive board members. This is in line with assumptions of Agency Theory, that independent board members are not influenced by the TMTs in organizations to decide in a biased way (Valenti et al., 2011). The independent directors are impartial when evaluating decisions made by TMTs because their careers are not affected by the decisions that they make. This is believed to have a positive impact on performance of organizations.

Ongore (2008) suggested that the natural way to solve the agency problem is the appointments of independent BoDs. The independent BoDs play the role of a referee in implementing principles of corporate governance that protect shareholders' rights and improve organizational performance (Ranti, 2011).

The independent BoDs restrain TMT from using their decision-making discretion to pursue self-serving objectives at the expense of organizational performance. Managers may maximize sales and not profit, incur staff costs, bigger salaries and increase funds available for discretionary use at the expense of organizational performance (Chang, 2003). Bebchuk and Fried (2003) suggest that managers sometimes were engaged in building empires and in extreme cases in outright expropriation, negatively affecting organizational performance. The general assumption is therefore that when an organization has a large number of independent BoDs, they contribute to superior organizational performance because of their unbiased decisions (Heenetigala, 2011; Zahra, Shaker & Pearce, 1990).

The Stewardship Theory views managers as stewards who work to maximize shareholders' wealth, contrary to the assumption of Agency Theory that managers work in self-interest. This negates the importance of independent BoDs in improving organizational performance. Despite this assumption, the presence of independent BoDs is still imperative. Ranti (2011) suggested that the BoDs appointed independent auditors in organizations and resolved internal conflicts which reduced agency cost and improve organizational performance.

4.4.8 Government Representatives

The study question was interested in finding the number of government representatives in hospital's BoDs. Government representation in hospital BoDs was important as mission hospitals relied on grants from the government. Doctors and Nurses would be posted to mission hospitals and the government would also give drugs and vaccines (Mwangi & Ombui, 2013). The findings of the study are as shown in Table 4.7 below;

Table 4.7: Government Representatives

	Frequency	Percent
One Representative	100	68.5
Two Representatives	30	20.5
Three Representatives	16	11.0
Total	146	100.0

Asked about the number of government representatives in the BoDs, most of the respondents (68.5%) said that the BoDs had 1 government representative while 20.5% said that the number of government representatives are 2. A few, 11% said that the BoDs had 3 government representatives in hospital BoDs.

Mission hospitals received support from a variety of sources, including the government and sponsoring churches abroad (Mwenda, 2009). Today, mission hospitals receive limited subsidies from the government and its representation in the BoDs has decreased, with majority of BoDs having only 1 representative. Government representation is believed to impact on organizational performance in mission hospitals and is in line with policy, that an ex – official member from the government should be in BoDs (CHAK, 2009).

4.4.9 Representatives of other Organizations

The study sought to establish if other organizations were represented in hospital BoDs. The importance of this question was premised on the fact that BoDs should have vast and varied experiences to ensure different perspectives when making strategic decisions. (CCD, 2014) suggested that an optimum size of the BoDs should have a mix of experiences and team roles. The findings are shown on Table 4.8 below;

Table 4.8: Representatives of other Organizations

	Frequency	Percent
Representatives from Church	102	70%
Representatives from Professional Bodies	56	38.3%
Representative from Regulatory bodies	12	8.2%
Representatives from the community	34	28.3%

The results indicate that 70% of the respondents said that the church was represented in hospital BoDs, another 38.3% said that medical professional bodies are represented. A small percentage (8.2%) of respondents said that regulatory bodies, mainly the Nursing Council of Kenya were represented in the BoDs. Another 28.3% of the respondents indicated that there was representation of the local community in the BoDs. The findings show that many perspectives are considered by the hospital BoDs when making strategic decisions going by the varied representation demonstrated in Table 4.8 above.

4.4.10 Period of Service

The findings show that the experiences in the BoDs are well balanced with the BoDs composed of a mixture of experienced and new members serving together. The findings are shown in Table 4.9 below;

Table 4.9: Period of Service

	Frequency	Percent
1 -2 years	75	51.4
3-4 years	54	37.0
5 years and above	17	11.6
Total	146	100.0

Most of the BoDs (51.4%) have served between 1-2 years. Another 37% of the BoDs have for between 3- 4 years. The remaining 11.6% of the BoDs have served for more than 5 years. This mixture of new and old BoDs is important in ensuring a seamless transfer and continuity of services when a member retires or resigns from the BoDs.

CHAK and MOH (2008) had identified governance as one of the weaknesses in mission hospitals. To mitigate this challenge, it came up with a health system strengthening initiative for its members to collaborate and ultimately improve organizational performance. The inclusion of new and younger BoD was indeed part of this initiative. A mix of new and old members in hospital BoDs help with orientation of new BoDs, and in capacity building within BoDs themselves. The process of handing over by the outgoing members of the BoDs is an important function in Mission hospitals. A mix of new and old members therefore ensure that no institutional information is lost, as there are members left in the BoDs as the old ones retire. This is important as BoDs reduce the risk of doing business based on their networks and vast industry knowledge (Valenti et al., 2011), making the handover process imperative in improving organizational performance in mission hospitals.

4.4.11 Gender Distribution

The purpose of the research question was to check if gender distribution in the BoDs had any influence on organizational performance of mission hospitals. The study findings are as shown in Table 4.10 below.

Table 4.10: Gender Distribution

	Frequency	Percent
Male	96	65.8
Female	50	34.2
Total	146	100.0

Majority (65.8%) of the BoDs were males while 34.2% were reported to be females. This shows that male members have dominated the BoDs. Traditionally, BoDs have been dominated by men and this implies to be the case for mission hospitals as well. Kamaara (2014) suggested that, an appropriate composition of BoDs has a mixture of age, gender, geographical spread and team roles that contribute to superior organizational performance. Ranti (2011) however argued that despite developing countries having an appropriate mixture of both genders in their BoDs, they still face challenges in executing their duties as the judiciary and regulatory frameworks are weak.

These findings are in line with the previous research studies that also found that there is a male dominance in BoDs in other industries; especially in the Middle East and Northern America (Letting, 2011). In Kenya, listed companies were found to have a varied gender composition of BoDs and nationality (Kamaara, 2014). For Public institutions, the recommended threshold is at least a third of each gender (Letting, 2011). Mission hospitals in Kenya are aligned to this requirement with 34.2% women as BoDs. The composition of the BoDs requires a balance considering factors like the age; gender; profession and stakeholder representation (CHAK, 2009).

4.4.12 Factors for BoDs Appointment

This research study tried to establish the factors that are considered for one to be appointed as a member in hospital BoDs. The findings are as shown in the Table 4.11 below.

Table 4.11: Factors for BoDs Appointment

	Frequency	Percent
Experience	108	74.1
Skills	117	80.2
Qualifications	30	20.5
Religion	13	8.9
Gender	1	0.7
Age	7	4.8

Most of the respondents (80.2%) said that skills are the key determining factors for appointing one to be a member of hospital BoDs, followed by 74.1% of the respondents that said that experience is the main factor that is considered for one to be appointed as a member of hospital BoDs. Another set of respondents (20.5%) said that academic qualifications are considered, while a small percentage of the respondents (4.8%) said that age is a determining factor. A very small percentage of 0.7%, said that gender to some extent is also considered before one is appointed as a member of the BoDs, with preference given to men.

This is in tandem with Mckinsey (2009) and (Kamaara, 2014) who also found that BoDs are mainly appointed based on skills and experience. It is believed that a properly constituted BoDs contribute to improved organizational performance. Kenya has witnessed mismanagement of its state corporations in the recent past, putting pressure on the government to implement good corporate governance standards (Ongore, 2008). Multinational Corporations have also propagated the aspect of good corporate governance, with the belief that it contributes to superior organizational performance. Melyoki (2005) argued that globalization of capital, in a world that is dominated by American corporations is forcing developing countries to re-evaluate their corporate governance systems to meet demands set by these corporations. Good corporate governance is the duty of BoDs and involves settings of standards and ensuring their implementation. The BoDs are accountable to shareholders and ensures that the managers act in the best interest of the shareholders in ensuring superior organizational performance. According to the CHAK (2009), hospital BoDs should provide for an appropriate mixture of skills to provide the necessary breadth and depth of knowledge and experience to meet the BoDs' responsibilities and objectives. The BoDs should be persons of spiritual and moral integrity, consistent with the Stewardship Theory. BoDs are expected to have a minimum of Kenya certificate of secondary education. It is the opinion of this study, however, that this level of education is not sufficient to grasp all the challenges in mission hospital and ensure superior organizational performance.

4.4.13 Citizenship of the BoDs

The aim of the question was to find out the citizenship of BoDs and if it had an influence on organizational performance of mission hospitals. This question was important as mission hospitals received donations from sponsoring churches abroad. The study assumed that if there was a missionary in the BoDs, it was easier to access more donations from the church that would have an impact on organizational performance. The findings are shown in figure 4.4 below;

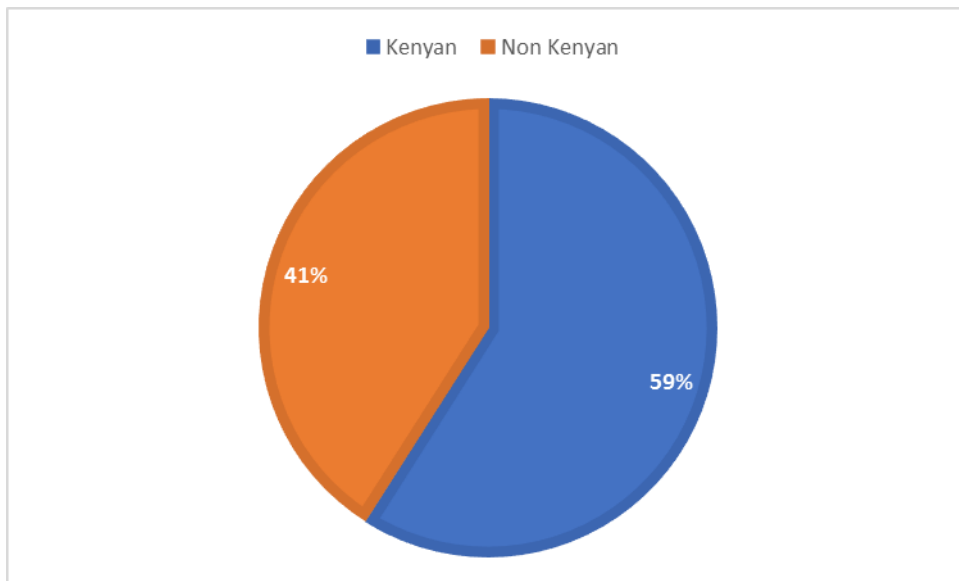


Figure 4.4: Citizenship of the BoDs

Figure 4.4 shows that 59% of mission hospital BoDs are Kenyans and 41% are non-Kenyans. This would imply that most of the missionaries go back home without replacement. These positions would then be taken by Kenyans, with a possibility that access of donations to would reduce. Mwangi and Ombui (2013) supported this view and argued that this would have an influence on organizational performance of mission hospitals.

4.5 Strategic Evaluation

The aim of these research questions was to establish the dimensions of strategic evaluation in mission hospitals, in respect to how often they reviewed their strategic plans, acceptance of strategic plans by relevant stakeholders and suitability in achieving superior organizational performance. Strategic evaluation needs to be done in a timely manner as by the time the strategic opportunities are affected by operations, it might be too late to respond to them

4.5.1 Review of Strategic Plans

The study was interested in finding out the length of time it takes for the hospital to review its strategic plan. The findings are as shown in Table 4.12 below.

Table 4.12: Review of Strategic Plans

	Frequency	Percent
Once a year	100	68.5
Twice a year	21	14.4
Four times a year	14	9.6
Every month	11	7.6
Total	146	100.0

The study revealed that majority (68.5%) of the hospitals reviewed their strategic plans once a year, followed by 14.4% of hospitals that reviewed their strategic plan twice a year while 9.6% reviewed their strategic plans four times in a year. Another small percentage of the remaining respondents (7.6%) said that the review is done monthly. A study by Emmett and Tayler (2013) suggested that people have powerful motivations that influence their beliefs and judgments and can lead to disastrous business outcomes when crucial decisions on selection and evaluation of strategy are biased. Pun & White (2005) posit that strategic evaluation is aimed at determining how successful enterprises

are in achieving their goals (Sinclair & Zairi, 1999). In addition to this, Chenhall (2005) added that strategic evaluation identifies integrated information as a key dimension which assists managers in delivering positive strategic outcomes.

The strategy can sometimes be suboptimal or harmful in achieving the organization’s mission (Hastings, 1996). It is imperative therefore that strategy is regularly evaluated and aligned to the mission of the organization as its success depends on the quality of its strategy. Strategic Evaluation is perhaps the least researched part of the strategic process. However, previous research studies reviewed inconsistent results on its influence on organizational performance (Silvi et al., 2015). Theuri et al. (2014) observed that strategic evaluation ensures that the strategies are topical, relevant and at a cutting edge.

4.5.2 Strategic Evaluation of Hospital Programs

This section focused on how strategic evaluation of hospital programs reinforced hospital strengths and overcame its weaknesses. The question was premised on the fact that reinforcing hospital strengths and overcoming the weaknesses would improve its competitive advantage and contribute to superior organizational performance.

Table 4.13: Strategic Evaluation and SWOT Analysis

	Frequency	Percent
Used as guidelines for meeting hospital missions and visions	87	59.6
Improvement in service delivery	70	47.9
Participation in decision making	46	31.5
Improves planning	60	41.1
Periodic training	15	10.3
Through performance contracts	25	17.1
Helps in identifying poor areas of performance	47	32.2
Program reviews and implementation	58	39.7

The findings of the study revealed that majority (59.6%) of the hospitals used strategic plans as a guideline for meeting hospital mission and vision. A substantial number of respondents 47.9% revealed that the strategic plans are used in the improvement of service delivery, while another 31.5% said that strategic plan help in making strategic decisions. Other responses are as demonstrated on the Table 4.13 above.

The factors considered when making strategic decisions can evolve in different directions since the emergence of new threats and opportunities is a permanent phenomenon (Johnson et al., 2008). Implementing strategy usually takes a different face from the initial strategic plan with positive or negative impact. It is important therefore to have policies in place that guide strategy implementation and the subsequent strategic evaluation.

Organizational performance depends on the quality of its strategic evaluation and what organizations can learn from their experiences. Choosing the right strategic measures is therefore critical and fundamental to the effective evaluation of an organizational strategy (Chenhall, 2005) and therefore its organizational performance.

4.5.3 Strategy Suitability

Table 4.14: Responses on Strategy Suitability

	Very Greater Extent	Greater Extent	Moderate Extent	Less Extent	Not at all
To what extent does the strategic plan fit your organizational purpose	46(31.5%)	54(37.0%)	43(29.5%)	2(1.4%)	0
To what Extent does the hospital depend on its strategic plan for strategic direction	38(26.0%)	69(47.3%)	34(23.3%)	0	5(3.4%)
To what Extent is the hospital able to fund its strategic plan and perform to the required level	23(15.8%)	73(50.0%)	46(31.5%)	3(2.1%)	1(0.7%)
To what Extent is the strategic plan acceptable to the hospital's stakeholders-patients, community, suppliers, creditors and others	35(24.0%)	64(43.8%)	44(30.1%)	2(1.4%)	1(0.7%)

Asked about the extent to which strategic plan fit the organizational purpose, majority (68.5%) of the respondents agreed to a greater extent, while 29.5% said that it's to a moderate extent. A small percentage of the examining respondent said that it is to a less extent. The majority (73.3%) of the respondents also agreed to a greater extent that that the hospital depends on its strategic plan for strategic direction. 23.3% said that the

hospital depends on the strategic plan for direction to a moderate extent. 3.4% said that they don't depend on the strategic plan at all.

On whether the hospital can fund its strategic plan and perform to the required level a higher percentage of the respondents (65.8%) said that it is to a very large extent while 31.5% said that it is to a moderate extent. Lastly the respondent wanted to determine the extent to which the strategic plan is acceptable to the hospital's stakeholders-patients, community, suppliers, creditors and others. The findings revealed that majority of the respondents (67.8%) said that the strategic plan is acceptable to a greater extent while 30.1% said it is to a moderate extent. A small percentage of the remaining respondent said that the strategic plan is not acceptable at all. In a study of perceived link between strategic planning and performance contracting, Choke (2006), found that performance contracts act as tools that help organizations achieve their set objectives. Kiboi (2006) found that there was a corresponding improvement of organizational performance for forms that had performance contracts and therefore had the strategic evaluation system in place. Gathai, Ngugi, Waithaka, and Kamingi (2012), in support of performance contracts argued that what is measured, actually gets done.

According to Silvi et al. (2015), strategic evaluation helps organizations to focus on long-term organizational performance goals. It also helps communicate the strategy to the whole organization; predict future financial performance; and enhance strategic alignment with organizational learning among others (Dossi et al., 2010; Silvi et al., 2015). Strategic evaluation attempts to confirm that organizations' strategies are indeed appropriate, that the policies are in tandem with these strategies and that results obtained confirm or refute the critical assumptions on which the strategy rests. Strategic evaluation keeps the theory and strategy in check (Drucker, 1994)

Strategic evaluation is perhaps the most powerful management tool for strategic deployment and despite rapid changes in business environment, measures used to evaluate strategic evaluation has not kept pace with these changes. The financial indicators focus on past achievement, yet in a highly dynamic decision environment,

past organizational performance is not an indicator of its future success (Saad, 2001). In a service industry, the primary goal is service delivery and not profit maximization and therefore the financial indicator is insufficient. This necessitates the need for strategic evaluation measures that address a current strategy, sustainable growth, and actions on organizational performance.

Strategic evaluation can be classified in two aspects; the descriptive and prescriptive aspects. Examples of strategic evaluation tools include the Balanced Score Card that was developed by (Kaplan & Norton, 1996) and has been used successfully in both industrial and service industries. The other one is the Stakeholders view that was developed by Atkinson (1997). The SWOT analysis which includes the strengths and weaknesses of an organization; and its opportunities and weaknesses is also conventionally used for strategic evaluation. Research in the prescriptive aspect of strategic evaluation is limited. Chalmeta et al. (2013) refer to strategic evaluation as the performance measurement system. The study defines performance measurement system as systems that provide relevant information allowing the efficient and effectiveness of management decisions to be measured. The application of strategic evaluation will allow mission hospitals in Kenya to among other things define; evaluate and update their strategic goals. It reflects on the internal and external environmental changes and allows objectives to be reviewed, changed and given priorities per the changes that take place (Chalmeta et al., 2013).

4.6 Strategic Control

This section focused on determining if the strategic control practices have an influence on organizational performance of mission hospitals. Data from the field revealed:

4.6.1 Vision and Mission Vis Hospital's Core Values

The purpose of this question was to check if the hospital vision and mission reinforced the hospital core values. This is because positive core values may have a positive

influence on organizational performance in mission hospitals. The results are presented in table 4.15 below.

Table 4.15: Vision and Mission Vis Hospital’s Core Values

	Frequency	Percent
Helps non-profit organizations to minimize costs	120	82.2
Puts staff and management on course	83	56.8
Acts as the driving force	50	34.2
Holistic service provision	100	68.5
Enhances professionalism	20	13.7
Embraces medical ethics in provision of service	46	31.5
Motivates and assures assertiveness	14	9.6
Acts as a reminder to good service delivery	11	7.5

Majority of the respondents (82.0%) said that the vision and mission of the hospital have an impact on its core values and acts to minimize operational costs. The question focused on examining if strategic control enhances holistic delivery of healthcare services, and 68.5% of the respondents agreed. This may be attributed to Christian values that are embraced by mission hospitals. Most of the respondents said that the vision and mission influence hospital core values in putting the interests of their staff at heart, which improves their motivation and therefore organizational performance. Christian values indeed motivate the employees to be self-driven. 31.5% of the respondents said that the vision and mission are important in reinforcing the hospital core values in that it embraces medical ethics among the staffs in provision of healthcare service delivery. A small percentage of respondents (13.7%) said that having a good vision and mission enhances professionalism, and that might have a positive impact on organizational performance. This means that employees can dispense their services with higher levels of professionalism.

The findings revealed that 9.6% of the respondents felt motivated with a clear vision and mission that is well understood and assertive. The mission and vision give a general direction to the organization, removes ambiguity and that way influence organizational performance. A very small percentage of the remaining respondents (7.5%) said that both the vision and mission of their organization acts as a reminder of good service delivery. This may have an influence on organizational performance of mission hospitals, as the vision and mission acts as a constant reminder of the hospitals' calling.

4.6.2 Awareness of Strategic Control Systems

This section sought to determine the influence of strategic control on organizational performance of mission hospitals. The findings are as shown on Table 4.16 below;

Table 4.16: Influence of Strategic Control on Organizational Performance

	Very Greater Extent	Greater Extent	Moderate Extent	Less Extent	Not at all
Extent at which hospitals ensure that there is a system in place that can adjust or change the strategic plan	29(19.9%)	65(44.5%)	51(34.9%)	1(0.7%)	0
To what Extent employees of the hospital aware of the hospital's core values	34(23.3%)	54(37.0%)	55(37.7%)	3(2.1%)	0
To what Extent do hospitals managers hold meeting/meetings to reinforce the core values of the hospital	34(23.3%)	50(34.2%)	53(36.3%)	0	9(6.2%)

Most of the respondents (64.4%) agreed to a very greater extent that hospitals ensure that there is a system in place that can adjust or change the strategic plan. 34.9% of the respondents agreed to a moderate extent. The respondents were further asked the extent to which employees of the hospital were aware of the hospital's core values. The majority (60.3%) of them said that they were aware of the core values while 37.7% were aware to a moderate extent. 2.1% were aware to a less extent. Most (57.3%) of the respondents said that the hospital's managers hold meeting/meetings to reinforce the core values of the hospital from time to time. 36.3% said that the meetings for reinforcing core organizational values are held to a moderate extent. A small percentage of the remaining respondents said that no meetings are held at all.

Most studies in strategic control have been undertaken in developed countries and as Hoskinsson et al. (2002) observed, there is little in terms of strategic control practices in emerging economies. Ojera et al. (2011) posits that strategic control is still at its embryonic stage and that organizations that are beset by environmental turbulence can indeed benefit from strategic control practices. While there is extensive literature on strategic control, the evidence is scarce regarding actual and perceived effectiveness, overall usefulness and impact on organizational performance. Studies done in strategic control have given inconsistent results (Henri, 2006; Otley & Bisbe, 2004). Analysis of empirical data shows that strategic planning exists and is being practiced by many organizations, however, there is no strategic control to match the levels of strategic planning. Most managers monitor their businesses through short-term financial and operational measures (Horovitz, 1979).

Ruefli and Sarrazin (1981) posit that strategic control is about how well the business is doing now and how well it will continue to do in the future. It focuses on the achievement of future goals rather than past achievements. It answers the question on how well an organization is doing today and how well it will do in future for which reliable information is available. The aim is to make the necessary corrections to the

strategy to steer the organization in the right direction. The determination is made on the desired long-term goals of the organization.

A plan is worthless without control, and Ruefli and Sarrazin (1981) suggests that existence of ambiguous circumstances leads to the shifting of the organization's development from that of planning-oriented perspective to that of control-oriented perspective. The study suggested that the purpose of strategic control is not to ask the question of whether the right decisions were made in the past but rather how the organization is doing now; and if it will survive in the future. Strategic control identifies the areas that require amendment so that the organization can steer in the right direction. This is done with respect to current desired long-term goals and not necessarily some goals that were made in the past. The correction encompasses the whole organization as the organization is evaluated in totality and not in a specific strategic decision.

4.7 Hospital Capabilities

The study wanted to establish the influence of hospital capabilities on organizational performance of mission hospitals and targeted technology, managerial and marketing capabilities. The findings from the data collected are presented in Table 4.17 below.

4.7.1 Influence of Hospital Capabilities on Organizational Performance

Table 4.17: Influence of Hospital Capabilities on Organizational Performance

	Very Greater Extent	Greater Extent	Moderate Extent	Less Extent	Not at all
Extent to which technology assist in provision of healthcare services at hospital	52(35.6%)	66(45.2%)	24(16.4%)	0	4(2.7%)
Extent to which the hospital ensures achievement of knowledge, managerial and operational skills	22(15.1%)	85(58.2%)	35(24.0%)	0	4(2.7%)
Extent to which the strategic plan ensures achievement of hospitals market position and availability of market skills	33(22.6%)	67(45.9%)	35(24.0%)	11(7.5%)	0

Asked about the extent to which technology assisted in the provision of healthcare services in mission hospitals, most of the respondents (80.8%) said that it is to a very greater extent while 16.4% said that it is to a moderate extent. The majority (73.3%) of the respondents said that the hospital ensures achievement of knowledge, managerial and operational skills to a greater extent while 24% said it is to a moderately less extent. A small percentage of the respondents said the hospital does not ensure knowledge, managerial and operational skills at all. On the other hand, the majority of the respondents (68.5%) agreed to a greater extent that hospital capabilities ensured

achievement of hospitals market position and availability of market skills. 24% said it's to a moderate extent while a small percentage of 7.5% of the remaining respondents said that it is to a less extent.

The findings are like those of Makkonen and Olkkonen (2013) who did a study on dynamic capabilities and organizational performance in a financial crisis. He found out that adoption of new technology and new business models by organizations are more likely during a recession due to lower opportunity costs. Leonidou et al. (2002) in their study on marketing strategy determinants of export performance: a meta-analysis found out that although many marketing strategy variables demonstrated positive effects on an overall export performance, the relationship is not always significant, and that time of study, geographical focus and product type had limited impact on export performance. Raos and Cruiz (2015) conducted a related study on service firm capabilities and performance: contingent analysis of customer contact and focused on organizational, marketing, managerial and service quality capabilities. The study found a positive relationship between all these variables and concluded that service management should differ depending on the level of customer contact that service organizations require.

Botswana has invested considerably in building hospitals across the country, resulting in high physical access to health care services. However, the capacity to deliver healthcare services is limited by inadequate resources; and there are significant challenges in the quality of care (Seitio-Kgokgwe, Gauld, Hill, & Barnett, 2014). The study suggested that public hospitals in Botswana are under pressure to improve their organizational performance, which is affected by availability of resources. The hospitals' performance influences the entire healthcare sector, and worldwide, there is pressure on hospitals to improve their organization performance. While this study focused on public hospitals, mission hospitals in Kenya are also experiencing the need to improve their organizational performance. This is because they contribute 43% healthcare service delivery in the country (ICF, n.d.)

4.8 Organizational Performance

This section of the study sought to determine the role of business indicators in assessing the influence of strategic management practices on organizational performance of mission hospitals. The findings of the study are discussed as below.

4.8.1 Average Length of Hospital Stay for Patients between Admission and Discharge

This research question was important because it was used in the study to measure hospital's quality of care using one performance indicator. The performance indicator was the length of hospital stay measured by the average number of days a patient remained in the hospital between admission and discharge as the first indicator. The results are presented in Figure 4.5 below;

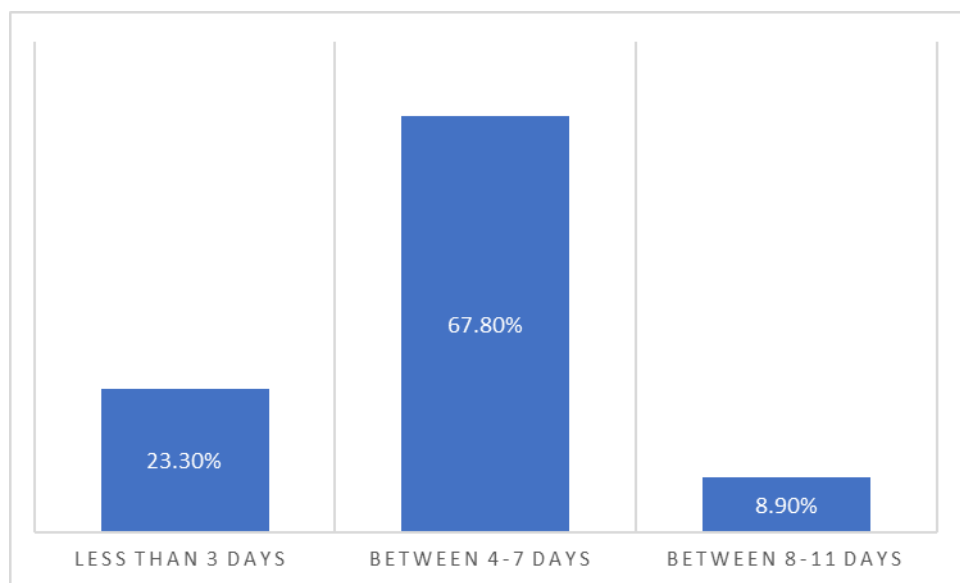


Figure 4.5: Average Hospital Stay between Admission and Discharge

Most respondents, 67.8% said that the length of hospital stay is between 4-7 days while 23.3% said that the average number of days is less than 3. A small percentage of 8.9% of the remaining respondent said that it's between 8-11 days.

4.8.2 Average Waiting Time at Outpatient and Casualty Departments

The question aimed at examining the average waiting time at the outpatient and casualty departments before a patient could see a clinician. The assumption was that the hospital was more efficient if it took less time to see a clinician for treatment. The study findings are demonstrated in Table 4.18 below;

Table 4.18: Average Waiting Time at Outpatient/Casualty Departments

	Frequency	Percent
Less than 30 mins	74	50.7
Between 30-1 hour	65	44.5
Above 1 hour but less than 1hr 30 mins	5	3.4
Between 1hr 30mins and 2 hours	2	1.4
Total	146	100.0

Most of the respondents, (50.7%) reported an average waiting time of less than 30 minutes, while 44.5% said that the waiting time was between 30 minutes to one hour. A small percentage of the remaining respondents, 4.8% reported a waiting time of between 1 – 2 hours. No respondents reported a waiting time of more than 2 hours.

This shows that the hospitals are very efficient in their operations since the time of waiting before being attended is small. The Health Information and Quality Authority (2013) recommended average length of waiting time at the outpatient department before service as a measure of hospital efficiency.

4.8.3 Variety of Healthcare Services

The question in this section was focused on finding if mission hospitals offered a variety of specialized services. This was an important question in the study, as the assumption was that a hospital has superior organizational performance if it can offer a broad range of specialized services. The results are presented in Table 4.19 below.

Table 4.19: Variety of Healthcare Services

	Frequency	Percent
Not at all	2	1.4
To a less Extent	7	4.8
To a moderate Extent	69	47.3
To a great Extent	55	37.7
To a very great Extent	13	8.9
Total	146	100.0

Asked about the extent to which the hospital offers a variety of healthcare services, 47.3% said that it is to a moderate extent, while 46.3% said that it is to a very great extent. A Small percentage of 4.8% said that it is to a less extent, while 1.4% said that the hospitals do not offer a variety of health services at all.

4.8.4 Hospital Bed Occupancy Rate

The aim of this question was to establish the frequency of which the hospital bed is occupied by different patients in a month. This question was important because the study can gauge whether the hospital is sometimes overcrowded or not. However, a high frequency of bed occupancy is a good indicator of hospital efficiency and superior organizational performance. The results are presented in Table 4.20 below:

Table 4.20: Hospital Bed Occupancy Rate

	Frequency	Percent
1-3	20	13.7
4-6	40	27.4
7-9	26	17.8
10-12	31	21.2
13-15	29	19.9
Total	146	100.0

From the Table above, respondents said that 1-3 patients occupied the hospital bed per month. Most of the respondents however said that (27.5%) of hospital bed is occupied by between 4-6 patients in a month. 21.2% of the respondents said that the hospital bed handles between 10-12 patients per bed while 19.9% said that the bed handles 13-15 patients per bed. Then, 17.8% of the remaining respondents said that the hospital bed is occupied by 7-9 patients per month.

Proponents of healthcare quality argue that it must be measured first to help improve it; design incentives to reward it and create awareness so that consumers can choose the best healthcare organizations and providers. In a study of a conceptual framework to analyze hospital competitiveness for Portuguese hospitals, Eiriz et al. (2010) also used efficiency and effectiveness to measure organizational performance in hospitals.

There is no consensus on the best methods of measuring hospital performance. Different scholars have used different approaches, but the use of efficiency and effectiveness as indicators of organizational performance are common. Seitio-Kgokgwe et al. (2014) posits that efficiency is a ratio of inputs to outputs and that benchmarking, and decision making have been used to measure hospital performance. Scholars however criticize the use of efficiency as a measure of organizational performance as inadequate for not identifying underlying causes.

4.8.5 Challenges Faced by Mission Hospitals

This research question was interested in finding out the challenges faced by mission hospitals in adopting of strategic management practices. The results are presented in Table 4.21 below.

Table 4.21: Challenges Faced by Mission Hospitals

	Frequency	Percent
Frequent changes in management	110	75.3
Financing of hospital activities	140	95.9
Technological changes in healthcare management	90	61.6
Delayed Decision making	17	11.6
High Employee turnover	57	39.0
Resistance to change	70	47.9
Lack of support and cooperation by TMTs	27	18.5

One of the most critical challenges identified by the respondents was financing of hospital activities. Most of the respondents, 95.9% said that they do not have enough finances for adoption of strategic management practices, followed by 75.3% who said there was the frequent changes in management. A good number of respondents (61.6%) said that they were faced with challenges of changes in technology in healthcare management, while 47.9% said there was a challenge of resistance to change. Another (39.0%) of the respondents said there was high employee's turnover, a small number of the respondents (11.6%) said that decision-making process was slow. This could be attributed to long chains of command and approval process. Other respondents felt that there was lack of support and cooperation by TMTs

4.9 Inferential Statistics

The purpose of research is to be able to generalize the results from samples to population and the techniques used are referred to as inferential statistics (Mugenda & Mugenda, 2003). The commonly used techniques include correlation, Chi square test, regression, T- test and ANOVA, among others (Kothari, 2006). This study used correlation, multiple linear regression and independent T – test to generalize the findings of the study.

4.9.1 Correlations

Mugenda and Mugenda (2003) suggested that correlation is used to analyze the degree of relationship between two variables. Pearson correlation coefficient, r is the measure of the strength of association between two variables. A positive correlation means that if one variable increases, the other variable also increases. A negative correlation means that if one variable increases, the other decreases. A correlation coefficient r of 0, means that there is no association between the two variables. This study tested the relationship between strategic composition of the BoDs, strategic evaluation, strategic control, hospital capability and organizational performance of mission hospitals. The results are shown in Table 4.22 below.

Table 4.22: Correlations Matrix

		Strategic Compositions	Strategic Evaluation	Strategic Control	Hospital Capabilities	Organizational Performance
Strategic Compositions	Pearson	1	.631**	.562**	.689**	.239**
	Correlation					
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	146	146	146	146	146
Strategic Evaluation	Pearson	.631**	1	.566**	.361**	.581**
	Correlation					
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	146	146	146	146	146
Strategic Control	Pearson	.562**	.566**	1	.633**	.536**
	Correlation					
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	146	146	146	146	146
Hospital Capabilities	Pearson	.689**	.361**	.633**	1	.544**
	Correlation					
	Sig. (2-tailed)	.000	.000	.000	.000	.002
	N	146	146	146	146	146
Organizational Performance	Pearson	.239**	.581**	.536**	.544**	1
	Correlation					
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	146	146	146	146	146

** . Correlation is significant at the 0.01 level (2-tailed).

The findings revealed that there was a significant weak positive correlation between strategic composition of BoDs and organizational performance. This was according to the Pearson correlation coefficient $r = 0.239$. The p-value in this case was 0.000 which was less than 0.05. The implication of this association means that strategic composition

of the BoDs that included the size of BoDs, functional background of BoDs, age group of the BoDs and BoDs experiences would improve organizational performance in mission hospitals. However, lack of strategic composition of the BoDs would lead to a decrease in organizational performance in mission hospitals. In a study of the relationship between the designs and roles of the Boards and performance of commercial state corporations, Kamaara (2014) had similar findings. There was a positive correlation between Board composition and performance of commercial state corporations. The BoDs run the organization on behalf of the shareholders and strategic composition of the BoDs is an important component of its structure (Heenetigala, 2011). The Committee on the Financial Aspects of Corporate Governance (1992) identified the monitoring role of BoDs as a strategic management practice that influences organizational performance and argued that strategic composition of the BoDs is an important aspect of its structure. Letting (2011) found a weak positive relationship between Board composition and performance of listed firms in Kenya.

On strategic evaluation, a Pearson correlation coefficient of 0.581 revealed a strong positive correlation between strategic evaluation and organizational performance that was statistically significant with a p value = 0.000. According to Silvi et al. (2015), strategic evaluation helps organizations to focus on long-term performance goals. It also helps communicate the strategy to the whole organization; predict future financial performance; and enhance strategic alignment with organizational learning among others (Dossi et al., 2010; Silvi et al., 2015).

Rumelt (1980) suggested that the issues involved in strategy evaluation are too closely associated with authority and power, and that rarely do organizations conduct explicit formal strategic evaluations. Rather, current strategic evaluation is conducted as a continuous process, which is difficult to separate from strategic planning and strategic control. However, for organizations to remain competitive in a world of rivalry and change, managers should focus on strategic evaluation for superior organizational performance. Saad (2001) in a study on strategic performance evaluation, descriptive

and prescriptive analysis suggested that organizational performance depends on criterion used in strategic evaluation and the weights assigned to each criterion in the evaluation process.

Additionally, on strategic control and organizational performance, the study established a strong positive correlation that was statistically significant represented by a Pearson correlation coefficient = 0.536 and a p value = 0.000. Ojera et al. (2011) in a study of Belief Control Practices and Organizational performance of the sugar industry, found a significant positive relationship between belief control practices and organizational performance. The study suggested that this could be due to the general view that belief systems can inspire employees' commitment towards achieving organizational performance. This is the case for mission hospitals as well, where their commitment is anchored on their belief in Christian values.

Kuye (2013) in an empirical study on strategic control and corporate entrepreneurship for manufacturing firms in Lagos, found a strong positive correlation between strategic control and corporate entrepreneurship, supported by a correlation coefficient = 0.772. This would imply that organizations with high strategic control practices are more entrepreneurial and have a superior organizational performance than organizations with low strategic control practices.

Horovitz (1979) in a study on strategic control, a new task for top management suggested that while long range planning exist, empirical evidence suggest that there are no control systems to match such planning. The study advised that there is need for strategic control practices to match the long-range planning and ensure superior organizational performance. This is especially crucial in a diversified organization or one that operates in a rapidly changing environment. It is deemed necessary for strategic planning to be effective and Horovitz (1979) concluded that a plan is worthless without control.

There was a strong positive correlation between hospital capabilities and organizational performance represented by a Pearson correlation coefficient $r = 0.544$ and a p value = 0.002. These findings are like findings of a study by Galbreath and Galvin (2008) on firm factor, industry structure and performance variation. Capabilities had a strong positive correlation with organizational performance of both the manufacturing and service organizations. According to the study, resources were found to be important determinants of organizational performance variation compared to industry structure characteristics. This is in tandem with the RBV theory of the firm, that proposes that organizational resources are the basis of competitive advantage and therefore important for superior organizational performance. Ortega (2010) in a study on competitive strategies and firm performance, technological capabilities' moderating roles found a positive correlation between technological capability and firm performance.

4.9.2 Regression Analysis Model

Multiple regression analysis was applied to examine the influence of independent variables on organizational performance. The results are as shown in Table 4.23, Table 4.24 and Table 4.25.

Table 4.23: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.599 ^a	.359	.340	.35401

a. Predictors: (Constant), Strategic Composition, Strategic Evaluation, Strategic Control, Hospital Capabilities

The multiple coefficient R had a value of 0.599 that implied that there was a strong relationship between the independent variables and organizational performance. The values of R lie between 0 and 1 and are used to measure the strength of relationship

between variables (Mugenda & Mugenda, 2003). The value of R^2 (coefficient of determination) was 0.359, which implied that the proportion of variance in organizational performance, the dependent variable in this study was explained by 35.9% of all the independent variables. According to the findings, adoption of strategic management practices in mission hospitals would improve organizational performance by 35.9%, *ceteris paribus*. The remaining proportion of 64% improvement in organizational performance, would be attributed to other factors not captured in the study. These are referred to as the stochastic or random errors, as denoted e in the regression model. The Adjusted R value was 0.34, which meant that the independent variables included in this study were significant. This was implied by the closeness of values of R (0.359) and adjusted (0.34%). The standard error of estimate was 0.35401.

Table 4.24: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.876	4	3.245	17.452	.000 ^b
	Residual	16.235	126	.165		
	Total	25.781	142			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Strategic Composition, Strategic Evaluation, Strategic Control, Hospital Capabilities

In Table 4.24, the F test value is 17.452, with a sig value of 0.000. As the sig value is smaller than the significant level of 0.05, the implication is that in this regression model, the independent variables are not equal to each other and can be used to estimate the dependent variable in this study. It therefore implies that organizational performance, the dependent variable in this regression model is not by chance.

Table 4.25: Coefficients

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	.521	.361		4.226	.000
Strategic Composition	.212	.320	.358	3.622	.002
1 Strategic Evaluation	.211	.044	.165	1.911	.045
Strategic Control	.047	.045	.421	6.854	.000
Hospital Capabilities	-.142	.068	-.319	-2.221	.021

a. Dependent Variable: Organizational Performance

From the regression analysis conducted, the findings revealed that there was a significant difference between the independent variables and organizational performance as demonstrated by the sig values that lie between 0.0000 and 0.045 in Table 4.26 above. The regression model demonstrated in 3.10.1 was as follows;

$$\hat{Y} = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

The constant in the regression model was denoted **a** and had a value of 0.521 in the regression analysis. The constant is the mean of the dependent variable if the values of X_1 to X_4 were zero. In the case of this study, the organizational performance of mission hospitals would be 52.1%, without the adoption of strategic management practices, which were the independent variables.

Strategic composition of the BoDs denoted by X_1 in the regression model had a value of 0.212 and a sig. Value of 0.002. This implied that an adoption of strategic composition of the BoDs would therefore increase the organizational performance by 21.2%, holding the other variables constant.

Strategic evaluation was denoted by X₂ in the regression model and had a value of 0.212 and a Sig. Value of 0.045. The implication is that organizational performance would increase by 21.2% if strategic evaluation was adopted, holding all other variables constant. Strategic control was denoted by X₃ in the regression model and had a value of 0.047 and a Sig. Value of 0.000. Adoption of strategic control practices would therefore increase organizational performance by only 4.7%, holding all other variables constant.

The findings also revealed a negative relationship between hospital capabilities and organizational performance. Hospital capabilities was denoted by X₄ in the regression model, had a value of – 0.142 and a sig value of 0.021. This implied that a significant difference between hospital capabilities and organizational performance existed, but in the negative direction. It therefore meant, that an adoption of strategic capabilities would decrease organizational performance by 14.2% holding all other variables constant.

The regression model was concluded as shown below, going by the findings of the independent variables in the study;

$$\hat{Y} = 0.521 + 0.212 \text{ BoDs} + 0.211 \text{ SE} + 0.047 \text{ SC} - 0.142 \text{ HC} + 0.36$$

Where:

BoDs = Strategic Composition of BoDs

SE = Strategic Evaluation

SC = Strategic Control

HC = Hospital Capabilities

A unit increase in strategic composition of BoDs, strategic evaluation and strategic control would increase organizational performance by 21.2%; 21.1% and 4.7% in that

order, *ceteris paribus*. However, a unit increase in hospital capabilities would decrease organizational performance by 14.2%. According to the findings of this study therefore, mission hospitals need to focus on strategic composition of the BoDs, Strategic evaluation and strategic control to improve their organizational performance.

4.9.3 Test of Hypothesis

In this study, independent samples t Test was used to test the null hypotheses. The hypotheses tested stated that there is no influence of strategic compositions of the BoDs; strategic evaluation; strategic control and hospital capabilities on organizational performance of mission hospitals. The inferences from the findings are presented in Tables 4.26 to Table 4.32 below;

4.9.3.1 Strategic Composition of BoDs

An independent sample t Test was adopted to test the hypotheses of the study. However, the data required to meet several requirements, including, an independent variable that was categorical (two or more groups). The group, male and female was used as the categorical variable as shown in Table 4.26 below:

Table 4.26: Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Frequency at which hospital bed is occupied by different patient in a month	Male	92	5.3478	13.47479	1.40484
	Female	54	9.6600	25.63926	3.62594

According to the findings of this study, most of the BoDs were males (64.7%), while 35.3% were females (Table 4.26). The 92 males had a mean value of 5.3 and 50 females had a mean value of 9.6. The standard deviations were 13.47 and 25.64 respectively.

Since the sample test used in this study were larger than 25, the assumption of normality was adopted.

Table 4.27: Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	Df	Sig.	Mean	Std. Error	95% Confidence Interval of the Difference	
					(2-tailed)			Lower	Upper
Frequency at which hospital bed is occupied by different patient in a month	6.614	.011	-1.315	140	.191	-4.31217	3.27807	-2.16874	10.79309
			-1.109	64.038	.272	-4.31217	3.88858	-3.45606	12.08041

An independent sample t-test was conducted on this variable because the gender of BoDs was taken as the grouping variable for comparing the means of the two groups against organizational performance. The study wanted to test the null hypothesis that

stated that there was no influence of strategic composition of BoDs on organizational performance. Since the sig value was 0.011 which was less than the chosen significant level of $\alpha = 0.05$, the null hypothesis was rejected, and the alternative hypothesis adopted.

The study therefore concluded that there was a significant influence of strategic composition of BoDs on organizational performance of mission hospitals. The composition of BoDs should pay attention to its composition in terms of its size, independence of BoDs, functional / professional background, skills and experience among others to ensure superior organizational performance. Kamaara (2014) in a study on BoDs composition and performance of commercial State Corporation had similar results. The study found a significant liner relationship between BoDs and performance of commercial state corporations. Letting (2011) also had a positive liner relation between BoDs composition and performance of listed firms in Kenya.

4.9.3.2 Strategic Evaluation and Organizational Performance

The study further tested a second hypothesis which stated that there was no influence of strategic evaluation on the organizational performance of mission hospitals. The results are as shown in Table 4.28 below.

Table 4.28: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Strategic Evaluation	146	6.8017	1.83757	.15260
Composite Index for Organizational Performance	142	6.8662	18.70572	1.56975

Table 4.29: One-Sample Test

	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Strategic evaluation	44.572	144	.000	6.80172	6.5001	7.1034
Composite Index for Organizational Performance	4.374	141	.000	6.86620	3.7629	9.9695

The study revealed a sig value of 0.000 which was less than the chosen significant level $\alpha = 0.05$. This led to the rejection of the null hypothesis which stated that there was no influence of strategic evaluation on organizational performance of mission hospitals and acceptance of the alternative hypothesis. The study therefore concluded that there was a significant influence of strategic evaluation on organizational performance of mission hospitals. CHAK (2009) had identified strategic evaluation as a weakness in mission hospitals.

Strategic evaluation must be done in a timely manner as by the time strategic opportunities and threats affect operations in organizations, it might be too late to respond. Strategic evaluation attempts to confirm that organizational strategies are appropriate, organizational policies are in tandem with the strategy; and that organizational performance confirm the critical assumptions on which the strategy rests.

4.9.3.3 Strategic Control and Organizational Performance

The study tested the third hypothesis which stated that there was no influence of strategic control on organizational performance of mission hospitals. The results from the field were tabulated as shown Table 3.40 and Table 4.31 below.

Table 4.30: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Strategic Control	145	6.8017	1.83757	.15260
Composite Index for Organizational Performance	142	6.8662	18.70572	1.56975

Table 4.31: One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Strategic Control	44.572	144	.000	6.80172	6.5001	7.1034
Composite Index for Organizational Performance	4.374	141	.000	6.86620	3.7629	9.9695

The study established a sig value of 0.000, which was less than the chosen significant value $\alpha = 0.05$. This led to rejection of the null hypothesis and the alternative hypothesis was therefore accepted. The conclusion of the study was that there is a significant

influence of strategic control on organizational performance of mission hospitals. Ojera et al. (2011) in a study of strategic control practices in the sugar industry found a significant relation between strategic control practices and organizational performance. The study suggested that strategic control practices are about strategy sustainability that ensure that planned organizational outcomes materialize.

Strategic control practices create synergy and value addition in organizations through re-shaping the overall organizational strategy. Strategic control practices are important in reshaping strategy as strategic plans can fail even when the actions associated with it have been executed exactly as intended. Kuye (2013) had similar results in a study of manufacturing organizations in Lagos that revealed a significant relationship between performance and organizations that adopted strategic control practices.

4.9.3.4 Hospital Capabilities and Organizational Performance

Further, the last hypothesis of the study was examined. The hypothesis stated that there was no influence of hospital capabilities on organizational performance of mission hospitals. The conclusion from the findings of the study established the following.

Table 4.32: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Hospital Capability	146	4.7283	1.37186	.11354
Composite Index for Organizational Performance	142	6.8662	18.70572	1.56975

Table 4.33: One-Sample Test

	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Hospital Capability	41.646	145	.000	4.72831	4.5039	4.9527
Composite Index for Organizational Performance	4.374	141	.000	6.86620	3.7629	9.9695

The findings from the Table 4.33 above showed a sig. value of 0.000 which was less than the chosen significant value $\alpha = 0.05$. This led to rejection of the null hypothesis and acceptance of the alternative hypothesis. The study therefore concluded that there is a significant influence of strategic capabilities on organizational performance of mission hospitals.

Galbreath and Galvin (2008) in a study on firm factors, industry structure and performance variation found that resources, which included capabilities were more important in explaining variation in organizational performance than industry structure. Raos and Cruiz (2015) in a study on service capabilities and organizational performance had similar findings. The study found a significant positive relationship between the organizational, marketing, managerial factors and service quality capabilities.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the key findings, relevant discussions, conclusions, and recommendations. It further suggested the implication of the study to policy and practice of strategic management. The chapter finally gave recommendations for further research work in this area of study.

5.2 Summary of Major Findings

The purpose of the study was to examine the influence of strategic management practices on organizational performance of mission hospitals in Kenya. A conceptual framework was formulated, and variables were empirically tested. The study had four specific objectives and corresponding hypotheses. The first objective was to examine the influence of the strategic composition of the board of directors on organizational performance of Mission hospitals. The second objective was to establish the influence of strategic evaluation on organizational performance of Mission hospitals. The third objective was to determine the influence of strategic control on organizational performance of Mission hospitals and finally the fourth objective was to establish the influence of hospital capabilities on performance of Mission hospitals.

Historically, strategic management developed amid a difficult economic meltdown and was concerned with helping organizations threatened with obsolescence. Extant literature showed that mission hospitals in Kenya are not modernizing and knowledge of their organizational performance is inadequate. A research gap was therefore found to exist, motivating this research study.

The study used a descriptive, cross-sectional survey research design in view of the research problem highlighted earlier and research philosophy that was adopted. Simple random sampling technique was adopted to select mission hospitals in the sample. A total of 146 senior managers in mission hospitals who are involved in strategic management and members of the hospital BoDs were surveyed. Descriptive and Inferential statistics were used to analyze the data. Specifically, correlation, multiple linear regression and independent sample t Test statistical techniques were adopted in this study.

Over 80% of mission hospitals in Kenya were established before 1980 out of which 44.5% were established in 1960 and 1980. This is the period Kenya attained independence from the Britain in 1963, and the budgetary allocation for health services was low. In the 1980s, the budget was also affected by the structural adjustment program. Mission hospitals were established by the church, to fill a gap in provision of health services that had been left by the government. That can explain why many of the mission hospitals were established in this period.

5.2.1 Influence of Strategic Composition of BoDs on Organizational Performance of Mission Hospitals

The findings revealed that most of BoDs were also working in the hospitals. They were therefore executive members of the BoDs. The BoDs had independent, non-executive members as well. Additionally, the church, government and the community were also represented. On average, the number of independent members on the BoDs ranged from 3-5 members. The government had between 1-3 representatives.

The independent BoDs are believed to monitor the managers and make better organizational decisions than inside directors who work in the hospitals. This is because of their independence from influence by TMTs. This supports the assumption of Agency Theory of management that argues that separation of organizational control and ownership potentially creates a conflict of interest. Managers act in self-interest at the

expense of the shareholders who are not involved in the daily operations of the organization. The Independent BoDs are believed to reduce the agency cost when they effectively perform their fiduciary duties.

The BoDs serve for between 1 and 5 years and the period of service is evenly distributed. The old and new BoDs therefore serve together. This helps to orientate the new members and introduce them to the business of BoDs. The ages of the BoDs are evenly distributed from age of 24 to over 60 years old; and this helps in sharing of experiences and different perspectives based on age. The skills and experience of BoDs were ranked as key determining factors in being appointed. The professional and functional backgrounds were evenly distributed. However, there were more males (66.8%) than females (34.2%) in the BoDs. For Public institutions, the recommended threshold is at least a third of each gender as stipulated in the Constitution of Kenya of 2010 (Republic of Kenya, 2010) Mission hospitals are aligned to this requirement with 34.2% women in BoDs.

Most of the hospital BoDs have between 10-12 members. This is in tandem with the recommendations of Centre for Corporate Governance that has recommended between 7-11 BoDs for organizations. The proponents of small BoDs argue that small BoDs are efficient and effective, that it is easy to deliberate issues without wasting time. However, those in support of large BoDs argue in favour of the abundance in knowledge, skills and experience that comes with large BoDs.

The findings revealed a significant but weak positive correlation between strategic composition of BoDs and organizational performance. This was according to the Pearson correlation coefficient $r = 0.239$, and the p-value was 0.000 which was less than 0.05. In multiple regression model, the study revealed a value of 0.212 and a sig. Value of 0.002. This implied that adoption of strategic composition of the BoDs would increase organizational performance by 21.2%, holding all other variables constant. The hypothesis was tested using the independent t Test. Since the sig value was 0.011 which was less than the chosen significant level of $\alpha = 0.05$, the null hypothesis was rejected,

and the alternative hypothesis adopted. The study therefore concluded that there was a significant influence of strategic composition of BoDs on organizational performance of mission hospitals. The findings were in tandem with findings of other scholars who found a significant influence on strategic composition of BoDs on organizational performance. The implication of this is that adoption of strategic composition of BoDs would increase organizational performance in mission hospitals.

5.2.2 Influence of Strategic Evaluation on Organizational Performance of Mission Hospitals

The study revealed that majority (68.5%) of mission hospitals reviewed their strategic plans once a year; an indication that strategic evaluation practices are prevalent in mission hospitals. Strategic evaluation practices determine how successful organizations are in achieving their goals, and the suitability, acceptance and feasibility of their strategic plans should be regularly reviewed.

The study revealed that majority (59.6%) of the hospitals used strategic plans as a guideline for meeting hospital mission and vision. SWOT analysis is commonly applied in mission hospitals to review their organizational performance. The organizational performance depends on the quality of strategic evaluation adopted and what organizations learn from their experiences. Choosing the right strategic measures is therefore critical and fundamental to the effective evaluation of an organizational and consequently its organizational performance.

About the extent to which strategic plan fit organizational purpose, most of the respondents agreed to a greater extent. This means that strategic plans in mission hospitals are aligned to achievement of organizational performance. Majority of respondents also said that the hospitals can fund their strategic plans. The results were unexpected as extant literature revealed that mission hospitals received minimal support from the government and sponsoring churches. The study also revealed that mission hospitals' strategic plans were acceptable to many of their stakeholders. This could be

explained as many mission hospitals are located in the rural areas, where there are no alternatives to other sources of healthcare service.

The study revealed a Pearson correlation coefficient of 0.581 and p value of 0.000, indicating a significant strong positive correlation between strategic evaluation and organizational performance. Multiple regression analysis revealed a value of 0.212 and a Sig. Value of 0.045. This meant that organizational performance would increase by 21.2%, if strategic evaluation practices were adopted in mission hospitals, and other variables had a zero value. The study revealed a sig value of 0.000 which was less than the chosen significant level $\alpha = 0.05$. This led to the rejection of the null hypothesis which stated that there was no influence of strategic evaluation on the organizational performance of mission hospitals. The study therefore concluded that there was a significant influence of strategic evaluation on organizational performance.

5.2.3 Influence of Strategic Control on Organizational Performance of Mission Hospitals

The study revealed that hospitals' vision and mission reinforced organizational core values. Positive core values have a positive influence on organizational performance of mission hospitals based on their Christian beliefs that the hospitals are anchored on. The mission hospitals hold regular meetings with stakeholders to create awareness and reinforce the core values. Most respondents said that there were systems and measures in place to change or to adjust strategic plans during their implementation.

The core values, driven by Christian foundation help employees to understand their roles and purpose in mission hospitals, are self-driven, embraces medical ethics and enhances professionalism. The core values are important in enhancing superior organizational performance. The study established a strong positive correlation between strategic control and organizational performance, supported by a Pearson correlation coefficient $r = 0.536$ and a p value = 0.000. In multiple regression model, strategic control had a value of 0.047 and a Sig. Value of 0.000. Adoption of strategic control practices would

therefore explain only 4.7% variability on organizational performance in mission. For independent sample t test, the study established a sig value of 0.000, which was less than the chosen significant value $\alpha = 0.05$. This led to rejection of the null hypothesis and concluded that there was a significant influence of strategic control on organizational performance of mission hospitals. These findings were similar to those of other scholars who studied strategic control practices in the manufacturing, sugar and service industry.

5.2.4 Influence of Hospital Capabilities on Performance of Mission Hospitals in Kenya

The finding indicate that there was a strong positive correlation between hospital capabilities and organizational performance represented by a Pearson correlation coefficient $r = 0.544$ and a p value = 0.002. In multiple regression analysis, hospital capabilities had had a value of -0.142 and a sig value of 0.021. This implied that a significant difference between hospital capabilities and organizational performance existed, but in the negative direction. Independent sample t test analysis revealed a sig. value of 0.000 which was less than the chosen significant value $\alpha = 0.05$. This led to rejection of the null hypothesis and the study concluded that there was a significant influence of strategic capabilities on organizational performance of mission hospitals.

The study also found that technology was important in provision of healthcare services in mission hospitals. Training of doctors, nurses and other people working in mission hospitals was found to significantly contribute superior organizational performance. Specifically, the acquisition of managerial, operational and marketing skills enhanced superior organizational performance in mission hospitals.

5.3 Conclusion

The study made several conclusions that were anchored on research findings based on research objectives and hypotheses. Strategic management practices were found to have a significant influence on organizational performance of mission hospitals. Strategic

composition of BoDs, strategic evaluation and strategic control were found to influence superior organizational performance. However, hospital capabilities, in respect to technology, managerial and operational excellence had a negative impact on organizational performance. This is contrary to the assumptions of RBV theory of the firm, which argues that resources are the basis of organizations' competitive advantage. Training of doctors, nurses and other senior managers can help improve this situation.

In respect to strategic composition of the BoDs, the study concluded that majority of the BoDs in mission hospitals were dominated by men. However, female BoDs met the required threshold of a third for either gender. Mission hospitals had 10-12 members in their BoDs. This is in line with recommendations of Centre for Corporate Governance that supports small BoDs. The independent BoDs, the government and church were also represented in the BoDs. Many of BoDs were however executive members, that meant that they also worked for the hospitals. To be admitted in BoDs, skills, experience and level of education were found to be the most important determinants. The strategic composition of BoDs was found to have a significant influence on organizational performance of mission hospitals.

On strategic evaluation, most hospitals reviewed their strategic plans once a year; and the plans were in line with organizational purpose. The study therefore concluded that many hospitals had strategic plans that were suitable and in line with hospitals' purpose. On the matter of strategy feasibility and sustainability, many hospitals were found to have sufficient funds to support their strategic plans. These findings were however not expected, as extant literature revealed that support for mission hospitals from the government and sponsoring churches had declined, threatening the very survival of mission hospitals. The analysis of hypothesis, concluded that there is a significant influence of strategic evaluation on organizational performance of mission hospitals.

On strategic control, mission hospitals were found to have programs and measures that could adjust or change the strategic plans, in tandem with changes in the environment. The hospitals' core values were anchored on Christian beliefs and most of the employees

were aware of them. The mission hospitals held regular meetings and workshops with employees to create awareness and enhance the core values. The study concluded that the core values helped in provision of holistic services, professionalism on the part of the employees and motivated them to be self-driven. As mission hospitals are nonprofit making organizations, the core help in minimizing the costs of running the hospital. The hypothesis testing found a significant influence of strategic control on organizational performance of mission hospitals.

On hospital capabilities, adoption of new technology, operational excellence and marketing excellence enhanced superior organizational performance in mission hospitals. Marketing excellence aimed at increasing the clients who visited the hospitals. This was done through creation of awareness about the services offered through mass media, more building facilities for services with high demand and centers of excellence for specific diseases. Kikuyu mission hospital is known for treatment of eye and orthopedic diseases. Multiple linear regression analysis however revealed a negative coefficient of -0.047 , which meant that adoption of hospital capabilities would reduce organizational performance by the same -4.7% . The hypothesis testing concluded that, hospital capability had a significant influence on organizational performance of mission hospitals.

Funding was identified as the most critical challenge in implementing strategic management practices. Frequent management changes, advanced technology, resistance to change by hospital management and slow decision making were other challenges identified as impeding implementation of strategic management practice

5.4 Recommendations of the Study

Based on the findings of this research study, various recommendations were made. Strategic management practices have a positive influence on organizational performance of mission hospitals. The strategic composition of the BoDs, strategic evaluation, and strategic control and hospital capabilities had a combined performance variability of

35.9. Mission hospitals were therefore encouraged to adopt strategic management practices to enhance their organizational performance.

Mission hospitals in Kenya contribute 43% of healthcare service delivery and are many are in the rural areas where 80% of the populations reside. To boost their service delivery, MOH should allocate more resources to mission hospitals. MOH can do this by posting specialist doctors, nurses and other healthcare professionals to mission hospitals. Sponsoring churches should be encouraged to give more donations in terms of equipment and in technology, managerial and marketing capabilities. Specialized equipment like ultrasound, renal dialysis, and cardiac bypass machines should be donated to selected mission hospitals in each county by the church. As health is a devolved function, County governments should construct more buildings to create space for high demand services and a wide range of specialized services.

The BoDs should be more involved in governance issues in the hospitals. The research findings have shown that, the strategic composition of the BoDs contribute to superior organizational performance. Consequently, focus should be on strategic composition, as a balanced BoDs is an important structure as evidenced by the research findings.

Furthermore, adoption of strategic evaluation and strategic control in mission hospitals should be emphasized. Hospital strategy should be regularly evaluated as the organizational performance is as good as the quality of its strategy. Moreover, systems and policy guidelines should also be in place to adjust the strategy or change it all together. This is important as the hospital environment is rapidly changing. Advanced technology, diverse workforce requirements, changes in disease patterns and increased HR migration require that mission hospitals should align themselves to these changes.

It is important to do more research work in this area of study. Hospital capabilities had a negative impact on organizational performance of mission hospitals. This is contrary to the assumption of RBV theory of the firm. More research studies would help understand this situation, as findings established that there is limited research work in SSA.

The findings had policy implications. It is important for mission hospitals to have performance benchmarks as it is with public hospitals. Public hospitals have long term strategic plans for every five years' cycle with regular strategic evaluation and control systems. The study recommended that there should be a clear policy on construction of buildings, equipment modernization and integration of services as this would enhance superior organizational performance. This should be in tandem with changes in service demand and growth of the mission hospitals.

5.5 Areas for Further Research

This study did not offer sufficient diversity as it restricted itself to examining the influence of strategic management practices on organizational performance of mission hospital. Future research studies are encouraged to expand to public and private hospitals. This should include research in other industries as well. The adoption of hospital capabilities had a negative effect on organizational performance variability and therefore an important area for further research.

Further research in mission hospitals should take cognizance of other aspects of the BoDs. This study only examined the influence of strategic composition of the BoD on organizational performance which is only one component of corporate governance. Future research studies should focus on BoDs' committees, managerial discretion, extent of BoDs' involvement in strategic decision making and their influence on organizational performance. Additionally, future research studies should adopt different organizational performance indicators, like hospital mortality and morbidity rates to provide additional insights and incorporate multiple respondents.

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APPENDICES

Appendix I: Introductory Letter

Dear Sir/Madam,

RE: REQUEST FOR DATA COLLECTION FROM MISSION HOSPITALS

I am a Doctor of Philosophy (PhD) candidate in Business Administration (Strategic Management) from Jomo Kenyatta University of Agriculture and Technology (Karen)

I am expected to undertake a research study on an identified contemporary topic as a partial fulfillment for requirements for the award of this degree. Your hospital has been identified for a study that will examine the 'Relationship between Strategic Management Determinants and performance of mission hospitals in Kenya: An assessment of strategic composition of the BoDs, Strategic Evaluation, Strategic Control and Hospital Resources. I kindly request you to participate in this study by answering the questions in the attached questionnaire. The questionnaire will take about twenty minutes to complete.

The study results will be used only for academic purposes and will be treated with utmost confidentiality. Only summary results will be made public. No one, except the institution will have access to these records.

Yours faithfully,

Peter Mbugua Gaturu,

PO Box 2229 00202 Nairobi

Cell number: +254 722 203 592

Appendix II: Research Questionnaire

My name is **Peter Mbugua Gaturu**, a PhD. student in Business Administration (Strategic Management) at Jomo Kenyatta University of Agriculture & Technology (JKUAT). The study seeks to examine the **Influence of Strategic Management Practices on Organizational Performance of Mission Hospitals in Kenya**. This research is purely for academic purposes and your participation is voluntary. Your responses will be treated confidentially.

Instructions

For absolute confidentiality DO NOT give your name anywhere on this questionnaire.

Please feel free and be as honest as possible. There is no right or wrong answers.

Mark in the box/the answer that best suits your view and where necessary, indicate in writing in the space provided.

SECTION A: STRATEGIC COMPOSITION OF BOARD OF DIRECTORS

1. What is your designation/position in the hospital? _____
2. When was the hospital started? _____
3. Please indicate your highest level of education

High School Graduate []

Diploma []

Bachelor's Degree []

Master's Degree []

PhD Level []

4. Kindly indicate your age bracket in the Table below:

26-34	<input type="checkbox"/>	35-44	<input type="checkbox"/>	45-54	<input type="checkbox"/>
54-60	<input type="checkbox"/>	Above 60	<input type="checkbox"/>		

5. Please tick your functional area of work:

Administration Manager	<input type="checkbox"/>
Doctor in charge	<input type="checkbox"/>
Finance Manager	<input type="checkbox"/>
Human Resource Manager	<input type="checkbox"/>
Nursing Manager	<input type="checkbox"/>

6. How many board members constitute the hospital's current BoDs? (tick appropriately)

10-12	<input type="checkbox"/>
13-15	<input type="checkbox"/>
Above 15	<input type="checkbox"/>

7. Kindly complete the Table below

BoDs	What is the period of service	Total numbers	Gender		Citizenship	
			M	F	Kenyan	Non-Kenyan
Independent Board Members						
Representative of Government						
Representative of other Organizations						
Working for the Hospital						

8. Please tick all the factors that are considered when appointing BoDs in your hospital ?

Experience []

Skills []

Qualifications []

Others -

SECTION B. STRATEGIC EVALUATION

9. How often does the hospital review its Strategic Plan in a year?

Once yearly []

Twice yearly []

Four times yearly []

Every Month []

Others _____

10. Briefly explain how the process of learning and evaluation of hospital programs reinforces its strengths and overcomes its weaknesses that are identified.

11. Use the following scale to answer the questions below; **1= To a very great extent, 2= To a great extent, 3= To a moderate extent, 4= To a less extent, 5= Not at all**

Question	1	2	3	4	5
To what extent does the Strategic Plan fit your organizational purpose?					
To what extent does the hospital depend on its Strategic Plan for strategic direction?					
To what extent is the hospital able to fund its strategic plan and perform to the required level					
To what extent is the strategic plan acceptable to the hospital's stakeholders – patients, community, suppliers, creditors and others?					

SECTION C: STRATEGIC CONTROL

12. Briefly explain how the hospital vision and Mission reinforces the hospital’s core values?

13. To determine the influence of strategic control on organizational performance of mission hospitals, Use the following scale to answer the questions below, **1= To a very great extent, 2= To a great extent, 3= To a moderate extent, 4 = To a less extent, 5= Not at all**

Question	1	2	3	4	5
To What extent does your hospital ensure that there is a system in place that can adjust or change the strategic plan (Activities) when necessary?					
To what extent are employees of the hospital aware of the hospital’s core values?					
To what extent do hospitals’ Managers hold meetings / activities to reinforce the core values of the hospital?					

SECTION D: HOSPITAL CAPABILITIES

14. The main aim is to establish the influence of hospital capabilities on performance of Mission hospitals in Kenya. Use the following scale to answer the questions below;
1= To a very great extent, 2 = To a great extent, 3 = To a moderate extent, 4 = To a less extent, 5 = Not at all

Question	1	2	3	4	5
To what extent does technology assist in provision of health care services in your hospital?					
To what extent does the hospital ensure achievement of knowledge, managerial and operative skills?					
To what extent does the Strategic Plan ensure achievement of hospital’s market position and availability of Marketing skills?					

SECTION E: ORGANIZATIONAL PERFORMANCE OF MISSION HOSPITALS

15. What is the average length of hospital stay for patients between admission and discharge?

Less than 3 days []

Between 4 - 7 days []

Between 8 -11 days []

Between 12 – 15 days []

More than 16 days []

16. What is the average waiting time for patients at your outpatient/Casualty departments before they are attended to by clinicians?

Less than 30 minutes

Between 30 minutes and 1 hour

Above one hour but less than 1 hour, 30 minutes

Between 1 hour 30 minutes and 2 hours

Above 2 hours

17. To what extent does the hospital offer variety of healthcare services to its clients? (Orthopedics, Gynecology, Obstetrics', Ophthalmology etc.).

Not at all

To a less extent

To a moderate extent

To a great extent

To a very great extent

18. How many times is each hospital bed occupied by a different patient in a month? (Average number of inpatients per bed in a month)

19. What are the challenges faced by the hospital in adoption of Strategic Management Practices?

Thank you for participating in this study

Appendix III: List of Mission Hospitals in Kenya

1		30	Our Lady of Lourdes hospital
2	St. Francis Community Hospital, Kasarani	31	Kendu Mission hospitals
3	St. Marys Mission hospital	32	St. Pauls Mission Hospital
4	Mercy Mission Hospital	33	St Elizabeth Mukumu Hospital
5	Kaplong Mission hospital	34	St. Marys Mission Hospitals, Mumias
6	Tenwek Mission Hospital	35	AIC Litein Mission Hospital
7	Friends Lugulu Hospital	36	AIC Kijabe Mission Hospital
8	Misikhu Mission hospital	37	Kalimoli Mission Hospitals
9	AIC Kapsowar Mission Hospital	38	Nazareth Mission Hospital
10	Kyeni Mission hospital	39	Marys help the sick hospital
11	PCEA Kikuyu Mission hospital	40	Tabaka Mission Hospital
12	St Lukes Mission hospital	41	ACK Maseno Mission Hospital
13	ACK Mt Kenya Hospital	42	Nyando Mission Hospital
14	Our Lady of Lourds Mwea hospital	43	St Monicas Mission hospital
15	Christamarianne Mission Hospital	44	Muthale Mission Hospital
16	Mutomo Mission hospital	45	PCEA Chogoria Mission Hospital
17	Bishop Kioko Mission hospital	46	St Theresa Mission Hospital
18	Kikoko Mission Hospital	47	St Camillus Mission Hospital
19	Catholic Hospital Laisamis	48	St Joseph's mission Hospital
20	Sololo Mission hospital	49	Lighthouse for Eye Hospital
21	Consolata Nkubu Mission hospital	50	St Lukes mission Hospital
22	Cottolengo Mission Hospital	51	AIC Githumu Hospital
23	Maua Methodist Mission Hospital	52	Kabujoi Mission Hospital
24	St Joseph Mission Hospital	53	Plateau Mission Hospital
25	Consolata Mathari Hospital, Nyeri	54	Friends Church Sabatia Eye Hospital
26	Mary Immaculate Hospital	55	Friends Hospital, Kaimosi
27	PCEA Tumutumu Mission Hospital	56	Kima Mission Hospital
28	Rangala Mission Hospital	57	Sabatia Eye Hospital
29	St Elizabeth, Lwak Mission Hospital	58	Kakuma Mission Hospital

Appendix IV: Introduction Letter from JKUAT



P.O. Box 62000-00200, Nairobi, Tel: +254 – 020-892223/4, 891566, Fax: 890797,
Mobile Nos. 0727 803 636, 0713 062 253, 0735 864 163, 0771 553 499
Email: karen_campus@jkuat.ac.ke

KAREN CAMPUS
Department of Business and Social Sciences

Our Ref: JKU/03/DAP/10

Date: 16TH June 2016

TO WHOM IT MAY CONCERN

Dear Sir/Madam

RE: PETER MBUGUA GATURU – HD433-C002-2948/2012

The above named is a bona fide student of Jomo Kenyatta University of Agriculture and Technology, Karen campus. He is registered for and is pursuing a **Doctor of Philosophy in Business Administration (Strategic Management option)**.

He is carrying out a study on "*Influence of strategic management practices on organizational performance of mission hospitals in Kenya*". He wishes to collect data in your esteemed institution to help him achieve this end. Kindly allow him to carry out the process and collect his data.

Any assistance accorded to him will be highly appreciated. Should you have further enquiries please feel free to contact the undersigned.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Dennis Juma', with a horizontal line extending to the right.

DR. DENNIS JUMA (PhD)

For: COORDINATOR, POSTGRADUATE PROGRAMMES



JKUAT is ISO 9001: 2008 CERTIFIED
SETTING TRENDS IN HIGHER EDUCATION, RESEARCH AND INNOVATION

**Appendix V: Authorization Letter from National Commission for Science,
Technology and Innovation**



**NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION**

Telephone:+254-20-2213471,
2241349,3310571,2219420
Fax:+254-20-318245,318249
Email:dg@nacosti.go.ke
Website: www.nacosti.go.ke
when replying please quote

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

Ref No **NACOSTI/P/16/64768/12783**

Date:

1st August, 2016

Peter Mbugua Gaturu
Jomo Kenyatta University of Agriculture
And Technology
P.O. Box 62000-00200
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Influence of strategic management practices on organizational performance of mission hospitals in Kenya,”* I am pleased to inform you that you have been authorized to undertake research in **all Counties** for the period ending **29th July, 2017.**

You are advised to report to **the County Commissioners and the County Directors of Education, all Counties** before embarking on the research project.

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

**DR. STEPHEN K. KIBIRU, PhD.
FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioners
All Counties.

The County Directors of Education
All Counties.