# STRATEGIC ALLIANCES AND PERFORMANCE OF NON-GOVERNMENTAL ORGANIZATIONS IN THE HEALTH SECTOR IN NAIROBI COUNTY GOVERNMENT IN KENYA

BY

THOMAS MOKORO OSANO

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# DECLARATION

This research project is my original work and has not been submitted for an award of a degree in any other university.

Signature............................... Date... *07 November 2016*

**THOMAS MOKORO OSANO**

**D61/78933/2015**

I confirm that the work reported in this research project was carried out by the candidate under my supervision as university supervisor. This research project has been submitted for examination with my permission as the supervisor.

Signature............................... Date... *10/11/2016*

**DR JOSEPH OWINO**

**LECTURER**

**SCHOOL OF BUSINESS**

**UNIVERSITY OF NAIROBI**

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# ABSTRACT

Strategic alliances are an important aspect in the management of organisations. Strategic alliances may be said to generally increase the value of the partner organization. This study intended to bridge the identified gaps by answering the following question: How do strategic alliances affect the performance of non-governmental organizations in the health sector in Nairobi County, Kenya? The current study employed a descriptive cross sectional survey research design. The target population for this study was 357 Non-Governmental Organizations in the Health Sector in Nairobi County and 36 NGOs formed the sample size. Quantitative data was collected from the respondents using a questionnaire. Quantitative data was analyzed using descriptive statistics while qualitative analysis was analysed using content analysis. Relationship testing was analysed using simple regression analysis. From the findings, the study concludes that the nature of strategic alliance(s) or partnership(s) in the Health sector varied significantly in nature but were ultimately geared towards improving health care in Kenya. It is evident that the NGOs strategic alliances focused more on projects in Kenya than on international projects. The critical success factors enhancing strategic alliances among NGOs in the health sector include; clarity of the shared vision, objectives and goals; shared projects commitment and ownership, monitoring and evaluation, effective leadership, accountability and mutual benefit. The major challenges facing the formation and implementation of strategic alliances by the NGOs in the health sector include; lack of organizational capacity to implement the partnership, resource inadequacy, non-proactive leadership, technological challenges, poor information sharing and donor and government interference. From the findings, the study concluded that strategic alliances contribute significantly to performance of NGOs. In addition, there is a strong positive relationship between strategic alliances and performance of NGOs and that strategic alliances significantly influence performance of NGOs in the health sector in Nairobi County. The performance of NGOs in the health sector had significantly improved in terms of donor funding, prudence in resource use, beneficiary satisfaction and service delivery, transparency, organizational capacity, stakeholder involvement and compliance with policies and guidelines. The study recommends that the NGOs should institutionalize strategic alliances and partnership in their strategic planning. The recommends that the management of the NGOs should carry out capacity building of its employees whenever they are getting in a strategic alliance. The government line ministries and agencies regulating the NGOs should formulate policy to guide the formation and implementation of strategic alliance in the health sector.

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## ABBREVIATIONS AND ACCRONYMS

**AIDS**: Acquired Immune Deficiency Syndrome

**CSO**: Civil Society Organization

**HIV**: Human Immunodeficiency Virus

**NGO**: Non-Governmental Organisation

**PBO**: Public Benefit Organizations

**WHO**: World Health Organization

# CHAPTER ONE: INTRODUCTION

## 1.1 Background to the Study

Today's world is faced with various challenges, posed by the effects of climate change, health crises, technology and globalization among others. The challenges in the health sector are in relation to the quality of the health services, efficiency and how it is accessed. Hence the need for reforms in health systems financing, distribution and organization (Wamai, 2007; WHO, 2000). As a follow up of the proposal by World Health Organization (WHO) for decentralization, the responsibility for health administration has been transferred from the central governments to the periphery (WHO, 1978). This has been applied in developing, as well as developed countries as a key management approach with the belief that it promotes the improvement of performance in public sector in terms of efficiency (Kedebe, 2004; Saltman and Figueras, 1997).

This study was guided by a review of pertinent literature as has been brought out by various authors, researchers, analysts and scholars. These studies done in the past are important in guiding the researcher on other similar studies done on the same area of concern. The guiding literature was made up of empirical literature, the theoretical review, the conceptual framework and related literature. The study presented selected theories for strategic alliances being the social network theory, the stakeholder theory, and the resource dependence theory. These theories have a common focus on collaboration among interconnected organisations.

Organizations have always had some kind of collaboration. This has been very much the case, with NGOs (Lorenzen, 2012). According to Austin (2007) this collaboration has mainly been on a philanthropic level. Around the year 2000, more focus was put on the prospects of partnering strategically with NGOs, linking economic, social and environmental value creation. Strategic alliances is a concept that has evolved because corporate entities and non-governmental organizations (NGOs) identified the advantages of cooperating widely on environmental and social issues (Dahan et al., 2010). There was need to study if there is a relationship between NGO partnerships and their performance as well as to establish if the alliances are in response to the challenges faced by the NGOs.

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The study was specifically on strategic alliances and performance non-governmental organizations (NGOs) in the sector of health, particularly and in the Kenyan context. It targeted the Nairobi County Government in Kenya. This choice was influenced by the focus of the NGOs in Kenya. According to the Kenyan NGOs Coordination Board's website, NGOs are distributed throughout the country with the highest proportion (12%) being in Nairobi. Health sector recorded a spending of 41%. This was the highest amongst other sectors such as Agriculture and Education.

### 1.1.1 Strategic Alliances

According to Mintzberg (2003) strategy is conceived as a plan that joins together, an organization's major policies, goals and action to become a unified whole. According to Porter (2004), strategy has been defined as a establishing of a distinct and exposed position of trade-offs in often competing environment. It involves a set of undertakings that are almost compatible, consistent, ensure effort optimization and reinforce one another. Even though different scholars define strategy using different words, the general meaning remains the same. Thus strategy may be viewed as the manner in which organisations interract with their environment in order to achieve their long term goals and objectives.

Strategic alliance may be defined as a partnership that facilitates businesses to combine efforts for an opportunity that is mutually beneficial and so that they gain competitive advantage in a sustained manner (Yi Wei, 2007). In summary we may describe strategic alliances as an arrangement between at least two parties that have chosen to undertake a specific, project that is mutually beneficial, while sharing resources but remaining as organizations that are independent. Strategic alliances are built and propagated as formal relationships between organisations, particularly among corporates in systems of international business. These organisations would usually be pursuing to achieve their objectives in a better way, through collaboration other than through competitive means (Mockler, 1999).

## 1.1.2 Organisational Performance

Organizational performance may be said to be the actual results attained by an establishment. These results are measured in comparison to the intended goals of that establishment. The results are the outputs and outcomes that come after the entity acquires and utilises its scarce resources, efficiently and effectively. Richard et al. (2009) describe organizational performance as having three precise areas of outcomes for an organisation: performance from financial perspectives, such as return on investment; performance from a market viewpoint, for example proportion of share of the market; as well as shareholder return. An organisation's production capacity may also be referred to as the performance of that entity. Performance may also be put across in qualitative expressions. These include customer or the satisfaction of employee.

## 1.1.3 Strategic Alliances and Organisational Performance

The benefits that may be realized through strategic alliances may possibly contribute to the improvement in the performance of organisations. According to Bernadette (2007), there exist four possible benefits that may be realized by international businesses from strategic alliances. Strategic alliances make it easier to enter new markets. Developments in computer technology, telecommunications and transportation have made it easier for international firms to enter foreign markets (Shumate and O'connor, 2010). In addition, entering the foreign markets grants such benefits as economies of scale and a wider opportunity for distribution and marketing. For a single firm, the cost of entering a new international market may be too much, beyond its capabilities. However, by joining a strategic alliance with a firm that is international, it will derive the advantages of a swift entry while minimizing the costs incurred. The unique challenges of entering a new international market may include government regulations that are unreceptive and stiff competition. These challenges could be overcome when an organisations opts to use a strategic partnership as the method of entry to that new market (Zainab et al., 2014).

Secondly, strategic alliances facilitate shared proficiency and knowledge. The expertise, information and understanding that an organisation gets can be applied, not only in this partnership, but also for other ventures and purposes. The other common reason for

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entering into cooperative arrangements is to share risk. This is even more important for a new market or where there is instability and uncertainty. Business competition in a new market makes it difficult to launch new products. By entering into a strategic alliance the organisation reduces or controls risks (Zainab et al., 2014).

Organisations may also join strategic alliances so that they may benefit by gaining a competitive advantage over their rivals. Through these alliances, they are also able to achieve some synergy (Zainab et al., 2014). There is decreased risk of market entry when an organisation joins a strategic alliance, when compared to entering the market alone. Expanding internationally as well as research and development also become less risky for organisations that have formed strategic alliances. There is effective competition as a result of organisations complementing each other through strategic alliances. They bring synergy in the partnership, hence are able to achieve much more than they would have done if they attempted to enter a new industry or market single handedly. (Isoraite, 2009; Mowla, 2012).

### 1.1.4 Non-Governmental Organizations in Kenya

A Non-Governmental organization (NGO), is a not for profit entity which may be run on national, regional or international level. International NGOs are focused around the world, where they deal with various issues, in many countries. Regional NGOs are also in many countries, but limited to geographic boundary demarcations such as continents or defined economic or political blocs. National NGOs generally operate within and throughout the country's national boundaries. In Kenya, NGOs management falls under the NGOs Coordination Board. The latter is a Kenya government corporation that falls under the Ministry of Devolution and Planning. According to the NGOs Coordination Board (2015) the Board's mandate is, from a broad perspective, to facilitate all NGOs operating in Kenya. It registers, coordinates and regulates the NGOs.

NGOs will soon be referred to as PBOs (Public Benefit Organizations).Through the PBO Act (2013), the Kenyan government will harmonize the regulatory framework for the NGOs work to be in tandem with government development agenda. The commencement date is yet to be gazzetted. The aim is to promote greater accountability for NGOs and improvement of internal practices including engagement with stakeholders. Once gazetted,

the challenges faced by NGOs in Kenya may be managed. The challenges to be addressed include poor governance, right from the national coordination level and within individual NGOs. Other challenges faced by NGOs include inadequate funding for their work and limited technical and organizational capacity.

## 1.2 Research Problem

Strategic alliances form a critical aspect in the way organisations are managed. They may be said to generally increase the value of the partner organization. This applies both to businesses and NGOs. Through strategic alliances, organizations combine efforts for an opportunity that is mutually beneficial as well as for competitive advantage that can be sustained in the long term. The benefits may include getting better chances of entering other markets (Bernadette, 2007). Even as NGOs enter into alliances, the challenges they face persist, including inadequate funding. It is not clear whether the performance of NGOs is related to the strategic alliances that they enter into.

In the last twenty years, the health sector in Kenya has grown significantly (Barnes et al., 2010). During the year 2013/14, the number of NGOs that filed their annual returns was 2,846. Of these, 1,757 (62 per cent) NGOs reported having engaged in collaborations. Most of this collaboration was in form of Information Exchange (45%), followed by Technical support (32%), either to or from the respective NGOs. This study aimed to find out, inter alia, whether strategic alliances for non-government organizations in the health sector in Nairobi County, Kenya have contributed to the performance of the health sector.

Many studies have been carried out in the area of strategic alliances. International studies done include Bernadette (2007) who studied strategic alliances as a means of rapid growth. The study by Shumate and O'connor (2010) focused reporting on cross sector alliances, on NGO partners communicated on corporate websites. Other similar studies include Jamali and Keshishian (2009) and Yi Wei (2007) who studied on the factors influencing the success of virtual cooperation within Dutch – Chinese strategic alliances.

There have also been studies done in the Kenyan context. Warsame (2002) focussed on the strategy development practices of the relief and development NGOs in Kenya. Kagai

(2006) delved into the collaborative arrangements of NGOs, with a focus on humanitarian organisations dealing with Refugees in Kenya. Kamanu (2005) focussed on the strategic alliances of Development NGOs in Kenya. Another gap was in relation to the choice of the sample. Warsame (2002) selected a sample with all the members of the sample being international NGOs. It could have been possible to find varying results if national NGOs had been studied. The timing of the study by Ndiao (2001) may have been viewed with unease. Some of the NGO leadership may have thought that the study was a government ploy to gather data. The Kenyan government was then excessively getting uneasy with the NGOs. Lack of time and resources may have contributed to some significant non - response. This was as high as 40% (Ndiao, 2001). This study intended to bridge the identified gaps by answering the following question: How do strategic alliances affect the performance of non-governmental organizations in the health sector in Nairobi County, Kenya?

## 1.3 Research Objectives

The objective of the study was to determine how strategic alliances affect the performance of non-governmental organizations in the health sector in Nairobi County, in Kenya.

## 1.4 Value of the Study

The findings of this study may facilitate in informing the main decision makers in NGOs in Kenya, on the formulation of policies. These decision makers will also learn on how to successfully implement their strategies through alliances. The study may also be useful to investors, stakeholders and donors in planning and formulating areas of intercession and support.

Policy makers and regulators may use the finding as a reference to guide them on policy frameworks for the development and management of NGOs in Kenya. They may be able to use the study findings to prepare practical policy documents that may successfully cope with the challenges NGOs encountered when forming alliances to address certain social and developmental issues. Based on the findings, recommendations were made.

The study may also provide further information into the present body of literature about strategic alliances and partnerships. The study may provide information with a different context and hence may help test the existing body of knowledge. The study findings will enrich current knowledge and hence may be of interest to both scholars and academicians who may wish to do further related studies. Hence the study may provide the foundation for further research.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Introduction

This chapter delves into the existing literature relevant to the study as presented by different authors, researchers and scholars. This section contains the theoretical foundation of the study whereby theories related to the study were discussed. The chapter reviews literature regarding strategic alliances. The chapter also discusses the empirical literature. The review also takes account of other scholar's work both at international and at the Kenyan local level.

## 2.2 Theoretical Foundations of the study

This section covers the most significant underlying theoretical perceptions that explain the motivations conditions necessary for strategic alliances. The theories may have been developed with the attention on businesses but they may as well be applied to NGOs. This section discusses theories that the study is grounded on. The theories chosen for this study include the stakeholder theory, social network theory, and the resource dependence theory.

### 2.2.1 Stakeholder Theory

Freeman (1984) was one of the pioneers to address the importance of stakeholders to a company's context. He argued that for a company to succeed, it is mandatory that it manages and develops its stakeholder's relationships. Further, the company's continued existence and legitimacy depends on how it handles different interests that are often competing. Stakeholders include competitors, regulators, customers, suppliers, employees, media, local communities as well as NGOs (Freeman, 1984). This value of managing stakeholders is also emphasized by Heap (2000), who contends that corporate performance is not all about maximizing shareholder value. The organisation needs to impact on its stakeholders. This is a developing benchmark for the performance of corporate organisations, since stakeholders are now getting to be interested in what the corporate bodies can do for the society, and not what society can do for them (Heap, 2000).

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As further development, Maignan and Ferrell (2004) originated a framework using stakeholder theory to deal with the demand of the stakeholders and guaranteeing their support to the firm. The creation of the framework was within the marketing business. However, it can be applied to other industries such as in the not for profit sector. An organisation succeeds if it has uninturrupted input – through put – output process. It must maintain efficient operations – with optimum use of raw materials, skilled workforce and capital. Organisations must understand the customers' unique tastes and preferences.

Organisations also need to constantly keep updated with Government regulations and Technology. Change is inevitable, and those organizations who do not keep up with change will become unstable, hence compromising their own long term growth and survival. The context of an organisation's stakeholders is a vibrant one that has ever-changing requirements and. expectations. The theory assumes that the different stakeholder's interests can be offset against each other. NGOs, like other organisations, need continously integrate the stakeholders concerns in their processes, including when they enter into strategic alliances, the focus of this study.

## 2.2.2 Social Network Theory

The social network theory emphasizes how the interactions of attitude, behavior and belief constitute a framework that is suitable for studying (Rowley, 1997). This is unlike other theories that focus on these individual aspects. Just like businesses, NGOs have networks that are a resource which they may use to achieve a competitive advantage over their competitors. According to Tsai (2000), the social network theory implies that organizations at the center of the network have unique capital that is social and which allows them access given players and resources. For this study, the social network theory is important because social capital is an important aspect for the manner of transferring and using the knowledge that is necessary for partnerships or alliances to be successful.

### 2.2.3 Resource Dependence Theory

The resource dependence theory suggests that players lacking the necessary resources within their business environment will try to find ways to establish associations with others so that they may obtain the resources that they lacked. In addition, organizations will try to adjust their reliance relationships by making their own dependence as low as possible or by making other organizations' dependence on them as high as possible. In this way, organizations are seen to be coalitions informing their networks of behavior to get hold of and maintain the external resources they need (Ulrich and Barney, 1984). Hence strategic alliances may be viewed as the coalitions being built. This is the focus of this study.

There are two assumptions for the resource dependence theory. Firstly, organizations are presumed to be encompassed by internal and external coalitions. The second assumption is that the environment contains scarce and treasured resources necessary for organizational continued existence (Pfeffer and Salancik, 1978).

The resource based view is a theory that also attentive to the importance of resources. It is very much related to the resource dependence theory. The resource based view focusses more on how an organisation may maintain a competitive advantage through internal resources (Wright and McMahan, 1992). This is unlike the resource dependence theory emphasizes more on the external relationships with other entities. Hence the resource-based view relates more to an internal view as opposed to the external nature of the resource dependence theory.

### 2.3 Concept of Strategic Alliances

A strategic alliance may be said to be an arrangement between at least two parties that have come to a decision to undertake a specific project that derives mutual benefit to all the parties involved. These parties enter this undertaking while sharing resources but remaining independent organizations. According to Isoraite (2009) strategic alliances are agreements whose aim is to reach objectives of common interest. It is less involving, and less permanent.

Kamanu (2005) noted an increase in collaborative strategy especially among firms with an international outlook for two main reasons, namely the sharing of capabilities and secondly for mutually beneficial outcomes where each partner has skills or information useful to the other. According to Kamanu (2005), majority of NGO were moving towards partnerships which implied a medium term relationship, with both parties contributing resources and expertise. The study focused on four groups of alliance between NGOs and the private sector, with the government, with the community based organizations and with fellow NGOs. The study established the following as some of the reasons that led to the formation of alliance; advocacy, sharing resources and competences, joint implementation of projects; sharing information. However the study was restricted to NGO with national outlook and did not consider other intergovernmental organizations and multilateral institutions.

According to Gatewood et al. (1994) organisations make collaborative arrangements or join strategic alliances in order to reduce costs. Costs are reduced through the resultant economies of scale or the resultant knowledge increase. There is also increased access to new technology, inhibited competition, entry into new markets, reduced cycle time, improved research and development efforts as well as improved quality. Grant (1998) noted that key developments in the area of competition and competitive advantage to include the role of knowledge within the firm in cooperative strategic alliances and into firm networks. Strategic alliances need a viewpoint for the long-term. In addition, organisations should be having the will to invest in a relationship (Jamali and Keshishian, 2009). Strategic alliances are a means that help organisations reach some desired end. They are not the end in itself. Strategic alliances may be broadly categorised into two major classes. The first class is Contractual. These include franchising, licensing, subcontracting and co-production. The second classification is Equity and it includes joint consortia and networks.

A strategic alliance can make a participating organization's management and its key players to be distracted (Mowla, 2012). A strategic alliance can take up most of the notice of the key players that are crucial to the overall management and success of the "home" organization. Hence there may be a distraction of their technical or managerial skills as

well as their expected key roles. This possibility for lost or diverted focus raises questions of control of the organisation's proprietary information and for their intellectual property (Warsame, 2002). For an alliance that is dedicated to technology development the organizations in the partnership may also compete in other situations or there may be a possibility that such competition can happen. For these organisations, partnering accords each the occasion to learn a lot more information about the other organisation, including their unique skills and trade secrets (Isoraite, 2009).

## 2.4 Organisational Performance Measurement

This is the evaluation of how well entities achieve results in comparison to the intended goals. The measures may be financial or non-financial. Financial measures use monetary values and measure how well an organisation uses its assets to generate revenues. They focus on efficiency and effectiveness of the usage of organisational resources. Hence financial measure evaluate an entity's financial achievements over a given period of time.

Nonfinancial measures such as for employee or customer satisfaction do not use monetary values. In recent times, the Balanced Scorecard has been used as an effective management tool in the measurement of organizational performance. This tool gives interested parties with an all-embracing measure of how the entity is making progress towards the attainment of that entity's strategic goals. It proposes that we view the entity from four different perspectives. These are the Financial Perspective, the perspective of Learning and Growth, the Business Process Perspective and finally the Customer Perspective (Kaplan & Norton, 1998). The use of more than one perspective gives a clearer and more complete picture of an organisation in its entirety.

## 2.5 Empirical studies and knowledge gaps

It has been proposed that intangible assets are the primary driver for wealth and growth in modern economies (Wamai, 2007). NGO collaboration is some form of intangible asset that provides strategic benefits to organisations in such arrangements.

A collaboration with an NGO can generate value that, because of the unique way it originated, will be not be imitated by competitors. On the other hand, the more traditional

material and financial assets can easily be replicated since they are similarly reachable to all, including to competitors. Strategic alliances help the collaborating non-governmental organizations to pursue their individual strategies despite minimal resources in some area.

At every step in the development of an alliance, there needs to be in place certain factors, in order for that alliance to be successful. At the first stage during formation, organisations scrutinize and choose a suitable partner. The selected strategic partner should also be reliable (Zainab et al., 2014). The second stage is when the strategic alliances are set and at each level of the collaboration, ownership is made. The job description are made and the alliances are designed. The third and final stage, coming after formation, is when the alliance is managed. It includes supervising and evaluation of the supposed value of outcome.

For success to be achieved in a strategic alliance, there ought to be a clear alignment of objectives for all the partners in the alliance. The partners should be compatible. They should have the ability to meet performance expectations. The goals should be clear. There should be mutual trust among members, and the senior management from the partner organizations should support the initiative.

There have been other studies such by Ndiao (2001); Warsome (2002); Kamanu (2005); and Kagai (2006) carried out in the area of strategic management. However, there are no known specific studies that have given detailed insights on strategic alliances and performance of non-government organizations in the health sector in Nairobi County in Kenya.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

In this chapter, a description of research design and research variables has been highlighted. The chapter also provides a comprehensive view of the population and sample description and selection. It also highlights the sampling procedure that was used in the study. The techniques used for data collection, instruments of research and the procedures for data analysis are also explained.

## 3.2 Research Design

In the current study, a descriptive cross sectional survey research design was used. Data was collected from the selected sample within a period of about one month. A descriptive study is about determining the frequency with which an event occurs (Kothari, 2007). The same author contends that a research design that is descriptive is suitable where the study needs to draw conclusions from a larger population.

The descriptive research design was preferred for this research because of its ability to guarantee minimal bias and it gives high reliability of information gathered. Unlike longitudinal study design, cross sectional study design is likely to be more cost effective and less time consuming since the data was collected over a relatively shorter period of time.

According to Mugenda and Mugenda (2003), the rationale for descriptive research is to establish and report the way things stand. It also helps in determining the current status of the population that is being studied. It is relevant to use descriptive research for this study because it is used to describe characteristics of a population or phenomenon being studied, in this case the types of strategic alliances in the NGOs in the health sector in Kenya.

## 3.3 Population of the study

A population may be said to be the total group of objects, events or individuals having a common characteristic that is observable (Mugenda & Mugenda, 2003). A population depicts the parameters or considerations whose attributes the research attempted to

describe. For this study, the target population included all Non-Governmental Organizations that are operating in the Health Sector in Nairobi County, within Kenya.

According to the website of the NGOs Coordination Board, the total number of registered NGOs operating in Kenya is 9,278. They operate in all the 47counties. Their activities are in 27 different sectors (NGO bureau, 2016). The number of active of NGOs is 7,248 (NGOs Coordination Board 2015). The NGOs are distributed throughout the country with the highest proportion (12%) being in Nairobi, followed by Kisumu (5%). During the year 2013/14, a total of Ksh 71.4 Billion was spent in various sectors in Kenya. The Health sector is where most of this was spent - being 23% in general health, 15% HIV/AIDS activities and 3% on Population and Reproductive Health. Hence the combined total of 41%. It is for this reason that the target population was 41% of 12% of 7,248 or 357 active registered NGOs operating in the health sector, in Nairobi County.

## 3.4 Sample Design

According to Cooper and Schindler (2003), sampling has been defined as the manner of picking out some individuals for a given study in such a way that the resultant selected individuals represent the larger group from which they were selected. Hence, a study of the sample would make it possible to generalise the characteristics of the sample to be representative of the entire population. The selection of a sample is a critical aspect of any successful research undertaking.

The current study used 10% of the target population as a sample. This rate is a generally acceptable statistical measurement. This is in line with Mugenda & Mugenda (2003) who state that a sample size of between 10% and 30% is a good portrayal of the whole target population. Hence the 10% used was adequate for this study. Table 3.1 below shows how the sample size has been arrived at.

**Table 3.1 Sample size**

| | |
|---|---|
| Total number of active of NGOs in Kenya | 7,248 |
| Proportion of NGOs in the Health sector (41%) | 2,972 |
| Proportion of Health sector NGOs in Nairobi County (12%) (Population of the study) | 357 |
| Selected sample size (10%) | 36 |

This implies that 36 NGOs in the health sector, in Nairobi County in Kenya were involved in the study. As a rule of thumb to determine sample size, Salkind (2005) proposes that a size of 30 to 500 is suitable for a majority of academic researches. The study used both simple random sampling and purposive sampling techniques to arrive at the respondents to be used for the study.

## 3.5 Data Collection

Both primary and secondary data was collected in this study, using a number of methods so as to generate quantitative and qualitative data. The study collected quantitative data from the respondents by use of a questionnaire. The study questionnaire comprised of questions which were seeking to answer questions that were in line with the study objectives. The questionnaire was broken into two sections: Part one contained demographics and part two looked at strategic alliances and performance of non-government organizations in the health sector in Nairobi County in Kenya.

The researcher clarified the purpose of the study and also guided the respondents on how to fill in the study questionnaire before administering it. The study then administered the questionnaires through drop and pick method whereby the respondents were left to stay with the questionnaire. They then filled it in at their convenient time, after which they gave their feedback to the researcher. The study questionnaires were also sent via email to the Chief Executive Officers (CEOs), Finance Directors, Grants managers or officers performing similar roles in the targeted NGOs.

The researcher made subsequent visits and courtesy calls and emails when necessary to remind the targeted respondents to fill and return the questionnaires. The reminders also included several phone calls that were made. In so doing increasing the response rate. The study depended on the data collected through the questionnaire that was structured to meet the study objectives. The respondents were assured verbally and on email that the information obtained from them would be treated with ultimate confidentiality. They therefore were requested to provide the information truthfully and honestly. A 5-point rating scale questions was used.

## 3.6 Data Analysis

Data collected from the questionnaires that had been completed was summarized and coded. It was tabulated and then checked for any omissions and errors. The responses from the questions that were open-ended were listed in order to obtain appropriate proportions. These responses were then reported as qualitative analysis by descriptive narrative.

Descriptive statistics was used to analyse quantitative data. This included percentages, averages and standard deviations. The 5-point scale questions facilitated analysis of the data to ascertain the types of strategic alliances as per the objectives of this study. The responses in the study questionnaires were processed using simple regression analysis. This method has been chosen because it is simple to use and is user friendly.

# CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

## 4.1 Introduction

In this chapter, the data analysis as well as the findings of the study have been presented. This has been done in line with what has been set out in the research methodology. The results of the study were presented on how strategic alliances affect the performance of non-governmental organizations in the health sector in Nairobi County, in Kenya. This chapter covers the respondent's background information and the findings based on the study objective which was to determine how strategic alliances affect the performance of non-governmental organizations in the health sector in Nairobi County, in Kenya.

### 4.1.1 Response Rate

This study targeted to reach 36 respondents to whom questionnaires were distributed. However, only 30 respondents were able to respond by returning their questionnaires that had been duly filled. This contributed to an 83.3% response rate. The response rate achieved was adequate. It was representative and is in line with Kothari (2004) whose recommendation was that a response rate that is at least 50% is adequate for the purpose of analysis and statistical reporting. A rate of at least 60% is a good one. An excellent response rate is one that is at least 70%. The latter is the category that was achieved by this study.

## 4.2 General Information

This study inquired on background information with respect to the NGOs in the health sector in Nairobi County. This includes the nature of ownership and the years of operation in Kenya. The findings are as represented in the subsequent sections.

### 4.2.1 Ownership of NGOs

The study sought to identify the nature of ownership of the NGOs. This has been represented in figure 4.1 below.
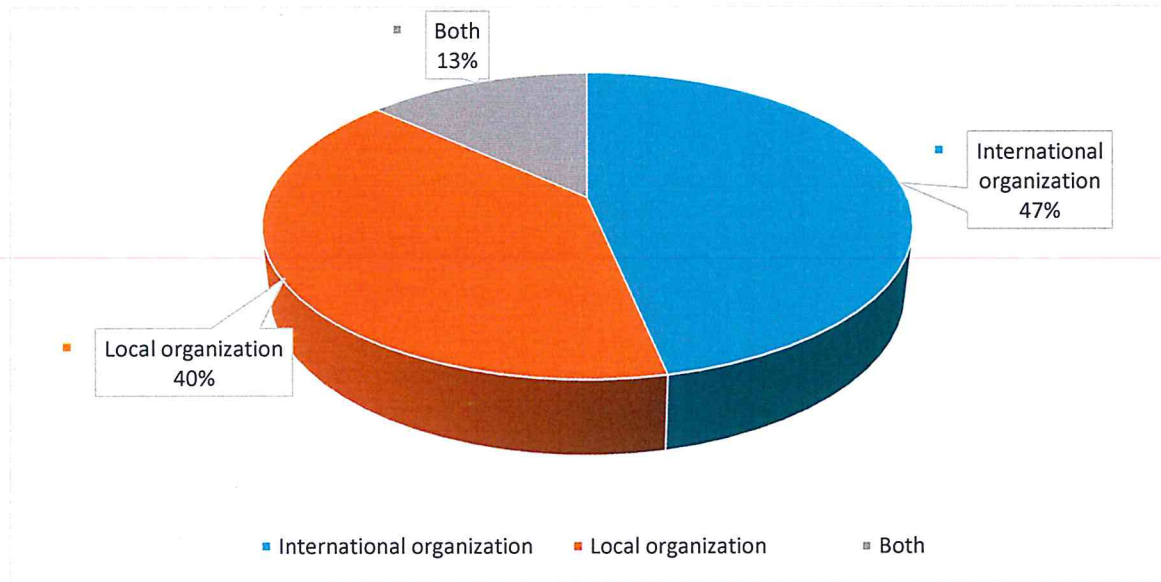


**Figure 4.1 Ownership of NGOs**

Based on the findings, 46.7% of the NGOs studied were international organizations, 40% were local organizations while 13.3% were both international and locally owned organizations. This infers that NGOs involved in the strategic alliances were both internationally and locally owned.

### 4.2.2 Number of years the NGOs have been in operation

The respondents were requested to specify for how long their NGO had been in operation. According to the study findings, all the NGOs studied (100%) were over 11 years old. The findings confirm that the NGOs had been on operation for a long enough time and therefore had possibly developed competence in internal operations as well as in partnering with other organizations for a given purpose.

## 4.3 Strategic Alliances and Performance

The objective of this study was to establish how strategic alliances affect the performance of non-governmental organizations in the health sector in Nairobi County, in Kenya. The study findings are presented in the subsequent sections.

### 4.3.1 Involvement in strategic alliance(s) or partnership(s)

The study enquired on the extent to which the NGOs were involved in strategic alliance(s) or partnership(s) in the Health sector.
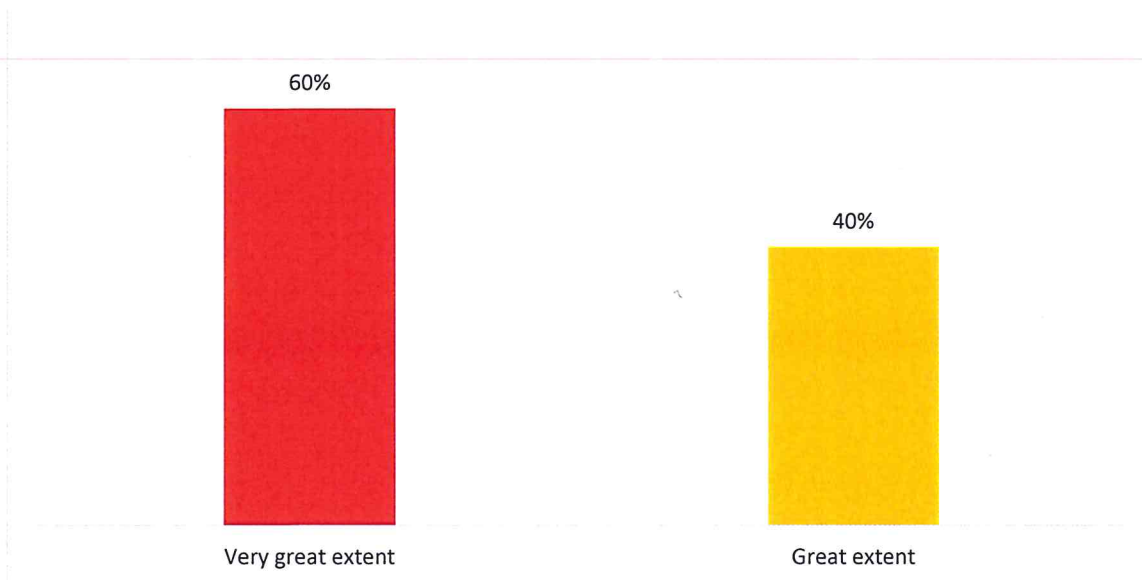


**Figure 4.2 Involvement in strategic alliance(s) or partnership(s)**

Figure 4.2 above, shows that a large proportion (60%) of NGOs in the health sector in Nairobi County were involved in strategic alliance(s) or partnership(s) in the Health sector to a very great extent while 40% of the NGOs were involved to a great extent. Therefore, majority of the NGOs in strategic alliance(s) or partnership(s) in the Health sector understood the essence of partnership towards achieving their goals as well as accessing resources outside their control. This also enforces the fact that strategic alliance(s) or partnership(s) were highly beneficial to the NGOs in the health sector towards enhancement of their overall performance.

## 4.3.2 Type of involvement by NGOs.

The respondents were elaborate the type of involvement of their respective organizations in the strategic alliances. As per the responses received, the NGOs partnered with like-minded organizations at local (County and Sub County), national, regional and international levels. These partnerships in the health sector were geared towards realizing the goals including: health care service provision, donor funding, training and capacity building as well as exchange/cross learning programs. They further said that partnered with various other organizations in areas of; advocacy, program implementation, resource mobilization and to enhance the impact of their projects at international, national and sub national levels. Some of the NGOs collaborated with Ministry of Health to develop policy and guidelines on; maternal, new born and children health; reproductive and family planning health; control and prevention of infection; HIV/AIDS and infectious diseases; as well as the treatment and prevention of malaria. The findings show that the nature of strategic alliance(s) or partnership(s) in the Health sector varied significantly in nature but were ultimately geared towards improving health care in Kenya.

## 4.3.3 Geographic scope of involvement of NGOs

The study requested the respondents to indicate the geographic scope of involvement of their NGOs. This has been represented in figure 4.3 below.
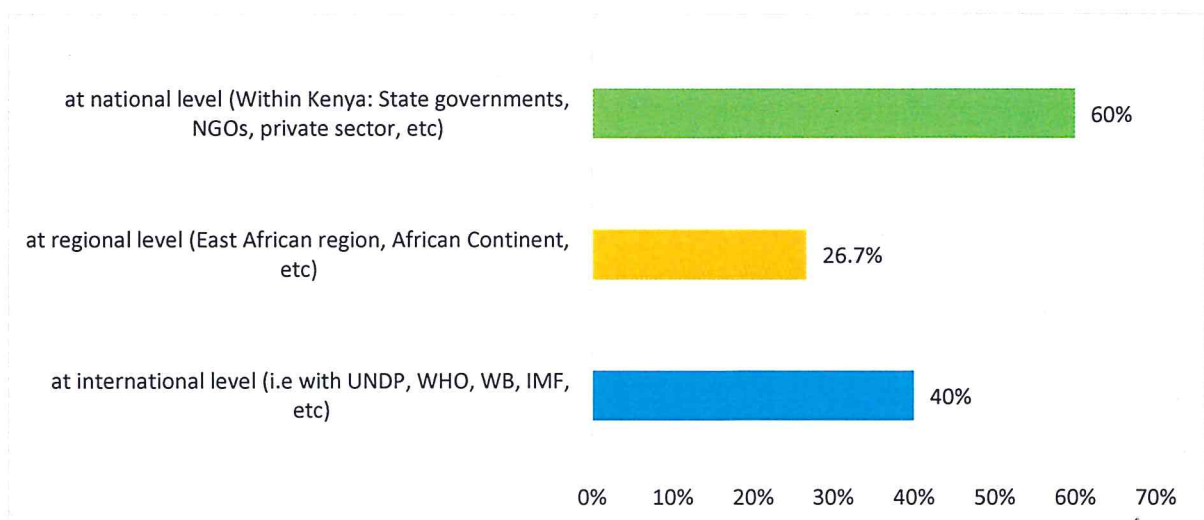


**Figure 4.3 Geographic scope of involvement of NGOs**

The geographic scope of NGOs involvement ranged from national level (60%), international level (40%) and at regional level (26.7%). Some of the NGOs responded that they operated in more than at one level. From the findings it is evident that the NGOs strategic alliances focused more on projects in Kenya than on international projects.

### 4.3.4 Success Factors in Strategic Alliances

The study inquired on the extent to which NGOs applied a number of success factors in their strategic alliances. The responses were measured using a five point Likert scale represented by: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The resultant mean and standard deviations were calculated as shown in Table 4.2 below.

**Table 4.2 Success Factors in Strategic Alliances**

| Success Factors in Strategic Alliances | Mean | Std dev |
|---|---|---|
| We have a clear vision of what is intended in our partnership | 4.67 | 0.479 |
| The objectives of our partnerships are clear to our employees | 4.37 | 0.669 |
| Our employees enjoy shared commitment and ownership | 4.13 | 0.819 |
| We practice flexibility our approach to work, in order to accommodate each other in the partnership | 4.27 | 0.583 |
| We ensure effective monitoring and evaluation of the partnership | 4.27 | 0.868 |
| We have good leadership in our organisation | 4.80 | 0.484 |
| Our organisation has clear and enforceable lines of accountability | 4.77 | 0.504 |
| We have clear roles and responsibilities spelt out in our organisation | 4.73 | 0.583 |
| Our organisation enjoys mutual benefit from the alliance | 4.50 | 0.682 |
| We share resources with other organizations | 4.40 | 0.675 |
| | | |
| **Grand Mean and Standard Deviation** | **4.49** | **0.635** |

From the study findings, the majority of those who responded agreed to great extent that; they have good leadership in the organization (Mean=4.80), their organisations have clear and enforceable lines of accountability (Mean=4.77), they have clear roles and responsibilities spelt out in their organization (Mean=4.73), they have a clear vision of what is intended in the partnership (Mean=4.67), their organisation enjoys mutual benefit from the alliance (Mean=4.50), that they share resources with other organizations (Mean=4.40), the objectives of the partnerships are clear to the employees (Mean=4.37), they practice flexibility in their approach to work, in order to accommodate each other in the partnership (Mean=4.27), they ensure effective monitoring and evaluation of the partnership (Mean=4.27) and the employees enjoy shared commitment and ownership (Mean=4.13) respectively. The Standard deviation of 0.635 calculated in the SPSS indicated little variation in the responses of the respondents.

This implies that the critical success factors enhancing strategic alliances among NGOs in the health sector include; good leadership, accountability, clarity of roles and responsibilities as well as clarity of the shared vision and mutual benefit from the alliance.

**4.3.5 Challenges of strategic alliances**

The study also sought to establish challenges associated with strategic alliances as experienced by the NGOs in the health sector in Nairobi County. The responses were measured on a five point Likert scale represented by: 5-Strongly Agree; 4- Agree; 3-Moderate extent; 2-Don't know; 1-Strongly disagree. The mean and standard deviations were generated as illustrated in Table 4.3 below.

**Table 4.3 Challenges of strategic alliances**

| Challenges of strategic alliances | Mean | Std dev |
|---|---|---|
| Some organizations staff lack knowledge about health management | 3.37 | 0.669 |
| Management is not proactive in managing health risks | 2.97 | 1.066 |
| The resources committed to health are inadequate | 4.00 | 0.830 |
| The technology we use in health management is outdated | 2.93 | 1.015 |
| Our collaborating partners do not willingly share critical information with us | 3.47 | 0.973 |
| There's a lot of influence from our donors on our humanitarian programmes | 4.07 | 0.785 |
| The government has a strong influence on our programmes. | 3.87 | 1.042 |
|  |  |  |
| **Grand Mean and Standard Deviation** | **3.53** | **0.911** |

From the study findings, a majority of those who responded agreed to great extent that; there's a lot of influence from the donors on the humanitarian programmes (Mean=4.07), the resources committed to health are inadequate (Mean=4.00), that the government has a strong influence on their programmes (Mean=3.87) respectively. They also agreed moderately that their collaborating partners do not willingly share critical information with them (Mean=3.47), some organizations staff lack knowledge about health management (Mean=3.37), the management is not proactive in managing health risks (Mean=2.97), and that the technology they use in health management is outdated (Mean=2.93) respectively. The Standard deviation of 0.911 calculated in the SPSS indicated a little more variation in the responses of the respondents.

This infers that the major challenges that face the formation and implementation of strategic alliances by NGOs in the health sector include; donor and government interference, resource inadequacy, lack of organizational capacity to implement the partnership, non-proactive leadership, technological challenges and poor information sharing.

## 4.3.6 Challenges facing NGOs in forming strategic alliances

The study required the respondents to indicate the other challenges that their organizations faced when forming strategic alliances with NGOs in the health sector in Kenya. From the findings, the major challenges that the NGOs experience during the formation strategic alliances with NGOs included; conflict of interest, unhealthy competition for funding; unclear policies especially with the international agencies; shifting donor priorities; poor infrastructure; unbalanced partners' needs, low staff competence and technical capacity, and limited involvement of partners' lower cadre staff.

## 4.4 Performance of the NGOs

### 4.4.1 NGO's yearly funding

The respondents were requested to state the approximate yearly funding, in Kenya shillings, for their respective NGO projects in Kenya. The responses have been summarized as shown in Table 4.4 below.

### Table 4.4 NGO's yearly funding

| Amount in millions | Frequency | % |
|---|---|---|
| 1-250 | 4 | 13.3 |
| 251-500 | 8 | 26.7 |
| 500-1 billion | 10 | 33.3 |
| Over 1 billion | 8 | 26.7 |
| **Total** | **30** | **100** |

According to the findings, the approximate yearly funding, in Kenya shillings, for the studied organization for projects in Kenya was as follows: 33.3% of the NGOs funding was 500 million to 1 billion, 26.7% had a funding of either 251-500 million or over 1 billion while 13.3% of the NGOs had a funding of 1 to 250 million. This implies that the approximate yearly funding of NGO in Kenya ranged from 0.25 billion to over one billion. Hence confirming the great importance of the strategic alliances toward improvement of the performance of NGOs in the health sector in Nairobi County as it brought sources of

funding from the partners. Through strategic alliances, the NGOs in the health sector were likely to continue accessing additional funding among other resources outside their jurisdiction.

## 4.4.2 Statements on Performance of NGOs

The study inquired on the performance of the NGOs. To this end the respondents in the study were required to indicate their extent level of agreement with statements that are related to NGOs performance which were then rated using a five point Likert scale which was represented by: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent. The resultant mean and standard deviations were calculated as shown in Table 4.5 below.

**Table 4.5 Performance of NGOs**

| Performance of Organisations | Mean | Std dev |
|---|---|---|
| Our funding agencies (donors) have been increasing steadily over the last five years | 3.93 | 1.202 |
| Resources have been utilized optimally, ensuring there is value for money in our organisation | 4.30 | 0.535 |
| Our services reflect the changing environmental conditions | 4.27 | 0.785 |
| Our organisation monitors timelines for service delivery by our employees | 4.43 | 0.728 |
| We value sincerity, honesty and transparency when dealing with customers | 4.60 | 0.621 |
| We promote professional development and training for our staff | 4.40 | 0.675 |
| Team building activities are done to promote staff growth | 4.47 | 0.860 |
| We value benchmarking and learning from best practices | 4.47 | 0.629 |
| We are always guided by documented policies and procedures for all operations in our organisation | 4.53 | 0.507 |
| We use participatory approaches in carrying out our activities | 4.33 | 0.711 |
| **Grand Mean and Standard Deviation** | **4.37** | **0.725** |

From the study findings, a majority of those who responded agreed to great extent that; they value sincerity, honesty and transparency when dealing with customers (Mean=4.60), they are always guided by documented policies and procedures for all operations in their organisations (Mean=4.53), they value benchmarking and learning from best practices and team building activities are done to promote staff growth (Mean=4.47) their organisation monitors timelines for service delivery by the employees (Mean=4.43), they promote professional development and training for the staff (Mean=4.40), that they use participatory approaches in carrying out their activities (Mean=4.33), resources have been utilized optimally, ensuring there is value for money in the organization (Mean=4.30), their services reflect the changing environmental conditions (Mean=4.27), and their funding agencies (donors) have been increasing steadily over the last five years (Mean=3.93) respectively. The Standard deviation of 0.725 calculated in the SPSS indicated little variation in the responses of the respondents.

From the findings, it is evident the performance of NGOs in the health sector had significantly improved in terms of being sincere, honest and transparent, compliance with policies and guidelines, prudence in resource use, promoting best practice, beneficiary satisfaction and service delivery and in the use of participatory approaches in carrying out their activities.

### 4.4.3 Solutions towards strategic alliances and performance of NGOs

The respondents were required by the study to give suggestions and recommendations on how strategic alliances could be used to enhance the performance of NGOs in the health sector in Nairobi County in Kenya. According to the study findings, the recommendations included; inclusion of all key components of partnership other than the funding component, investing in organizational capacity particularly in partners' administrative and programmatic competences, ensuring clear guidelines and communication policy in partnerships, regular monitoring and evaluation, institutionalizing strong governance mechanism to mitigate conflict of interest, participatory planning, stakeholders involvement in the entire project management cycle, and ensuring presence of contingency

and sustainability plans and early assessments and baselines to determine and ensure partners' expectations are met.

## 4.5 Regression Analysis

In determining the significance of strategic alliances on the performance of non-governmental organizations in the health sector in Nairobi County, in Kenya, the researcher conducted a simple regression. The simple regression model specification was as shown below;

$Y = \alpha + \beta_1 X_1 + \varepsilon$ Where;

Where; Y= performance of non-governmental organizations in the health sector in Nairobi County, in Kenya, $X_1$= strategic alliances, $\beta 0$ = is a Constant, $\varepsilon$= error term, $\beta$=coefficient of the independent variable.

### 4.5.1 Model Summary

The coefficient of determination accounts for the extent to which variations of change in the dependent variable (performance of NGOs in the health sector in Nairobi County) can be explained by the variations in the independent variable (strategic alliances). In other words, it is the proportion of variation of the dependent variable (in this case performance of NGOs, for this study) that is explained by variations in the independent variable (in this case strategic alliances, for this study). This is represented by Table 4.6 below.

**Table 4.6 Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-----|----------|-------------------|----------------------------|
| 1 | .769[a] | 0.591 | .576 | .27771 |
| a. Predictors: (Constant), strategic alliances | | | | |
| b. Dependent Variable: performance of NGOs | | | | |

From the findings, strategic alliances as the independent variable, explain 59.1% of variance in the performance of NGOs in the health sector in Nairobi County in Kenya. This is represented by the $R^2$. What this also means is that other factors that were not studied in this research contribute to 40.9% of variance in the performance of NGOs in the health sector in Nairobi County in Kenya. Future, studies should investigate the role of these other factors in influencing performance of NGOs.

## 4.5.2 ANOVA (Analysis of Variance)

Within the regression model, Analysis of Variance (ANOVA) provides information on the variability levels. It forms a basis used for testing of significance. The "F" column is what provides the statistic used for testing the significance of the model. This is represented by Table 4.7 below.

## Table 4.7 ANOVA (Analysis of Variance)

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|---|---|---|---|---|---|
| 1 | Regression | 3.119 | 1 | 3.119 | 40.447 | .001[b] |
| | Residual | 2.159 | 28 | .077 | | |
| | Total | 5.279 | 29 | | | |

a. Predictors: (Constant), strategic alliances

b. Dependent Variable: performance of NGOs

Based on the findings, the resultant significance value attained of 0.001[b] happens to be less than 0.05. Therefore, the model is said to be statistically significant in predicting how strategic alliances influence performance of NGOs. The findings also resulted in 40.447 as the F critical, at 5% level of significance. Since the F calculated (value of 40.447) is greater than the F critical (3.23), it implies that the overall model was significant.

### 4.5.3 Coefficient of Determination

Simple regression analysis was conducted in order to find out the relationship between strategic alliances and performance of NGOs in the health sector in Nairobi County. This is represented by Table 4.8 below.

**Table 4.8 Regression Coefficients of Determination**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | B | |
| (Constant) | .829 | .560 | | 1.482 | .000 |
| strategic alliances | 0.789 | .124 | 0.769 | 6.360 | .000 |

From the findings of the regression, the substitution of the equation;

$Y = \alpha + \beta_1 X_1 + \varepsilon$ becomes as below:

$Y = 0.829 + 0.789 X_1 + \varepsilon$

In line with the regression equation shown above, when taking strategic alliances to be constant at zero, the performance of NGOs will be 0.829. The study findings also indicate that a unit increase in strategic alliances will result in a 0.789 increase in the performance of NGOs in the health sector in Nairobi County, in Kenya. This means that strategic alliances impact significantly to performance of NGOs in the health sector in Nairobi County in Kenya. At 95% level of confidence and at 5% level of significance, strategic alliances had a 0.001 level of significance hence there is a strong positive relationship between strategic alliances and performance of NGOs and that strategic alliances significantly influence performance of NGOs in the health sector in Nairobi County.

## 4.6 Discussion of Findings

The study further revealed that the critical success factors enhancing strategic alliances among NGOs in the health sector include; clarity of the shared vision, objectives and goals; shared projects commitment and ownership, monitoring and evaluation, effective leadership, accountability and mutual benefit. The findings agree with Zainab et al., (2014) who established that for success to be achieved in a strategic alliance, there ought to be a clear alignment of objectives for all the partners in the alliance. The partners should be compatible. They should have the ability to meet performance expectations. The goals should be clear. There should be mutual trust among members, and the senior management from the partner organizations should support the initiative.

From the findings, it was also established that the major challenges facing the formation and implementation of strategic alliances by the NGOs in the health sector in Nairobi County in Kenya include; donor and government interference, lack of organizational capacity to implement the partnership, resource inadequacy, non-proactive leadership, technological challenges and poor information sharing. The findings are similar to Austin (2007) who revealed that the challenges that face the formation and implementation of strategic alliances by the NGOs fall in the following areas; donor interference, poor governance, lack of information sharing, competition for resources, leadership and organizational capacity. This is also consistent with the stakeholder theory. Freeman (1984) argued that a company's legitimacy and continued existence depends on how it deals with the interests of different stakeholders, such as those for NGOs, customers, competitors, local communities, employees, suppliers, regulators and media.

The study further established that the performance of NGOs in the health sector had significantly improved in terms of transparency, prudence in resource use, beneficiary satisfaction and service delivery, stakeholder involvement and compliance with policies and guidelines as well as in donor funding. The study findings are also in line with Barnes et al. (2010) who established that over the last 20 years, the health sector in Kenya has grown significantly.

The study revealed that strategic alliances contribute significantly to performance of NGOs. In addition, there exists a strong positive relationship that is between strategic alliances and performance of NGOs in the health sector in Nairobi County in Kenya; and specifically, that strategic alliances significantly influence performance of NGOs in the health sector in Nairobi County. The findings are in line with Bernadette (2007) who revealed that through strategic alliances, organizations join efforts for a prospect that is mutually beneficial to them and for their sustained competitive advantage. The benefits may include getting better chances of entering other markets

# CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

The chapter presents the summary, conclusion, recommendation as well as suggestions that are useful for further studies. The study sought to determine how strategic alliances affect the performance of non-governmental organizations in the health sector in Nairobi County, in Kenya.

## 5.2 Summary

The study showed that majority (60%) of the NGOs in the health sector in Nairobi County in Kenya were involved in strategic alliance(s) or partnership(s) in the Health sector and to a very great extent. Therefore, majority of the NGOs in strategic alliance(s) or partnership(s) in the Health sector in Nairobi County in Kenya understood the essence of partnership towards achieving their goals as well as accessing resources outside their control. This also enforces the fact that strategic alliance(s) or partnership(s) were highly beneficial to the NGOs in the health sector towards enhancement of their overall performance. The findings show that the nature of strategic alliance(s) or partnership(s) in the Health sector varied significantly in nature but were ultimately geared towards improving health care in Kenya. The geographic scope of NGOs involvement ranged from national level (60%), international level (40%) and at regional level (26.7%). Hence, it is evident that the NGOs strategic alliances focused more on projects in Kenya than on international projects.

The study further established that majority of NGOs in strategic alliances; have a clear vision of what is intended in the partnership (Mean=4.67), the objectives of the partnerships are clear to the employees (Mean=4.37), the employees enjoy shared commitment and ownership (Mean=4.13), they practice flexibility in their approach to work, in order to accommodate each other in the partnership (Mean=4.27), they ensure effective monitoring and evaluation of the partnership (Mean=4.27), they have good leadership in the organization (Mean=4.80), their organisations have clear and enforceable lines of accountability (Mean=4.77), they have clear roles and responsibilities spelt out in their

organization (Mean=4.73), their organisation enjoys mutual benefit from the alliance (Mean=4.53), and that they share resources with other organizations (Mean=4.40) respectively. Therefore, the critical success factors enhancing strategic alliances among NGOs in the health sector include; effective leadership, clarity of the shared vision, objectives and goals; accountability, shared projects commitment and ownership, monitoring and evaluation and mutual benefit.

From the study findings, it was also shown that majority of NGOs in strategic alliances faced various challenges in implementing the strategic alliances including; staff lacking knowledge about health management (Mean=3.37), management not being proactive in managing health risks (Mean=2.97), the resources committed to health being inadequate (Mean=4.00), the technology in use in health management being outdated (Mean=2.93), the collaborating partners not willingly to share critical information with them (Mean=3.47), lots of influence from the donors on the humanitarian programmes (Mean=4.07), and that the government having a strong influence on programmes (Mean=3.87) respectively. Therefore, the major challenges facing the formation and implementation of strategic alliances by the NGOs in the health sector include; donor and government interference, resource inadequacy, lack of organizational capacity to implement the partnership, non-proactive leadership, technological challenges and poor information sharing.

The study further established that NGOs value sincerity, honesty and transparency when dealing with customers (Mean=4.60), they are always guided by documented policies and procedures for all operations in their organisations (Mean=4.53), their organisation monitors timelines for service delivery by the employees (Mean=4.43), that they use participatory approaches in carrying out their activities (Mean=4.33), resources have been utilized optimally, ensuring there is value for money in the organization (Mean=4.30), they promote professional development and training for the staff (Mean=4.40), their services reflect the changing environmental conditions (Mean=4.27), they value benchmarking and learning from best practices (Mean=4.47), team building activities are done to promote staff growth (Mean=4.47) and their funding agencies (donors) have been increasing steadily over the last five years (Mean=3.93) respectively.

Therefore, the performance of NGOs in the health sector in Nairobi County in Kenya had significantly improved in terms of donor funding, prudence in resource use, beneficiary satisfaction and service delivery, transparency, organizational capacity, stakeholder involvement and compliance with policies and guidelines. In terms funding the approximate yearly funding of NGO in Kenya ranged from 0.25 billion to over one billion. Hence, confirming the great importance of the strategic alliances toward improvement of the performance of NGOs in the health sector in Nairobi County as it brought sources of funding from the partners. Through strategic alliances, the in the health sector were likely to continue accessing additional funding among other resources outside their jurisdiction.

From the regression analysis, it was established that a unit increase in strategic alliances will result in a 0.789 increase in the performance of NGOs. Thus, strategic alliances contribute significantly to performance of NGOs. At 95% level of confidence and 5% level of significance, strategic alliances had a minimal 0.001 level of significance, hence there is a strong positive relationship between strategic alliances and performance of NGOs and that strategic alliances significantly influence performance of NGOs in the health sector in Nairobi County.

## 5.3 Conclusion

The study concludes that the nature of strategic alliance(s) or partnership(s) in the Health sector varied significantly in nature but were ultimately geared towards improving health care in Kenya. The geographic scope of NGOs involvement ranged from national level (60%), international level (40%) and at regional level (26.7%), with some of the NGOs operating in at more than one level. Hence, it is evident that the NGOs strategic alliances focused more on projects in Kenya than on international projects.

The study further concludes that the critical success factors enhancing strategic alliances among NGOs in the health sector include; clarity of the shared vision, objectives and goals; shared projects commitment and ownership, monitoring and evaluation, effective leadership, accountability and mutual benefit. From the findings, it was also concluded that the major challenges facing the formation and implementation of strategic alliances by the NGOs in the health sector include; lack of organizational capacity to implement the

partnership, resource inadequacy, non-proactive leadership, technological challenges, poor information sharing and donor and government interference.

The study further concludes that the performance of NGOs in the health sector in Nairobi County in Kenya had significantly improved with respect to donor funding, prudence in resource use, beneficiary satisfaction and service delivery, transparency, organizational capacity, stakeholder involvement and compliance with policies and guidelines. In terms funding the approximate yearly funding of NGO in Kenya ranged from 0.25 billion to over one billion. Hence, confirming the great importance of the strategic alliances toward improvement of the performance of NGOs in the health sector in Nairobi County as it brought sources of funding from the partners. Through strategic alliances, the NGOs in the health sector were likely to continue accessing additional funding among other resources outside their jurisdiction. Finally, the study concludes that strategic alliances contribute significantly to performance of NGOs in the health sector in Nairobi County. In addition, there is a strong positive relationship between strategic alliances and performance of NGOs and that strategic alliances significantly influence performance of NGOs in the health sector in Nairobi County.

## 5.4 Recommendations

The study established that strategic alliances had a significantly affected the performance of non-governmental organizations in the health sector in Nairobi County, in Kenya. The study therefore recommends that the NGOs should institutionalize strategic alliances and partnership in their strategic planning. This will ensure that it is given the necessary support for the NGO s to accrue the optimal benefits.

The study established that there are challenges in organizational capacity in implementing strategic alliances. The study recommends that the management of the NGOs should carry out capacity building of its employees whenever they are getting in a strategic alliance.

Finally, the study recommends that the government line ministries and agencies regulating the NGOs should formulate policy to guide the formation and implementation of strategic

alliances in the health sector. This will help in dealing with arbitration issues whenever partners differ during the project implementation to safeguard the beneficiaries.

## 5.5 Limitations of the Study

The use of pre-determined questions may have forced respondents to respond to questions without even understanding them. The busy work schedule of the NGO respondents made it difficult to provide responses to the questionnaire within time, reducing the response rate.

## 5.6 Suggestions for Further Studies

Future studies should be carried out to find out the effect of strategic alliances on performance of NGOs in the sectors of Agriculture, Education, Children, Relief, Governance, Environment and water and sanitation projects. This is because the current study only focussed on the health sector NGOs in Nairobi County.

The study further recommends that further studies should be done on NGOs outside Nairobi County. This is because there exist contextual differences between the counties such as availability of human resources and infrastructure. It will also allow for comparison and generalization of the current study findings.

The strategic alliances explained 59.1% of variance in the performance of NGOs in the health sector in Nairobi County in Kenya, as represented by the $R^2$. This implies that other factors that were not studied in this research contribute 40.9% of variance in the performance of NGOs in the health sector in Nairobi County in Kenya. Future, studies should therefore investigate the role of these other factors in influencing performance of NGOs.

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# APPENDICES

## Appendix 1: Letter of Introduction

Thomas Osano,

P.O Box 30197,

Nairobi,

20<sup>th</sup>September 2016.

Dear Respondent,

## RE: DATA COLLECTION

I am a student at the University of Nairobi. I am currently doing a research study to fulfill the requirements of the Award of Master of Business Administration on the **strategic alliances and performance of non- governmental organizations in the health sector in Nairobi county government in Kenya.** The information provided by the organizations will enable me to make conclusions concerning the above subject.

You have been selected to participate in this study and I would highly appreciate if you assisted me by responding to all questions in the attached questionnaire as completely, correctly and honestly as possible. Your response will be treated with utmost confidentiality and will be used only for research purposes of this study only. Kindly spare the next 5 minutes to complete the attached questionnaire.

Thank you in advance for your co-operation.

Yours faithfully,

Thomas Osano,

Researcher

## Appendix 2: Research Questionnaire

Instructions: *Kindly complete the following questionnaire using the instructions provided for each set of question. Tick appropriately.*

Confidentiality: *The responses you provide will be strictly confidential. No reference will be made to any individual(s) or organization in the report of the study.*
Instructions: Please tick as appropriate

## SECTION ONE: GENERAL INFORMATION

1. How would you classify ownership of your organization?

   [   ] International organization      [   ] Local organization      [   ] Both

2. How long has the NGO been in operation?

   [   ] Less than 1 year      [   ] 1-3 years      [   ] 4-7 years

   [   ] 8-11 years      [   ] Over 11 years

## SECTION TWO: STRATEGIC ALLIANCES AND PERFORMANCE

3. To what extent is your organization involved in any strategic alliance(s) or partnership(s) in the Health sector?

   (Please indicate your answer based on a 5-point scale. Use a tick (√) or X to mark the applicable box).

Key: **5**-Very great extent; **4**- Great extent; **3**-Moderate extent; **2**-little extent; **1**-Not at all
Kindly elaborate the type of involvement by your organisation.

   _____

   _____

4. Please indicate the geographic scope of involvement of your organisation.

[   ] at international level (i.e with UNDP, WHO, WB, IMF, etc)

[   ] at regional level (East African region, African Continent, etc)

[   ] at national level (Within Kenya: State governments, NGOs, private sector, etc)

[   ] Other (specify) _____

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5. To what extent do you apply the following factors in strategic alliances to be internal or external success factors for partnerships? Indicate your answer based on a 5-point scale. (Use a tick (√) or X to mark the applicable box).

Key: **5**-Very great extent; **4**- Great extent; **3**-Moderate extent; **2**-little extent; **1**-Not at all

| SUCCESS FACTORS IN STRATEGIC ALLIANCES | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|
| a) We have a clear vision of what is intended in our partnership | | | | | |
| b) The objectives of our partnerships are clear to our employees | | | | | |
| c) Our employees enjoy shared commitment and ownership | | | | | |
| d) We practice flexibility our approach to work, in order to accommodate each other in the partnership | | | | | |
| e) We ensure effective monitoring and evaluation of the partnership | | | | | |
| f) We have good leadership in our organisation | | | | | |
| g) Our organisation has clear and enforceable lines of accountability | | | | | |
| h) We have clear roles and responsibilities spelt out in our organisation | | | | | |
| i) Our organisation enjoys mutual benefit from the alliance | | | | | |
| j) We share resources with other organizations | | | | | |

6. To what extent do you agree with the following statements to be challenges of strategic alliances? Use a tick (√) or **X** to mark the appropriate answer.

Key: **5**-Strongly Agree; **4**- Agree; **3**-Moderate extent; **2**-Don't know; **1**-Strongly disagree

| CHALLENGES OF STRATEGIC ALLIANCES | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|
| a) Some organizations staff lack knowledge about health management | | | | | |
| b) Management is not proactive in managing health risks | | | | | |
| c) The resources committed to health are inadequate | | | | | |
| d) The technology we use in health management is outdated | | | | | |
| e) Our collaborating partners do not willingly share critical information with us | | | | | |
| f) There's a lot of influence from our donors on our humanitarian programmes | | | | | |
| g) The government has a strong influence on our programmes. | | | | | |

7. Please list any other challenges that your organization faces when forming strategic alliances with non-government organizations in the health sector in Kenya

_____

_____

8. To what extent do you agree with the following statements in relation to the performance of your organisation? (Please indicate your answer based on a 5-point scale. Use a tick (√) or X to mark the applicable box).

Key: **5**-Very great extent; **4**- Great extent; **3**-Moderate extent; **2**-little extent; **1**-Not at all

| PERFORMANCE IN OUR ORGANISATION | 5 | 4 | 3 | 2 | 1 | Comment (Optional) |
|---|---|---|---|---|---|---|
| a) Our funding agencies (donors) have been increasing steadily over the last five years | | | | | | |
| b) Resources have been utilized optimally, ensuring there is value for money in our organisation | | | | | | |
| c) Our services reflect the changing environmental conditions | | | | | | |
| d) Our organisation monitors timelines for service delivery by our employees | | | | | | |
| e) We value sincerity, honesty and transparency when dealing with customers | | | | | | |
| f) We promote professional development and training for our staff | | | | | | |
| g) Team building activities are done to promote staff growth | | | | | | |
| h) We value benchmarking and learning from best practices | | | | | | |
| i) We are always guided by documented policies and procedures for all operations in our organisation | | | | | | |
| j) We use participatory approaches in carrying out our activities | | | | | | |

9. Please give suggestions/recommendations towards strategic alliances and the performance of non-government organizations in the health sector in Nairobi County in Kenya.

_____

_____

10. What is the approximate yearly funding, in Kenya shillings, for your organization for projects in Kenya? Kshs_____

**THANK YOU FOR YOUR TIME AND COOPERATION!!**

## Appendix 3: List of potential study participants

1. ACHESEREM
2. Action Africa Help Inlt ( AAHI)
3. Action Aid International
4. ADEO
5. Afri Afya
6. Africa institute for  health and development- AIHD
7. Aga Khan Foundation
8. Aids Healthcare Foundation Kenya
9. AMREF Health
10. APDK- Association for the Physically Disabled of Kenya
11. APHRC- Africa population and health research centre
12. Basic Needs UK in Kenya
13. CARE
14. Catholic Relief Services
15. Centre For the Study of Adolescence  ( CSA)
16. CHAK- Christian Health Association of Kenya
17. Christoffel Blinden Mission (CBM)
18. CLUSA- Cooperative league of USA
19. COECSA
20. Community capacity Building Initiative
21. Consortium for National Health and Research ( CNHR)
22. Elizabeth Glaser Pediatric Aids Foundation
23. Engender Health
24. Family Support Initiative
25. FHI - Family Health International
26. FHOK- Family Health Options Kenya
27. Food for the Hungry
28. Fred Hollows Foundation Kenya
29. Global Communities(formerly CHF)
30. GOAL Kenya
31. HAIA Health Action International Africa
32. HANDICAP INTERNATIONAL
33. Health Rights Advocacy Forum(HERAF)
34. Healthrights International Kenya
35. Helen Keller International
36. Helpage Kenya
37. Hope Worldwide Kenya
38. ICL- I Choose Life
39. International Medical Corps
40. International Plan Parenthood Africa
41. Internews in Kenya
42. Intrahealth International
43. JHPiego
44. Johnstone Kuya

45. KANCO- Kenya AIDS NGOs Consortium
46. KCDF
47. KENAAM- Kenya NGOs Alliance against Malaria
48. Kenya Association for the welfare of people with Epilepsy- KAWE
49. Kenya Association of Muslim Medical Professionals
50. Kenya Consortium to Fight AIDS TB and Malaria
51. Kenya Episcopal Conference
52. Kenya Society for the blind
53. Kenya Women Living with AIDS- KENWA
54. KICOSHEP
55. KRCS- kenya Red Cross Society
56. Life Care and Support Centre - LICASU
57. LVCT Health
58. M Health Kenya
59. Malteser
60. MAP International
61. Marie Stopes International Kenya
62. Micronutrient Initiative
63. Mildmay Kenya
64. Morris Moses Foundation
65. Mothers2Mothers
66. NEPHAK- National Empowerment Network of People Living with HIV/AIDS in Kenya.
67. NOPE - National Organisation of peer Educators
68. Operation Eyesight
69. PATH
70. Pathfinder International
71. Provide International
72. PSI Kenya
73. Samaritans Purse
74. Save The Children
75. Sight Savers International
76. SOS Children's Villages
77. SOWED Kenya
78. Supreme Council of Kenyan Muslims
79. World Friends
80. World Neighbours
81. World Relief
82. World Vision

**SOURCE: Health NGOs Network (HENNET).**
**Available at: http://hennet.or.ke/**