

**STRATEGIC MANAGEMENT PRACTICES AND PERFORMANCE OF  
AGRICULTURAL NON – GOVERNMENTAL ORGANISATIONS (NGOs) IN  
NAIROBI, KENYA**

**KIHARA LEAH WANJIKU**

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## **DECLARATION**

This research project is my original work and has not been presented to any other university or institution.

Signature .....

Date.....

**KIHARA LEAH WANJIKU**

This research project has been submitted for examination with my approval as university supervisor:

Signature .....

Date.....

**PROF. MARTIN OGUTU**

**SCHOOL OF BUSINESS**

**UNIVERSITY OF NAIROBI**

## **DEDICATION**

This research project is dedicated to God and my family with love.

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## ABBREVIATIONS

<b>ACF</b>	Action Contre La Faim
<b>AFSTA</b>	African Seed Trade Association
<b>AGRA</b>	Alliance for a Green Revolution in Africa
<b>CIAT</b>	International Centre for Tropical Agriculture
<b>CIMMYT</b>	International Maize and Wheat Improvement Centre
<b>CIRAD</b>	Agricultural Research Development Centre
<b>COOPI</b>	Cooperation Internationale
<b>FAO</b>	Food and Agricultural Organization
<b>FSNWG</b>	Food Security and Nutrition Working Group
<b>GDP</b>	Gross Domestic Product
<b>GOK</b>	Government of Kenya
<b>IGAD</b>	Inter-governmental Authority on Development
<b>ILRI</b>	International centre on Livestock Research
<b>KAMADEP</b>	Kazi Mashambani Development Programme
<b>MDGs</b>	Millennium Development Goals
<b>NGO</b>	Non-governmental organization
<b>SM</b>	Strategic Management
<b>SMART</b>	Specific, Measurable, Achievable, Realistic, and Time-bound
<b>SPSS</b>	Statistical Package on social sciences
<b>UN</b>	United Nations
<b>USD</b>	United State Dollars

## ABSTRACT

The need for sophisticated Strategic Management (SM) practices by Non-Governmental Organizations (NGOs) is unavoidable attributed limited resources and scrutiny by the host government and donors. Therefore, this study sought to investigate SM practices and performance of agricultural NGOs in Nairobi, Kenya with specific objectives of determining the SM practices adopted by NGOs, challenges faced by the NGOs in applying the SM practices and the relationship between the SM practices on the performance of the NGOs. To complete these objectives, the study took on a descriptive research design that is attributed to its broad application in planning, monitoring, and evaluating policies to gather data from fifteen (15) agricultural NGOs operating from Nairobi, Kenya. Open and close-ended questionnaires were used to collect primary data. The analysis of the quantitative data was limited to descriptive statistics using statistical package for social science (SPSS) and Microsoft Excel package for presentation of the data in charts and figures. Qualitative data was presented through narration. It was established that over 60 % of the NGOs had established strategic plan. The objectives and the mission statements were to great extent likely to be practiced with mean values of over 3.5 on a 1-5 point likert scale. The NGOs faced challenges of inadequate personnel and elaborate communication system to little extend on a 1-5 point likert scale. The results indicated a significant and progressive relationship between the SM practices and performance of the NGOs alluded from Pearson Correlation Coefficient with P values of  $< 0.01$  at 99 % confidence interval. This contributed to better understanding of SM practices by policy makers and host government for SM improvement as well as streamlining the NGOs activities for increased funding and accountability.

**Key words:** NGOs, Strategic Management (SM), monitoring, donors, policies

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Intense competition faces the current global market, which implies that the organizations that are prepared to face the competition are to great extent expected to survive than the least prepared. Strategic management is one of the methods that many organizations employ to ensure their survival amidst of increased competition. Johnson and Scholes (2002) describe strategic management as a tool that enables managers to have blueprint of the organization above the long-term goals thereby achieving advantages for the organization through reconfiguration of its resources amidst a turbulent environment. Therefore, the NGOs are required to strategically position themselves in the changing and turbulent market environment by developing and adopting superior SM practices (Bryson, 1995).

Several theories have been postulated to relate strategic management practices and performance of agricultural NGOs including; contingency theory, resource-based view, and institution theory. To begin with, the contingency theory proposes that the effectiveness of a given strategy is factor- dependent. Unquestionably, strategies can either be right or wrong based on the situation, environment factors and other marketing forces, which form the criteria for the evaluation of the NGOs (Cole & Kelly 2011). Secondly, resource based view postulates that despite how good a strategy can be; an organization must deploy resources to implement it (Bowman & Ambrosin, 2003). For survival of a given organization, it requires resources that are dependent upon its environment.

Lastly, the institution theory places institutions in the same class as social institutions including families and political systems (Jary & Jary, 1991). This theory postulates that several autonomous factors outside productive efficiency determine the success of a given NGO and include efficient control of resource and productive activities (Meyer & Rowan, 1997). This study is necessary attributed to non-profit making organizations being faced with an increasingly competitive environment making adoption strategic management practices unescapable.

Besides, there is increased demand for accountability of their resources from donors and host governments owing to increase in numbers of NGOs, size and shift of their activities from focusing on voluntary financial and human resource to becoming key players in the progression of nation's Gross Domestic Product (GDP). Moreover, the growth in the number of NGOs has been coupled by decrease in resources from the donor community creating a turbulent and ever changing environment that has led to their adoption of strategic management practices (Johnson & Scholes, 2002).

### **1.1.1 Strategic management**

Strategic Management is the process of defining the reason why a given organisation exists, and developing plans and actions to achieve its purpose for existence or rather vision. Strategic management therefore comprise of set of processes (Ansoff & McDonnell, 1990). It includes a myriad of decisions and actions that the managers in a given organization formulate in a bid to survive in the changing and turbulent environment in which the organizations operate. SM is a continuous process, which involves evaluation of organizational internal and external environment for gaining

in-depth knowledge of its competitors to create competitive edge, continuous strategic improvement, or change and for monitoring and evaluation purposes.

Strategic Management practices define reason for existence of a given organization and the plans it intends to do to achieve its stated purpose (Wheelen & Hunger, 1995). SM practices involve planning, formulating, implementing and evaluating the strategic decisions that bring into line the organization and its environment for the purpose of achievement of its set goals. Strategic management practices provide overall direction to the organisation. The effective and sustainable implement of the strategic management practices is dependent on various stakeholders who are developing sm practices based in line with the environmental concerns and values they uphold for their survival.

### **1.1.2 Organizational performance**

Organization concept is a controlled relationship between the production factors and monetary resources with aim of promoting the organizational vision, mission and core values (Carton, 2004). The goal behind organization is value creation that is essential for the overall performance of any given organization. Organizational performance is therefore a term that can define three senses of past, present, and future.

The bottom-line of a given organization may not necessarily be the only factors to evaluate its ultimate performance but also other factors including satisfaction, efficiency, and organizational reach. In business, financial indicators include profits, assets' returns, investments' return, and overall sales whereas non-financial indicators include enhanced customer service and turnover of the employees. Organizational

performance could therefore be defined as the degree of standard indicators that relate to organizational effectiveness and environmental sustainability.

Aldfer (2003) states that development of monitoring systems and evaluation scorecards aid in assessing the performance of a given organization. This performance is based on three dimensions of financial performance, market performance, and shareholder return (Wheelen *et al* , 1995). Similarly, the performance of a given NGO may be gauged from aspects of fund raising efficiency, revenue growth, and expenditure efficiency. Aspect of fundraising efficiency is calculated from the excess from operations subtracted from donations, divided by total donations. The financial performance of the NGO is measured by the revenue growth and is determined by capability of the strategic leadership to attract the required funds for organizational stability and program efficiency. It also analyses the proportion of expenditure for charitable deeds and program expenses as a percentage of the total expenditure.

Lastly, the expenditure efficiency is determined by the percentage of administrative expenses over the total expenditure. Given that GOs' work is majorly bases on not to profit terms, it is critical to adopt superior SM practices to enhance their performance. The absence of quantitative and qualitative evaluation measures poses a great challenge to strategic decision-making process. Pirtea *et al* (2009) state that strategic management practices deal with management of the whole organization with aim of creating a perceived future, which create a important relationship between SM practices and organizational performance management. Strategic management practices are majorly based on setting, achieving goals at employee level, identifying the barriers to the goals and fixing the identified barriers. Strategic management practices researches are thus

based on understanding performance differential between firms that assist a given organization to achieve its vision, mission, and core values.

### **1.1.3 NGOs in Kenya**

NGO is defined as a voluntary organization or individual groups that are independent and not-for-profit generation. NGOs' activities are voluntary in nature for boosting socio-economic and cultural importance of groups at national and international levels and advocating public interest of groups and organizations. The NGO act of 1990 excludes unions for trade, clubs for social activities and entertainment, religious organizations, political parties, and private companies from being defines as NGOs.

The NGOs sector in Kenya is extensive with the country hosting to approximately 5,929 registered NGOs based on the official registration records with the NGO Coordination Board in 2015 (NGO coordination board, 2005). The NGO co-ordination board was established in 1992 with aim of streamlining and coordination of the NGOs activities. With the turbulent environment, some of these registered NGOs have become non-functional owing to overdependence of donor money that has turned to be limited. The NGOs activities are based on the United Nations Organization (UN) Millennium Development Goals (MDGs) in attempt to eradicate poverty and include provision alleviation of poverty, provision of universal education, youth and women empowerment, improved health care and environmental sustainability.

### **1.1.4 Agricultural NGOs in Kenya**



The Agricultural NGOs in Kenya were established to address issues of food and nutrition security under Food Security and Nutrition Working Group (FSNWG), assisted by Inter-Governmental Authority on Development (IGAD) and Food and Agricultural Organization (FAO) of the United Nations (UN) (FAO, 2015). FSNWG group offers a forum to build consensus on critical issues facing policy and intervention during emergencies and serves the regional government, donor, and non-government agencies. FSNWG group currently has a membership of over eighty organization including IGAD, UN agencies, NGO's, donors, and research institution.

According to FAO (2015), these organizations exist to build capacity at county level, distribute seeds and tools to farmers, create resilience through their funding and technology transfer, advocate on policy issues, conduct civil education, research, and support establishment of research institutions. Besides the contribution of the Agricultural NGOs Agricultural growth, livelihood diversification and increasing food and feed production, they also have contributed to growth of Kenyan Domestic Product (GDP). For instance, in 2014, the Agricultural NGOs contributed to 14.5% of growth of Kenyan GDP in 2014 based on Kenya National Bureau of Statistics, KNBS report in 2015. Agricultural NGOs in Nairobi can be categorized based on their activities to include three division of research, training and emergency intervention, livestock, and value addition.

To begin with, Agricultural NGOs in the research division sectors include International Centre of Livestock Research (ILRI), International Potato Centre (CIP), and International Centre for Tropical Agriculture (CIAT), International Maize and Wheat Improvement Centre (CIMMYT), African Seed Trade Association (AFSTA), and

Agricultural Research Development Centre (CIRAD). Secondly, NGOs in training and emergency intervention division include Techno serve, Action Contre La Faim (ACF), Alliance for a Green Revolution in Africa (AGRA), Cooperation Internationale (COOPI), and Kazi Mashambani Development Programme (KAMADEP). Lastly, are the NGOs in livestock and value addition division that include Heifer International, Veterinaries Sans Frontieres (VSF), and Netherlands Development Organization (SNV). With the sector Agricultural sector forming economic pillar of Kenyan economy in which they account for 24% of Kenya's GDP, Agricultural NGOs activities are critical in ensuring food and nutrition security.

## **1.2 Statement of the Problem**

The increase in numbers and size of NGOs and shift of their activities from focusing on voluntary financial and human resource to becoming key players in the growth of country's GDP is coupled with great responsibility to ensure transparency, efficiency, and accountability of these funds to the donors, host governments, and the society. For instance, in the financial year 2011/12, the NGO sector contributed an estimated KES 81 billion annually to the Kenyan economy (GOK, 2013). Besides, the increase in the number of NGOs has been coupled by decrease in resources from the donor community creating a turbulent and ever changing environment giving example of Spain that reduce its grant for support of humanitarian aid from USD 612 million to less than USD 200 million in 2013 as reported in Agence France Presse (2012)..

Several researches have been studied on the subject of strategic management practices in various organizations. Alymkulova & Seipulnik (2005) focussed on the challenges facing NGOs in effectively implementing SM practices in Central Asia specifically in

Kazakhstan as financial sustainability of NGOs' activities. Abdelkarim (2002) also state that over 50% NGOs in Pakistan failed sustain funding in the second half of 1990's attributed to poor survival management practices. Mukanga (2011) did another study on sustainability strategies adopted by NGOs in Nairobi. More to that, Shamala (2013) study focused on strategic management practices and challenges of Compassion international funded project in Limuru- Kenya.

The findings and recommendations of the various researches are context- specific and applicable to the given organization. However, it a common phenomenon it the studies that donor funding do not progressively match the requirements to respond to the many disasters in the world, thus humanitarian organizations are keen to looking into strategies that ensure their survival and create competitive advantage through efficiency and quality of service delivery (Rawlings, 2010).

The level at which Agricultural NGOs in Nairobi County, Kenya, are adapting to environmental changes by embracing the use of strategic management practices has not been studied. The research will endeavour to answer the following questions: Do Agricultural NGOs in Nairobi County apply strategic management practices. Which strategic management practices do Agricultural NGOs in Nairobi County adopt? Does adoption of the SM practices relate to the performance of the agricultural NGOs in Nairobi, Kenya?

### **1.3 Objectives of the Study**

The general objective of the study was to establish the SM practices and performance of agricultural NGOs in Nairobi, Kenya.

The study was based on the following specific objectives

- i) To establish the strategic management practices adopted by Agricultural NGOs in Nairobi, Kenya
- ii) To determine the challenges faced by Agricultural NGOs in Nairobi County in applying the strategic management practices.
- iii) To study the relationship between SM practices and the agricultural NGOs' performance

### **1.4 Value of Study**

This study was of great significance to the Agricultural NGOs in Kenya by its immense contribution to better understanding of the strategic management practices applied by the Agricultural NGOs, the challenges in their implementation and their remedial measures. It gave critical insights for the better strategic positioning of the Agricultural NGOs for sustainable funding amidst of the changing and turbulent environment and decreasing donor-funding rate.

The study filled the informational gaps that exist on strategic management practices by NGOs and their performance in the changing and turbulent environment and open opportunity for additional research. Lastly, the recommendations of of this study informed policy makers and the governments on strategic improvements that were

necessary in the Agricultural sector geared towards improvement of their activities and creating a competitive edge. Agricultural NGOs will use the study as a foundation for strategy formulation in a bid to remain relevant to the donor society.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents a criticism of the theoretical, conceptual, and empirical literature towards development of the study's concept. It begins theoretical foundation of the study based on various theories including contingency theory, resource-based theory and institutional theory. This is followed by the concepts of strategic management and empirical literature on the SM practices, challenges in implementing strategy, organizational performance and a summary of literature review and knowledge gaps. This led to advancement of the knowledge on SM practices by the Agricultural NGOs and their performance.

#### **2.2 Theoretical foundation of the study**

Although the field of strategic management is relatively new, various theories have been postulated including contingency theory, resource-based theory and institutional theory to elaborate on strategic management practices and performance of NGOs. To begin with, Paul Lawrence and Jay Lorsch (1967) postulated contingency theory from the term contingency that is used to mean that something is dependent on events and circumstances. They examined ten firms in three diverse industries, plastics, food, and containers with aim of determining whether their operation in different environments of the three industries would correspond to the variations in their internal structures. The theory postulates that there is no paramount way for organizing, leading, and decision making in a given organization. It elaborates that the effectiveness of a given organization strategy is autonomous thus there are absolutely no right or wrong SM practices (Cole & Kelly, 2011).

The success or failure of a strategy is evaluated relative to the institution, the circumstance, or the other factors, which are external or exist within a given organization. The finding of their research were complemented by Toms Burns and Stalker (1971) by examining internal structure and management styles employed in four manufacturing firms for rayon, electrical switch gears, radio-tv and electronic development firms. The researchers concluded that there was a significant variation in management styles and structures that led created difference between organic and mechanistic organization. Contingency theory gives a platform for an analysis of organization that takes organizations and their numerous subsystems as adaptive bodies in relation to their environment. The theory is limited in that it excessively emphasizes on the capability of the environment to determine the internal structure and fate of organizations

Secondly, Birge Wenefeldt (1984) postulated that organization possess inimitable bundle of resources, which could be either tangible or intangible different and form distinctions in various organizations.. For survival of a given NGO, it requires resources. This means that organizations are dependent on the environment to acquire the resources. The resources are characterized by being rare, valuable, non-substitutable, and imperfectly imitable (Bowman & Ambrosin, 2003). Because the organizations have no control over resources they need, acquiring the resources tends to be challenging and undefined. This implies that the resource controllers including donors may be depended upon especially in times of scarcity of the resources.

Therefore, there must be inter-organizational transactions for resource acquisition, and their superiority over others is determined by their resource control. The ability of an organization to cope with the changing environment determines its survival and is determined by its ability to negotiate resource exchange for survival amidst of turbulent environment. This theory forms a basis for analysing organizational assets, skills, capabilities, and intangible assets of a given NGO.

Differences in performance of NGOs are primarily because of resource heterogeneity across organizations (Bowman & Ambrosin,2003). NGOs, which are able to accumulate more resources and capabilities, have competitive advantage over others (Barney, 2002). The competency in resource acquisition and utilization create the organizational competitive advantage over others(Pearce et al. 2007). Concerning this theory, it is obvious that the organizational resources are necessary for implementation of a given strategy. This is attributed to the fact that in spite of how good strategies an NGO has, the implementation of the strategies is dependent on accumulation of its resources. Better-resourced NGOs have better implementation strategies than the inferior ones. Pearce *et al.*, (2007) on the resource-based theory state that the capability of an NGO to survive amidst of the turbulent environment is based on its superiority in attaining its set objectives amidst a turbulent and changing environment.

The resource-based theory focusses of exploitation strategies for the organizational resources that a dependent on the ability of their managers to develop new strategies and capabilities for the resource acquisition (Bowman& Ambrosin,2003). This theory is limited because of too much emphasis on the ability of the task environment (customers, suppliers, competitors, and regulatory groups) to determine the internal



structure and fate of organizational without emphasis on the resources, which forms basis for the resourced-based theory.

Lastly, the institution theory, which relates to contingency theory forms a basis for evaluation of extend of adoption and implementation of organizational SM practices(Bjorkman *et al.*, 2007). Institutional theory relates organizations to social institutions including family and political systems (Jary & Jary, 1991). The success of a given NGO is autonomous to efficient coordination and control of productive activities. Irrespective of their efficiency in production, organizations with developed institutional cultures are better placed to succeed in a given environment, hence gain legitimacy, and acquire resources needed for their survival (Meyer & Rowan, 1977).

The theory argues that organizations develop an attachment to a particular practise, routine, or rather conception that does not necessarily represent the best means to achieve its specified objectives. The theory is limited in that it is difficult to place the theory in a single organizational approach including the environment because institutional analysis employs a wide variety of disciplines. Besides, the theory is limited the relative negligence of the human factor as an active agent possessing interest and intentions. The human actors are the ultimate carriers of regularized patterns of behaviour, routines, traditions, values and support institutionalizes patterns of behaviour and interests that are critical strategic implementation (Wheelen & Hunger, 1995).

### **2.3 Strategic management practices**

Thompson and Strickland (2003) define strategic management as continuing, never-ending process, not a start-stop event that once done, can be safely put aside for a sometime. Any new developments with a given organization require strategic change, which form the main responsibility of managers. Consequently, strategic management practices are seen as asset of processes that aid in addressing the main issues of concern that may arise within a given organization. Strategic management practices determine the success of a given organization within a given environment. They comprise of four elementary components of environmental scanning, strategy formulation, strategy implementation and, strategy evaluation and control (Wheeler &Hunger 2008).

To begin with, environmental scanning elaborates that the operational environment of the various organizations is comprised of broad spectrum of political, economic, sociological, technological, and legal factors (Thompson and Strickland, 2003). With increased globalization, liberation, and technological advancements, organizations are faced by myriad of challenges thus have to adopt superior SM practices to remain relevant in the changing and turbulent environment (Moreno *et al.*, 2005).

The understanding of the environment in which the organizations operate develops a better understanding of their performance as postulated by Pfeffer and Salancik (1978) in the resource dependent theory. Organizations have to depend on each other for resource exchange including financial, physical, cultural, and informational resources. Aosa (1992) indicated that the organizational environment relates to the importance of culture in strategic implementation as postulated in the contingency theory.

Environmental scanning helps in identifying strategic factors that determine the future success of the organization and involves monitoring, evaluating and dissemination of information regarding the internal and external environment to the key actors in the organization (Wheelen and Hunger, 2008). This helps in identifying if there is need for development of new strategies or not. It helps in understanding the strategic position of a given organization relative to the changing and turbulent environment, which is essential in understanding the organizational resources, competencies, stakeholders' influence and their expectations (Johnson & Scholes, 1999).

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Second aspect of strategic management practices involves strategy formulation. This involves strategic conception that defines the actual task, purpose for existence of the organization and the dynamics involved in attaining a given strategy. Pearce and Robinson, (1991) elaborate strategic management as process of formulating and implementing a strategy in line with a stated objective or rather a given purpose bring it into line with the operational environment. It is at this level that an organization defines and maps way into the future.

Those organizations that are able to scan the environment and align their processes with the changing environment always maintain sustainable competitive advantage over the others. The step of strategy development is very important to all whether public, profit making or non-profit making organizations. This therefore calls for high sense of professionalism and calls for visionary leaders who would ensure clarity and perfect understanding among all staff especially those involved in the implementation. This relates to the institutional theory that postulates that organizations develop an

attachment to a particular practise, routine, or rather conception that does not necessarily represent the best means to achieve its specified objectives.

Thirdly, the other aspect of strategic management practices is strategy implementation. Implementation of a given strategy is as good as the strategy itself. Thompson and Strickland (1992) postulate that a good management is determined by its ability to implement a good strategy in a superior way. Various researchers have not come to consensus on the extent to which a given SM practice may be termed successful but there remains clarity in that SM practices that are not implements translate to poor results (Johnson & Scholes, 2004).

Mintzberg (2004) postulate that implementation of a given strategic plan is dependent of the capacity development of various stakeholders as human actors develop regularized patterns and behaviours that ultimately determine the success of a given strategy. Implementation of strategy is in many organizations especially the non-profit ones, the hardest thing to do. Mostly, the strategic management personnel involved in the formulation of strategy are not necessarily the ones who implement. The formulators of strategies, sometimes are too far from implementers, or are too busy to guide the implementation. This therefore leads to a state of confusion in the whole organization and when not checked, it results into a number of organizations missing their core vision and mission, which automatically renders them irrelevant in the industry.

Lastly, the other aspect of strategic management practices is strategy monitoring, evaluation, and control. This involves determination of the output of a given strategy based on stated output factors (Coulter, 2005). It involves the detections of various

shortcomings or rather challenges that may arise with the implementation of a given strategy (Pearce and Robinson, 2005). Therefore, it is a critical process for evaluating the SM practices adopted in relation to the output and if need to change or improve for a desired output.

Strategic evaluation is critical for understanding the strength or weakness of a given strategy and if need for modification or change (Bryson, 1995). This includes, assessing whether deadlines were met, what were the implementation steps, did the process work correctly or not, and the desired results were achieved or not. This helps in identifying and flaws within a given strategy for modification or reformulation (Johnson and Scholes, 2002). Continuous evaluation and responding to internal and external environmental changes gives strategic management relevance in the current and future competitive business environment.

#### **2.4 Challenges of implementing strategy**

The contingency theory postulates that there is no paramount way to plan, organize, lead or make a decision for a given organization that creates complexity than it may appear from the beginning. This calls for continuous monitoring and evaluation and where given strategy fails, modification has to be done, which means that old rules do not apply (Mintzberg *et al.* 2003). Ansoff and McDonnell (1990) noted that since the advent of systematic management of strategy, attention was focused on two aspects: strategy formulation and strategic planning. However, the two aspects were developed on basic assumptions, which were disapproved by the ensuing practical experience. However, the two aspects were developed on basic assumptions, which were disapproved by the ensuing practical experience.

In implementing a strategy, the human actors play a key role and may be main cause of problems that may arise with the implementation (Burnes, 2009). In spite of the commitment of the top-most senior executives, implementation may be a challenge if the other stakeholders are not fully engaged as the human actors carry regularized behaviours and patterns that are a key for strategic implementation. Consequently, the following is imminent:

#### **2.4.1 Uncertainty issue**

Strategic changes mostly occur over significant periods and give rise to considerable differences in the way an organization operates. The strategic implementation process creates great uncertainty attributed to social and political activities of individuals and groups as they try cope with the new changes (Johnson and Scholes, 2002). The change of organizational culture is a complex phenomenon as the beliefs and practices become embedded within an organization that poses further uncertainty (Kotter & Heskett, 1992).

The organizational culture is an important contributor to the success or failure of a given strategy as argued by Thompson and Strickland (2003). Strong organizational culture becomes a valuable asset in implementing a given strategy when it is in line with the organizational culture. However, strong organizational culture may also be an impediment towards strategic implementation in cases whereby the organizational culture conflicts with a given strategic plan. This poses greater uncertainty in implementation of a given strategic plan.

### **2.4.2 Strategic drift**

The ever-increasing environmental turbulence appears to be currently showing signs of discontinuity. The historic and cultural influences determine the implementation of a given strategic plan but become obsolete with the changing and turbulent environment. This is strategic drift (Johnson, 1988). In the circumstances, the strategies of the organization tend to become less aligned to the changing environment over time. Consequently, implementation of a given strategy will not lead to careful, logical, and adaptive strategy formulation to keep in line with environmental changes. Strategic management practices are often linked to leadership thus bad or good leadership has a negative or positive influence to the organization respectively (Kotler, 2011). Stodgill, (1950) defines leadership as the process of influencing an organization in its effort towards archiving an aim or goal.

Good managers may also be bad leaders. This may raise imbalance in priority between strategic and operating work. Strong leadership required to direct the strategy implementation process in any organization is not automatic. For successful implementation of a given strategy, inspiration of the employees is critical for the success of the strategy.

### **2.4.3 Resistance to change**

Resistance is as a complicated occurrence that results to unexpected delays, additional costs and instabilities in strategic process implementation (Ansoff &McDonnell (1990). Paton and McCalman (2008) stated that resistance manifests itself throughout the history of strategic implementation. In addition, Hill and Jones (2001) noted that the

challenge off resistance to change indicates the irrationality of a given organization and its refusal to reason logically and adopt new strategic changes.

McGregor (1960) added that resistance symbolizes a natural manifestation of varying rationalities of interactions amongst groups and individuals. Moreover, resistance can symbolize a systematic imbalance of strategic priorities to actual work that results to overload, delays and increased operational costs.

## **2.5 Organizational performance**

Organizational performance is a major concern for scholars, practitioners, and organizations of all kinds. In view of this, Ng'anga (2013) observed that strategic leadership and organizational performance represent two sides of the same coin. Strategic leadership is essential in enabling organizations to compete in the competitive 21<sup>st</sup> century, and then organizational performance is equally important. Further, Ng'anga (2013) noted that the major reason for the failure of efforts to achieve the firm's planned profitability and growth are that many firms do not recognize the strategic leadership capacity that new goals require.

In the discussion of the upper height, Hambrick and Mason (1984) stated that in understanding an organization's performance one should consider the characteristics and functioning of all the members but most importantly the top management team. Barney (2002) stated that organizational performance is a controlled relationship of productive assets that include human, physical, and monetary resources to produce a desired results. Further, Greiling (2007) observed that the line between performance reporting, performance measurement and performance management is blurred.



Organizational performance relates to efficiency and effectiveness of the organization. Understanding organizational goals and strategies are the first step towards understanding organizational performance and effectiveness.

Effectiveness is the extent to which an organization moves towards the accomplishment of its mission and realization of organizational objectives and goals. Indicators of effectiveness include clear mission, feedback system, the number of clients, knowledge generation and use, and collaboration. Organizational effectiveness is the measure of how successful organizations achieve their missions through core strategies. Efficiency measures the ability of the organization to deliver the best services within the most cost effective structure. Indicators include staff ability, financial resources, value for cost, cost benefit programs, cost per client, cost per program, and program completion rates. Efficiency describes the cost incurred per unit output, which establishes the relationship between the cost for production and costs output.

Relevance implies being able to remain meaningful within the dynamics of the changing environment. Indicators include continuous monitoring, regular revision of programs, regular reviews of the mission, and stakeholder needs assessment. Financial viability relates to the long-term survival of an organization. Indicators include affordable funding, positive cash flow, and financial surplus, new funding sources, more revenue than expenses and assets greater than liabilities.

According to Goodman and Dingli (2013), NGOs consider organizational efficiency that is measured by expenditure costs for NGOs' programs, administrative cost, fundraising costs, and efficiency in raising funds and organizational capacity measured in revenue, program expenses, and working capital ratio as measures for organizational

performance. Fundraising efficiency means assessing the basis of performance categories that is the proportion of donations left after subtracting the cost of getting them and the fraction of revenues spent on fundraising expenses and donor dependency, which is the operational surplus subtracted from donations, divided by donations. Not-for-profit organizations have a wide range of income sources (Epstein & Buhovac, 2009).

Moreover, the authors posit that financial performance measures the basis of revenue growth, which indicates the ability of the strategic leadership to attract the required funds to sustain the organization and program efficiency analyses the proportion of total expenses spent directly for the charitable purpose and program expenses divided by total expenses. Not-for-profit organizations need to grow their revenue to ensure sustainability of their products and services. Furthermore, the elaborate on expenditure efficiency that refers to finding out the administrative expenses divided by total expenses and percentage of revenues spent on administrative expenses

## **2.6 Strategic management practices and organizational performance**

The performance of a given organization is determined by the strategic management practices that it adopts. The key success factors of a given organization help in identifying superior strategies that lead to enhanced organizational performance. These success factors relate to the initiatives that enhance organizational success and include efficiency in fund raising and expenditure.

Besides, the initiatives that enhance superior performance of a given organization form superior strategies that are often termed to be proactive (Steiner *et al*; 1996). Poor performing organizations tend to react to the events in their environments thus their

performance is below average. Their organizational strategies tend to be inferior, less innovative and emphasize on risk evasion. Low performing organizations usually have poor strategies that are characterized by the limitations of successful industries. The activities that lead to low performing organizations usually do not align well with the changing and turbulent environment. These activities include reactions to events as opposed to taking actions (Steiner *et al*, 1996).

## **2.7 Summary of literature review and knowledge gaps**

The various studies on strategic management practices in Kenya focussing on different contexts including profit and not-to-profit sector indicate that organizations engage in SM practices to varying degrees Kangoro, (1998); Mitra (2001) Mugambi (2003) ; Njenga (2006) and Gitutha (2014). The studies were on SM practices in public sector in Kenya, SM practices in hotels and restaurants in Nairobi, SM practices of shipping companies in Kenya, SM practices at Mater hospital in Kenya and SM practices at Concern international respectively.

A similar study by Badebo (2006) on strategic management practices in health Non-Governmental Organizations (NGOs) in Southern Sudan found out that the NGOs also practiced strategic management, although at varying degrees. The studies established that in spite of the organizations having superior strategic plans, lack of commitment from the top management denied the benefits accrued from adoption of a better strategy. There exist informational gaps in the afore-mentioned studies to the fact that the underscore the fact that the environment in which organizations operates has become too dynamic, complex, and fluid. The only way to survive in such an environment is to

create a beneficial link between organizations and the environment, something, which is only possible through strategic management.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter elucidates on the research methodology that was used to achieve the objectives of this study. Research methodology is viewed as a systematic plan, which is adopted to provide objectivity, validity, accuracy, and economic metrics to the outlined research questions. This chapter contains the research design, study

population, data collection instruments, and analysis techniques that were used in the study.

### **3.2 Research design**

This study adopted descriptive survey design of agricultural NGOs operating in Nairobi, Kenya. This approach was most suitable for gathering descriptive information of the selected NGOs in Nairobi, Kenya because of its broad application in planning, monitoring, and evaluating policies (Dawson & Catherine, 2002). Besides, Cooper & Schindler (2004) and Mugenda & Mugenda (2003) recommends use of descriptive study to be more appropriate in covering the questions that do not require control over events including questions that ask who, what, where, when and how a phenomenon is, which was the main concern of this study. Moreover, the approach was quick and of low cost as compared to observation and experimental methods (Kumar & Ranjit, 2005).

### **3.3 Population of the study**

The study population comprised of 42 Agricultural NGOs with their operations based in Nairobi, Kenya as at July 2017. Mugenda and Mugenda (2003), proposes that a target population is that population which the researcher wants to take a broad view results. The target population for this study identified all the managers working in the Agricultural NGOs.

### **3.4 Sampling Design**

Sampling is defined as an organized process of selecting a number of individuals or objects for a study to represent the entire group (Kothari, (2004); Dawson & Catherine,

(2002). A non-probability sample of fifteen (15) Agricultural NGOs in Nairobi, Kenya was selected based on Kish (2005) who stated that 20-80% sample is sufficient for elements in the range of 30-200 that are normally distributed and Mugenda (2003) who suggested a sample size of at least 30%. Thi was obtained using the formulae below:

$$n = \frac{30\%}{100} * N$$

Where:

n =Sample size

N= Total number of the NGOs (Population)

$$n = 30\%/100 * 42 = 12.6$$

Thus n=15 represent 35% of sample size.

Several factors were considered while sampling including the population type, nature of operations, complexity, purpose, time constraints, presence, or absence of strategic management practices and previous studies in the field.

### **3.5 Data collection**

Primary data was collected using a combination of closed-ended and open-ended questionnaires. The closed-ended questions were more suitable as provided a variety of possible responses for the respondent to choose from, which makes them easy to code and analyse (Dawson & Catherine, 2002). Likert scale questions were also be included as their responses are easily quantifiable and easy to compute because they allow respondents to answer based on their degree of agreement making the answering processing to be easier. Secondary data was sourced from the NGOs' publications.

The questionnaires were comprised of three sections; section one on general information about the NGOs, section two on strategic management practices by the NGOs and in section three on NGOs performance. The researcher physically delivered the questionnaires to the various stakeholders in the NGOs upon an understanding that the NGOs were willing and comfortable to respond to the different sections of the questionnaires, and where not possible drop pick later strategy was employed. The respondents were various NGOs stakeholder in the management with over one year work experience, as they were be better placed to understand the NGOs' strategic management practices and its performance. The researcher provided clarification for the questions that were not understood well.

### **3.6 Data analysis**

The research study generated quantitative data that was analysed using statistical tools including Microsoft excel and statistical packages on social sciences (SPSS). Quantitative data analysis was more suitable for data analysis attributed to its suitability for well-designed and administered surveys (Denscombe, 2007). With the SPSS and Microsoft Excel statistical tools, the data collected were analysed using descriptive statistics functions that determined frequencies, percentages, measures of central tendency and standard deviations under the corresponding objectives. Microsoft Excel was used to present the data in tables. Ochieng' (2013) used a similar approach.





## CHAPTER FOUR

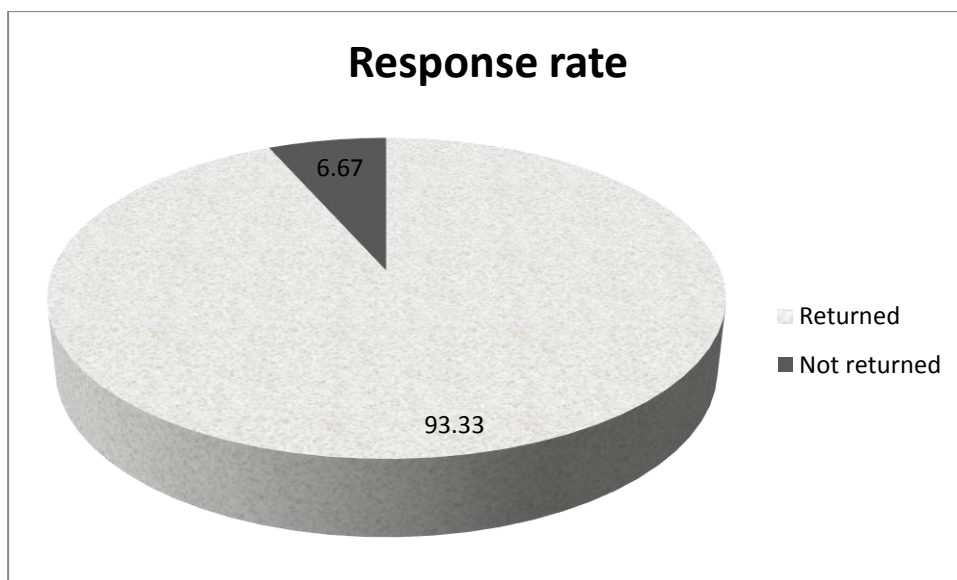
### DATA ANALYSIS, FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This chapter presents the data analysis, findings and discussions from the analysis of data collected using structured questionnaires. Tables, charts, and graphs have been used to represent the results from descriptive analysis using Statistical package for social Sciences (SPSS) and Microsoft excel tool for presentation.

#### 4.2 Response rate

This study targeted 15 agricultural NGOs in Nairobi Kenya for data collection with aim of investigating the SM practices and performance of agricultural NGOs in Nairobi, Kenya. From the study, 56 respondents out of 60 gave a response resulting to a response rate of over 90 % as shown in figure 1 below.



**Figure 4.1: Response rate**

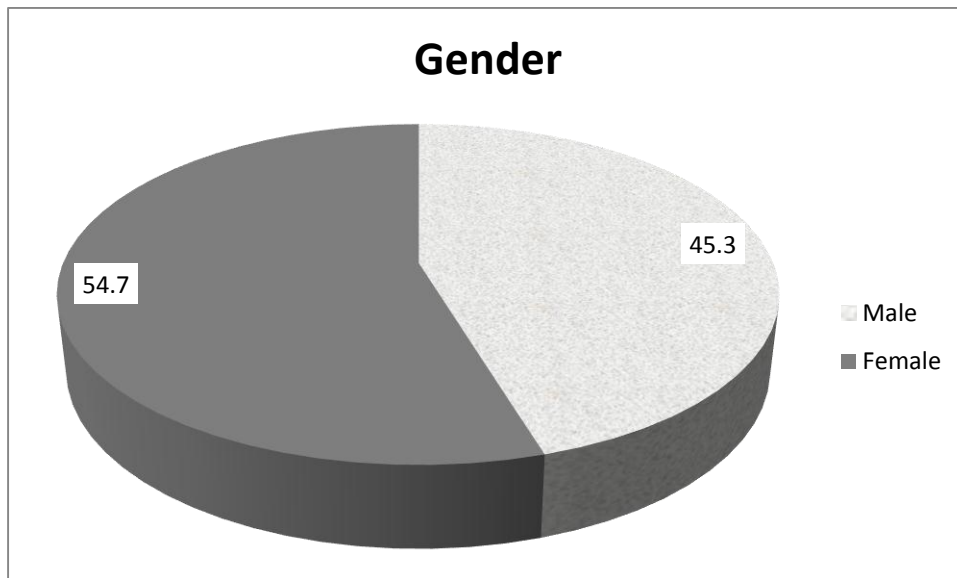
Mugenda & Mugenda (2003) recommended response rate of over 70 % to be excellent, thus further analysis of the data was allowed.

### 4.3 General information

This section presents general information of the respondents' NGOs that included their gender, years worked in the NGO, functional responsibility, and number of employees, presence, or absence of strategic management department and presence or absence of strategic management plan.

#### 4.3.1 Gender

The gender of the respondents is shown in figure 2 below. The findings indicated that over 50 % were female that implies to the evening out of the ratio of men to women in work force attributed to women taking great strides in education and participation growth of women in work force (Ziman, 2013).



**Figure 4. 2: Gender of the respondents**

#### 4.3.2 Functional responsibility

The respondents were asked to indicate their functional responsibility as shown in table 4.1 below Over 25 % of the respondents were in finance and administration thus had

adequate knowledge on strategic management practices in the NGOs. Over 15 % of the respondents had managed a project thus had adequate knowledge on strategic planning, implementation and evaluation of the projects. Over 20 % of the respondents were in human resource management thus, had sound knowledge on strategic management practices amongst the NGOs.

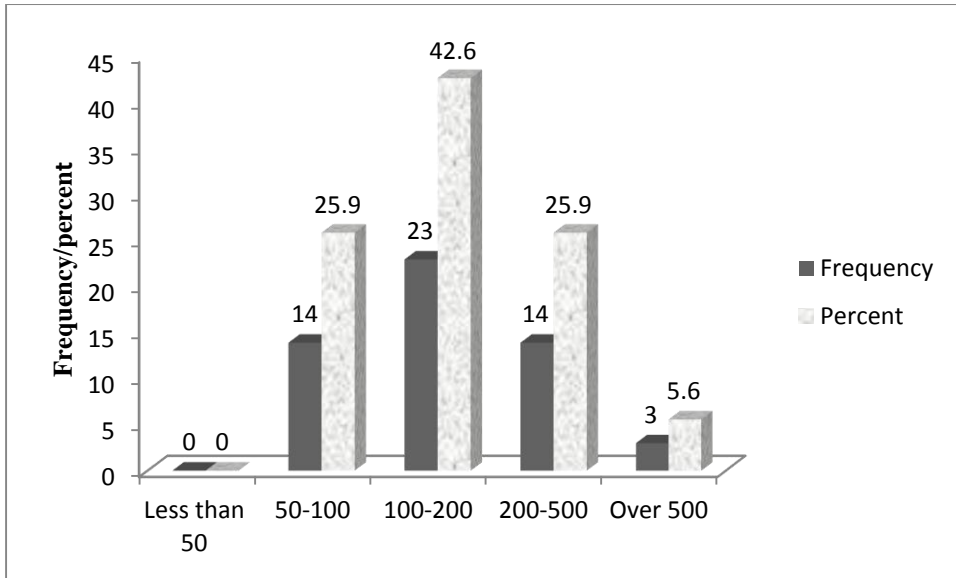
**Table 4. 1: Functional responsibility**

<b>Functional Responsibility</b>	<b>Frequency</b>	<b>Percentage</b>
Project manager	8	15.2
Finance manager	14	26.4
Administration manager	14	26.4
Human resource manager	12	22.6
Others	5	9.4

Source: Researcher, 2017

#### **4.3.3 Number of employees**

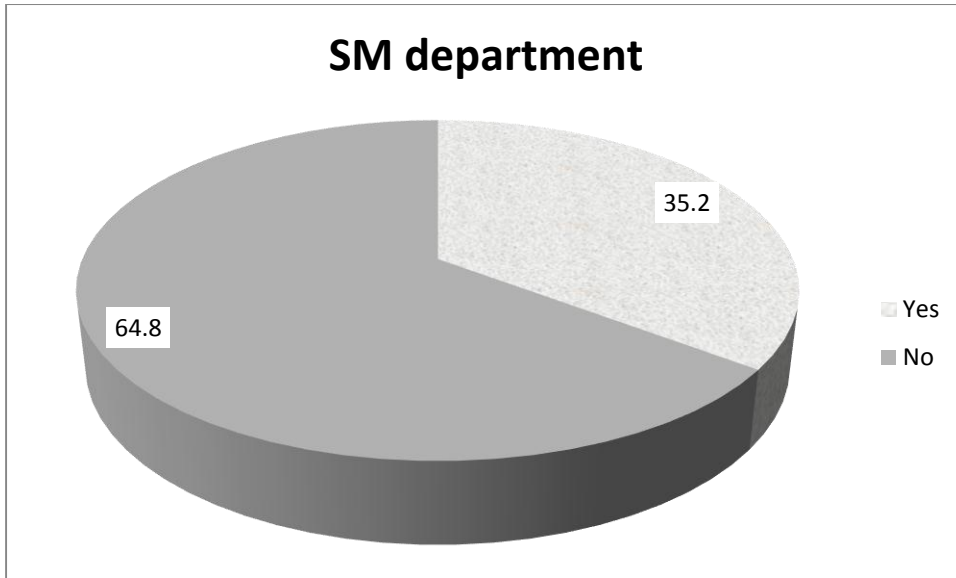
The respondents were asked about to point out the size of their staff compliment in the NGO. The findings are shown in figure 4.3 below. The findings indicated that over 40 % had employees in the range 100-200 that implied a minimal workforce attributed to NGOs operating in a turbulent environment. Less than 10 % of the NGOs had employee size of over 500. Employee is critical in implementation of a given strategy as human actors are regular carriers of regularized patterns of behaviour, routines, traditions, and values that are critical in support of the NGOs' strategic management practices.



**Figure 4. 3 : Number of employees**

#### **4.3.4 Presence or absence of strategic management department**

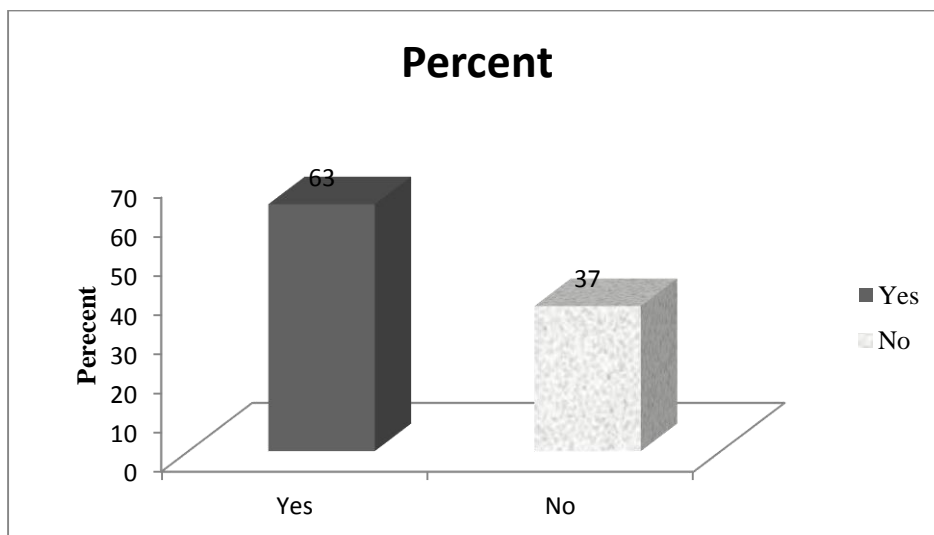
The respondents were asked if their NGO had a strategic management department. The findings are shown in figure 4.4 below. The findings indicated that over 60 % had no established strategic management department. This relates to the NGOs being faced with an increasingly competitive environment and some becoming obsolete attributed to increased demand for accountability of their resources from donors and host governments. Over 35 % of the NGOs established strategic management department that implied their ability to survive amidst of the turbulent and ever-changing external environment in which the NGOs operate.



**Figure 4.4: Presence of strategic management department**

#### 4.3.5 Strategic Management plan

The findings for the presence of strategic plan amongst the NGOs are shown in figure 4.4 below. The finding indicated that over 60 % had a strategic plan that implied their adoption of strategic management practices for survival amidst of the turbulent and ever changing environment.



**Figure 4.5. Presence of strategic plan**

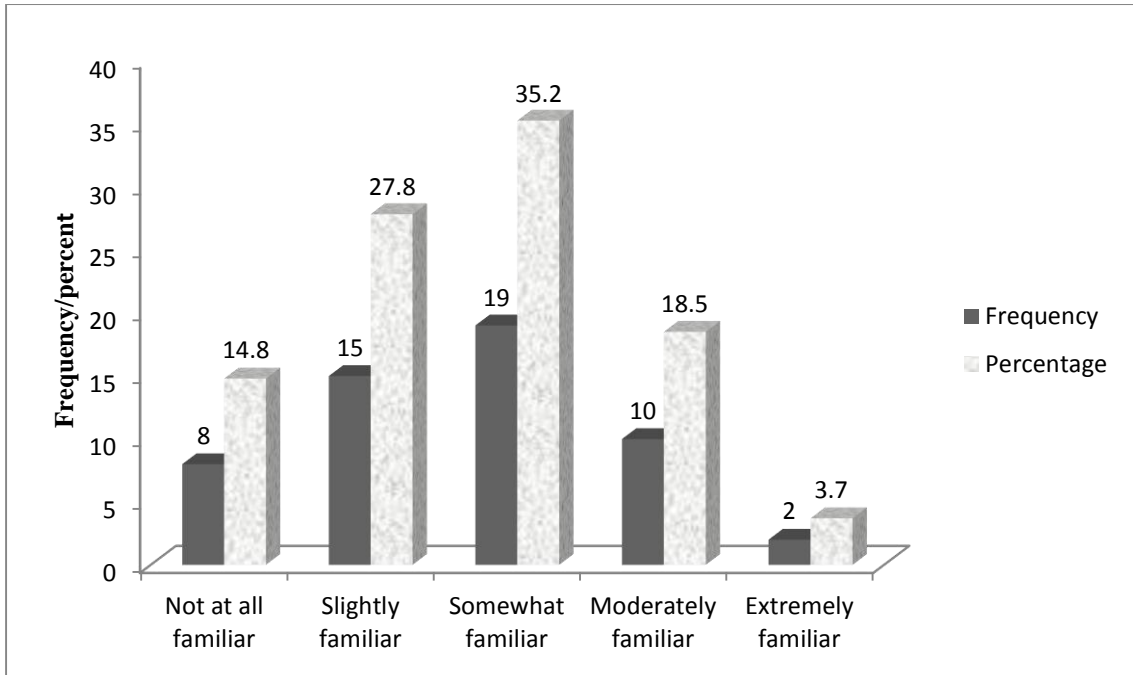
Moreover, the increased demand for NGOs' accountability for their resources from host government and donors made adoption of strategic management practices unescapable.

#### **4.4 Strategic Management Practices**

This section sought to establish strategic management practices among the NGOs. The respondents attested to the fact that they were somewhat familiar with strategic management practices. The study had a general objective of establishing strategic management practices and performance of the Agricultural NGOs in Kenya with first specific objective of establishing strategic management practices adopted by the NGOs. These are discussed in the various subsections

##### **4.4.1 Awareness of Strategic Management practices**

The respondents were asked if they were familiar with the strategic management practices amongst the NGOs. The results are shown in figure 4.5 below. The results indicated that over 35 % of the respondents were familiar with the strategic management practices in their NGOs that indicated the importance of strategic management practices for the survival of the NGOs. Less than 15 % were not at all familiar with the strategic management practices that delimited the study. Over 18% were moderately and extremely familiar with the management practices. Individual within an organization play a critical role in implementation of the strategic management practices at they carry regularized behaviours and patterns within the organization that create the organizational culture.



**Figure 4. 5: Familiarity with strategic management practices**

#### **4.4.2 Strategic management practices tasks**

The first objective sought to find out the SM practices adopted by Agricultural NGOs in Nairobi, Kenya. This objective was achieved by asking the respondents the extent to which they agreed with various tasks about strategic management practices. The results are presented in table 4.2 below. These tasks were described based on Thompson and Strickland’s (2003) illustration of SM process that include setting vision, mission, core values, situational analysis, objectives, strategies, action plan, strategic plan, strategy evaluation and control.

The results indicated that all the NGOs in the study had to little extend, moderate extend and great extend written down vision, mission, core values, situational analysis, objectives, strategies, action plan, strategic plan, strategy evaluation and control. The objectives and the mission statements were to great extend likely to be practices with mean values of over 3.5 on a 1-5 point likert scale.

**Table 4. 2 : Strategic management practices tasks**

<b>Aspect</b>	<b>Mean</b>	<b>Standard Error</b>
Vision	3.43	0.11
Mission	3.54	0.10
Core values	3.17	0.11
Situational analysis	2.83	0.10
Objectives	3.70	0.11
Strategies	3.13	0.14
Action plan	3.17	0.12
Strategic plan	3.46	0.13
Strategy evaluation and control	2.87	0.14

Source: Researcher, 2017

#### **4.5 Strategic management challenges**

The second objective sought to establish the challenges faced by Agricultural NGOs in Nairobi County in applying the strategic management practices. This was achieved by asking the respondents the extent of agreement to various statement concerning strategic planning, implementations, evaluation and control. These are discussed in the following subsections.

##### **4.5.1 Challenges in strategy planning**

The results for challenges linked to strategic planning factors are indicated in table 4.3 below. The results on a 1-5 point likert scale indicated that the NGOs on moderate to great extent with mean values of over 3.5 developed their strategies through a formal meeting, strategic planning increased the effectiveness of the NGO in meeting its objectives and strategic planning created a good fit between the external and internal



environment. The NGOs to little extend were likely to conduct random evaluation of planned strategy and allocate sufficient resources for strategic planning. Based on the resource- based theory, NGOs do not control the resources they need but depend on their controllers including donors that posed challenges in their strategic planning. Lack of enough resources and evaluation of planned strategies posed challenges in strategic planning.

**Table 4. 3 : Strategy planning**

Strategy Planning	Mean	Standard error
Strategies are developed through a formal meeting	3.70	0.11
Strategies are developed through a formal and informal meeting	2.87	0.12
The organization conducts random evaluation of the planned strategy.	2.24	0.11
The organization allocates sufficient resources for strategy planning.	2.39	0.10
Strategic planning increases the effectiveness of the organization in meeting its objectives.	3.67	0.11
Strategic planning creates a good fit between external and internal environment.	3.81	0.11
The organization has a dedicated strategy planning committee.	3.00	0.13

Source: Researcher, 2017

#### 4.5.2 Challenges in Strategy implementation

The respondents were asked the extent to which they agreed with various statements concerning strategy implementation and the results rated on a 1-5 point likert scale. The results for strategy implementation are shown in table 4.4 below. The results indicated that to little extent that the organization had elaborate communication system to enhance the success of strategy implementation and adequate umber of personnel were pooled to ensure strategy implementation is enhanced. This posed great challenges in implementation of the strategies, as personnel and communication are necessary in fostering the regularized behaviours and patterns of the NGOs. The NGOs were to moderate to great extent with mean value of over 3.5 likely to have strategy implementation aligned to the resources and capabilities of the organization and the NGOs having evaluation systems.

**Table 4. 4 : Strategy implementation**

Strategy Implementation	Mean	Standard error
The organization has strategy implementation plan	2.68	0.11
The organization has implementation timelines	2.87	0.11
The organization avails sufficient resources to meet strategy implementation.	2.69	0.11
The organization has capacity development for the employees and other stakeholders	2.61	0.12
The strategy implementation is aligned to the resources and capabilities of the organization.	3.56	0.09
There is an elaborate communication system to enhance the success of the strategy implementation.	2.33	0.12
Adequate numbers of personnel are pooled to ensure strategy implementation is enhanced.	2.31	0.11
The organization has evaluation systems	3.98	0.97

Source: Researcher, 2017

### 4.5.3 Challenges in Strategy evaluation and control

This sought to establish the extent of strategy evaluation and control practices amongst the NGOs. The respondents were asked the extent of their agreement to various statements concerning strategic evaluation and control based on Thompson and Strickland's (2003) illustration of SM practices. The results are presented in table 4.5 below.

**Table 4. 5 : Strategy evaluation and control**

<b>Strategy Evaluation and Control</b>	<b>Mean</b>	<b>Standard error</b>
The organization has developed processes and systems to review strategy performance.	3.91	0.11
The organization gathers environment information to guide the evaluation of strategies.	3.43	0.10
The organization has laid down policies to guide corrective measures during strategy formulation.	4.13	0.10
The firm has robust laid out control measures to guide conformity with the strategy.	3.67	0.12
Through strategy evaluation, the organization is able to map out the key threats to the performance of the firm.	3.22	0.10
The findings of the evaluation of the strategy form the basis for benchmarking future strategies.	3.63	0.10
Through better control mechanisms, resource utilization is enhanced within the organization.	2.76	0.14

Source: Researcher, 2017

The results indicated that to great extent with a mean value of 4.13 on a 1-5 point likert scale the NGOs had laid down policies to guide corrective measures during the strategy formulation. Besides to great extend with mean values  $> 3.5$  on a 1-5 point likert scale, the NGOs had developed processes and systems to review strategy performance, they has robust laid out control measures to guide conformity with the strategy and their finding of the evaluation of the strategy formed the basis for benchmarking future strategies.

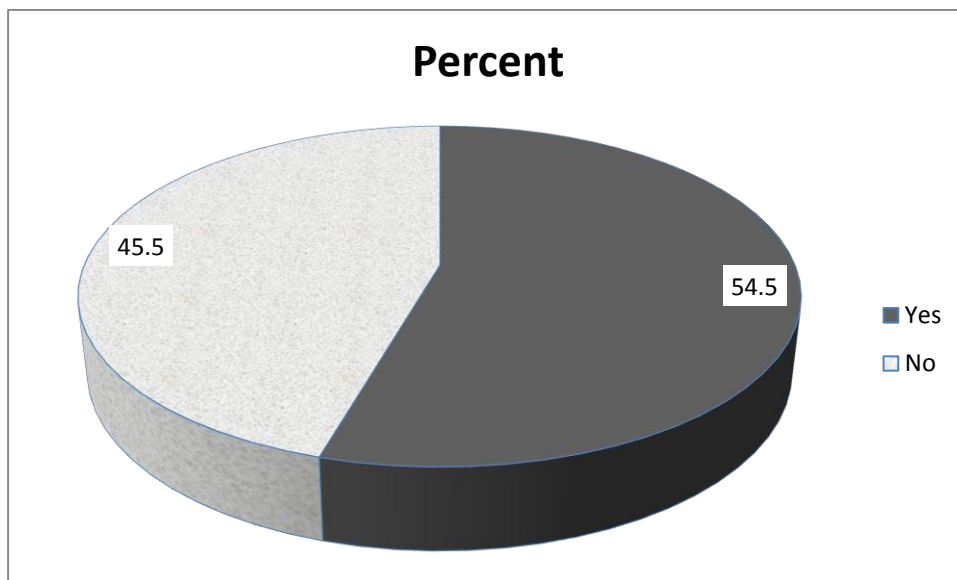
However to moderate extent with mean values of  $< 3.30$  on a 1-5 point likert scale, the NGOs through strategy evaluation were able to map out the key threats to their performance and through better control mechanisms, their resource utilization was enhanced. Pearce et al., (2007) on the resource-based theory by, NGOs that accumulate more resources have competitive advantage over others thus failure to have good control mechanisms and map out key threats posed great challenges to the NGOs in accumulating resources.

#### **4.6 Strategic Management Practices and Organizational Performance**

This section sought to establish the NGOs' performances based on their strategic management practices. The third objective of the study was to establish the relationship between strategic management practices and the performance of the agricultural NGOs, which was achieved by asking the respondents on their key performance indicators, the mode of communication of their performance indices, importance of the strategic management practices on the NGOs' performance and their rating on a performance scorecard. These are discussed in the various subsections.

#### 4.6.1 Key performance indicators

The respondents were asked if there were key performance indicators utilized by the NGO to track success of the strategic management process. The results are indicated in figure 4.6 below. Over 54 % of the respondents indicated that the NGOs had key performance indicators that included their fund raising efficiency, expenditure efficiency, ability to sustain funding, project output, effective communication and community development projects undertaken. Less than 46 % of the NGOs did not have well-stated key performance indicators that may be linked to the decrease in resources from the donor community creating a turbulent and ever changing environment (Johnson & Scholes, 2002).

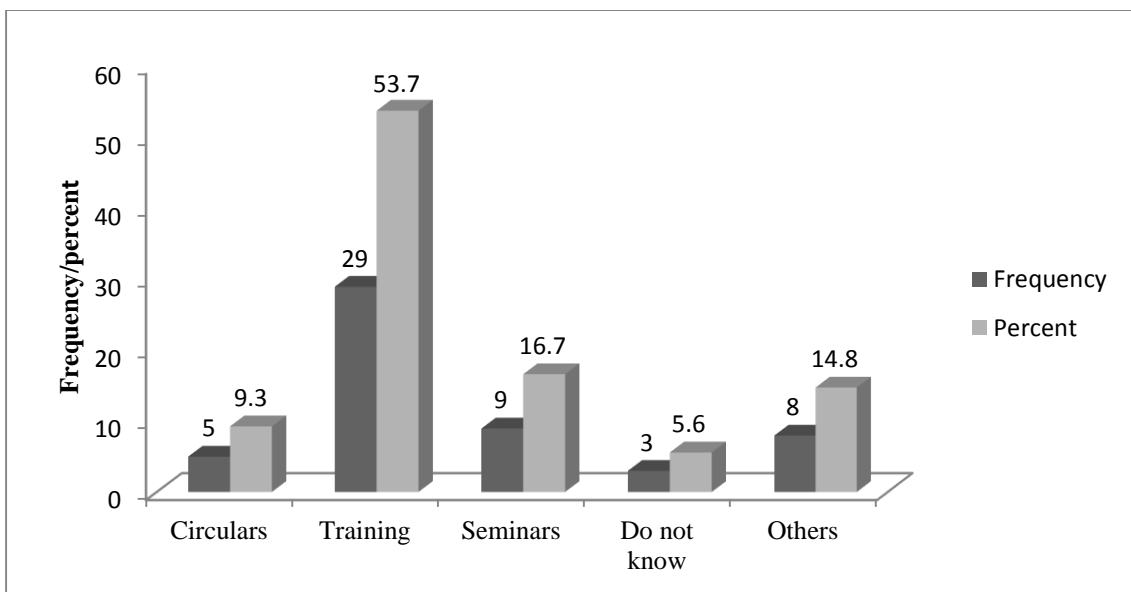


**Figure 4. 6 : Presence or absence of Key performance indicators**

#### 4.6.2 Communication of performance indices

The respondents were asked how the NGOs communicated their performance indices to their staff. The results are shown in figure 4.7 below. Over 52 % of the NGOs communicated their strategic performance indices to their staff via training, which are critical processes in capacity building. According to the institutional theory, human

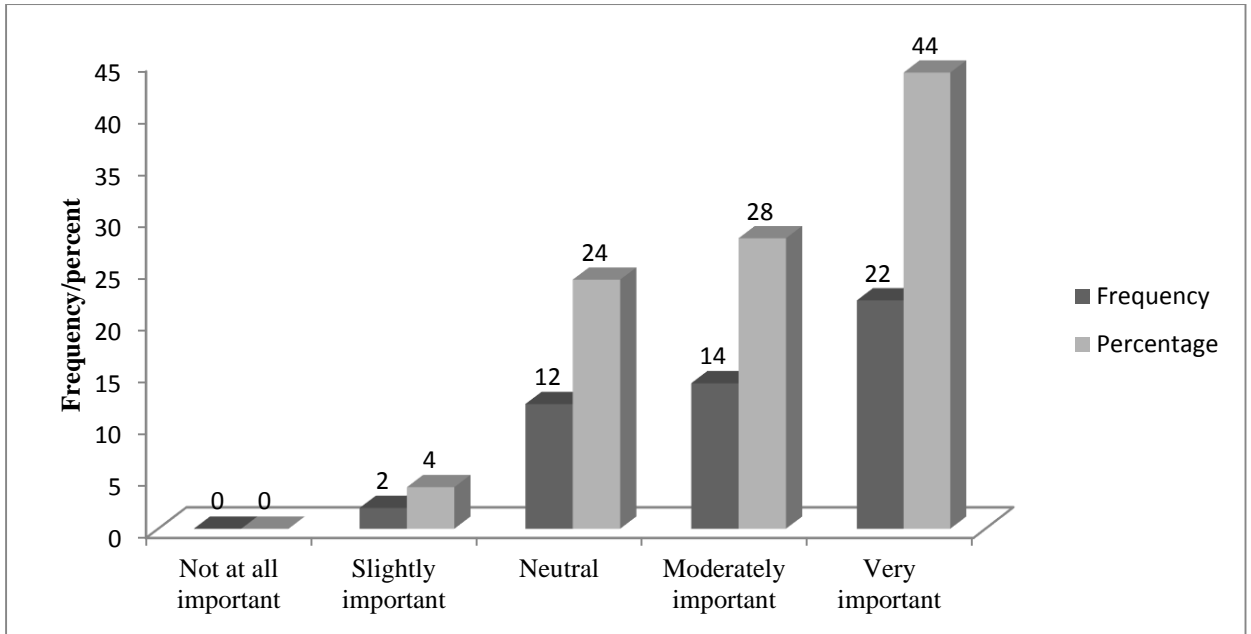
actors develop institutionalized behaviours and patterns within a given organization that are essential in implementation of a given strategy and for the organization performance, thus training is inevitable. Less than 10% communicated their key performance indices via circulars that may be unlikely to be adhered to following the behaviours and patterns of negligence by most of stakeholders. Seminars and other methods including mails, short sim messages, and calls were also least likely to be use with occurrence of less than 17%.



**Figure 4. 7: Communication of performance indices**

#### **4.6.3 Strategic management practices as performance tool**

The respondents' consideration of strategic management practices as a performance tool are indicated in figure 4.8 below



**Figure 4. 8: Strategic management practices as a performance tool**

Over 42% of the respondent indicated that strategic management practices were very importance for the performance of the NGOs. Johnson and Scholes (2002) state that with decrease in resources from the donor community creating a turbulent and ever changing environment, the adoption of strategic management practices by the NGOs is unescapable. Twenty two percent of the respondents were neutral on their views while 28 % describes SM practices to be moderately important. None of the respondents viewed SM practices to be not at all important.

#### 4.6.4 NGO's performance score

The respondents were asked the extent, which they rated their NGO performance bases on stated factors on a performance score card. The results are presented in table 4.6 below.

**Table 4. 6 : NGO's Performance score**

Aspect	Mean	Standard Error
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	3.64	0.10
Organizational goals and strategies are specific, measurable and manageable		
Fund raising efficiency	3.35	0.12
Expenditure efficiency	3.47	0.13
Organizational effectiveness	3.51	0.13
NGO growth	3.28	0.17
Good corporate image	3.17	0.15
High involvement in research, development and innovation	2.04	0.12
Product/service reliability	3.06	0.12
Effective communication	2.46	0.13
Satisfied donors and host governments	3.57	0.11

---

Source: Researcher, 2017

The results indicated that to great extent with mean values of over 3.5 on a 1-5 point likert scale, the NGOs' goals and strategies were specific, measurable and manageable, their organizations had high efficiency in their performance and had satisfied donors and host government. This may be attributed to increased demand for accountability and transparency from the donors and host governments (Johnson, & Scholes, 2002). To little extent, with mean values of less than 2.5 on a 1-5 point likert scale, the NGOs had effective communication and high involvement in research, development, and innovation attributed to nature of their operations focussing more on voluntary activities.



## 4.7 Inferential Analysis of Strategic Management Practices and NGOs'

### Performance

The study sought to establish the relationship between the strategic management practices and the performance of Agricultural NGOs in Nairobi, Kenya. To achieve this, Pearson Correlation analysis at 99% and 95 % confidence interval was used. The Pearson correlation analysis enabled the testing of relationship between SM practices and the performance of the agricultural NGOs in Nairobi, Kenya. The results are presented in table 4.7 below.

The results indicated a significant, positive good relationship between strategic management practices, organization performance tasks including organizational goals, strategies were specific, measurable, and manageable fund raising efficiency effective communication , effective communication high involvement in research, products/ service reliability development and innovation satisfied donors, and host government with P values less than 0.01 ( $P < 0.01$ ). Moreover, good corporate image indicated a good positive relationship with P value of 0.1.

**Table 4. 7: Pearson correlation**

	<b>Organizational Performance</b>	
	<b>Pearson correlation</b>	<b>Sig. (2-tailed)</b>
Organizational performance	1	0.000
Organizational goals and strategies are specific, measurable and manageable	0.539*	0.000

Fund raising efficiency	0.836*	0.000
Expenditure efficiency	0.869*	0.032
Organizational effectiveness	0.832*	0.017
NGO growth	0.473*	0.026
Good corporate image	0.552*	0.007
High involvement in research, development and innovation	0.783*	0.004
Product/service reliability	0.708*	0.001
Effective communication	0.626*	0.000
Satisfied donors and host governments	0.895*	0.000

\* Correlation is significant at the 0.01 level (2-tailed). Source: Researcher, 2017

#### **4.8 Discussions**

The managerial tasks descriptive of strategic management practices were present in all the NGOs to moderate extend with exception of situational analysis and strategy evaluation and control that were on a 1-5 point Likert scale rated little extent undertaken by the NGOs. This is attributed to the fact that the current global market is faced by intense competition at the international, national, and local levels, which imply that the organizations that are prepared to face the competition, are to great extent expected to survive than the least prepared. Johnson and Scholes (2002) describe SM practices as a tool that enables managers to have blueprint of the organization above the long-term goals thereby achieving its advantages through reconfiguration of its resources amidst of the turbulent and changing environment. Other scholars including Mugambi (2003), Njenga (2006), and Gitutha (2014) have shown presence of strategic management practices in various NGOs of their study.

The second objective sought to establish the challenges faced by the NGOs in applying the SM practices and found out that the NGOs experienced several challenges in applying the strategic management practices including inadequate number of personnel and unelaborated communication systems. Presence of adequate personnel is essential in implementation of any given strategy as postulated in the institution theory that the human actors are the ultimate carriers of regularized patterns of behaviour, routines, traditions, values and support institutionalized patterns of behaviour and interests that are essential for implementation of a given strategy. Other scholars including Badebo (2006) and Mittra (2001) have shown similar challenges experience by NGOs in their studies.

Lastly, from the third objective that sought to establish relationship between SM practices and NGOs' performance, it can be postulated that the adoption of strategic management practices enhanced NGOs' performance to great extent by increased effectiveness and satisfaction donors and host government. Johnson and Scholes (2002), state that the increase in number of NGOs coupled with decrease in number of resources calls for adoption of better strategic management practices for survival in an ever-changing environment. In addition, this can be linked to the resource-based theory that postulates that differences in performance of NGOs are primarily because of resource heterogeneity (Bowman & Ambrosin,2003). NGOs, which are able to accumulate more resources and capabilities, have competitive advantage over others or rather enhance organizational performance (Barney, 2002).

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of the findings, conclusion, recommendations, limitations, and areas of further research as drawn from the objective of the study. The general objective of the study was to establish the SM practices and performance of agricultural NGOs in Nairobi, Kenya.

#### **5.2 Summary of the findings**

Agricultural Non-governmental organizations operating in Nairobi, Kenya have found it necessary to have strategic management practices for increased efficiency and effectiveness in a bit to jostle for competitive resources within a changing and turbulent environment. Agricultural NGOs have not been spared by changes in their operational environment that is characterized by increase in the number of NGOs coupled by decrease in the resources from donor community. The study sought to establish the relationship between SM practices and performance of agricultural NGOs in Nairobi, Kenya.

The first specific objective sought to establish the strategic management practices adopted by Agricultural NGOs in Nairobi, Kenya. It was established that over 52 % of the respondents were familiar with the SM practices adopted by the NGOs and over 60% of the NGOs had a laid down strategic plan. Besides, it was established that all the NGOs had to moderate extent with an average value of over 3.0 on a 1-5 point likert

scale written down their vision and mission statements, objectives, action, and strategic plan. On a 1-5 point likert scale, on a little extent, the NGOs undertook situational analysis, strategy evaluation, and control before setting their objectives and creating strategies to achieve them that may have poised challenges in maintaining their competitiveness amidst of the turbulent and changing external environment.

The second objectives sought to establish the challenges faced by Agricultural NGOs in Nairobi County in applying the strategic management practices. The results indicated that to little extent that the organization had elaborate communication system to enhance the success of strategy implementation and adequate number of personnel were pooled to ensure strategy implementation is enhanced. Lack of adequate communication system and personnel posed great challenge in implementing planning, formulation, evaluation, and control of strategies as human actors develop regularized patterns and behaviours of the institution that determine the success of a given strategy as postulated in the institution theory. In addition, NGOs were to moderate to great extent with mean value of over 3.5 likely to have strategy implementation aligned to the resources and capabilities of the organization and the NGOs having evaluation systems.

Moreover, indicated that to great extent with an average value of 4.13 on a 1-5 point likert scale the NGOs had laid down policies to guide corrective measures during the strategy formulation. Besides to great extent with mean values > 3.5 on a 1-5 point likert scale, the NGOs had developed processes and systems to review strategy performance, they has robust laid out control measures to guide conformity with the

strategy and their finding of the evaluation of the strategy formed the basis for benchmarking future strategies. However to moderate extent with mean values of < 3.30 on a 1-5 point likert scale, the NGOs through strategy evaluation were able to map out the key threats to their performance and through better control mechanisms, their resource utilization was enhanced. Pearce et al., (2007) on the resource-based theory by, NGOs that accumulate more resources have competitive advantage over others.

Lastly, the third specific objective was to establish the relationship between SM practices and the performance of the agricultural NGOs. With respect to the factors that influence organizational performance, it was established that to moderate extent on a 1-5 point likert scale , SMART organizational goals, fund raising efficiency, expenditure efficiency, NGO growth, good corporate image, product and service reliability and satisfied donors and host government , were factors related to strategic management practices and performance of the NGOs.

There was a significant positive relationship between the strategic management practices tasks and performance of the NGOs from established using the Pearson correlation coefficient that implied adoption strategic management practices enhanced the NGOs performance geared towards creating a competitive edge amidst of turbulent and changing environment. Over 54 % of the NGOs had key performance indicators to track success of strategic management process and over 52 % of the performance indices were communicated via training.

### **5.3 Conclusions**

The finding of this research uncovered the key managerial tasks that elaborate on the SM practices and performance of agricultural NGOs in Nairobi, Kenya. From the findings of the study, it could be concluded that all the managerial tasks descriptive of strategic management practices were present in the NGOs to moderate extent with exception of situational analysis and strategy evaluation and control that were on a 1-5 point Likert scale rated little extent undertaken by the NGOs.

Secondly, the study findings revealed that in spite of the NGOs adopting formal strategic management practices, the Agricultural NGOs in Nairobi County experienced several challenges in applying the strategic management practices including inadequate number of personnel and unelaborated communication systems. It could be concluded that ability of the NGO to cope with the environmental contingencies by negotiating resource exchange determines its survival amidst of turbulent and changing environment. Moreover, the study concluded that the human actors are the ultimate carriers of regularized patterns of behaviour, routines, traditions, values and support institutionalized patterns of behaviour and interests that are critical for implementation of a given strategy.

Last but not the least, it can be deduced that adoption of SM practices enhanced NGOs' performance to great extent by increased effectiveness and satisfaction donors and host government. This is postulated in the contingency theory that elaborates that the effectiveness of a given organization strategy autonomous to factors thus the rightness of inexactness of a strategy is specific to a given organization (Cole & Kelly, 2011).

## **5.4 Recommendations**

With increase in size of the NGOs and shift of their activities from focusing on voluntary financial and human resource to becoming key players in the growth of country's GDP, the study recommends that NGOs should develop working standards for strategic management practices. The NGOs should have well established strategic management department with adequate personnel for effective fostering of their strategic management plans. Superior strategic management practices enhance organizational performance including fund raising efficiency, expenditure efficiency, and satisfaction from donor and host governments thus; NGOs should be enhanced for survival amidst a turbulent and ever changing environment.

The research also established that the NGOs faced challenges inadequate personnel and lack of enough elaborate communication systems for fostering implementation of SM practices. Therefore, this research recommends that the top-level NGOs' managers and government policy makers should ensure they have adequate well-trained personnel and elaborate communication systems to enhance strategy implementation. As postulated in the institution theory that human actors are carriers of regularized patterns of behaviours within an organization, the top-level NGOs officials, and policy makers should adopt training of their personnel as a SM approach to enhance strategy implementation.



Lastly, the study established that strategic management practices enhanced organizational performance through increased organizational effectiveness and satisfied donors and host governments. Therefore, this study recommend that NGOs ‘ officials and National government should recruit competent and skilled managers who can do situational analysis, formulate and evaluate strategies and align them to the changing and turbulent environment for sustainable funding and future survival. Involvement of various stakeholders in decision-making should be fostered for better formulations, implementation, and evaluation of the strategies.

### **5.5 Limitations of the study**

The researcher had problems is securing appointments and receiving timely feedback attributed to the busy time schedules of the managers and challenging political regime in Kenya. Some respondents were reluctant to complete the questionnaire citing NGOs and personal reasons despite assurances that it was purely for academic purposes and that confidentiality was to be maintained. Moreover, there could be limitations of measurement that are common in social sciences studies attributed to change of respondents’ perception over time and across varying personalities. Some of the respondents could give biased and insincere responses.

Moreover, the findings of this study were limited to Agricultural NGOs situated in Nairobi, Kenya. Therefore, the findings could not be confidentially generalized to relate to other similar NGOs outside the region and non-agricultural NGOs.

## **5.6 Areas of further research**

Following the above limitations, investigations of strategic management practices and performance of other NGOs had not been investigated thus, a further study could be done to enable the generalization of such results to the NGOs. Given that the current environment in which the NGOs operate are faced with great turbulence due to their increase in number and reduction of donor resource, a further study should be done to establish the effects of donor funding and sustainability of the NGOs amidst a turbulent and ever-changing environment.

Moreover, future research should be done to investigate the reasons behind the SM practices and organizational performance among other NGOs in different sectors and state corporations. The researches should seek to establish techniques of minimizing the challenges experienced by NGOs and other state corporations in implementing new changes. The researchers should seek to focus on establishing SM practices and performance of NGOs and other state corporations.

Furthermore, a study should be done to focus on the criteria for sustainable donor funding to the NGOs and government ministries. Lastly, a research should be conducted to evaluate the relationship of pre-funding and post-funding organizational performance of various NGOs and government ministries.

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## APPENDICES

### APPENDIX I: INTRODUCTION LETTER

Leah Kihara

c/o University of Nairobi

School of Business

Nairobi, Kenya

leahkihara@yahoo.com

Date:.....

The .....

Dear Sir/Madam,

#### **REF: MBA research Questionnaire**

The above refers. I am post graduate student at the University of Nairobi undertaking an MBA (Master of Business Administration). As part of my study work, I am required to carry out a research study on strategic management practices and performance of agricultural non – governmental organizations (NGOs) in Nairobi Kenya

Your esteemed organization was selected as part of the sampled population. I kindly seek your permission and time to fill out the attached questionnaire. The data collected will be treated with confidentiality and will be used for academic purposes only.

Yours sincerely,

Leah Kihara

### APPENDIX II : QUESTIONNAIRE

I am carrying out an academic research project titled: *Strategic management practices and performance of Agricultural Non – governmental Organisations (NGOs) in Nairobi, Kenya*. I am selecting respondents randomly and I would appreciate if you

would respond to the following questions. Your response will be treated confidentially and used for academic purposes only.

**A. GENERAL INFORMATION**

1. Please state your gender (Tick where appropriate)

Male  Female

2. How long have you worked in the NGO? .....(Years)

0-5 years  15-20 years

5-10 years  Over 21 years

10-15 years

3. What is your the functional responsibility in the NGO?

Project Manager  Administration Manager

Finance Manager  Human Resource Manager

Other (Specify).....

4. How many employees has the NGO employed in Kenya?

Less than 50 employees  200-500 employees

50-100 employees  Over 500 employees

100-200 employees

5. Does your NGO have a strategic management department?

Yes  No

6. Does your NGO have a strategic management plan?

Yes  No

**B. STRATEGIC MANAGEMENT PRACTICES**

7. Are you aware and familiar with the strategic management practices adopted in your NGO? (Please Tick the most appropriate)

- |                     |                          |                     |                          |
|---------------------|--------------------------|---------------------|--------------------------|
| Not at all familiar | <input type="checkbox"/> | Moderately familiar | <input type="checkbox"/> |
| Slightly familiar   | <input type="checkbox"/> | Extremely familiar  | <input type="checkbox"/> |
| Somewhat familiar   | <input type="checkbox"/> |                     |                          |

8. a) Could you list the major components that are put into consideration during strategy formulation?

.....

.....

.....

b) Could you list factors that do influence strategy formulation in your NGO?

.....

.....

.....

c) Please indicate the extent to which you agree with the following statements with regard to the organization having the following task for strategic management practices by using a scale of 1-5, where 1=Not at all 2=little extent 3= moderate extent 4=Great extent and 5=Very great extent.

Aspect	1	2	3	4	5
Vision					
Mission					
Core values					
Situational analysis					

Objectives					
Strategies					
Action plan					
Strategic plan					
Strategy evaluation and control					

9. a) What tools are used for environmental scanning in your NGO?

.....  
 .....  
 .....

b) How are the recommendations from environmental scanning utilized in strategy development?

.....  
 .....  
 .....

c) Please indicate the extent to which you agree with the following statements with regard to strategic planning of your organization by using a scale of 1-5, where 1=Not at all 2=little extent 3= moderate extent 4=Great extent and 5=Very great extent.

<b>Strategy Planning</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Strategies are developed through a formal meeting					
Strategies are developed through a formal and informal meeting					

The organization conducts random evaluation of the planned strategy.					
The organization allocates sufficient resources for strategy planning.					
Strategic planning increases the effectiveness of the organization in meeting its objectives.					
Strategic planning creates a good fit between external and internal environment.					
The organization has a dedicated strategy planning committee.					

10. a) What are some of the factors that your NGO consider for strategy implementation?

.....

.....

.....

b) How does your NGO involve stakeholders in strategy implementation?

.....

.....

.....

c) Please indicate the extent to which you agree with the following statements with strategic implementation by your NGO using a scale of 1-5, where 1=Not at all 2=little extent 3= moderate extent 4=Great extent and 5=Very great extent.

<b>Strategy Implementation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The organization has strategy implementation plan					
The organization has implementation timelines					
The organization avails sufficient resources to meet strategy implementation.					
The organization has capacity development for the employees and other stakeholders					
The strategy implementation is aligned to the resources and capabilities of the organization.					
There is an elaborate communication system to enhance the success of the strategy implementation.					
Adequate numbers of personnel are pooled to ensure strategy implementation is enhanced.					
The organization has evaluation systems					

11.a) Does your NGO have monitoring, evaluation and control procedures?

.....  
.....  
.....

b) How often does your NGO monitor, evaluate, and control strategies?

.....  
.....

c) Please indicate the extent to which you agree with the following statements in regard to monitoring, evaluation, and control strategies by your NGO using a scale of 1-5,

where 1=Not at all 2=little extent 3= moderate extent 4=Great extent and 5=Very great extent.

<b>Strategy Evaluation and Control</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The organization has developed processes and systems to review strategy performance.					
The organization gathers environment information to guide the evaluation of strategies.					
The organization has laid down policies to guide corrective measures during strategy formulation.					
The firm has robust laid out control measures to guide conformity with the strategy.					
Through strategy evaluation, the organization is able to map out the key threats to the performance of the firm.					
The findings of the evaluation of the strategy form the basis for benchmarking future strategies.					
Through better control mechanisms, resource utilization is enhanced within the organization.					

### **C. ORGANIZATIONAL PERFORMANCE**

12. a) Are there key performance indicators utilized by the NGO to track success of the strategic management processes



Yes

No

b) If Yes in 12 (a) above, please state some of the indicators

.....  
.....  
.....

13. How does the NGO communicate performance indices to the staff (Please tick where appropriate)

Circulars

Do not know

Training

Others (Please

Seminars

specify).....

14. Do you consider the strategic management practices as an important tool for the performance of your NGO as rated in scale of 1-5 below?

1 = Not at all important

4 = moderately important

2 = slightly important

5= Very important

3 = Neutral

15. To what extent do you rate your organizational performance based on the following scorecard (For each score tick only one box where 1=Not at all 2=little extent 3= moderate extent 4=Great extent and 5=Very great extent.)

	1	2	3		4	5

Organizational goals and strategies are specific, measurable and manageable						
Fund raising efficiency						
Expenditure efficiency						
Organizational effectiveness						
NGO growth						
Good corporate image						
High involvement in research, development and innovation						
Product/service reliability						
Effective communication						
Satisfied donors and host governments						

**Thank you so much for your cooperation in answering the questionnaire!**

### **APPENDIX III: LIST OF THE STUDY RESPONDENTS**

- 1.** Alliance for a green Revolution in Africa (AGRA)
- 2.** African Enterprise Challenge Fund (AECF)
- 3.** German Agro Action
- 4.** Dairy Goats Association of Kenya
- 5.** We Effect
- 6.** Miriu integrated project
- 7.** Pamoja Child Foundation
- 8.** Marakwet Highlands Farmers Association
- 9.** Farm Forestry Small Holder Producers Association-FF SPAK
- 10.** Fresh Produce Exporters Association of Kenya
- 11.** Cereal Growers Association
- 12.** Pastoralist Community initiative Development and Assistance
- 13.** AGMARK
- 14.** Western Kenya Tree Planters Association
- 15.** Vi Agroforestry