

Strategy Formulation as a Driver of Service Delivery in Private Hospitals: The Mediating Role of Operational Effectiveness

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Abstract

Strategy formulation enables healthcare organizations to define their strategic direction by establishing long-term goals, aligning organizational objectives with their mission and vision, and allocating resources to improve organizational performance. While effective strategy formulation has been associated with enhanced organizational outcomes, evidence on the mechanisms through which it influences service delivery remains limited, particularly in private healthcare settings in Kenya. Operational effectiveness links strategic intentions to organizational outcomes through efficient resource utilization, process optimization, innovation, and quality improvement. This study examined the mediating effect of operational effectiveness on the relationship between strategy formulation and service delivery among selected private hospitals in Kisumu County, Kenya. A cross-sectional study was conducted among 449 respondents selected through consecutive sampling from two private hospitals. Data were collected using a structured questionnaire and analyzed using IBM SPSS Statistics version 30. Descriptive statistics, simple linear regression, Pearson correlation, and Hayes PROCESS Macro mediation analysis with 5000 bootstrap samples were performed. Respondents reported high levels of strategy formulation (mean = 4.05, SD = 0.78), operational effectiveness (mean = 4.17, SD = 0.64), and service delivery (mean = 4.26, SD = 0.62). Strategy formulation significantly predicted service delivery ($\beta = 0.56$, $p < 0.001$) and operational effectiveness ($\beta = 0.54$, $p < 0.001$), while operational effectiveness significantly predicted service delivery ($\beta = 0.66$, $p < 0.001$). The total effect of strategy formulation on service delivery was significant ($\beta = 0.44$, 95% CI: 0.38 - 0.50). The indirect effect through operational effectiveness was significant ($\beta = 0.35$, 95% bootstrap CI: 0.28 - 0.44), confirming partial mediation, while the direct effect remained significant ($\beta = 0.09$, $p = 0.006$). In conclusion, opera-

tional effectiveness significantly and partially mediates the relationship between strategy formulation and service delivery among private hospitals. Healthcare managers should strengthen operational systems alongside strategic planning to maximize service delivery and performance.

Keywords

Strategy Formulation, Operational Effectiveness, Service Delivery, Strategic Management, Private Hospitals, Kenya

1. Introduction

Strategy formulation is a fundamental component of strategic management that involves defining an organization's mission, vision, long-term objectives, and the strategic actions required to achieve desired outcomes (Ansoff, 1987; Mintzberg, Ahlstrand, & Lampel, 2009). Through strategy formulation, organizations assess their internal capabilities and external environments, identify strategic alternatives, and select courses of action that enhance organizational performance and competitiveness (Ansoff, 1987; Mintzberg, Ahlstrand, & Lampel, 2009). In healthcare settings, strategy formulation guides decisions related to service differentiation, resource allocation, human resource management, technology adoption, market expansion, and quality improvement. Hospitals operate in dynamic environments characterized by changing patient expectations, regulatory demands, technological advancements, and financial pressures, making effective strategy formulation essential for sustainable service delivery. Strategic management scholars have further argued that strategy formulation is not solely a rational planning process but also an adaptive and participatory process that accommodates uncertainty and diverse stakeholder interests (Mintzberg & Waters, 1985). Consequently, hospitals require flexible strategies that align organizational goals with the needs of patients, clinicians, investors, insurers, and regulators (Freeman, 1984).

The healthcare sector increasingly recognizes strategy formulation as a critical determinant of organizational effectiveness and service quality. According to Porter and Teisberg (2006), healthcare organizations that adopt clearly articulated value-based strategies achieve better patient outcomes while simultaneously reducing costs. Similarly, Bryson (2018) observed that inclusive and evidence-based strategic planning enhances organizational responsiveness, stakeholder satisfaction, and performance. Studies in strategic management have also demonstrated that organizations with coherent and participatory strategy formulation processes tend to exhibit superior operational outcomes compared to those lacking strategic direction (Elbanna & Child, 2007). In hospitals, clearly defined strategic goals support efficient allocation of resources, innovation, and coordinated service delivery, thereby contributing to improved patient experiences and organizational sustainability.

Despite growing evidence linking strategy formulation with organizational performance, the pathways through which strategy formulation influences healthcare service delivery remain insufficiently understood. Operational effectiveness provides a plausible mechanism through which strategic intentions are translated into measurable outcomes. Operational effectiveness refers to an organization's ability to utilize resources efficiently, optimize processes, improve quality, and continuously innovate in order to deliver value to clients (Porter, 1996). In healthcare organizations, operational effectiveness encompasses timely service provision, efficient patient flow, effective workforce management, adoption of technology, and quality improvement initiatives. Hospitals with well-formulated strategies are more likely to develop operational systems that enhance productivity, reduce inefficiencies, and improve patient satisfaction. Thus, operational effectiveness may serve as an important intermediary factor linking strategic management practices to service delivery outcomes.

Empirical evidence from different settings supports the relationship between strategy formulation, operational effectiveness, and organizational performance. Elbanna and Child (2007) reported that participatory and rational strategy formulation processes positively influenced organizational outcomes across public and private organizations. Porter and Teisberg (2006) demonstrated that value-based strategic approaches improve quality while reducing healthcare costs. In emerging economies, structured strategic decision-making has been associated with enhanced organizational effectiveness and competitiveness (Elbanna, Thanos, & Papadakis, 2014). Within the African context, healthcare organizations continue to face challenges related to resource constraints, leadership limitations, policy uncertainty, and increasing service demands, all of which require effective strategic planning to improve service outcomes. However, many studies have concentrated on strategic implementation, leadership, or organizational performance without explicitly examining the mechanisms through which strategy formulation influences healthcare service delivery.

In Kenya, previous studies by Kaluyu et al. (2022) and Tumate & Njoroge (2023) have reported that strategic management practices contribute to improved efficiency, service quality, and patient satisfaction within healthcare organizations. Nevertheless, most studies have focused on public hospitals, strategic leadership, or general organizational performance, with limited attention given to private healthcare institutions and the mediating role of operational processes. Private hospitals operate in highly competitive environments and are expected to balance financial sustainability with the provision of high-quality patient-centered services. Understanding how strategy formulation influences service delivery through operational effectiveness is therefore important for both theory and practice. Moreover, empirical evidence examining these relationships within the context of private hospitals in Kenya remains limited.

The existing literature demonstrates a positive association between strategy formulation and organizational outcomes; however, significant conceptual and con-

textual gaps remain. Specifically, limited empirical evidence exists regarding the mediating role of operational effectiveness in explaining how strategy formulation translates into improved service delivery in private healthcare settings. Most previous studies have emphasized direct relationships between strategic management practices and performance while overlooking the operational mechanisms that drive service outcomes. This gap is particularly evident in private hospitals in Kenya, where strategic and operational dynamics may differ from those of public institutions and other sectors. Therefore, this study examined the mediating effect of operational effectiveness on the relationship between strategy formulation and service delivery among selected private hospitals in Kisumu County, Kenya.

2. Theoretical Review

Dynamic Capability Theory

This study is anchored on the Dynamic Capability Theory (DCT), originally proposed by Teece, Pisano, and Shuen (1997). The theory extends the Resource-Based View by arguing that sustained organizational performance depends not only on possessing valuable resources but also on the organization's ability to integrate, build, and continuously reconfigure internal and external competencies in response to rapidly changing environments. Dynamic capabilities enable organizations to adapt strategically, innovate continuously, and maintain competitive advantage despite environmental uncertainty. Consequently, the theory provides an appropriate foundation for understanding how strategic management practices influence organizational outcomes in dynamic sectors such as healthcare.

Dynamic Capability Theory conceptualizes organizational success as a function of three interrelated capabilities: sensing opportunities and threats, seizing opportunities through appropriate strategic decisions, and transforming or reconfiguring organizational resources and processes to sustain competitive advantage (Teece, 2007). In healthcare settings, hospitals operate in environments characterized by technological advancements, changing patient expectations, evolving healthcare regulations, and increasing competition. Consequently, hospital managers must continuously formulate strategies that respond to these environmental changes while simultaneously strengthening internal operational capabilities. Through these dynamic processes, hospitals are able to improve efficiency, quality of care, patient satisfaction, and overall service delivery.

The theory aligns closely with the concept of strategy formulation, which involves establishing organizational goals, evaluating strategic alternatives, and selecting appropriate courses of action that enable hospitals to respond effectively to internal and external environmental changes. However, Dynamic Capability Theory argues that strategy formulation alone is insufficient to improve organizational performance unless it is translated into effective operational capabilities. Strategic decisions must therefore be supported by efficient operational systems, optimized resource utilization, innovation, technological integration, and continuous process improvement. These operational capabilities collectively constitute

operational effectiveness, which enables organizations to successfully implement formulated strategies and achieve superior organizational outcomes.

In the context of this study, operational effectiveness represents the organizational mechanism through which strategy formulation influences service delivery. Well-formulated strategies provide strategic direction for hospitals, but their successful implementation depends on the organization's ability to efficiently coordinate resources, streamline clinical and administrative processes, improve workforce productivity, adopt appropriate technologies, and continuously monitor service quality. Dynamic Capability Theory therefore explains that hospitals capable of reconfiguring their operational processes in response to changing environmental conditions are more likely to achieve improved service delivery than organizations with strong strategic plans but weak operational capabilities.

The application of Dynamic Capability Theory in healthcare has received considerable empirical support. Helfat and Peteraf (2003) argued that organizations possessing strong dynamic capabilities are better positioned to adapt their resources and sustain superior performance under changing environmental conditions. Similarly, Teece (2007) demonstrated that organizations capable of sensing environmental opportunities, seizing strategic opportunities, and transforming organizational resources consistently achieve higher levels of innovation, operational efficiency, and organizational performance. Within healthcare organizations, these capabilities facilitate continuous quality improvement, efficient utilization of resources, responsiveness to patient needs, and enhanced service delivery.

3. Research Methodology

This study adopted an analytical cross-sectional research design to examine the mediating effect of operational effectiveness on the relationship between strategy formulation and service delivery among selected private hospitals in Kisumu County, Kenya.

The study targeted 449 respondents drawn from Aga Khan Hospital Kisumu and Kisumu Specialist Hospital. The respondents comprised 210 hospital staff involved in strategic management and service delivery and 239 caregivers receiving healthcare services from the two hospitals. A multistage sampling procedure was employed in selecting the respondents. The two hospitals were purposively selected because they met the study inclusion criteria. Staff respondents were selected using stratified sampling to ensure adequate representation across relevant functional departments, while caregivers were recruited through consecutive sampling until the required sample size was attained.

Primary data were collected using a structured questionnaire comprising four sections: respondents' demographic characteristics, strategy formulation, operational effectiveness, and service delivery. All items were measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Strategy formulation was operationalized using five indicators: clarity of long-term organizational goals, alignment of strategic plans with the hospital's mission and

vision, transparency and inclusiveness of strategic decision-making processes, involvement of key stakeholders in strategy formulation, and adequacy of resource allocation to support strategic priorities. Operational effectiveness was assessed using indicators of staff competence, service innovation, efficiency in resource utilization, effectiveness of strategy implementation, and sustainability of competitive advantage. Service delivery was measured using indicators of patient satisfaction, timeliness of service delivery, quality of healthcare services, staff responsiveness, and patient retention.

Data were analyzed using IBM SPSS Statistics version 30. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize the study variables. Inferential statistics comprised simple linear regression to determine the effect of strategy formulation on service delivery, multiple regression to assess the contribution of operational effectiveness, and mediation analysis using Hayes PROCESS Macro with 5000 bootstrap samples to establish the indirect effect of operational effectiveness on the relationship between strategy formulation and service delivery. Statistical significance was determined at the 5% level ($p < 0.05$).

Ethical approval was obtained from the National Commission for Science, Technology and Innovation (NACOSTI) (Reference No. 210432; License No. NACOSTI/P/25/417038). Permission to conduct the study was also obtained from the management of Aga Khan Hospital Kisumu and Kisumu Specialist Hospital before commencement of data collection. Participation was voluntary, informed consent was obtained from all respondents, and confidentiality and anonymity were maintained throughout the study.

4. Results and Discussion

Descriptive statistics were computed to summarize respondents' perceptions of strategy formulation practices in the two selected private hospitals. Responses were obtained from 449 participants using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree), and the findings are presented in **Table 1**.

Table 1. Descriptive statistics for strategy formulation variables (N = 449).

Item Strategy formulation statements (N = 449)	Minimum	Maximum	Mean	SD
1. Does the hospital have clear long-term goals that guide its strategy?	1.00	5.00	4.16	0.92
2. Are the hospital's strategic plans well aligned with its mission and vision?	1.00	5.00	4.19	0.97
3. Are decision-making processes in strategy formulation transparent and inclusive?	1.00	5.00	3.94	1.04
4. Are key stakeholders actively involved in the strategy formulation process?	1.00	5.00	3.96	0.96
5. Does the hospital allocate resources effectively to support its strategic objectives?	1.00	5.00	4.03	0.90

Note. Responses were measured on a 5-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. M = Mean; SD = Standard Deviation.

The present study examined respondents' perceptions of strategy formulation practices among selected private hospitals in Kisumu County, Kenya. Overall, the findings indicate that respondents perceived strategy formulation to be well established within the participating hospitals, as reflected by consistently high mean scores across all the measured indicators. These findings suggest that strategy formulation is embedded in the hospitals' management practices and plays a central role in guiding organizational direction and strategic decision-making.

Among the strategy formulation indicators, alignment of strategic plans with the hospitals' mission and vision recorded the highest mean score ($M = 4.19$, $SD = 0.97$), followed closely by the presence of clear long-term organizational goals ($M = 4.16$, $SD = 0.92$). These results demonstrate that the hospitals possess a strong strategic orientation characterized by clearly articulated organizational priorities and strategic direction. According to [David and David \(2017\)](#), effective strategy formulation requires organizations to establish clear objectives and align strategic plans with their mission and vision to facilitate coordinated decision-making and sustainable organizational performance. In healthcare organizations, such strategic alignment is particularly important because hospitals must simultaneously achieve clinical excellence, financial sustainability, and patient-centered service delivery.

Although respondents expressed positive perceptions regarding the inclusiveness of strategy formulation, relatively lower mean scores were reported for transparency in strategic decision-making ($M = 3.94$, $SD = 1.04$) and stakeholder involvement ($M = 3.96$, $SD = 0.96$). These findings imply that while strategic priorities are generally well defined, opportunities remain to strengthen participatory approaches during strategy formulation. Inclusive decision-making promotes organizational commitment, improves communication, and enhances successful implementation of strategic initiatives. Similar observations have been reported by [Aaltonen and Kujala \(2016\)](#), who noted that strategic decision-making in healthcare organizations is frequently concentrated at senior management levels to maintain efficiency and regulatory compliance, thereby limiting broader stakeholder participation.

The study further established that respondents perceived resource allocation to be adequate in supporting strategic objectives ($M = 4.03$, $SD = 0.90$). This finding suggests that the participating hospitals possess the managerial capacity to translate strategic priorities into operational activities through effective allocation of financial, human, and technological resources. [Bryson \(2018\)](#) emphasized that resource allocation serves as a critical link between strategy formulation and implementation because organizational strategies can only achieve intended outcomes when sufficient resources are committed to their execution.

The observed standard deviations, ranging from 0.90 to 1.04, indicate moderate variation in respondents' perceptions of strategy formulation practices. These differences may reflect variations in organizational roles, departmental responsibilities, or levels of involvement in strategic planning processes. Nevertheless, the

consistently high mean scores across all indicators demonstrate that strategy formulation is well institutionalized within the participating private hospitals. Overall, these findings suggest that the hospitals have established clear strategic goals, aligned their strategic plans with organizational missions, involved stakeholders to a reasonable extent, and allocated resources to support strategic priorities. Collectively, these practices provide a strong strategic foundation that is likely to enhance operational effectiveness and improve service delivery, consistent with strategic management principles emphasizing the importance of coherent strategy formulation for organizational performance (David & David, 2017; Bryson, 2018).

4.1. Influence of Strategy Formulation on Service Delivery among Selected Private Hospitals in Kisumu County, Kenya

Descriptive statistics were computed to summarize respondents' perceptions of strategy formulation and service delivery. As presented in **Table 2**, respondents reported high levels of perceived service delivery ($M = 4.26$, $SD = 0.62$), indicating a favorable assessment of the quality and responsiveness of healthcare services provided by the participating hospitals. Strategy formulation also recorded a relatively high mean score ($M = 4.05$, $SD = 0.78$), suggesting that respondents perceived strategic planning practices to be well established within the hospitals, although with slightly greater variation than service delivery.

Table 2. Descriptive statistics for strategy formulation and service delivery ($N = 449$).

Variable	N	M	SD
Strategy formulation	449	4.05	0.78
Service delivery	449	4.26	0.62

Note. N = Number of respondents; M = Mean; SD = Standard deviation. Responses were measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

To determine whether strategy formulation significantly influenced service delivery, a simple linear regression analysis was performed. The results, presented in **Table 3**, indicate that strategy formulation was a statistically significant predictor of service delivery ($B = 0.44$, $SE = 0.031$, $\beta = 0.56$, $t(447) = 14.21$, $p < 0.001$). The positive standardized regression coefficient demonstrates that improvements

Table 3. Regression coefficients for the effect of strategy formulation on service delivery ($N = 449$).

Predictor	B	SE	β	t	p value	95% CI
Constant	2.47	0.129	—	19.17	<0.001	2.21 - 2.718
Strategy formulation	0.44	0.031	0.56	14.21	<0.001	0.38 - 0.504

Note. Dependent variable = Service delivery. B = Unstandardized regression coefficient; SE = Standard error; β = Standardized regression coefficient; CI = Confidence interval.

in strategy formulation are associated with corresponding improvements in service delivery. Furthermore, the 95% confidence interval for the unstandardized coefficient (0.38 - 0.504) did not include zero, confirming the statistical significance and precision of the estimated effect.

The regression findings demonstrate a significant positive relationship between strategy formulation and service delivery among the selected private hospitals in Kisumu County. The high mean score for service delivery, coupled with its relatively low standard deviation, indicates a strong consensus among respondents regarding the quality of healthcare services offered. Although strategy formulation recorded a slightly lower mean score and greater variability, the findings suggest that strategic planning practices are generally well established but may differ across departments or organizational levels in terms of implementation, communication, and stakeholder involvement.

These findings support strategic management theory, which posits that clearly formulated organizational strategies provide direction, facilitate effective resource allocation, and enhance organizational performance (David & David, 2017). Similarly, Bryson (2018) argues that well-developed strategic plans enable organizations to coordinate activities more effectively, thereby improving organizational outcomes. Within healthcare settings, effective strategy formulation provides a framework for aligning organizational priorities with patient needs, operational processes, and long-term institutional goals.

The present findings are also consistent with empirical evidence reported by Doshmangir et al. (2022), who concluded that strategic planning is fundamental to improving hospital efficiency, quality of care, and overall health system performance. Their review emphasized that healthcare organizations achieve better service outcomes when strategic priorities are systematically translated into operational actions. The positive association observed in the current study therefore reinforces the proposition that hospitals with clearly articulated strategic goals are better positioned to deliver timely, efficient, and patient-centered healthcare services.

Overall, the findings indicate that strategy formulation is an important determinant of service delivery in private hospitals. Nevertheless, the observed variability in respondents' perceptions suggests that differences in organizational culture, leadership practices, communication systems, resource availability, and institutional capacity may influence how strategic initiatives are formulated and implemented across healthcare organizations. Strengthening participatory strategic planning, improving communication of strategic priorities, and ensuring adequate resource allocation may therefore further enhance service delivery within private hospitals.

4.2. Contribution of Operational Effectiveness to the Relationship between Strategy Formulation and Service Delivery

A mediation analysis was performed using Hayes PROCESS Macro (Model 4) in

IBM SPSS Statistics to determine whether operational effectiveness mediated the relationship between strategy formulation and service delivery. The analysis was based on 5000 bootstrap resamples and a 95% bias-corrected confidence interval.

Descriptive statistics indicated that respondents reported high levels of service delivery ($M = 4.26$, $SD = 0.62$), operational effectiveness ($M = 4.17$, $SD = 0.64$), and strategy formulation ($M = 4.05$, $SD = 0.78$). Pearson's correlation analysis further revealed positive associations among all study variables. Strategy formulation demonstrated a moderate positive correlation with service delivery ($r = 0.56$) and a strong positive correlation with operational effectiveness ($r = 0.65$), while operational effectiveness exhibited a strong positive relationship with service delivery ($r = 0.76$). These relationships provided preliminary evidence supporting the testing of a mediation model.

The regression results showed that strategy formulation significantly predicted operational effectiveness (Path a; $\beta = 0.54$, $SE = 0.03$, $t(447) = 18.25$, $p < 0.001$, 95% CI [0.48, 0.59]), accounting for 42.7% of the variance in operational effectiveness ($R^2 = 0.427$). Operational effectiveness also significantly predicted service delivery (Path b; $\beta = 0.66$, $SE = 0.04$, $t(446) = 16.77$, $p < 0.001$, 95% CI [0.58, 0.74]). When operational effectiveness was incorporated into the regression model, strategy formulation remained a significant predictor of service delivery (Path c'; $\beta = 0.09$, $SE = 0.03$, $t(446) = 2.76$, $p = 0.006$, 95% CI [0.03, 0.15]). The total effect of strategy formulation on service delivery was also statistically significant (Path c; $\beta = 0.44$, $SE = 0.03$, $t(447) = 14.21$, $p < 0.001$, 95% CI [0.38, 0.50]).

The mediation analysis demonstrated that the indirect effect of strategy formulation on service delivery through operational effectiveness was statistically significant ($\beta = 0.35$, $BootSE = 0.04$, 95% bootstrap CI [0.28, 0.44]). Because the confidence interval excluded zero, the indirect effect was statistically significant, confirming that operational effectiveness partially mediated the relationship between strategy formulation and service delivery. The persistence of a significant direct effect after introducing the mediator indicates that strategy formulation influences service delivery both directly and indirectly through improvements in operational effectiveness.

Table 4. Mediation analysis of the effect of strategy formulation on service delivery through operational effectiveness.

Predictor	Direct Effect (β)	Indirect Effect (β)	LLCI	ULCI	Mediation Type
Strategy formulation	0.0891*	0.3536	0.2753	0.4419	Partial

Note. LLCI = Lower limit confidence interval; ULCI = Upper limit confidence interval. The indirect effect is significant because the bootstrap confidence interval does not include zero.

The findings in **Table 4** demonstrate that operational effectiveness is an important mechanism through which strategy formulation enhances service delivery in private hospitals. Although strategy formulation independently contributes to

improved service delivery, a substantial proportion of its influence is transmitted through operational effectiveness. This suggests that the benefits of strategic planning are maximized when strategic priorities are effectively translated into efficient operational processes, appropriate resource utilization, continuous service improvement, and coordinated organizational activities. Consequently, hospitals are likely to achieve superior service outcomes when strategic initiatives are supported by strong operational systems capable of implementing strategic objectives.

These findings are consistent with the propositions of Dynamic Capability Theory, which argues that organizational performance depends not only on developing appropriate strategies but also on the ability to continuously integrate, reconfigure, and deploy organizational resources and capabilities in response to changing environmental conditions (Teece, Pisano, & Shuen, 1997; Teece, 2007). Within the context of this study, strategy formulation provides the strategic direction for organizational action, while operational effectiveness represents the organizational capability that transforms strategic intentions into measurable service outcomes. Hospitals possessing stronger operational capabilities are therefore better positioned to implement strategic priorities efficiently, improve organizational responsiveness, and deliver high-quality healthcare services.

The observed partial mediation further suggests that operational effectiveness does not fully explain the relationship between strategy formulation and service delivery. Instead, strategy formulation continues to exert a direct influence on service delivery beyond its operational effects. This finding implies that strategic decisions may improve service delivery through additional pathways, including enhanced organizational leadership, stronger stakeholder engagement, improved organizational culture, and effective governance mechanisms. Nevertheless, the substantially larger indirect effect demonstrates that strengthening operational effectiveness remains one of the most effective approaches through which healthcare organizations can translate strategic plans into improved service delivery. Accordingly, hospital managers should complement strategic planning initiatives with continuous investments in operational systems, workforce capability, process optimization, and quality improvement to maximize organizational performance and patient outcomes.

5. Conclusion

This study concludes that strategy formulation is a significant driver of service delivery among selected private hospitals in Kisumu County, Kenya. The findings demonstrate that hospitals with clearly defined long-term goals, strategic alignment with their mission and vision, participatory decision-making processes, stakeholder involvement, and effective resource allocation achieve higher levels of service delivery. The study further establishes that operational effectiveness significantly and partially mediates the relationship between strategy formulation and service delivery, indicating that the positive influence of strategy formulation

is realized both directly and indirectly through improved operational processes. Consequently, effective strategy formulation, supported by strong operational effectiveness, enhances the capacity of private hospitals to deliver timely, high-quality, responsive, and patient-centered healthcare services, thereby improving overall organizational performance and competitiveness.

6. Limitation of the Study

This study has several limitations that should be considered when interpreting the findings. First, the use of a cross-sectional research design limits the ability to establish causal relationships among strategy formulation, operational effectiveness, and service delivery because data were collected at a single point in time. Second, the study relied on self-reported responses from hospital staff and caregivers, which may have been influenced by social desirability and respondent perception biases. Third, the study was conducted in only two private hospitals in Kisumu County, which may limit the generalizability of the findings to other healthcare institutions, particularly public hospitals or private hospitals operating in different geographical and organizational contexts. Despite these limitations, the study provides valuable empirical evidence on the mechanisms through which strategy formulation influences service delivery in private healthcare settings.

7. Contribution of the Study

This study contributes to strategic management and healthcare management literature by providing empirical evidence that operational effectiveness partially mediates the relationship between strategy formulation and service delivery in private hospitals. The findings extend the application of Dynamic Capability Theory by demonstrating that the benefits of strategy formulation are realized not only through direct strategic actions but also through the enhancement of operational capabilities. From a practical perspective, the study provides hospital managers and policymakers with evidence that effective strategy formulation should be complemented by strong operational systems, efficient resource utilization, continuous process improvement, and stakeholder engagement to achieve superior service delivery. The study also contributes to the limited body of evidence on strategic management practices within private healthcare institutions in Kenya, thereby providing a foundation for future research and policy development.

8. Recommendations

Based on the findings of this study, private hospital management will be encouraged to strengthen strategy formulation processes by ensuring that long-term strategic goals are clearly defined, aligned with the hospital's mission and vision, and developed through inclusive stakeholder participation. Hospital administrators will need to invest in initiatives that enhance operational effectiveness, including continuous staff capacity building, process optimization, efficient resource allocation, service innovation, and robust performance monitoring systems, to maxim-

ize the benefits of strategic planning on service delivery. Policymakers and healthcare regulators will be encouraged to support the adoption of evidence-based strategic management practices that strengthen operational performance across private healthcare institutions. Future researchers will be encouraged to undertake longitudinal and multi-center studies involving both private and public hospitals to establish causal relationships and examine additional organizational factors that may influence the relationship between strategy formulation, operational effectiveness, and service delivery.

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Author Contributions

Rodgers Norman Demba: Conceptualization, methodology, formal analysis, investigation, data curation, software, validation, visualization, writing original draft preparation, and project administration.

Fronica Monari: Conceptualization, methodology, supervision, validation, writing review and editing, and overall oversight of the research process.

Arvinilucy Onditi: Methodology, supervision, validation, writing review and editing, interpretation of findings, and critical revision of the manuscript for important intellectual content.

All authors read and approved the final version of the manuscript and agree to be accountable for all aspects of the work.

Ethical Approval

Ethical approval for this study was obtained from the National Commission for Science, Technology and Innovation (NACOSTI), Kenya (Reference No. 210432; License No. NACOSTI/P/25/417038). Administrative permission to conduct the study was also obtained from the management of Aga Khan Hospital Kisumu and Kisumu Specialist Hospital before commencement of data collection. The study was conducted in accordance with the ethical principles outlined in the Declaration of Helsinki. Participation was voluntary, and written informed consent was obtained from all respondents before data collection. Participants were informed of the purpose of the study, their right to decline participation or withdraw from the study at any stage without any consequences, and the measures taken to ensure confidentiality and anonymity. No personally identifiable information was collected, and all data were securely stored and used solely for re-

search purposes.

Informed Consent

Written informed consent was obtained from all participants prior to their enrollment in the study. Before data collection, the purpose of the study, study procedures, potential risks and benefits, confidentiality measures, and the voluntary nature of participation were clearly explained to all respondents. Participants were informed of their right to decline participation or withdraw from the study at any stage without penalty or loss of any benefits to which they were entitled. Only respondents who voluntarily provided written informed consent were included in the study.

Data Availability Statement

The data supporting the findings of this study are available from the corresponding author upon reasonable request.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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