The State of Strategic Management Practices in Not-For-Profit Organizations: The Case of Public Membership Clubs in Nairobi

By

Kiruthi, J N

Supervisor

Mr. Jackson Maalu

A Management Research Project Submitted in Partial Fulfillment of the Requirements of a Masters degree in Business Administration, Faculty of Commerce, University of Nairobi

August, 2001

DECLARATION

This project is my original work and has not been submitted for a degree in any other University.

Signed: _____

Jacinta N. Kiruthi

Date: _____23rd October, 2001_____

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

Signed: _____

Mr. Jackson Maalu

Senior Lecturer, Department of Business Administration

Date: _____30/10/2001_____

DEDICATION

To the Memory of my late grandfather, Harrison Mwihia Mukabi
Who believed in the power of education;

To my parents Dominic and Jane Kiruthi
Who heeded to that advice;

To my best friend Tux
Who helped me follow that advice!

Oh Lord, forgive Three sins that are due to my human limitations

Thou art everywhere but I worship thee here;
Thou are without form but I worship thee in these forms;
Thou needest no praise, yet I offer you these prayers and salutations;

Lord forgive three sins that are due to my human limitations

The Far Pavilions

TABLE OF CONTENTS

List of Pie Charts

List of Tables

List of Graphs

Acknowledgements

I owe a great deal of gratitude to several people who made my studies and ultimately, this project, a success;

My dear parents (**Mr. and Mrs. Kiruthi**) who sacrificed a great deal throughout the course of my life; to my sisters-Martha, Anastasia, Wangui; brothers-Anthony, Gitau, and nephew Njenga whose presence made life a lot of fun;

To Mr. Jackson Maalu, who supervised this project, and who provided me with invaluable advice and guidance, and was always there when I needed assistance;

To all the Club Secretaries and Managers who honored their appointments and took time off their busy schedules to fill in my questionnaires. Also to all those who provided valuable information and whose assistance proved priceless;

To my good friends Juliet, Lillian, Jayne, Emily, Anne (and family) who are great women destined to change this world;

This project would not have been completed without the generous help of my dear friend **Tux** who was there through it all;

But ultimately, everything is made possible by the will of God, in whom I trust... absolutely. Thank-you.

Abstract

When most people think of a club, they commonly have in mind a multitude of values and images, conceiving lash landscapes separate from everyday life. The character and pace of club life are calm, reserved, withdrawn and removed from the daily hubbub of work. Moreover the club is thought of as a privileged space, whose settings form a separate landscape both visually and socially - one shaped by the forces of economic success and social status.

The club is unavoidably a material landscape, providing a visual presence of values that cannot be readily ignored, and a material culture that cannot be readily understood. It has evolved to meet not only the tastes and lifestyles of club members but also an institution's requirements for economic efficiency. It is filled with employees, serviced by related businesses, and managed to provide for its members. It is a space moreover whose boundaries are molded by external economic and social pressures that allow for physical growth or deterioration.

The evidence of esteem is unavoidably political and fragmented, reflecting the multiple realities people perceive and act on. Some who admire the club-life are intimidated by their inability to become members; others, who have the education and income to feel comfortable in it, may rejects its values. Last, people who aspire to create and to sustain the club life are often quite comfortable with the status quo and do not wish their social values to be challenged.

The purpose of this study was to investigate the state of strategic management practices in these clubs. The focus of the study was public membership clubs situated in Nairobi and its immediate environs. Given the expanding visibility of the not-for-profit sector, it is not surprising that there has been a rapid

increase in the amount of published research on strategic management in this sector. But this has predominantly been in the developed country contexts. Very little has been done in Africa, more so in Kenya.

The study had two main objectives;
- to establish the state of strategy practices within public membership clubs
- to identify the factors that influence the development of strategy in public membership clubs

To achieve these objectives primary data was collected through a semi-structured questionnaire addressed to the Club Secretary and in his absence the Manager of the Club. Then appropriate interviews were set up, to enable the researcher capture any additional information.

One of the purposes of strategic management is to assist in the survival of the organization over time. Clubs were the creation of the British settlers, most of them being formed in the early part of the 1900's. The clubs studied did not appear to have concrete strategies in place to ensure their survival, and yet they continue to attract large numbers of prospective membership.

The findings of this study indicated that clubs are unique in their management structure. They are created by members, run by the same members (who organize themselves into committees), and invariably managed by the members. With this unique setting in place, there is certainly a conflict of interest as to what objectives should be pursued, who should implement them, and who is accountable to whom. Clubs are also very conservative in nature, both in their styles of management and in the nature in which the decision-making process is undertaken. The Management Committee plays a dominant role to the extent of sometimes making decisions which may be useful to the growth and expansion of the club, but unpopular to members.

The findings of this study also indicated that some of these clubs engaged strategic management practices to varying degrees. However the dominant role played by the Management Committee showed that strategies were poorly implemented. As a result these clubs did not enjoy the benefits of the use of strategy suggested in the literature reviewed.

Chapter One
INTRODUCTION

1.1   Background

Recognition has grown in recent years of the importance of the not-for-profit sector to the country's economy, to the vibrancy of the civil society, and to the implementation of certain policies. Scrutiny of the sector by the press and the public has increased as well, generating "a crisis of accountability" (Salamon, 1997). Within this context, the need for competent strategic management and leadership is widely acknowledged (Bryson, 1995).

In Nairobi and the rest of the urban world today, it is almost impossible to imagine life without the plethora of social organizations, which comprise and make possible our everyday life. The need for these social groupings are as old as man's need for leisure and entertainment. At the most fundamental level, anything that stimulates, encourages or otherwise generates a condition of pleasurable diversion is much more than mere entertainment. It is something that is universally appealing because when it is effective, it moves one emotionally.

The word "**exclusive**" and images of cultural islands of economic power, social status, and minority discrimination almost always accompany the words "**Public Membership Club**". As a matter of fact, the rise of the American Country Club coincided with suburbanization, new methods of transportation and the desire of the elite to separate themselves from the lower classes (Mayo, 1997).

Public membership clubs are places where members combine their interests in sports, the outdoors, and relaxation plus attend social events, while getting away from everyday responsibilities and chores. Mayo (1997) states that the

roots of clubs (as we know them today) can be traced from the dining clubs of the 1800s through the exclusive city clubs and summer resorts of the nineteenth century of the United States. Their growth reflected a desire for permanent and organized places where the wealthy could spend their free time. By the mid of the previous century, mass transportation enabled the wealthy to escape the confines of the city, and suburbanization began.

The objective of public membership clubs therefore, is to promote sporting, social and cultural activities among its members. The members consist of various categories, namely honorary members, ordinary members, senior members, life members, associate members, plain members visiting members and junior members. (Public Works Department Club, 2001).

These clubs are under the management and direction of a **Management Committee** that consists of the following ordinary or life members: the Chairman, Vice-Chairman, the Secretary and the Treasurer plus ten to fifteen other members. They are entrusted with the duty of considering any matters which, in their opinion, are of importance to the members. Thus, management by Committee often produces inefficiencies that professional management would be able to eliminate while maintaining the high level of service and amenities that private club members demand. Examples of these inefficiencies include inefficient purchasing, inefficient hiring and staffing, and an arduous time-consuming decision-making process that pleases only the limited number that may be involved, thereby adding to costs and failing to resolve problems.

A feature that distinguishes membership clubs from other organizations is that their management and ownership overlap. The owners of private sector organizations entrust the strategy development process to the management. Therefore, there is a clear distinction between ownership and management. Clubs on the other hand are not operated for profit and are run by

2

Committees or Boards of Directors. These Management Committees comprise members who are also owners.

The link between clubs and strategic management is seen in their dependence on but lack of control over external resources and their need to manage multiple and often conflicting constituencies. The extent to which clubs use strategic management to respond to changing member needs is often not seen. Yet these clubs continue to be an aspiration for many and retain their conservative practices, which has acted in the folly of some of the clubs.

1.2   Statement of the Problem

Though the usefulness of Strategic Management to organizations of all kinds has been established, this evidence is drawn mainly from developed economies. (Karemu, 1993).   However, there is evidence of strategic management practices in Kenya in both private and public sector organizations. Shumpusho (1983), Aosa (1992), Karemu (1993) and Shimba (1993) have provided valuable insights on strategic management practices in the private sector.   Kang'oro (1998) went further to investigate strategic management practices in public sector organizations.

In his suggestions for further research, Aosa (1992) indicates that an investigation of strategic management practices in public sector organizations would increase the understanding of strategic management practices in organizations in Kenya.   Karemu (1993) and Kang'oro (1998) both recommend the need to research on strategy practices in different sectors of the Kenyan economy.

From the literature reviewed, organizations have a clear distinction between the owners, the management, and customers.   They are also faced with

3

instances of external competition, which as a result determines the strategic management process. Public Membership Clubs however exhibit unique qualities in that the management, owners and customers are one and the same. They also lack a profit motive. Resources are internally generated and consumed to satisfy the needs of the managers-cum-owners-cum-customers. They need to manage multiple and often conflicting constituencies. The extent to which clubs use strategic management activities to respond to changing client needs, however, is uncertain. **In the absence of competition amongst themselves, how do these clubs carry out their strategic management practices?**

As no research has been carried out in Kenya to document strategic management practices in membership clubs, there is a need to investigate how this is accomplished. This study focuses on strategy practices in public membership clubs and the factors influencing their development.

1.3   Objectives of the Study

➤ To establish the state of strategy practices within public membership clubs in Kenya
➤ To identify the factors that influence the development of strategy in public membership clubs

1.4   Significance of the Study

The not-for-profit sector of an economy is important because **society** desires certain services that profit-making firms cannot or will not provide. Understanding their reasons for existence and their differences from profit-making corporations therefore is important. This study will shed light on how these services (public clubs) are managed.

The research will be of specific significance to **management** (those who are currently running these clubs) to wake up to the realization of a fast changing world. They would need to adapt more current modes of management, and improve their delivery of service.

The study will also be beneficial to **current members** who want to impress their expectations on the club's choice of strategies. Potential members will gain insight into the dynamics of club management.

Research in strategic management in Kenya is still in its infancy. This study will stimulate further research in the field of Strategic Management, to other unexplored sectors.

Chapter Two
LITERATURE REVIEW

2.1   Introduction

Traditionally, studies in strategic management have dealt with profit making firms to the exclusion of nonprofit or government organizations. The little, but growing, empirical research suggests that not-for-profit organizations are still in the early stages of using strategic management (Hunger and Wheelen, 1995). Recognition has grown in recent years of the importance of the not-for-profit sector to the world economy, to the vibrancy of the civil society, and to the implementation of public policies (Salamon, 1995)

Hunger and Wheelen (1995) further argued that many scholars and practitioners now believe that various strategic management techniques can be adapted successfully for not-for-profit organizations. Typically the term 'not-for-profit' includes private non-profit corporations (such as hospitals, institutes, private colleges, organized charities and clubs) and public government units or agencies (such as welfare departments, prisons and state universities).

Much of what is known about strategic management practices is based on studies of organizations primarily located in the United States. Even studies conducted in other nations have been based primarily on American theories of Strategic Management (Hoffman & Hegarty, 1989). Therefore, though our knowledge of strategic management has increased greatly over the last three decades, most of it accumulated in the developed country context.

Jauch and Glueck (1984) noted that little is known about strategic management practices in developing countries. Unlike that in industrialized countries, literature on the theory and practice of Strategic Management in organizations

6

in developing countries is very limited, particularly for the indigenous organizations in both the public and private sectors (Kiggundu, 1989).

Adegbite (1986) studied twenty companies in Nigeria which were subsidiaries of multinationals. He found out that all those companies had formal corporate objectives, and in many cases they were well written down and well articulated. He also noted that many of the companies he studied had well-developed corporate planning systems in operation.

Aosa (1992) found that the majority of the companies he studied had no explicit mission statement. If they had, then the statements were at the top of the minds of the managers.

Karemu (1993) examined strategic management practices in the retailing sector, with specific reference to supermarkets in Nairobi. She found that the general informality in strategy practices was attributed to the form of ownership and control. The supermarkets were patrimonialy run and some even warranted professional management. She indicated that her study was widely focused and recommended that a narrower approach be adapted to take into consideration individual aspects of strategic management practices.

Kang'oro (1998) looked at strategic management practices in public sector organizations in Kenya. The findings of her study indicated that these organizations developed missions, objectives, strategies and plans. In addition, they continually scanned their environments. While the organizations in her study had well-articulated missions, objectives, strategies and plans, there was a lack of commitment to the same by top management and other employees. As a result, the benefits derived from the use of strategy such as better organizational performance were not enjoyed.

It is generally acknowledged that many not-for-profit organizations lack direct control over resource flows and are in an especially resource-dependent position relative to other types of organizations (Gronbjerg, 1991)

David (1986) and Bakke (1959) note that strategic management tasks help define the organizations unique image and help provide a frame of reference for people inside and outside the organization. This gives it a "personality" or character that distinguishes it from other organizations. It also helps organizations identify their strengths and weaknesses, which in turn highlights what they can and cannot do.

Porter (1980) highlights what may be the most important use of strategic management. He notes that business strategy is all about competition; specifically trying to gain competitive advantage. Without competitors, there would be no need for strategy. The main purpose of strategic management is to enable the organization to gain, as effectively as possible, a sustainable edge over its competitors. This means altering the company's strength relative to that of its competitors in the most efficient way. Competitive advantage is important for the organization as a whole and for every product and services it markets.

There is a temptation to look for a neat and tidy way of formulating strategy. Such a method might apparently be achieved through the analysis of the organization's environment, and the extent to which its resources, or strategic capability are matched with the environment. However this strategic logic can fail to recognize the complex role which people play in the evolution of strategy. Strategic management is also about the purposes of the organization and what people want the organization to be like (Johnson and Scholes, 1994).

Formal strategic management had its beginnings in the United States in the 1950's. It is a discipline that emerged out of necessity, as managers were forced to adapt to increasingly complex organizations in rapidly changing environments. A number of definitions have been advanced.

According to Jauch and Glueck (1988),

> "Strategic Management is a stream of decisions and actions which leads to the development of effective strategy or strategies to help achieve corporate objectives".

Hoffman and Hegarty (1989) defined strategic management as being concerned with top management behaviour and processes in developing organizational structure and in determining the efficacy of these strategies for coping with organizational environment.

The above two definitions attribute strategic management to top management. Reddy (1990) on the other hand defined strategic management as implying a series of actions forming a cohesive pattern for achieving organizational goals. He adds that it is more cohesive than corporate or strategic planning, because it involves the aspect of implementation and evaluation.

He continues to state that strategic management may be seen as a movement away from bureaucratic controls, slow responses and discrete efforts towards achieving greater symphony with the organization and its mission. At the same time, a symphony with the dynamic changes in the environment is also achieved. According to Jauch and Glueck (1988), managers focussed on "today's decisions for today's world in today's business". While this may have been sufficient then, today's turbulent environment does not allow for this. The future must be anticipated.

Hussey (1991) notes that strategic management evolved from strategic planning. It incorporated human aspect issues in conjunction with analytical ones. He further argues that it is a more complete way of managing businesses, as it is concerned with the markets, the analytical side of decision

making, social developments, implementation and the fit of strategy with the organizational culture and structure.

Michael Porter (1980) regards strategy in the light of competition. He notes that the goal of competitive strategy is to help a business position itself in the industry while also helping it find the position where it can best defend itself against competitive forces or influence them in its favor. He adds that competitive strategy assists in relating the business to its environment.

In summary therefore, strategic management is both an art and a science that deals with the managing of organizations in an integrated fashion. It is also a combination of intuition and analysis as well as power and politics (Karemu, 1993).

2.2   The Strategic Management Process

The strategic management process is based upon the belief that key external and internal events and trends should continually be monitored. Organizations should pursue strategies that take advantage of external opportunities, minimize the impact of external threats, capitalize on internal strengths and mitigate internal weaknesses (David, 1986).

Most authors of strategic management discuss it as if it were a strictly rational-analytical process with a defined sequence of steps to be followed. However Quinn (1978), Mintzberg and Waters (1985) indicated that strategy comprises both analytical and behavioral aspects. They argued that strategy could form or be formulated. They indicated that strategy comprises both analytical and behavioral aspects. There is a tendency to emphasize the former over the latter and this is likely to lead to ineffective strategies.

2.2.1 Strategy Formulation

This is the development of long range plans for the effective management of environmental opportunities and threats, in light of the organization's strengths and weaknesses. It includes environmental scanning, defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines (Dess, 1987). Strategy formulation activities help organizations identify their key success factors and in so doing, focus their resources and efforts on these factors, which enhance their chances of survival.

It is also the process that is used to assess or reassess the organization's mission, philosophy and goals and to develop plans to achieve the organization's goals and objectives consistent with its mission and philosophy (Shortell et al, 1985).

Because not-for-profit organizations typically lack a clear-cut performance criteria, (such as profits), divergent goals and objectives are likely. Differences in the concerns of various stakeholders can prevent top management from stating the organization mission in anything but very broad terms (Hunger, 1995)

2.2.2 Strategy Implementation

Implementation of the chosen strategy is by any measure one of the most vital phases in the decision making process. It embraces all of those actions that are necessary to put the strategy into practice (Kango'ro, 1998). It has been advanced by David (1986) that strategies are not necessarily the end result of the strategic management process. He adds that strategic thought has to be translated into strategic action.

12

At this crucial stage, management translates strategies and polices into action through the development of programs, budgets and procedures. Implementation is a key part of strategic management although it is often considered after formulation of strategy. Poor implementation of an appropriate strategy may cause that strategy to fail. Kango'ro (1998) argues that an excellent implementation plan however will not only cause an appropriate strategy to succeed, but it can also rescue a questionable strategy.

2.2.3 Evaluation and Control

It is the process by which an organizations activities and performance results are monitored and actual performance compared with desired performance. Although this is the final major element of strategic management, it can also pinpoint weaknesses in previously implemented strategies and thus stimulate the process to begin again. Control and evaluation processes help strategists monitor the progress of a plan. They are set up to be sure the gap between expected and desired objectives will be closed according to the strategy. The evaluation process should alert the management to these conditions so that corrective action can be taken. The evaluation process comprises four interrelated activities:

a) Establish performance targets, standards and tolerance limits

b) Measure the actual position in relation to the targets at a given time

c) Analyze deviations from acceptable tolerance limits

d) Execute modifications if any are necessary and/or feasible

2.3 The Need for Strategic Management

Various reasons have been advanced by a number of scholars as to why strategic management is of importance to organizations. Kiggundu (1999) says that developing, articulating and sustaining the organization and its mission gives it a sense of purpose, direction and focus so that its internal systems and processes are consistent with the organization's overall mission and objectives.

All organizations must grapple with the challenges of the changing realities of the environment in which they operate. It enables the organization to adapt under conditions of externally imposed stress or crisis. Strategic management helps an organization to adapt and in some cases, actively create the environment. Kang'oro (1998) adds that it improves decisions about the future opportunities and threats faced by the organization.

(Koontz, et al, 1980) advances that it stimulates the development of appropriate aims, which serve as powerful motivators of people. Further, some research findings suggest that organizations using strategic management are more successful than those that do not use it.

Strategic Management also creates the ability to proactively initiate action and influence the organizational environment (Steiner, 1979). It has been seen to enhance communication, co-ordination and participation in the organization (Kang'oro, 1998).

2.4 Limitations of Strategic Management

Peters and Waterman (1982) argue that strategic management is only a partial approach to ensuring business success. It is over-concerned with the management science, quantifiable dimensions of the determinant business

performance. The critics of this approach argue that in addition to the hard S's of Strategy and Structure, business success comes from attention to the "Soft" aspects of systems, skills, staff and shared values.

Other scholars have reduced strategic management to an over-simplified list of concepts, leading users of the concept into believing it can do more for them than is reasonably possible. Among them Kiechel (1982) says that strategic management has been criticized for depending too much on quantitative analysis which has become less possible in an increasingly turbulent set of task and societal environments for most organizations.

Furthermore, the environment of strategic management has become more complex, dynamic and less predictable. Technology and other factors have made organizations more complex, requiring extended lead times in making important strategic decisions. Howe, (1993) adds that these two changes have increased the unpredictability of the environment and simultaneously a need for longer planning horizons have combined to reduce considerably the value of corporate planning.

2.6 The Strategic Management Process In Not-for-Profit Organizations

Not-for-profit organizations face increasing pressures to specify performance indicators. Little agreement exists over how to define performance in these organizations, because of their vague goals, multiple constituencies, and the uncertain relationship between service activities and outcomes (Hatten, 1982). Where deliberate efforts are made to formulate strategy, certain activities need to be undertaken. These activities are important components in the strategy-making process.

15

Regardless of their unique organizational nature, public membership clubs are not exempted from the strategic management process. In fact Peter Drucker (1989) perhaps summarized this need when he said,

> "Twenty years ago, management was a dirty word for those involved in non-profit organizations. It meant business, and non-profits prided themselves on being free of the taint of commercialism and above such sordid considerations as the bottom line. Now most of them have learned that non-profits need management even more than business does, precisely because they lack the discipline of the bottom line".

More so, they need to meet stakeholder expectations. According to Johnson and Scholes (1994)

> " Stakeholders are those individuals or groups who depend on the organization to fulfil their own goals and on whom, in turn the organization depends".

Jauch and Glueck (1984) advanced that strategic management is about decision making, and actions, which determine whether an enterprise excels, survives of dies. It entails actions and decisions aimed at helping organizations achieve their goals and objectives. Strategic management, they added helped guide the organization into the future by helping it recognize the complexity of its environment and transform organizational factors, along with various internal, personal and political considerations into decisions that result in strategies. Therefore, the very essence of strategic management is out of necessity, as managers have been faced with the need to adapt increasingly complex forms of organizations to rapidly changing environments.

Although considerable work has been done on strategy formulation, types of strategies pursued, and implementation in not-for profit organizations, there are still significant gaps in as far as public membership clubs are concerned

(Stone, 1999). Few explicit connections have been made among research studies, contributing to fragmentation of the field.

The literature on strategy content in nonprofit organizations focused on determinants of strategy but is silent about the link between particular strategies and measures of performance. This literature focused on organizations that are predominately in the developed world, with very little being researched about nonprofit organizations especially public membership clubs in Africa.

Chapter Three
PUBLIC MEMBERSHIP CLUBS

3.0   Introduction

The development and continued life of public membership clubs in Kenya can only be understood in the light of their early predecessors, the clubs formed by the British. Club life in Kenya was purely an English phenomenon. The coming of the early British settlers to Kenya heralded the beginning of this sort of lifestyle, where the Railway and other government officials established places were they could fraternize with their kind away from the rest of the population.

3.1   The Early British Clubs

Many of England's earliest clubs evolved from men socializing at coffeehouses, restaurants, and taverns in the seventeenth century (Graves, 1963). Their pursuit of pleasure - in the form of city clubs, and sophisticated sports - became the impetus for the social club.

British clubs begun to build clubhouses in the eighteenth century and built even more of them during the nineteenth. Most clubs had a dining room, a bar, and a reading salon, while some clubs had libraries, gambling rooms and bedrooms for members. All prestigious clubs had one key ingredient however: LOCATION.

The best London clubs built their clubhouses on Pall Mall or on Regent or St James' Streets and architects designed many of these clubhouses. In function, location and style, the English Clubhouses rarefied their elite status. The architectural grandeur of the British Clubhouse was buttresses by its social

status. Wealthy businessmen who could afford a club demonstrated some status, but landed gentry gave a club collective status that could not be bought.

Dukes, earls, lords, baronets and viscounts were prominent in prestigious clubs, which had long waiting lists. Club rules were developed so that procedures for selecting members were consistent, and clubs made provisions for members who proved to be undesirable. But membership candidates were not the only ones kept outside the clubs doors. Women were excluded, because clubmen thought that women were unacceptable for club life. Men created a social sanctuary for themselves, and sometimes an escape (Mayo, 1997).

The eligible members basically wanted the leisure company of other men away from their homes. Membership was highly selective, because a person's election to the club required a unanimous vote. These early clubs enabled men to share literature, exchange news and views, and enjoy each other's company.

An English club was an expression of social elitism manifested by the physical presence of a classically designed building in a prestigious location. The English elite had traditionally socialized in their homes. For the landed gentry, who were quite wealthy, their large mansions were equivalent to temporary clubs, since guests often stayed for a week or longer. The English Club however, was the first permanent institution that enabled men to gather continuously. The clubs created a distinct social atmosphere within their buildings, but the buildings collectively created a townscape and street life that removed the lower classes to other areas of the city.

3.2   The Rise of Club Management

The growth of the club movement in the 1920's meant that clubs could not repeat strategies for development used in the previous decade. With an increase in disposable income and desire among the European settlers to join a club, officials needed more systematic methods for directing and building the club than had existed in the past. Whereas the 1900's and 1920's were the incubation period for the club's physical development, the rise of professionalism in the management and design of club facilities marked the later decades.

During the later years, club members realized that **managers** were necessary to a club's success. During the early formative years, **committees** often managed the club. Besides the Management committee, the house, membership, finance and golf committees were directly responsible for accomplishing specific tasks. The only permanent members of staff were often a steward, who managed the clubhouse, and a golf professional who directed the caddies and supervised the grounds maintenance.

As clubs grew in membership and held more events, the board of directors and the various committees realized that their voluntary efforts could not keep their club operationally and financially efficient. One club manager wrote;

> "... the officials and the committeemen performed all the duties, numerous in detail, in   connection with the management of their clubs, and bookkeepers and stewards assisted them. Important papers and documents relative to the club's affairs were scattered in the offices of the various officials. Budget systems were unknown, and when an

employee felt the need, or otherwise, he was permitted to go out and make purchases promiscuously" (Pearce, 1925)

Clubs that were quite wealthy, large or both were the first to hire club managers. There were two sources for them; boards of governors pleased with the club steward or the golf captain/professional sometimes elevated these individuals to the club manager position. The alternative was to hire externally someone who had management experience.

Some hotel managers filled these positions, but club leadership often leaned toward hiring managers of city clubs, since these people were accustomed to dealing with peculiarities of club life. Club officials soon recognized that they could make job offers to the few club managers that did exist. Pearce (1925) further commented that ... "the office of club manager was so elevated, commensurate with the rapid strides in other lines of industry ... that club officials are faced with a problem of locating capable men".

Although they hired a club manager, club officials did not always recognize the authority of the manager's authority, as is still the case today. In some clubs the manager was treated as an employee rather than a capable supervisor. One club manger commented, "You do not tie his hands, stultify and smother what genius he may possess by hemming him in twelve or fifteen committees to tell him how to run his departments" (Healy, 1924).

The enticement of the committees to dominate the club manager is ever present in older and smaller clubs. They were accustomed to giving instructions to club employees. When the club introduced the manager system, the dilemma was that committee control over club employees often continued. Club managers increasingly requested that club committees have limited powers and that the club manager be directly responsible only to the management committee. Some clubs gave their clubs the line authority they

21

wanted, but others had a mixed authority, being independent of some committees but directly responsible to others (Duncan, 1977). Club managers wanted to be treated as business executives rather than regarded as simply as stewards in a gentlemen's club.

Club managers faced management problems with old employee practices. Their relationships with the club's golf professionals for example - many of whom anticipated the day when they might become the club manager - was often difficult. Whether they wanted the post or not, club professionals knew that their job status was higher than that of other club employees because they often had board responsibilities and independence in completing their tasks. On the other hand, club managers insisted upon having supervisory authority over all club employees, which included the golf professional and his staff (Burns, 1929).

Thereafter club managers promoted practical guidelines among their colleges to develop successful relationships within the club. One lesson passed on was the unwritten law that,

> "... a good manager knows ... to keep within the social station
> of an employee. Every manager knows that his office has a
> fine line of discrimination which he must never once overstep"
> (Burns, 1929).

3.3   Beginnings of the Public Membership Clubs in Nairobi

The railway could be deemed as the beginning of all club history in Nairobi. A child of the Uganda Railway, the town developed as the railway arrived at Nairobi Railhead, Mile 327, in May 1899. In July 1899, the railway headquarters were moved from Mombasa to Nairobi and soon the nucleus of

the town begun to take shape. In 1907, the seat of the colonial government was transferred from Mombasa to Nairobi. By then the town had grown from the railway headquarters to become a centre for commerce, light industry and agriculture (Turner-R, 2001).

Nairobi's first real social club was probably the Railway Institute, forebear of today's Railway Club. It was built at the hill end of Third (Haile Selassie) Avenue. The Institute was founded in 1900 and the present clubhouse complex was built in 1912. Mr. A. E Cruichshank, the Railway Traffic Manager, in an article written in 1909 stated: "as a district develops, the desire among Europeans, particularly Britons, for a closer bond of association than that obtained through commercial or official relations becomes general. This was the feeling which gave rise to Nairobi Club" (Turner-R, 2001).

Nairobi was sparsely populated, spread over a wide area. Turner (2001) observes that a 1909 census showed the official population of the municipal area to be 9521 Africans, 3171 Asiatics, 799 Europeans, 591 Goans, and 7 Eurasians, giving a total of 14,161. Those that were eligible for membership were all English subjects resident in East Africa. This is to say that the phenomenon of the Club, in Nairobi, was purely an English inheritance.

Chapter Four
RESEARCH METHODOLOGY

4.0   Introduction

This section sets out the various steps that were necessary to execute the study thereby justifying the objectives. The objectives set out were;

(a)   To investigate strategy practices within public membership clubs in Kenya

(b)   To examine the factors that influence the development of strategy in public membership clubs

4.1   Scope of the Study

This study focused on Public membership clubs in Nairobi and its immediate environs only. To this end therefore, this research set out to collect data on various aspects of strategy practices in public membership clubs. It was based on a **cross-sectional survey design** in order to obtain a considerable amount of information. As the research was descriptive in nature, this research design was deemed appropriate.

4.2   Research Method

This study aimed at collecting data on strategic management practices within public membership clubs. It also set out to determine how the environment in which they operate affected their strategy process. This therefore required the collection of primary data, using a structured questionnaire to gain insight. Follow up was done through telephone calls and personal visits.

4.2.1 Type of Survey

The Survey method of data collection was used. Generally, there are three survey data collection methods according to Parasuraman (1986). They are mail, personal and telephone interviews. In 1987, Tull and Hawkins added computer interview to this list. The mail interview is very good at controlling for interviewer effects, but poor at handling complex questions. The personal interview on the other hand offers more versatility and is cheaper in terms of money and time as compared to the observational method. The telephone interview scores high at offering a high degree of sample control but is only fair at collecting large amounts of data (Karemu 1993).

The choice of mode used should be dictated by the objectives of the research and the required data (Nachmias and Nachmias, 1981). Resource considerations are also important (Tull and Hawkins, 1990). For the purposes of this research, a number of variables were being investigated and supplementary information was deemed necessary. As a result, the personal interview was found to be the most appropriate mode. According to Parasuraman (1986), the personal interview has the highest potential of yielding the highest quantity and quality of data as compared to other modes. It also tends to be more flexible.

4.2.2 Type of Questionnaire / Interview

Broadly, there are three types of personal interviews. Nachmias and Nachmias (1981) identified the scheduled structured, non-scheduled structured and non-structured interview. For the purposes of this study the data required was standard numeric as well as supplementary data. As a result, structured interviews were deemed sufficient. Open-ended questions and probes were

used to capture useful supplementary information. The respondents interviewed were members of the management team.

4.3 Data Analysis Technique

The data from the research was analyzed in two stages. Firstly, there was the descriptive statistics, which established the mean, and mode of the data. Some of these measures are displayed graphically for a visual effect as to the meaning of the data.

Descriptive statistics was used to summarize the data. Techniques such as proportions, percentages, means and frequency distributions were used since the research was investigative in nature. Tables, bar graphs and pie charts were used to profile the clubs. These measures were deemed adequate.

The responses indicated the state of strategic management practices. Where the Likert Scale was used, (ranging from "Extremely Important" to "Not Important"), each response was analyzed based on the question.

The Likert Scale was analyzed with the factor that had the highest degree of importance getting higher scores. The open-ended questions had their responses divided into categories. The modal responses were then established, which served to explain the factors that further influenced strategic management practices.

4.4 Population of the Study

The Population comprised of **all** the public membership clubs in Nairobi as listed in the Kenya Business Directory (2001). For purposes of this study,

Nairobi included Clubs found in its immediate environs, that is Limuru, Kiambu, Kikuyu and Ruiru. This made a total of forty (40) public membership clubs in Nairobi. A **census survey** was carried out of all the Clubs in the population as listed in Appendix 3. This enabled the researcher to draw accurate conclusions on strategic management practices in Public Membership Clubs.

4.5 Data Collection

This primary data was collected through the use of a semi-structured questionnaire addressed to the Club's Secretary. It was hand-delivered and administered using the drop-and-pick method. The questionnaire was divided into three sections. Part One was designed to collect general information about the club. Part Two of the questionnaire was designed to measure and investigate the awareness of strategy practices by the club. Part Three was designed to identify the factors that influenced the development of strategy in these clubs.

27

Chapter Five
DATA ANALYSIS AND FINDINGS

5.0   Introduction

The total population of public membership clubs was 40. These comprised all clubs in Nairobi and its immediate environs. However, when issuing the questionnaires the researcher found out that some of the clubs managers were skeptical about disclosing confidential information. As these 'organizations' are privately managed, they exuded conservative tendencies, which greatly hindered the collection of vital additional information.

For those that did co-operate, twenty-four (24) questionnaires were duly completed and analyzed. However, there was also a large group of respondents who declined to fill the questionnaire for various reasons indicated below:

1. They were too busy
2. They were not sure how to respond to some questions and postponed for a later date
3. They were skeptical about what information they were passing out without the approval of the Board of Directors
4. They were unwilling to fill the questionnaire

Therefore, the total of twenty-four respondents was then analyzed to give meaning to the research. These results are discussed in the following sections

28

5.1   Organization Details

From the figure below, out of the twenty-four clubs that responded, 52.2% of the interviewees were General Managers. This comprised the majority. The Club Secretary represented 17.4% whereas 8.7% were Club Chairmen. Generally, clubs are run by committees, of which all the above are members, but the General Manager is in charge of the day-to-day affairs.
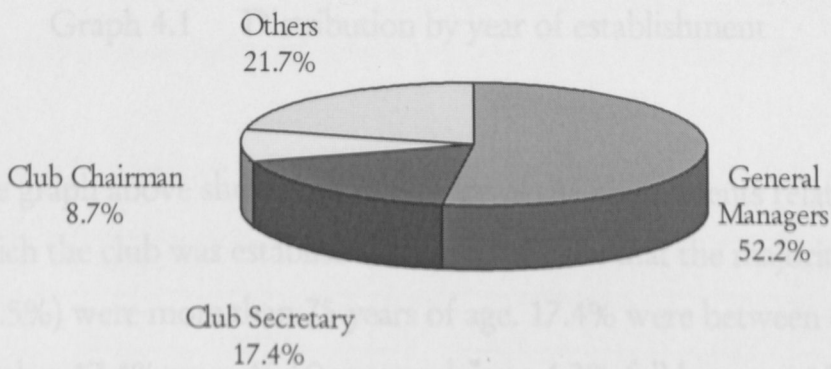
Chart 4.1   Title of Interviewees

Of the above interviewees, 70.8% had been with the club for less than five years. This goes to show that club managers are in office for short spans of time as determined by the political will of the members.
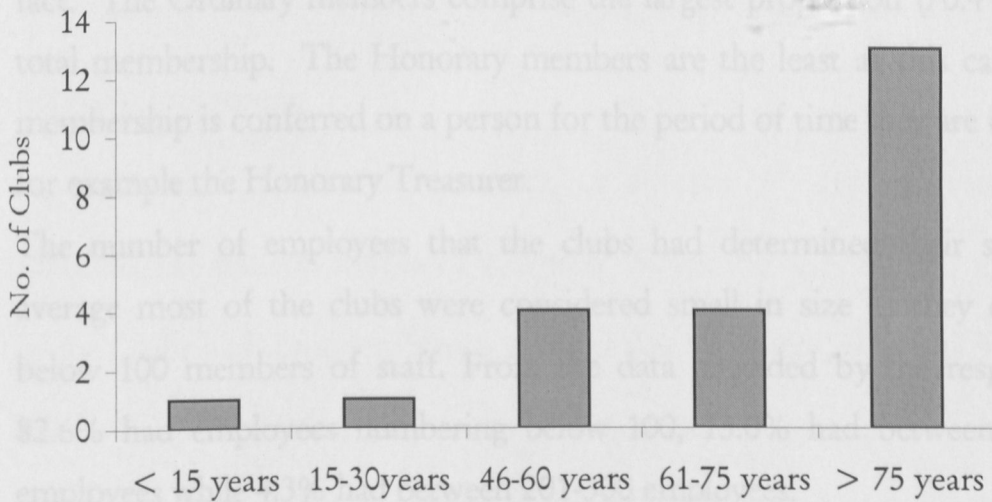
Graph 4.1   Distribution by year of establishment

The graph above shows the frequency of the respondents relative to the year in which the club was established. It can be seen that the majority of the clubs (56.5%) were more than 75 years of age. 17.4% were between 61 - 75 years; another 17.4% were 46-60 years, whereas 4.3% fell between 15-30 years of age. The rest were less than 15 years. This can be explained by the fact that most Clubs were established during the settler years - the early 1900's - to cater for the social needs of the European Settlers

Table 4.1   Number of members

Membership	Percentage	Membership	Percentage
Ordinary	70.4%	Life	5.2%
Visiting	12.2%	Senior	3.6%
Junior	7.5%	Honorary	1.1%

Clubs are formed by members for members. Table 4.1 above attests to this fact. The Ordinary members comprise the largest proportion (70.4%) of the total membership. The Honorary members are the least as this category of membership is conferred on a person for the period of time they are in office - for example the Honorary Treasurer.

The number of employees that the clubs had determined their size. On average most of the clubs were considered small in size as they employed below 100 members of staff. From the data provided by the respondents, 82.6% had employees numbering below 100, 13.0% had between 101-200 employees while 4.3% had between 201-300 employees.

Below is a table of the amenities that are offered by the clubs.

Table 4.2   Amenities offered by Clubs

Type of amenity	Frequency	Percentage
Squash	15	65.2
Billiards	15	65.2
Tennis	14	60.9
Swimming	14	60.9
Cricket	8	34.8
Fitness Center	8	34.8
Golf	7	30.4
Hockey	6	26.1
Library	3	13.0
Horse riding	1	4.3

Contrary to popular belief, clubs offer a wide variety of amenities for families and their guests. In the past, they have been known not to open their doors to the wider public, but this is not the practice these days. The difference is on the charges levied to the members and the non-members, where the latter often end up paying a whole lot more, to enjoy the same facilities as the members.

5.2   Specific Details about Public Membership Clubs

Mission Statement

In order to determine the presence or absence of strategic management practices, the mission statement was used. Form the respondents, 45.8% (11) of the Clubs had some semblance of a mission statement, where as 54.2% (13) did not have. Clubs, per se do not generally come up with a mission statements. Those that do focus on providing facilities in line with what the members want.

Had No Mission Statement 54.2%

Had Mission Statement 45.8%
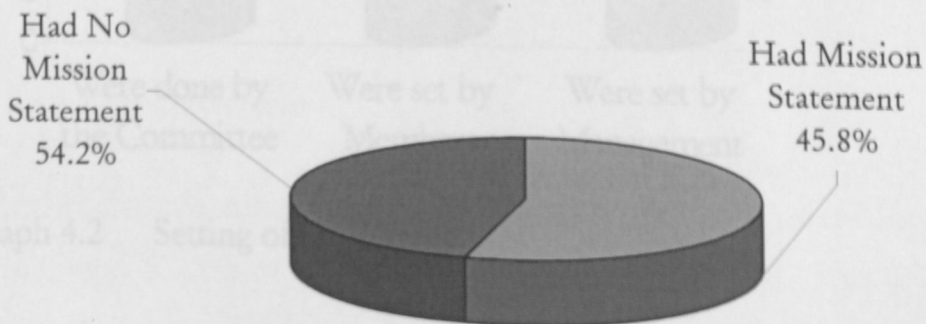
Chart 4.2   Mission Statements

Motto

The researcher, to help the respondent clearly distinguish between the mission statement and a motto used this. 91.7% (22) of the Clubs have a motto, 8.35% (2) did not have one, whereas 20.8% (5) had it written down, and 79.2% (19) did not have it written down. The researcher clearly explained the difference to the respondents why the two were remarkably different.

Objectives
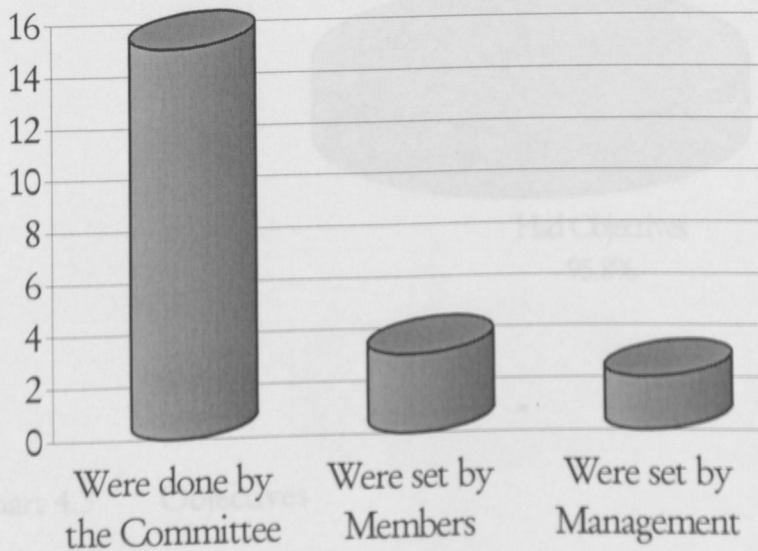
Graph 4.2   Setting of Objectives

The committee set the objectives for the majority of the clubs. This represented 67.2%, whereas in 13.6% of the clubs, members set objectives. The Management constituted only 10% of the objective setting. The committee is a representation of the view of the members, and hence deemed to be very important in the running of the Club.

The majority of the respondents had clear, set objectives for their clubs

95.8% (23) had set objectives for their clubs while only 4.2% (1) did not. On the other hand, 66.7% (14) had them written down while 33.3% (7) did not have them written down.

Had No Objectives
4.2%
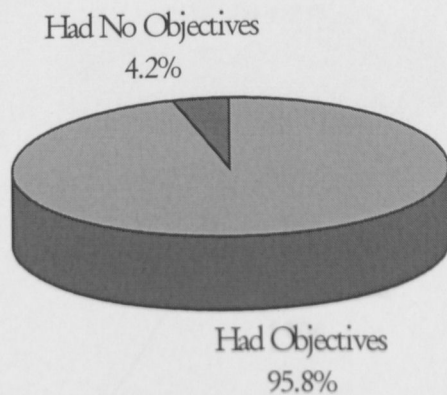
Had Objectives
95.8%

Chart 4.3   Objectives

When communicating the set objectives, 47.8% of the clubs communicate by writing. 52.2% of the clubs communicate verbally. This goes to show that most of the clubs prefer to talk to their members about their objective, rather than put them down in writing.

Planning

The types of plans were similar among the 24 clubs that responded. 83.3% of the clubs said all their plans were formal in nature, whereas 12.5% said they had both formal and informal plans. Only 4.2% said they had informal planning interactions. This shows that formality in planning is a predominant feature in the strategic management process.

Informal Planning 4%

Both Formal and Informal 13%
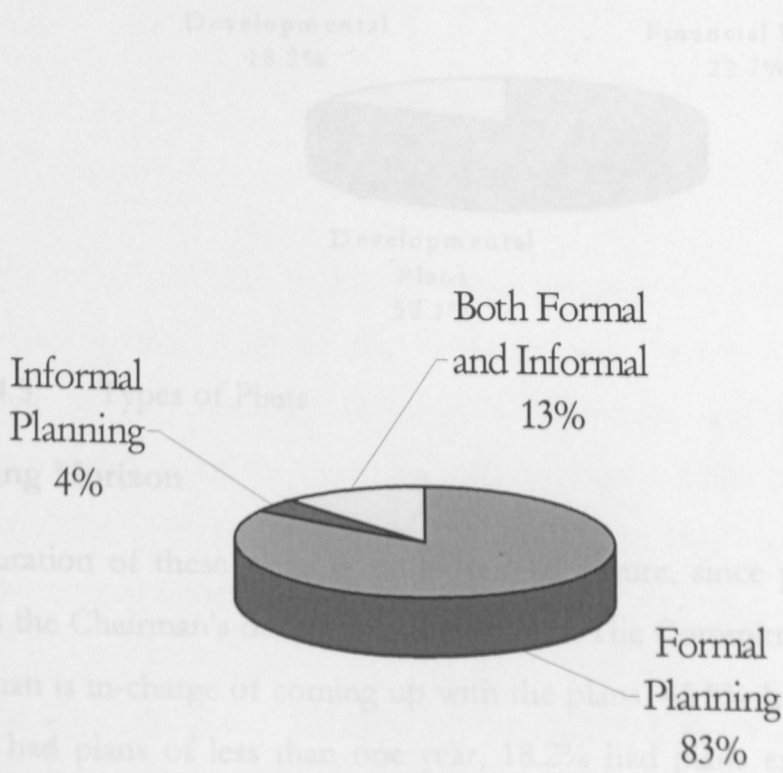
Formal Planning 83%

Chart 4.4   Formality in Planning
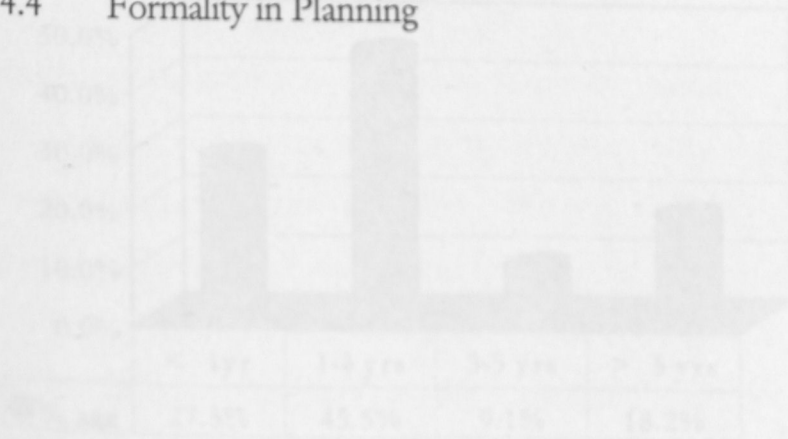
The types of plans that were predominately in place were financial and developmental. The majority, 59.1%, had developmental plans whereas 22.6% had financial plans. The rest (18.3%) had a combination of both financial and developmental plans in place
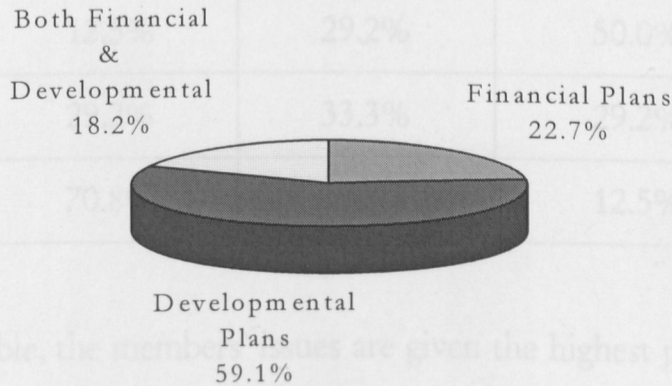
Chart 4.5   Types of Plans

Planning Horizon

The duration of these plans is short-term in nature, since plans last only as long as the Chairman's duration in that office. The Committee, headed by the Chairman is in-charge of coming up with the plans. 45.5% had 1-3 year plans, 27.3% had plans of less than one year, 18.2% had plans extending to more than 5 years, 9.1% had plans ranging between 3-5 years. This is illustrated in the diagram below.

	< 1yr	1-3 yrs	3-5 yrs	> 5 yrs
% age	27.3%	45.5%	9.1%	18.2%
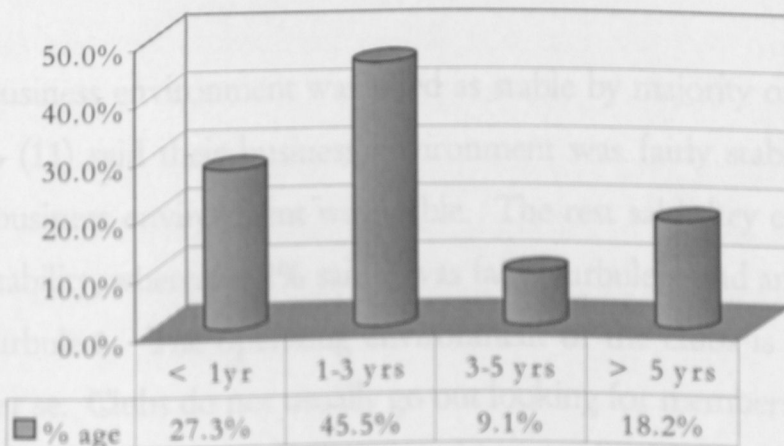
Graph 4.3   Planning Horizon

Table 4.3   Issues of Concern

	Extremely important	Somewhat important	Important
Members' concern	83.3%	4.2%	12.5%
General conomic trends	45.8%	20.8%	33.3%
Technological changes	12.5%	29.2%	50.0%
Social and cultural trends	29.2%	33.3%	29.2%
Club's internal resources	70.8%	12.5%	12.5%

From the above table, the members' issues are given the highest priority. The respondents generally agreed that the economic trends were really not as important as the members concerns. The clubs internal resources are generated mainly from the members' subscriptions. These funds are used by the committee to ensure that members needs are met, and were thus rated highly by the respondents.

As far as the Collection of Information is concerned, 50.0% said the Chairman is in-charge of information collection, 40.9% said other person s were in-charge of this activity. The Vice-Chairperson was rarely in-charge of this activity, hence the 4.5%.

The business environment was rated as stable by majority of the respondents. 45.8% (11) said their business environment was fairly stable, 37.5% (9) said their business environment was stable. The rest said they experienced a level of instability, whereas 4.2% said it was fairly turbulent and another 4.2% said it was turbulent. The operating environment of the clubs is not a competitive one per se. Clubs do not usually go out looking for members to sign up. They invite persons, who are then accepted in, or rejected (black balled) out of the

fraternity. As a result, only those who meet the criteria for membership get to enjoy the facilities offered by the club.

Strategic Plans
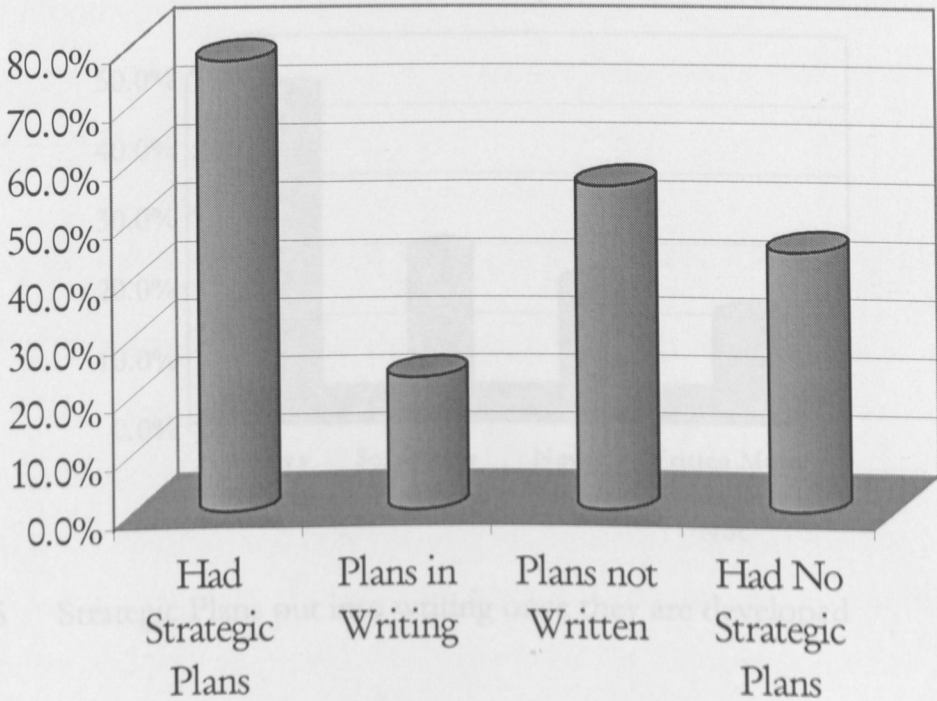
Graph 4.4   Strategic Plans

Most clubs responded that they had strategic plans. 77.3% had strategic plans whereas the rest comprising 22.7% said they did not have strategic plans. Those that put them down in writing once they were developed were only 55.6% whereas 44.4% said they did not put their plans in writing. The awareness of the importance of strategy seemed to emerge, in the development of the plans whereas the commitment to it was not adhered as plans were not always put into writing;

The diagram below illustrates the practice of putting strategic plans into writing once they are developed; 45.5% said they always put them in writing once they were developed, whereas 22.7% said they do so sometimes. Of the 24 respondents, 18.2% said they did not write them down at all, and 13.6% said they write them more often than not.
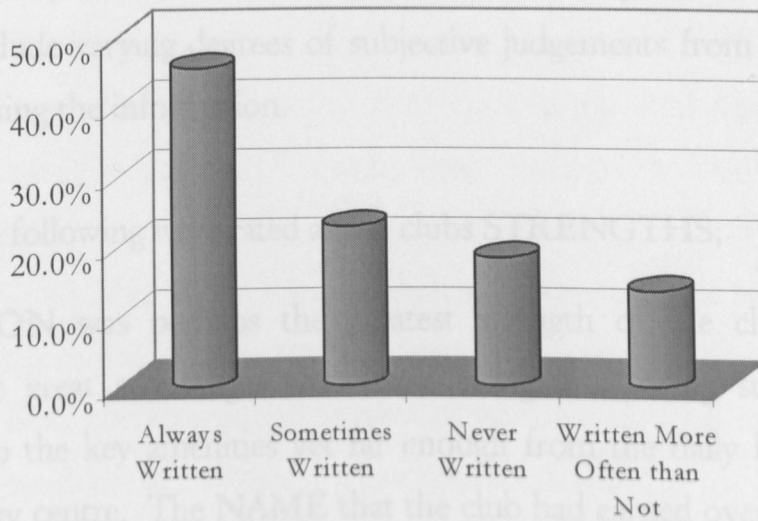
Graph 4.5   Strategic Plans put into writing once they are developed

In the participation of the development of club strategy, the chairman of the club and the secretary were the key officers in charge of the process. The respondents identified the key leadership role that the chairman had to play in the future of the club. The professional manager was rated as the lowest in the strategy development process. This is in line with the strategic management process reviewed in the literature. The diagram below is a summary of the data collected regarding who was in charge the development of strategy.

Table 4.4   Participation in the development of Club Strategy

Participant	Yes	No
Chairman	71.4%	28.6%
General Manager	33.3%	66.7%
Club Secretary	61.9%	38.1%
Professional Manager	9.5%	90.5%
Committee Member	52.3%	47.6%

Assessment of environmental threats and opportunities as well as organizational strengths and weaknesses are fundamental to any strategic management process. Generally, strategy research assumes that decision-makers accurately perceive environmental issues and formulate their strategies according to their own accurate perceptions. Despite attempts to objectively gather and process pertinent information, industry and competition evaluations are likely to include varying degrees of subjective judgements from managers who are processing the information.

In summary the following were rated as the clubs **STRENGTHS**;

The **LOCATION** was perhaps the greatest strength of the clubs; each mentioning the great advantages that came along with being strategically located close to the key amenities yet far enough from the daily hustle and bustle of the city centre. The **NAME** that the club had earned over the years was of primary importance. Prospective members want to join a club that is already known and well respected. This is something that only time can buy. The quality of the **MEMBERSHIP** was also of prime importance. Members want people they can fraternize with and whose reputation is above board.

The **OPPORTUNITIES** cited by the respondents were;

NEW and **YOUNGER MEMBERS**. They saw a new and emerging generation of young executives whom they thought would be most likely to carry on the club culture. The **PROXIMITY TO THE CITY CENTRE** was also identified by most of the clubs as an opportunity to provide midday meals and snacks to those within their vicinity. This is in a bid to better cater for the members and their guests, by providing meals and drinks cheaply while still enjoying a relaxed atmosphere provided by the club premises. Most of the clubs are located on large tracts of prime property. The respondents saw room for further development and expansion of the facilities to give wider variety to

members. Many suggested that they would extend the clubhouse to facilitate **ACCOMMODATION** for upcountry members and their guests.

The members have for many years not owned most of the land that the clubs are located on. The respondents predicted a bigger impact if the members owned the land themselves.

The **WEAKNESSES** pointed out were mainly to do with **MANAGEMENT** issues. The management was viewed as ineffective in the implementation of strategies and other related plans. The committee was largely to blame for this, as it tended to interfere and tie the management's hands. The staff was also not properly trained, and there were several defaulters on the payment of subscriptions. These subscriptions are necessary to cater for the day to day running of the club, and to meet the expenses of the club's upkeep. There were also many incidents of bad debts, where members failed to pay their dues, which caused very high running costs. A few clubs complained of **INACTIVE MEMBERSHIP** - those who paid up their dues, but did not participate in the activities (e.g. golf tournaments, swimming).

The **THREATS** that were common to most of the respondents had to do with security. The economic and social situation in the country has made it difficult for members to stay out late. There is also the risk of **LAND ACQUISITION** by parties who feel that the land is not being put to agricultural use.

Programs, Budgets and Procedures
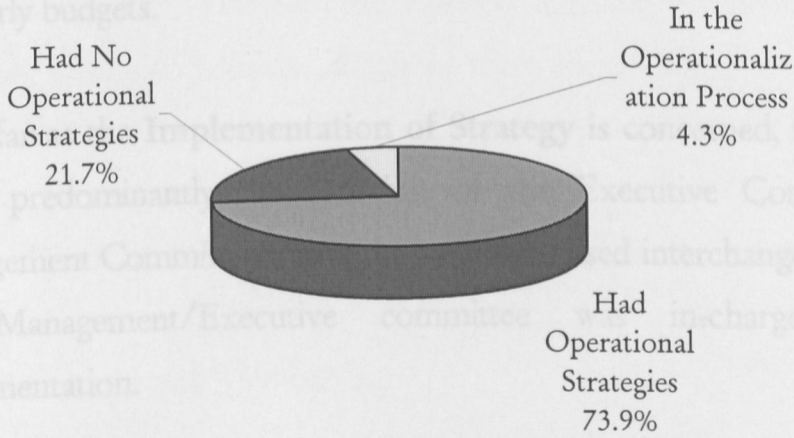
Graph 4.6   Operational Strategies

Out of the 24 respondents, 73.9% said they had operational strategies, whereas 21.7% were in the process of operationalising their strategies 4.3% said they did not have. In the process of arriving at decisions, information is collected from the members at the Annual General Meeting, monthly meetings and consolidated at the weekly management committee meeting. Members concerns are deemed most important, and therefore given the utmost priority. Anything else is deemed secondary.

Frequency of Budgets
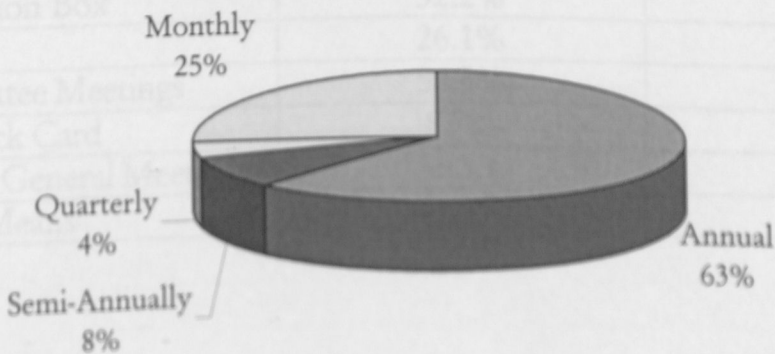
Chart 4.7   Frequency of Budgets

Most of the respondents (62.5%) have their budgets drawn annually, whereas 25% have monthly budgets. 8.3% have budgets semi-annually and 4.2% have quarterly budgets.

In as far as the **Implementation of Strategy** is concerned, this was seen as being predominantly the function of the Executive Committee or the Management Committee where the name was used interchangeably 39.0% said the Management/Executive committee was in-charge of strategy implementation.

The activities that were in place to ensure implementation were indicated as being 35.4% and constituted of committee meetings were vital in this respect; whereas 29.5% said they had in place some monthly audits and budgets, accounting for daily income in the form of reports.

Performance

Performance is gauged by getting feedback from the members using the means shown in table below. The committee meetings and annual general meetings are the most popular tools.

Table 4.5   Getting feedback from members

Process	Yes	No
Suggestion Box	52.2%	47.8%
E-mail	26.1%	73.9%
Committee Meetings	56.5%	43.5%
Feedback Card	8.7%	91.3%
Annual General Meeting	56.5%	43.5%
Other Means	43.5%	56.5%

The annual **Membership** is another means used to gauge the performance of the club. The majority of the clubs (45.8%) do not admit more than 20 members annually. There are more people applying for membership than the clubs are willing to take on. Some of them have waiting lists as long as two years. The converse is true. The majority of the respondents (62.5%) said that less than 10 persons give up their membership annually. The table below gives a summary of the admissions and also those that give up their membership.

Table 4.6   Annual Membership

Numbers	Give-Up	Admitted
Less than 10	62.5%	12.5%
10-20	12.5%	45.8%
21-30	12.5%	16.7%
31-40		8.3%
41-50	4.2%	4.2%
More than 50	8.3%	12.5%

Management Performance Evaluation

Most of the Clubs (95.8%) used financial reports to evaluate the performance of their management. This was the only measure agreed on by 23 of the 24 respondents. The committee uses the financial reports to make decisions on say development issues, and how to meet other cost of projects. The table below summarizes the responses from the interviewees.

Table 4.7   Management Performance Evaluation

Measure	Yes	No
Financial Reports	95.8%	4.2%
Number of Events	25%	75%
Number of Active Members	8.3%	91.7%
Other Methods	12.5%	87.5%

Club Success

From the table below, 62.5% of the respondents attributed their success to their location. They were well placed to take care of their members' needs. The Success of clubs was mainly attributed to their existing membership and the locations. 54.2% attributed their success to effective management. Exclusivity was not highly regarded as being a success pointer.

Table 4.8   Success of the Club

Measures	Yes	No
Location	62.5%	37.5%
Existing Membership	70.8%	29.2%
Exclusivity	25%	75%
Range of Amenities	45.8%	54.2%
Effective Management	54.2%	45.8%
Other	25%	75%

Strategy Practices Development Process (Importance)

The Expert knowledge of an individual was considered the most important aspect in the strategy development process. 58.3% of the clubs looked for expertise, whereas 43.5% regarded personality as being extremely important. The length of membership in the club (by a member) was regarded as extremely important in the strategy development process. The longer a member had been on board, the more likely he would influence the process.

45

This is further illustrated in the table below.

Table 4.9 Strategy Practices Development Process

Factors	Extremely Important	Somewhat Important	Important	Fairly Important	Not Important
Political Influence		13.0%	17.4%	17.4%	52.2%
Power over Resources	20.8%	20.8%	33.3%	8.3%	16.7%
Membership Length	33.3%	20.8%	20.8%	8.3%	16.7%
Social Status	21.7%	17.4%	26.1%	13.0%	21.7%
Professional Standing	21.7%	30.4%	34.8%	8.7%	4.3%
Expert Knowledge	58.3%	12.5%	20.8%	4.2%	4.2%
Personality	43.5%	13.05	30.4%	4.3%	8.7%

Training of Management

The training of management was considered essential by 87.0% of the respondents whereas 13.0% did not. More so, the respondents also recommended training for their staff, so as to improve service delivery. This is illustrated in the chart below.
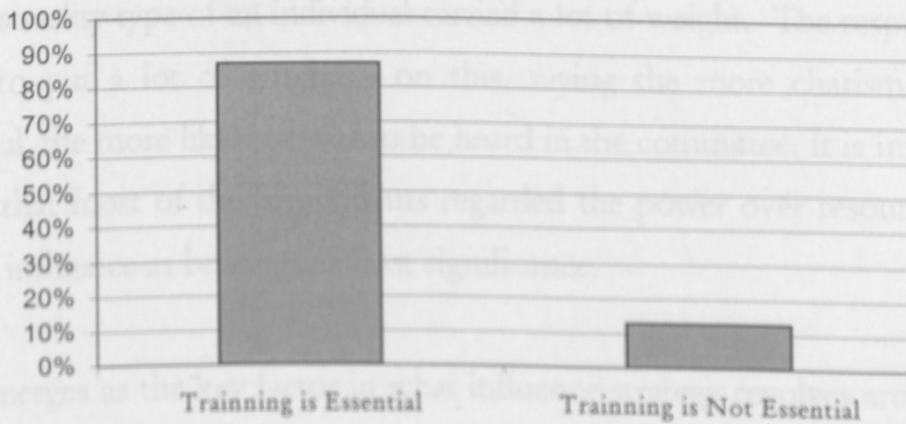
Graph 4.6   Importance of Training

Factors That Have Influenced Strategy Practices

The respondents displayed some hesitation in giving clear answers to this particular issue, despite further probing by the researcher. However, it was generally agreed that the Management Committee had a very significant and predominant role to play. Most of the factors revolved around its leadership qualities and decision making process.

The fact that most of these clubs have existed for the better half of the previous century, the respondents agreed that not much has changed from years long gone. They have enjoyed a status quo in their operations and their membership, and very little is experienced in the way change.

The Management Committee maps the way forward, being influenced by the length of membership of the Chairman. The longer he has been with the Club, the more likely he is to garner support for the strategy practices he deems fit to be pursued. The expert knowledge of any one individual is held in high regard. The influence that an expert (in any field) will have in the Committee bears much more impact than a member with no particular expertise. A medical doctor for example is likely to be a highly influential candidate.

The personality type of an individual carried a lot of weight. The respondents tended to put a lot of emphasis on this, saying the more charismatic the individual, the more likely he was to be heard in the committee. It is important to note that most of the respondents regarded the power over resources and political influence as bearing the least significance.

What emerges as the key factor in what influence strategy revolves around the key stakeholders. The members elect the management committee, who are charged with the responsibility of ensuring that the needs of these members

are met in the best way possible. The committee lobbies to garner the support of the members on key issues that they themselves want to be implemented. That way it is a win-win situation for the players.

Recommendations in the running of the Club

There were various recommendations put forth by the respondents to help in the running of their clubs. The recommendations came in various categories. The first dwelt on managerial and administrative issues. The second was primarily focused on members' needs. The final category had to do with the facilities of the club.

In as far as management of the club was concerned the respondents felt they wanted a more professional approach to issues. They called for the removal of bureaucratic procedures in the decision making process. There was also a need for better management staff in each of the departments. The general call for the separation of management from membership kept recurring, as they felt their hands were tied to everything the members said, rather than what was economically right. At the administrative level, there was a need to keep proper books of accounts, hire better qualified personnel, open room for more discussion with the management committee, get into the practice of committing decisions to writing, and reviewing such commitments on a monthly basis. Some also felt that some of the committee sizes should be reduced to minimize the bureaucracy that came along with decision making.

In as far as the members needs were concerned, the respondents felt there was room for more deserving members to be taken on. They felt the existing members needed to participate more in the activities set by the committees. The respondents wanted more offers to be made to the members to encourage their patronage, for example subsidized beverages and food. But more so, the

members needed to pay up their dues, and settle their tabs when they fell due, to allow the clubs keep operating optimally.

Many of the club's facilities were in a state of disrepair, having been put up in the early part of the 1900's. There was the call to redecorate and give the existing facilities a facelift. The standards of the facades needed to be uplifted, as well as the putting up of more modern clubhouses.

Chapter Six
OVERALL DISCUSSION OF RESULTS

6.1   Summary and Conclusions

This study was conducted with two objectives in mind;
- to establish the state of strategy practices within public membership clubs
- to identify the factors that influence the development of strategy in public membership clubs

From the literature reviewed in Chapter Two, the key components of the strategy development process were discussed at length. They are mission statements, objectives, strategies and plans.

The majority of the clubs studied did not have some semblance of a mission statement. They did not understand what the mission statement entailed and of what use it was to them. What the majority did have was a Club Motto, out of which only 20.8% had it written down.

The greater majority of the clubs that responded (23) indicated that they had objectives, but only 14 of them had their objectives written down. Only one club said it did not have objectives, whereas 33.3% did not have them objectives written down.

The committee set these objectives in 67.2% of these clubs, whereas 13.6% of the clubs indicated that the members set the objectives. Only 10% of the respondents said the management set their objectives. The committee is therefore still at the helm of running the clubs affairs. The objectives were mainly communicated verbally by the majority, whereas 47.8% communicated their objectives formally through such methods as letters, notices and other written forms.

Planning was predominantly done formally. Only one club indicated that their plans were informal, whereas three of them said they had both formal and informal plans. The types of plans were both developmental and financial. The developmental plans mainly constituted the expansion of club facilities (e.g. construction of gymnasium, remodeling of clubhouse interior). Financial plans on the other hand mainly constituted annual budgets. The planning horizon ranged from 1-3 years. This was attributed to the short-term nature of the life of the committees, more so the tenure of the club chairman. While budgets were drawn up annually, developmental plans tended to have a longer life span.

As far as the rating of issues was concerned, members' issues were primary to all the clubs studied. This is attributed to the fact that the clubs are there to fulfil the needs of the members. The clubs' internal resources took the second place. Most managers felt that without the members' subscriptions, the club would certainly be in the doldrums. The general economic trends were voted the next most important issue of concern. Social, cultural and technological issues were not deemed as important as the above. This brings out the fact that these clubs are highly conservative, and are happy with the status quo.

Information collected from the environment was deemed the responsibility of the Chairman of the Management Committee. The business environment in which the clubs operated was deemed stable or fairly stable. Theirs did not depend on competition from the other clubs. This can be attested to the fact that most of these clubs have been in existence for more than seventy-five years, and still going strong. Only two out of all the clubs studied indicated that the environment was turbulent.

In so far as strategic plans are concerned the majority of the clubs indicated that they had strategic plans, but only about half of them put them in writing once they were developed. In the participation of the clubs' strategy, the Chairman was seen to head the process, together with the Club Secretary. Others who played an important role were a general committee member as well as the General Manager. Hence the Club Chairman is the key strategy developer.

All the clubs indicated that their major strength was in their physical location. This they indicated was key in the formation of the club. Other strengths were found in the membership and in the name of the club. They also found favour if they were near the town. Weaknesses were mainly management oriented. The permanent staff are in dire need of formal training in service delivery, and the finances needed closer monitoring. Some members are also known not to settle their dues in good time, leading to tassels between them and the management. Threats were deemed to be mainly security issues of which the clubs have very little control over. Most clubs saw opportunities in club development and also in the provision of accommodation facilities to their members.

Performance of the management is predominantly carried out using financial reports, and the success of the club was attributed mainly to membership and location respectively. Very few members give up their membership per annum, and also, very few are admitted per year.

6.2   Implications of the Study

The findings of this study indicate that public membership clubs practice some aspects of strategic management. They develop objectives, strategies and plans. They consider their environment stable. Due to the unique nature of these clubs, they have been able to survive over long periods of time, some boasting as many as a hundred years since their establishment.

While the clubs in this study have well-articulated objectives, strategies and plans, there is a lack of commitment to the same by the management committee and other employees. This has resulted in poor implementation, and therefore the benefits of the use of strategy (better organizational performance) are not enjoyed.

Strategy can only be effective if all employees are aware of, involved in, and committed to the process. From the study, this was not the case. The management committee played a dominating role in the formulation of the objectives, plans and strategies to the exclusion of other parties. Even if this was communicated to all involved, there was little commitment because members and employees did not feel like they had a stake in the achievement of set goals.

6.3   Limitations of the Study

In carrying out the research, the researcher was faced with a number of practical restraints. The researcher was operating within a limited time frame and with limited resources. Also, the researcher was conducting the interviews on her own. This affected the number of clubs visited.

6.4 Recommendations for Further Research

This study documented strategy practices in public membership clubs in general. For this reason, it is recommended that more studies should be conducted on other organizations in different sectors of the not-for-profit industry.

With the increase in the scrutiny of the sector by the public and the press, professionals enter this industry with highly socialized value sets. Due to the ongoing changes in the environment, more studies should be conducted to document the effects these changes have on strategic management practices.

Appendix 1: <u>LETTER OF INTRODUCTION</u>

Jacinta N. Kiruthi
MBA Program
Faculty of Commerce
University of Nairobi
P. O. Box 30197

NAIROBI

<<Job Title>>
<<Name of Club>>
<<Address>>
NAIROBI

Dear Sir/Madam

I am a Masters Student at the University of Nairobi's Faculty of Commerce. In partial fulfillment of the requirements for the Master of Business Administration (MBA), I am conducting a study on

"Strategic Management in Public Membership Clubs".

Your Club has been selected to form part of this study. To this end, I kindly request your assistance in completing the attached questionnaire, which forms an integral part of this research project. The information and data is needed for academic purposes and will be treated in strict confidence. A copy of the research project will be made available to your Club upon request.

Please find attached a copy of my introductory letter. Your cooperation is highly appreciated. Thank you.

Yours sincerely,

KIRUTHI, J.N.

Appendix 2
LIST OF PUBLIC MEMBERSHIP CLUBS

1. Aga Khan Sports Club
2. American Club
3. County Sports Club
4. Goan Gymkhana Club
5. Green Valley Country Club
6. Impala Club
7. Ivengara Club
8. Jaffrey Sports Club
9. Jockey Club of Kenya
10. Karen Country Club
11. Kentmere Club
12. Kenya Railway Golf Club
13. Kiambu Club
14. Kikuyu Country Club
15. Limuru Country Club
16. Mountain Club of Kenya
17. Muthaiga Country Club
18. Muthaiga Golf Club
19. Nairobi Club
20. Nairobi Gymkhana
21. Nairobi Jafferys Sports Club
22. Nairobi Nihojin Club
23. Nairobi Railway Club
24. Nairobi Sailing and Sub Aqua Club
25. Ngara Sports Club
26. Parklands Sports Club
27. Portland Sports Club
28. Premier Club
29. Public Service Club
30. Royal Nairobi Golf Club
31. Ruaraka Sports Club
32. Ruiru Sports Club
33. Sigona Golf Club
34. Simba Union Club
35. Sir Yusufali Sports Club
36. Thika Sports Club
37. Turaco Country Club
38. United Kenya Club
39. Vet Lab Sports Club
40. Windsor Golf and Country Club

Strategy Practices In Public Membership Clubs

PART ONE

A <u>General Information</u>

1. Name of Club

   _____

2. Title of Interviewee _____

   _____

3. Duration of Service of Interviewee to the Club

   i) Less than 5 years ☐   iii) 10 to 15 years ☐

   ii) 5 to 10 years ☐   iv) More than 15 years ☐

4. Please indicate the age of the Club

   i) Less than 15 years ☐   iv) 46 to 60 years ☐

   ii) 15 to 30 years ☐   v) 61 to 75 years ☐

   iii) 31 to 45 years ☐   vi) More than 75 years ☐

5. How many members are there in each of the following categories?

   i) Honorary members _____   iv) Ordinary members _____

   ii) Senior members _____   v) Visiting members _____

   iii) Life members _____   vi) Junior members _____

6. How many employees does your club have in total?

   i) Less than 100 ☐   v) 201 to 300 ☐

   ii) 101 to 200 ☐   vi) More than 300 ☐

What amenities does your club offer?

(i)	Golf	☐	(vi)	Horse Riding	☐
(ii)	Hockey	☐	(vii)	Squash	☐
(iii)	Cricket	☐	(viii)	Library	☐
(iv)	Tennis	☐	(ix)	Billiards	☐
(v)	Swimming	☐	(x)	Fitness Center	☐

PART TWO

B   Mission and Objectives

7.   What are the key contents of your Mission Statement?

_____

_____

_____

Does your Club have a motto?   Yes / No

If yes, what is it?   _____

Please draw a circle around your choice as appropriate in the following questions.

8. a) Are there **objectives** set for the Club?   Yes / No

    b) Are the objective written down?   Yes / No

    c) Who sets these objectives?   _____

    d) How do you communicate these objectives to the members?

    _____

C. **Planning**

9. Which of the following features characterize your planning process?

    i) Formal planning meeting _____

    ii) Informal planning interactions _____

10. a) What type of plans does the club develop?

    i) _____

    ii) _____

    b) What is the duration of these plans? (Please tick your choice)

    i) Less than 1 year ☐   iii) 3 to 5 years ☐

    ii) 1 to 3 years ☐   iv) More than 5 years ☐

11. How do you rate the following factors as considered in the planning process?

	Extremely Important	Somewhat Important	Important	Fairly Unimport	Not Important
i) Members concerns	☐	☐	☐	☐	☐
ii) General Economic Trends	☐	☐	☐	☐	☐
iii) Technological changes	☐	☐	☐	☐	☐
iv) Social and Cultural Trends	☐	☐	☐	☐	☐
v) Clubs' Internal Resources	☐	☐	☐	☐	☐

12. How do you collect information on the various aspects of your business environment?

    i) Suggestion box ☐   iv) Feedback card ☐

    ii) Email ☐   v) Annual General Meetings ☐

    iii) Committee Meetings ☐   vi) Other: _____

13. Who is in charge of this activity? _____

     i) Chairperson ☐   iii) General Member ☐

     ii) Vice Chairperson ☐   iv) Other: _____

14. How would you describe your business environment?

     Stable ☐   Fairly Turbulent ☐

     Fairly Stable ☐   Turbulent ☐

     Unstable ☐   Very Turbulent ☐

D.   <u>**Developing the Club's Strategy**</u>

15. Do you have **strategic** plans?   Yes / No

     If yes, are they in written form?   Yes / No

16. Are your Club's strategies put in writing once they are developed?

     i) No ☐   iii) More often than not ☐

     ii) Sometimes ☐   iv) Always ☐

17. Who participates in the development of the club's strategy? _____

     i) Chairman ☐   iv) Professional Manager ☐

     ii) General Manager ☐   v) Committee Member ☐

     iii) Club Secretary ☐   vi) Other _____

18.

19. What do you consider to be the Club's :

     i) Strengths _____

     ii) Weaknesses _____

iii) Opportunities _____

iv) Threats _____

E.   Programs, Budgets and Procedures

20. Has your Club developed strategies for operation?

i) No ☐   iii) We are in the process ☐

ii) I do not know ☐   iv) Yes ☐

21. Please describe the process by which you arrive at decisions regarding your operational

Strategy.

_____

_____

_____

22. How often are Budgets drawn up?

i) Monthly ☐   iii) Semi-Annually ☐

ii) Quarterly ☐   iv) Annually ☐

23. Who is in-charge of Strategy Implementation? _____

24. What activities are in place to ensure plan implementation? _____

F.   Performance

25. What procedures do you use to get feedback from Club members?

i) Suggestion box ☐   iv) Feedback card ☐

ii) Email ☐   v) Annual General Meetings ☐

iii) Committee Meetings ☐   vi) Other: _____

26. On average, how many members give up their membership annually?

  i) Less than 10 □   iv) 31 to 40 □

  ii) 10 to 20 □   v) 41 to 50 □

  iii) 21 to 30 □   vi) More than 50 □

27. How many new members do you admit per year?

  i) Less than 10 □   iv) 31 to 40 □

  ii) 10 to 20 □   v) 41 to 50 □

  iii) 21 to 30 □   vi) More than 50 □

28. What tools do you use to evaluate your management performance?

  i) Financial Reports □   iii) Number of active members □

  ii) Number of events held □   iv) Other (Specify) _____

29. What makes the Club successful?

  i) Location □   iv) Range of amenities □

  ii) Existing members □   v) Effective management □

  iii) Exclusivity □   vi) Other (specify) _____

PART THREE

F.   **Factors influencing Strategy Practices Development**

30. How important are the following factors in the Strategy Development Process?

	Extremely Important	Somewhat Important	Important	Fairly Unimport	Not Important
i) Political Influence	☐	☐	☐	☐	☐
ii) Power over resources	☐	☐	☐	☐	☐
iii) Length of membership	☐	☐	☐	☐	☐
iv) Social status	☐	☐	☐	☐	☐
vi) Professional Standing	☐	☐	☐	☐	☐
vii) Expert Knowledge	☐	☐	☐	☐	☐
viii) Personality	☐	☐	☐	☐	☐

31. Are there any other factors that you consider important in the Strategy

    Development Process?

    i) _____

    ii) _____

    iii) _____

    iv) _____

32. What problems do you encounter during strategy development?

    i) _____

    ii) _____

    iii) _____

    iv) _____

33. Suggest solutions for the above problems

i) _____

ii) _____

iii) _____

iv) _____

G. Stakeholder Influence

34. How do the different stakeholders affect the development of strategies in the club?

i) _____

ii) _____

iii) _____

iv) _____

v) _____

vi) _____

H. Additional Information

35. Do you consider training an essential part of management development?   Yes / No

36. What would you recommend in order to improve the running of your club?

i) _____

ii) _____

iii) _____

iv) _____

v) _____

vi) _____

64

REFERENCES

Adegbite, O. "Planning In Nigerian Business", **Long Range Planning**, August, 1986 Vol.19, Issue 4, In Aosa E., "Management In Africa: Contextual Factors and Their Influence", May, 1992 Unpublished

Ansoff, I. "Does Planning Pay?", **Long Range Planning**, Vol. 3 1970. pp. 2-7., In Bowman C., Asch, D., Readings in Strategic Management (Macmillan Press Ltd., 1994)

Aosa, E. "An Empirical Investigation of Aspects of Strategic Formulation and Implementation Within Large, Private Manufacturing Companies in Kenya" **Unpublished Ph.D. Thesis**, 1992

Aosa, E. "Management In Africa: Contextual Factors and Their Influence", May 1992

Bakke, E. W., "Concept of the Social Organization In Modern Organization Theory", in Karemu, **The State of Strategic Management Practices In The Retailing Sector: The Case of Supermarkets In Nairobi,** Unpublished MBA Dissertation, 1993

Bowman, C. and Asch, D. **Strategic Management**, (Macmillan, London, 1987).

Bryson, J. M. and Bromley, P. "Critical Factors affecting the Planning and Implementation of Major Projects", **Strategic Management Journal**, July 1993, pp. 319-337.

Burns, J. C. "Draw Line Between Pro and Manager" **Club Management**, Issue 16:3, pp31-34

David F. R. **Fundamentals of Strategic Management** (Merrill, Ohio, 1986)

Dess, G. S.	"Consensus on Strategy Formulation and Organizational Performance: Competitors in a Fragmented Industry", **Strategic Management Journal**, May-June 1987, pp. 259-260
Drucker, P.	"What Business Can Learn From Non-Profits", **Harvard Business Review**, July-August 1989
Duncan, Shaw	**Club Managers Association of America**, 1927-1977: The First Fifty Years (Washington, D.C, Bassett Printing, 1977)
Economist	"The Country Club Vote", **Economist**, 05/20/2000, Vol.355, Issue 8171, pp. 42
Gershefski, G. W.	"Corporate Models - The State of the Art", **Management Science**, Vol. 16, 1970, pp. 303-312. In Bowman C., Asch D., Readings in Strategic Management, Macmillan Press Ltd., 1994.
Gimmy, Arthur E.	**Golf Courses and Country Clubs: A Guide to Appraisal, Market Analysis, Development and Financing** (Appraisal Institute, 1992)
Graves, C.	**Leather Armchairs: The Chivas Regal Book of London Clubs** (London, Cassell, 1963)
Gronbjerg, K. A.	"How Nonprofit Human Service Organsiations Manage Their Funding Sources: Key Findings and Policy Implications", **Nonprofit Management and Leadership**, Vol. 2 (2) 1991, pp.159-175
Hatten, M. L.	"Strategic Management In Not-For-Profit Organsiations", **Strategic Management Journal**, Vol. 3, 1982, pp.89-104.

Herold, D.M.	"Long Ranging Planning and Organizational Performance", **Long Range Planning**, Vol. 1972, pp. 60-64. In Bowman C., Asch D., Readings In Strategic Management, Macmillan Press Ltd., 1994
Hirsh, Lawrence A	"Private - Equity Golf / Country Club Communities: Issues and answers", **Appraisal Journal**, April 1994, Vol. 62, Issue 2, pp. 181
Howard, K and Sharp, J. A.	**The Management of a Student Research Project** (Gower Publishing Co. Ltd., Hants) 1983
Hunger, D. and Wheelen, T.L	**Strategic Management** (Addison-Wesley Publishing Company, Massachusetts, 1995)
Jauch L. and Glueck W.,	**Business Policy and Strategic Management** 5th Ed., (McGraw-Hill International Editions, Management Series, 1988)
Johnson, G. and Scholes, K.	**Exploring Corporate Strategy**, 5th Ed., (Prentice Hall Europe, Hertfordshire, 1994)
Kangoro, Violette N.	"The State of Strategic Management Practices In Public Sector Organizations in Kenya" **Unpublished MBA Dissertation**, 1998
Karemu, Catherine, K.	"The State of Strategic Management Practices In The Retailing Sector: The Case of Supermarkets In Nairobi", **Unpublished MBA Dissertation**, 1993
Keya, S. O. et al., (ed.)	**Guidelines for the Formulation of Research Project Proposals** (NCST and IDRC, Nairobi, 1989)

Kiggundu, M et al	"Administrative Theory and Practice in Developing Countries: A Synthesis", **Administrative Science Quarterly**, March 1993, pp. 66-84, In Aosa, E., "Management in Africa: Contextual Factors and their Influence", May 1992, Unpublished.
Koontz, Harold	**Management** (McGraw Hill, Kagakusha Ltd., Tokyo, 1980)
Luthans, Fred	**Organizational Behavior**, 6th Ed., (McGraw-Hill International Editions, Singapore, 1992)
Mayo, James M.	**The American Country Club: Its Origin and Development** (Rutgers University Press, New Jersey, 1997)
Mintzberg, H. and Waters, J.	"Of Strategies Deliberate and Emergent", **Strategic Management Journal**, Vol. 6, 1985, pp. 257-272, In Aosa E., An Empirical Investigation of Aspects of Strategy Formulation and Implementation Within Large, Private Manufacturing Companies in Kenya, University of Strathclyde (Scotland), Unpublished Ph.D. Thesis, 1992
Nachmias and Nachmias	**Research Methods in the Social Sciences** (Edward Arnold Publishers Ltd., 1981, in Karemu, C., "The State of Strategic Management Practices in the Retailing Sector: The Case of Supermarkets in Nairobi", Unpublished MBA Dissertation, 1993.
Parasuraman, A.	**Marketing Research** (Addison-Wesley Publishing Company, 1986) in Karemu, C., "The State of Strategic Management Practices in the Retailing Sector: The Case of Supermarkets in Nairobi", Unpublished MBA Dissertation, 1993.
Pearce, Franklin S.	"The Elevation of the Manager" **Club Management** 8:3, 10 (1925)

Pearce, J.A & Robinson, R.B.   **Strategic Management: Formulation, Implementation and Control**, 4th Ed., (Irwin, Boston, 1991)

Peters, T. H. et al   **In Search of Excellence** (Harper Row, New York, 1982)

Porter, Michael E.   **Competitive Strategy: Techniques for Analyzing Industries and Competitors** (The Free Press, New York, 1980)

PWC-BCA Club   Rules and Regulations, 2001

Ragab, M. and Nzomo, N.D.   **A Manual for Research and Writing** (School of Journalism, University of Nairobi)

Roche, Jerry   "Keeping workers productive, the Sandburg/Lakeside Way", **Landscape Management**, September 1995, Vol. 34, Issue 9, pp. 10

Schwella, E.   "The relationship between Public Administration and Business Management and Administration: A Public Administration viewpoint", **South African Public Administration: Past, Present and Future** (Ower Burgess, Pinetow, 1998)

Shortell, S. M., et al   "Strategy Making In Health Care Organizations: A Framework and Agenda For Research", **Medical Care Review** Vol. 42 (2), 1985,pp. 219-266

Shumpusho   "Corporate Strategic Planning: A Survey of its Practice in Some Selected Kenyan Companies", **Unpublished MBA Thesis**, University of Nairobi, October 1983.

Steiner, G.A.   **Strategic Planning** (The Free Press, New York, 1979)

Thune, S. and House, R.	"Where Long Range Planning Pays Off", **Business Horizons,** Vol. 29, 1970, pp. 81-87, In Bowman C., Asch D., Readings In Strategic Management, Macmillan Press Ltd., 1994
Tuck, Jr., J. Richard	"Valuing Private Golf Courses: Where Did That Money Go?" **Assessment Journal,** Sept/Oct 1998, Vol. 5, Issue 5, pp37
Tull, D.S. and Hawkins, D.I.	**Marketing Research: Measurement and Method,** Macmillan Publishing Company, 1987 (Revised 1990).
Turner, David, R.	**Nairobi Club - The Story of 100 Years: A Celebration of the Club Centenary** (Nairobi Club, Nairobi, 2001)
Quin, J.B.,	"Logical Incrementalism", **Sloan Management Review**, Fall 1978, In Aosa E., An Empirical Investigation of Aspects of Strategy Formulation and Implementation Within Large, Private Manufacturing Companies in Kenya, University of Strathclyde (Scotland), Unpublished Ph.D. Thesis, 1992.