

**FACTORS THAT INFLUENCE STRATEGIC CHOICES ADOPTED BY  
COMMUNITY BASED ORGANIZATIONS COMPETING FOR DONOR  
FUNDING IN NAIROBI KENYA**

**By**

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**DECLARATION**

**STUDENT'S DECLARATION**

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature:

.....Date:.....

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**D61/P/8911/2004**

**SUPERVISOR'S DECLARATION**

This research project has been submitted for examination with my approval as the University Supervisor.

Signature.....Date.....

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## **DEDICATION**

I dedicate this work to my dear parents Julius Githige and Michaelina Wanjiru who laid the foundation of my career journey. Special dedication to my beloved husband Benjamin Kamuruci for his inspiration and support and to my dear children Mercy and Nathan for being there for me. God bless you always.

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## **ABSTRACT**

Competition is seen as the main factor that influences strategic choices. However, other factors like organization structure, leadership, culture, pressure from donors, slow economic growth, increased diversification and technological advances influence choices made by organizations. None consideration of these factors leads to challenges faced by community based organizations that include poor co-ordination of activities, misallocation of resources, incomplete projects, low motivation of the staff and mistrust of community based organizations members. Unfortunately, no studies have been undertaken to examine the extent to which such factors influence strategic choices adopted by community based organizations.

The purpose of the study was to determine factors that influence strategic choices adopted by community based organizations as they compete for donor funding. This study used cross-sectional research design. The study targeted all the community based organizations operating in the informal settlements of Nairobi. A sample size of 50 community based organizations operating in Nairobi was selected by proportionate stratified random sampling method. The study collected primary data from the sample of the population. The study used semi-structured questionnaires. Collected data was analyzed in using descriptive statistics.

From the findings the study concludes that the factors that mainly affect strategic choices adopted by community based organizations in Nairobi Kenya include community involvement in project design, good financial projections and budgeting, sustainability of the organization, sensitivity on how programs affect the general society and having inadequate funds to implement a project. The study also concludes that higher education levels and leadership hierarchy positions have a high influence on choices made the organizations. The study recommends that in order to enhance the success of the project execution/implementation, the management should involve the community in project design, employ qualified and experienced personnel as well as seek for alternative ways of generating funds rather than overlying on donor funding.

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## **ABBREVIATIONS**

<b>CBOs</b>	Community Based Organizations
<b>NGOs</b>	Non Governmental Organizations
<b>OVCs</b>	Orphans, Vulnerable Children
<b>FGM</b>	Female Genital Mutilation
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The current turbulence in the business environment and the global economic regression makes this study very timely in deed. Many organizations have been reported out of business and others are struggling to survive. Competition has been on the rise for both profit and nonprofit organizations. This situation called for organizations to be conscious of the strategies they choice to adopt. Managers are compelled to be keen on the strategic choices and decisions they make as this will affect the survival of the organization. The surviving organizations are those that will respond swiftly to the global changes and amend their strategies for achieving their objectives.

The developed countries have not been left behind by the economic regression tide. Being the major financial donors to developing countries like Kenya, they responded by downsizing funds available for donation and putting stringent measures on organizations seeking for funding. This had an adverse affect on non-governmental organizations and increased competition for donor funding thus leading to a situation of survival for the fittest. Organizations therefore had to rethink and design competitive strategies to attract the donor's support.

Community based organizations like every other non-governmental organization were faced with the challenge of winning support from the donors. There was need to re-adjust their strategies and cope with the competition. Being small in size and limited in various capabilities, the community based organizations have to review their strategies, weigh opportunities and options available and make choices that will allow them to compete

favorably with other well established non-governmental organizations. Thus, the urgency for this study to bring out factors influencing strategic choices adopted by community based organizations when seeking for donor funding.

### **1.1.1 Strategic Choices**

The business environment has known various changes that have compelled managers to develop and adopt responsive strategies in order to remain relevant (Drury, 2000, Peng, 2000). Organizations that have ignored the severity of these changes and not made good strategic choices have shut down. Strategic choices are the core of strategic management and successful companies have between those that carefully select relevant strategies, take into account both strategic positions and the strategic implementations (Johnson and Scholes, 1999). Strategic choice is the third logical element of the strategy formulation process. Choice is at the centre of strategy formulation. If there are no choices to be made, there can be little value in thinking about strategy at all. Strategic choices is a process that involves understanding the nature of stakeholders expectations, identifying options available, then evaluating and selecting the best strategic options for implementation.

Strategic choices may also be defined as the activities in the organization that entails the understanding of underlying bases guiding future strategy, generating strategic options for evaluation and selection (Johnson and Scholles, 1990). Strategic choices have value in creating the way forward, commitment and mobilizing support in an organization (Bunsen, 1989). Strategic choices have to identify available options and select one that

answers the questions of 'what', 'how', 'why', 'who', and 'when'. A good strategy will provide answers to each of these questions.

For managers to make strategic choices, it is important to generate strategic options and alternatives in advance and weigh them against a set criterion then make decisions for implementation. Knowledge of options available to an organization increases the chances of selecting the best option. Good strategic choices have to be achievable and challenging enough to keep ahead of competitors. Strategic analysis and sound judgment skills play an important role in making strategic choices. Sometimes it may be better to delay making a decision whereas at other times a wrong decision may be better than no decision. Thus it is important to understand other factors influencing the choices and decisions made by organizations.

### **1.1.2 Competition**

Competition is a healthy ingredient as it drives companies to improve their products, streamline their production methods and develop the most effective methods of distribution. Competition prompts innovation and creativity in an organization. Companies must keep an eye on strategies undertaken by competitors, and devise ways of gaining a competitive advantage over them.

Porter (1980) five force model identifies five competitive forces which affect business in an environment. These forces are the threat of new entrants in the segment, threat from substitute products, threat from the increase in consumer's bargaining power, threat from supplier's bargaining power and rivalry among competitors. The community based organizations have not been left out of this model and like other companies, they need to

do in-depth analyses in terms strategy, strength, weakness, opportunities, operation pattern and study the same for their competitors.

By doing so, organizations will be identifying parameters which will help them in analyzing their competition and commencing the strategic choice process. To start with, the organization will gather information to be analyzed, and then design options and alternatives to be chosen. The options will then be presented to the appropriate decision makers in the organization who will make choices and design appropriate strategies for implementation. This is a challenging process which is sensitive and the outcome determines the strategic direction of the organization. Competition is a driving factor that influences decisions and more than often if the management is not competent enough, they tend to be swayed to one direction in favor of another. Thus, other factors that influence choices and decisions made by an organization should be considered.

In the hit of competition for donor funding, communities in the developing countries live below a dollar per day and thus rely heavily on donations. The donors cannot hesitate to contribute towards poverty eradication in such communities. From the ancient times, the western world embraced the culture of giving to the needy and established foundation to manage the donations. In addition the government contributes the biggest percentage to the donor kitty. Thus the global regression and its aftermath triggered the awakening of a competitive spirit among the non-governmental organizations and made them to critically examine their strategies and the way they make their choices. It made organizations to think of strategic choices that have a competitive advantage.

### **1.1.3 Community Based Organization In Kenya**

Community based organizations are non-profits organizations that operate at the grassroots level within a single local community. They are essentially a subset of the wider group of non-governmental organizations. According to Kobia (1985), a Community Based Organization (CBO) is a grass root organization that is voluntary, non-profit making and non-partisan. They are normally membership organizations made up of a group of individuals who have joined together to further their own interests. They also receive funds from the government or non-profit organization donors. Within these organizations there are many variations in terms of size and organizational structure. Some CBOs are formally incorporated with a written constitution and a board of directors also known as a committee, while others are much smaller and are more informal. More than often the CBOs are characterized with challenges in management due to their leaders being incompetent with having low education and minimal knowledge of managing the organizations.

Previously, most of the Non-Governmental Organizations (NGOs) implemented their activities through the community based organizations. However, recent evolution of CBOs, especially in developing countries, has strengthened the view that these "bottom-up" organizations are more effective addressing local needs than larger charitable organizations. This led to a paradigm shift where most donors have taken keen interest to fund such grassroots organizations for they are in direct contact with the beneficiaries. As a result, most donors are giving funds directly to the CBOs thus posing a threat to the NGOs and increasing competition between them.

In Kenya, the post election violence in 2007 and its aftermath saw an increase in the number of CBOs in Nairobi. According to the National Council of Community based organizations, there are 1431 Community based organizations registered in Kenya under the ministry of gender and cultural services by 2010 and 108 of them operate in the informal settlement of Nairobi. This tightened competition for donation as all these organizations tried to pull resources from one pool which was not growing proportionately with its demands. In addition, the donors changed their thematic areas of intervention and tried to exert pressure on organizations to respond accordingly in favor the donor's interests. Organizations that did not comply found it more difficult to survive and closed down while others were swayed to run programs at the interest of the donors and not the community. This makes this study very critical to determine factors influencing choices and decisions made by community based organizations.

## **1.2 Statement of the Problem**

Competition is seen as the main factor that influences strategic choices. However, other factors like organization structure, leadership, culture, pressure from donors, slow economic growth, increased diversification and technological advances influence choices made by organizations. None consideration of these factors leads to challenges faced by CBOs that include poor co-ordination of activities, misallocation of resources, incomplete projects, low motivation of the staff and mistrust of CBO members. Unfortunately, no studies have been undertaken to examine factors influencing strategic choice adopted by community based organizations.



Strategic choice is a process that requires an organization to identify the options available, evaluate them against preferred criteria, select the best option and then take action. Good choices identify and mobilize the company to where to play and how to win in a chosen industry. However, strategic choices in CBOs have been driven by factors like competition, donors' interest and government regulatory changes and thus lost their first focus to meet the needs of the community. The CBOs being inhibited by their small size, managed by low educated people with inadequate work experience and with the urge to survive in a competitive industry; they are prone to derailment from bottom-up focus to top-bottom focus at the interest of the donors. Hence, the need for this study to unfold the challenges encountered by community based organization when seeking for donor funds and to establish factors that influence their choices. In plight of this, the study will sensitize the need for donors not only to give funds but also to design programs that will strengthen the capacity of community based organizations.

Previous studies on strategic management undertaken by various scholars for example, Ndiao (2001) studied factors influencing strategic choice in relief and development organizations in Kenya and found that competition was the main factor influencing strategic choices. Bwibo (2000) studied the management of strategic change in NGOs and concluded that leadership was the most influencing factor. Nyawira (2004) studied the strategic responses to threats posed by changing donor funding patterns in Nairobi-based children NGOs and recommended NGOs to form partnership and alliances as they seek donor funding. None of these studies looked at the factors influencing strategic choices adopted by community based organizations as they compete for donor funding.

The proposed study will help answer the question; “What are the factors that influence strategic choices adopted by community based organizations in Nairobi Kenya?”

### **1.3 Research Objectives**

The objective of the study was to determine factors that influence strategic choices adopted by community based organizations in Nairobi Kenya as they compete for donor funding.

### **1.4 Importance of The Study**

The study would contribute to the knowledge gap in enlightening the community based organization leaders on factors that influence strategic choices. It would expose them to the process of strategic choices that involves identifying the option available, evaluating them, selecting the best option and taking an action. The action taken requires a number of factors to be considered and this study will examine the importance of such factors and the need to weigh the options available when making strategic choices for the benefit of their communities.

Secondly, the policy makers may find the study with complementing information in the area of strategic choices, especially on how to involve community based organizations when making government policies. The community based organizations operate at the grassroots level and they are the voice of the common man. Thus, their contribution in

formulation of government policies is vital as they represent issues affecting people of all ages, gender and ethnicity.

Thirdly, the funding agencies would find readily available information on myriad of competencies to look out for in NGOs/CBOs before releasing funds. They will find the study informative on challenges that community based organizations succumb to and the choices they have to make in a competitive environment in order to access donor funding. This may help the donors design programs to strengthen the capacity of community based organization leaders. It may also trigger a need for the donors to re-evaluate the criteria used when selecting the organizations to be funded. In so doing, the donors will take into consideration challenges encountered by organizations at different levels as opposed to ranking all organization in the same level.

Lastly, to the academia and researchers, the findings will serve as a data bank and will be used for further research in the area of strategic choices and competition. There is little previous research in this study especially the focus on community based organizations. The study will identify other gaps that require further research to be carried out and thus contribute to other fields of study for researchers looking for research topics. The findings of this study could be developed further and published in an academic journal.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter will focus on the concept of strategy, strategic choices, factors that influence strategic choices and competition for donor funding. Reference will be made to previous authors in the respective disciplines and will be used to relate to the topic under the study.

### **2.2 The concept of strategy**

Aosa (1992) pointed out that the major task of managers is to assure continued existence of their organizations. To this end, one of the concepts that have been developed and is very useful to management is strategy. Various leading management scholars and practitioners have underscored the importance of this concept (Porter, 1980; Mintzberg, 1987; Johnson and Scholes, 1999; Ansoff, 1990).

Different authors have defined strategy in different ways. The various definitions suggest that the authors gave selective attention to aspects of strategy, which are all relevant to our understanding of the concept (Aosa, 1992). Chandler (1962) defined strategy as the determination of the basic long-term goals and objectives of an organization, and the adoption of courses of actions and the allocation of resources necessary for carrying out these goals. Chandler (1962) considered strategy as a means of establishing the purpose of an organization by specifying its long-term goals and objectives, action plans and resource allocation patterns to achieve the set goals and objectives.

Porter (1980) viewed strategy as building defense against the competitive forces and finding positions in the industry where the forces are weakest. Knowledge of the

company's capabilities and of the causes of the competitive forces will highlight the areas where the company should confront competition and where it should avoid. Strategies need to be considered not only in terms of the extent to which the existing resource capabilities of the organization is suited to opportunities but also in the terms of the extent to which resources can be obtained and controlled to develop a strategy for the future.

According to Mintzberg (1987) strategy could be seen as plan, a ploy, a pattern, a position and a perspective. As a plan, strategy specifies a consciously intended course of action of an organization. The strategy is designed in advance of actions and is developed purposefully. As a ploy, strategy is seen as a maneuver to outwit competitors. As a pattern, strategy is seen as a pattern emerging in a stream of actions. Strategy is seen as a consistency in behavior and the strategy develops in the absence of intentions. As a position, strategy is a mean of location an organization in its environment. Strategy as a perspective consists of a position and of an ingrained way of perceiving the world. It gives an organization identity or a personality.

As evidenced in these varied definitions, none can be said to capture explicitly all the dimensions of strategy. Lack of a precise definition of strategy can be attributed to the fact that strategy is a multi dimensional concept in terms of content and substance which, embraces all critical activities of the organization providing it with a sense of unity, direction and purpose, as well as facilitating the necessary changes induced by its environment. However, most authors in terms of definition emphasize on the essence and nature of strategy and agree that strategy is a unifying theme that gives coherence and direction to the actions and decisions on an organization.

Strategy can be categorized into two, corporate-level strategy and business-level strategy (Finlay, 2000). While both corporate and business levels will have some concern for and some input into most strategic aspects of the organization, the primary strategic responsibilities of the corporate and the business levels are different. Corporate strategy is primarily concerned with identifying the set of different businesses a company is to be in. These may be businesses within the same industry or in a different industry. Strategy at this level also specifies how the total corporate resources will be allocated among the various businesses that the company is involved in. Business level strategy focuses on how each business unit will compete in a particular industry. It addresses issues on how to develop and maintain a competitive edge in the market. The business unit management has to ensure that the different functional activities are intergraded in such a way as to achieve and maintain the desired competitive competence in the market (Pearce & Robinson, 1997).

According to Pearce & Robinson (1997), strategy helps in providing long-term direction for an organization. This provides a perspective for various diverse activities over time, which enables organizations to perform current activities and at the same time viewing them in terms of their long-term implications for the probable success of the organization. Similarly strategy helps companies to cope with change (Pearce & Robinson, 1988). Due to the constant changes in an organization's operating environment, companies need strategy in order to respond to these changes at all times. Strategy can help to guide the pattern of responses of the companies to changes taking place in their environment.

Strategy enables companies to focus their resources and effort (Pearce & Robinson, 1988). The development of strategy helps managers identify critical tasks that need to be

performed and hence helping in defining an organizational strategic thrust. Strategy also helps an organization to outperform the competition successfully. Porter (1980) underscores the role of strategy by arguing that the goal of strategy is to help secure enduring competitive advantage over competitors.

Chandler (1962) structure of an organization follows the strategy of the organization. A strategy is best implemented if it has a supporting organizational structure. If an organization has developed an appropriate strategy, this becomes a good guideline in designing an appropriate structure to carry out the strategy (Aosa, 1992). In essence therefore, strategy helps in achieving a more effective organization. Thompson & Strickland (2003) points out that an excellent strategy is the best test for managerial excellence and the most reliable recipe for organizational success.

### **2.3 The Concept of Strategic Choices**

Literature on strategic choices differs on terminology, emphasis and classification. However, the salient notions are common. Hofer and Schendel (1979) state that for an organization to be both effective and efficient; there will be four components to any of its strategy. They name scope, the extent of the organization present and planned interaction with its environment as one significant factor. This could be referred to as the organization domain. Johnson and Scholles (1995) too put scope as a key aspect of strategic choice base arising from organization purpose and aspiration.

Secondly, resource deployment is an important aspect of strategic choice. Hofer and Schendel (1979) suggest that the organizations past and present resource and skill deployment will affect how it achieves its goals and objectives. Financial strategy needs to take care of the risk returns. The financial decisions made by management relate

directly to added value of the organization (Johnson and Scholles, 1999). The skill an organization has could enable it deliver a service or a product in a way that no other organization can replicate. This could also be referred to as distinctive competence.

Another component of strategic choice is that which relates to competitive advantage. Here, Hofer and Schendel (1979) use the same terminology and the same accent that any strategic decision in an organization must concern itself with unique position an organization develops against its competitors. Johnson and Scholles (1999) too suggest that achieving competitive strategy is an essential base of strategic business unit of an organization (Parker, et all 1995).

Strategic choice is an aspect of strategy that is considered before any strategic decision is completed. Any action or achievement that conflicts with other operations in the organization may reduce its value. This alternative may not be taken (Hofer and Schendel, 1979; Johnson and Scholles, 1999). However, the managers should make a choice to seek for synergy. Synergy refers to the degree to which various resource deployments and interactions of the organizations with its environment reinforce or negate one another. A major strategic concern of any organization is selecting a strategy to produce a product or offer service would be how the new projects would affect the existing programmes activities (Hofer and Schendel, 1979).



## **2.4 Factors Influencing Strategic Choices**

Decision making is a difficult task and managers should be keen to weigh and evaluate the several options and alternatives available before making a decision. The following are some factors that influence strategic choices made by organizations;

### **2.4.1 Leadership**

Good leadership is also a vital factor that influences choices made by an organization. It ensures that the organization effort is united and directed towards achievement of its goal (Pearce and Robinson, 1997). According to Koskei (2003), leadership is considered to be one of the most important elements affecting the organization performance. The leadership of the organization should be at the fore front in providing vision, initiative, motivation and inspiration. The management should activate team spirit and act as a catalyst in the whole strategy implementation process. As much as possible, the organization should fill relevant position with qualified people committed to change efforts (Bryson, 1995).

Organizations need strategic leaders to help it overcome inhibitions on risk taking and resource allocation. A strategic director such as Bill Gates at Microsoft, Titus Naikuni of Kenya Airways influence strategic decisions in their organization by affecting the components of strategy. The role of leadership in strategic decision making is critical as they set the tone, culture and widens the horizons of the organization. Their interventions affect all components of strategy (Parker and Abraham, 1995).

According to Porter (1950), leadership of an organization may emphasize different aspects of strategy at different times. As organizations mature and face transition, leadership must be able to respond, identify and recognize the new skills required. More often the skills required during the change period is strategic (Porter, 1950). Leadership is the most essential ingredient in organizational sustainability and is the controlling force in organizational development. It is the key to realistic assessment of problems and opportunities, establishment of priorities, and the marshalling of internal and external resources to address these priorities. In effective organizations, leadership does not reside only at the top; elements of it are evident at various levels of the organization.

#### **2.4.2 Organization structure**

The organization structure is a key factor as it distinguishes the tasks people should do, how, when and where decisions are made. Mintzberg (1989) has written more on the significance of organizational structure in making decisions. Organizational structure refers to the shape, division of labour, job ,duties and responsibilities, the distribution of power and decision making procedures within the company, which influences the types of strategy used by an organization. It is a formal framework by which jobs/tasks are divided, grouped and coordinated (Wambugu, 2006).

According to Karuri (2006), organizations implement their strategies through their organization structures. He found out that the positioning of the function in the organization structure is equally important as it sets more focus on key functions whose performance is critical to the success of the business strategy and institutionalizes the decision making of the heads of these functions. When the business strategy changes,

organization structure is received in light of the changes in strategy to maintain the relevance of the structure.

Organization structure is a major priority in implementing a carefully formulated strategy. It helps people pull together activities that promote effective strategy implementation. The structure of an organization should be implemented. A new strategy or changes in a strategy bring about internal problems which require a new structure if the strategy has to be successfully implemented.

Most organizations have corporate level decisions. The corporate center is usually in charge of what business the organization does. Decisions of competitive advantage, synergy and resource deployment are handled at the center. The organization which has corporate center may have strategic business unit and functional area strategy. Strategic decisions that come from the business unit would be of gaining competitive advantage. When a hierarchy of functional level exists, coordination and integration of activities within a single activity would be the major concern of the center. People working within an organization must be able to understand how their actions interrelate with the actions of others to support the strategy. A structure might imply tight rules, but the concept is more about developing a structure that fits the strategy.

### **2.4.3 Ethics**

Strategic choice has an ethical aspect. From the available alternative strategies some options may seem attractive to the executive but when the public good is considered, they may be discarded. Analysis of ethical conduct of organizations has hitherto placed

primary emphasis on the conduct of the managers because ethical conduct, like all conduct, must manifest itself through individual behavior.

Ethical considerations influence choices made by management to take one direction and forfeit the other; choice to take up and implement a project or not. This analytical structure leads to recommendations as to the types of actions that might be more effective in improving business ethical conduct under varying sets of market-based competitive condition. Many organizations have crafted strategies that not only meet the sensitivity of the community but also demonstrate that they care about the society.

#### **2.4.4 Availability of resources**

As the managers choose a strategy, they need to determine what resources will be needed and then consider whether the current budgets of organizational units are suitable (Thompson et al., 2007). David (1997) observed that organizations have at least three types of resources that can be used to achieve desired objectives namely: financial resources, human resources, and technological resources.

According to Thompson et al. (2007), change in strategy always calls for budget reallocations and resource shifting. Units important in the prior strategy but having a lesser role in the new strategy may need downsizing. Units that now have a bigger and more critical strategic role may need more people, new equipment, additional facilities, and above-average increases in their operating budgets. They continue to emphasize that more resources may have to be devoted to quality control or to adding new product features or to building a better brand image or to cutting costs or to employee retraining.

Wambugu (2006) noted that the operating level must have the resources needed to execute a strategy. According to Aosa (1992) strategy being implemented should be realistic given the resources available in the firm. It is not possible to implement a strategy which imposes resource requirements that cannot be met by the firm (Mutugi, 2008). Kandie (2001) states that since resources are scarce managers must decide which alternative strategy the organization will benefit from most.

Gantt (1991) argues that rational decision making techniques are becoming increasingly important. For an organization to remain competitive, they must look at the competence of the management team. The availability of resources especially financial allows organization the choice of certain strategies. Lack of money constrains project implementation and the competence level of the staff hired. This results into incompetent workforce who are incapacitated to deliver as required and this affects an organization.

#### **2.4.5 Management**

Nelson and Winter (1982) argue that a great deal of organization life is not decided at all. Strategic decision makers build routes and guide their response to challenges. It is important to understand the orientation of management when analyzing why they take certain decisions at certain times. The age, education, training and experience of management is indicative of the ability and innovation the management will bring to bear on strategic decisions of their organization. Management is a process that will lead to mistakes or success in strategic planning and implementation. Poor and incompetent managers lead to organization failure.

#### **2.4.6 Vision and Mission**

The vision and mission of an organization plays a key factor in strategic choice. What the organization exists for may dictate the strategic decision it takes (Ansoff, 1990). Thus Ansoff suggests quoting Levit (1960) that railway should articulate its business concept as transport and make strategic decision in that domain. Pierce and Robinson (2000) suggest that strategic choice in one Product Company would be different from that of another in the same business line. The strategic direction of an organization is determined by its vision and mission; thus an organization without a vision is dead. The members of an organization should know what their organization seeks to do and how it will accomplish its mission so that they embrace and incorporate it in their daily activities.

#### **2.4.7 Culture**

Organizational culture is another major factor that determines success or failure of strategy. It refers to the set of assumptions that members of an organization share in common. It also includes organizational member's habitual way of doing things (Pearce and Robinson, 2002). Wambugu (2006) noted that culture affects both the way the managers behave within the organization as well as the decisions they make about the organization's relationships with the environment and its strategy.

Walker (2004) states that learning a firm's culture provides a set of focal points for decision making as well as providing models for effective questioning and experimentation, while Thompson et al (2003) indicated that the tighter the cultural-strategy fit in an organization, the more that culture will steer the personnel into displaying behavior and adopting operating practices that promote good strategy

execution. For strategy implementation to be successful in an organization, this will require changes in the dominant culture or sub-cultures which may not be in tandem with the desired change. Aosa (1992) emphasizes that it is important that the culture of an organization be compatible with the strategy chosen because where incompatibility occurs, this will lead to a high organizational resistance to change.

Brown (1998) argues that there is widely held view that organizational culture is the key to understanding why some firms succeed in their strategies while others fail. Corporate culture of a firm can be a major strength. Culture cannot be ignored because it will have a significant impact on success or failure of the organization strategy. It is therefore the task of the manager to bring culture into alignment with the strategy and to keep it there once the strategy is chosen (Thompson and Strickland, 1989). Pearce and Robinson (1991) contend that different cultures can both strength as well as a weakness for the organization. They argue that as strength, it can facilitate communication. On the other hand, it can be its weakness by obstructing the smooth implementation of strategy by creating resistance to change.

The way this culture is incorporated in an organization inhibits or makes the project to succeed. Therefore decisions made by an organization should consider the role of culture in that community. For example, if a donor would like to campaign against female genital mutilation(FGM), he would succeed if he starts with related projects like health and formal education then use such forums to address the issue of FGM in that community. With this approach, the community will accept and support the project as opposed directly condemning and calling for abolition of FGM which is their cultural practice.

#### **2.4.8 External Environment**

The external environment has other factors that influence strategic choice. These factors include social, political, economical, technological, environmental and legal procedures. These are forces outside the control of an organization that lay a key role in decisions of an organization. Political interference may promote or hinder implementation of a project in a certain region. Sometimes, good projects have been crippled by politicians who want their will to prevail in a project and when this is opposed, the politicians block the progress of such a project. Government rules and local authority requirements have to be attended to before an operation is successfully carried out. The leaders of CBOs must continuously and currently negotiate with external parties to have the goal of the organization succeed.

#### **2.4.9 Insufficient funding**

Faced with competition for donor funding, the CBOs like other NGOs are expressing difficulty in finding sufficient, appropriate and continuous funding. They find accessing donors as challenging as dealing with their funding conditions. They perceive there to be certain cartels of individuals and NGOs that control access to donor funds. Thus decision on whom to align to is critical. They have limited resource mobilization skills and are often looking for international donors to approach them. There is a high dependency of donors and a tendency to shift interventions to match donor priorities. This greatly influences their decisions as they seek organizational sustainability.

On the other hand, donors try to push for their agendas in a project and put this as a condition for organizations to meet in order to get funds. For example, a donor may call



for proposals on environment led projects and when an organization apply for funding, the donor imposes other activities to be implemented along this one. The proposed new activity may not be a priority to the community but for them to receive the funds; the organization must comply and implement such an activity. This lead to utilization of resources in areas of no preference to the community as opposed to addressing the community needs.

#### **2.4.10 Competition**

Like the commercial sector, CBOs and NGOs are in the race to access funds from the donors. This competition for donor funding has influence on strategic choice and organizations tend to be more innovative to attain a competitive advantage over their counterparts. With limited donor funds, organizations have designed different strategies and tactics to woo the donors. This is a challenge to the CBOs who are not able to hire competent people or network at higher levels as the bigger NGOs have been doing. To retaliate, the CBOs have resolved into partnerships and strategic alliances with other like minded organization to build synergy as they approach the donors.

#### **2.5 Competition for Donor Funding**

John Collins is quoted to have said' Competition in the market place is like war'. You have injuries and casualties, and the best strategy wins (Thompson A, 1989). Competition is the act of striving against another force for the purpose of achieving dominance or attaining a reward or goal, or out of a biological imperative such as survival (American Heritage Dictionary, 2004). Competition, according to the theory, causes commercial firms to develop new products, services, and technologies. This gives consumers greater

selection and better products. The greater selection typically causes lower prices for the products either creating a bigger market share for the company or a smaller.

Ansoff (1990) argues that in the 1970s the strategist's attention turned from diversification to optimizing the firm's competitive strategies and the optimizing the firms total business portfolio. Porter (1980) adds that when the different markets of the firm have growth prospects and are mixed and turbulent, before further prospects can be estimated it becomes necessary to segment the firm's environment into distinctive areas of trends, threats, opportunities. Complexity, uncertainty and turbulence in the resource technology and socio, political environment make it desirable to segment these environments into strategic resource areas, thus the essence of strategy formulation in coping with competition (Porter, 1980).

Competition in an industry is rooted in its underlying economic structures and goes well beyond the behavior of current competitors (Obado, 2005). The level of rivalry or competition in industry therefore is determined by the concentration ratio of industry. Rivalry is low if the larger proportion of market share is held by a few large firms and high when the industry is fragmented. Porter (1980) argues that the most businesses must respond to five basic competitive forces that drive industry competition. The five forces are; threat of new entrants; threat of substitute products; bargaining power of suppliers; bargaining power of buyers and rivalry among current competitors. Existence of these factors; high exit barriers, slow market growth, high fixed costs, low buyer switching costs and low levels of product diversification intensify rivalry in an industry and forces the rival firms to seek competitive advantage in ways that elicit counter-response from rivals, reducing profitability and industry attractiveness.

Porter's model is a powerful tool for systematically diagnosing the chief competitive pressures in a market and assessing how strong and important each one is. Kitoto (2005) confers that a proper analysis of the five forces will help a firm choose one of the generic strategies that will effectively enable the firm to compete profitably in an industry. Managers therefore can only develop and choose winning strategies by first identifying the competitive pressures that exist gauging the relative strength of each and gaining a deep understanding of the industry's whole competitive structure.

The Porter's Five Forces Model allows for determination of the attractiveness of the industry. With the knowledge about intensity and power of competitive forces, CBOs can then develop options to influence them in a way that improves their own competitive position. To survive, CBOs must tailor their strategies to suit the changing market place. The winning strategy chosen can change the impact of competitive forces on the organization. The objective is to reduce the power of competitive forces.

As the NGO/CBO environment is dynamic; currently governance, HIV/AIDS, food security, alternative energy are the big thematic areas of Donors while previously it was gender, environment, and micro-finance. Following Porter's model, CBOs should be flexible, reading insight as the trends require and also trying to get out of every situation and being proactive to competitive forces.

With the knowledge of intensity and power of competitive forces, CBOs can develop options to influence them in a way that improves their own competitive position. The result could be a new strategic direction, new positioning, strategic partnerships, collaboration or strategic alliances.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

In this chapter, the researcher discuss the research design, target population, sample size, methods of data collection and analysis.

### **3.2 Research Design**

This study used cross-sectional research design. A survey was considered appropriate for this study to compare various community-based organizations on factors that influence their strategic choices and the demographic of their organization profile. In addition, a survey is ideal for this study because of the number of variables to be measured. There exists intricate relationships among some of the variables and therefore survey data was helpful to assess and measure causality. The design allowed for both quantitative and qualitative data capture; qualitative data was helpful in that respondents gave historical stories relating to challenges and strategic choices their respective CBOs have had. This then enriched the quantitative data.

### **3.3 Target Population**

The study targeted all the community based organizations operating in the informal settlements of Nairobi. According to the National Coordination Agency for Population and Development (2010), there are 1413 registered community based organizations in Kenya with 108 of them operating in the informal settlements of Nairobi.

### 3.4 Sample Design

A sample size of 50 community based organizations operating in Nairobi were selected by proportionate stratified random sampling method in the table below (Table 3.1). This constituted category groups of youth, women, religious groups, orphan and vulnerable children (Appendices 2). This conforms to the widely held rule of thumb that to be representative, a sample should have 30 or more test units (Wayne and Terrell, 1995).

**Table 3.1: Sample Stratification**

	<b>Category</b>	<b>Population</b>	<b>Sample</b>
1	Youth	50	23
2	Women	23	11
3	Orphan and Vulnerable Children( OVCs)	10	5
4	Religious	10	5
5	Others	15	7
	<b>Total</b>	<b>108</b>	<b>50</b>

### **3.5 Data Collection**

The study collected primary data from the sample of the population. This method was deemed appropriate as it ensures that the information collected was comprehensive (Cooper & Schindler, 2001). This methodology was used to yield optimal results from the interviewees deemed by the researcher to be the raw source of crucial information.

The study used semi structured questionnaires that contains both open-ended and close-ended questions (Appendix 1). The questionnaire was divided into two sections: Part A: collected demographic information of the CBOs; Part B consisted of the factors influencing strategic choices of community based organizations.

The respondents of the study were the director, chair person, member of the senior management or management committee. Where these are missing, the most knowledgeable person e.g. resource mobilization officer, organizational development officer or program coordinator were interviewed. The choice of the right respondent was very instrumental as these are the people responsible for decision making in the organization and were in a better position to provide relevant, accurate and reliable information.

The questionnaire was administered by a team of enumerators. A team of four enumerators was recruited and trained. They pre-tested the questionnaires with eight CBOs. This gave room to revision of the questions, estimation of interview time per questionnaire and also enabled enumerators to master the questions. The data collection took two weeks.

### **3.6 Data Analysis**

Collected data was analyzed in using descriptive statistics including frequencies, mean and percentages (measures of central tendency) to measure the extent to which factors influence strategic choices in the CBOs. It involved detailed description of objects, items or phenomena that comprises the sample (Mugenda & Mugenda, 2003). Data interpretation and discussion was done to elaborate on the level of influence and contributing factors. For example the higher the mean score the higher the challenges. This gave a quick insight of the variable measurements and spread.

A comparison of the means was also used to establish the extent to multiple variable influences a factor in consideration. Clustering of factors around strategic choices was used to indicate possible relationship between certain factors and strategy types. This was done by using the inference statistics including simple regressions and correlations. Tables, graphs and charts were used to illustrate the comparison and summarization of various sets of data on factors considered to influence strategic choices.

## **CHAPTER FOUR:**

### **DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS**

#### **4.1 Introduction**

This chapter presents analysis and findings of the study as set out in the research methodology. The results were presented on the factors that influence strategic choices adopted by community based organizations competing for donor funding in Nairobi Kenya. The study targeted a total of 50 respondents all of which responded and returned their questionnaires contributing to 100% response rate. This response rate was excellent and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. This response rate was due to extra efforts were made via personal calls and visits to remind the respondent to fill-in and return the questionnaires.

#### **4.2 Demographic Information**

The study found that most of the organizations had less than five years since they were started. Most of the organizations had an average of two permanent staff, twelve volunteers and seven temporary staff. further, an average of 62% of the staff were University graduates, 18% were O-level certificate holders while 27% were professional certificate holders.



**Table 4.2: Age range of the CBO members**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
18-25	25	50.0
26-30	14	28.0
31-35	5	10.0
above 35	6	12.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

On the age range of the CBO members, the study found that the most of the CBO members (50%) were between 18-25 years, 28% were aged between 26-30 years, 12% were aged above 35 years while 10% of the respondents were aged between 31-35years.

**Table 4.3: CBO Thematic area(s) of intervention**

<b>Thematic areas</b>	<b>Frequency</b>	<b>Percent</b>
Economic development	21	42.0
HIV/AIDS (Awareness, VCT, treatment, HBC)	12	24.0
Environmental	7	14.0
Education	3	6.0
Orphaned Vulnerable Children (OVCs)	2	4.0
Governance	2	4.0
Gender	2	4.0
Religious	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

The study also sought to establish the CBO Thematic area(s) of intervention. From the

findings, 42% of the CBOs were in economic development, 24% were in HIV/AIDS (Awareness, VCT, treatment, HBC), 14% were in environmental, 6% were in education, those in OVCs, governance and gender were represented by a 4% each while 2% were religious.

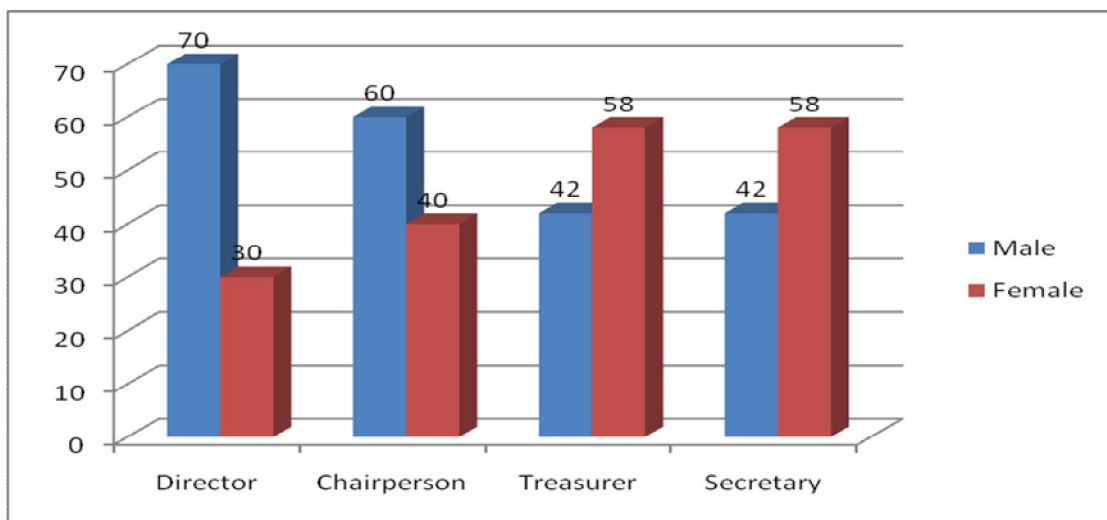
**Table 4.4: Existence of a resource mobilization team**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
No	36	72%
Yes	14	28%
<b>Total</b>	<b>50</b>	<b>100%</b>

*Source: research Data, 2011*

The respondents were asked whether they had a resource mobilization team in their organization. From the study findings, 72% of the respondents did not have a resource mobilization team while a minority of 28% had one in place.

**Figure 4.1: Gender of the leadership team**



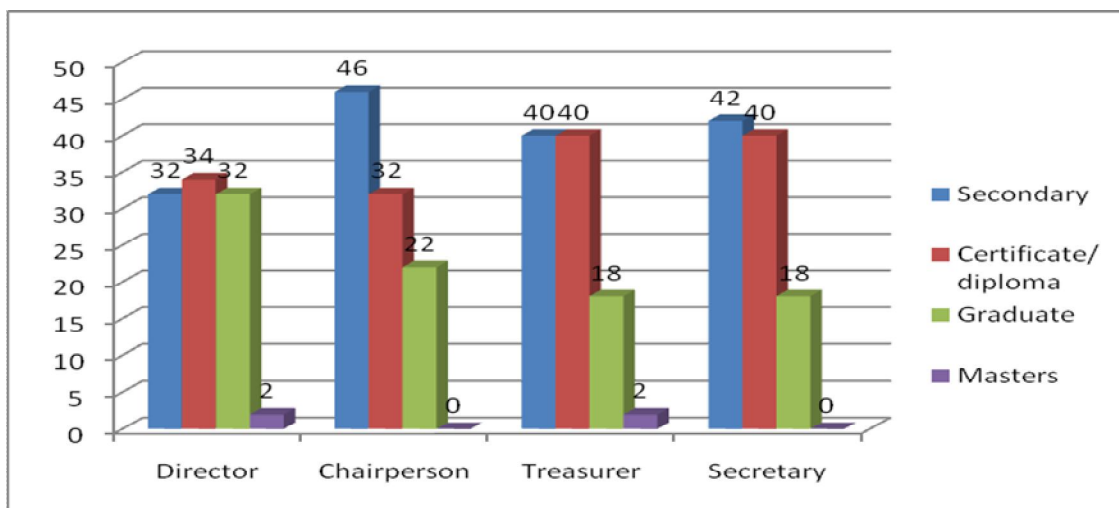
From the findings, the study established that the most of director and chairpersons were males as shown by 70% and 60% respectively, while most Treasurer and Secretaries were females as shown by 58% each.

**Table 4.5: Age of the leadership team**

Age	Director		Chairperson		Treasurer		Secretary	
less than 30years	32	(64)	32	(64)	34	(68)	34	(68)
31-35 years	11	(22)	9	(18)	7	(14)	9	(18)
36-40 years	1	(2)	4	(8)	2	(4)	4	(8)
41 and above	6	(12)	5	(10)	7	(14)	3	(6)
<b>Total</b>	<b>50</b>	<b>(100)</b>	<b>50</b>	<b>(100)</b>	<b>50</b>	<b>(100)</b>	<b>50</b>	<b>(100)</b>

On the age of the leadership team, the study found that the most of the directors, chairpersons, treasurers and secretaries were young people aged less than 30years.

**Figure 4.2: Education level of the leadership team**



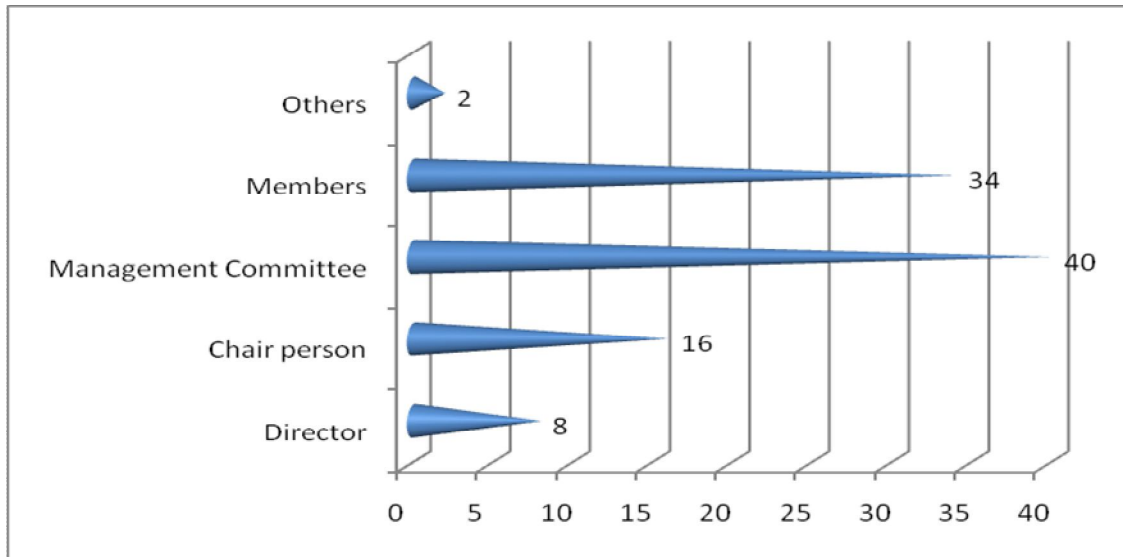
The study also sought to establish the highest level of education of the leadership team. According to the findings, the most (34%) of directors had a certificate/diploma, 46% of the chairperson had a secondary education, 40% of the treasurers had either a secondary education or a certificate/diploma while 42% of the secretaries had a secondary education.

**Table 4.6: Working experience (years) of the leadership team**

Working Experience (years)	Director		Chairperson		Treasurer		Secretary	
	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage
1-5	32	64 %	39	78%	39	78%	40	80%
6-10	11	22% %	8	16%	9	18%	7	14%
11-15	4	8%	3	6%	2	4%	2	4%
16-20	3	6%	0	0%	0	0%	1	2%
<b>Total</b>	<b>50</b>	<b>100%</b>	<b>50</b>	<b>100%</b>	<b>50</b>	<b>100%</b>	<b>50</b>	<b>100%</b>

The respondents were asked to state the duration that the leadership team has been working. The response tabulated above show that most of the leadership team had 1-5 years of working experience and a minority with above 15 years of working experience.

**Figure 4.3: Decision makers in the organizations**



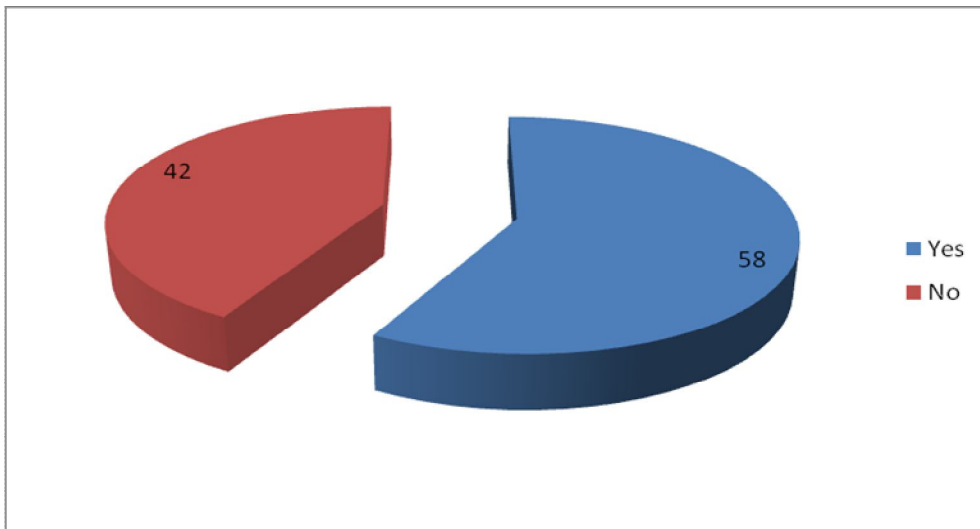
The respondents were also requested to indicate the people who make key decisions in the organizations. From the results of the study, the most of the respondents (40%) reported that it was the management committee that makes key decisions in the organizations, 34% said it was the members, 16% said it was the chair person, 8% said it was the director while 2% of the respondents said it was other stakeholders that make key decisions in the organizations.

**Table 4.7: People who leads the team**

Position	Frequency	Percent
Director	37	74.0
Chair person	11	22.0
Management Committee	1	2.0
Others	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

The study also wanted to establish the people who lead the team. From the study findings, 74% of the respondents said that it was the director who led the team, 22% said it was the chairpersons while those who said it was the Management Committee or other parties were represented by a 2% each.

**Figure 4.4: Other CBOs doing similar work**



The study also required the respondents to indicate whether there are other CBOs doing similar work. According to the responses given, most of the respondents (58%) reported that there were other CBOs doing similar work to theirs while 42% differed with this.

**Table 4.8: Strengths of other CBOs doing similar work**

<b>Categories</b>	<b>Frequency</b>	<b>Percent</b>
Size of the organization	7	14.0
Competent personnel	16	32.0
Areas of intervention	11	22.0
Target beneficiaries	5	10.0
Management practices	3	6.0
Networking strategies	7	14.0
Others	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

The study also wanted to establish the strengths of other CBOs doing similar work. According to the study, most (32%) of the respondents said that the other CBOs doing similar work had competent personnel, 22% said it was the areas of intervention, 14% said it was the size of the organization, 14% said it was networking strategies, 10% said it was target beneficiaries, 6% said it was management practices while 2% of the respondents said other CBOs doing similar work had other strengths.

### **4.3 Factors Influencing Strategic Choice**

#### **4.3.1 Factors influence strategic choices**

The study examined the extent to which various factors influence choices made by community based organizations. This section will tabulate mean scores on each factor from the respondents and show the extent of the deviations.

**Table 4.9: Extent that various factors affect strategic choices in the organization**

<b>Factor Influencing Choice</b>	<b>Mean</b>	<b>Std. Deviation</b>
Organization vision and mission	3.3	1.4
Funding requirements by the potential donors	3.2	1.3
Size of the organization	3.1	1.1
Donors thematic areas of intervention	2.8	1.4
Competence level of personnel in the organization	3.3	1.3
Community involvement in project design	3.8	1.2
Communication channels in the organization	3.1	1.2
Ability to accommodate personnel from different cultural backgrounds	2.7	1.4
Good financial projections and budgeting	3.6	1.1
Sustainability of the organization	3.6	1.3
Sensitive on how programs affect the general society	3.6	1.2
Organizational structure	3.2	1.2
Ability to identify opportunities and respond swiftly	3.1	1.1
Sharing information with other organizations	2.8	1.1
age of the people at the management level	3	1.2
Utilizing strengths and competence of the organization	3.1	1.2
Global economic changes	3.2	1.3
Availability of resources	3.4	1.2
Timely access to funds	3.3	1.3



Competition from other NGOs/CBOs	3.2	1.4
Having a fund raising team	2.9	1.2
Organization's intervention areas	2.9	1.2
Networking with other organizations	3.3	1.2
Forming partnerships and alliances with other organizations	3.1	1.3
Organizational culture	2.8	1.4
Ethics	3	1.2
Organizational leadership	3.3	1.4
External environment	3.1	1.1
Flexibility to changing strategies to suit donor's needs	2.9	1.4
Pressure from donors on organization's strategies	2.5	1.2
Having inadequate funds to implement a project	3.6	1.1
Exposure to other networks	3.1	1.1
Political interference	2.6	1.5
External environment	3.1	1.1
Having transparent financial systems	3.2	1.5
<b>Grand Mean</b>	<b>3.14</b>	

The study also sought to establish the extent that various factors affect strategic choices in the organization. The researcher used a rating of 1-5 where 1=Not at all, 2=Little extent, 3=Moderate extent, 4=Great extent, 5= Very great extent. From the grand mean of

the study findings, there seem to be a significant influence on strategic choices by the factors under consideration. This is worth close examination as to which factors have a high or low contribution to choices made and thus worth consideration in strategy formulation.

To a great extent most of the respondents reported that the factors that affect strategic choices in the organization include community involvement in project design as shown by a mean score of 3.76. This score was high because all CBOs projects are concerned with the community and as such, for any strategy to be successful, the community has to be highly involved. Good financial projections and budgeting as shown by a mean score of 3.58 and sustainability of the organization, sensitivity on how programs affect the general society and having inadequate funds to implement a project as shown by a mean score of 3.56 in each case. These were moderately high because good financial projections ensure proper management of the funds which CBOs are competing for and also promote donor confidence in the CBO. As such poor financial projects lead to low or no donor funding.

The respondents further indicated that the factors affect strategic choices in the organization to a moderate extent include availability of resources as shown by a mean score of 3.44, networking with other organizations as shown by a mean score of 3.30, organization vision and mission, competence level of personnel in the organization, timely access to funds and organizational leadership as shown by a mean score of 3.26 each. Others included having transparent financial systems as shown by a mean score of 3.24, funding requirements by the potential donors and organizational structure as shown by a mean score of 3.22 in each case. Availability of resources was ranked moderate

because the resources at the disposal of the CBOs is limited and this is the major reason as to why the CBOs have to compete for donor funding. Transparent financial system ensures high level of accountability and boosts donor confidence in the NGO thus a moderate score was well indicative of the struggle the CBOs are going through to ensure high donor confidence.

Other factors cited by the respondents as affecting strategic choices in the organization to a moderate extent include competition from other NGOS/CBOS as shown by a mean score of 3.20, global economic changes as shown by a mean score of 3.16, forming partnerships and alliances with other organizations, external environment and exposure to other networks as shown by a mean score of 3.14 in each case. This also applies for communication channels in the organization and external environment as shown by a mean score of 3.12 each and size of the organization, ability to identify opportunities and respond swiftly and utilizing strengths and competence of the organization as shown by a mean score of 3.06 in each case.

The study further found that other factors affect strategic choices in the organization to a moderate extent include age of the people at the management level as shown by a mean score of 3.02, ethics as shown by a mean score of 2.96, having a fund raising team as shown by a mean score of 2.94, organization's intervention areas as shown by a mean score of 2.92, flexibility to changing strategies to suit donor's needs, donors thematic areas of intervention, sharing information with other organizations and culture as shown by a mean score of 2.80 each, ability to accommodate personnel from different cultural backgrounds as shown by a mean score of 2.74, political interference as shown by a mean score of 2.60 and pressure from donors on organization's strategies as shown by a mean

score of 2.54. These factors affected strategic choices to a moderate extent because they were more less like support functions to the main factors. They all acted to support and influence the success rate of the main factors which were rated high by the respondents.

#### 4.3.2 Gender And Strategic Choices

The study sought to establish the extent to which gender influence strategic choices adopted by community based organizations.

**Table 4.10: Extent to which gender affects strategic choices**

Factor Influencing Choice	Mean Score	
	Male	Female
Community involvement in project design	1.22	2.54
Sustainability of the organization	1.91	1.65
Sensitive on how programs affect the general society	1.48	2.08
Having inadequate funds to implement a project	2.46	1.10
<b>Grand Mean</b>	<b>1.77</b>	<b>1.84</b>

From the grand mean of analysis on gender, the study revealed that the female gender has a higher influence on strategic choices with a grand mean of 1.84 as compared to the male with a grand mean of 1.77. This is because women have a better sense of community work than men; though fewer women are in the leadership of CBOs, they are

more vocal and passionate on the issues affecting the society. However, there are different factors that influence strategic choices and each gender contributes to a certain extent. Further analysis revealed that female had a higher mean score of 2.54 than men who had 1.22 in influencing strategic choices on community involvement in project design. This is attributed to the role of female in building communities and enhancing the cohesion to ensure success of the community activities. On sustainability of the organization, male had a higher mean score of 1.91 while female had a mean score of 1.65. Male are normally given an upper hand in ensuring sustainability of the organization as they are thought to be more aggressive than female.

On sensitivity of how programs affected the general society, female were more sensitive as shown by the higher mean of 2.08 compared to that of male of 1.48. Female are generally more sensitive to issues pertaining community development activities and will always seek projects that promote their unity and cohesion. The study further analyzed the effects of having inadequate funds to implement a project. From the analysis, male had a higher mean score of 2.46 as compared to that of female at 1.10. Men are thought to be more visionary and forward looking and therefore will tend to ensure sustainability of the projects.

#### **4.3.3 Education and Strategic Choices**

The study analyzed the extent to which education influence strategic choices made by community based organization. The findings were as follows;

**Table 4.11: Extent to which Education affects factors influencing strategic choices in the organizations**

<b>Factor Influencing Choice</b>	<b>Mean Score</b>			
	<b>Master</b>	<b>Graduate</b>	<b>Diploma</b>	<b>Secondary</b>
Ability to accommodate personnel from different cultural backgrounds	1.3	1.04	0.31	0.09
Availability of resources	1.14	1.25	0.81	0.24
Pressure from donors	0.32	0.56	0.68	0.98
Organizational leadership	1.06	0.99	0.65	0.56
<b>Grand Mean</b>	<b>0.96</b>	<b>0.96</b>	<b>0.61</b>	<b>0.47</b>

The study found that education played a major role in influencing choices made in an organization as shown by higher grand means of 0.96 for people with masters and degree as compared people with diploma and secondary school levels of education. Education provides a wider scope of knowledge and exposure that contributes positively to strategic choices made by organizations.

The study further analyzed the extent to which education affected other factors influencing strategic choices in the organizations. On the ability to accommodate personnel from different cultural backgrounds, the analysis was 1.3, 1.04, 0.31 and 0.09 for masters, graduate, diploma/certificate and secondary levels of education respectively. People with masters had a wider span of control in accommodating people from other

cultures by having interacted with different people in class at the university level. This gives them the ability to teamwork, exchanged ideas and accommodates each other's cultural background.

On availability of resources, the analysis was 1.14, 1.25, 0.81 and 0.24 for masters, graduate, diploma/certificate and secondary levels of education respectively. People with masters had more resources at their disposal because of the better communication skills and relationship management. This affords them an opportunity to approach different donors who in turn supports them. In addition, individuals with masters prepare quality funding proposal which enable them to win donor's support and hence higher accessibility to resources.

On pressure from donors on organization's strategies secondary education level had the highest mean score at 0.98 while masters' level had the least mean score at 0.32. This could be attributed to the inability for people with the secondary education to handle pressure from donors by lack of experience, interpersonal skills and exposure to other donors. More than often such people tend to view that donor as the only one who can fund their propjet and failure to meet their demands may lead to them loosing the funding and not get any at all. On the contrary, people with higher levels of education are more rationale and will view this as an opportunity to be focused and not be swayed by a donor and they are open-minded that losing one donor does not mean loosing it all but they can look for another donor in line with their vision without having to compromise the organization mandate.

On Organizational leadership, Masters had the highest mean score of 1.06 while Secondary level of education had the least mean score at 0.56. This could be attributed to the fact that educated people tend to be better leaders with a great vision as compared to their counterparts. This is also seen by the many years they have been at the university and witnessed different leadership styles from the student leaders, small group leaderships and study of leadership models that expose them to the pros and cons of each leadership style.

#### 4.3.4 Decision Makers and Strategic Choices

The study examined the extent to which different decision makers in an organization influence strategic choices. The following were the findings;

**Table 4.12: Extent to which Decision makers affect factors influencing strategic choices in the organizations**

Factor Influencing Choice	Mean Score				
	Director	Chairperson	Management Committee	Members	Others
Organization vision and mission	0.96	0.81	1.16	0.15	0.18
Sustainability of the organization	1.18	1.16	1.15	0.02	0.05
Timely access to funds	0.92	0.95	0.16	1.19	0.04
Having a fund raising team	0.84	0.72	0.91	0.32	0.15
<b>Grand Mean</b>	<b>0.98</b>	<b>0.91</b>	<b>0.85</b>	<b>0.42</b>	<b>0.11</b>



The grand mean score revealed the hierarchy leadership style in the organization determined the level of influence in decision making. From the study, the directors and chairperson of the organization were the key decision makers with a higher mean of 0.98 and 0.91 respectively. The members of the organization had little influence on decisions made and their views are not taken when decisions are being made. This could also be attributed to the fact that most CBOs are formed by individuals who become the vision bearers and thus have the powers to lead and make decisions of their organizations. It can also be attributed to the fact that membership is voluntary and one has to follow decisions made by the top people in the organizations otherwise one could be excommunicated from the organization.

From the analysis of organization vision and mission, management committees had the highest mean score at 1.16 while members had the least mean score at 0.15. Management committees are the ones tasked with the responsibilities of developing organization visions and missions that govern the way CBOs conduct their businesses. More than often the members are not even aware of the vision and mission of their organization. Lack of such knowledge leads to conflicts as the people are not working to fulfill the same goals and this leads to the breakups of the CBOs and new ones formed.

On sustainability of the organization directors had the highest mean score at 1.18 because they play key roles in determining the sustainability of the CBOs while members had the least mean score at 0.02. The directors are the vision bearers of the organization and it is at their interest to source for funds for the sustainability of the organization.

On timely access to funds, members had the highest mean score at 1.19 because they influence the release of funds by demanding implementation of activities promised to them. This was followed by chairperson at 0.95 who escalates the members demands to the donors. During project evaluation, the donors tend to rely on information given to them by the members as opposed to the organization leaders. Thus, members have great influence on timely access to funds and the management adheres to the demands so that they appear to be doing the work when the donors visit their projects and wan to meet the beneficiaries. Failure to do so would lead to donors withdrawing funds from the organization so managers are keen to release funds timely.

## **CHAPTER FIVE:**

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

#### **5.1 Introduction**

This chapter presents the summary of findings, discussion, conclusion drawn from the findings and recommendations made for research, policy and practice. The conclusions and recommendations drawn focus on the purpose of the study.

#### **5.2 Summary of Findings**

From the findings, it was established that most of the CBO members were young people aged between 18-25 with an average of secondary and diploma levels of education and less than five years of working experience. This is because of high levels of unemployment in Kenya and the youths are looking for ways to generate income for themselves and their families. On the other hand the informal settlements of Nairobi are faced immense social, economic and environmental challenges ranging from health, education, sanitation and poverty such that in attempt to get solutions, the youths form small community based organizations with the aim of voicing their needs to potential donors and charitable organizations for support.

On the leadership team, it was clear that most of director and chairpersons were males while most treasurer and secretaries were females. The society has stereorised and categorized some jobs according to gender and more often most to the top leadership positions are dominated by male. On the other hand the female are believed to be honest

and mindful of the welfare of other people and so they tend to be trusted with finances and appointed in a treasurer position.

On the decision makers, it was evident that there exist a hierarchical management structure in the CBOs and power to make key decisions lies with the director and the chairperson. The members have little influence in the decision making process. This could be dangerous because the top management could collude and pass some decisions that are not in agreement with the members thus leading to a dictatorship management style. As a result, when some members are not satisfied with the management style, they tend to breakup and regroup to start another similar CBO. This is why there are erroneous CBOs sprouting each day with projects in the same area and yet there is minimal impact in the society. There is need for CBOs to be trained on group dynamics and how to have a cohesive team in project design and implementation. It is also important to involve, get views, options and opinions of the members before making some major decisions in the organization.

The study also established that the factors affecting strategic choices in the organization to a great extent include availability of resource, networking with other organizations, organization vision and mission, competence level of personnel in the organization, timely access to funds and organizational leadership, having transparent financial systems, funding requirements by the potential donors and organizational structure, competition from other NGOS/CBOS, global economic changes, forming partnerships and alliances with other organizations, external environment and exposure to other networks, communication channels in the organization, external environment, size of the

organization, ability to identify opportunities and respond swiftly and utilizing strengths and competence of the organization.

The study further found that other factors affect strategic choices in the organization to a moderate extent include age of the people at the management level, ethics, having a fund raising team, organization's intervention areas, flexibility to changing strategies to suit donor's needs, donors thematic areas of intervention, sharing information with other organizations, culture, ability to accommodate personnel from different cultural backgrounds, political interference and pressure from donors on organization's strategies.

The study established that education had a key role in influencing choices made by the organizations. People with masters and degree levels of education had exposure and networks that could help in sourcing for donor funding, writing winning proposals and were on the lookout for opportunities to get donor funding. There is need to employ high qualified people in the CBOs so that they can assist with ideas and think strategically on how to raise and manage funds for the benefit of the community initiated projects.

### **5.3 Conclusions of the Study**

From the findings the study concludes that the factors mainly affect strategic choices in the CBOs in Nairobi Kenya include community involvement in project design where the community will determine the success or failure of the project. Having good financial projections and budgeting is vital as this will help the organizations to manage the finances well and implement as planned without misappropriation of funds. Again this good financial projection will help the organization not under budget for the projects so

that projects don't stall due to lack of enough funds which were not well articulated at the conception stage of the project.

On the sustainability, organizations should diversify to alternative ways other than relying wholly on donor funding which is diminishing with time. They should also devise competitive strategies that would attract donor funding to their organizations. The management should be sensitive on how programs affect the general society and design projects that have the goodwill of the society. Finally, organizations should have a strong management and fund raising team that is not swayed by pressure from the donors to undertake projects that are not in line with their vision and mission.

#### **5.4 Limitations**

The study concentrated with CBOs in Nairobi due to limited resources. It would have been important to extend the scope of study to other CBOs in other counties in Kenya so as to compare the findings. Another limitation was time taken to collect data; most of the managers in the CBOs were not available and therefore much time was spent to get them to fill the questionnaire.

#### **5.5 Recommendations for Policy and Practice**

Since the study found that community involvement in project design affects strategic choices to a great extent, the study recommends that in order to enhance the success of the project execution/implementation, the management should ensure there is enough consultation with the other members of the community which are directly affected by their thematic areas. The CBO should also design projects that contribute to the realization of the Millennium development goals (MDGs) and Vision 2030. Such projects

will always receive support from the government and policy makers even when opposed by the community.

The study also recommends that the CBOS should hire experts and qualified people to manage the organization. This is because education and work experience were seen to have a higher influence on strategic choices adopted by the CBOs. Such people would bring in innovation and networks needed to effectively fundraise and implement projects required by the society. Although CBOs are voluntary organization, I would recommend the government not establish some regulatory rules on the level of education and experience the top management of CBOs should have. This will reduce the cases of donors channeling money to many breakaway CBOs and less impact on the needy society due to mismanagement and misallocation of funds.

The CBOs should also undertake some investment to supplement assistance from donors and to avoid overreliance on donor funding thus enhancing their sustainability. They should also have some money generating activities which will ensure there are adequate funds to implement their project.

## **5.6 Recommendations for Further Research**

The study explored the factors that influence strategic choices adopted by community based organizations competing for donor funding in Nairobi County. The researcher therefore recommends that further research should be done on the factors that influence strategic choices adopted by community based organizations competing for donor funding in other regions in Kenya so as to allow for generalization as different CBOs in different regions have different strategic approaches.

The study recommends further studies to be done on implementation of projects by community based organizations. The donors have given a lot of money and resources to the CBOs but poverty continues to rise in the informal settlements. It would be necessary to find out if the CBO model of implementing projects is viable and how its systems and structures could be strengthened. For example, if the CBOs leaders could be given short term course on financial management, proposal writing, monitoring and evaluation.



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## APPENDICES

### Appendix I: Questionnaire

The questionnaire seeks to determine the extent to which other factors influence strategic choices of community based organizations in competing for donor funding.

#### Section A: Demographic data of your organization

1. Name of your organization: \_\_\_\_\_
2. Title of the respondent person: \_\_\_\_\_
3. When was your organization started? \_\_\_\_\_
4. Number of staff in the following categories;
  - a. Permanent staff \_\_\_\_\_
  - b. Volunteers \_\_\_\_\_
  - c. Temporary staff \_\_\_\_\_
  - d. Others (please specify) \_\_\_\_\_
5. Approximately what percentage(%) of the employees is
  - i. University graduates \_\_\_\_\_
  - ii. O-level certificate holders \_\_\_\_\_
  - iii. Professional certificate holders \_\_\_\_\_
  - iv. Others (specify) \_\_\_\_\_
6. What is the age range of the CBO members? A) 18-25 b) 26-30 c)31-35 d) above 35 Others please specify \_\_\_\_\_

7. What is your thematic area(s) of intervention? 1) Economic development; 2) HIV/AIDS (Awareness, VCT, treatment, HBC); 3) Environmental; 4) Education; 5)OVCs ; 6) Governance; 7) Gender; 8) Religious
8. Do you have a resource mobilization team in your organization? 1) Yes [  ]; 2) No [  ]
9. What are the qualifications of your leadership team? (Fill in the details in the table below)

<b>Position</b>	<b>Name</b>	<b>Gender</b>	<b>Age</b>	<b>Education level</b>	<b>Working experience (years)</b>
Director					
Chairperson					
Treasurer					
Secretary					

10. Who makes key decisions in your organization? 1) Director; 2) Chair person; 3) Management Committee; 4) Members ; 5) Others (specify)\_\_\_\_\_
11. If Yes, to Q.9, who leads the team? 1) Director; 2) Chair person; 3) Management Committee; 4) Members ; 5) Others (specify)\_\_\_\_\_
12. Are there other CBOs doing similar work with yours? 1) Yes [  ]; 2) No [  ]
13. If Yes, to Q.12, what are their strengths? 1) size of the organization; 2) competent personnel; 3) areas of intervention; 4) target beneficiaries; 5)management practices; 6) Networking strategies; 7) Others ( specify)\_\_\_\_\_

**Section B: Factors influencing strategic choice**

1. To what extent does each of the following factors affect strategic choices in your organization? [1=Not at all, 2=Little extent, 3=Moderate extent, 4=Great extent, 5= Very great extent]

<b>Factors influencing strategic choices</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Knowledge of the organization vision and mission					
Funding requirements by the potential donors					
Size of the organization					
Donors thematic areas of intervention					
Competence level of personnel in the organization					
Community involvement in project design					
Communication in the organization					
Ability to accommodate personnel from different cultural backgrounds					
Good financial projections and budgeting					
Sustainability of the organization					
Sensitive on how programs affect the general society					
Ability to identify opportunities and respond swiftly					
Sharing information with other organizations					

Utilizing strengths and competence of the organization					
Global economic changes					
Accessing funds at appropriate time					
Competition from other NGOs					
Having a resource mobilization team					
Networking with other organizations to achieve your goal					
Forming partnerships and alliances with other organizations					
Changing strategies to suit donor's needs					
Pressure from donors on organization's strategies					
Having inadequate funds to implement a project					
Political situation in the country					
Having transparent financial systems					

**Thank you very much for your time.**

## **Appendix II: Letter of Introduction**

University of Nairobi, School of Business

Department of Management, Science

P.O. Box 30197

NAIROBI.

Dear Respondents,

### **RE: SEARCH FOR RESEARCH DATA**

I am a post graduate student at the University of Nairobi pursuing a course in Masters of Business Administration (MBA), specializing in strategic management. In partial fulfillment of the course requirement, I am conducting a survey study on challenges and strategic choices of community based organizations in Nairobi.

For the purpose of completing my research, I wish to collect data through the attached questionnaire. I shall be grateful if you kindly allow me to interview you.

The information provided is purely for my research project and will be treated with strict confidentiality. A copy of the final research report will be availed to you upon request.

Thank you for your co-operation.

Githige Roseirene Wangui

MBA student