STRATEGIC PLANNING PRACTICES AND PERFORMANCE OF PRIVATE HOSPITALS IN NAIROBI CITY COUNTY, KENYA

Wachira Gioko

Masters of Business Administration, Kenyatta University, Kenya

Dr. Reuben Njuguna

Department of Business Administration, School of Business, Kenyatta University, Kenya

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ABSTRACT

The strategic decision process was considered as one of the most important determinants of organizational performance in contemporary organizations. The purpose of this study was to establish the influence of strategic decision process on organization performance. The study was a case study of large private hospitals in Nairobi County. The study sought to achieve four objectives: To investigate how scrutiny of strategic issues influences organization performance, to establish the influence of firm goals on organization performance, to determine influence of analysis of business environment on organization performance, and determine how the choice of strategy influences organization performance. The study took the form of a survey of private hospitals in Nairobi County. The target population for the study was the 25 private hospitals in Nairobi City County. Since the number of hospitals were few, the researcher conducted a census of the 25 private hospitals in Nairobi City County. Primary data was collected using questionnaires that contained both closed and open ended questions. The study targeted two respondents from each of the hospitals i.e. the Finance and Strategic Planning Managers. The data collected was sorted to ensure it was complete and met the purpose for which it was collected. Descriptive statistics and regression analysis were used in analyzing the data. The results were presented in Tables and figures. The findings established that the hospitals had clear vision and direction. The study also found that the firm goals are achievable though this was least agreed on. It was found that firm purpose and goals translated are into financial targets. The findings revealed that hospitals were frequently reviewing their external as well as their internal environments. The internal environment reviews consisted of reviewing of the capital resources, human resources, and the structure, while the external environment involves the completion from other businesses, social, legal and technological changes, and the economic and political environment. The findings indicated that the organization uses financial capital to formulate and implement strategies and the firms allocates resources for technology advancement. The study found that the firm internal capacity to execute strategy was considered. The study concludes that firm goals, business environment, resource allocation and strategic choices have a significant effect on performance. The study concludes that the business environment in which the hospitals operates has the highest significant on performance of the hospitals.

Key Words: *analysis, business environment, firm goals, private hospitals, strategic decision process, strategic choice, strategic challenges*

INTRODUCTION

Performance, in the context of organization, is not only a broad concept, which has been used synonymously with productivity, efficiency, effectiveness, and more recently competitiveness; it has also been a subject of study for social scientists from a wide range of disciplinary perspectives. Labour productivity, for example, has long been the concern of (labour) economists ever since Marx and Smith. Within this perspective, how to extract labour from labour power, one of Marx's most fundamental insights, is seen as a basic problem of management (Harrison, 1997).

More recently, efforts have been made by human resource management theorists to try to establish a causal link between human resource management and performance. This has led to a growing number of studies which examine the potential contribution that good human resource policy can make to improving organizational performance, so much so that 'the impact of human resource management on performance has become the dominant research issue in the field' (Guest, 1997). The studies of human resource management and performance are mostly cross-sectional and quantitative in nature, and contained in differing theoretical frameworks. While these studies provide us with colorful opposing findings and rich competing theoretical perspectives, the emerging field of human resource management on performance suffers from a lack of unity in theory and inconsistency in research methodology.

The contemporary business environment is characterized with stiff competition. Business entities therefore come up with different types of strategies that enable them to address the dynamic and frequent changes that take place in the operating environment. On the other hand the globalization era has forced managers to think and act fast in order to capture all business opportunities (Azaari and Razaki, 2007). Meanwhile, they also have to eliminate, and if not mitigate, the level of threats toward their organization. Thus, the managers' strategic decision making process is crucial to the survival of the organization. Robbins and Coulter (2005) state that decision making is part of managerial functions hence important in a manager's job.

Acording to Azaari and Razaki (2007) decision making is the process through which managers identify organizational problems and attempt to resolve them. They further assert that the purpose of strategic management decision process is to help find ways to improve the performance of an organization. Further, strategic decision makings are those that determine the overall direction of an enterprise and its ultimate viability in light of the predictable, the unpredictable, and the unknowable changes that may occur in its most important surrounding environments. They ultimately shape the true goals and objectives of the enterprise (Mintzberg & Quian, 1991).

Elbanna (2011) argues that enterprises engage in the strategic decision process for a number of reasons. One of the most popular reasons quoted by the author is the uncertainty of the external environment. Dealing with environmental uncertainty is a common problem that all organizations share. For example, decision makers virtually never have access to all the relevant information, nor can they generate all the possible alternatives and accurately anticipate all the consequences (Alkaraan & Northcott, 2006) In the area of the SDM, environmental uncertainty has been considered as the environmental dimension on which most of the theoretical interest and empirical effort have focused on two factors: environmental complexity and environmental change, contribute to environmental uncertainty (Hodge et al., 2003).

Strategic planning is now a routine part of business organizations since it plays a significant role of providing direction to the operations of the firm. Firms that engage in strategic planning stand a better chance of experiencing better and improved performance. This is a clear indication that strategic planning is very important to any organization that seeks to survive competition in the ever changing global competitive business environment. Therefore a positive relationship exists between strategic planning and the performance of an organization (Poku, 2012).

STATEMENT OF THE PROBLEM

Over time the concept and practice of strategic planning has been embraced worldwide and across sectors because of its perceived contribution to organizational performance. Today organizations from both the private and public sectors have taken the practice of strategic planning seriously as a tool that can be utilized to fast track their performances (Arasa & Obonyo, 2012).However, most organizations have not carefully examined their strategic planning process to ensure that it enhances the performance of the organization(Arasa & Obonyo, 2012). The studies already conducted reveal that most of the researchers have concentrated their focus on strategic planning and not the strategic planning process and its impact on organizational performance. For instance Taiwo and Idunnu (2007) carried out a study on the impact of strategic planning on organizational performance and survival. The study revealed that Strategic planning enhances better organizational performance, which in the long run has impact on its survival and that strategic planning intensity is determined by managerial, environmental and organizational factors. Arasa and K'Obonyo (2012) also carried out a study on the relationship between strategic planning and firm performance. The study focused on insurance firms in Kenya. It was revealed that there is a strong positive relationship between strategic planning and firm performance. The study further established that the strategic planning steps (defining firm's corporate purpose, scanning of business environment, and identification of firm's strategic issues, strategy choice and setting up of implementation, evaluation and control systems) were found to be positively related to company performance. Correlation analysis results indicate the existence of a strong relationship between strategic planning and firm performance. It is evident that no study has carefully examined the effect of the strategic planning process on the performance of large private Hospitals in Nairobi County. The existing studies have focused on other industries other than the health sector which has a slightly different environment. There are also arguments from other researchers (Mankins and Steele, 2005; Scholes and Whittington, 2005) that not all organizations that engage in the strategic planning process enjoy enhanced organization performance. Therefore, there exists a research gap that needs to be filled. This sought to fill the gap by investigating the impact of the strategic planning process on organization performance.

OBJECTIVE OF THE STUDY

To establish the effect of the strategic planning practices on the performance of private hospitals in Nairobi City County

THEORETICAL REVIEW

This study was guided by three main theories that are important in explaining the reasons why firms engage in the strategic decision process. These theories are the profit maximizing and competition based theory; the agency theory and the resource based theory.

Profit Maximizing and Competition Based Theory

According to (Raduan, Jegak, Haslinda, and Alimin, 2009) the profit-maximizing and competition based theory is based on the conception that an organization's major objective is to maximize long term profit and to develop sustainable competitive advantage over competitive rivals in the external market environment. The foundation of this theory was conceived from the industrial-organization perspective which sees the organization external market positioning as the critical success factor for attaining and sustaining competitive advantage

The basic premise of this theory in the field of strategic decision process is that the strategies will be driven primarily (though not exclusively) by the objective of maximizing the organization's profitability in the long run with the ultimate purpose of developing sustainable competitive advantage over the competitor (Lynch, 2000) . The application of this theory to the field of corporate strategic decision process straight forward: The objective of turning around company is to change the company situation from bad to good or better. And the first option and perhaps the only option at that time, is to enhance the company's profitability. This means that profit-maximization is the main or perhaps the only objective available for turning around companies in order to survive. Hence this theory is related directly to the field of corporate strategic decision process.

The Agency Theory

The Agency theory is about goal incongruence between owners, principals, managers, shareholders and those they employ (agents). It describes the firm as a nexus of contracts. Both sides in the contract operate with self-interest and guile. Contracts between parties operate best when they are efficient in sharing of risks and information and they recognize the variability of party's goals. Agency theory suggests that boards of directors act as monitors hired by shareholders over executives. Furthermore, the agency theory stresses the essential important of mutual and excellent relationship between the shareholders and management of the organization in ensuring the organizational business success (Raduan et al., 2009).

According to the principle of hedonism, almost all individuals act in accordance with self-interest by exerting minimum effort to extract maximum benefits. It is assumed that everyone is cognizant of the self-interest motivations of others, and this gives platform for concerns about conflict of interest. In the context of organizations, these conflicts are apparent between the principal who engages another individual called an agent, to perform services on his/her behalf. Agency theory explains the relationship between the principal (the shareholders) and the agent the management, who have been engaged to make decisions on the principal's behalf. Issues may develop because the principal and agent, while working toward the same goal, do not always share the same interests. The actions of agents may not necessarily be consistent with the interests of principal (Namazi, 2012).

Strategic management therefore attempts to bring some governance mechanism through a board of directors to see that agents will not take decisions in their self-interest. The boards of directors will ensure that that the interests of both the principal and agents are aligned for the benefit of the organization. In this process some agency costs are involved, such as the principal's monitoring of expenditures and the agent's bonding cost. Agency theory also explains the reasons why agents will not be motivated to exert effort unless incentives are provided and some share in the value of the firm is negotiated by the agents in the contract. Agency theory ties pay closely to performance (Raduan et al., 2009).

Resource-Based Theory

According to Steinthorsson, & Soderholm, 2002), the resource-based theory stems from the principle that the source of organizational competitive advantage depends on the unique resources and capabilities that a firm possesses and not mainly their positioning in the external environment or simply evaluating environmental opportunities and threats in conducting business

Sustained competitive advantage largely depends on the resources such as assets, capabilities, organizational processes, firm attributes, information, and knowledge a firm possesses. Although a firm's external environment is important, firm resources are far more important than the environment in which the company operates. RBV is based on two key assumptions, namely, resources are heterogeneously distributed across all the firms, and the firm resources are largely immobile (Barney, 1991). Given these assumptions, a firm secures competitive advantage if the resources possess the qualities of rarity, value, imperfect limitability, no substitutability, and no transferability. The proponents of RBV argue that competing firms will not be able to imitate strategies based on resources because there is causal ambiguity and social complexity associated with the relationship between these resource configurations and sustained competitive advantage (Barney, 1991).

RBV has gained wide currency in academia because its capability logic is very convincing in explaining why some firms achieve success despite the fact that they fall under the industry that is not performing well. The core logic behind the RBV is the "capability logic" that states that a firm can outperform rivals only if it has a superior ability to acquire, develop, configure, and use the resources to sustain its competitive advantage. The basic argument of the RBV is that a firm's competitiveness is a positive function of the resource mobilization and capability building so that strategies are designed to capitalize on the opportunities and mitigate threats stemming from the environment. The way in which firms exploit and leverage internal abilities and resources is the key. Having superior resources is a necessary, but not sufficient, condition. What is important is that the resources and competencies need to be protected from exploitation by competitors through imitation and substitution (Smith, 2011).

EMPIRICAL REVIEW

Firm Goals and Organizational Performance

A number of studies have been carried out in relation to strategic decision process and firm performance. However, a few studies have focused on this very area of study. In addition, the findings from the available studies provide diverse and even conflicting findings. A study was carried out by the Chartered institute of Personnel Development (2009). The purpose of the study was to establish the relationship between shared purpose and sustained organizational performance. The study took the form of a survey involving 3000 United Kingdom employees. The employees were required to indicate whether they had a strong sense of shared purpose in their organizations. The findings revealed that slightly less than half of the employees or 47 percent did not experience any shared sense of purpose.

Ekpe, Inyang and Eneh (2015) carried out a study on leveraging organizational performance through effective mission statement. The study adopted a qualitative research approach that involved analysis of literature of existing studies and text books on this area. The study therefore largely relied on content analysis of the qualitative data that was collected from different sources. The research findings established that the potential power of an effective mission statement in leveraging organizational performance was derived from the fact that a clear mission statement is the starting point of the organization's planning process which serves as the basis of formulating goals and objectives and selection of strategies appropriate to organizational overall purpose. The study recommended proper communication of organization strategy to create mutual expectation among stakeholders.

Another study was carried out by Garry, Yang, Yetton and Sterman (2013) on stretch goals and the distribution of performance. The study was based on the argument that most managers advocate for stretch goals in order to achieve superior organizational performance. The study therefore took the form of exploratory study where two experimental studies were carried out. The study explored the effects of goal difficulty on the mean, variance, and skewness of performance in these two experimental studies. The participants in the study were given either moderate or stretch goals for profit in a widely used management simulation with realistic dynamics. The study findings reveal that the stretch goals were achievable and well below optimal. When compared to moderate goals, stretch goals improved performance for a few, while most implemented policies that inadvertently led to bankruptcy, or, faced with that risk, abandoned the goal. It was further established that, stretch goals led to higher performance variance and a positively skewed performance distribution but did not improve median performance. As a result of higher variance, stretch goals also led to lower risk adjusted performance. It was further revealed that stretch goals generated large attainment discrepancies that increased perceived risk taking and undermined goal commitment.

Tang, Marino, Powell, Tang and Dickson (2008) conducted research on the impact of organizational goal setting on the industrial munificence-goal attainment relationship. The study was based on the understanding that CEOs can either set multiple goals or narrow their focus on a few targets for the organizations. The study took the form of a survey that involved a total of 277 small to medium sized firms selected from four countries Australia, Sweden, Mexico, and the Netherlands through stratified random sampling. The study utilized primary data that was collected from the respondents through survey questionnaires. The study results indicate that organizations have limited resources and are bounded rationality. Pursuit of multiple goals taxes both the resources and rationality that organizations can bring to bear. Perhaps focusing limited resources and managerial capabilities on one goal type, such as market share, yields the best results.

A study was also carried out by Maduenyi, Oke, Fadeyi and Ajagbe (2015) on the impact of organizational structure on organizational performance. The authors argue that the purpose of an organizational structure is to enable an organization to achieve its goals and objectives. The study took the form of a cross sectional survey. Only secondary data was used in this study. The data was obtained from different sources such as journals, articles, internet and textbooks. The findings from the study confirmed that the structure of an organization has a significant impact on organizational performance. The study recommended that organizations must have well defined organizational structure that addresses the goals and objectives of the organization in order to impact positively on performance.

Scrutiny of Business Environment and Organization Performance

Hoffman, Carter and Cullen (2016) conducted a study on the effects of strategic decision making structure and computerization on organizational performance. The main objective of the study was to investigate how the decision making process and computerization of a firm affect the performance of the organization. The research findings revealed that the effects from a manager's decision to computerize operations and change the organization's strategic decision making structure are not immediately felt. The findings supported the idea that performance needs to be measured on a long-term basis rather than on a short-term basis. The results also suggested that it may be erroneous to evaluate managers strictly on a short-term basis since the effects from strategic decisions may not be fully felt for one or more years.

Elbanna (2011) also carried out a study on Multi-theoretic perspectives of strategy processes. The main purpose of the study was to update the literature on the role of contextual factors on the strategic decision-making (SDM). It reviews the theoretical underpinnings of four contextual perspectives that are thought to influence the SDM; top management characteristics, the decision-specific characteristics, the environmental determinism and the firm characteristics, as well as the key research efforts gathered together under each perspective. The findings from the study established that the use of an integrative model emphasizing antecedent, process, moderating and outcome variables may predict more variance in decision processes and organizational outcomes than models which, for example, used simple bivariate relationships.

Gloria (2015) conducted research on the impact of business environment on business performance in Nigeria. The study considered motivational factors as part of the business environment and therefore sought to establish how they affected the performance of the workers. The research took the form of a survey research where respondents were selected from the Union Bank of Nigeria. A sample of 39 was used in this study and data was collected through self-administered questionnaires. The study managed to achieve a response rate of 51 percent. The research findings reveal that among the top ten critical factors (teamwork, work based on contract, supervision based on leadership by example and provision of equipment) had great effect on motivation as well as impact on productivity. It was further established that love and belongingness, opportunity to undertake challenging task, identification with goal and overtime were among the critical factors.

A study was also carried out by Ajayi (2016) on the impact of external business environment on organizational performance of small and medium scale enterprises in Osun State, Nigeria. The study involved a survey of small and medium scale enterprises in one specific state in Nigeria. Secondary data was used in this study. The results from the research indicated that the external business environment (economic, political, legal, socio-cultural environment, demographic, natural, technological, global and financial environment) has influence on small and medium scale enterprise operators in Nigeria. It was also discovered that there exists relationship between SMEs and the environment in which it occurs. The study concluded that small and medium scale enterprise operators should understand all these types of external business environment and their implications on organizational performance of their business activities in order to identify opportunities and threats to their businesses and update their knowledge, understanding and skills to meet the predicted changes in realm of their enterprises.

Oginni and Adesanya (2013) conducted a study on Business Environmental Factors: Implications on the survival and growth of business organisations in the manufacturing sector of Lagos Metropolis in Nigeria. The research focused on the implication of the business environmental factors on the survival and growth of business organizations in the manufacturing sector. A number of factors considered to be peculiar to the manufacturing sector in Nigeria were identified and they included electricity, government policies and fraudulent practices. Random and purposeful sampling was used to select 200 respondents from three Districts. Both secondary and primary data were used. The secondary data was collected from journals and textbooks whereas the primary data from respondents using questionnaires. The findings reveal that these factors signified impending danger that may impede the survival of these business organizations and make growth an impossible task if left on.

Strategy Choice and Organizational Performance

Another study was also conducted by Elbanna and Child (2007) on influences on strategic decision effectiveness. The study was a development and test on an integrative model. The study compared three perspectives of strategic decision process in order to come up with a more specified model of the strategic decision process. The key variables in the model consisted of three strategic decision-making process dimensions (rationality, intuition, and political behavior); seven moderating variables concerning decision-specific, environmental, and organizational factors; and strategic decision effectiveness as an outcome variable. A two-stage study was conducted in which the first stage provided exploratory insights and the second stage investigated hypotheses on the impact of strategic decision-making process dimensions on strategic decision effectiveness and the moderating role of broader contextual variables. The second-stage study produced three major findings: the first revealed that both rational and political processes appear to have more influence on strategic decision effectiveness than does intuition; the second finding revealed that strategic decision effectiveness is both process- and context-specific; and the third finding established that certain results support the 'culture-free' argument, while others support the 'culture-specific' argument.

Nooraie (2012) also conducted a study on the factors influencing the strategic decision making process. The study was based on the argument that among different manager's decisions strategic decision-making is a complex process that must be understood completely before it can be practiced effectively. Those responsible for strategic decision-making face a task of extreme complexity and ambiguity. The research findings established that researches on contextual factors effecting strategic decision-making process are either limited or have produced contradictory results, especially studies relating decision's familiarity, magnitude of impact, organizational size, firm's performance, dynamism, hostility, heterogeneity, industry, cognitive diversity, cognitive conflict, and manager's need for achievement to strategic decision-making processes. Thus, the study of strategic decision-making process remains very important and much more empirical research is required before any definitive conclusion can be reached.

A study was conducted by Emmanuel et al., (2016) on the effect of strategic choices and management control systems on organizational performance. The study investigated the effect of generic strategic choices and management control systems (MCS) on the organizational performance of large and medium-sized companies located in Espirito Santo, using Contingency Theory as the theoretical framework. It was a quantitative study that adopted a survey as the data collection technique. 73 questionnaires were validated, after being completed by those responsible for the controlling or related area of these enterprises over the period between February and April of 2014. The data analysis was performed using the structural equations modeling technique. The research findings indicate that: competitive forces shape the strategy adopted by the organizations surveyed, however, contrary to what the literature predicts, those companies that operate in more competitive environments choose a strategy of cost leadership instead of differentiation; the design and use of the MCS is influenced by the strategy chosen, and the use of contemporary management practices is associated with a differentiation strategy; strategic choices and the MCS have a positive impact on organizational performance.

Mayookaapan and Dissatat (2012) conducted a study on the impact of strategy implementation on performance of generic strategy: The purpose of the study was to examine the strategic orientation in terms of Miles and Snow typologies of the firms in emerging country and investigate their implications on performance. Data was collected from 111 key informants from firms in Thailand's chemical industry using probability sampling. The one-way Analysis of Variance (ANOVA) results showed that prospectors performed better than the other three strategic types, whereas reactors exhibited the lowest performance scores. While the success in strategy implementation is found to be a significant predictor of firm performance, the two-way Analysis of Variance (ANOVA) results revealed that the success in strategy implementation did not alter the relationship between Miles and Snow strategic type and a firm's performance. This finding suggests that the relationship between Miles and Snow strategic type and a firm's performance may be universal, regardless of the location where the study is conducted.

Carraresi, Mamaqi, Albisu and Banterle (2011) conducted a study on the relationship between strategic choices and performance in Italian food SMEs. The study took the form of a survey was carried out and primary data was collected from the respondents through a questionnaire. The research findings revealed that in the food sector, strategic choices based on innovation, product positioning, and chain relationship development have positive effects on performance, but only if distinctive resources and capabilities are considered. Innovation plays a capital role because of its direct as well as indirect effects.

RESEARCH METHODOLOGY

This study adopted a descriptive research design. The target population consisted of all the Private Hospitals operating in Nairobi County. According to the Ministry of Health, there are 25 private hospitals operating in Nairobi County. The 25 private Hospitals operating in Nairobi County were therefore form the target population for this study. The study targeted two respondents from each of the hospitals i.e. the Finance and Strategic Planning Managers. Due to the small number of private hospitals in Nairobi City County (25 in number) the study therefore involved a census of all the 25 private hospitals in Nairobi City County. The study targeted two respondents from each of the hospitals i.e. the Finance and Strategic Planning Managers owing to the fact that the management is responsible for formulation of strategic plans, overseeing the implementation of the same and taking part in their evaluation. Primary data was used in the study. The data were obtained from the strategic planning department and the finance departments of the 25 private hospitals in Nairobi City County. Descriptive statistics were used for the four specific objectives whereas regression analysis was used for the general objective. The findings were presented in tables, and bar graphs.

RESEARCH RESULTS

Firm Goals

The findings indicate that the hospitals had clear vision and direction. It was also agreed that firm goals are clearly stated and also it was agreed that there is continuous performance evaluation on firm goals. It was found that firm purpose and goals translated are into financial targets. The study found that the firm goals are achievable though this was least agreed on. It was not clear as to whether employees are involved in developing firm goals. In an organization the mission indicates the distinct purpose for establishing an organization and therefore it is important for it to be clear. The vision represent what the organization wants to achieve when accomplishing the mission while the strategic goals are the principal end results that the company chases to achieve its mission.

Business Environment

The finding show that the environment is highly considered in strategic planning. The study found that the organizations understands their internal business environment. It was found that PESTEL and SWOT analysis are some of the environmental analysis done by the organizations to understand their environment. The hospitals were found to be frequently reviewing their external as well as their internal environments. The internal environment reviews consisted of reviewing of the capital resources, human resources, and the structure. While the external environment involves the completion from other businesses, social, legal and technological changes, and the economic and political environment.

Strategic Choices

The study found that the firm internal capacity to execute strategy is considered. It was agreed that ambition of owners determine choice of strategy and the firm’s internal realities dictate choice of strategy. It was also agreed that the company culture is important in choice of strategy and also there is high involvement of employees when making company’s policies and decisions. It was also found that organization values and symbols are clear and understandable to every member of society. The findings indicated that product, market and diversification strategies are growth strategies, while corporate social responsibility activities of companies help to create the perception or reality that these firms are advancing a social goal. The findings also indicate that the managerial and administrative needs and build them around the vision of the organization

INFERENTIAL STATISTICS

A multiple regression analysis was applied to establish the effect of the strategic planning process on the performance of private hospitals in Nairobi City County. The model summary was as shown in Table 1.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.837	0.701	0.671	2.587

The model fit in this study was evaluated by the coefficient of determination. The adjusted R2, also called the coefficient of multiple determinations, is the percent of the variance in the dependent variable explained uniquely or jointly by the independent variables. The model had an average adjusted coefficient of determination (R2) of 0.671 which implied that 67.1% of the variations on performance of private hospitals are explained by the independent variables focused on this study that is; firm goals, business environment, strategic issues, choice of strategy. The study further tested the significance of the model using the ANOVA technique. The study results are as tabulated in Table 2.

Table 2: ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	675.567	4	168.891	23.483	.0000
	Residual	287.678	40	7.19195		
	Total	963.245	44			

As shown in the ANOVA statistics, the regression model from the study findings was established to be valid at (F = 23.483, P < 0.05). The implication of this is that the independent variables are good predictors of strategic planning of private hospitals in Nairobi City County. Additionally, the study used the coefficient table to determine the study model among the independent and dependent variables. The study results are as shown in Table 3.

Table 3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.763	0.734		6.489	.000
	Firm goal	0.564	0.093	0.476	6.065	.000
	Business environment	0.435	0.056	0.345	7.768	.000
	Choice of strategy	0.201	0.036	0.142	5.583	.000

The generated output as per the SPSS is as presented in Table 8 above, thus the equation is as shown below:

$$Y = 4.763 + 0.564X1 + 0.435X2 + 0.201X3$$

As shown from the regression model, a unit increase in focus of firm goal while holding all the other factors constant would positively change performance of private hospitals by a factor of 0.564. Regression results also revealed that Scrutiny of business environment has significance and positive influence on performance of private hospitals in Nairobi City county as indicated by $\beta2=0.435$, $p=0.000$. The implication is that a unit increase in the Scrutiny of business environment would lead to an increase in performance of private hospitals by $\beta2=0.435$.Ease in the choice of strategy leads to a positive increase in performance of private hospitals as indicated by $\beta3=0.201$.

CONCLUSIONS

The study concludes that strategic planning has effects on performance of hospitals. The study concludes that the hospitals have stablished strategic management system with progressive strategic planning practices. These practices have been used for formulation, implementation, evaluation and control of strategies to realize organization strategic intention. The study concludes that firm goals, business environment, resource allocation and strategic choices have a significant effect on performance. The study concludes that the business environment in which the hospitals operates has the highest significant on performance of the hospitals. The organisations need to carefully scan their environment in order to make wise strategic moves that will help in improving the performance. Strategic planning is the foundation that improves business processes and ultimately reduces internal costs of operation, and managers find themselves in an environment of constant technological change.

The study concludes that resources gives an institution a competitive edge in performance over its competitors. Institutions therefore need to strategically allocate its financial and non-financial resources from strategy formulation to implementation so as to survive in the competitive and dynamic industry. The study concludes that the strategic decisions made by an organization should be carefully considered. The strategic decisions making is a complex process that must be understood completely before it can be practiced effectively as it influences the performance in a major way.

RECOMMENDATIONS

The study recommends that the organizations top management should consider adopting practices such as allocating more resources to physical and human resources for superior performance. Organizations need to carefully think about the strategies they want to put in place so as to develop lasting improvements. Every part of an organization, every person working for that organization needs to be focused on supporting the vision and mission. How every activity is performed and an individual operates needs to be integrated so that all the effort and resources support the strategy

The study recommends managers should have strategic plans in place that would facilitate the implementation of their vision and mission. Without implementation, vision and mission resort to being great ideas on paper that organisation's cannot benefit from. Their implementation plans need to be systematic, consistent, and measurable.

The study recommends organizations to effectively and efficiently apply strategy planning in order for them to improve their business processes, reduce the cost of doing business, and to effectively deal with technological and environmental changes. Strategic planning will facilitate the ability of organizations to be innovative in terms of products and services they offer.

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