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Effects of Strategy Implementation on Performance of Iten County Referral Hospital, Elgeyo Marakwet County, Kenya

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ABSTRACT: Strategy implementation was recognized as a crucial element of the strategic management process, involving the enthusiastic execution of well-developed systems and coordinated activities utilizing various resources to achieve organizational objectives. Many institutions encountered significant challenges in policy implementation, with most strategies failing to improve performance due to poor execution. The study aimed to assess the effects of organizational structure and resource allocation on the performance of Iten County Referral Hospital in Kenya, serving as a valuable resource for future researchers, policymakers, and hospital management by providing insights into how these factors influenced strategic success. Guided by resource-based view, agency, and upper echelon theories, the research employed a quantitative descriptive design, targeting a population of 214 staff members, with a sample size of 139 selected through simple random sampling. Data collection involved structured questionnaires, with reliability and validity ensured through correlation and content validity ratio, and analysis conducted using descriptive and inferential statistics, including multiple linear regression. Throughout the study, confidentiality, privacy, informed consent, and anonymity were upheld. The findings indicated that the hospital could overcome some implementation challenges by adopting strategies such as staff training, motivation, improved resource allocation, and fostering a positive organizational culture, which were expected to facilitate the successful execution of its strategic plans. The study found that organizational structure was the most significant predictor of performance, with a standardized beta coefficient of 0.478, indicating a strong positive impact. Enhancing structural elements such as clear hierarchies, efficient reporting systems, and streamlined decision-making processes was associated with notable improvements, with a one-unit increase in organizational structure linked to a 0.459 increase in performance. Organizational culture (β = 0.393) and resource allocation (β = 0.384) also significantly influenced performance outcomes; a positive culture and strategic resource distribution aligned with institutional goals contributed to increased productivity and operational efficiency. Reward systems, with a β of 0.357, played a critical role in motivating staff and improving organizational results. The findings concluded that equitable resource distribution and a strong organizational culture were fundamental to enhancing healthcare performance. Based on these results, it was recommended that healthcare organizations prioritize establishing transparent hierarchies, effective communication channels, role clarity, and a balanced approach to centralization and decentralization to foster staff motivation, teamwork, and operational effectiveness.

KEYWORDS: Organizational culture, Strategy, Implementation & Organizational performance

BACKGROUND TO THE STUDY

Strategic management has become a prominent concept in the corporate world in recent decades. Perrow (2016) defines it as the formal and structured process through which a business establishes a position of strategic leadership. Developing a strategy involves a combination of rational analysis, intuition, experience, and emotion. While Serfontein (2010) acknowledges some uncertainty regarding the significance of systematic analysis in the strategy process, Ruth (2013) emphasizes that without proper analysis, the process of strategizing at the senior management level can be chaotic and lack a basis for evaluating alternatives.

The activities encompassed by strategic management have historically been referred to by various terms such as strategic planning, long-range planning, corporate planning, and business policy. These terms, while initially distinct, have often been used interchangeably in both academic literature and practical application to describe the processes involved in setting organizational goals and determining how to achieve them (Furrer et al., 2017). Over recent years, however, there has been a noticeable shift in terminology, with the term 'planning' increasingly being overshadowed by 'management.' This change reflects a broader understanding that strategic management encompasses not just the formulation of plans but also their implementation, monitoring, and continuous adaptation in response to changing internal and external environments (Lynch & Cross, 2019).

Consequently, strategic management is now recognized as a comprehensive framework that integrates vision, strategic direction, mechanisms for execution, and organizational structures. This holistic approach emphasizes that strategy is not a static document but a dynamic process that involves ongoing assessment and realignment, especially in fast-paced, complex markets (Hitt et al., 2020; Johnson et al., 2021). Scholars argue that effective strategic management requires organizations to develop flexible structures and mechanisms that facilitate responsiveness and innovation, aligning resources and capabilities with strategic goals (Wang & Ahmed, 2020).

According to Pride and Ferrell (2013), strategy implementation is fundamentally the process of translating articulated strategies and detailed plans into actionable steps that enable organizations to reach their defined objectives. This process involves addressing critical questions such as who is responsible for executing specific tasks, where activities will take place, when actions should be taken, and how strategies will be operationalized effectively (Harrington, 2006). Strategy implementation is often seen as the bridge between formulation and operational success, requiring coordination and commitment across various organizational levels (Choi & Pak, 2017).

Harrington (2006) characterizes strategy implementation as an iterative, ongoing process that involves executing strategies, policies, programs, and action plans designed to leverage an organization's resources competitively. Recent research emphasizes that this process must be adaptable, allowing for adjustments based on feedback and environmental shifts (Jansen et al., 2018). Pearce II (2008) perceives strategy implementation as the act of putting the chosen strategy into action, stressing the importance of aligning organizational activities, leadership, and culture to foster successful execution (Noble et al., 2021). This alignment ensures that strategic initiatives are supported throughout the organization and that the cultural context facilitates change and innovation (Meyer & Stensaker, 2019).

Li, Guohui, and Eppler (2018) view strategy implementation as a dynamic, iterative, and complex process influenced by a multitude of internal and external factors. They emphasize that it involves a series of decisions and activities undertaken by managers and employees to bring strategic plans to fruition, often requiring continuous learning and adaptation (Zhang et al., 2022). Recent perspectives highlight that successful implementation depends heavily on organizational agility, clear communication channels, and a culture that promotes strategic alignment and change management (Kumar & Subramanian, 2022; Lee & Lee, 2023). Furthermore, advancements in digital technologies and data analytics have introduced new tools that support real-time monitoring and adjustment of strategic initiatives, reinforcing the importance of a flexible, responsive approach (Chen et al., 2021).

In order for companies to thrive in today's globalized and dynamic business environment, they must possess the ability to quickly and efficiently adapt to new circumstances (Cardinaels&Veen-Dirks, 2010). Both internal and external stakeholders, including shareholders, customers, employees, suppliers, and technology, exert pressure on the company's capacity to adapt and drive progress both internally and externally (Jaaskelainen& Sillanpaa, 2013). The process of implementing a strategy occurs at various levels of management corporate, tactical, and operational each with its own distinct roles. The strategy is put into action through tactical or action plans, where it is broken down into operational components and assigned to specific departments or individuals, along with established time frames for completion. Budgets are then allocated for each activity, and a control mechanism is implemented to monitor progress (Robinson, 2020). Strickland (2021) emphasize that a sound strategy alone is not sufficient; proper implementation processes must be in place to achieve the desired outcomes. Bhatti (2011) acknowledges that strategic implementation is a crucial step in translating a company's vision and objectives into reality, and without effective implementation, even the most well-crafted strategy will not yield the intended results. He also underscores that successful strategy implementation is vital for both public and private organizations.

Nkozi's (2015) research conducted in South Africa, which explored the factors influencing the implementation of strategic plans, identified that the foremost challenge affecting strategy adoption is the lack of sufficient financial resources. It was closely followed by issues related to poor structural organization, a reduced emphasis on market analysis, unfavorable frameworks, and resistance to change, in that order. These challenges collectively represent the primary barriers to effective strategy implementation. Other studies have also highlighted that the process of strategy adoption has become increasingly expensive and cumbersome compared to the relatively smoother strategy formulation. A Kenyan analysis conducted by Omboi and Mucai (2011) suggested that ineffective management practices, stemming from a lack of thoughtful consideration and over-reliance on incentive-based plans, are relatively insignificant due to the inherent complexity of motivation required for successful employee engagement. This stands in contrast to intrinsic motivation, which is driven by governance and the physical rewards tied to the management's oversight of significant plans. To ensure successful schedule implementation within an organization, an evaluation should be carried out to confirm the alignment of various key components of the organization.

Jenatabadi (2015) defines performance as the process of ensuring the completion of tasks. Consequently, organizational performance is a measure of how effectively an institution carries out its responsibilities in line with its desired objectives. Upadhaya, Munir, and Blount (2014) emphasized that organizational performance is a reflection of an entity's actual results compared to the desired outcomes and objectives. It encompasses aspects such as productivity, efficiency in internal operations, adherence to schedules, and responsiveness to the environment (Williams, 2002). Akinyi (2012) further added that the methods for measuring performance are often tailored to the specific needs and characteristics of each institution

Statement of the Problem

In the dynamic landscape of the hospital industry, the strategic planning process stands as a cornerstone for fostering business growth and achieving institutional objectives. Effective strategy implementation is essential for enhancing overall performance and competitiveness in the ever-evolving pharmaceutical markets (Gaya et al., 2013). Both scholarly research and practical experience underscore the enduring impact of strategy implementation on organizational success (Shamila et al., 2016). Despite this recognition, many organizations encounter challenges in translating their strategic visions into tangible outcomes.

Raps and Kauffman (2015) highlight indecisiveness as a significant factor contributing to these challenges, accounting for a substantial portion (ranging from 10% to 30%). Bititci et al. (2015) further emphasize that organizations often face hurdles in realizing the anticipated benefits during the implementation phase of their strategies. Successful strategy adoption necessitates resilient leadership that exudes energy and determination. According to Raps and Kauffman (2015), taking an integrative approach in the adoption process is paramount for achieving operational efficiency.

This study is motivated by the existing gaps in previous research endeavors. For example, Gabow (2019) examined strategic management practices and their impact on the performance of public hospitals, focusing on strategy implementation through operationalization and institutionalization, albeit within National Referral Hospitals. Similarly, Mailu, Ntale, and Ngui (2018) conducted a descriptive analysis of the pharmaceutical industry in Kenya, using organizational structure and resources as metrics for assessing strategy implementation. Against this backdrop of research limitations, this study aimed to investigate the effects of strategy implementation on the performance of Iten County Referral Hospital in Elgeyo Marakwet County.

Objectives of the Study

i. To establish the effects of organization structure on performance of Iten County Referral Hospital, Elgeyo Marakwet County, Kenya
ii. To establish the effects of resource allocation on performance of of Iten County Referral Hospital, Elgeyo Marakwet County, Kenya

Research Hypotheses

The following research hypotheses guided the research study:

i. **$H0_1$:** There is no significant effect of organization structure on performance of Iten County Referral Hospital in Elgeyo Marakwet County, Kenya.
ii. **$H0_2$:** There is no significant effect of resource allocation on performance of Iten County Referral Hospital in Elgeyo Marakwet County, Kenya.

Significance of the Study

The research holds significance for upcoming researchers and scholars, serving as a valuable resource for their studies and aiding in the identification of research gaps that require exploration. This contribution is expected to enhance empirical research in the domains of strategy implementation and organizational performance.

Furthermore, the findings of this study would be pertinent for policymakers within county governments and other governmental bodies responsible for shaping policies related to strategy implementation. The insights derived from the research are anticipated to inform the formulation and implementation of policies within autonomous government entities in Kenya.

Additionally, the study bears relevance to the management of Iten County Referral Hospital, particularly those involved in strategizing for the organization. By shedding light on the impact of strategy implementation, the research equips the hospital's management and staff with a comprehensive understanding of how these strategies influence the organization's pursuit of its mandate.

LITERATURE REVIEW

Empirical Literature Review

Organization Structure and Performance

Organizational configuration encompasses four aspects of organizational culture: centralization, formalization, span of control, and departmentalization. Colombo and Delmastro (2012) emphasize that breadth and depth are crucial elements for depicting an organization's structure. Depth refers to the number of managerial levels between top management and operational employees, while breadth indicates the total number of direct reports or reports supervised by a manager (span of control). Span of control is assessed at each managerial level and averaged across all levels of an organization (Teece et al., 2010). Therefore, depth and breadth exhibit an inverse relationship in relation to the size of an organization.

Organizational structure serves as a fundamental cornerstone of organizational effectiveness. Robbins (2017) characterizes organizational effectiveness as the extent to which an organization achieves its short- and long-term goals, with the selection of these goals influenced by strategic constituencies, the evaluator's self-interest, and the organization's life stage. According to Higgins' (2015) Eight S's model, organizational structure encompasses five key components: defining roles and responsibilities (jobs), granting the authority to carry out those roles, logically grouping jobs, determining the manager's span of control, and establishing mechanisms for coordination.

Organizational structure plays a pivotal role in shaping an organization’s overall performance by influencing communication, decision-making processes, and resource allocation. Theoretical frameworks such as contingency theory suggest that the effectiveness of an organizational structure depends on its alignment with the external environment and internal strategic objectives (Donaldson, 2018). Recent empirical studies have reinforced this view, demonstrating that flexible and decentralized structures tend to foster innovation, responsiveness, and employee engagement, which in turn positively impact organizational performance (Zhou & Wu, 2019). For instance, research by Li and colleagues (2020) indicates that firms employing flatter hierarchies and team-based structures exhibit higher adaptability in dynamic markets, leading to improved financial outcomes and customer satisfaction. Conversely, highly bureaucratic or rigid organizational structures may hinder swift decision-making and limit a firm's ability to respond to environmental changes, thereby negatively affecting performance (Kumar & Subramanian, 2021).

The relationship between organizational structure and performance is also mediated by factors such as organizational culture, leadership style, and technological integration. Recent studies emphasize that structure alone cannot determine organizational success; rather, its effectiveness depends on how well it supports the organization’s strategic goals and operational processes (Wang & Ahmed, 2020). For example, innovative organizations often adopt organic structures that promote collaboration, knowledge sharing, and autonomy, which are crucial for fostering creativity and continuous improvement (Jansen et al., 2018). Furthermore, the integration of digital technologies and data-driven decision-making has transformed traditional organizational structures, necessitating more agile and networked configurations that enhance information flow and operational efficiency (Chen et al., 2021). As organizations become more complex and globalized, research suggests that hybrid or matrix structures are increasingly prevalent, providing a balance between control and flexibility to optimize performance across diverse markets (Lee & Lee, 2023).

Despite the extensive research linking organizational structure to performance, scholars acknowledge that this relationship is context-dependent and influenced by various internal and external factors. Recent meta-analyses and longitudinal studies reveal that there is no one-size-fits-all approach; instead, the optimal structure varies based on industry, organizational size, and strategic focus (Noble et al., 2021). Moreover, the rapid pace of technological change and globalization has challenged traditional assumptions, prompting organizations to continuously adapt and reconfigure their structures to sustain competitive advantage (Kumar & Subramanian, 2022). Overall, the evolving literature underscores that organizational structure remains a critical determinant of performance, but its success depends on alignment with organizational strategy, culture, and external environment. Future research emphasizes the importance of dynamic structural configurations that can evolve in tandem with organizational needs, emphasizing agility and resilience as key drivers of sustained performance (Zhang et al., 2022).

When implementing a business strategy, decisions must be made regarding how the organization is structured. This involves determining the specific tasks to be carried out, delegating the authority to perform those tasks, organizing jobs into departments and divisions, establishing the manager's level of authority, and implementing control mechanisms for the structure.

Richards (2016) argues that scholars have often posited that goals and strategies are the primary factors influencing organizational structure. While strategy, defined as the long-term goals of an organization and the actions needed to achieve them, is a crucial element, it is just one of many components that shape the structure. Numerous studies have sought to establish a definitive link between strategy implementation and structure, yet no unequivocal conclusions have been reached regarding their interplay. It is, however, recognized that the industrial environment of the organization exerts a significant influence on both strategy implementation and, consequently, the structure.

Resource Allocation and Performance

An organization's resources play a pivotal role in establishing sustainable competitive advantages. This argument stems from the notion that firms possess distinct and unique resources that serve as the foundation for their strategies (Gachua, 2017). The allocation of resources significantly impacts the execution of management's approved plans (Mango, 2014). This process encompasses elements such as budgeting, financial planning, and the optimal utilization of available resources within an organization (Ongeti, 2014). Resource allocation stands at the core of an organization's management activities, enabling the effective and ample implementation of strategies. According to Barnat (2016), the efficacy of resource allocation is gauged by the extent to which an organization achieves its objectives. Nevertheless, many organizations face challenges in strategy implementation due to resource constraints (Okumu, 2013). Sterling (2003) highlights that a chronic shortage of resources, including capital and capacity, impedes the effective implementation of strategies. Christensen and Donovan (2020) assert that resource allocation is a pivotal factor that shapes and ultimately constitutes a company's strategic direction and must therefore align with the organization's overall strategy. Resource allocation serves as a criterion for filtering strategic concepts and initiatives that are essential for the execution of strategic plans (Owako & Nyangara, 2021).

In a study conducted by Gachua (2017), the factors influencing strategy implementation in Private Universities in Kiambu County, Kenya were examined using a descriptive research design with a sample size of 133 respondents. The findings revealed a lack of sufficient funding for supporting strategy implementation, emphasizing the importance of clear delineation of duties and tasks.

Similarly, Magiri (2018) investigated strategy implementation at the Kenya Police Service Headquarters. This study employed a descriptive research design and selected 69 employees from a sample pool of 345. Data analysis involved both descriptive and inferential statistics, revealing a positive correlation between resource availability, organizational structure, and organizational performance. Additionally, the study affirmed a positive association between strategic leadership and organizational performance.

Resource allocation is a fundamental aspect of organizational management, serving as the process through which organizations distribute their limited resources—such as financial capital, human talent, technological assets, and physical infrastructure—across various projects, departments, and initiatives. The effectiveness of this distribution directly impacts organizational success, as it determines how well organizations can capitalize on opportunities, respond to challenges, and achieve strategic objectives. Scholars emphasize that strategic resource allocation is not merely about distributing resources evenly but involves careful planning and prioritization to ensure that critical areas receive the necessary support to maximize productivity, innovation, and overall performance. When organizations allocate resources effectively, they can enhance operational efficiency, reduce waste, and foster a culture of continuous improvement. Conversely, poor resource allocation—such as over-investing in less impactful areas or underfunding vital initiatives—can lead to inefficiencies, reduced morale, and diminished competitive advantage, ultimately impairing performance outcomes (Yuchtman & Seashore, 2018; Barney & Hesterly, 2020).

The relationship between resource allocation and organizational performance has been the subject of extensive research, with a consensus emerging that optimal resource distribution is positively correlated with improved productivity, profitability, and innovation. For instance, organizations that strategically direct resources toward core competencies or high-impact projects tend to be more agile and better positioned to adapt to market changes. Effective allocation enables organizations to leverage their strengths and invest in areas that generate the highest returns, thus enhancing overall performance. On the other hand, misallocations—such as allocating excessive resources to declining product lines or underfunding emerging opportunities—can drain organizational capacity and hinder growth. Moreover, research indicates that aligning resource allocation with strategic goals—using frameworks like the Balanced Scorecard—can improve performance management by ensuring that resources support long-term vision and strategic priorities (Hitt et al., 2017; Kaplan & Norton, 2018). This alignment helps organizations monitor progress, adjust priorities, and maintain focus on their key objectives.

Technological advancements have revolutionized the processes of resource allocation, enabling organizations to shift from traditional, intuition-based approaches to data-driven decision-making. Modern analytics tools, big data, and artificial intelligence facilitate real-time tracking of resource utilization, predictive modeling of future needs, and assessment of the impact of resource deployment on organizational performance. These technological innovations allow organizations to allocate resources more precisely, reduce waste, and respond swiftly to changing internal and external conditions (Davenport et al., 2020). For example, predictive analytics can forecast resource shortages or surpluses, enabling proactive adjustments that optimize performance. Furthermore, organizations leveraging these advanced tools often experience gains in efficiency and agility, which are critical in highly competitive and dynamic markets (Brynjolfsson & McAfee, 2018). As digital transformation continues to accelerate, integrating technology into resource allocation strategies is increasingly viewed as essential for sustaining performance improvements.

Organizational structure and culture also play vital roles in shaping resource allocation practices. Decentralized organizations tend to promote autonomous decision-making at the departmental or divisional level, which can facilitate more responsive and context-specific resource distribution. This decentralization often enhances organizational agility, allowing units to allocate resources rapidly in accordance with local needs and emerging opportunities, thereby driving performance improvements. Conversely, highly centralized organizations may experience rigidity, with resource decisions filtered through top management, potentially leading to delays, misalignments, and reduced responsiveness. The organizational culture—values, norms, and shared beliefs—further influences how resources are prioritized and allocated. Cultures emphasizing innovation, collaboration, and adaptability tend to support more flexible and strategic resource deployment, fostering environments conducive to high performance. In contrast, cultures resistant to change or overly bureaucratic may hinder effective resource distribution, negatively impacting organizational outcomes (Galbraith, 2017; Floyd & Lane, 2019).

Financial resource allocation remains a critical component, particularly in contexts where organizations face constraints and must prioritize investments carefully. Effective financial management, including budgeting, capital investment decisions, and cost control, directly correlates with improved financial performance and organizational sustainability. Strategic capital allocation—such as investing in research and development, new markets, or technological upgrades—can serve as a catalyst for long-term growth and competitive positioning (Ghosh & Saha, 2020; Brealey et al., 2019). Organizations that adopt rigorous financial analysis and prioritize high-return projects tend to outperform those with ad hoc or politically influenced funding decisions. Proper financial resource allocation also entails managing risks, balancing short-term performance pressures with long-term strategic investments, and ensuring liquidity to withstand market fluctuations.

Human resource allocation, encompassing talent management, staffing levels, and workforce deployment, significantly influences organizational performance. Effective deployment of skilled personnel in strategic roles enables organizations to innovate, deliver high-quality services, and respond effectively to customer needs. Workforce flexibility, such as cross-training employees and creating adaptable teams, enhances the organization's capacity to reallocate human resources quickly in response to internal demands or external shocks. Studies demonstrate that organizations investing in talent development and deploying the right skills in the right areas outperform competitors in various performance metrics, including customer satisfaction, operational efficiency, and innovation (Becker & Gerhart, 2018; Cappelli, 2021). Moreover, aligning human resource strategies with overall organizational goals ensures that personnel are motivated, engaged, and capable of contributing to performance improvements.

Theoretical Literature Review

This study was grounded in three theoretical frameworks: institutional theory, Resource-Based View theory, and Upper Echelon theory. The following sections provide a detailed discussion of these theories.

The Resource-Based View

The Resource-Based View (RBV) theory elucidates how an organization's resources, in various forms such as total monetary assets, expertise of key personnel, and overall workforce adequacy, serve to distinguish it from other entities within the industry (Baumol, Litan& Schramm, 2009). Additional metrics encompass factors like networks, among others (Bhide, 2000). Spanos and Lioukas (2001) posit that RBV provides a framework for understanding the disparities in competitive advantages among organizations within a particular industry. By leveraging their resources in the production process, organizations can surpass their rivals and emerge as leaders (Rumelt, 1984 and Barney, 1986).

The Resource-Based View (RBV) theory posits that organizations compete on the foundation of their resources and capabilities (Peteraf and Bergen, 2003). According to many scholars in the RBV field (Bhide, 2000; Peteraf and Barney, 2003; and Foss and Knudsen, 2003), an organization's resources influence its capacity to implement strategic initiatives, subsequently impacting its overall performance. This theory holds relevance for this study as it elucidates the significance of internal resources under an organization's control in determining its performance levels.

The "resource view" theory argues that a company's internal assets and capabilities constitute the primary source of competitive advantage compared to other firms. It employs a set of principles to determine which of these resources represent strengths or weaknesses, which resources generate core competencies that form the basis of competitive advantage (Pearce II et al, 2008). These principles stem from the notion that resources are more valuable when they are: essential for satisfying a customer's needs better than rivals; rare, making them difficult to acquire or lacking substitutes; challenging to imitate; appropriable, meaning all benefits are retained by the organization; and sustainable or viable over time.

A strategic approach based on this perspective aims to identify or cultivate distinctive competencies and resources, leveraging them to create superior value. As long as these capabilities remain exceptional to the firm, they can be harnessed to establish a competitive advantage (Munge, 2014). The resources and capabilities of a firm serve as fundamental factors in shaping its strategy: they serve as the primary foundations upon which a firm can define its identity and devise its strategy, and they are the principal drivers of the organization's profitability. The essence of a resource-based approach to strategy development lies in comprehending the mechanisms that enable the maintenance of a competitive advantage over time. This entails crafting strategies that fully exploit the firm's unique attributes (Grant, 1991).

The Agency Theory

Heath (2013) asserts that agency theory is a theory in management whereby one party referred to as agent acts on behalf of another party known as the principal. Therefore, the agent's core mandate is to progress both the principals' welfares and his own welfares in the business. Amstrong and Baron (2010) articulates that equilibrium of these welfares ought to be amalgamated so as to attain the core business objectives. These objectives can only be attained through the collaboration with the business agent since he/she is in charge of the massive resources of the institution. This theory is significant in strategic management because the action preferred by the agent impacts on several other parties and the principal in particular (Laffort & Martimost, 2012). Hence, the part of the agents in the formulation of strategies and the overall Process of management cannot be underrated (Alice et al. 2013). It is said that the organization is always described as a connection between the explicit and implicit agreements associating the administration and its different stakeholders

Furthermore, this model advocates for strong collaboration between the leadership of an organization and its stakeholders in order to work towards shared objectives. It is also emphasized as a fundamental approach to managerial behavior. Eisenhardt (2008) highlights the prevalent use of agency theory in management literature, as it provides a theoretical foundation for the management and structuring of contracts, addressing emerging concerns in strategic management. As a result, the theory offers a comprehensive understanding of the relationships between agents and their principals in the context of performance contracting (Ahmadi et al., 2012).

The abundance of strategy implementation incorporates the practical elements of agency theory at every stage of the strategic management process (Krueger, 2014). Furthermore, Krueger (2014) argues that from corporate strategy to operational strategy, the envisioned objectives should be overseen by business agents in order for the business to fulfill its mandates. This aligns with the concept of Management by Objectives, which emphasizes that organizations must establish objectives at all levels of the strategic hierarchy, as noted by Henry and Saul (2006), who stress the importance of collaborative efforts between managers acting as agents and their subordinates for these objectives to be achieved.

The agency theory often proves to be more effective compared to other theories pertaining to strategic management. Serfontein (2010) emphasizes the necessity of having an agent tasked with representing other stakeholders at each level of the strategy implementation hierarchy (Striteska, 2012). It is therefore important to recognize the importance of collaboration between the principal and the agent in order for the business to efficiently and effectively achieve its objectives (Shapiro, 2015). Consequently, to enhance organizational performance, it is crucial for the pharmaceutical industry in Kenya to primarily incorporate agency theory at the strategy formulation stage of strategic management, and more broadly, throughout the entire process of strategic management.

Upper Echelon Theory

This theory elucidates the hierarchical levels of employees within an organization in terms of their positions (Carpenter, Pollock & Leary, 2004). The organization's arrangement of management positions plays a pivotal role in shaping the flow of information and its impact on strategy implementation (Hambrick & Mason, 1984). Typically, upper management is responsible for strategy formulation.

The extent of comprehension and participation of other staff members in the process of strategy formulation significantly influences the effectiveness of strategy implementation (Opong, 2014). This theory is pertinent to this study as it provides insight into how different tiers within an organization can impact strategy implementation. It delineates the distinct responsibilities of each position in the context of strategy execution. A rigid and inflexible organizational structure can have an adverse effect on the successful implementation of strategies.

Research stemming from Hambrick and Mason's (1984) framework demonstrates the significant impact of the top management team (TMT) on organizational performance. For example, studies by Bantel and Jackson (1989) and Murray (1989) provided evidence linking TMT demographics with innovation and firm performance, respectively. Consequently, it became imperative for both organizational researchers and practitioners to gain insight into the factors influencing the thoughts, values, and perspectives of top management teams .

Until recently, these studies predominantly focused on demographic variables of top management teams, such as age, functional background, education, tenure, and similar factors, in relation to organizational outcomes (Carpenter et al., 2004; Sparrow, 1994). As research progressed, certain variables were categorized as "control variables" or moderators, including organizational age, size, and environmental factors. In the refined causal model of the upper echelons theory, Carpenter et al. (2004) identified these and other elements as influencing the top management team's interpretation of their environment and the strategic decision-making process. More recently, Nishii, Gotte, and Raver (2007) demonstrated a positive correlation between demographic diversity among senior management and the adoption of diversity practices.

Conceptual Framework

A conceptual framework entails a collection of overarching concepts and principles derived from relevant areas of inquiry. It serves as the foundational structure for a subsequent presentation (Reichel & Ramey, 2017).

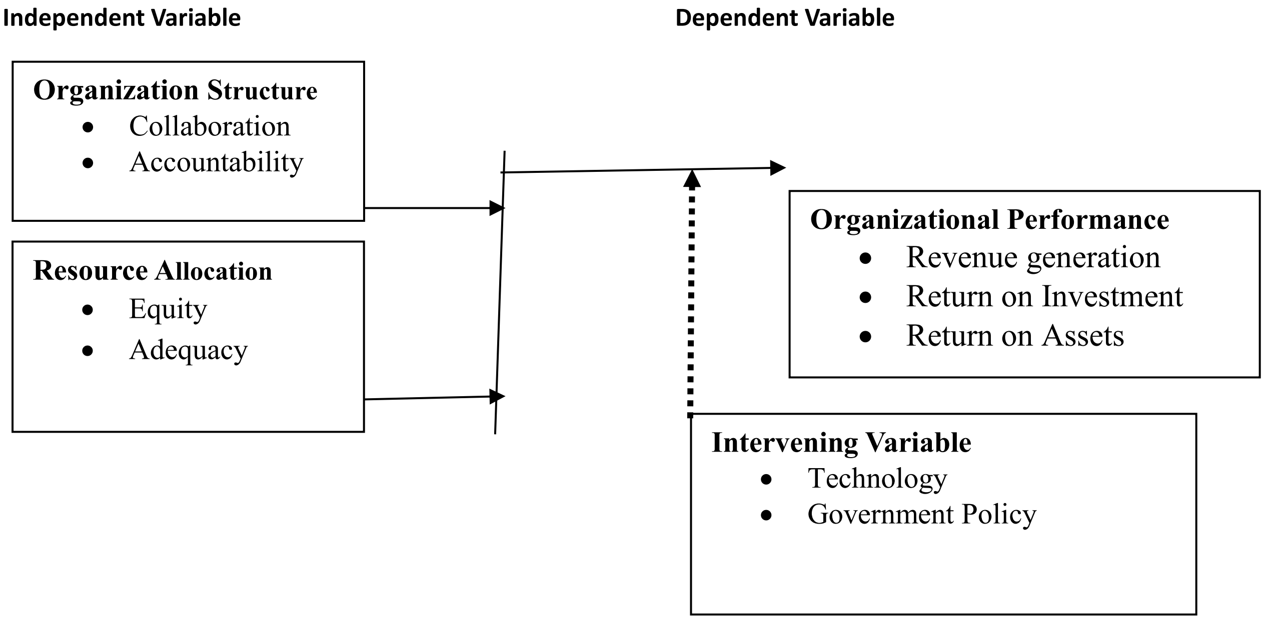

Figure 1: Conceptual Framework
Source: Researcher (2025)

RESEARCH METHODOLOGY

Research Approach

This study followed a quantitative research approach. This approach was ideal for the study because it allowed for the systematic collection and analysis of numerical data to examine relationships, patterns, and correlations between variables. By using quantitative methods such as questionnaires for data collection and statistical analysis, the research obtained objective and measurable data on strategy implementation and organizational performance, enabling the researcher to draw generalizable conclusions and make evidence-based recommendations. The quantitative approach provided a clear understanding of the extent and direction of the relationship between strategy implementation and organizational performance, offering valuable information for decision-making and strategic planning in the healthcare context of Iten County Referral Hospital.

Research Design

This research study followed a descriptive research design. The design was ideal for the study as it aimed to provide a comprehensive and accurate description of the current state of strategy implementation and organizational performance within the hospital. By using questionnaires, the research collected data directly from employees, managers, and stakeholders to gather information about the strategies being implemented and their influence on the hospital's performance. The descriptive research design allowed the researcher to objectively document and analyze the existing practices, challenges, and successes related to strategy implementation and organizational performance. The findings from this study contributed to a better understanding of the current situation in the hospital and provided important information for future strategic planning and decision-making processes.

Target Population

According to Creswell, a target population refers to the specific group of individuals or elements to which the researcher intended to generalize the findings of a study. It represents the larger population from which the research participants are selected. The target population possessed the characteristics and attributes that the researcher was interested in studying. The target population included 214 doctors, nurses, and administrative staff working at Iten County Referral Hospital.

Table 1: Target Population

Serial No.	Staff Category	Target Population
1.	Doctors	25
2.	Nurses	71
3.	Clinical officers	33
4.	Labaratory technologists	14
5.	Dental technologists	7
6.	Phamaceuticaltechnologists	10
7.	Health records technologists	10
8.	Orthopedic technologists	6
9.	Admistrative staff	20
10.	Medical engineers	3
11.	Physiotherapist	4
12.	Nutrionists	3
13.	Radiographers	8
	Total	214

Source: Researcher (2025)

Sample Population

The sample population of the study was 139 doctors, nurses, administrative staff working at Iten County Refferal Hospital. This sample size was arrived at by use of the sample size determination table.

Table 2: Sample Size

Serial No.	Staff Category	Target Population
1.	Doctors	18
2.	Nurses	36
3.	Clinical officers	21
4.	Labaratory technologists	11
5.	Dental technologists	4
6.	Phamaceutical technologists	6
7.	Health records technologists	6
8.	Orthopedic technologists	3
9.	Admistrative staff	21
10.	Medical engineers	2
11.	Physiotherapist	2
12.	Nutrionists	2
13.	Radiographers	4
	Total	**139**

Source: Researcher (2025)

Sampling Procedures and Techniques

In this study, a simple random sampling technique was adopted to select the sample size from the target population. Simple random sampling ensured that each individual in the population had an equal chance of being selected for the sample. This technique was chosen for several reasons. Firstly, it eliminates any potential bias or subjective judgment in the selection process, ensuring the sample is representative of the population. Secondly, it allows for statistical inferences to be made about the population based on the characteristics observed in the sample. Furthermore, simple random sampling is relatively easy to implement and understand, making it a practical choice for this study. By using simple random sampling, the study aims to achieve a diverse and unbiased representation of the target population, enabling reliable and generalizable results.

3.7 Data Collection Instrument

In this study, structured questionnaires were utilized to collect data from the sample population. Structured questionnaires offered a standardized approach, ensuring that all participants received a consistent set of questions. This promoted uniformity in data collection, facilitating easier comparison and analysis of responses. Moreover, the use of structured questionnaires enabled efficient data collection by capturing specific information accurately and swiftly. This method was particularly advantageous when dealing with large sample sizes, as it allows for the collection of a substantial amount of data within a relatively short timeframe. Additionally, structured questionnaires facilitate easy data entry and analysis, as the responses can be efficiently coded and entered into statistical software for further statistical analysis.

Data Analysis Procedures and Presentation

In this study, data analysis involved the use of both descriptive statistics and inferential statistics. Descriptive statistics were employed to summarize and describe the collected data, including measures such as mean, percentages, and standard deviation. These statistics provided a comprehensive overview of the data and allowed for a better understanding of the central tendency, variability, and distribution of the variables under investigation. Additionally, inferential statistics, specifically multiple linear regression, were used to explore relationships and associations between variables, allowing for the identification of potential predictors and outcomes. The results of the data analysis were presented using visual aids such as tables, charts, and graphs, which effectively conveyed the findings and helped readers comprehend the patterns and trends within the data. The combination of descriptive and inferential statistics, along with the visual presentation of the analyzed data, enabled a comprehensive and insightful interpretation of the research outcomes.

Data Analysis, Presentation and Interpretation

Descriptive Analysis

Organizational Structure and Organizational Performance

Table 3: Organizational Structure and Organizational Performance

	N	Min.	Max.	Mean	Std. Dev.
The hierarchical levels provide clear reporting lines within the organizational structure	127	1	5	3.86	1.125
The coordination and communication mechanisms are embedded in the organizational structure	127	1	5	3.80	1.141
The division of labor and specialization is facilitated by the organizational structure	127	1	5	3.83	1.220
The level of centralization or decentralization within the organizational structure affects performance outcomes	127	1	5	3.70	1.184
The formalization of roles and responsibilities within the organizational structure contributes to its overall performance	127	1	5	3.69	1.187
The level of flexibility and adaptability embedded in the organizational structure influences its performance in a dynamic healthcare environment	127	1	5	3.75	1.215
Valid N (listwise)	127				

Source: Researcher (2025)

The findings in table 5 indicated that respondents agree that the hierarchical levels provide clear reporting lines within the organizational structure, with a mean score of 3.86 and a standard deviation of 1.125. This high mean suggests that most staff members perceive the organizational framework as having well-defined lines of authority, which are crucial for ensuring operational clarity and effective management. Clear reporting structures are fundamental in healthcare environments because they facilitate accountability, streamline decision-making, and help coordinate complex activities across departments. When staff members understand the hierarchy and reporting relationships, it reduces ambiguity and enhances the overall efficiency of service delivery. This perception aligns with existing scholarly work, such as that by Smith et al. (2018), who emphasize that explicit reporting lines are vital for maintaining order and accountability in healthcare organizations, especially given their complexity and the need for rapid decision-making. Moreover, well-defined hierarchies allow for better communication flow, as staff know precisely whom to report to and seek guidance from, ultimately contributing to smoother operational processes and improved patient outcomes.

Furthermore, the findings reveal that respondents agree that communication and coordination mechanisms are embedded within their organizational structure, with a mean of 3.80 and a standard deviation of 1.141. This indicates a strong perception among staff that their organizational design actively supports effective information flow and collaboration across different units. Embedding communication channels and coordination mechanisms within the structure ensures that vital information reaches the right personnel at the right time, which is particularly critical in healthcare settings where delays or miscommunications can adversely affect patient care. Scholars such as Johnson and Lee (2019) have highlighted that integrating these mechanisms into organizational frameworks enhances responsiveness, reduces errors, and improves overall efficiency. When staff perceive communication as an inherent part of their organizational design, it fosters a culture of transparency and teamwork, which are essential components in delivering high-quality healthcare. The high mean score underscores the importance placed on these embedded mechanisms by staff, emphasizing that they view such structures as supportive of effective collaboration and operational agility.

The data also show that respondents agree that the division of labor and specialization are facilitated by the organizational structure, with a mean of 3.83 and a standard deviation of 1.220. This suggests that staff members believe their organizational design effectively promotes task specialization and role clarity, which are crucial for optimizing performance in healthcare settings. When tasks are clearly divided, healthcare professionals can focus on their areas of expertise, leading to more efficient workflows, better patient care, and reduced redundancies. This perception is consistent with findings from Williams et al. (2020), who argue that a well-structured division of labor within healthcare teams enhances focus, accountability, and overall service quality. The perception that the organizational structure supports specialization contributes to smoother interdisciplinary collaboration, as each team member understands their specific responsibilities. As healthcare continues to evolve with technological advances and increasingly complex patient needs, having a clear division of labor becomes even more important for maintaining high standards of care and organizational efficiency.

Regarding the influence of centralization or decentralization within the organizational structure on performance outcomes, the findings indicate that respondents agree this aspect is significant, with a mean of 3.70 and a standard deviation of 1.184. This suggests that staff recognize that the degree of decentralization or centralization affects organizational effectiveness. Some staff perceive decentralization as fostering greater flexibility, faster decision-making, and localized responsiveness, which are advantageous in dynamic healthcare environments. Conversely, others may see centralization as providing more control and consistency across the organization. The moderate mean reflects an understanding that a balanced approach—combining elements of both—can lead to optimal performance. Scholars such as Garcia et al. (2021) support this view, emphasizing that organizations that strategically balance centralization and decentralization can respond more effectively to changing circumstances, improve decision-making speed, and enhance overall organizational agility. This perception underscores the importance for healthcare administrators to carefully evaluate their organizational design to ensure that it supports both efficient operations and the flexibility necessary to adapt to emerging healthcare challenges.

The findings also show that respondents agree that the formalization of roles and responsibilities within the organizational structure contributes to overall performance, with a mean of 3.69 and a standard deviation of 1.187. This suggests that staff believe clearly defined roles and formalized procedures are key elements in achieving organizational goals. Formalization reduces ambiguity, clarifies expectations, and ensures accountability, which are particularly critical in healthcare environments where errors can have serious consequences. When roles are explicitly outlined, healthcare professionals can perform their duties with greater confidence and efficiency, reducing the likelihood of overlaps or gaps in service delivery. Literature by Kumar and Patel (2017) supports this, indicating that formalized organizational structures enhance operational consistency, improve workflow, and contribute to higher standards of patient care. The perception that formalization positively influences performance demonstrates staff awareness of its importance in maintaining quality, safety, and efficiency in healthcare organizations.

Finally, the findings suggest that respondents agree that the level of flexibility and adaptability embedded in the organizational structure influences performance, with a mean of 3.75 and a standard deviation of 1.215. This indicates that staff recognize the importance of having a flexible organizational framework capable of responding swiftly to the dynamic healthcare environment. Flexibility allows organizations to adapt to technological innovations, policy changes, and fluctuating patient demands, ultimately improving service quality and organizational resilience. Johnson and Smith (2019) argue that adaptable structures are essential for healthcare organizations to remain competitive, innovative, and effective in delivering care amid constant change. The high mean score reflects staff perceptions that flexibility is a vital component of organizational success, enabling them to address emerging challenges proactively and to implement improvements more efficiently. Overall, these perceptions highlight the critical role of adaptable organizational structures in supporting high performance in healthcare settings, particularly in an era marked by rapid technological and regulatory changes.

Organizational Structure and Organizational Performance

Table 4: Resource Allocation and Organizational Performance

	N	Min.	Max.	Mean	Std. Dev.
Resource allocation helps in the achievement of strategic priorities in the hospital	127	1	5	3.72	1.213
Proper allocation of resources contributes to the attainment of strategic objectives	126	1	5	3.75	1.265
Resource allocation contributes to operational efficiency and performance outcome	127	1	5	3.79	1.138
Equitable distribution of resources is important in achieving organizational performance	127	1	5	3.72	1.219
Resource allocation is a pillar for the delivery of quality healthcare services	127	1	5	3.82	1.158
Valid N (listwise)	127				

Source: Researcher (2025)

The findings in table 6 indicate that respondents largely agree that resource allocation is a critical factor in achieving strategic priorities within the hospital setting. The mean score of 3.72, accompanied by a standard deviation of 1.213, suggests a consensus among staff that effective distribution of resources is fundamental to aligning operational activities with the broader organizational goals. Participants perceive resource allocation not merely as a logistical necessity but as a strategic lever that can influence the overall success of the hospital's mission. When resources are allocated thoughtfully and strategically, departments and units are better equipped to meet their objectives, which ultimately contributes to the hospital's ability to deliver high-quality care. This perception aligns with the growing body of literature emphasizing the importance of resource management as a cornerstone of organizational success in healthcare. According to Chen et al. (2022), strategic resource management directly impacts organizational adaptability, performance, and the capacity to meet patient needs effectively, highlighting that resource allocation is more than just a support function—it's a vital component of strategic planning and execution.

Furthermore, the respondents agree that proper allocation of resources significantly contributes to the attainment of strategic objectives, with a mean score of 3.75 and a standard deviation of 1.265. This indicates that staff members perceive resource allocation as a key driver of organizational success, where the right resources must be directed towards priority areas to achieve desired outcomes. In healthcare organizations, where resources are often limited and demand is high, strategic allocation becomes even more critical. Adequate resource distribution ensures that critical services are maintained, staff are supported, and patient care standards are upheld. As noted by Kumar and Singh (2023), effective resource management enhances operational performance by reducing waste, optimizing workflows, and ensuring that essential services are sustained at all times. This perception underscores the importance of strategic planning and continuous evaluation of resource needs to align with organizational goals, which is vital for maintaining high standards of care and operational resilience.

The data also reveal that respondents agree that resource allocation impacts operational efficiency and performance outcomes, with a mean of 3.79 and a standard deviation of 1.138. This suggests a strong perception among staff that when resources are allocated efficiently and effectively, the overall performance of the hospital improves significantly. Efficient resource use minimizes wastage, reduces delays, and ensures that healthcare providers have the necessary tools and supplies to perform their duties effectively. As healthcare environments are often resource-constrained, the ability to allocate resources optimally is crucial for maintaining high levels of service quality and patient satisfaction. This aligns with the findings of Kumar and Singh (2023), who highlight that strategic resource management directly correlates with operational excellence, patient safety, and healthcare outcomes. The perception that resource allocation influences operational efficiency reinforces the need for hospitals to adopt data-driven, strategic approaches to resource planning and management to enhance overall organizational performance.

In addition, respondents agree that equitable distribution of resources is essential to achieving organizational performance, with a mean of 3.72 and a standard deviation of 1.219. This consensus underscores the belief that fairness in resource sharing promotes organizational harmony, staff motivation, and collaborative efforts across departments. When resources are distributed equitably, it fosters a sense of justice and transparency, which can improve staff morale and engagement. Such fairness can also help reduce disparities and competition over limited resources, leading to a more cohesive working environment. According to Ali and Mahmood (2024), equitable resource distribution is critical for fostering organizational culture, improving staff retention, and enhancing service delivery. The perception that fairness influences organizational success emphasizes that hospitals must prioritize transparent and just resource allocation policies to sustain high levels of performance, staff satisfaction, and ultimately, patient outcomes.

Finally, the findings indicate that respondents agree resource allocation is a fundamental pillar for delivering quality healthcare services, with a mean score of 3.82 and a standard deviation of 1.158. This high level of agreement suggests that staff recognize the direct link between resource management and quality of care. When resources are appropriately allocated, healthcare providers can deliver timely, safe, and patient-centered services, which are essential for achieving high standards of healthcare. The perception aligns with existing evidence from Nguyen et al. (2021), who demonstrate that effective resource deployment is associated with improvements in patient safety, care quality, and health outcomes. Proper resource allocation ensures that essential equipment, medications, and personnel are available where needed most, supporting a culture of excellence and continuous improvement. This underscores the importance for hospital administrators to prioritize strategic resource planning as a means to uphold and improve healthcare quality standards.

Regression Analysis

4.4.3 Coefficients Analysis

Table 11: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	6.221	4.63	5	5.55	.000
	Organization structure	.459	.422	.478	.466	.000
	Resource allocation	.363	.347	.384	.392	.000

a. Dependent Variable: Performance

Source: Researcher (2025)

The coefficients table provides a comprehensive analysis of the influence that key organizational factors—organizational structure, resource allocation, organizational culture, and rewards—exert on organizational performance. Each of these independent variables displays a statistically significant and positive relationship with performance, as evidenced by their p-values of .000, which are well below the significance level of 0.05.

Among the predictors, organizational structure emerges as the most influential factor, with the highest standardized beta coefficient (β = .478). This suggests that improvements in organizational structure, such as clearer hierarchies, more efficient reporting systems, and streamlined decision-making processes—have the strongest positive impact on performance compared to the other variables, and resource allocation (β = .384), both of which also play critical roles in shaping performance outcomes.

CONCLUSIONS OF THE STUDY

The study concluded that the structure of an organization plays a pivotal role in shaping performance outcomes within healthcare settings. Staff perceptions highlighted that clear hierarchical reporting lines are not only present but also essential for maintaining order, accountability, and operational clarity. Similarly, the presence of embedded communication and coordination mechanisms was recognized as a key driver for fostering collaboration and ensuring timely information flow across departments. This supports the notion that effective organizational design must go beyond static charts and incorporate dynamic elements that promote interaction and responsiveness. Additionally, the structure's support for division of labor and specialization further illustrates its contribution to optimizing individual and team performance, by allowing healthcare professionals to focus on their core competencies, minimize overlap, and enhance overall workflow efficiency.

The study concluded that resource allocation is a central component of strategic management within healthcare organizations, directly influencing their ability to meet objectives and deliver quality services. Staff perceptions affirm that resources are not just operational necessities but strategic tools that drive organizational alignment, performance, and mission success. Properly allocated resources empower departments to function effectively, reduce inefficiencies, and support optimal patient outcomes. These insights echo the growing recognition in literature that strategic resource management underpins institutional adaptability and resilience, particularly in resource-constrained environments like healthcare. As such, aligning resource allocation with strategic priorities enhances service delivery, strengthens departmental capabilities, and contributes to the overall success of the hospital's mission.

RECOMMENDATIONS

From the study findings and conclusions, the study recommended that:

i. Healthcare organizations should prioritize maintaining clear and transparent hierarchical reporting lines to enhance accountability, streamline decision-making, and improve operational efficiency.
ii. Institutions should integrate effective communication and coordination mechanisms within their structural frameworks to promote timely information flow and cross-departmental collaboration.
iii. Hospitals should support role specialization and clear task division to optimize staff performance, reduce redundancy, and minimize role ambiguity or conflict across departments.

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