

**STRATEGIES ADOPTED BY CHURCHES: A  
CASE OF KENYA ASSEMBLIES OF GOD  
CHURCH**

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## DECLARATION

**This research project study is my original work and has not been presented for a degree in any other university.**

Signed .....  ..... Date .....  .....

**Esther Wanjiru Kiarie**

**This research project has been submitted for examination with my approval as a University supervisor**

Signed .....  ..... Date .....  .....

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## **DEDICATION**

I wish to dedicate this project to my parents who insisted that I needed to pursue a master's degree and gave me all the support, to my brothers who ferried my papers from my house to the office to the university.

I also dedicate this project to my immediate former boss, Rahab Karoki who has been an inspiration and a role model. She often wondered what I was doing in the office while I had a class; I owe you Rahab and thanks very much for all you have taught me and for the support. Finally, to my boss Denson Mbuui for believing in me.

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My thanks goes to my friends; those who stuck with me through out this program- Zippy, Rachael and Priscilla. Those I lost during this program- Dan; it was worth it, your going or your staying around made me stronger

Finally my sincere gratitude goes to my family; my father and mother – Mr. and Mrs. Kiarie, my brothers Joshua, Caleb and Mark, My sister Ruth and my nephews; may God bless you in deed.

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## **ABSTRACT**

This study sought to find out the growth strategies adopted by the church in relation to the strategies adopted by business enterprises. The need for this arose from the fact that the church is a very important aspect of the society and has been growing at a tremendous rate. There was therefore need to understand the factors contributing to this growth and whether business strategies can be applied to sustain the growth of the church.

The study will be guided by two main objectives. First, to determine the factors that affect the growth of the church. Secondly to find out the growth strategies adopted by the church- their advantages and their disadvantages and their relationship with strategies adopted by business enterprises.

The first chapter of this study gives an in depth of the church in Kenya; basically indicating the trend the church has taken and the expected role of the church in the society. There is also the statement of the problem, the objectives, significance and limitations of the study. Chapter two reviews some of the relevant literature published on the growth strategies of the church in relation to the business set up. This chapter seeks to bring out the business growth strategies and the church growth models with an aim of extracting the common elements. Previous studies on the subject are also highlighted. Chapter three contains the research methodology in essence this is how the study will be carried out. Being a case study the data will be collected from certain people of the church and data will be analyzed using descriptive statistics and content analysis. Chapter four analyses the findings of the study and chapter five covers the study's conclusion and recommendations for further study.

Primary data was collected using semi structured questionnaire administered through an interview with the secretary general of the Kenya Assemblies of God church.

# CHAPTER ONE: INTRODUCTION

## 1.1.1 BACKGROUND

Minzberg's (1976) views strategy as more of a pattern or a stream of major and minor decisions about an organization's future domains. These decisions take on meaning only as they are implemented through the organization's structure and processes. An organization's strategy can be best inferred from its behavior, though one can conceptually associate strategy with intent and structure with action. One of the most influential proponents of this link between strategy and structure has been Chandler (1962) who defines strategy as the determination of basic long term goals and objectives of the enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. Richard and Charles (1978) observe that the development of consistent organization strategy is a highly situational art characterized by insightful managerial decisions which dramatically redirect the organization's resources toward environmental opportunities. Strategy for an organization is the response towards environmental changes to take advantage of the arising opportunities and to remain relevant in the market. Enterprises that don't adapt to environmental changes face the danger of becoming extinct.

According to Pearce and Robinson (1999), strategy can be viewed as building defenses against competitive forces or finding positions in the industry where forces are weakest. Porter (1980) sees strategy as being all about competition and trying to gain competitive advantage. Strategy can also be defined as a pattern of actions and resource allocation designed to achieve the goals of the organization (Bateman and Zethmanl, 1990)

Once an organization has developed a particular strategy-structure arrangement, it may have difficulty pursuing activities outside its normal scope of operations. Fouraker and Stopford (1968) found out that diversified organizations made up of semiautonomous divisions were far more likely and presumably far more able to move into foreign operations than centralized, functionally structured companies. Howe's (1997) discussion of how individuals make decisions provides a perspective on why such constraints on strategy might arise. He observes that because the human beings are limited in their ability to make completely rational decisions, organization structure and process evolve so as to prevent uncertainty from overwhelming these

limited capacities. Thus the development of rules, programs and other repertoires of action serve to break down large problems into more manageable units for human decision makers. This in essence means that structure tends to follow strategy and that the two must be properly aligned for an organization to be effective.

The church falls under the category of not for profit organizations as a religious institution which are altogether distinctive, being in essence a membership organization with an important public service, spiritual mission. Howe (1997) observes that while the purposes of not for profits organizations may vary, their approaches to strategic planning are essentially the same. This is in line with what Porter (1980) states that every firm competing in an industry has a competitive strategy whether explicit or implicit. This strategy may have been developed explicitly through planning process or it may have evolved implicitly through activities of the various functional departments of the firm. Essentially for management of all organizations they are responsible for all the decisions taken the actions thereof. Drucker (1984) says that the end product of management is decisions and actions. By implementing strategy, the organization endeavors to match the skills and resources of the organization to the opportunities found in the external environment. The decisions and actions taken will lead to the development of an effective strategy which will help to achieve organizational objectives (Jauch and Glueck, 1988)

### **1.1.2 Kenya assemblies of God Church**

The Kenya assemblies of God church was founded in 1973 by a group of missionaries who had settled in the Kenya highlands. The church falls under the evangelicals- those who believe in the power of the Holy Spirit and proclaim Jesus Christ as savior. The church is spread all over Kenya. There are other Assemblies of God churches in the world, for example in the United States of America, Britain, Swaziland, Australia, Tanzania, Zambia, Zimbabwe, Uganda and Tanzania. The church shares a common vision which is to share the gospel to all nations. Their mission statements however vary from one church to another. The Kenya assemblies of God church have 3200 church according to the annual bulletin *Decade of Hope 2005*. The church has

hierarchical administrative processes in line with its structure. The church's administration is divided into districts and sections. Each district has a leader referred to as the district superintendent. The leader of a section is called the presbyter. The church has an executive board that comprises of the General Superintendent who is the head of the Kenya Assemblies of God church in the entire country, the general treasurer who oversees and is in charge of all financial aspects of the entire church and the secretary general who is in charge of all the operations and administrative works of the church. At the local church, there is a senior pastor who is in charge of the day to day running of the church. Depending on the size of the church, the senior pastor is at liberty to have associate or assistant pastors. The pastors are remunerated by their local church therefore funds are not pooled to a common pool and redistributed to the local churches for administrative use. Local churches have the autonomy to make decisions.

The Kenya Assemblies of God church is involved in other activities. These activities include caring for the orphans therefore it runs an orphanage that is called the Kenya Kids. This orphanage is in three locations; Kitengela, Naivasha and Matunda. The church is deeply involved in the training of lay leaders therefore it runs several bible colleges located in Nairobi, Kisumu and Machakos. These colleges have tailor made classes to cater for the different types of people who would wish to be equipped in the Bible knowledge. The church has taken up missionary work basically by sending missionaries to different locations and setting up a mission camp.

Kenya assemblies of God church is structured in functions that are based on the different areas that members participate in. Largely, the church has departments for the married men called the Men's Fellowship (MF), this brings together all married men who decide the activities that they want to participate in. there is the women's department better known as *Wanawake Wakristo Wakenya* (WWK) that targets all the women in the church who come together for a common aim of serving in the church. There is the Youth department for the young people and the Children's ministry that seeks to minister to children from zero to sixteen years. All these departments have national, district and sectional leaders. The church has annual plans and activities summarized in a calendar where all the departments get to run the activities of the church for a week and raise funds on their Sunday to fund their activities. Kenya

assemblies of God church believes in equipping all its members to service as per Ephesians 4: 12 'to prepare God's people for works of service, so that the body of Christ may be built up....'

## 1.2 Statement of the Problem

Strategy implementation boils down to managing change and the resistance thereof, and is where the real test to the success of a strategy lies. While strategy formulation is entrepreneurial and involves visionary as well as theoretical perspective, implementation is basically, administrative and involves bringing change by working through other people, organizing, motivating, culture change building and finding the optimal fit between strategy and the organization structure. The implementation process may involve significant changes in the organization structure, culture and systems (Pearce and Robinson, 1999).

The Kenya Assemblies of God Church as a whole has clear structures but processes are left to the local church to establish how its long term goals and objectives are achieved. This in itself means that the structure is more of a reporting mechanism since the local leaders are accountable and responsible to their local members. The National leaders are mandated to ensure that the departments are moving towards the same objective of equipping all the members to works of service and the executive ensures that the church gets to reach out to the whole world and convert them to Christianity.

The involvement of the church in 'non spiritual' activities is a great indicator of the church responding to the changes in the environment. This therefore means that the church has more often than not considered strategic placement in locating its bible colleges and the orphanages. Strategy is not therefore avoidable since the departments have to plan and implement their activities with certain objectives in mind. Therefore the church just like any other organization is bound to embrace the concept of strategy

The business model seeks to place an enterprise in a competitive position so as to maximize profits for its share holders. This makes it critical to evaluate how the church is placing itself strategically in the society in achieving its objectives.

Strategy implementation as a field of study is so new that there is no consensus about its dimensions (Stoner et al 2001). Hrebiniak (2005) states that strategy

implementation is still new field of management and has not been fully understood compared to formulation. The need to add to the existing knowledge exists and in addition the current literature is biased towards developed nations, creating a further gap in the emerging economies and their unique needs. Aosa (1992) covered strategy formulation and implementation in large private manufacturing companies in Kenya but this is fourteen years ago and a lot has happened since then that may have changed his findings or needs updating. Awino (2000), Muthuiya (2004) wrote on strategy implementation challenges for Non-profit making organizations and Non Governmental Organizations (NGOs) respectively, Ochanda (2005) has looked at the challenges facing firms in strategy implementation at Kenya Industrial Estates being a sample of a state corporation. Throughout the organizational and procedural planning processes, not for profit organizations must guard against expecting such models to be just the same as those for business.

There has apparently been no study done on growth strategies adopted by churches and specifically Kenya Assemblies of God. Muturi J.G (2003) studied the strategic responses of Christian churches in Kenya to changes in the external environment. The study basically looked at how the church adopted to political, economic, social and technological changes. The study reveals that most churches have taken steps to plan and prepare for changes in the external environment and are adopting appropriately. This therefore serves as springboard for this study to investigate strategies adopted by churches and a case study of Kenya Assemblies of God Church is put on focus.

### **1.3 Objectives of the study**

1. To find out what business strategies are adopted by the church
2. To establish the constraints of strategy implementation in the church set up

### **1.4 Importance of the Study**

The findings of the study will be beneficial to:

- Scholars of strategic management will get an insight of the process of strategy formulation, implementation and evaluation process that is followed by the Kenya Assemblies of God Church.

- The findings will provide more light to the public in regard to the value addition to the existing body of knowledge in the religious sector it would be desirable that all Kenyans get empowered to take part in decision making and strategic planning processes so as to emerge from a culture of silence to one of analysis and action.
- The donor community and the various sectors involved in religious issues i.e. the church will be more sensitized on the actual strategy formulation and implementation process.
- This study is expected to stimulate further research in this area of strategies adopted by the church to be used by the academia and the interdenominational bodies
- Academia – This study will increase the body of knowledge in the area of strategic management in Kenya
- The study is expected to be of value to the Kenya Assemblies of God Church in identifying the strategies that can be implemented to realize optimum results of their objectives and goals
- Other stakeholders will know how they can benefit from adopting competitive strategies in their businesses. The employees and church members of the church will also benefit from the recommendations of the research.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Strategy

Strategy may be defined as the broad program and goals to help an organization achieve success. Strategy is the match between an organization's resources and skills, the environmental opportunities and risk it faces, and the purposes it wishes to accomplish (Schedel and Hofer, 1979). The environment is changing rapidly and it is important for an organization to constantly adapt its activities to reflect the new requirements of the environment. Having a strategy therefore enables the organization to ensure that the operational decisions fit in with the long term interests of the organization. Without strategy, operational decisions could have a negative impact on the long term objectives of the organization (Bruce and Langdone, 2000)

Porter (1998) defines strategy as being different. This means deliberately choosing to perform activities uniquely or to perform different activities than rivals to deliver a unique mix of values. Ansoff (1965) echoes words of an unknown author who said that strategy is when you are out of ammunition but keep firing so that the enemy won't know. Ansoff (1965) defines strategy as the decision rules and guidelines that define an organization's defined scope and growth direction complementing the objectives to give the organization an orderly and profitable growth. Mintzberg (1976) views strategy as more of a pattern or a stream of major and minor decisions about an organization's possible future domains thereby possible to infer an organization's strategy from its behavior.

Ansoff (1990) identifies distinguishing characteristics of a strategy. The process of strategy formulation results in no immediate action, rather it sets the general directions in which the firm's position will grow and develop. Therefore strategy must next be used to generate strategic projects through a search process; the role of strategy in search is first to focus on areas defined by the strategy and second to filter out and uncover possibilities which are inconsistent with the strategy. Thus, strategy becomes unnecessary whenever historical dynamics of an organization will take it where it wants to go; that is when the search process is already focused on the preferred areas. At the time of strategy formulation, it is not possible to enumerate all the project possibilities that will be uncovered. Therefore strategy formulation must be based on highly aggregated, incomplete and uncertain information about courses of alternatives. When search uncovers specific alternatives, the more precise, less



aggregate information which becomes available may cast doubts on the wisdom of the original strategic choice. Thus, successful use of strategy requires strategic feedback. Although both strategy and objectives are used to filter projects they are distinct in that objectives represent the ends which the firm is seeking to attain while strategy is the means to the end. Objectives are higher level decision rules and a strategy may be valid under a set of objectives and lose validity when the objectives of the organization change. Strategy and objectives are interchangeable. Thus some attributes of performance can be an objective of the firm at one point and its strategy at another.

Pierce and Robinson (2003) are accredited for analyzing strategy formulation and implementation. They look at the process as one that starts with defining the mission of the organization. Mission statement of an organization guides future executive action. It is the fundamental unique purpose that sets apart from other firms of its type and identifies the scope of its operations in products and market terms. Howe (1997) observes that not for profit organizations tend to take their purposes for granted, to assume that everyone knows and agrees on why the organization exists. But differences soon emerge when members of a group seek to define the purpose. Cook (1987) defines mission as every organization exists because of some condition in the environment which it exists to change; organization mission follows from its choice of focus problem.

Howe (1997) notes that the difficulty in drawing up a mission statement is in making it broad enough to encompass all that an organization does yet keeping it narrow enough to give it focus, to differentiate it from other mission statements to give it a sharpness that will be a realistic guide. Hodgkin (1993) points out that the process of mission definition is extraordinarily complex, often fuzzy and generally philosophical, constituency based and value oriented. Drucker (1990) adds that the best not for profits devote a great deal of thought to define their organization's mission. They avoid sweeping statements full of good intentions and focus, instead, on objectives that have clear cut implications for the work their members perform.

Pierce and Robinson (2003) have established the tests of a winning strategy. This serves to clearly give management a check of whether their chosen strategy will help them achieve their mission. Goodness of fit test ensures that the strategy fits the organization's core business and mission statement; it is a basic check on the

compatibility of the strategy to the day to day operations of the organization. The competitive advantage test seeks to find out whether the chosen strategy places the organization in an advantageous position compared to its competitors. The result of such a strategy is realized growth over a given period of time. The performance test assesses whether the chosen strategy boosts the organization to operate at its optimum profitability level and constantly increases and sustains its market share.

Pearce and Robinson (2003) observe that strategic choice is a decision that determines the future of the organization. They have outlined the factors that influence the strategic choice for an organization. Mintzberg (1976) suggests that the past strategy for an organization strongly influences the current strategic choice. The older and more useful a strategy has been the harder it is to replace it. Once a strategy is initiated it is very difficult to change because the organization momentum keeps it going. If a firm is highly dependent on one or more environmental factors, its strategic alternative and ultimate choice must accommodate this dependence, the greater the firm's dependence the lower its range and flexibility in strategic choice. Attitudes towards risk vary from eager risk taking to aversion to risk and they influence the range of strategic choices. Where risk attitude favors risk, the range and diversity of strategic choices expand. Risk attitude in an organization boils down to the risk attitude of the top management who are the ultimate decision makers. Internal political considerations greatly influence the success of strategy implementation. There is need therefore to have a good relationship between the decision makers and the implementers. Top managers therefore need to emphasize on the eminent benefits accruing to the implementers after a strategy has been chosen for implementation. Management's strategic decision is heavily influenced by external time constraints which may limit analysis and evaluation. The timing of a strategic decision has to be prompt since bad timing can be disastrous if it is undertaken at the wrong time. Critical is the lead time required for alternative choices and the time horizon management is contemplating. Competitor's reaction cannot be overlooked in making a strategic choice. This prepares an organization for counteraction of the competitor's reaction in terms of changing the strategy and if need be allocate extra resources on the project in order to succeed.

Porter (1980) analyses the dimensions of a competitive strategy that capture the possible differences among company's strategic options in a given industry.

Specialization is the degree to which a firm focuses its efforts in terms of the width of its line, the target customer segments and the geographic market served. Brand identification is the degree to which a firm seeks to brand identification rather than competition based mainly on price or other variables. Brand identification can be achieved through advertising. Push versus pull is the degree to which a firm seeks to develop brand identification with the ultimate customer directly versus the support of distribution channels in selling its product. Channel selection is the choice of distribution channels ranging from company owned channels to specially outlets broad line outlets. Product quality is the firm's level of product quality in terms of raw material specifications, adherence to tolerance, features. Technology leadership is the degree to which a firm seeks technological leadership versus following or imitation. Vertical integration is the extent to which added value is reflected in the level of forward and backward integration adopted, including whether the firm has captive distribution, exclusive or owned retail outlets. Cost position is the extent t which a firm seeks the low cost position in manufacturing and distribution through investment in cost minimizing facilities and equipments. Service is the degree to which a firm provides ancillary services with its product line; this part of strategy could be viewed as part of vertical integration but is usefully separated for analytical purposes. Price policy is related to the cost and quality position of a firm.

Ansoff (1990) observes the necessity of strategy for an organization as it saves the time, money and executive talent which are required for a thorough strategic analysis. The field of potential opportunities will be in no way restricted. Objectives and strategy limit the field of search. Since strategy is based on uncertain and incomplete knowledge, there is a chance that some attractive opportunities will be missed. An opportunist takes such no chances. The firm reaps the full advantage of the 'delay principle'. By delaying commitment until an opportunity is in hand, it is able to act on the basis of the best possible information.

## 2.2 Strategy implementation

For strategy implementation to be successful the structure and the processes are key success factors. Aosa E (1992) defines structure as the configuration of a company showing the relationships that exist between the various parts of the organization. The process elements include leadership, culture, resources and administrative procedures. Structure in an organization should be compatible with the chosen strategy.

Pearce and Robinson (1999) raises the following issues in relation to strategy implementation; first, setting measurable annual objectives. This means breaking down the organization's long term objectives to short term goals. Secondly, developing specific functional strategies; this basically calls upon management to set policies of how things should be done in each department all efforts being harmonized to achieving the organizational long term objectives. Thirdly, is to allocate organizational resources to the budgetary items. Resource allocation depicts management's commitment to actions.

Pearce and Robinson (1999) define strategic management as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. They add that strategic management involves the planning, directing, organizing and controlling of a company's strategy-related decisions and actions that reflect a company's awareness of how, when, and where it should compete, against whom it should compete and for what purpose it should compete.

### **2.3 Long Term Objectives and Grand Strategies**

Pearce and Robinson (2003) observe that to achieve long term prosperity and organization must establish long term objectives along profitability, productivity, competitive position, employee development, employee relations, technological leadership and public responsibility. They further allude that long term objectives must pass the test of being acceptable, flexible, measurable, motivating, suitable, understandable and achievable. Porter(1980) details that the real substance, the biggest most important differences among competitive strategies boils down to whether the company market target is broad or narrow, and whether by pursuing a competitive advantage linked to low costs or product differentiation. Porter (1980) brings out five distinctive approaches; first, a low cost leadership strategy; this is appealing to a broad spectrum of customers based on being the overall low cost provider of a product or a service. Secondly is the broad differentiation strategy that seeks to differentiate the company's product offering from rivals in ways that will appeal to a broad spectrum of buyers. Thirdly, a best cost providers strategy that gives customers more value for their money by combining an emphasis on low cost with an

emphasis on upscale differentiation, the target is to have the best costs and prices relative to producers of products with comparable qualities and features. Fourth, is the focused or market niche strategy based on lower cost; this concentrates on the narrow buyer segment and out competing rivals by serving niche members at a lower cost than rivals. Finally, the focused or market niche based on differentiation; this strategy concentrates on a narrow buyer segment and out competes rivals by offering niche members a customized product or service that meets their tastes and requirements better than rivals. Pearce and Robinson (2003) describe grand strategies as basic directions for strategic actions and are the basis of coordinated and sustained efforts directed towards achieving long term objectives. The following is an analysis of grand strategies according to Pearce and Robinson (2003)

#### **2.4 Strategic Choice**

Before a firm decides on what to select as a strategy Pearce and Robinson (2003) states that the strategy must pass the tests of a winning strategy. These tests are; Goodness of fit; herein the strategy should fit with the organization's core business and mission statement. Competitive advantage; the strategy should place the entity in an advantageous position compared to its competitors. The organization should as a result sustain its growth over a given period of time. Performance test; the organization must operate at its optimum profitability level and constantly increase and sustain its market share.

Pearce and Robinson (2003) further alludes that strategic choice is a decision that determines the future strategy of the firm. The decision is arrived at after considering the following factors. First the role of the past strategy; Mintzberg (1976) suggests that the past strategy strongly influences the current strategic choice. The older and more useful a strategy has been the harder it is to replace. Once a strategy is initiated it's very difficult to change because the organizational momentum keeps it going. Secondly, the degree of the firm's external dependence; if a firm is highly dependent on one or more environmental factors, its strategic alternatives and ultimate choice must accommodate this dependence. The greater the firm's dependence the lower its range and flexibility in strategic choice. Thirdly, the attitude towards risk; attitudes towards risk vary from eager risk taking to aversion to risk and they influence the range of available strategic choices. Where attitudes favor risk, the range and diversity

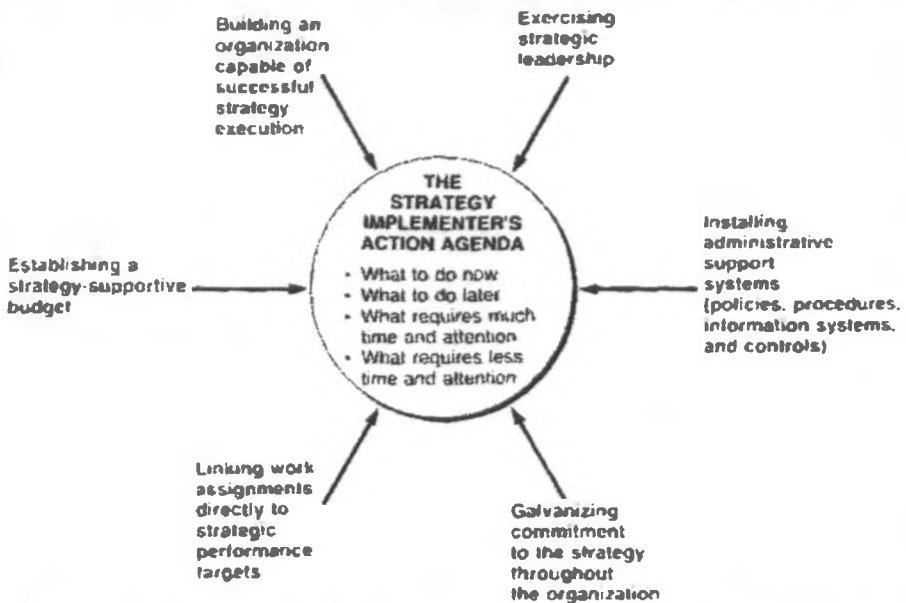
... choices expand. Risk attitude in an organization boils to the risk attitude of the top managers who are the decision makers. Fourthly, internal political considerations: for a strategy to be successfully implemented there has to be a good relationship between the decision makers and the implementers. Top managers therefore need to emphasize on the eminent benefits accruing to the implementers after the strategy has been selected for implementation. The fifth factor is timing considerations: management's strategic decision is heavily influenced by external time constraints which may limit analysis and evaluation. The timing of a strategic decision has to be prompt since bad timing can be disastrous if it is undertaken at the wrong time. Critical again is the lead time required for alternative choices and the time horizon management is contemplating. Finally, competitive Reaction; management should consider competitor's reactions and assess the organization's capability of counteracting the reactions.

## **2.5 Elements of Effective Strategic Implementation**

Strategy implementation has a multiplicity of tasks that need to be performed right from the top to every unit of the organization making the job of the strategy implementer very complex and time consuming. There is the overriding need to align the organization's internal processes with the strategy. To achieve this, the strategy implementer must unite all units and ensure that they share a common vision in bringing about the necessary changes.

Thomson and Strickland (1989) observe that strategy implementation has to be custom-tailored to the organization taking into account the organization's setting. However irrespective of the nature size and type of organization certain common elements in the strategy implementation process have been identified in organizations that were more successful in their implementation. The emphasis of each of these elements is determined by the amount of strategic change involved.

**FIGURE 9-1**  
**Implementing Strategy: The Key Tasks**



Structure in organizations refers to the formal framework by which tasks are organized and coordinated (Robin and Coulter, 2002). It is the basic way the firm's different activities are organized to achieve efficiency and effectiveness Pearce & Robinson (1999), Johnson and Scholes (2004) identified five structural types. The five types include simple structure that is controlled by individuals, typical of small size operations, functional structures with a Chief Executive Officer(CEO) with prime activity centered in areas like Finance, Marketing ,Production etc below him, geographical structure that would have functional structure at the headquarters plus geographical managers in different regions, divisional/strategic business unit structure that have some level of autonomy but reporting to corporate office, matrix structure usually for large complex organizations that combines functional, divisional as well as geographic structures and finally team based structures that cut across functions as well as project based structures that are formed and dissolved on the basis of specific projects. Chandler (1962) on strategy and structure observed that there is a need for

building an internal organization structure that is responsive to the needs of the strategy. Drucker (1974) observed that the simplest organization structure that will do the job is considered the best one. The structural design of a firm has to have clear key activities needed to produce key results.



## CHAPTER THREE: RESEARCH METHODOLOGY

The chapter sets out the research methodology that was adopted so as to meet the objectives stated in chapter one of the study. The research setting, population of interest, sample design, and data collection instruments as well as data analysis techniques are discussed.

### 3.1 Research Design

The research being a case study, data was collected from Kenya Assemblies of God Church-the headquarters. The information was from individual that serve in the top governing body of the church. This was most appropriate as a detailed analysis of a number of units of study was desired. Survey studies provide focused and valuable insights to phenomena that may otherwise be vaguely known or understood.

#### 3.1.1 Population

This comprised of all branches of Kenya Assemblies of God in Kenya. This is based on the fact that the study was a case study

### 3.2 Data Collection

Data was collected through semi structured questionnaires. The questionnaire was divided into three parts. Part one seeks the bio data of the church, part two addressed the strategies adopted by Kenya Assemblies of God Church taking to account the measurement parameters and how growth is planned. This part sought to address how strategy is formulated and selected. Part three looked at the factors taken into account while implementing a chosen growth strategy and how the growth was being monitored and measured. Questions were administered by interviews with one national leader at the church headquarters. The general secretary of the church was the main person interviewed at the head office.

### 3.3 Data Analysis

Data collected was analyzed by use of content analysis. Questions were first edited for completeness and consistency. The data was coded then tabulated. Data in this study was analyzed using descriptive statistics. These includes proportions/percentages and mode, to determine the most utilized growth strategy adopted by the church, the most inherent factor in strategy choice and the most used method of measuring and monitoring growth. Content analysis was used to analyze the qualitative questions while factor analysis was used to identify some critical success factors.

## CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

The objectives of the study were to find out what business strategies were being adopted by the church and establish the constraints of strategy implementation in the church set up. This chapter presents the data analysis and interpretation of the research findings. A successful interview was held with the secretary general of the Kenya Assemblies of God church.

### 4.1 History of Kenya Assemblies of God

The Kenya assemblies of God church was founded in 1973 by a group of missionaries who had settled in the Kenya highlands. The church falls under the evangelicals- those who believe in the power of the Holy Spirit and proclaim Jesus Christ as savior. The church is spread all over Kenya. There are other Assemblies of God churches in the world, for example in the United States of America, Britain, Swaziland, Australia, Tanzania, Zambia, Zimbabwe, Uganda and Tanzania. The church shares a common vision which is to share the gospel to all nations. Their mission statements however vary from one church to another. The Kenya Assemblies of God church has 3200 churches as at December 2005. The overall church's mission statement states that the church exists to prepare God's people for works of service so that the body of Christ may be built up. This mission statement is derived from Ephesians 4; 12 in the Bible.

The major objectives of the church are;

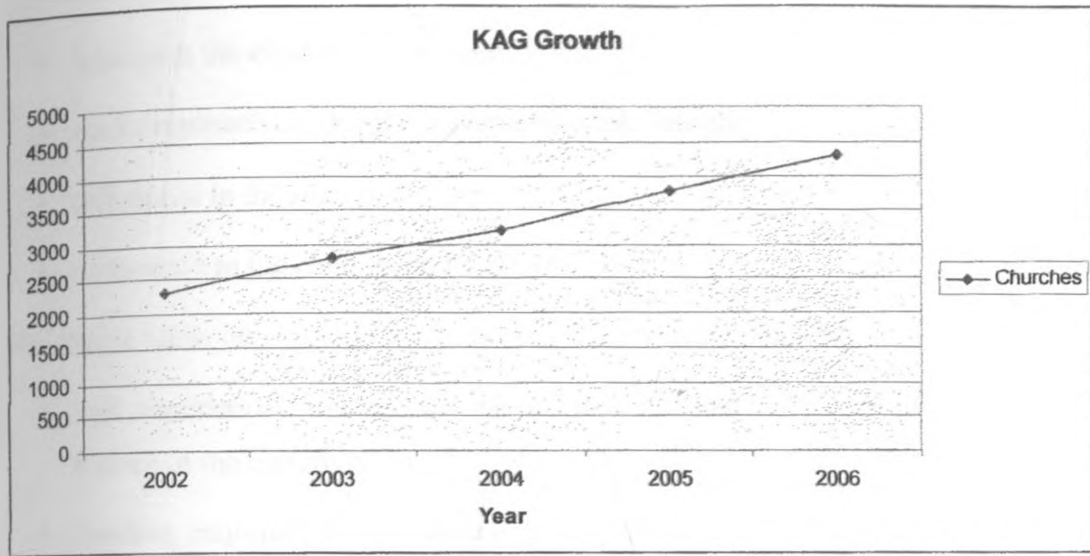
- To develop people spiritually; this means teaching them the Biblical truths and equipping them in getting spiritual knowledge and nourishment.
- To reach out to the communities with the gospel of Jesus Christ. This means that there are activities meant for evangelizing and converting people to the Christian faith
- To reach out to the needy in the community. This basically means participating actively in poverty eradication programs that are in the society.

The church has undergone massive growth as shown in the table below. In 2002 the church decided that they will embark on a church planting mission and this has led to an average of six churches being opened per week. The general superintendent has taken this up as his major responsibility- opening new churches.

**Table 4.1 Growth in the Kenya Assemblies of God Church**

Year	2002	2003	2004	2005	2006
Churches	2300	2800	3200	3800	4300

**Figure 4.1 KAG growth chart**



## 4.2 Strategy formulation and choice

### 4.2.1 Strategy Formulation

The church was operating in a stable environment in that it was easy to predict occurrences in its environment. Plans are made annually, every five years and every ten years. The annual plans are derived from the five year and the ten year plans. The main reasons why the church invests in planning are;

- To set out targets for each year.
- To keep track of activities in ensuring that they are in line with the church's objectives.
- To have sound financial management and allocation of resources.
- To maximize on the available resources in the church and the church environment.
- To set out clear benchmarks for evaluating the church's growth and development.

Plans are prepared by different stakeholders in the church. This includes church members through their departments, the board of deacons, the board of elders and the general assembly during the annual general meetings. The pastor in charge is greatly involved in planning so that the planned activities are in line with the church's mission and vision. The people involved in planning exhibit the following qualities;

- knowledgeable in their area of specialization
- leaders in the church; departments
- above reproach i.e. people of unquestionable integrity
- influential in the society
- committed to the church and its activities

The church takes into account the following factors while planning;

- past experiences; this means that a successful activity in the past is likely to feature in the current plans
- Funding required; the monetary aspect of an activity is critically analyzed before it is endorsed as a plan for the year
- Needs of the target groups; the activities planned for have to meet the needs of the target group. This in essence is the reason why the church members are involved in planning through their departments
- The activities of the other churches; the church monitors its environment and ensures that it is well informed of what the other churches are doing in order to meet their objectives. This is what is referred to as competitive environmental analysis.

#### **4.2.2 Strategy Choice**

The choice of a strategy was greatly influenced by availability of resources, the location of the church and cooperation from the congregants. The vision and mission of the church are key in choosing a strategy for the church. Each year the church comes up with a strategic theme that enables it achieve its overall mission and this plays a major role in strategy choice. The least important factors in choice of strategy were tribe of the locals, economic activities of the locals and availability of social amenities in the locality. The church has been divided into smaller departments that

are equal to business units. Each department sets out action plans on how to achieve its objectives and plans for a specific period.

Strategy choice depended on the existing departments or business groups in the church. To this end therefore, each business unit selected a strategy that will enable them reach their set objectives and their needs. The church networks with the government, not for profit organizations, the media and other institutions to achieve its objectives. This in essence means that the church conducts an environmental analysis and monitors what is taking place in its environment so that it remains relevant.

#### **4.2.2.1 Innovation**

The church puts together different packages for its members that range from church services, baptism, bible study, counseling, home/estate fellowships, weddings, burials, parenting courses, television and radio broadcasts, retreats for the different age groups and seminars. To ensure that these products/services are of value to the members, the church has put in place a means to get feedback from the members. Suggestions are then collated and used to revise, remodel the services and products the church is offering to its members. The church analyses what the other churches are doing so that they offer better packages to their members. This is its strategy of beating competition and building a competitive edge.

#### **4.2.2.2 Integration and strategic alliances**

The church collaborates with other churches in carrying out mission work, community based activities e.g. health check ups, clean ups, relief efforts, peace and reconciliation initiatives. It also works together with other churches in areas of pastors' fellowships, training of the members, and participation in national and governance agendas. In choosing which churches to partner with, the church looks at their doctrinal statement, vision, mission, area of influence and previous experiences. There have been recorded benefits of collaborating with other churches. These were; objectives are easily achieved since each partner pools their resources for a common cause, the church is able to tap into capabilities of the other partner, experiences are shared, best practices are easily picked and adopted, and the church gets networking avenues. The shortcomings of co-working with other churches are delayed decision

making, competition, mistrust and defining a common mission becomes hard so that there is team work in the selected activities.

#### **4.2.2.3 Diversification**

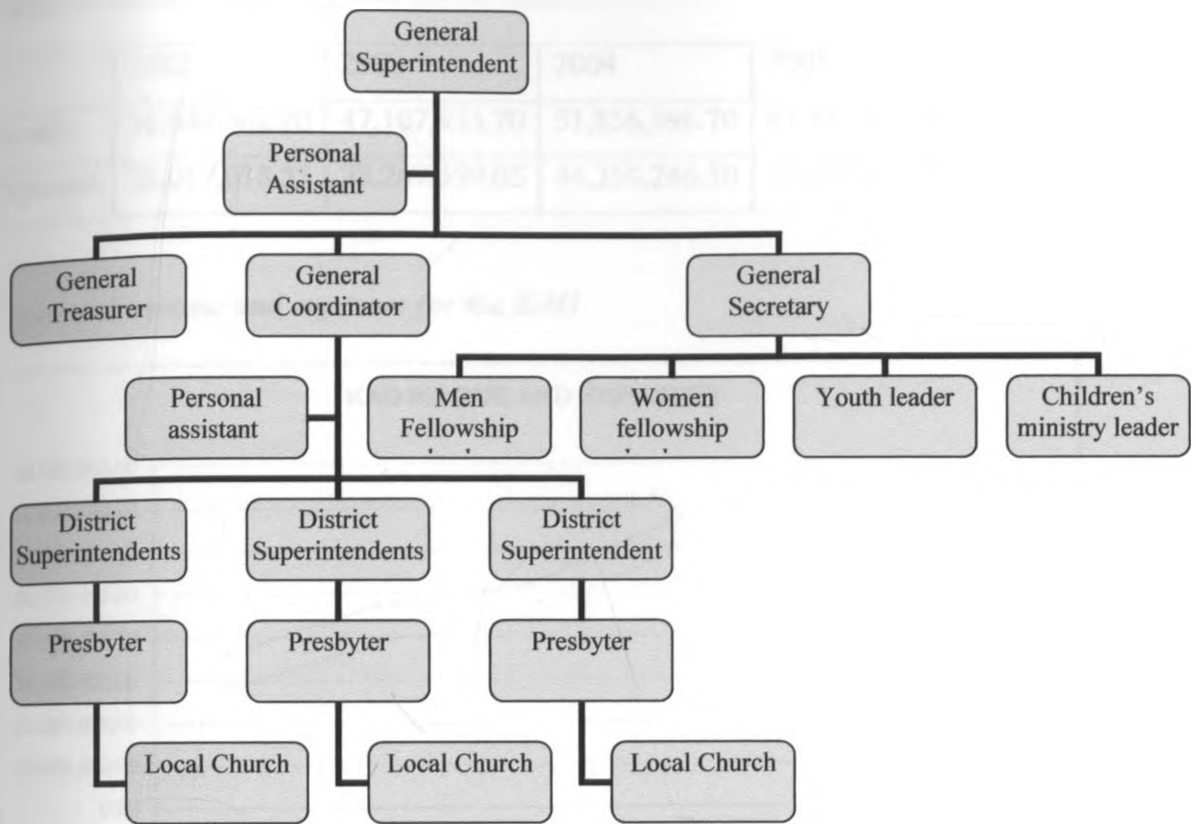
The church participates in other activities different from its core activity which is taking care of the spiritual needs of its congregants. These activities include educational training, running homes for the children and the elderly, running health facilities, facilitating the members to have income generating activities, peace and reconciliation initiatives. The church has embraced these activities in its calendar of activities so that they meet the holistic needs of their members and remain relevant in their environment. These activities play a major role in uniting the congregants; unity is key for a church to be successful. The challenges of carrying out non core activities for the church is that the planned for activities are either over or under emphasized since their results seem to be immediate than just listening to spiritual talks. The church faces capacity challenges and may need to contract experts in the other activities to run them on their behalf. This means that controlling is not well done. These activities may require government authorization which means more resources need to be allocated to run them.

#### **4.2.3 Strategy and Structure**

The church has a structure that is revised at least every five years to accommodate the environmental administrative changes. The executive consists of the pastor in charge, the board of deacons and the board of elders. The deacons are in charge of the running of the church in administrative and related issues. The elders give counsel to the pastor in spiritual matters. The departmental leaders work closely with the deacons to ensure that their budgets are approved and that they are achieving the objectives of the church. The church employs support staff and this report to the deacon in charge. They are issued with letters of appointment with clear job descriptions and terms of service.

This structure directly affects strategy choice and formulation since the departmental leaders have to see to it that their plans and activities have been approved and after the approval they report on the outcome of the activities. The major challenge is when a strategy is chosen but the ultimate decision makers are not involved in the selection. This goes on in implementing the strategy since the approvers are different from the

implementers. This slows decision making and may lead to poor resource allocation if the decision makers and the implementers are not in agreement.



*Figure 4.2; Kenya assemblies of God organizational chart*

#### 4.2.4 Strategy and resource allocation

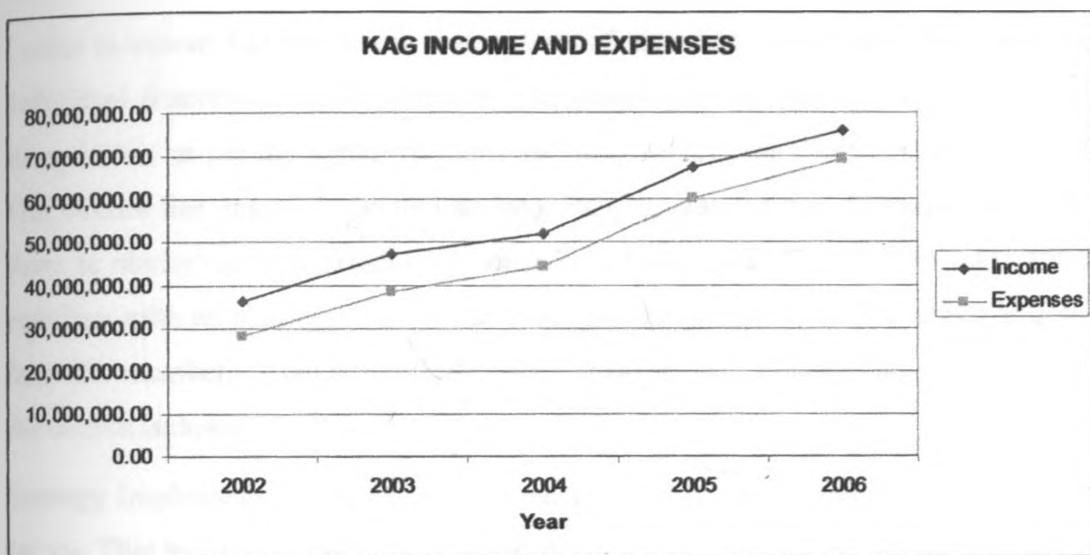
The church prepares an annual budget through a team of financial experts and input from the departmental leaders. Each business unit prepares a budget for its unit and the deacon in charge of finances gets to harmonize and consolidate the budgets from the business units into one. The church adopts the activity based budgeting method because the environment presents different opportunities for different activities. It is also easy and can be planned for with certainty, it also gives the members a chance to be creative and innovative in what they want to do in order to achieve their plans. The challenge of this budgeting method is that it is not all inclusive; its hard to come up with an activity that is unique and different for all the church members. This has resulted to having many activities so that all the members are catered for. The table

below shows how the church has been accumulating funds and spending them. These are consolidated figures from each business unit. These years 2002-2007 the church has been focusing on opening new churches through out the country.

**Table 4.2 Income and expenses for the KAG**

	2002	2003	2004	2005	2006
Income	36,084,362.20	47,107,435.70	51,856,996.70	67,484,540.90	76,059,502.65
Expenses	28,017,018.55	38,267,599.05	44,358,246.50	59,909,335.20	69,229,150.60

**Figure 4.3 Income and expenses for the KAG**



### 4.3. Strategy Implementation

The church has as much as possible ensured that the strategy formulators are on the same page with the strategy implementers. To this extent therefore the church shares a common theme for the year that serves the role of knitting together all the business units. The executive approves the final plans and requires periodic reports on the progress of the approved activities. The main benefits of having strategy implementers as formulators is because they understand the intricacies of the planned activities, they have a personal commitment to the success of the activity and they can easily sell the objectives of the activity to the other church members. The misgivings of having strategy implementers as formulators is that they may overlook



some technical aspects of an activity that is crucial for its success, they get caught up in the norm of the church and this kills creativity and innovation.

Separating the strategy formulators from the implementers gives more members of the church to participate in church activities especially in decision making which makes them feel valued. The church gets to tap into the available resources from the members especially technically. The activity gets largely accepted and therefore succeeds out of the public good will. However when strategy formulators are the implementers there is delay in decision making since there has to be a consensus on a course of action to take. Poor implementation may result because implementers may be overconfident of what they are expected to do since they formulated the strategy.

In order to ensure that the church is in control of the adopted strategies, it has assigned individual deacons to the departments. The deacons ensure that each department runs its activities as per the approved plans and they report periodically to the executive. The church has engaged auditors to look into its systems and financial use so that there is clarity on how financial resources are managed. The church holds annual meetings with its members and all the strategies are discussed and feedback is gotten from the members. Annual publications are done so that members are aware of what the church is doing.

Strategy implementation has not been one hundred percent successful in the church set up. This has been attributed to inadequate financial resources, inadequate human resources, poor coordination among the departments, strategies adopted by the other churches, lack of consistent leadership, lack of member support that is caused by lack of sufficient information and clarity in the church's mission and vision. To ensure that the strategies succeed, the church has embarked on ensuring there is consistent leadership so that leaders are not changed in between activities. The church has put up enterprises that will be supplementary sources of money such that educational centers. This makes the church independent of the member's offerings in pursuing its objectives. Departments are also encouraged to independently solicit funds to fund their activities. The church has ensured that the departmental plans have goal owners and this eliminates the lack of adequate human resource to implement a strategy. Reporting has played a key role in ensuring that strategies succeed because the executive is able to tell whether a strategy will succeed or not and take any necessary corrective actions.

## CHAPTER FIVE: CONCLUSION

This chapter presents the summary discussions and conclusions for the research findings in line with the objectives of the study. Based on the findings, recommendations have been made on the formulation, choice and implementation of strategy in a church set up. The limitations of the study and suggestions for further research are also discussed.

### 5.1 Summary, Discussions and Conclusions

The first objective was to find out what business strategies were being adopted by the church. These were grouped into the grand strategies and the long term objectives. The analysis revealed that the church was indeed embracing business strategies to remain relevant in its environment.

The church uses differentiation to serve its calibers of members and meet their needs. To this extent, the church has set up different departments for the members. Each department like a business unit has objectives that are derived from the church's mission and vision. Strategy formulation, choice and implementation depend on the department but have to be approved by the executive. The church emphasizes on planning and has therefore in place ten year, five year and annual plans. The business units work towards achieving the overall mission and vision of the church. These business units however enjoy the autonomy of soliciting for funds to finance their activities.

Each business unit has a target group and plans activities that will fit its members. The members participate in coming up with the annual activities and funding the same. Innovative products are developed; most of them are borrowed from other churches and modified to fit a specific target group. The church collaborates with other churches and religious institutions and this goes on to prove that the church just like any other entity has to interact with its environment and use players and competitors in the environment so as to achieve its objectives. Sometimes the church enters into agreements with other churches in order to have a certain activity carried out. These agreements are negotiated by the heads of the business units and signed by the pastors in charge.

The church in its endeavor to remain relevant has undertaken some extra activities that are not in its core business. Such activities are aimed at helping the congregants enjoy value for being members of the church. In order to actually have a transformed community the church needs to actually have activities that enable it achieve this goal. To this end therefore the church has gotten involved in activities such as setting up children homes, bible training institutions, health-care opportunities, participation in Bible translation, sports tournaments has enabled the members benefit directly from these activities by virtue of being members. The church is also a member of the association of evangelical churches and the national council of churches in Kenya. This gives the church air its views regarding activities taking place in the society and national issues such as the constitutional amendment.

In deciding which non core activities to participate in or to undertake, the church takes into account the monetary requirements it needs to have in place, the human capacity, the time needed and the benefits the members will derive from the particular activity. The biggest challenge the church has encountered in having non core activities in its schedule of activities include inadequate human resource capacity and sometimes the partners are people whose doctrinal believes don't agree with the church's, inadequate human resource comes in where if there is a legislative forum on a national issue the church does not have church lawyers or legal advisors to attend the forum and represent the views of the church. In addition, if the church's youth department wants to participate in a football tournament, they have difficulties recruiting a qualified coach to train them.

The church has clearly written and explained job descriptions for all the people in the church leadership. These are revised together with the revision of the organizational structure. The responsibilities of each leader are discussed during the annual meetings, other periodical meetings and during the visits that the leaders carry out to local churches. The leader's responsibilities include understanding the different business unit's annual activities, their strategy of achieving their targets and ensuring that they conform to the greater church's strategy. The leaders however don't change the activities of the business units they just check for general compliance.

Kenya assembles of God church runs an annual budget. The main source of income is the member's contribution and donations. The church spends its money in the day to day running of the church. The main expenses include the local pastor's remuneration

and the church's overhead expenses. Other activities funded include the running of the Bible training institutions and the children's homes. The budgets are prepared by the individual business units and consolidated by the local church. Budgeting has helped the church maintain its promises to the members without requiring more contributions from them.

The second objective of the study was to establish the constraints of strategy implementation in the church environment. The church's major challenge in strategy implementation is the understanding of the strategy being adopted by the church leaders. The business units prepare the plans and they are approved by the church leaders. There is a big gap between strategy formulators, approvers and implementers. The time lag and nity gritty details of the plans are never discussed with the approvers therefore there exists an information gap that causes differences in the way a strategy is understood and owned. The other major challenge in strategy implementation for the church is the fact that the business units prepare independent plans and this sometimes results to duplication of activities and resource requirements. As a result the church is forced to consolidate the activities that seem similar and thereafter come up with one activity which does not necessarily achieve the original intent.

The other major challenge for the church in strategy implementation is resource and human resource availability. As much as the church operates under a budget, it most of the times falls under its budget as its major source of income is members voluntary contribution and donations. This is quite hard to predict as the congregants cant be forced to make contributions in specific amounts. The uncertainty of the source of income is the same that faces the business environment when predicting the income a business is going to make during a specified time period. The human resource challenge lies in that the church lacks technical experts to look at its plans and strategies and help it pick the most appropriate course of action. The church on the other hand has not invested in collecting and sharing best practices among its business units.

### **5.1 Limitations of the study**

This study focused on the strategies adopted by the Kenya Assemblies of God church as a representative of the churches in Kenya. It therefore did not cover other religious organizations. It also majored on one church leaving out the rest.

### **5.2 Recommendations for further study**

The study documented the strategies adopted by churches in Kenya as represented by the Kenya Assemblies of God church. A study could be carried out to assess how the other churches apply strategy. There could also be a study of how other religious organizations have applied strategy as a way of building a competitive edge and maintaining relevance in their environment.

The area of strategic management in the church is one that has not received much attention in terms of research. In the wake of the increasing importance of religious organizations in the society there is need for a study to be conducted for purposes of documenting application of strategic management in the religious sector.

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# APPENDIX I: QUESTIONNAIRE

## PART ONE; BIODATA

Date \_\_\_\_\_

Name of Respondent; \_\_\_\_\_

Title of Respondent \_\_\_\_\_

Duration to which they have worked with KAG \_\_\_\_\_

### Background Information

1. When was KAG started? \_\_\_\_\_
2. Who were the founders?
3. What is the church's vision?
4. What is the church's mission statement?
5. Please list three of the church's objectives;
6. Bibliography- membership

Parameter	2002	2003	2004	2005	2006
Churches					
Pastors					
Members					

## PART TWO; STATERGY

### Strategy Formulation

1. How would you describe your operation environment?
2. How important is long term planning to the future success of the church
3. How often is long term plan prepared for the church
4. What is the main reason for the preparation of a plan in the church? Who participates in the planning process and why? \_
5. Are the plans formal or informal? ( take notes)
6. Which factors do you consider while planning? And how important is each factor?
7. Is the church divided into separate business units? ( take notes) what are the strategies applied by each business unit ( fill the table below)
8. Who is involved in formulation of business unit and organizational objectives? (Take notes) what is their selection criterion? What are their selection criteria?

### Strategy Formulation and Choice

1. What considerations are looked into when setting business/organizational objectives?
2. Are there times when the church seeks to reach out or work with specific groups of people in the society? When is this?
3. Does KAG have a specific target that they seek to reach out to? Which ones
4. What tactics are used in reaching out the target group?
5. Are there any activities the church undertakes that are selected based on the age, gender, social status, educational level, tribe, political affiliations of the church members? Which ones

FACTOR	ACTIVITY
AGE	
GENDER	
SOCIAL STATUS	
EDUCATION	
POLITICAL AFFILIATIONS	
TRIBE	
GEOGRAPHICAL REGION	
OTHER	

### **Innovation**

6. What products/services does KAG offer to their members?
7. Are the products/services innovated from within? How?
8. Are the products/services re-molded from previous ones?
9. Are there products/services that are borrowed/copied from other denominations?

### **Integration and Strategic Alliances**

10. Does KAG co-work/collaborate with other churches? Yes/No
11. In which activities does KAG co-work/collaborate with other churches?
12. What factors are considered when KAG is choosing who to co work with?

13. What are the eminent benefits of co-working with other denominations
14. What are the challenges of co-working with other churches
15. Are there instances where KAG has committed to co-working with a certain denomination for a specified time period or for a specific purpose after which there is no more dealings with the denomination?
16. Are there activities that warrant KAG to enter into written agreements with other denominations before they are undertaken?

### **Diversification**

17. Other than spiritual nourishment of the church members which other activities is KAG involved in?
18. What are the objectives of the non core activities?
19. What are the benefits of the church in getting involved in non core activities?
20. What are the challenges of running/undertaking non core activities?
21. Which factors are considered while undertaking non core activities?

### **Structure**

22. Does KAG have an organizational structure? Yes/ No (get the orgnogram )
23. Has there been revision of the organization structure for the past five years?
24. What warranted the change in the organizational structure?
25. What are the reporting lines that relate to strategy? .
26. How are decisions made at KAG?
27. Is there span of control? Yes/No. how many people is one leader in charge of?  
Do job descriptions exist for each post in the organization structure?
28. How often are job descriptions revised in KAG?
29. How does the structure influence strategy formulation and choice?
30. What are the hindrances associated with structure in strategy formulation, choice and implementation?
31. What are the eminent advantages of the structure to strategy formulation, choice and implementation?

### **Resource allocation**

32. Does KAG have an operational budget?      Yes/ No how often is the budget prepared?
33. Who prepares the budget?

34. Are there budgets for KAG's business units? Yes/No who prepares the business units budgets?
35. Are the business units budgets incorporated in the overall budget? Yes/No. Why?
36. Which budget approach is adopted by KAG- Zero based, incremental, feed forward, activity based, flexible budgeting or hybrid approach?
37. What are the reasons behind the adopted budget approach?
38. What are the challenges of the adopted budgeting approach?
39. What are the advantages of the adopted budgeting approach?
40. Does the strategy of a business unit have any effect/correlation with the budgets? Yes/No? How ( take notes)

### **Strategy implementation**

41. Are the strategy formulators the implementers? If no, why are they different?
42. What are the advantages of having strategy formulators as the strategy implementers?
43. What are the disadvantages of having strategy formulators as the implementers?
44. What are the advantages of separating strategy formulators and the implementers?
45. What are the disadvantages of separating strategy formulators and implementers?
46. Are there any controls put to monitor strategy implementation? Yes/ No ( take notes)
47. Who monitors strategy implementation? (take notes)
48. What factors hinder successful strategy implementation?
49. How are the hindrances handled?
50. Are there measures taken to handle deviations from strategy so as the organizational objectives are eventually achieved? (take notes)
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