

Assessment of the Influence of Organizational Structure on Implementation of Strategic Plans in Faith-Based Healthcare Institutions in Kitui County

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Abstract

Despite many faith-based healthcare institutions formulating the best strategic plans, implementation of these strategic plans remains a daunting task to the organizations. Many challenges have been cited as the main cause of this trend but internal factors influencing the implementation of strategic plans in faith-based healthcare institutions have not been adequately investigated. This paper was, therefore, an attempt to discuss the internal factors influencing the implementation of strategic plans in faith-based healthcare institutions in Kitui County. The paper assessed organizational structure as the main internal factor influencing implementation of strategic plans in faith-based healthcare institutions in Kitui County. The study employed descriptive survey research design. To ensure sufficient representation, the researcher obtained a stratified sample of 130 officers from 421 employees from the faith-based healthcare institutions in Kitui County. Data collection was through the use of questionnaires, interview and observation schedules. The data was analyzed through SPSS version 21, using both the descriptive and inferential statistics. Although there is no optimal organizational structure, the study recommended that organizations should have suitable structures which are aligned to the strategic objectives, are responsive to the environment, with clear responsibility for strategic plan implementation and delegation of authority.

Key words: - Strategic Planning, Strategy implementation, faith-based healthcare institutions, organizational structures

1. INTRODUCTION

Strategic planning is the process of formulating and implementing decisions about an organization's future direction. It helps an organization to adapt to the ever-changing environment by addressing the key issues of what, how, when and whom decisions of the organization (Kotler, 2000). Strategy implementation is the second major phase of strategic planning after strategy formulation. It involves putting policies into action through the development of programs, budgets and procedures. It calls for changes within the overall culture, structure, or management system of the entire organization (Hrebiniak and Joyce, 2005). The phase includes various management activities that are necessary to put strategy in motion such as motivation, compensation, management appraisal, and is linked to management functions; planning, controlling, organizing, motivating, leading, directing, and communication (Steiner, 2004; Higgins, 2005).

The contingency theories by Lawrence (1922) and Lorsch (1932) anchor on the notion that, people seek to build organizations in order to find solutions to the environmental problems facing them. Organizations do not exist in isolation but are environment serving and dependent. Contrary to the conditions for the bureaucratic and scientific theories, the contingency theories opine that managers should be given authority to make decisions contingent on the current situation. Consequently, organizations will be structured differently depending on the condition at hand (Hodge, Anthony and Gales, 1996).

The practice of strategic management becomes a vital tool in creating a balance between an organization and the environment. Organizations need to give the best response to the environmental conditions it's facing (Pearce and Robinson, 2007). Strategic planning tries to relate the organization to the environment by identifying its strengths, weaknesses, opportunities and threats. This is done by conducting industry and organizational analyses. The inherent relationship between environment and strategy implementation forms the basis of the study.

The success of strategic plan implementation relies so much on firm's ability to effectively manage its internal environment according to Hill and Jones (1995). The internal environment is controllable and manageable through planning (Freeman and Reid, 2006) and consists of factors such as current employees, management systems and organizational culture (Kibera, Munyoki and Njuguna, 2014). Wheelen and Hunger (2010) recon that the internal environment of an organization consists of variables that are within the organization itself and are not usually within the short-run control of top management such as; organizational structure, organizational culture, financial, physical and human resources.

Organizational structure refers to the way the work needed to accomplish organizational mission is spread across its workforce. Organizations must have appropriate structures if they are to successfully implement their strategies (Lumpkin, 2003). It can also be considered as the viewing glass or perspective through which individuals see their organization and its environment (Gibson, Mentzer and Cook, 2005). Organizations depend on environment for support and the nature of environment dictates the level of differentiation an organization will pursue. The organization should therefore select the combination of an organizational structure and control systems that will allow it to pursue its strategy effectively. The organizational structure provides the framework in which to implement a strategy (Stock, Greis and Kasarda, 1999).

Privately owned and operated clinics and hospitals supplement the services offered by the public sector in the health systems. Faith-based Organizations also come in handy in supplementing the role of the public and private sector in health care provision. This category of hospitals and clinics constitutes 30 and 40 per cent of the hospitals beds in Kenya (Muga, Kizito, Mbayah and Gakuruh, 2004; Amokoye, 2010). Christian Health Association of Kenya (CHAK) coordinates activities of about 230 health institutions in Kenya while Kenya Episcopal Conference (KEC) coordinates activities of about 354 institutions affiliated to the Catholic Church (Berman and Benson, 1995).

The Kenya Health Sector Strategic and Investment Plan (KHSSP) 2013- 2017 appreciates the partnership between the state and non-state agencies in the improvement of health standards in the country. Kitui County is located in Eastern Kenya and borders; Tana River County to the East and South East, Taita Taveta County to the South, Makueni and Machakos Counties to the West, Embu County to the North West, and Tharaka and Meru Counties to the North. The county headquarters is Kitui Town and the county covers an area of 30,496.5 square KM with a population of 1,012,709 (Male 48% and Female 52%). The County has a documented strategic plan which outlines plans to invest in renal dialysis, a cancer unit and a forensic laboratory (Kenya Vision 2030-Governors tool kit).

The implementation stage of strategic management seeks to create a fit between the organization's formulated goal and its ongoing activities (Muturi and Maroa, 2015). A study by Miller (2002) revealed that organizations fail to implement around 70 per cent of their new strategies. Mankins and Steele (2005) also observed that 40-60 per cent of the potential value of strategic plans is never realized due to inefficiencies in planning and implementation. Strategic plan implementation is not devoid of challenges (Sesi, 2009), (Ruguru, 2012) and (Waihenya, 2014) despite its positive correlation with organizational performance (Yamo, 2006), (Awino, Muturia and Oeba, 2012) and (Salah, 2014).

A study on factors affecting adoption of strategic planning in mission hospitals in Kiambu County revealed that organizational structure is a critical factor in strategy implementation (Muhindi, 2012). A critical analysis of strategy implementation on organizational performance revealed that, organizational structure affects implementation of strategic plans in Lake Victoria South Water Services Board in Kisumu (Khatoya, 2014). Kamau (2015) did a study on institutional factors influencing implementation of strategic plans in government hospitals in Kitui Central Sub County and revealed that organizational structure is, indeed, one of the institutional factors influencing implementation of strategic plans in government hospitals in Kitui Central Sub County. The study did not involve the participation of faith-based healthcare institutions.

This study therefore sought to investigate the influence of organizational structure on implementation of strategic plans in faith-based healthcare institutions in Kitui County.

1.1 Research question

What is the effect of organizational structure on the implementation of strategic plans in faith-based healthcare institutions in Kitui County?

2. LITERATURE REVIEW

An organizational structure defines how activities such as task allocation, coordination and supervision are directed towards the achievement of organizational aims. It can also be considered as the viewing glass or perspective through which individuals see their organization and its environment (Gibson et al, 2005). Lumpkin (2003) reckoned that firms must have appropriate organizational structures if they are to successfully implement their strategies. Chakravarthy (1982) argued that an optimum strategy – structure match yields superior performances to the organization. A proper strategy-structure alignment is a necessary precursor to successful implementation of business strategies since firms lagging behind in this alignment may exhibit poor performance and be at a serious competitive disadvantage (Drazin and Howard, 1984; Noble, 1999b).

An optimum strategy – structure match yields superior performances to the organization according to Chakravarthy (1982). However, Chandler (1962) observes that chief executives will choose a structure that enables them to pursue the strategy they have chosen for the firm. His popular phrase “structure follows strategy” was later tested and confirmed by Pooley-Dias (1972), Thanhserser (1972) and Channon (1973) who concluded that structural changes occur because inefficiencies caused by the old structure have become too obviously detrimental to be tolerated.

Changes in the environment are reflected in the changes in the organizational strategy which in turn informs the change in the organizational structure. The conceptual conclusion is that strategy, environment and structure need to be closely linked otherwise the organizational performance will suffer. Richards (2006) observes that as organizations grow the size and number of their functions and divisions increase. This should be matched by a change in the organizational structure so as to economize on bureaucratic costs and effectively coordinate people and functions in the organizations (Hill and Jones, 2010).

There is, however, no agreement about optimal organizational design but there is a general consensus that firms in the same industry tend to organize themselves in a similar manner; firms following similar strategies are expected to adopt similar organizational structures. There is no bad or good structure but managers should develop a structure that will be suited to the strategies they are implementing (Peters, 2003). The structure should also be appropriate to markets, internal policy, customers, culture and the people. One of the conclusions by Stock, Greis and Kasarda (1998) was that the organizational structure provides the framework in which to implement a strategy.

2.1 Empirical literature

A good organizational design should economize on the bureaucratic costs of the organizational structure and enhance company's value creation skills which jointly increase the profitability of the organization. Without proper attention to the creation of a cohesive and efficient structure, the ability to carry out tasks that have to do with the stated goals of the organization is highly unlikely to occur.

A study by Heide, Gronhaug and Johannessen (2002) revealed that factors related to organizational structure pose a great challenge to strategy implementation. Organizations motivate and coordinate their members through the use of organizational structure and controls. Thus organizational design is critical to the successful implementation of strategies (Hill and Jones, 2008). The same observation was also made by Muhindi (2012) who identified organizational structure as one of the major factors affecting adoption of strategic planning in Mission hospitals in Kiambu County. This was

supported by Mwajuma (2013) who identified organizational structure as a contributing factor to the implementation of strategic plans in public schools in Lari District.

The effect of organizational structure on strategy implementation was also identified by Kirui (2013) and Nzyoki (2015) who studied Local authorities in Migori County and Municipal Council of Machakos respectively. Mwajuma (2013) also did a study on factors affecting the implementation of strategic plans in Kenya and identified organizational structure as a major contributing factor. A study by Khayota (2014) identified organizational structure as a major contributor to the successful implementation of strategies in Lake Victoria South Water Services Board. The studies recommend a more refined study to understand the relationship between the organizational structure and strategic planning under different systems of management. The studies also recommend a census study of the mission hospitals to get a better understanding on the factors affecting adoption of strategic planning in the private sector.

2.2 Conceptual framework

This is a graphical presentation showing the relationship between the dependent variable and independent variables. For the purpose of this study the dependent variable is strategic plan implementation and the independent variables are; human resource management practices, organizational culture and organizational structure. Aaker (1998) proposed a framework for analyzing organizations and considered that organizational components (Structure, Systems, People and Culture) help organizations in identifying strategy implementation problems. This will enable the organization to achieve superior; quality, efficiency, Innovation and responsiveness to customers (Hill and Jones, 2008) as shown in figure 2.0.

3. METHODOLOGY

The research used a descriptive or survey design since it best attempts to describe conditions of the present scenario by using different subjects to fully describe the phenomena (Westfall and Stasch, 1990). The target population was the 421 employees of the 23faith-based healthcare institutions in Kitui County. The researcher used stratified sampling to enhance the accuracy of the study. Treating every institution as strata, a random sample of 30% (130 employees) was drawn from the 421 employees. The sampling frame is shown in Table 3.0. Questionnaires were administered to the respondents with a return rate of 55 per cent which is adequate for data analysis (Barbie, 2002). The questionnaires were checked for accuracy and completeness to ensure validity and reliability of the data collected.

3.1 Results of the study

The results for the variable attributes were tabulated and analyzed using mean and standard deviation. The study used a Likert scale measurement with 1 representing not at all and 5 representing very large excellent. The descriptive statistics for the independent variable are shown in Table 3.1.

3.1.1 Descriptive statistics for organizational structure

From the findings, majority of the respondents reported that alignment of organizational structure to the strategic objectives has greatest effect on strategic plan implementation as shown by a mean of 4.85. Majority of the respondents further indicated that structure responsiveness to the environment enhances strategic plan implementation in faith-based healthcare institution as indicated by a mean of 4.82. On flexibility in decision making, majority of the respondents rated it as critical factor in strategic plan implementation as shown by a mean of 4.62. Clear chain of command also received a higher mean rating

of 4.31 on its influence in the implementation of strategic plans in faith-based healthcare institution. Regarding the delegation of authority, many respondents opined that it was a critical factor in implementation of strategic plans in faith-based healthcare institutions. This was shown by a mean of 4.22. Asked on their rating of formalization, many respondents felt that it influences the implementation of strategic plans in faith-based healthcare institution by a mean of 3.01. Most respondents opined that inclusion of strategic plan department in their organization would influence strategic plan implementation to a large extent. This was shown by a mean of 2.87.

4. DISCUSSION/CONCLUSION

From the data obtained, results showed indeed organizational structure is a major factor influencing implementation of strategic plans in faith-based healthcare institutions. This finding supports observations by other scholars. Porter (2003) suggested that decentralization of authority is one way of reducing problems associated with tall hierarchies and bureaucratic costs. Khayota (2014) opines that organizational structures influence implementation of strategic plans through task allocation, decentralization of authority, span of control, employee coordination and integration and structural flexibility. Decentralization of authority and flexibility in decision making have great bearing on implementation of strategic plans as shown by 4.22 and 4.62 means respectively. This finding was supported by Ruguru (2012) and Kamau (2015) who observed that organizations should adjust their structures by removing unnecessary procedures and programs which hinder strategy implementation.

The study also revealed that alignment of organizational structure to the strategic objectives is critical in successful implementation of strategic plans, as denoted by a mean of 4.85. Similarly, organizational structures should be responsive to their environments as shown by a mean of 4.82. these findings were supported by Hills and Jones (2010) who observed that organizational structure should be adjusted to match organizational growth pace so as to economize on bureaucratic costs through effective coordination in the organizations (Hill and Jones, 2010). A proper strategy-structure alignment is imperative if successful implementation of business strategies is to be achieved (Noble, 1999b).

The study sought to investigate the influence of organizational structure on implementation of strategic plans in faith-based healthcare institutions in Kitui County. The research question was “What is the effect of organizational structure on the implementation of strategic plans in faith-based healthcare institutions in Kitui County?” All the indicators measured revealed that indeed organizational structure influences strategic plan implementation. This is in support of other scholars Muhindi (2012), Ruguru (2012), Mwajuma (2013), Khayota (2014) and (Mwirigi et al, 2014). Based on the foregoing findings, organizational structure influences strategic plan implementation. Firms should therefore ensure that their organizational structures match the strategies being implemented to enhance their chances of successful implementation.

4.1 Recommendations

Based on the study findings, the researcher proposes the following recommendations;

- Faith-based healthcare institutions in Kitui County should create organizational structures which are consistent with the strategic objectives being pursued by the organizations.
- Flexibility in decision making is a key factor in strategic plan implementation. Faith-based healthcare institutions in Kitui County should initiate programs in the organizations to empower

employees to make accurate decisions on strategies being implemented. This can be achieved through decentralization of power to lower levels of management.

- Since organizations do not operate in isolation, organizational structure should be responsive to the environment. This will enhance their competitiveness through timely and quality response to customer.
- By linking organizational structure to strategic plan implementation in faith-based healthcare institutions, this study provides empirical evidence to previous conclusions by different scholars (notably Chandler, 1962, Pooley-Dias, 1972, Thanheiser and Channon, 1973) that organizational structure influences strategy implementation.

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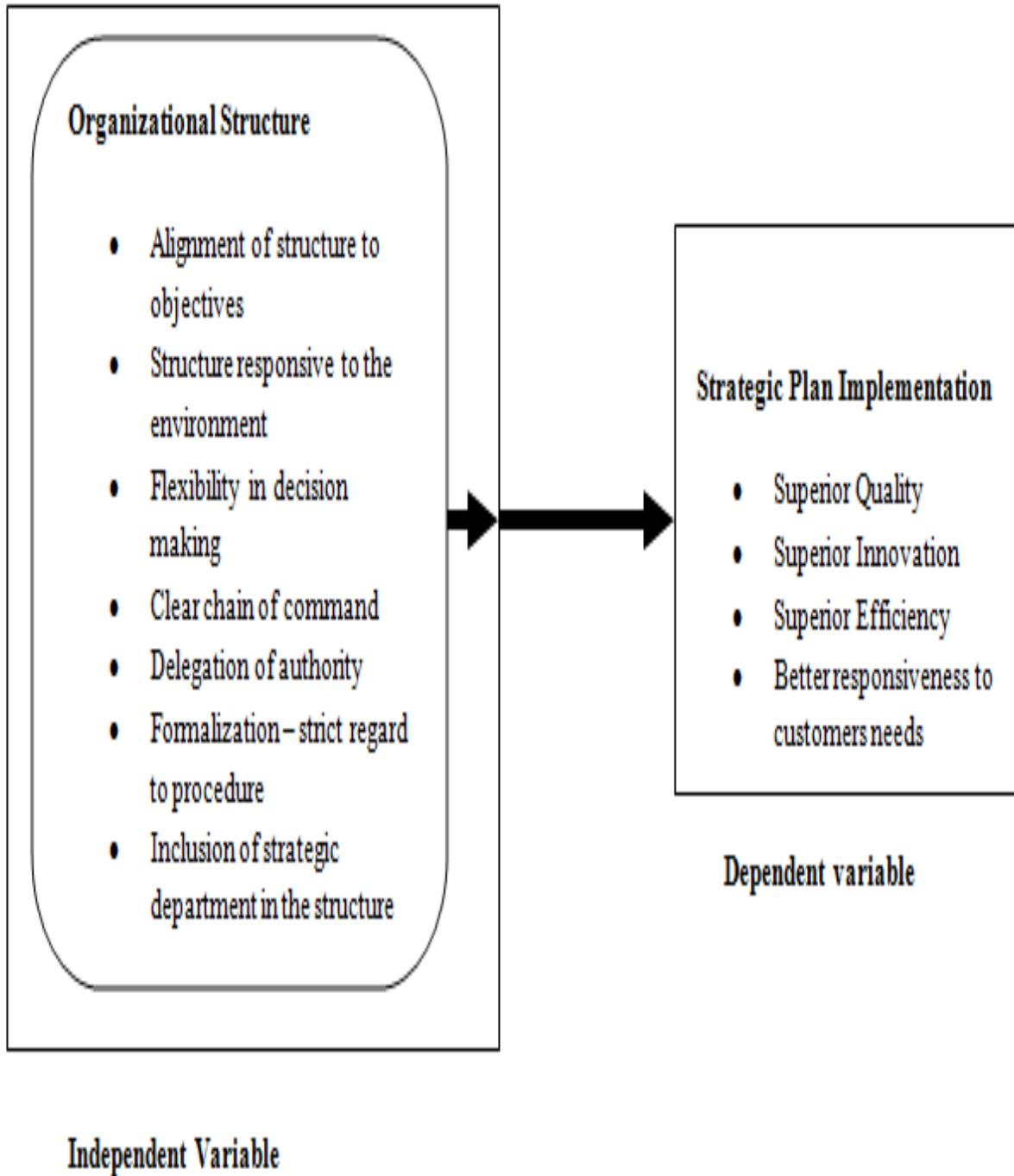


Figure 2.0: Conceptual framework (Researcher, 2016)

Stratum	Population	Sample
Kyanika AIC Dispensary	6	2
Kyome AIC Dispensary	8	3
Mbitini ACK Dispensary	10	3
Nyumbani Village Catholic Dispensary	6	2
St. Monica Catholic Dispensary Nguutani	12	4
St. Joseph Dispensary Kavisuni	18	6
Syongila ACK Dispensary	8	3
Iani Catholic Dispensary	10	3
Our lady of Lourdes Mutomo Hospital	123	35
Muthale Mission Hospital	99	30
Mulutu AIC Dispensary	6	2
Mutune Dispensary	6	2
Nuu Catholic Dispensary	9	3
Miambani Catholic Dispensary	6	2
Curran Dispensary	7	2
Katakani Dispensary	7	2
Mutito Catholic Dispensary	12	4
Kanyangi Mission Hospital	22	7
Kimangao Dispensary	8	3
Zombe Catholic Dispensary	9	3
AIC Zombe Dispensary	14	4
ACK Mwingi CHBC Clinic	7	2
Rehoboth Maternity & Nursing Home	8	3
Total	421	130

Table 3. Sampling frame

Organizational Strategic Aspects	N	Minimum	Maximum	Mean	Std. Deviation
Flexibility in decision making	72	1	5	4.62	.663
Inclusion of strategic planning department in the organization	72	1	5	2.87	.929
Structure responsive to the environment	72	1	5	4.82	.589
Clear chain of command	72	1	5	4.31	.705
Alignment of organizational structure to strategic objectives	72	1	5	4.85	.548
Delegation of authority – decentralization of power	72	1	5	4.22	.755
Formalization – strict regard to procedure	72	1	5	3.01	.760

Table 3.1 Descriptive Statistics for Organizational Structure