

**THE STRATEGIC ANALYSIS OF THE HEALTHY SERVICE SECTOR:**

**A Case Study of Saint Francis Hospital Nsabya**

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**By**

**BALIRUNO JOHN BAPTIST**

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## DEDICATION


The field study is dedicated to my loving Dad and dear Mum Mr. and Mrs. Mulindwa Paul as well as family members and friends.

## Declaration

I hereby declare that the contents of this field study report is my original work and that no other study has been conducted on this topic and case in question apart from this one.

Signed.....  ..... 31/10/06

**Baliruno John Baptist**

Signed .....  ..... 31/10/06

**Prof. Peter John Opio**

**Supervisor**

## Acknowledgement

I thank all the people who have helped me accomplish this field study report. I am most grateful to my supervisor Prof. Peter John Opio for his guidance and support. Appreciation is also extended to all staff members of Nsambya hospital thank you for their cooperation. I also appreciate the financial and moral support received from Dad, sisters and brothers, not forgetting my great friends.

## ABSTRACT

Due to intense competition within the service industry, there is need for institutions to capture a wider market in order to remain sustainable. This has to be through investing in managerial research. Most hospitals do not take marketing and research as a necessity; they feel it is more of an added cost/expense. So the objective of this study is to bring to the attention of managers the importance of strategic analysis and how best they can improve customer service through improved service delivery. This study traced the activities of saint Francis hospital Nsambya in line with strategic management and will illustrate ways it can benefit from a through environment scan and identification of its strengths, weakness, opportunities and threats in order to achieve competitive advantage in the provision of health services .

The researcher discussed management strategies applicable in the service firm environment. It is also necessary that managers analyze the competitive environment in order to enable them build onto the competitor's weaknesses. A further outlook of the hospital in general was discussed, with emphasis on their mode of operation and the need to retain the already existing clients through improved service delivery.

The researcher through the use of tables and graphs as well to give a clearer explanation analyzes findings. Finally, recommendations to the



existing service gaps within the system like building a customer focused hospital, improving customer loyalty, building a strong marketing department, research to the available customers review product packages, and identify competitors and try to build on their weakness create quick response strategy to solve problems of the clients making sure that information flows in a timely and immediate manner.

# CHAPTER ONE

## GENERAL INTRODUCTION

### Introduction

#### BACKGROUND

Recently, most hospitals have operated in a relatively non-competitive industry, with the market containing only a few players being controlled by government each having its own specific clientele, and where the level of unmet demand is high. The priorities to these institutions in the early years dealt with treatment of diseases, and counseling to achieve sustainability. In recent years, the landscape for health services has changed dramatically as some institutions have become formalized institutions; hospitals have also started to downsize to serve the traditional clientele of health units. Health institutions continue to join the market. At the same time, clients have become more sophisticated and discriminating in terms of the types of products. Health service institutions focus on improving efficiency by retaining clients and identifying new clients interested in the health services offered by healthy service firms on local level.

To date, many health institutions have joined the industry with the same vision of providing and extending health services to all people. Currently there are over three hundred hospitals in Uganda, active Health industries are increasingly adopting innovative approaches to offer sustainable forms of health services e.g. (clinics, drug shops, dispensaries, etc) to the people and domestic animals the industry is now evolving rapidly around the world providing health services, though with an increased emphasis on sustainability and profitability. Health services in Uganda have been managed since time in memorial but out of 62 districts mainly operating in and around trading centers. Presently, at least 10000 clients are being served by large hospitals.

#### **THE CASE STUDY**

St. Francis hospital Nsambya was found in 1903 by Franciscan sisters under the leadership of mother Kevin next to Mengo hospital, which was built in 1896 by *MISS KATHERINE THOMPSON* and *Dr. Albert Cook*. In 1919, they started training midwives and nurses in Mulago and extended the service to Saint Francis hospital Nsambya.

Hundreds of people lack access to the health services. As a result, they cannot have healthy lives, or develop their businesses –a significant social and economic cost to the communities in which they live.

St. Francis hospital Nsambya is one of the leading health service institutions in Uganda and is addressing this challenge in an innovative

way. The organization has several departments in the hospital a client base of more than 800 people.

St. Francis hospital Nsambya to date is providing services to many Ugandans through its departments to all Ugandans and foreigners making it one of the leading healthy service firms in Uganda. Client recruitment and retention has always been St. Francis's engine of growth.

### **WHAT IS A HOSPITAL?**

The nursing journal (1989) defines a hospital as an institution where medical services are offered to care cure the injured to also study disease, training nurses and physicians and medical personnel's.

### **NATURE OF THE HOSPITALS.**

Hospitals are not homogenous. Some are regarded as non-governmental organizations, others are private hospitals all having various stated goals and target audiences.

Some non-governmental organizations programs tend to focus on free service delivery to the poorer, to those who have no access to good health services. This has made the awareness of marketing relatively low and limited to promoting the health products.

Private hospitals on the other hand tend to have the most organized promotion programs.

## **HOW DOES THE HOSPITAL WORK**

It addresses the key issues like treatment of diseases through the use of nursing disciplines like observation where the physicians see and tell the nature of illness, truthfulness, tactfulness, Torrance, and understanding, courtesy, punctuality, application of cleanliness, intelligence and service.

## **CURRENT POSITION**

St. Francis hospital Nsambya has been operating on grants and some little funding from government. Late the hospital has been sold some shares to St. Raphael's and the hospital changed its name and now called St. Raphael of St. Francis which new company has made a landmark in the administration and management.

New administrators have been brought in and increased on the number of employees' right from juniors to the seniors. More vehicles have been brought in like ambulances, salaries to workers increased accordingly. Timetables have been changed and made more definite. A clear schedule for operation and division of service has been put in place. Generally, the hospital is facing a corporate turn around by the new administration of St. Raphael of St. Francis. One trainee commented, "We no longer wash the patients' bed sheets because there are people paid for that". This is a sign of specialization of activities of St. Francis hospital.

## **CHOICE OF THE SUBJECT**

- The researcher chose services management because today's competitive world requires customer care and quality services as the basic requirements for achieving greater competitiveness firms are altering business management strategies to more customer focused.
- The health service industry was a particular interest because of its rapid growth, more client/customer yet offering almost the same services triggering stiff competition in the market. Therefore, the issue is how to market and manage available services in order to achieve greater market share. Services management would be of great importance here.

## **PURPOSE OF THE STUDY:**

- The study sought to study the deeper understanding of the subject of strategic management of health services focusing on client retention for competitive advantage. Consequently, it may benefit policy makers, management, service providers and researchers in the area of strategic management of services.

## **RESEARCH QUESTIONS:**

- What can make health services institutions compete in a growing and competitive health industry?

- What is the effect of strategic management on health services institutions?

### **STATEMENT OF THE PROBLEM**

For long health, service firms have been operating without competition since government has been the sole controller and working as a monopolist in the industry of health services management. Due to the mushrooming health services and the effects of privatization of many of the governmental parastatals, which was started in 1994, the need for strategic management comes in for the firm to survive competitively.

Makumbi the then minister was quoted giving the reason for privatizing the government hospital in 1995 by the new vision of 09/10/1995 that these parastatals were being poorly managed nurses could not get their salaries and allowances which could make them motivated in order to have good service delivery in the health service industry.

Health service firms are more focusing on the marketing institutions rather than promotion of efficient management of their institutions.

The health service firms are evolving with increased competition and clients that are more sophisticated are looking for new health products that will meet their needs. Client retention is becoming difficult as more clients leave one institution for another in search for better customer service. For health service institutions to achieve market share, there is an urgent need to manage their services. Therefore, this research paper aimed at guiding managers on how to strategically manage their services and need for managing if the institution is to remain sustainable.

## **SIGNIFICANCE OF THE STUDY**

- Increasing competition has created greater pressure on health service institutions to retain their existing clients and to identify new clients or new financial products in order to continue to grow and expand their services.
- The significance of the study therefore, is to raise the overall awareness of the importance of managing health services. Managers are to be guided on how to improve the quality of services offered in order to capture greater market share.
- The study will add to the existing literature on the organization climate and provide more information to future researchers and academicians.

## **OBJECTIVES**

The objectives of the study are therefore;

- To bring to the attention of managers the importance of managing health services strategically within the service delivery industry in order to attain competitive advantage.
- To determine how best health institutions can attract and retain clients through improved service delivery.
- To evaluate the existing policies and strategies of attracting and retaining clients in the service firms.



## **SCOPE OF THE STUDY**

This research paper looked at the health service firm environment and the various management strategies for service firms, relationship management as a contributing factor to client retention and how best service providers can cover the gap existing between them and the receiver's especially through improved customer care. This study was also limited to Nsambya Hospital in Kampala because it is the area of fierce competition.

## **LIMITATION OF THE STUDY**

One of the major limitation anticipated was, failure to raise the desired of the respondents, which could compromise the validity of the findings. This was however minimized by inviting the in-charge of the hospital in one-day sensitization meetings for each group and fixing dates with them. These appointment dates were strictly adhered. In relation to this, all departments in the hospital were requested to avail us their telephone numbers to allow us keep in touch, whenever there was need to do so. Carrying out a research in the entire Hospital especially the six departments, this required substantial financial resources.

The researcher, however, endeavored to work within the stipulated period and the available financial resources.

## **DATA PROCESSING, ANALYSIS AND PRESENTATION**

Data was analyzed mutually, with the help of computer programmes and Microsoft Excel. The data is presented in the tables, graphs and pie charts.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **INTRODUCTION**

This chapter shows that managers have to go an extra mile in order to satisfy their customers and capture greater market share. To compete effectively, building a customer focused service organization is very vital. Service firms should be customer focused putting all their effort into satisfying the customer. Delivering quality and customer satisfaction are very influential when it comes to customer loyalty/retention. Clients will be loyal to the institution if they receive good quality service. Here, the aspect of relationship marketing comes in. application of technology within the delivery system will be discussed as a strategy. It requires discussion because it aids in the delivery system. In addition to the above, a firm may position for competitive differentiation tools. To start with, discussion will be on customer care, quality and value in the move to build a customer focused service firm.

#### **SERVICES MANAGEMENT**

Mc Carty Jerome (1992) looks at service management as "new keys" to competitive advantage. Service industries were slow to adopt the management concept. This has changed dramatically in the last decade partly due to the need to be more competitive. This chapter will highlight the importance of strategic management within the service industry and ways of how a firm can acquire sustainable competitive advantage. The

competitive environment as well as various competitive strategies is to be analyzed. The need for managing stems from the urgent need to be more profitable and out perform other competitors in the market. To begin with, the service firm environment, which comprises; the invisible elements, the physical environments, and the people will be discussed. They are necessary because the service cannot take place without them. In other words they complement each other.

### **THE SERVICE FIRM ENVIRONMENT**

Gronroos (1995) defined services are, "an activity or series of activities of a more or less intangible nature that normally but not necessarily, takes place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems."

Philip Kotler (1991) defines a service as "any act or performance that one party can offer to another that is intangible and does not result in the ownership of anything.

Services management requires getting to know the customer, what services are to add from the customers view point, and knowing what type of services are necessary in the modern market offerings. Many other services can also be defined when customers become actively involved or participate in the production process. Nsambya hospital clients are actively involved in the production process right from the time they are registered to when they exits the system. In addition, the level of customization varies between and within services. The hospital is purely

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customer oriented. Services offered cannot be separated from the providers.

### **THE INVISIBLE ELEMENTS**

The aspects of a service that are visible to the customers are supported by invisible elements like care and time keeping. Although the invisible components are not valued directly by customers, they are recognized by managers as being important components on the service package. Hospitals are a service the client goes through up to the time he or she actually receives the service. Therefore, the client is able to judge the quality of service being offered to him/her.

### **THE PHYSICAL ENVIRONMENT**

The physical environment of the service, particularly that which is man made can clearly affect customers' perception of their services experience. The environmental dimensions of a service would include; temperature, noise and the utilization of space (equipment, layout, furnishings as well as any signs, symbols or artifacts.)

Nsambya hospital is strategically located, spacious to accommodate client movements from hour to hour; charts are well placed for easy client interpretation considering the fact that most of clients have little or no academic background.

## **THE PEOPLE**

People are important because they are involved in the service delivery in terms of the individual behavior and attitudes, and their interactions with each other. The success of managing services is tied closely to the selection, training, motivation and management of people. The people are clearly customers and contact personnel, (the people providing the services) ideally; employees should exhibit competence, a caring attitude, responsiveness, initiative, problem solving ability and goodwill. Contact employees of Saint Francis hospital are all well learned and are still trained before they are sent off to the branches. However, time-to-time training would be recommended. The selection, training and motivation of employees make a huge difference to customer satisfaction.

## **CHARACTERISTICS OF SERVICES**

### **Intangibility**

Services are by their nature intangible, they cannot be touched, tasted, smelt or seem. Since customers cannot evaluate the service before consuming it, it is important to provide a clue as to what should be expected during the service delivery process.

Customers will always look for signs or evidence of service quality. They draw inferences about service quality from place, people, communication material and symbols.

Service managers are therefore challenged to put physical evidence and imagery on their abstract offers.

### **Inseparability**

Whereas goods are produced first and then consumed, services are produced and consumed at the same time. The customer takes part in the production process and consumes the service as it is being produced.

If a person renders a service, then the provider is part of the service. Provider-service client interaction is a special feature of service outcome. The operations of Nsambya hospital involve full time customer contact with the officers who are the providers. Their operations involve; client training, registration, client disbursement all requiring full time interaction between the provider and the receiver. Therefore, the client is able to judge the quality of service offered from the relationship he/she creates with the provider.

### **Variability**

Service buyers are aware of the high variability and frequently talk to others before selecting a service provider. Service buyers are aware of the high variability and frequently talk to others before selecting a service provider. Services bear a risk of being different depending on circumstances such as employees involved, the particular customer or even the physical setting of the place.



The fact that outcome of the service delivery process is variable; this creates uncertainty and higher risk for the customer. Service providers should therefore ensure to deliver consistently high quality services.

There are three steps that a service firm should therefore take for quality control.

- Standardize the service-performance process throughout the organization
- Invest in good personnel and training
- Monitor customer satisfaction

### **Perishability**

Perish ability refers to the fact that unlike physical goods, services cannot be stored. Once a service has been produced, it has to be consumed, otherwise will be of no use.

The above service characteristics when closely applied by service firms contribute to the way a firm markets and carries itself. They pose challenges for the management of the service delivery process; for instance, services that are perishable may create difficulties for the customer as well as contact employees. With the characteristics in place, managers need to look further into the operations of the firm, in terms of productivity, quality offered, as well as providing a differentiated offer to

the market. Achieving differentiation can make wonder for the firm in terms of increased profitability.

## **MANAGING SERVICE QUALITY, PRODUCTIVITY AND ACHIEVING DIFFERENTIATION**

Michael porter (1980) states that managing productivity within the firm will bring about good quality output. However, with increased competition, there is need to differentiate your offering from that of competitors. How? This can be through developing a differentiated product offer and change of the delivery system. So achieving differentiation will stem right from improved productivity and quality of services offered.

### **Managing Productivity**

Service firms are under pressure to keep costs down and increased productivity. St. Francis hospital has mass recruitment of clients and at the same time utilizing cost-cutting strategies; main emphasis is on sustainability and self-sacrifice as a way to being sustainable.

Training of current and newly recruited employees will keep workers on their toes and serve clients better. As a reminder, these are the front desk employees handling the customers.

Here productivity increase comes from recruiting cheap labor for the work, thus increasing productivity and at the same time keeping costs down. St.

Francis will benefit from these strategies more if run concurrently with more client recruitment, as the result will be client retention.

### **Managing service quality**

Consistently delivering high quality is one of the ways to differentiate a service from its competitors. However, since quality will also depend heavily on the service staff, especially in high contact services. Highly motivated employees will deliver, which in turn leads to satisfied customers, more business and on to employee satisfaction and enhanced motivation (Doyle peter 1991).

The front line employees should be empowered to deal with customers directly, especially when it comes to problem solving. This is because they are in the field and know customers better.

Customers choose providers based on experience, word of mouth and service advertising. Customer retention is perhaps the best measure of quality, a service firm's ability to hand onto its customers depends on how consistently it delivers value to them (Gary Armstrong 1995). Constant workshops and training course is one way that the hospital uses to maintain the quality of services it offers. Both department managers as well as credit officers participate as may be communicated by the residential trainer. Developing of high quality service standards and close watch of the service performance is one way of improving quality service in an organization. So management needs to work hand in hand with front

officers. Components within the service environment can determine consumers' perception of the quality of service. For instance, the competence of staff in term of qualifications, responsiveness, willingness to serve customers and credibility in terms of honesty from the service providers.

Through managing of service quality, hospitals with respect to St. Francis may reduce on the rampant client exits because then clients will be satisfied with the service offered.

## **PERCEIVED SERVICE QUALITY AND CUSTOMER SATISFACTION; IT'S INFLUENCE ON CLIENT RETENTION**

### **How clients assess service quality**

According to Lewis and Booms (1989), service quality is a "measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customers expectations on a consistent basis," customer's expectations are always influenced by external factors like advertising, word of mouth communication all depending on personal needs and preferences. The service provider needs to identify target customers needs in the way of service quality. Customers will be satisfied if they get what they want, when they want it, where they want it and how they want it. Thus, managers who wish

to deliver high service quality must conform to customers service expectations consistently.

### **Customer perception of quality versus expectations**

Customers judge the quality of the service by comparing the service they actually receive with what they expected to receive. If perceived quality exceeds expectations, then customers are satisfied or even delighted with the service and vice-versa.

Service quality is the discrepancy between customer's expectations and perceptions.

Some of the potential causes of service shortfalls are poor management, attitude and manner of contact employees, among others Nsambya hospital faces are; system inadequacies, embracing change in the turbulent environment, limited flexibility, policies and procedures cannot be altered to meet client demands. Failure to meet client demands will lead to dissatisfied customers defecting from your institution to another in search of better competitive offers.

## **ACHIEVING DIFFERENTIATION**

### **Developing a differentiated offer, delivery and image**

Managers have frequently complained about the difficulty of differentiating their services from those of competitors. The solution has been to develop a differentiated offer, delivery and image.

Offers may include innovative features to distinguish it from competitor offers; however, many service innovations are now easily copied. With today's fight for market share in the health industry, there is rampant imitation of newly introduced product offers. This has resulted into fear of revealing company information especially to many who may disguise themselves as researchers.

A service can differentiate itself through service delivery in a number of ways;

- People, i.e. hire and train better people to deliver the service
- Can develop a more attractive physical environment in which to deliver the services.

St. Francis hospital can achieve differentiation through its employee recruitment policy, which emphasizes employees from at least tertiary institutions. St. Francis hospital operations emphasize client recruitment, which is the engine of growth, and introducing of new product developments

## **CREATING A DIFFERENTIAL ADVANTAGE**

Through skills and sources are the sources of competitive advantage; they are translated into differential advantage only when the customer perceives that the firm is providing value above that of competitors.

This can be created using the aspects of the marketing mix, which are capable of creating added customer value. These aspects are; product, distribution, promotion and price.

**i) Product**

Product performance can be related to comfort and safety, durability, reliability and performance. Differentiating of commodity products requires considerable creativity to create value to the customer.

St. Francis hospital can use product to serve clients better through introducing new product developments from time to time that creates value to the customer. Through product design, St. Francis hospital may also create value to the customer. Through product design, St. Francis may also create facility whereby an individual can have access to the individual service at home.

**ii) Distribution**

Wide coverage or careful selection of locations can provide convenient purchasing for customers.

With over 20 departments, strategically brought close to the client, St. Francis incurs low transport costs, as the provider accessibility is made possible. Providing distributors with support inform of sensitization will help strengthen the buyer-seller relationships.

As for hospitals where the service offered cannot be separated from the provider, training can determine the firm's success or failure. Time to time training is necessary for an efficient and effective service delivery.

**iii) Promotion**

Spending more on advertising can also aid differentiation through creation of a stronger brand personality than competitor brands. Creating a differential advantage may also require the techniques of the sales force especially where the products are similar (Van Looy et al1998). With hospitals whose operations are more or less the same, well-trained officers participate in problem solving skills for their customers and also promote the company further. This is so because they are the contact employees. Superior complaint handling procedures may lower customer costs by speeding up the process. Therefore constant training and workshops is the key to better customer care.

**iv) Price**

This requires that a company has enough resources to fight a price war. However, most hospitals do not have that because most of their resources are in form of funds from donors like Norway, for the case of St. Francis hospital but depending on the prevailing economic situation, some of them may lower the price rate to attract more clients.



For differential advantage to be realized, a firm needs to provide not only value to the customer but also value that is superior to that offered by the competitors.

### **SERVICE OPERATIONS SYSTEM**

Comprise backstage as put by Parasuraman (1985) activities such as staff training as well as front stage aspects of the operation experienced by the customer. With mention of the customer, the concept of customer service comes in handy. The way front managers relate with customers determines the firm's success.

Today, service firms expose customers to the backstage activities and also encourage customer involvement to positively influence customer's perception of quality. The mobile clinic permits easy client/officer interaction.

### **SERVICE DELIVERY SYSTEM**

Provides exposure to the customers within the system. Positive on-site interaction among customers may have a significant impact on customers overall perception of their experience. The nature of enterprise groups that attend weekly meetings at the hospital interact among themselves. This gives them a chance to discuss various issues including quality of service environment will require managers to recognize the elements and characteristics of services as vital for the

firm, not forgetting improved productivity and quality as a path towards achieving differentiation in the market. When a firm achieves differentiation, it attains a competitive edge over others. However, attaining competitive advantage is not enough, it has to be sustainable to keep up the ladder.

### **MANAGING SUSTAINABLE COMPETITIVE ADVANTAGE**

According to Philip Kotler (1991) Competitive advantage means that a company strives to achieve/obtain an edge or competitive advantage over competitors. To establish and maintain a competitive advantage means to be superior or superiorly different from competition in some key.

More especially, it means to be superior in terms of price, quality, time or location.

To be successful, a business must hold some advantage relative to its competitors. The advantage may take the form of greater differentiation, where the customer finds the firms services unique in some way that makes them more attractive, or it could take the form of cost leadership where a firm achieves a low-cost position. Differentiation can also be achieved through adopting the quick response strategy.

### **Differentiating strategy**

Associated with focusing on a narrowly defined market niche, firms that focus on specific segments of the overall market are in a better position to deliver the form of differentiation with the most appeal on that segment.

Within this strategy, policies applied include; extending the product range and offering branded goods. In a competitive market, the hospital needs to define its products and services so that they are differentiated from those of its competitors in the public eye. New product innovations have also been brought to the market and this time more customers tailored. However, with the current influx of health institutions each is trying to appear to be having a different offer. Therefore, there is many product imitations going on, making it difficult to achieve differentiation.

#### **i) Cost leadership**

This requires achieving a low cost position relative to ones competitors. It is often associated with a broadly defined target market. With lower costs, a business can price more competitively and with lower prices. It can also attract more customers and increase sales volume, which will further lower costs.

Price rating differs from institution to institution, especially profit making ones. Since the industry is quite big, clients tend to move from one institution to another in search of better offers.

## ii) Quick response strategy

Recently, there is another form of competitive advantage; the ability to respond to the customer faster than competitors. Today environment is discovering a new form of competitive advantage" responding faster than their competitors".

Quick response refers to the "availability" of a response to the customer, whether a new product, a product development or even a managerial decision (Einenhardt k m 1989). Managers today know that it is not always enough to be able to be the cost leader, or to offer a unique product or service; it is also important to respond quickly to customer needs (Thomas P.R 1990). Red tape bureaucracy has been replaced by quick response in order to satisfy clients. Employees at all levels were empowered to solve client problems immediately. However, hospitals still face a problem of strictly adhering to the formulated policies and procedures. This affects the ability of employees to respond faster.

Porter's (1980) model of the competitive forces argues that creating and sustaining a competitive advantage implies managing five forms of competition; building barriers to entry, keeping track of possible substitutes, reducing the intensity of rivalry and building a stronger negotiation position with both buyers and suppliers.

## **ANALYZING THE ENVIRONMENT**

Michael Porter (1980) developed the five forces model, which describes the competitive environment in terms of the five basic competitive forces; threat of new entrants, bargaining power of firm suppliers and customers, threat of substitute products and intensity of rivalry. The competitive environment is made up of direct service providers (other hospitals), informal service providers and a number of other variables that shape up the market place. By studying the competition, hospitals are informed about the financial services offered by its competitors. So the nature of competition will affect how the institution will position itself strategically in the market and the resulting actions that it will take.

The fact that there are over 300 operating hospitals the rivalry rate is quite high; yet more are licensed to still join the industry causing a threat to the already existing firms.

### **i) Rivalry between existing firms**

This is the most direct and intense form of competition. When there are many firms offering the same product or service, the intensity of rivalry is often quite high.

## **ii) Threat of new entrants**

This highlights the possibility of new competitors entering the market. Existing firms may discourage competition by aggressive expansion and other types of market entry barriers.

## **iii) Threat of substitute products**

Technology that satisfies the same customer need is an important source of competition. Apart from technology, other substitute products to serve customer needs are; improved product packaging and customer service.

## **BUILDING A CUSTOMER FOCUSED SERVICE ORGANIZATION; CUSTOMER SERVICE, QUALITY AND VALUE**

Outstanding customer service can be a source of competitive advantage. Very many successful companies are devoted to customer service to the point of obsession.

Customer service is defined by Mc Cathy William (1992) its functional role as that which involves providing the customer with what she/he wants when it is at an acceptable cost within the operating constraints of the business and providing better service than the customer expectations.

Managers are increasingly recognizing customer satisfaction as one of the most important value activities. From this view, clients become loyal to the institution thus higher profit for the firm is likely to be reaped. This is because a satisfied customer will keep coming back and will pay less attention to competing firms. Relative customer perceived quality is also a critical variable in profitability. The concern, consideration, sympathy and availability of service facilities determine the service quality. Among other determinants of service quality to the customer include; staff's apparent commitment to work, communication and so on.

#### **DELIVERING CUSTOMER VALUE AND SATISFACTION THROUGH IMPROVING SERVICE QUALITY**

The level of customer satisfaction is the result of a customer comparison of expected service quality with perceived service quality.

Service firms should gear their activities towards "customer tailored" out to please the customer in order to compete favorably.

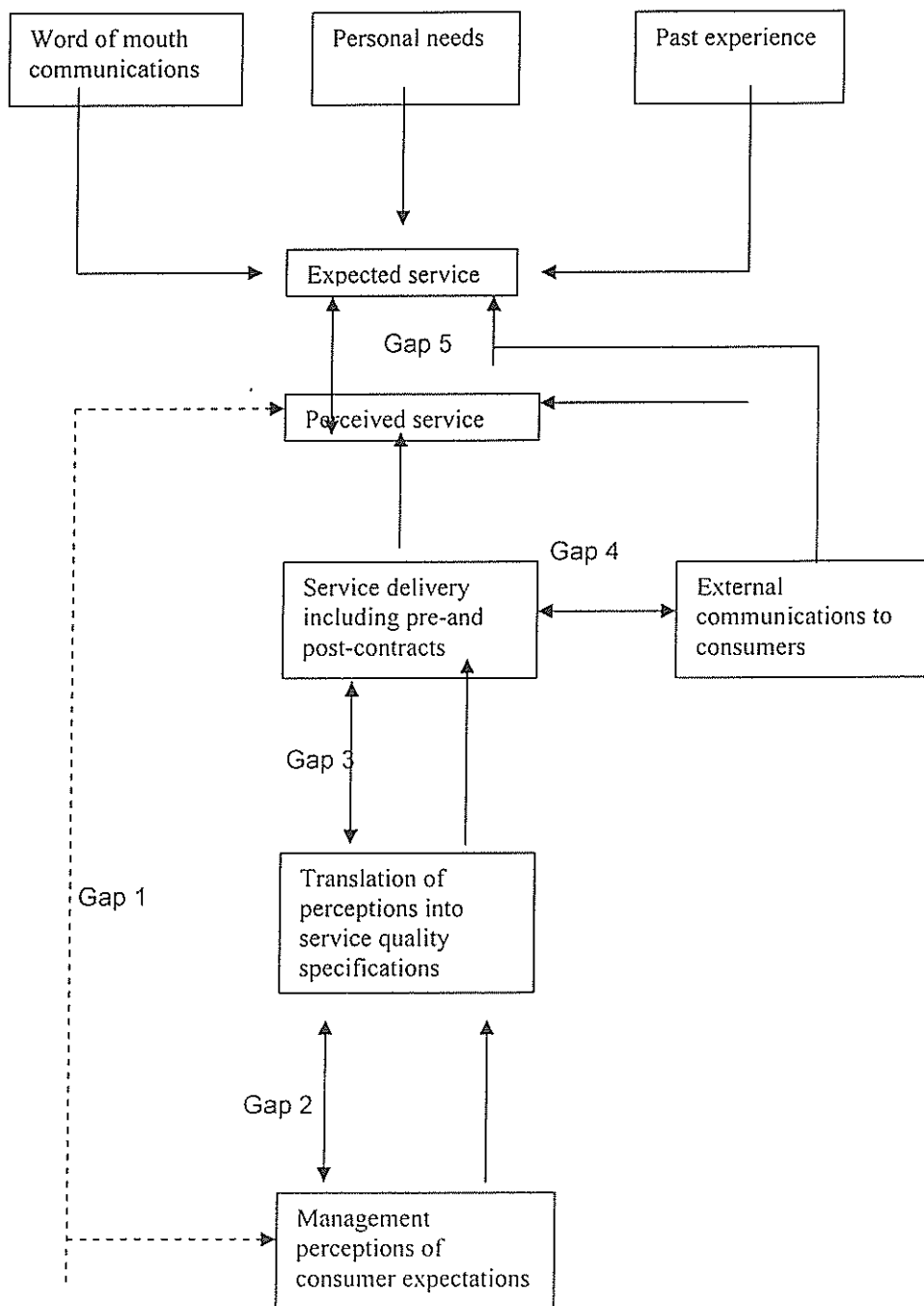
Parasuraman (1985) and his colleagues developed a model, which helps identify the gaps between the perceived service qualities that customers receive and what they expect, have developed a model. The model identifies five gaps;-

- Customer expectation –management perception gaps.

- Management perception –service quality expectation gap.
- Service quality specifications –service delivery gap.
- Service delivery –external communications to consumer gap.
- Expected service –perceived service gap.



## The Theoretical Frame Work



Source: A. Parasuraman, V. A. Zeithaml and L.L. Berry, 'A conceptual of services quality and its implications for future research', Journal of Marketing, vol. 49, autumn 1985

PZB (1985) identified four potential causes of a services shortfall;

- Customer service providers need to ensure that management appreciates the service attributes valued by their customers and in what order.
- Management's unwillingness to put resources into solving the prevailing problems.
- The attitude among manner of contact employees.
- Organization delivering something different from what is expected.

Gap 5 is the service quality shortfall as seen by the customers, and gaps 1-4 are shortfalls within the service organization. Thus gap 1-4 contributes to gap 5. Gap 1 is the difference between consumer expectations and management perception of consumer expectations. Gap 2 is the difference between management perception of consumer expectations and service quality specifications.

Managers will set specifications for service quality based on what they believe the consumer requires. Third gap is the difference between service quality specifications and the service actually delivered. Fourth is the difference between service delivery intention and what is communicated about the service.

The level customer satisfaction is a result of customers' comparison of perceived quality and what is actually received.

A customer oriented thinking requires the company to define customer needs from the customer point of view, not from its own point of view. In other words, service firms should gear their activities towards "customer tailored" out to please the customer in order to compete favorably. Within an established customer focused organization, it is necessary to retain the already existing clients. The level of customer retention will greatly determine the firms' profitability. If the level of profitability is poor, then there arises a need to make better customer satisfaction to gain loyalty.

## **CUSTOMER RETENTION/LOYALTY**

### **The need for customer retention**

The key to customer retention is customer satisfaction. Measuring customer satisfaction should be done more frequently for proper checks and balances i.e. proper way to do better. However, Nsambya hospital as a service firm does not do this. It has no survey system to track customer satisfaction level.

Health service environments are growing more competitive making it increasingly important for them to be attuned to their client's needs and preferences in order to keep established customers from defecting to the competition. As healthy service firms enter the formal sector, they not only compete with other hospitals, but also compete with clinics, and other drug shops that offer a wide variety of health services. This competition is

causing hospitals to seek ways to maintain and increase their market share. To do so, hospitals are now experimenting with new products such as international hospitals, (I.A.A) as well as improved services. Established customers are one of hospitals most valued assets, and monitoring and measuring customer satisfaction can catch problems ahead of time in order to minimize client desertion and increase customer loyalty.

Relationship management recognizes that the organizations customer base is its most important asset and should be protected at all costs (Baron Steve 1995). Emphasis is on retaining as well as attracting long-term relationships with the existing ones.

#### **IMPROVING CUSTOMER SATISFACTION AND LOYALTY**

Customer satisfaction is generally defined as “the customer’s feeling regarding the gap between his or her expectations towards a company, product or service and the perceived performance of the company, product or service” (Baron Steve 1995)

High levels of customer service quality are vital to make sure that customers remain loyal to the institution by creating an offer that is superior to that of competitors to eventually win customer loyalty. There is also the need to empower contact service employees, as they are the best when it comes to responding flexibly to customer problems.

## **REWARD STRATEGIES**

These promotional tools help increase loyalty. They are constantly on the move from one institution to another, thus the need to apply incentives like seasonal reduction in prices.

With this system, a customer will be enticed by the promotion, which is usually in form of discounts rather than being attracted to the service.

So the system can affect the customer behavior, though may not change his attitude. However, it acts as a first step of building a close relationship with the client/customer. A satisfied customer will keep coming back to the organization.

## **LEARNING RELATIONSHIP STRATEGIES**

Michael Porter (1980) states that reward strategies require an institution to know and develop a relationship with its customers, from which constant remains for future possible transactions. It also requires learning specific characteristics and requirements of individual customers such that a customer tailored service is offered.

For instance, hospitals may have to change their product packaging to suit the prevailing economic conditions in the country. This will be possible through research and trying to know the customers better. However, there is need for information technology in order for the above to be effective.

The possibilities for relationship customization are impressive when personal service capabilities are combined with electronic data-processing capabilities.

A firm may fail to keep customers mainly because they are not satisfied with the available offers. Therefore, they will keep looking to competitors in search of better customer service and good quality products. The niche for managers therefore is to focus on customer satisfaction through delivering quality service.

#### **TECHNOLOGY IN THE SERVICE DELIVERY SYSTEM**

Today, more and more services are now delivered by means of electronic media like the Internet. Clients are also actively involved in the service delivery system because they have the ability to assess the quality of service delivered to them. Competitiveness of a firm requires that clients be actively involved in the service delivery system. Technology can add to a firm's competitiveness by lowering the service firm's costs or improving its competitive performance.

Extending the technology of a firm will enable identification of both technology and the human factor to the creating of competitive advantage.

With introduction of technology, service delivery becomes an activity in which the human factor is sometimes less involved. This alone adds value to the customers.

Information technology specifically of customer bases has made it easier for service when tracking loyal customers and the rate of exits. St. Francis hospital has managed to computerize almost all the departments. But not every customer service employee has or operates a computer for efficient delivery. This is because there are limited resources.

## **POSITIONING FOR COMPETITIVE ADVANTAGE**

Gary Armstrong (1995) puts it that positioning is heavily dependent on a firm's capability to differentiate itself from competitors by providing superior delivered value to its customers. A firm creates competitive advantage if it succeeds in becoming different from its competitors.

Positioning for competitive advantage requires differentiating the product, identifying sets of possible advantage relative to competitors, and selecting the competitive advantages most important to the target market.

## **SOURCES OF COMPETITIVE ADVANTAGE**

### **i) Product differentiation**

A firm fully enjoys competitive advantage when it provides a single product relative to other products in the market. Unique product characteristics are required in order to achieve results.

### **ii) Narrow customer focus (niching)**

This addresses customer needs and wants; mainly targets focusing on a narrowly defined market within a segment.

The hospital targets all income earning groups and provides them with what they really need in order to sustain their lives.

## **TOOLS FOR COMPETITIVE DIFFERENTIATION;**

### **i) Service differentiation**

Firms can differentiate their services from those of competitors in a number of ways;

Delivery; refers to how well a product or service is delivered the customer in terms of speed, accuracy, etc. customers will always choose a provider with better time delivery.

Nsambya hospital is now adopting the quick response strategy to customer complaints. However, there are still some rigid policies that need to be adjusted to the customer like the time period a



client takes lining up from out patients department to final treatment. Customer counseling is a must to St. Francis hospital. This helps the client get a picture of the institutions mode of operation and also makes work easier for the doctors. Counseling of clients is done before registration so there is no way a client can miss out on it. This counseling is done at the OPD and at the AIDS window.

**ii) Image differentiation**

Hospitals are offering mainly the same product; clients will perceive the difference in the company or brand image.

Symbols and visual media should be worked into advertising such that the company's personality is conveyed.

**Atmosphere**

The physical space that the organization delivers is an important aspect in presenting the image. All the departments are strategically located to suit the customer; the layout is good to necessitate easy movement and very spacious to accommodate clients from hour to hour.

For the above strategies to be effective, managers have to empower customer service employees work on quality as well as quantity of output. Develop high quality standards, and to watch performance of the organization closely. With the above literature,

from the library, and text books as well as the Internet, when evaluating St. Francis hospital, will be applied as a theoretical part and correlated with the practical findings from the hospital.

#### **OFFERING OF SERVICES AS A MARKETING STRATEGY.**

The World of health service institutions is growing very fast. Where once health service institutions enjoyed monopoly, a growing band of rivals now compete for the loyalty of its clients.

To succeed in business, one must have a competitive edge, which enables prospective customers to distinguish your offering from that from that of your competitors. There is considerable evidence to suggest that in many markets, particularly for mature products, the service element will be major factor in distinguishing between success and failure. Offering the best service in the market is a management strategy to significantly increase its markets share and profitability

#### **CLIENT TARGETING**

Many hospitals do not engage in any explicit targeting of clients. They feel that they are filling an important space in the health sector by providing services to those who need the health service. This goes for the poor who cannot afford private clinics, which are very expensive in town it has been proven that better off clients do not seek government hospital services like

the poor do. The rich go to hospital for only special cases, like heart problems.

### **What types of targeting tools do hospitals use?**

To ensure that they reach middle class people, many hospitals engage in geographic targeting. This involves selecting areas with high concentration of people and builds a hospital in that area to cater for the big numbers.

Geographic targeting is also used to provide services to indigenous populations and other specific groups. Health institutions will often use targeting tools other than geographic targeting to ensure that wealthier groups within poorer regions are systematically screened out. However today, the wealthy are also joining the industry to acquire more of what is being offered. With the departments in Nsambya hospital, are strategically located to target the clients around Kampala and nearer and its possible to avoid traffic jam from town.

Management is about knowing your client, your competitor, and your business environment. Health service institutions need to monitor client's needs and market conditions to become attuned with changing demand and to stay ahead of the competition. The need for strategic management has emerged in the recent years due to the following factors;

- Increasing competition in some markets
- Slowing growth rates in certain institutions

- Increasing client dissatisfaction; and lastly the growing recognition that healthy service institutions need to be more client led.

The level of sophistication of the institution and the nature of markets determine the level of marketing within the situation.

### **The nature of markets**

The nature of markets puts primary pressure on the institution for the kind of marketing program it needs to achieve sustainability: here are three types of markets:

- i) New entrants characterized by limited available financial resources with a focus for the institution to develop appropriate products and create market for hospital products.
- ii) The development and growth of health institutions like Nsambya St. Francis Hospital is mainly based on donor funds, which are loaned to the institution with policies to follow.
- iii) Mature markets; here the institution has financial services readily available to the population. These markets are characterized by competition developing among service providers, health services responding more to client interests. Product diversification is also very vital.

## **Marketing the health services and customer service with the industry.**

Customer service and marketing healthy service within the health institution industry can be deeply interlinked. These are both responsibilities of the medical officer who is the customer's first contact within the organization. He/she is responsible for building a reputation of the organization within the market.

### **Marketing the service**

In many health institutions, there is no marketing department responsible for bringing in new customers.

It is largely the medical officer to know their target community and make sure potential customers know them. It is not enough for the medical officer to sit behind the desk and wait for customers to come in.

Successful management requires customer analysis; who to deal with market research review of competition, developing of a preliminary marketing mix; the 4P's of marketing, i.e. Price, Product, Place and Promotion, reviewing the marketing channels and finally evaluation of the economies.

Nsambya St. Francis Hospital markets its products through publishing of brochures, newsletters, which may not pass on to sufficient information to the rural entrepreneurs considering the fact that most of them are illiterate.

Now among the various department activities is mass client mobilization, which involves the officers to go out in the field from shop to shop explaining the various services available that suit almost all clients depending on ones needs.

This strategy has been very effective as clients are the pillars for which Nsambya hospital stands and has been able to achieve sustainability.

### **Customer service**

Christopher et al (1991) defines customer service as a system organized to provide a continuing link between the time the order is placed and the goods received with the objectives of satisfying customer needs on a long term basis.

Customers services are becoming higher in terms standards of service delivery. Many companies have woken up to the need to improve customer service in order to compete in today's highly competitive service environment.

Customer service is directly concerned with relationships with market intermediary of firms rather than to final customers. This follows that the needs of the intermediaries in the distribution channel must be given specific attention for they may well differ radically from the needs of the final customer.

## WHY IS CUSTOMER SERVICE IMPORTANT HOW DO MEDICAL OFFICERS TREAT THEIR CUSTOMERS?

Management experts have demonstrated that it costs five times more to get a new customer than to keep an old one. Health service relationships are built on trust between the customer and the hospital. Trust takes time to be created and it is done through creating a polite but friendly and comfortable working relationship with clients.

Because of the personal contact between the officer and the client, there is an opportunity to provide excellent service; from which client retention and loyalty will be achieved. However, a poorly trained officer will destroy the relationship and eventually customers will be lost.

Blenel and Bender (1989) noted the basic goals of a service which they see as threefold.

First mission of a service is to protect the company's customer base; a task which it accomplishes by ensuring that goods|services are delivered on time.

Second mission is to enhance the products sale ability. It can play a major role in keeping a company competitive, especially as it affects life cycle product life.

The third mission of a service is to generate income; health service institutions base upon customers service as a basis for which to improve their client base, increase their understanding of client needs and to create opportunities to tie their customers closer to them. From this, achieved customer loyalty will lead to more profits and eventually achieve sustainability for the company.

### **DEALING WITH PROBLEM CUSTOMERS**

The aim of marketing is to bring to the organization new good clients. There are all sorts of customers in this industry, ranging from customers who do not want to pay to those affected by social problems, and others who maybe unhappy with the way officers are treating them. It is important that all problem customers are treated well because every customer has the power to make or break the reputation of the institution.

Statistics show that a dissatisfied customer speaks to nine other people about the experience whereas a satisfied one speaks to only three.

### **ORGANIZING THE MANAGEMENT EFFORT IN HEALTH SERVICE INSTITUTIONS.**

The key issues to organizing the marketing effort within the health service institutions are how the marketing plan is done, who the key marketing staff members are, and how information flows within the system and how health service institutions budget for marketing.



**i) Marketing plan**

Presents targets for increased outreach or focus on the advertising plan. Usually the director puts the plan together, with assistance from one or two other members. An outside consultant may also be of use to analyze information and then to work with a marketing team to develop the plan.

**ii) Staffing**

There are two levels of management staff in a health service institution; market analyst and strategic planners, and service offices as well as customer contacts. The medical officer remains the first line of contact and primary link to the client for the health service institutions. Due to lack of in-house capacity, many health service firms outside the resources to conduct consumer studies and run advertising campaigns.

**iii) Costing**

Most service firms do not have a specific budget and department for marketing. Medical officers and departments' managers' often-carryout market research via daily client contact and then provide feedback to managers.

**iv) Information flow**

Marketing information in health service institutions flows in two directions; findings of medical officers are transmitted to managers,

then processed by senior management, and subsequently retransmitted as product decisions or policy initiatives back down department's levels and medical officers. For smaller health service institutions monthly staff meetings are usually adequate for ensuring information flow.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **INTRODUCTION**

This chapter presents all the methods used to collect data from the field. It also includes an in-depth analysis and description of the entire process of the study. The study employed variety of sampling techniques ranging from, questionnaires, interviews, focused group, discussions. The sampling designs used in the study were simple random, sampling and stratified sampling techniques. The purposive technique was employed on key specific informants.

#### **RESEARCH DESIGN**

The study employed a sample survey of the health service institutions in Kampala. It was both analytical and descriptive study. The assumption was that by analyzing characteristic of this sample, the researcher could make certain inferences about the general characteristics of the strategic Health service management in Uganda. In this study therefore, is a representative of the all Health Service Institutions.

The study made an in-depth analysis of the health management structures and how they can help in the strategic management of business in a growing and competitive industry.

The study carefully described the health services provided by the hospital to different levels of people in the communities around the hospital by analyzing the strategies of delivering these services and how all this affect the development of the research area population.

Although descriptive of the roles played by the various stakeholders was part of the study

The study applied both quantitative techniques. It was quantitative because the responses where compiled and computerized statistically and the results were accordingly presented using frequencies and percentages in tables and figures. The study was quantitative because, the different views of the respondents' tendencies to highlight the various perceptions conceived by the different responds.

#### **POPULATION:**

In determining the population, the researcher made refineries and found that, all departments had human resource managers, the researcher therefore considered ten respondents from each department.

According to the human resource books, the hospital has thirty Doctors and 100 registered and non registered nurses and several casual workers then the research used sampled the population above with the help of solvens approach to come up with reasonable number that could rest by the use of systematic list sampling

### **SAMPLE SELECTION**

To arrive at the sample size good enough to represent the rest, the study employed Slovenes formulae as illustrated in the following in the following paragraphs (extracted from Fredrick's work 1990)

### **INSTRUMENT:**

Questionnaires were more suitable for collecting data as per this study it contained both open and closed questions. Besides, personal observations also were used to verify certain phenomena. At the end of the process of data collection, a revisit was made to relevant authorities to prove the finding.

### **SAMPLE TECHNIQUE**

The study employed Slovenes approach as mentioned above and its illustrated as below, Slovenes formulae  $(1+Ne^2)$

Where n is the size of the sample

N=Population size

l= constant

E=the confidence interval

l.e. =95%=0.005

2=square

Population size=100

=n=100

1+100(0.005)<sup>2</sup>

=100

(1+100 x 0.0025<sup>2</sup>)

= 100

1+100 x 0.01

=100

2

= 50 people to be sampled.

For purpose of clarity, the study considered all 50 selected employees. The findings got from the 50 were enough to represent other

## **STATISTICAL TREATMENT OF DATA/DATA ANALYSIS**

Since the study entirely based on descriptive or evaluative analysis, the (SPSS) statistical package was seen more suitable to analyze the data got from respondents, Data was analyzed, tabulated and presented on graphs using the same.

## **SOURCES OF DATA**

This study considered both primary and secondary data, primary data was got by the use of interviews method and observation. Whereas secondary data was got from textbooks newspapers dissertations.

## **DATA COLLECTION PROCEDURE**

The researcher sent transmittal letter to the top management of the hospital asking for permission to conduct the study after that questionnaires were distributed to the respondents. These were specifically human resource managers' nurses, and doctors.

## **ETHICAL CONSIDERATION**

The study was carried out with permission and full knowledge of the in-charge St Francis Hospital. No respondents name was mentioned in this research report.

There was need for the researcher to use professional and ethical standards to plan, collect, and process data. The researcher ensured that he was objective and used object methods in data collection, the researcher made sure that any element of individual bias was subdued in favor of well-accepted systematic and objective measures.

The methodology chosen for the research was selected on the bias of the research objectives and not for other reasons. The researcher ensured that he recognizes the boundaries of his competence in selection of mythology, and made sure that he uses only those techniques for which he was qualified by education, training and experience.

Wherever in doubt the researcher sought clarification from the research community especially the immediate supervisor and research colleagues. The researcher also ensured that data was interpreted according to general methodological standards and not in line with the researchers fancy.

The researcher, made sure that elements that were irrelevant to data interpretation were excluded from the report. The researcher ensured that he reports accurately what he found out in the study, properly explaining the methods used and reasons for doing so.

The researcher made sure that he collected data according to accepted research standards, ensuring that he does not mislead those who will read this report.



The research kept all the information given to him very confidential and used it only for purpose indicated as justification of the study.

## **PROJECT MANAGEMENT**

Two research assistants were identified and trained on the use of questionnaires and the structured interview guide. The training of the research assistants took one day. This was followed by pre-testing of the questionnaire with 10 health workers.

Findings from the pre-testing exercise were discussed and adjustment made together with the principal researcher, and the two-research assistant, a team of three was made who collected data together. The data collected was crosschecked in the presence of all the three members before it was finally entered. This approach was made to ensure quality control.

## CHAPTER FOUR

### FINDINGS, ANALYSIS AND INTERPRETATION OF DATA

#### INTRODUCTION

This chapter presents the findings of the study. The questionnaire results are presented and analyzed by question using frequency and percentage and with use of tables as well as graphs. The results will be given with descriptive information about the sample to provide a clear picture of the sample used. In this chapter, it is of the researcher's interest to find out the extent to which strategic management has been put to use in a competitively stiff environment. Findings have been got from mainly nurses within the six departments as discusses below:

#### GENERAL BACKGROUND

Table 1 (a) THE TABLE TO SHOW SEX OF RESPONDENTS

	Frequency	Percent	Valid percent	Cumulative Percent
Valid Male	5	25.0	25.0	25.0
Female	15	75.0	75.0	100.0
Total	20	100.0	100.0	

Respondents were asked about their sex. As can be observed from table i(a), the biggest percentage, 75% were female while men covered only 25%. The distribution on table 1 of the respondents reflects the gender imbalance common in this organizations today: females are encouraged to apply for jobs than males i.e. there more female nurses than male nurses. Female employees mostly dominate Nsambya Hospital workforce. It is believed they have the ability to handle clients better in terms of customer service.

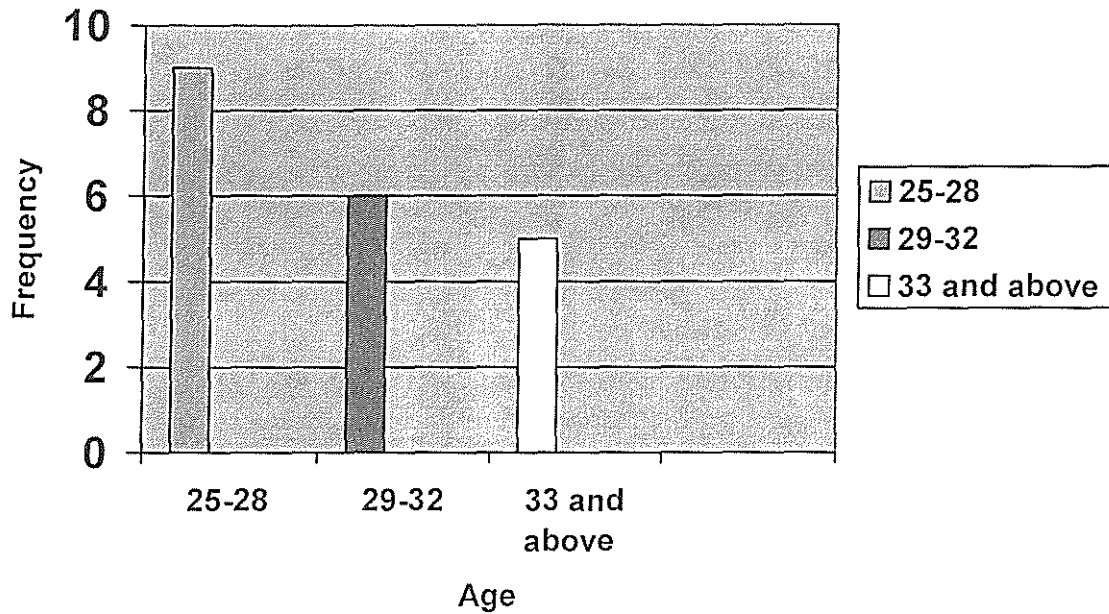
**Table 1(b)**

**THE TABLE TO SHOW AGES OF RESPONDENTS**

	Frequency	Percent	Valid percent	Cumulative Percent
Valid 25-28	5	45.0	45.0	45.0
29-32	6	30.0	30.0	75.0
33 and above	5	25.0	25.0	100.0
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	

With age, table i(b) shows the biggest percentage of 45% as being between 25-28 years old, quite a big percentage of 30% was between 29-32 years, and 25% was 33 years and above. On close observation of the respondents, they were all fresh graduates from institutions. In fact most of them claimed Nsambya Hospital was their first employer. Below is a tabular form of the table to give a clearer view

**GRAPH SHOWING THE EDGES OF THE RESPONDENTS**



Source: Primary

Concerning the period spent within the organization, 40% were between 1-3 years which is the highest, 25% lie within 4-5 years because as the company grows there is need for more energetic manpower to do more work.

**Table 2: How long have you been in this position?**

	Frequency	Percent	Valid percent	Cumulative Percent
Valid 1-3 years	8	40.0	40.0	45.0
4-5 years	5	25.0	25.0	65.0
6-10 years	4	20.0	20.0	85.0
Above 10 years	3	15.0	25.0	100.0
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	

Most of the participants were in the rank of nurses and doctors. Other participants were administrators as well as secretaries.

Respondents defined strategic management as that necessary within the organization so as to attract more customers. Others were of the view that management was a strategy applied by a company to increase sales. However, 2% did not define researcher concluded they did not know since strategic management was not so much of an issue to the hospital, in other words, was unheard of.

Most respondent's upheld service as a system through which an organization serves its customers, others referred to it as a method/system through which the organization serves its customers. Like above, other respondents did not give an answer/reply.

### **IMPORTANCE OF STRATEGIC MANAGEMENT**

When responding to the importance of strategic management, 30% voted for increasing sales. Behind every motive of strategic management is increased sales and eventually more profit. 25% voted for customer care, to attain increased sales, customer care has to go hand in hand. 20% voted for identification of needs, 10% were of the view that strategic management enhances feedback from clients: easy information flow. 10% voted for services performances and product testing as vital for strategic

management. Below is a table and graph illustrating the importance of strategic management?

**Table 3**

**Of what importance is strategic management?**

	Frequency	Percent	Valid percent	Cumulative Percent
Valid increased sales	6	30.0	30.0	30.0
Customer care	5	25.0	25.0	55.0
Needs identification	4	20.0	20.0	75.0
Tracks changing needs	2	10.0	10.0	85.0
Enables feedback from clients	1	5.0	5.0	90.0
Testing product/service Performance	1	5.0	5.0	90.0
	2	10.0	10.0	100.0
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	

On the efficiency of management department, 40% of the respondents said the department was efficient. Reasons given were the increased profits accrued in recent years, and the increased client's turn up.

However, 60% claimed the department was not efficient because of increased client exit rates attributed to poor services offered, limited flexibility, other

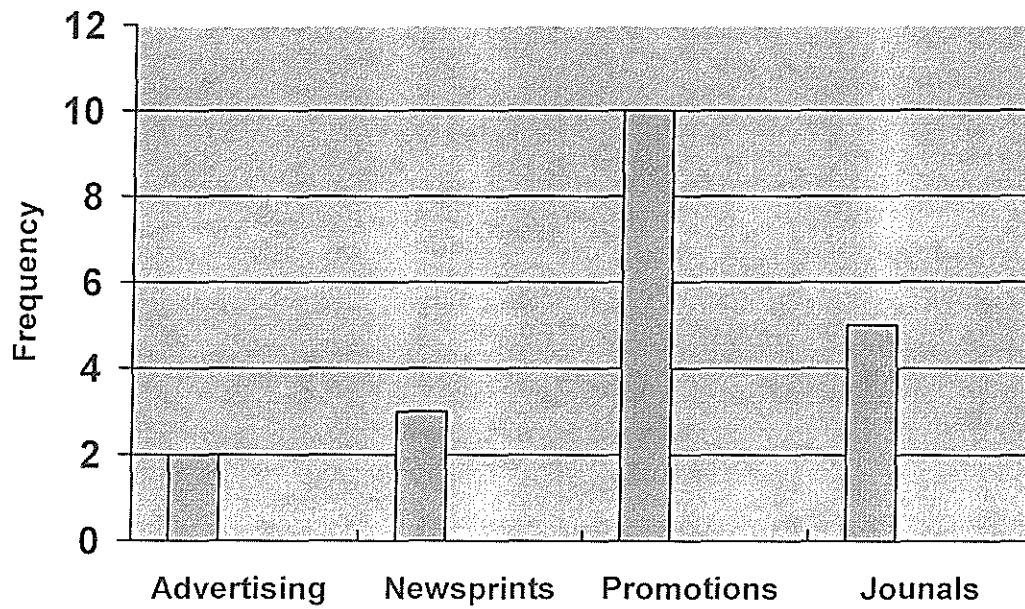
respondents said there is no specific planning and marketing department at all. Officers and department managers did not know that they had to go an extra mile towards the direction of managing strategically.

Participants were asked how products within the organization were sold. As can be observed from table four, 10% of the respondents were for advertising. Advertisements are in form of billboards, and brochures. 15% were for newsprints, 50% for promotions as a well-known activity, all officers participate. 25% voted for journals, which are printed annually. Below is a table and graph for a clear interpretation.

**Table 4: How are products within your organization marketed?**

	Frequency	Percent	Valid percent	Cumulative Percent
Valid Advertising	2	10.0	10.0	10.0
Newsprints	3	15.0	15.0	25.0
Promotions	10	50.0	50.0	75.0
Journals	5	25.0	25.0	100.0
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	

## GRAPH SHOWING WAYS OF MARKETING SERVICES



Source: Primary

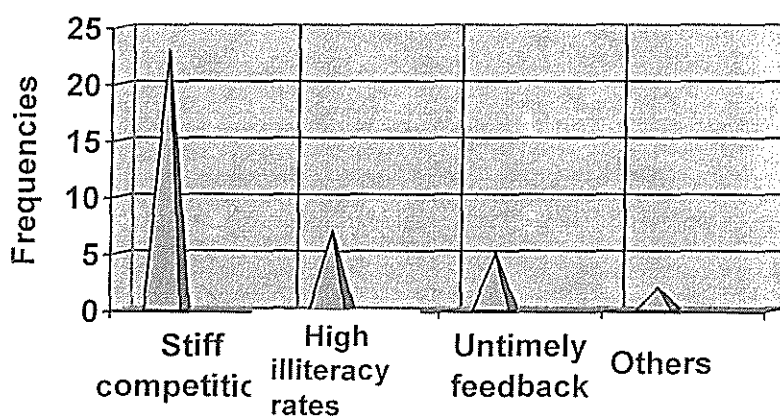
When respondents were asked about problems encountered when marketing products, the biggest percentage, 50% was for stiff competition in the industry, 30% was for high illiteracy rates. The kinds of clients in this industry are illiterate, do not know how to read and write. 15% was for others, none of the given reasons were suitable. Below is an illustration in table and graph form.



**Table 5** what problems do you face when marketing your products?

	Frequency	Percent	Valid percent	Cumulative Percent
Valid Stiff competition	6	30.0	30.0	30.0
High illiteracy rates	5	25.0	25.0	55.0
Untimely feedback	4	20.0	20.0	75.0
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	

**GRAPH SHOWING PROBLEMS IN MARKETING HEALTH SERVICES**

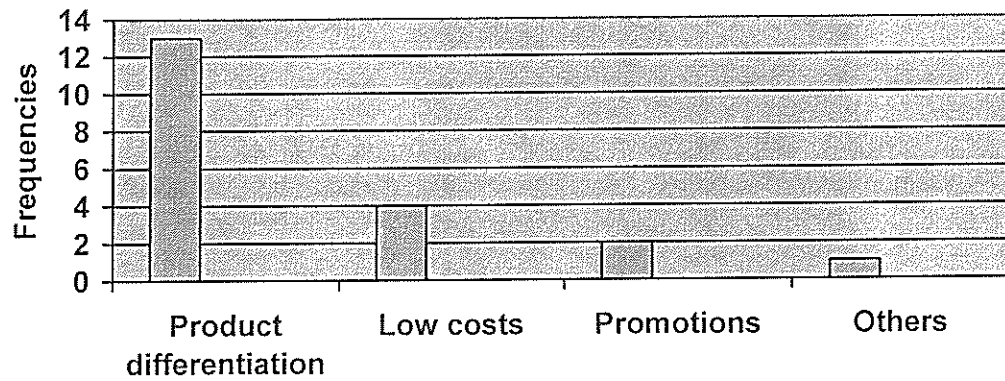


Source: Primary

Below, strategies used by the organization in a bid to strategically manage its products are illustrated.

Majority of respondents were for product differentiation, 20% were for lowering costs, 10% were for off price promotions and 5% were for others. Of late, the organization has introduced new products for the customers ranging from various medications.

## STRATEGIES USED IN THE HOSPITAL



Source: Primary

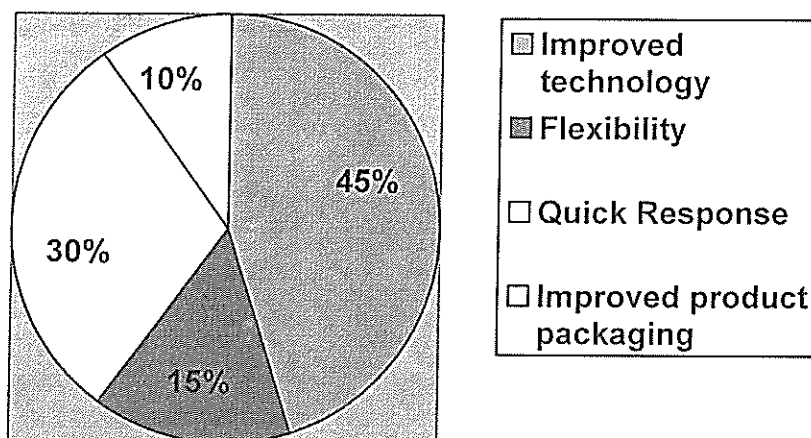
**Table 6** What strategies would you recommend to make the services better

	Frequency	Percent	Valid percent	Cumulative Percent
Valid improved technology	2	10.0	10.0	10.0
Flexibility	3	15.0	15.0	25.0
Improved product	6	30.0	30.0	55.0
Packaging	9	45.0	45.0	100.0
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	

Source: Primary

The above table and pie chart below give a more elaborate view of how improved product packaging has the highest percentage of respondents 45%. Quick response is the next with 30%. Information flow should be timely enhance better customer service. While 15% voted for flexibility in order to serve customers better. 10% were for improved technology; the percentage was also moderately large because technology is very vital to customer service.

**PIE CHART SHOWING MANAGEMENT STRATEGIES USED IN THE HOSPITAL**



### Number of clients

*Source: Primary*

The researcher aimed at finding out the number of clients within a department. Majority, 90% voted clients above 100. Departments chosen were those of intense activity and with clients over 1000. However, other options were not chosen as they were not applicable.

Respondents were asked about the exit rate per month. As below, the majority, 40% was for clients and above which was quite high, 25% was for between 36-40 clients per month, which is also quite high. 20% voted for 31-35 clients and 15% were for clients per month, which is moderate. Below is a table and graph to read a clear picture.

**Table Showing The Exit Rates Of Clients**

	Frequency	Percent	Valid percent	Cumulative Percent
Valid 26-30	3	15.0	15.0	15.0
31-35	4	20.0	20.0	35.0
36-40	5	25.0	25.0	60.0
41 and above	8	40.0	40.0	100.0
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	

## GRAPHS SHOWING THE EXIT RATES OF CLIENTS



*Source: Primary*

**Table 8 Why do clients exit**

	Frequency	Percent	Valid percent	Cumulative Percent
Valid Poor quality services	11	55.0	55.0	55.0
Social problems	5	25.0	25.0	80.0
High charges	3	15.0	15.0	95.0
Others	1	5.0	5.0	100.0
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	

*Source: Primary*

When asked about why clients exit the systems, respondents attributed the major cause to poor quality services, which fetched 55%. 25% were for social problems evolving around them in the communities in which they (clients) live. 15% were

for high interest rates and 5% were for others. Reasons specified were transfers, lost/collapsed business, and upcountry locations/change of location, client going abroad and poor officer/client relationship.

**Table 9 How are clients targeted?**

	Frequency	Percent	Valid percent	Cumulative Percent
Valid Promotions	2	10.0	10.0	10.0
Client mobilization	17	85.0	85.0	95.0
Others	1	5.0	5.0	100.0
<b>Total</b>	<b>20</b>	<b>100.0</b>	<b>100.0</b>	

*Source: Primary*

85% of majority respondents were for client mobilization because it is the most widely used practice in the day-to-day activities of the officers. 10% voted for promotions, the percentage was quite rarely carried out. 5% were for others who specified among the reasons given, constant reminding of the already existing clients to inform others about registration of new clients.

Before introduction of management strategies, 65% of the respondents claimed the hospital was performing fairly well with a range of 50-69% clients. 25% were for a range of 30-49% and 10% were for 20-20%.

However, after the introduction of management strategies, 60% and above 70% clients are now having services with them, this is the majority number of respondents.

25% respondents claimed 41-49% clients are doing business with them. 10% respondents claimed 31-40% and 5% claimed 10-30%. However, there were no respondents for less than 10%. This shows that the strategies brought about some improvement within the organization. There was an influx of clients thus need to be retained.

When respondents were asked whether the efficient service delivery system has brought any impact to the organization, 80% the biggest percentage answered yes. Reasons given were; improved company image, client perception of service quality was improved and better client service and efficiency.

However, 20% said the system has not brought much for the organization; Reasons given were that clients still complain of time wasted/lost when they are in the system, there is too much work for the officers limiting efforts to create a relationship with clients (Customer care).

Recommendations given were:

- Mass computerization of department medical officer having a computer to effectively serve clients.
  
- Empowerment of personnel officer to deal with client problems entirely personal.

- Officers should be divided into phases; customer care and treating department. This will deal with clients personally and create an everlasting relationship with clients.
  
- More medical officers should participate in the delivery system to ensure full time attention to customers.

### **Evaluation of the service delivery system**

55% respondents claimed they never evaluated the service delivery system.

Reasons given were that it was not their role/job description.

However, 45% of the respondents said they did evaluate the system through open discussions within the hospital premises (brain storming).

Majority of participants claim it was the manager's role, 25% did not know who was responsible and only 5% was for staff.

This shows that employees only follow their job descriptions and are not bothered about other duties. Information flow seems to be the problem.

On how often the system was evaluated, 65% respondents said the system was evaluated quarterly, 15% annually and 20% did not know.



Evaluation is conducted basing on the performance of the department. Reports and performance of department are analyzed by the supervisor who may thrice in a month visit the department. On spot questions may be asked by the supervisor to either the department manager or the officers.

On how management strategies have helped in retaining clients, among other reasons given were:

- Improved client medical officer relationship
- Better customer care thus reducing exit rates
- Organization is now more focused towards customer service.

Most of the respondents claimed there were no problems with the management strategies introduced.

Reasons given; they were already seeing results out of them. Customer comments about the organization have to continuously change to customer requirements. This is because they are the organizations engine of growth. This section completes the analysis, interpretation as well as findings that were explained within.

## CHAPTER FIVE

### RECOMMENDATIONS AND CONCLUSIONS

#### INTRODUCTION

This chapter will discuss the recommendations St. Francis Hospital should apply to achieve a competitive edge in the healthy service market.

Various management strategies that would do well in the service industry will be discussed. The market research department will also be necessary. Computerization of all departments as well as the need to change the targeting tools, and many more as are being discussed below:

#### RECOMMENDATIONS

I recommend building of a customer focused service organization. How? All activities and products should be centered on the customer and try to attract him or her.

Streamlining the Human Resource Activities: the human resources aspects in regard to staff appointments, job descriptions, staff remuneration, staff appraisal, training and staff welfare should be urgently addressed by the newly appointed Human Resource Development Committee. It can then advise the Diocesan Medical Coordinator on the code of standardization with the sister hospital in Lubaga. A meeting has been suggested by the new administration of St. Raphael hospital.

Adopting various management styles to address situational needs: A management-style is the way a manager performs and executes his or her duties in that position. There are over fourteen management styles, but the hospital could adopt the following; (i) *Management by Walking Around (MBWA)*: This is achieved by managers walking around the hospital to get a “feel” of the commitment and moral of the staff. Managers could also get the “feel” by talking and listening to patients with regard to whether they are satisfied with the provision of services offered them. Furthermore, management could get the “feel” by showing interest in other support services and activities in the hospital. (ii) *Management by Organizational Development (MBOD)*: This is where managers constantly seek to improve relations and communications, for instance through seminars, meetings, and on-[the-job-training and direct dialogue with their in-charges. (iii) *Management by Performance (MBP)*: This is done by managers seeking quality levels of performance through motivation and employees relations. It is true that a motivated staff performs duties with commitment and zeal.

**Reduction of patients’ fees** by adopting the ‘flat rate’ scheme which standardizes the fees to be paid without itemizing each drug and procedure received by the patients. This would ease the work of the cashiers and make health services more affordable to the local community

as well as justifying the assistance from the government through the allocation of delegated funds.

**Install a number of intercoms:** The hospital should endeavor to improve on communication between departments and during emergencies by installing an affordable intercom system, or toll free phones lines

**Rearrange the out patients department:** Management together with the Finance and Development Committee should come up with plans of rearranging the O.P.D structure, to include all O.P.D activities so as to reduce on the unnecessary movements of patients between O.P.D, costing, laboratory and pharmacy. It would require adding a room or two to cater for this development. For the time being, let management at least begin with those activities, which do not require much funding, for instance, an O.P.D cashier can utilize the present space. Nevertheless, full implementation of this plan would require additional funding which may not have been envisaged in the 2006/07 budgets

Delivering of value to the customer and improving customer loyalty through creation of a constant relationship with clients is a path to creation of a focused customer organization.

Once the relationship is in place, there are greater chances of retaining the customer and also enhances better customer service.

There is need for the marketing department working hand in hand with research and survey department. It is important to know the various competitors and build on their weaknesses to make your services better. There is also need to constantly review product packages. However, most important of all, research should be carried out on the available clients such that output is now customer tailored. Various management strategies like offering of a differentiated product onto the market, quick response to client demands, cost leadership strategies are good in a competitive industry, so should be put to use. However, all should be aimed at satisfying the customer.

It is possible to create a differential advantage through use of promotions, price cuts, different modes of distribution of the product in terms of performance and durability.

Heavy computerization department within the network should be done to facilitate the officers in the service delivery system. Each officer should have a computer so as to serve customers better and reduce time lost in the process.

Empowerment of workers is necessary; this will enable them deal with the client entirely, unless where need be for higher authority involvement. Since workers are the contact employee's management should strive to

make them happy in terms of benefits and incentives. A disgruntled employee is capable of frustrating customers.

I further recommend flexibility in the policy in which St. Francis Hospital Nsambya operates. For example the methodology used to admit patients should further be simplified by making the processing period shorter. Costs a client incurs from the time he/she goes to the hospital in terms of transport to the time he/she acquires the service and goes through the various levels is quite high. This is because the policy requires physical attendance of clients every day. I think this needs revisiting to suit the clients interests.

Memos to both medical officers and any other form of communication to clients should be easily understood and well communicated.

Today's competitive world requires quick response to client needs. Red tape bureaucracy was long phased out.

Most medical officer's exits are influenced by their social lives. For example, marital affairs gone sour, losing a close partner or husband may not allow a wife to join the hospital. Therefore, I would recommend that the institution play a role in handling such problems through counseling.

Further sensitization of all officers and managers on the importance of strategic management is carried out. It is everyone's role within the system to manage well available products.

## SUGGESTIONS

Referring to the service quality gaps model in the previous chapter, gaps existing between consumer expectations and management perception of consumer expectations should be looked into. Failure to make ends meet implies poor quality service to customers. Therefore, management should endeavor to find out what exactly the clients expect from them.

Winning and retaining the “hard to get clients” through offering of better services and building a lifetime client/customer relationship would do magic for hospital.

## CONCLUSIONS

With the above, the researcher concludes by emphasizing the need for proper management in hospital in order for them to remain sustainable. These institutions are faced with different challenges and have different sets of concerns. So different management programs are to be used to suit the concerns of managers. An important start for managers is to raise the overall awareness of the importance and functions of strategic management in the hospital. This is because it is the only key to remain sustainable and win a competitive edge over the various competitors in the market.



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## APPENDIX QUESTIONNAIRE

### STAFF QUESTIONNAIRE

### SELF – ADMINISTERED QUESTIONNAIRE TO SAINT FRANCIS HOSPITAL NSAMBYA

The purpose of this research is to write dissertation to be submitted to the school of postgraduate studies in partial fulfillment of the requirement for award of degree of masters in business administration and management Kampala international university.

My name is John Baptist Baliruno a finalist in the above university. I kindly request you to answer the questions in this questionnaire with the assurance that all responses will be kept confidential.

Topic

The strategic analysis of the healthy service sector:

Your cooperation is highly appreciated

#### SECTION A

##### General Background

Sex .....

Age .....

Position .....

How long have you been in this position?

- a. 1 year to 3 years
- b. 4 years to 5 years.

- c. 6 years to 10 years
- d. Above 10 years

**SECTION B**

2.1 How would you define strategic management?

.....  
.....

2.2 What is service delivery?

.....  
.....

Of what importance strategic management?

- a. Increase sales
- b. Customer care
- c. Needs identification
- d. Tracks changing needs
- e. Enables feed back from clients
- f. Testing product/services performances.

Do you think you department is efficient?

- A. Yes
- B. No

Explain .....

How are services within your organization marketed?

- a. Advertising
- b. Newsprints
- c. Promotions
- d. Journals

What problems do you face when marketing your services?

- a. Stiff competition

- b. High illiteracy rates
- c. Untimely feedback
- d. Others

What strategy does your organization use sale services?

- a Product differentiation
- b. Low interest rates
- c. Promotions
- d. Others (specify)

What strategies would you recommend to make the services better.

- a Improved technology .
- b. Flexibility
- c. Quick response
- d. Improved product packaging

### **SECTION C**

How many clients do you have?

- a. 20 clients
- b. 50 Clients
- c. 100 clients
- d. Above 100 clients

What is the exit rate in a month?

- a. 26 -30 clients.
- b. 31-35 clients
- c. 36 – 40 clients.
- d. 41 and above

Why do your clients exit?

- a. Poor quality services

- b. Social problems
- c. High interest rates
- d. Others (specify)

What type of clients do you have?

- a. Low income
- b. Medium income
- c. High income
- d. Others (specify)

How are clients targeted?

- a. Promotion
- b. Client mobilization
- c. Others (specify)

Before the introduction of management strategies, what percentages of clients did you have?

- a. 20 – 29%
- b. 30 – 49%
- c. 50 – 69%

How many do you have after the introduction of strategic management and improved delivery of services?

- a. Less than 10%
- b. 10 – 30%
- c. 31 – 40%
- d. 41 – 49%
- e. Above 50%

Has the introduction of an efficient service delivery system brought any impact to the organization?

- a. Yes
- b. No

Explain .....

What recommendations can you give towards improved service delivery?  
.....

**SECTION D**

Do you ever evaluate the service delivery system?

- a. Yes
- b. No

Who is responsible for evaluating the system?

- a. Managers
- b. Supervisors
- c. Staff
- d. I don't know

How often?

- a. Weekly
- b. Monthly
- c. Quarterly
- d. Annually

How is that evaluation conducted? .....  
.....

How have the strategies management helped in retaining the clients?  
.....  
.....



Are there any problems with the introduction of strategies?

a. Yes

b. NO

Explain .....

What recommendations do you give?

.....



**OFFICE OF THE DIRECTOR  
SCHOOL OF POST GRADUATE STUDIES, RESEARCH AND  
INTERNATIONAL RELATIONS**

June 23, 2006

**THE MEDICAL DIRECTOR**

Nsambya Hospital  
Kampala, Uganda


**RE: INTRODUCTORY LETTER FOR MR. BALIRUNO JOHN BAPTIST MBA –PT – 2004-002**

The above mentioned, is our student in the School of Post Graduate Studies. He is doing her Master of Business Administration.

John is currently doing his research on "**ANALYSIS OF THE SERVICE SECTOR: THE POTENTIAL TO COMPETITIVE ADVANTAGE**", as a final requirement for the award of Master of Business Administration of Kampala International University.

Any assistance accorded to him will be highly appreciated.

Thank you very much for your services.

  
**DR. ANGELITA PESCADERO-CANENE**  
Associate Director, SPGS