

**STRATEGIES USED BY HIV/AIDS NGOS TO REDUCE
THEIR DEPENDENCE ON DONOR FUNDING IN KENYA**

SIMON GATITHI

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION**

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

2017

DECLARATION

This research project is my original work and has not been submitted for any examination in any other university.

Signed: _____

Date:

SIMON GATITHI

D61/74102/2012

This research project has been presented for examination with my approval as the appointed supervisor(s).

Signed: _____

Date: _____

DR. JOHN YABS

Lecturer, School of Business, University of Nairobi

DEDICATION

This work is dedicated to family and friends. Mum, you are my hero.

ACKNOWLEDGEMENT

I am overwhelmingly thankful to God for strength to pursue this study. I would like to pass my sincere gratitude to my supervisors Dr. John Yabs and Dr. Victor Ndambuki for their diligent oversight of this study. I also acknowledge the encouragement of my family, friends and my colleagues at the International Potato Center for encouraging me to complete my studies.

ABSTRACT

Reduced dependence on donor funds is a state in which an organization has a reasonable expectation of being able to meet its expenses for the foreseeable future. This can be through a combination of using donor funds and having its own locally generated income. Most organizations are unable to modify their level of dependence on donor funding thus putting at risk their continued activities. Strategic management is seen as consisting of three stages. The stages are strategy formulation, implementation and evaluation. Because organizations are faced with limited resources, strategic managers must decide on how to use the resources for maximum gain. Inability of organizations to control the resources they need for survival usually results to uncertainty for firms operating within the environment. To ensure continued survival, organizations must seek ways to exploit the available resources, which are also being sought by other firms, to ensure a firm's continued survival. Resource dependence concept is based on the belief that within the environment that an organization operates, the resources available are scarce compared to the relative need of those resources. The purpose of this study was to determine the strategies used by HIV/AIDS NGOs to reduce their dependence on donor funding in Kenya. The desire to have sustainability for NGOs is more real than ever before. Donor funding has been decreasing whereas the AIDS epidemic has persisted. This has necessitated the work of various nongovernmental organizations across the country. This study tried to identify the factors that non-governmental organizations (NGOs) have adopted to increase financial sustainability. Data was collected using questionnaires and random sampling design used to select the sample of HIV/AIDS NGOs in Kenya. The data was analyzed using Statistical Package for Social Sciences (SPSS). The study used descriptive statistics. From the research, there is need for NGOs to participate in income generating activities and to have an established grants management department. Organizations should also increase the knowledge that employees have in fundraising and also seek to increase their bargaining position with its donors. Membership in consortiums and participating in jointly funded projects are also deemed as ways to ensure sustainability of local NGOs. The existing NGOs must embrace a culture that encourages making of measured risks, generating right ideas for funding, information and knowledge-sharing, creating lasting partnerships and learning from the past. NGOs shall need to develop their grant making and fundraising skills to be able to understand donor needs and speak in donor language. Additionally, setting up a mechanism of collecting donor intelligence provides additional resilience.

TABLE OF CONTENTS

DECLARATION	i
DEDICATION	ii
ACKNOWLEDGEMENT.....	iii
ABSTRACT.....	iv
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the study	1
1.1.1 Concept of Strategic Management	2
1.1.2 Resource Dependence Theory	3
1.1.3 Strategies used to Reduce Dependence.....	5
1.1.4 NGOs in Kenya.....	6
1.2 Research Problem	8
1.3 Research Objective	10
1.4 Value of the Study	10
CHAPTER TWO: LITERATURE REVIEW.....	1
2.1 Introduction.....	1
2.2 Theoretical Foundation	1
2.3 Drawbacks of External Funding	5
CHAPTER THREE: RESEARCH METHODOLOGY	10
3.1 Introduction.....	10
3.2: Research Design	10

3.3 Population	11
3.4 Sample Design	11
3.5 Data Collection	12
3.6 Data Analysis	12
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....	13
4.1 Introduction.....	13
4.2 General Information.....	13
4.3. Strategic Management Practices	18
CHAPTER FIVE: SUMMARY CONCLUSION AND RECOMMENDATIONS	39
5.1 Introduction.....	39
5.2 Summary of Findings.....	39
5.3 Recommendations.....	42
5.4 Conclusion	44
5.5 Suggestions for Further Research	45
REFERENCES.....	46
Appendix 1: Questionnaire	i
Appendix 2: List of NGO's	iv
Appendix 3: List of Tables	f

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Organizations usually operate within an open environment where decisions made by one usually affect other players in the industry. In the current operating environment, organizations must choose between collaborative, complementary or confrontational strategic relationships with the environment for their survival. Making these choices within an organization usually generates conflicts on which items to be prioritized, who between donors, beneficiaries and the organization takes precedence and the most appropriate means within which to balance the need to fundraise and providing quality services to beneficiaries.

Organizations should lay down strategies towards ensuring that all stakeholders in the immediate environment participate in decision making to ensure there is mutual collaboration and support from all the stakeholders. Strategy implementation requires firms to have definite objectives. Also, firms are required to come up with appropriate policies that allow proper allocation of resources so that any strategies formulated can be implemented successfully. Strategic management is designed to assist organizations to gain and maintain competitive advantages. Getting and maintaining competitive advantage is essential for long term success of any firm.

Most organizations are unable to modify their level of dependence on donor funding thus putting at risk their continued activities. The organizations that will survive in the long run are those that can identify and ensure timely response to the criteria set by the donors for

continued resource provision and those that can diversify their sources of funds (Weisbrod, 1997).

Accordingly, Baum et.al (1996) claim that management of resources has become a critical function within any organization. Major approaches to resources management include and organization being able to comply with the demands and requirements of donors, being able to avoid the propensity of the donors to make unreasonable demands, and avoiding over dependence on donors by maintaining alternative sources of key inputs.

1.1.1 Concept of Strategic Management

Per Ostrower et. al (2005), strategic management is seen in the ability to develop, implement and evaluate decisions made within the organization development and growth process. With this understanding, strategic management can be viewed as consisting of three distinct stages. These are development, implementation and subsequent evaluation. Because organizations are faced with limited resources, strategic managers must decide on how to use the resources for maximum gain. This strategic management is carried out by organizations to enable such organizations achieve its mission and vision. Strategic management should be dynamic and continuous.

Thus whenever a component within the strategic management process changes, the others components within the strategy change accordingly. Large and well established organizations exhibit more instances of strategic management processes than smaller organizations. These smaller businesses are less formal and tend to follow the gut feelings of the owners or the business men running the organization. The strategic processes are not

deliberate and change depending on circumstances. The strategic process is not done and long term vision is not articulated in a formal document. When carried out in the right manner, performing strategic management in organizations allows more proactive decisions to be made as compared to being reactive to environmental changes. Thus, an organization can take an active role in shaping its own future. This way, organizations are in control of its own activities.

1.1.2 Resource Dependence Theory

Pfeffer and Salancik (2003) used the environmental dependence theory in formulating the dependence concept. This theory is set on the belief that within the environment that an organization operates, the resources available are scarce compared to the relative need of those resources. Thus, the concept postulates that the resources required for survival are finite. Inability of organizations to control the resources they need for survival usually results to uncertainty for firms operating within the environment. To ensure continued survival, organizations need to find ways to make use of the available resources. These are the same resources that other firms depend on for survival.

Pfeffer and Salancik (2003) came up with three factors that were deemed to influence the level that organizations place dependence on the resources. They determined that the first is the overall importance of the resource to the firm. This level of importance was deemed to be of much importance in deciding how much dependence an organization places on a specific resource. The second factors described was scarcity of the resource. The writers believed the organization placed more dependence on resources that are scarcer than the more readily available resources. The final factor was the amount of competition faced by the organization within the industry to control the specific resource.

When organizations are developing their strategies, there are various ways in which these strategies may be formulated. These strategies can be categorized into two major models of strategy development. These are strategic fit and strategic stretch. In strategic stretch, the companies and organizations ideally make use of the resources and competences already within the organization in a way that provides the company with a competitive advantage and contribute to new opportunities. As per Baum et.al (1996), this theory proposes that the strategy implemented by a firm will in most cases be a function of the resources held. The model's essence is that an organization creates a competitive advantage by using the resources that it has exclusive ownership of to develop a unique set of advantages within its target market. The resulting advantage should be sustainable by the inability of other players in the industry being able to copy the final product, or lack of substitutes for the product in the market.

The fundamental basis of the resource dependence theory, as per Weisbrod (1997), is that the key to any organization's survival will be the relative ability of the organization to acquire and maintain resources. This task is challenging for most organizations because organizations exist and operate in an environment of scarcity and uncertainty. Scarcity and uncertainty are evident in the donor environment as the funds available are not adequate or stable. Neither is the level of funding and resources provision assured.

Resource dependence concept proposes that the environment dictates the various strategic options available to the firm and the relative success that can be achieved through those strategies. Therefore, the external environment a firm faces has already been set and the firms have little control over it. The operating environment within which a firm operates needs close review and monitoring because firms depend on this environment for resource.

To survive, the organizations then design strategies to enable them obtain these needed resources. However, with strategic management, managers are provided with choices that determine how a successful an organization will be relative to others in the same environments.

1.1.3 Strategies used to Reduce Dependence

Traditionally, most organizations rely on donor funds to support field activities and office costs. Unfortunately, most donors are reducing the amount of support being provided to the NGOs. With increased costs of doing business, the NGOs are finding it hard to raise enough funds to support their operations. With this reduction of funds, uncertainty about future operations becomes unclear, and this complicates strategic thinking within organizations. Thus, organizations are unable to plan adequately on how to exploit the resources available to reach the organization's full potential.

Organizations should respond to these challenges by having high entrepreneurial spirit, hard work, re-strategizing and expanding fund raising activities directed to the public. The Organizations should bank in diversifying their funding support which should start by identifying available resources and those that can be mobilized and use them to generate fund for their operations and increase their independence and autonomy in their operations.

Other ways that organizations can seek additional funds include maximizing utilization of their assets and facilities at their disposal. Organizations own assets like vehicles, offices and other facilities used for their own operations. These facilities aren't often fully utilized depending on the nature of the activities they are involved in. In such cases, they can rent

vehicles to the outsiders after delivering their services to the beneficiaries, rent office to professionals, consultants and corporate organization for trainings, conferences and meetings. In the event the organizations are distributing free products to their target groups they can carry along other products and sell them to the public for profits. By so doing the organization will be able to earn income without any additional capital investment.

Organizations can market products made by their beneficiaries. Most organizations are involved in activities that assist in building the capacity of their beneficiaries. They do this by equipping them with necessary skills used to develop items sellable to the public. Most times the beneficiaries' lack marketing skills to sell the goods and such don't fully benefit from them. The organization can join and market the products with the beneficiaries or act as middle men for marketing platform for profit and help cover their costs. Organizations can resort to contracting out their services to the private sector- Organizations can use their expertise and personnel for consulting services to the private sector e.g. use IT expertise to develop and design website for private organizations, use their research knowledge to conduct surveys and researches for private organization and individual among others. By so doing, the organization will be able to solicit more funds for their operations.

1.1.4 NGOs in Kenya

Sub-Saharan Africa has borne the brunt of HIV/AIDs. It leads in the number of new infection and deaths from HIV/AIDS. Kenya is one of the countries in Africa adversely affected by HIV/AIDS pandemic. By 2009, 60% of all HIV/AIDS infections were recorded in Sub Saharan Africa. This is a large percentage considering that the region only has around 11% of the total world's population. The youth present the most productive people

in the country. However, this part of the population is faced head on by the pandemic with an estimated 4.6% of women and 1.7% of men being infected. The UNAIDS estimate that less than one fifty of the people most at risk have knowledge and access to information about prevention and management of the virus.

According to data from National Aids Control Council (NACC), the HIV epidemic had an overall prevalence of 14% in the 1990s. When this happened, various interventions were implemented by both the government and NGOs. Currently, the prevalence rate is estimated at 6.3 %. National prevalence amongst the general population is lower. In Kenya, there are 132,000 cases of adults and 34,000 cases of HIV/AIDS in children being reported. Since the disease was discovered, a total of 1.5 million cases of HIV have been confirmed. Measures have been put within government and private institutions to improve the diagnostic capacity. From this improvement, it is estimated that more than 800,000 infected patients require provision of information and drugs on HIV/AIDs. However, only half of this figure have access to life saving care and treatment drugs.

Due to the recently experienced economic recession and changing donor priorities, the funding gap is likely to worsen. The country and players within the NGO sector must devise plans for fundraising within the local and international environment. With more efficient ways of fundraising, organizations can be assured of continued sustainability of programs dealing with HIV/AIDs. All over the world, there have been changes in the economic environment and the funds available for various expenditure areas. These changes are also seen in the HIV funding environment. In the recent past, the funds available from donor agencies have either stagnated or reduced. For most donors, more funds are being directed towards projects that present solutions that have the greatest impact.

1.2 Research Problem

A company's ability to raise funds to implement activities and finance its operations has an impact on how that organization formulates and implements its strategies. Availability of funds enables the organization to adequately plan whereas inability to raise the level of funds needed hampers effective strategic management. Implementing strategies poses a tough and time consuming role for senior management. It has been argued that it is easier to develop a sound strategy than it is to implement one (Thompson and Strickland, 1989).

Enormous time, energy and resources are needed to formulate an effective strategy. Most organization usually plan but the level of implementation is poor. Wheelan and Hunger (2008) propose that poor implementation of strategy is to blame for strategic failures due to lack of top management commitment.

Strickland (2008) views strategic management as "an operations driven activity that revolves around management of people and business processes and entails figuring all the techniques, actions and behaviours that are needed for smooth strategy supportive operations and then following through to get things done and deliver on results"

Chapman (2009) notes that most companies usually struggle to translate theory into practice within their organizations. These are action plans that will assist strategies to be successful. There is a consensus within strategic management practitioners that most of the problems in strategic management are not related to how well companies formulate their strategies but how well they transform these strategies in implementation.

To implement strategies successfully, managers need to understand how the organization interacts with other players within the environment. This is explained in the environmental

dependence theory below. A study conducted by Salamon (2003), states that due to increasing costs of activities, most NGO's are implementing strategies that result in a reduction of quantity and quality of their work. The study also noted that increased cost of activities leads to the NGO's looking for alternative sources of funds to supplement the funding gap.

The first step will usually involve reaching to new donors or asking for increased funding from the current donors. There are also instances where NGOs change the design of the programs being implemented. For instance, cost share is being introduced to the beneficiaries of the programs (Salamon, 2003). Kearns (1994), after a comprehensive review of government support to non-governmental organizations concluded that there was no empirical evidence to support claims of organizations moving away from their core mission because of government funding.

Other studies have however, led to an opposite conclusion (Kearns, 1994). Changes in how programs were designed were noted from government contracts but core business of the government funded NGOs were not evident (Kettl, 2003). The author also observed that most government initiatives are underfunded and this necessitated the redirection of some NGO's resources and this may change the NGO's mission.

All these studies have attempted to evaluate the problems that come about from increased cost of activities and reduction in funding. However, none of these studies have evaluated the solutions to these problems. Much research has been done on the challenges and opportunities that the NGO's face. However, sustainability of NGOs beyond donor funding has not been well researched on. This study seeks to plug this gap by identifying the

strategies that Kenyan NGOs can use to get alternative sources of funding to ensure continued performance programs for HIV/AIDS. At the end of the research, it is hoped that appropriate strategies will be identified.

1.3 Research Objective

To determine the strategies used by HIV/AIDS NGOs to reduce their dependence on donor funding in Kenya.

1.4 Value of the Study

This research plans to assist senior management and board of directors of both local and multinational NGO'S that are working on HIV/AIDS to increase their knowledge and awareness of various opportunities, and problems that are associated with various sources of funds and come up with high yielding mobilization strategies. Through the study, the researcher hopes that senior managers will be able to implement the appropriate resource generating strategies.

By coming up with appropriate funding strategies, the NGO's will be able to expand operations and sustain their activities. The research will assist policy maker's policy makers to design suitable policies that address constraints to sustainable financing of HIV/AIDS programmes. Key policy makers within the government, multilateral donors and other stakeholders have a keen interest in having the NGO's within the country achieving sustained finance beyond donor funding.

By finalising this study, the researcher hopes that all the stakeholders within the industry will promote any concerted efforts that are made and geared towards institutional development for NGOs. The study will aim to contribute to the body of knowledge available in academia and will thus be used a reference in academia. Future researchers will use the findings derived from this study will be as reference to their work.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter will look at various sources of funds for non-governmental organizations. It will also review the drawbacks associated with each of the funding sources.

2.2 Theoretical Foundation

Strategic managers view the firm as group of resources. They then work on organizing these resources into capabilities and then developing an implementation strategy that leverages the resources available to achieve a competitive advantage (Hitt et al,2007).

Pearce and Robinson (2007) maintain the view that strategic management is “a set of decisions and actions that finally result in the development, rolling out, and control plans designed to achieve an organizations mission, vision, and strategic objectives”. Usually, Hunder and Wheelan (2008) state that strategy implementation is usually considered after strategy has been developed. However, rollout of this strategy is considered as a key part of the process. Daft (2009) states that no value is received if strategies cannot be translated into action.

Hunger and Wheelan (2008) argued that environmental scanning is essential in determining firm’s performance in a competitive industry. External environment consists of those variables that are outside the organization but nevertheless form a critical context within which an organization operates.

Strategy implementation can be viewed as a systematic process where strategies and policies are carried out through development of programs, budgets, procedures and

programs. Strategy implementation can be viewed as operational planning and often involves day to day decisions in resource allocation (Wheelan and Hunger, 2008). Thompson et. Al (2008) concurs with this opinion. Daft (2009), agrees that a company's competitive edge only if it is skilfully executed through the decisions and actions of managers.

2.2.1 Environmental Dependence Theory

Pearce and Robinson (2002) maintain that environmental factors must be anticipated, monitored and continuously assessed for a firm to respond appropriately. Baum et.al (1996) is of the view that NGOs should find ways of managing any key resources that are essential to its survival. As per (Baum et.al, 1996), organizational effectiveness may be described as the ability of an organization to create acceptable outcomes and actions. By using this understanding, effectiveness can then be closely related to the ability of an organization to proactively manage the competitive environment that it faces to its advantage. The organization is thus able to create acceptable outcomes and actions.

Ability of a nongovernmental organization to maintain sustainability beyond donor funding is propelled by the strategic managers incorporating a spectrum of resource utilizing strategies that help to achieve superior financial performance. This view proposes that superior financial performance is observed after adequate management of donor dependencies and uncertainty of future funding. Strategic decision makers within the NGO's should seek strategies that influence and thereby control the donor environment to its advantage (Baum et.al, 1996). It is envisaged that through controlling and influencing

the donor environment, most organizations will be able to have a strong bargaining position with donors.

Pfeffer and Salancik (1978) used the environmental dependence theory in formulating the dependence concept. Per the authors, resource dependence concept has the understanding that contained within the environment that an organization operates, the resources available are scarce compared to the relative need of those resources. Thus, the concept postulates that the resources required for survival are finite. Uncertainty is the ultimate result for firms faced with the inability to control the resources needed for survival. Organizations must seek ways to exploit the available resources to ensure continued survival,

2.2.2 Open Systems Theory

To clearly understand the way resource dependence theory operates, an understanding of an open-systems theory is critical. Capability of an organization to source or raise enough funds to meet its operational and programmatic needs require that such an organization interrelates with individuals and donors who control resources (Baum et.al 1996).

Ostrower et. al (2005) proposes that for an organization to be deemed as operating in an open environment, such an organization should be able to interact with the environment and show that any interchange within the system is essential to ensure a system continued survival. Organizations are limited within the environment due to the value and amount of resources available. The amount of dependence to the system that is faced by these NGOs shall be relative to the estimated value placed on the needed resources. Non-governmental organizations that depend on other players within the system for key resources for rarely survive.

This theory is very beneficial in forming an understanding of the proposed study. There may be great misperceptions of the forces behind organizational stability if we continue to treat the non-governmental organizations as if they are independent of their environment.

2.2.3 Resource Dependence Theory

Currently, NGO's are being faced with an increasingly challenging resource environment. Due to this, Baum et.al (1996) claim that NGOs must increase their resource base and stop relying on only individual, corporate donors, foundations, and government sources. The ability of non-governmental organizations to diversify the available sources of funds is a positive trend. This is because diversification results in reduction of dependence properties and increased funds being available from donors. An organization that has a great dependency on donor funds faces a challenge of maintaining the complex dependency relationships. These relationships that have a high dependency are also expensive. This is because each income stream requires considerable management effort for on-going success. Various donors usually have different views on effectiveness. This results in creation of various performance indicators.

Pfeffer and Salancik (1978) came up with three factors that were deemed to influence the level that organizations place dependence on resources. They determined that the first is the overall value placed on the resource by the organization. This level of importance was deemed fundamental in assessing how much the organization relies on the resource. The second factors according to the authors are the scarcity of the resource. The authors proposed that a firm becomes more dependent on the resource if that resource is rare. The final element was the amount of rivalry within the industry for that resource. If more

organization need and are competing for that resource, then that resource becomes of more value to the organization.

The resource dependence concept (Pfeffer and Salancik, 1978) marked a beginning of “organizational research by positioning power at the core of organizational discourse”. Even though the idea of power features in different ways and having a varied degree of importance in institutions, the above theory is key in ensuring that organizations center their efforts on how to seek and allocate resources to ensure growth and development. The resource dependence concept is based on the proposition that “organizations will try to manage their resource dependencies with means designed to achieve greater autonomy and thus reduce uncertainty in the flow of needed resources from the environment” (Pfeffer and Salancik, 1978).

2.3 Drawbacks of External Funding

There are several drawbacks that result from either private contributions or funds received from the government.

2.3.1 Drawbacks of Private Contributions

Whenever any NGO purely relies on private contributions, it will face higher funding volatility compared to the other funding strategies. There is also a greater possibility of the mission and objectives of the NGO changing. This is shown by the way individual donors accept broadly defined program proposals and have little follow-up on how the funds contributed are used (Gronbjerg, 2003).

Case studies by Donahue, (2009) on NGO funding strategies describe the unpredictability and instability of individual contributions. There were seen variations by half of the total

amounts of awards received by private foundations. There is also minimal influence by the NGOs over the amounts of grants received and the value of such grants.

A more serious drawback of individual contributions is the ability of the NGO losing its major goal. This is evident if the organization changes its mission or its areas of operations to suit the donor needs. At times, donor funds may seem flexible with an organization initially having control over the program design. However, this may be changes as implementation progresses to suit the donor needs and priorities. Today, donors are forming consortiums and deciding on priorities and areas to fund, as well as dictating who shall be the partners in each project. Prior approval items are also inserted in the budgets further complicating the ability of an organization to implement and be independent in its operations as the implementation progresses. This restriction fuels concerns that few institutional donors may have considerable and undue influence over the direction that smaller non-governmental organizations take with their programs and even recruitment of key personnel.

Corporates provide donations in the form of provision of facilities, employee time or cash contributions. Some of the drawbacks to an organization receiving funds from corporate organizations include the increased variability in amount of contributions as well as the projects that can be funded by such funds. Additional impacts on non-governmental organizations processes and structure are also noted (Kearns, 1994).

Funding uncertainties faced by NGOs is problematic. Increased volatility experienced annually have been in several case studies. However, it was observed that the volatility of corporate contributions was not as much as when such contributions were from personal

donations. The evidence of changing patterns from private firms is evident in organizations dealing with non-health issues over organizations that are dealing with health and related research.

Research in health can at times be controversial. Thus, private organizations may steer clear of research if they think that being associated with such research may have negative impact on their public image. It may also be due to need for corporates to provide support that is in line with its corporate strategy. Such support benefits the organizations more than other beneficiaries.

Cause related marketing exists where an organization only avails funds to organizations if it is evident that the use of such funds shall have a ripple effect on the marketing efforts of the firm. Such funds when availed to NGO's may lead to change in missions as such NGOs now must adapt to programs that fit to the broader objective being sought by the awarding firm. There is a link between programs that most organizations fund and its corporate social responsibility activities. Thus, most contributions to NGOs form part of a broader CSR instead of an open and honest contribution to the welfare of the society.

There has been evidence from studies of Sherri (2009) where a survey of 3,400 NGOs were seen to review and alter their programs to fit within the broader goals of the funding organization. The risk of diverting funds from HIV/AIDS to other programs seems a reality as there are more shifts seen by organization in other sectors of the health industry. It is thus just a matter of when and not if that such changes shall be seen in the organizations dealing with HIV/AIDS.

Most private foundations operate in a similar manner as for profit companies that use dedicated grants management staff to provide funding to organizations. These organizations also emphasize good practices in grants management within these non-governmental organizations. The risk that NGO's that receive foundation grants face a risk of changing programs from HIV/AIDS funding and facing volatility, are greater than those of NGO's that receive funding from corporate companies.

The power of foundations, as per study by Donahue, (2009), is at times attributed to their huge number of funds that they have and the fast that they can issue open calls for application and review processes for substantial amounts of money. The case studies conducted show that there are amounts of resources spent by NGOs in a bid to monitor evolving priorities of foundations. These NGOs must present programs that are designed in agreement with set call for proposals. Since application for these proposals is open to the wider public, an organization is unable to determine the degree of success expected with the application. Thus, there is a high chance of funding uncertainty associated with this source of funding.

2.3.2 Drawbacks of Government Funding

Determining the extent of government support to non-governmental organizations is an intricate task. This is because funds may be administered directly by the government, or channelled through other arms of government. Additional funding opportunities may originate from the central government or at local levels in the counties. Funds from the government may also get to non-governmental organizations indirectly through any assistance that is provided to individuals by the government who then purchase services

from the non-governmental organizations. The role of government's support for non-governmental organizations has lately expanded considerably. This has been evident from reflected the varying funding proportions provided through government agencies (Grønbjerg, 2003).

Studies by Rao et al. (2008) showed that government and its institutions have a more protracted process for issuing grants, accounting for the said grants and the method of evaluation. Non-governmental organizations that lack necessary policies and procedures needed are unable to meet the requirements and are locked out of such avenue of funds. To access these funds, NGOs adapt gradually which lead to the government and its agencies being the major source of funds and determinant or programming priorities rather than technical experts in health (Rao et al. 2008).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter aims at illustrating the methodology used to conduct research to achieve the study objectives. The chapter explains the research design adopted in the study and the target population. It explains the sampling procedures to be used in the study, research instruments, data collection and analysis procedures

3.2: Research Design

This research study adopted a cross-sectional survey design. In this type of research study, either the entire population or a subset thereof is selected, and from the selected individuals, data is collected to answer the research questions (Mugenda and Mugenda, 2003).

Mugenda and Mugenda (2003) postulates that “the quality of any research is influenced by the appropriateness of methodology, instrumentation and suitability of the sampling strategy that has been adopted”. Sherri (2009) defines qualitative research as “a collection of approaches to inquiry, which emphasize the importance of looking at variables in the natural setting in which they are found”. The conceptual perspective of the study was based on qualitative research that includes designs, techniques and measures that do not produce discrete numerical data.

3.3 Population

“A population is considered as group of elements or causes, whether individuals, objects or events, that conform to specific criteria and to which we intend to generalize the results of the research” (Sherri, 2009). Data from the National Aids Control council indicate that there were 4500 NGO’s registered by 2006. The figure is not expected to have changed with a large margin from then since 1,229 NGO’s had their registration certificates cancelled in 2010 for non-compliance. Of these, it is estimated that 300 NGOs are dealing directly in HIV/AIDS related activities. Thus, the population for this study was 300 NGO’S in Kenya that rely on donor funding for their HIV/AIDS programs. Since this is a descriptive study, per Mugenda and Mugenda, (2003), 10 percent of the accessible population is considered adequate for a descriptive study.

3.4 Sample Design

Sherri, (2009) states that a sample selected should be “composed of elements that contain the most characteristics, representative or typical attributes of the population”. According to Mugenda and Mugenda (2003), “simple random sampling is a probabilistic sampling technique which ensures each subject, object or respondents to have an equal chance of representation”. NGOs studied were selected using simple random sampling method. Out of the population of 300 registered NGO’s dealing with HIV/AIDS, the researcher randomly selected 10% of the NGO’s.

3.5 Data Collection

The study used questionnaires designed using open and closed ended questions. A questionnaire is a research tool composed of set questions for gathering information from respondents (Walker, 2010). The researcher used a questionnaire because the responses are gathered in a standardized way and are more objective compared to other tools of data collection. It is also relatively quick to collect information using a questionnaire. Additionally, potential information can be collected from a large portion of a group.

3.6 Data Analysis

Quantitative data analysis was carried out by entering the data into the computer and using Statistical Package for Social Sciences to generate frequencies. Description statistics and the Analysis of Variance (ANOVA) was used to give the expected summary statistic of variables being studied. On the other hand, qualitative analysis was operationalized by arranging the data per the emerging themes or patterns which will then be assigned numbers to make them measurable. The data was presented in a user –friendly and interactive way such as graphs, charts and tables. Use of graphics to represent data is valuable supplement to statistical analysis (Kothari, 2003).

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the summary of the analysed data. The results are presented based on the objective of the study which was strategies that are used by HIV/AIDS NGO's in Kenya to reduce their dependence on donor funds. The data was analysed using descriptive statistics by use of Statistical Package for Social Scientist software (SPSS). The data analysed is tabulated using frequencies and percentages. All the 30 questionnaires given out were returned, thus representing 100% response.

4.2 General Information

The general information about the respondents and the NGOs which were interviewed is represented in this section. The mean length of time worked in the NGO of those interviewed was 3.59 years with a standard deviation of 2.051 with the median length of stay being 3.00 years. A total of 30 respondents gave information about the length of time they had stayed in their organization. Other general information about the NGOs is illustrated in the Table 1 below.

Table 1: Length of service and number of donors.

General Characteristic	Number of Respondents	Percentage
Length of existence of the NGO		
Below 3 years	1	3.3
3-5 Years	3	10.0
5-10 years	10	33.3
Over 10 years	16	53.3
Total	30	100.0
Number of donors NGO working with		
Below 2	12	40.0
3-5	12	40.0
Above 5	6	20.0
Total	30	100.0

Source; Gatithi, (2013).

In the last five years, 60% of the 30 sampled NGOs had received a cut in the donor funds. Due to the shortages of funds 60% (18) of the sampled NGOs had changed program design. 80% (24) organizations that were sampled were willing to shift focus to other program areas e.g. devolution, TB or Malaria in case the level of funding for HIV/AIDS reduced. Table 2 shows the cross tabulation of the organizations that received a cut in donor funding versus change in program design due to shortages of funds. Organizations that had received a cut in the donor funds in the last 5 years, 88.9% had changed program design to that effect.

Table 2: NGOs experiencing cuts in donor funds.

			Any change in program design due to shortage of funds	
			Yes	No
Organization received a cut donor in the last 5 years?	Yes	Count	16 _a	2 _b
		% within Organization received a cut donor in the last 5 years?	88.9%	11.1%
	No	Count	2 _a	10 _b
		% within Organization received a cut donor in the last 5 years?	16.7%	83.3%
Total		Count	18	12
		% within Organization received a cut donor in the last 5 years?	60.0%	40.0%

Source; Gatithi, (2013).

Each subscript letter denotes a subset of any change in program design due to shortage of funds categories whose column proportions do not differ significantly from each other at the .05 level.

Table 3 shows the chi-square tests for the organizations that received a cut in donor funding versus change in program design due to shortages of funds.

Table 3: Organizations that received a cut in donor funding versus change in program design due to shortages of funds.

Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2- sided)	Exact Sig. (1-sided)
Pearson Chi-Square	15.648 ^a	1	.000		
Continuity Correction	12.784	1	.000		
Likelihood Ratio	17.009	1	.000		
Fisher's Exact Test				.000	.000
Linear-by-Linear Association	15.127	1	.000		
N of Valid Cases	30				

Source; Gatithi, (2013).

- a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is 4.80.
- b. Computed only for a 2x2 table

Table 4 shows the symmetry measures for the organizations that received a cut in donor funding versus change in program design due to shortages of funds.

Table 4: Symmetry measures for the organizations that received a cut in donor funding versus change in program design due to shortages of funds.

		Value	Asymp. Std. Error	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	.722	.129	5.525	.000 ^c
Ordinal by Ordinal	Spearman Correlation	.722	.129	5.525	.000 ^c
N of Valid Cases		30			

Source; Gatithi, (2013).

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

The results show that there is a significant positive correlation between cuts in donor funding and change in program design due to shortage of funds.

4.3. Strategic Management Practices

This section presents research study analysis in strategic management practices which includes donor funding, organization period of operation in case donor support. Also reviewed are these practices in consideration of performance if funding is stopped, presence of grants/ funds management department and employee's knowledge in fundraising.

4.3.1 Budget Derived from the Donor Funding

Research analysis indicates that over 86% of the organizations have their budgets derived from donor's funding. Only a small proportion of the organizations, 10%, derive have their budgets derived from the donor funding.

Table 5: Total budget derived from donor's funds

Total budget derived from donor's funds		
	Number of respondents	Percent
20%-50%	3	10.0
51%-85%	8	26.7
86%-100%	19	63.3
Total	30	100.0

Source; Gatithi, (2013).

According to research findings, among the 10% of the organizations which were getting 20-50% of donor support, all of them could operate for more than five years even when donor support is stopped. Among the organizations which were getting 51-85% of the donor support, about 37.5% would be able to operate for more than five years after donor support has been stopped, 37.5% of the organizations would also be in position to operate between 2-3yrs after donor support has been stopped and 25% of the organization receiving donor support of between 51-85% would not be able to run for one year when donor support is withdrawn.

Among 63.3% of the organizations that were receiving 86-100% of donor support only 15.8 % (9) would operate beyond five years after donor support is stopped while 21.1 % (4) of the organizations would be able to operate between 4-5yrs and the rest will barely operate for one year.

4.3.2 Organizations with Established Grants Management Departments

Among the organizations surveyed to find out if they have fund/ grant management departments, 60% (18) had established fund or grant department while the rest, 40% (12) did not have established fund or grant management departments. Kindly see the table 7 below.

Table 6: Organizations with established fund/grants management department.

Organizations with established fund/grants management Dept.		
	Frequency	Percent
Yes	18	60.0
No	12	40.0
Total	30	100.0

Source; Gatithi, (2013).

Analysis of the research findings indicate that almost all, 94.7% of the organizations had representatives in the top management team while 5.3% did not have representative in top management team in grant or fund management department.

All the organizations which had established fund or grant management departments also had representatives in the top management team. See table 7 below.

Table 7: Cross-tabulations of established grants/funds management department against representatives in the top management team in the grants/funds management.

Cross-tabulations of established grants/funds management department against representatives in the top management team in the grants/funds management

			Representative in the top management team in the grants/funds management		Total
			Yes	no	
Established grants/funds management department?	Yes	Count	18	0	18
		% within Established grants/funds management department?	100.0%	0.0%	100.0%
	No	Count	0	1	1
		% within Established grants/funds management department?	0.0%	100.0%	100.0%
Total	Count		18	1	19
	% within Established grants/funds management department?		94.7%	5.3%	100.0%

Source; Gatithi, (2013).

Table 8: Chi-Square Tests of established grants/funds management department against representatives in the top management team in the grants/funds management

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2- sided)	Exact Sig. (1-sided)
Pearson Chi-Square	19.000 ^a	1	.000		
Continuity Correction ^b	4.237	1	.040		
Likelihood Ratio	7.835	1	.005		
Fisher's Exact Test				.053	.053
Linear-by-Linear Association	18.000	1	.000		
N of Valid Cases	19				

Source; Gatithi, (2013).

a. 3 cells (75.0%) have expected count less than 5. The minimum expected count is .05.

b. Computed only for a 2x2 table

In relation to the representation in the top management team in grants/funds management and length of time organization would survive without donor support, 38.9% of the organizations would continue beyond five years, 16.7% will operate between 4-5yrs, 27.8% would operate between 2-3yrs and 16.7% would not operate for more than one year. However, all the organization which did not have representative in the top management in grant or fund management department would operate between 2-3yrs without donor support. See table 9 below.

Table 9: Cross-tabulation on representation in the top management team in the grants/funds management and duration of time organization will operate without donor support.

Cross-tabulation on representation in the top management team in the grants/funds management and duration of time organization will operate without donor support							
			Incase donor funding stopped, length the organization would be operational				Total
			below 1 year	between 2-3 years	between 4-5 years	over 5 years	
Representative in the top management team in the grants/fu	Yes	Count	3	5	3	7	18
		% within Representative in the top management team in the grants/funds management	16.7%	27.8%	16.7%	38.9%	100.0%
	No	Count	0	1	0	0	1

nds manage ment	% within Representative in the top management team in the grants/funds management	0.0%	100.0%	0.0%	0.0%	10 0.0 %
Total	Count	3	6	3	7	19
	% within Representative in the top management team in the grants/funds management	15.8%	31.6%	15.8%	36.8%	10 0.0 %

Source; Gatithi, (2013).

4.3.4 Employee' Level of Knowledge on Fundraising

Among the respondents interviewed, 10% (3) of the organizations had employees with 'excellent' knowledge on fundraising, 16.7% were categorized as 'very good', 50% of the respondents were classified as 'good', 20% as 'fair' and the rest were classified as 'poor'.

Table 10: Rating of the level of knowledge employees on fundraising.

Rating of the level of knowledge employees on fundraising.

	Frequency	Percent
Excellent	3	10.0
Very good	5	16.7
Good	15	50.0
Fair	6	20.0
Poor	1	3.3
Total	30	100.0

Source; Gatithi, (2013).

Cross tabulation: Level of knowledge of employees on fundraising and the duration the organization would operate without donor support

			Incase donor funding stopped, length the organization would be operational				Total
			below 1 year	between 2-3 years	between 4-5 years	over 5 years	
Rating the level of knowledge of employees on fundraising	Excellent	Count	0	1	0	2	3
		% within Rating the level of knowledge of employees on fundraising	0.0%	33.3%	0.0%	66.7%	100.0%
	Very good	Count	0	3	1	1	5
		% within Rating the level of knowledge of employees on fundraising	0.0%	60.0%	20.0%	20.0%	100.0%
	Good	Count	5	3	2	5	15
		% within Rating the level of knowledge	33.3%	20.0%	13.3%	33.3%	100.0%

		of employees on fundraising					
	Fair	Count	4	1	1	0	6
		% within Rating the level of knowledge of employees on fundraising	66.7%	16.7%	16.7%	0.0%	100.0%
	Poor	Count	0	0	0	1	1
		% within Rating the level of knowledge of employees on fundraising	0.0%	0.0%	0.0%	100.0%	100.0%
Total		Count	9	8	4	9	30
		% within Rating the level of knowledge of employees on fundraising	30.0%	26.7%	13.3%	30.0%	100.0%

Source; Gatithi, (2013).

Table 11: Cross tabulation: Level of knowledge of employees on fundraising and the duration the organization would operate without donor support

4.3.5 Relationship between Employees' Level of Knowledge on Fundraising and Duration Which Organizations Would Operate Without Donor Support

The cross-tabulation below suggests that in organizations which had employees classified as 'excellent' in terms of level of knowledge, 66.7% (2) of organizations would operate beyond five years without donor support while 33.3% (1) of the organization would operate between 2-3yrs after donor support has been stopped. However, one organization only which had employees classified to have 'poor' knowledge in fundraising would operate beyond five after donor support was been stopped.

4.4. Alternative funding

This section presents analysis on strength of bargaining position with donors, co-opt donor and government employees and representative in the organization, organization participation in income generating activities, organizational merging when there is reduced donor funds, consortium/ association in jointly project implementation and strategies to reduce dependence on donor funding.

4.4.1 Strength of Bargaining Position with Donors

Seventy percent of the respondents interviewed research findings suggested that they had strength of bargaining position with donors while the rest did not have. See table 12 below

Table 9: Cross tabulation: Relationship between organization which had a cut donor support in the last 5 years and strength of bargaining position with donors

Cross tabulation: Relationship between organization which had a cut donor support in the last 5 years and strength of bargaining position with donors					
			strength of bargaining position with donors		Total
			yes	no	
Organization received a cut donor in the last 5 years?	yes	Count	12	6	18
		% within Organization received a cut donor in the last 5 years?	66.7%	33.3%	100.0%
Organization received a cut donor in the last 5 years?	no	Count	9	3	12
		% within Organization received a cut donor in the last 5 years?	75.0%	25.0%	100.0%
Total		Count	21	9	30
		% within Organization received a cut donor in the last 5 years?	70.0%	30.0%	100.0%

Source; Gatithi, (2013).

Research findings indicate that among the organizations which experienced reduced donor support 66.7% (12) had strength of bargaining position with donors while 33.3% (6) did not have strength of bargaining position with donors. On the other hand, among the organizations which did not experience cut in donor support, 75% (9) had strength in bargaining position with donors while 25% (3) did not have strength in bargaining position with the donors. Please see table 14 above.

4.4.2 Co-Opt Donor and Government Employees & Representatives in the Organization Structure

Table 13: Co-opt donor and government employees & representatives in org. structure.

Co-opt donor and government employees & representatives in org. structure		
	Frequency	Percent (%)
Yes	23	76.7
No	7	23.3
Total	30	100.0

Source; Gatithi, (2013).

Data analysis indicates that 76.7% of the organizations did co-opt donors, government and representatives in their organization structures while the rest did not. See the able 14 above.

The research findings further indicated that among the organizations which did co-opt donors, government and representatives in their organization structure, only 46.7% had strength of bargaining position with donors. In addition, among the organizations which did not co-opt donors, governments and representatives in their organizations structures only 23.3% had strength of bargaining position with donors. See table 15 below.

Table 104: Tabulation on co-opt donor and government employees and representatives in the organization structure and strength of bargaining position with donors.

Tabulation on co-opt donor and government employees and representatives in the organization structure and strength of bargaining position with donors					
			strength of bargaining position with donors		Total
			yes	no	
co-opt donor and government employees and representatives in the organization structure	Yes	Count	14	9	23
		% of Total	46.7%	30.0%	76.7%
	No	Count	7	0	7
		% of Total	23.3%	0.0%	23.3%
Total		Count	21	9	30
		% of Total	70.0%	30.0%	100.0%

Source; Gatithi, (2013).

Organizations that had co-opt donors, government and representatives in their organizational structures, 53.3% (16) had received a cut donor support in the last five years. The organizations which did not have this option in their organizational structures, 6.7%

(2) had experienced reduced donor funding for the last five years while 16.7% (5) did not have reduced donor funding in the last five years. See the table 16 below.

Table 15: Tabulation on co-opt donor and government employees and representatives in the organization structure and organizations which had reduced donor support last 5yrs.

Tabulation on co-opt donor and government employees and representatives in the organization structure and organizations which had reduced donor support last 5yrs					
			Organization received a cut donor in the last 5 years?		Total
			yes	no	
Co-opt donor and government employees and representatives in the organization structure	Yes	Count	16	7	23
		% of Total	53.3%	23.3%	76.7%
	No	Count	2	5	7
		% of Total	6.7%	16.7%	23.3%
Total		Count	18	12	30
		% of Total	60.0%	40.0%	100.0%

Source; Gatithi, (2013).

4.4.3 Organizations that Participate in Income Generating Activities

Among the organizations participated in the study, 56.7% (17) were participating in income generating activities while the rest did not participate in any income generating activities. See table 17 below.

Table 11: Organizations participating in income generating activities.

Organizations participating in income generating activities		
	Frequency	Percent
Yes	17	56.7
No	13	43.3
Total	30	100.0

Source; Gatithi, (2013).

Among the organization which were participating in income generating activities, in case donor support was stopped, 13.3% (4) of these organizations would operate for less than one year, 10.0% (3) of the organizations would operate between 2-3 years, 3.3% (1) would operate between 4-5yrs and 30% (9) would run for more than 5yrs after donor support stop. However, the organizations which did not have any income generating activities no would run beyond five years in case donor support was withheld while 16.7% would operate beyond two years. Please see the table 16 below.

Table 12: Length of operation after reduction of donor funds.

In case donor funding stopped, length the organization would be operational *					
			Participation in income generating activities		Total
			yes	no	
In case donor funding stopped, length the organization would be operational	below 1 year	Count	4	5	9
		% of Total	13.3%	16.7%	30.0%
	between 2-3 years	Count	3	5	8
		% of Total	10.0%	16.7%	26.7%
	between 4-5 years	Count	1	3	4
		% of Total	3.3%	10.0%	13.3%
	over 5 years	Count	9	0	9
		% of Total	30.0%	0.0%	30.0%
Total	Count	17	13	30	
	% of Total	56.7%	43.3%	100.0%	

Source; Gatithi, (2013).

4.4.4 Organizations Which Would Consider Merging in Case Donor Funds Reduced

The research findings suggest that 40% (12) of the organizations would consider merging in case there is reduced donor funding. Please see table 19 below.

Table 13: Organizations that could merge if donor funds reduced.

Merging with another donor funds reduced

	Frequency	Percent
Yes	12	40.0
No	18	60.0
Total	30	100.0

Source; Gatithi, (2013).

4.4.5 Number of Members in Any Consortium/Association or Participating in a Jointly Implemented Project

The research findings indicate that about 66% of the organization are either members of a consortium/association or participate in a jointly implemented project as displayed in the table 20 below.

Table 14: Number of NGOs in in any consortium/ association or participating in a jointly implemented project

No. of members in any consortium/ association or participating in a jointly implemented project		
	Frequency	Percent
Yes	19	65.5
No	10	34.5
Total	29	100.0

Source; Gatithi, (2013).

Cross-tabulation on organizations who are members of a consortium and the length of time they would be operational in case donor funding stopped							
			Incase donor funding stopped, length the organization would be operational				Total
			below 1 year	between 2-3 years	between 4-5 years	over 5 years	
member in any consortium/association or participating in a jointly implemented project	yes	Count	5	5	3	6	19
		% of Total	17.2%	17.2%	10.3%	20.7%	65.5%
	no	Count	3	3	1	3	10
		% of Total	10.3%	10.3%	3.4%	10.3%	34.5%
Total		Count	8	8	4	9	29
		% of Total	27.6%	27.6%	13.8%	31.0%	100.0%

Source; Gatithi, (2013).

Table 15: Cross-tabulation on organizations who are members of a consortium and the length of time they would be operational in case donor funding stopped.

Among the organizations which are members of a consortium, 17.2 % (5) of organization would operate in less than one year in case donor support was stopped, 17.2% (5) would operate between 2-3yrs, and 10.3% (3) would operate between 4-5yrs while 20.7% (6) would operate beyond five years if donor support was stopped. However, 10.3% (3) of the organizations who are not members would operate for less than one year if donor support was stopped, 10.3% (3) of the organizations would operate between 2-3years if donor support was withheld and 10.3% (3) would operate beyond five years in case donor support was stopped.

CHAPTER FIVE: SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter highlights the outcome of the investigations of the strategies that are used by HIV/AIDS NGO's in Kenya to reduce their dependence on donor funds. This chapter therefore brings out the summary of findings, discussion, conclusion drawn and recommendations drawn from the analysed results. Finally, suggestions for further research are made.

5.2 Summary of Findings

The data collected showed that 60% of the NGO's sampled had received a cut in donor funding. This shows that donor funding has reduced for majority of the organizations thus putting their programs at risk. At the same time, a similar percentage of NGO's had changed their program design due to funds shortage.

The research indicated that 90% of the NGO's received over half of their budgets from donors. This indicates the relative importance that donor funds must the continued existence of these organizations.

A limited number of organizations indicated that they could merge with others in case donor funding stopped. This could be attributed to the fact that these organizations operate in different areas and due to restrictions on mergers and governance.

From the research findings, there was a positive correlation between representation of the grants management in top management and the length that an organization will be able to survive without donor funds. For instance, for organizations with representation in the top management, 39.9% of the organizations would continue beyond five years whereas only 16.7 % would be able to survive without donor support.

Research finding indicate that 66% of organizations sampled were either members of a consortium or were implementing a joint project. For organizations in a consortium, 20.7% would exist beyond five years in case donor funding stopped. Research shows that for organizations who are neither in a consortium or a jointly implemented project, only 10.3% would exist beyond five years.

The cross-tabulation suggested that organizations which had employees classified as 'excellent' in terms of level of knowledge on fundraising, 66.7% of organizations would operate beyond five years without donor support while 33.3% of the organization would operate between 2-3yrs after donor support has been stopped. However, only one organization which had employees classified to have 'poor' knowledge in fundraising would operate beyond fives after donor support was been stopped.

From the research, no relationship was established between the relationship between the donor and the recipient and cuts in donor funding. Even the organizations that had a good relationship with the donor, 66.7 % of these organizations experienced cuts in donor funding.

Data collected shows that 56.7% of the organizations sampled are participating in some form of income generating activities. For those organizations participating in income generating activities, 33.3 % would run for more than four years. However, for organizations that do not participate in income generating activities, none would survive beyond four years incase donor funding stopped.

Research done indicated that for those organizations that co-opt donors and the government in its decisions, 46.7% indicated that they had a strong bargaining position compared to 23.3 % of organizations that did not co-opt donors and the government in its decision making. This thus indicates that coopting donors and the government in decision making is closely related to the strength of bargaining that an organization has.

Since 60% of organizations had received a cut in donor funding in the last five years, research indicated that for organizations that co-opts donors in decision making, only 42.7% had received a cut in donor funding. This shows the relative importance of co-opting donors in decision making.

In relation to the grants management being represented in the top management team and length of time organization would survive without donor support, 38.9% of the organizations would continue beyond five years, 16.7% will operate between 4-5yrs.

This contrasts with those organizations that do not have representation of grants in top management as none would survive beyond five years.

5.3 Recommendations

There was a strong correlation between the number of years an organization would exist without donor funding and participating in income generating activities. It would thus be recommended that most organizations should participate in income generating activities. Management of the NGO's should ensure that structures are there to support creation of income generating activities and proper methods of accountability and profitability of the enterprises. This is because most of the employees within the NGO's do not have experience and effectiveness of running an enterprise as well as those with experience from the private for profit organizations.

From the research findings, it is important that all organizations to have an established grants management department. This means there should be individuals charged with maintaining awards and making sure there is continued compliance with donor rules and regulations. A strong grants management department will assist organizations to maintain a cordial relationship with the donor. The grants department should have individuals versed with working with diverse set of donors to attract wide variety of donors.

It is suggested that all organizations should increase the knowledge that employees have in fundraising. This knowledge will help the organizations in donor management and also lower the percentage of funds being received from one donor. This will eliminate the possibility of an organization closing in case one of the donors withdraws funding.

Data analysed suggest that for an organization to have a strong bargaining position with its donors, then there is need to co-opt them in decision making. Organizations should consult with donors closely. This can be done in terms of holding frequent consultative meetings and also consulting in case anything is unclear. Thus, NGO's dealing with HIV/AIDS related activities should co-opt donors in their decision making.

It is suggested that organizations should obtain membership to consortiums or participate in jointly funded projects. Consortiums provide organizations with a chance to increase their bargaining position. It also helps in creating networks where one learns about the opportunities that are available and the needs of each donor. Consortiums also help to create synergies. For sustainability of organizations, consortiums are recommended.

It is recommended that grants management should have representation in the top management team. This is because 56.6% of organizations that had the funds department represented in top decision making organ would survive without donor support for over four years. This contrasts with those organizations that do not have representation as none would survive beyond five years.

The researcher recommends that most NGO's should train their employees on fundraising. This will enable the organizations to last longer and carry out their programs even if donor funding stopped. There are various organizations that offer specialized trainings on fundraising efforts. Organizations should ensure that its entire senior staff is trained on both fundraising and lobbying. This will help to ensure that sufficient funds are available for project activities at all times.

5.4 Conclusion

The environment within which NGOs work is constantly changing. These changes can either be policy, political, economic, social and funding changes. The frequency of disruptions within the industry and the limited time available to react to the changes call for organizations to have operational readiness. NGOs need to be increasingly resilient and find ways to adapt to thrive within this environment. To do this, organizations need to be operationally efficient, collaborate more, increasing the capacity of their human resources or engaging in income generating activities.

The existing NGOs must embrace a culture that encourages making of measured risks, generating right ideas for funding, information and knowledge-sharing, creating lasting partnerships and learning from the past. NGOs shall need to develop their grantmaking and fundraising skills to be able to understand donor needs and speak in donor language. Additionally, setting up a mechanism of collecting donor intelligence provides additional resilience.

NGOs need to create and maintain meaningful relationships with private sector players. This allows sharing of knowledge and practices as well as being an avenue for joint fundraising efforts. NGOs also need to be open to the possibility of engaging in business enterprises. This shall convert the NGOs to social enterprises that not only deliver on their core mandate but also focus on value provision to its beneficiaries through commercial projects. The revenue received from such ventures, when combined with donor funds shall enable organizations to provide better services and ensure sustainability and a steady flow of funds to the organization.

5.5 Suggestions for Further Research

The researcher suggests that more research should be done to determine why even though a large part of organizations indicated that they have a good relationship with the donor, these organizations experienced cuts in funding the same way as those that did not have a good relationship with their donors. The importance of having a good relationship with donors cannot be over emphasized. It would thus be ideal if more insights can be provided on the interest area.

During the research, the researcher was unable to determine if the results are only applicable to NGO's that deal with HIV/AIDS or could be applied to organizations that deal with other communicable diseases like TB and Malaria. Research needs to be done to look at sustainability of all non-governmental organizations and not necessarily on those that deal with HIV/AIDS.

This research was not able to clearly identify the role that the government plays in ensuring continued operation of NGO's. This could be important as it is the primary role of the government to provide its citizens with affordable medical aid and the role of NGO's should be simply plugging in any gaps. However, in Kenya, the role of the government has been centered majorly to policies with actual implementation being left to non-governmental organizations.

REFERENCES

- Austin, J. (2000). "Strategic collaboration between nonprofits and business." *Nonprofit and Voluntary Sector Quarterly*. 29(1). 69-97.
- Baum, J.C., & Singh, J. (1996). "Dynamics of organizational responses to competition" *Social Forces* 74(4), 1261-1297.
- Berstein, S. (1991). *Managing contracted services in the nonprofit economy*. Philadelphia: Temple University Press.
- Chapman, A. (2009). *Strategy implementation and realization*. Oxford: Oxford University Press,
- Daft, R. (2009). *Management*. USA: South Western, Cengage Learning
- Donahue, J. (2009). *The privatization decision*. New York: Basic Books
- Grønbjerg, K. (2003). *Understanding nonprofit funding*. San Francisco: Jossey-Bass
- Kearns, K. (1994). "The strategic management of accountability in non-profit organizations: an analytic framework." *Public Administration Review*. Vol. 54(2). 185-192
- Kettl, D. (1993). *Sharing power: public governance and private markets*. Washington D.C: Brookings Institution.
- Kothari, C.R. (2003). *Research methodology; methods and techniques*. New Delhi: New Age Int Publishers.
- Marshall, S., & Andrew, H. (2004). *Handbook of organizational change and innovation*. New York: Oxford University Press

- Mugenda, O. M., & Mugenda, A. G. (2003). *Research methods, quantitative & qualitative approaches, African centre for technology studies*. Nairobi: ACTS press, pp 256.
- Rao Gupta G et al. (2008). *Structural approaches to HIV prevention*. Lancet.
- NACC and NASCOP (2012) The Kenya AIDS epidemic update 2012, Nairobi.
- Ostrower F. and Stone, M. (2005). "Governance: Research trends, Gaps, and Future Prospects." In W. W. Powell and R. Stenberg, ed., *The Nonprofit Sector Research Handbook 2nd Edition* New Haven: Yale University Press.
- Pearce, J. & Robinson, B. (1982). *Strategic management: formulation implementation, and control*(6th Edition) New York: McGraw Hill.
- Pearce, J and Robinson B. (2005). *Strategic management: formulation implementation, and control*(9th Edition) New York: McGraw Hill.
- Pearce, J and Robinson B.(2007). *Strategic Management: Formulation Implementation, and Control* (10th Edition) New York: McGraw Hill.
- Pfeffer, J. and Salancik, G. (2003), *The External Control of Organizations, a resource dependence Perspective*. Stanford California: Stanford University Press.
- Salamon, L. (2003). *The resilient sector: the state of nonprofit america*. New York: Brookings Institution.
- Sharpe M. (2006),*Organizational Behavior 3: Historical Origins, Theoretical Foundations, and the Future*, ME Sharpe Inc, New York.
- Sherri, L. (2009),*Research Methods and Statistics: A Critical Thinking Approach*: Ann Draus Publishing services. Wadsworth.

Thomposon, A., and Strickland, J. & Gamble, J. (2007). *Crafting and Executing Strategy:*

Texts and Redings (15th Edition) New York: Business Publication.

Thomposon, A., Strickland J and Gamble, J. (2008). *Crafting and Executing Strategy:*

texts Texts and Redings (16th Edition) New York: Business Publication.

UNAIDS (2008). *Report on the global AIDS epidemic*. Geneva: Joint United Nations

Programme on HIV/AIDS.

Walker, I. (2010) *Research methods and statistics* , Macmillan Publishers.

Weisbrod, A. (1997). “The Future of the Non-profit Sector: Its Entwining with Private

Enterprise and Government,” *Journal of Policy Analysis and Management*, Vol.16

(4): 541-555.

Wheelen, T. & Hunger, L. (2008). *Strategic management and Business Policy*

(11th edition) England: Prentice Hall.

Appendix 1: Questionnaire

Part A: General Information

Please fill the details in the space provided.

1. Name of respondent (Optional).....
2. Name of NGO.....
3. How long have you worked with your organization (years)?.....
4. How long has your NGO been in existence? (Please tick one)
 - a. Below 3 Years
 - b. 3-5 Years
 - c. 5-10 Years
 - d. Over 10 years
5. Has your organization experienced a cut in donor funds in the last 5 years? (Please tick one)
 - a. Yes (...)
 - b. No (.....)
6. Has your organization changed any program design due to shortage of funds? (Please tick one)
 - a. Yes
 - b. No
7. Would your organization shift focus to other program areas e.d devolution, TB or Malaria in case the level of funding for HIV/AIDS reduced? (Please tick one)
 - a. Yes
 - b. No

Part B: Strategic Management Practices

8. What is the total budget derived from donor funds? (Please tick one)
 - a. Below 20%
 - b. 20%-50%
 - c. 50% 1-85%
 - d. 86%-100%
9. How many donors do you work with? Please tick one.
 - a. Below 2
 - b. 3-5
 - c. Above 5
10. If donor funding was stopped, how long will your organization continue to be operational? (Please tick one)
 - a. Below one year
 - b. Between 2-3 years
 - c. Between 4-5 Years
 - d. Over 5 years
11. Does your organization have an established grants/fund management department?
 - a. Yes
 - b. No
12. If you answered yes to above, is the grants/funds management department have a representative in the top management team? Please tick one.
 - a. Yes
 - b. No
13. How do you rate the level of knowledge of employees on fundraising? Please tick one.
 - a. Excellent
 - b. Very good
 - c. Good
 - d. Fair
 - e. Poor

Part C: Alternative Funding

14. Are you in a strong bargaining position with your donors? Tick one

- a. Yes
- b. No

15. Do you co-opt donor and government employees and representatives in your organization structure?

- a. Yes
- b. No

16. Does your organization participate in income generating activities?

- a. Yes
- b. No

17. Would your organization consider merging with another in case donor funding reduced?

- a. Yes
- b. No

18. Is your organization a member of any consortium/association or participating in a jointly implemented project?

- a. Yes
- b. No

19. What other strategies do you think can be used to reduce dependence on donor funding?

- a.
- b.
- c.

Appendix 2: List of NGO's

1. Youth Fighting Aids in Kenya
2. Community Action for Rural Development
3. Blue Cross Nyatike Community Development Programme
4. Empowerment and Participatory Development Agency (EPADA)
5. Nucleus Children's Trust
6. Rural Education and Economic Enhancement Program (REEP)
7. Rural AIDS Prevention and Development Organization (RAPADO)
8. Family Life Education Programme (FLEP)
9. Health Education Africa Resource Team (HEART)
10. Action in Community Environment (ACE) in Africa
11. Kenya AIDS NGOs Consortium (KANCO)
12. Akukurunut Development Trust (ADT)
13. Kenya Red Cross Society
14. Children's Legal Action Network (CLAN)
15. Western Education Advocacy and Empowerment Program (WEAEP)
16. Support for Addictions, Prevention and Treatment in Africa (SAPTA)
17. Community Research in Environment and Development Initiatives (CREADIS)
18. Action in Community Environment (ACE) in Africa
19. Family Health Options Kenya (FHOK)
20. National Organization of Peer Educators (NOPE)
21. I Choose Life (ICL)
22. African Development & Emergency Org (ADEO)
23. Centre for the Study of Adolescence (CSA)
24. Mildmay International Kenya

25. EC Associates (Empowering Communications)
26. Family Health Options Kenya (FHOK)
27. Association of Social Entrepreneurs in Vihiga (ASEVI)
28. Madiany Orphans and Vulnerable Children
29. Namubuya Model Child Care and Support Program
30. Kuria District Disability Network (KDDN)

Appendix 3: List of Tables

Table 1: Length of service and number of donors.

Table 2: NGOs experiencing cuts in donor funds.

Table 3: Organizations that received a cut in donor funding versus change in program design due to shortages of funds.

Table 4: Symmetry measures for the organizations that received a cut in donor funding versus change in program design due to shortages of funds.

Table 5: Total budget derived from donor's funds

Table 6: Organizations with established fund/grants management department.

Table 7: Cross-tabulations of established grants/funds management department against representatives in the top management team in the grants/funds management.

Table 8: Chi-Square Tests of established grants/funds management department against representatives in the top management team in the grants/funds management.

Table 9: Cross-tabulation on representation in the top management team in the grants/funds management and duration of time organization will operate without donor support.

Table 10: Rating of the level of knowledge employees on fundraising.

Table 11: Cross tabulation: Level of knowledge of employees on fundraising and the duration the organization would operate without donor support.

Table 12: Cross tabulation: Relationship between organization which had a cut donor support in the last 5 years and strength of bargaining position with donors.

Table 13: Co-opt donor and government employees & representatives in org. structure.

Table 14: Tabulation on co-opt donor and government employees and representatives in the organization structure and strength of bargaining position with donors.

Table 15: Tabulation on co-opt donor and government employees and representatives in the organization structure and organizations which had reduced donor support last 5yrs.

Table 16: Organizations participating in income generating activities.

Table 17: Length of operation after reduction of donor funds.

Table 18: Organizations that could merge if donor funds reduced.

Table 19: Number of NGOs in in any consortium/ association or participating in a jointly implemented project

Table 20: Cross-tabulation on organizations who are members of a consortium and the length of time they would be operational in case donor funding stopped.