

**STRATEGIC ALLIANCES AMONG DEVELOPMENT NGOS IN  
KENYA**

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**A management research project submitted in partial fulfillment for the  
award of Masters of Business Administration (MBA) degree.**

**Faculty of Commerce, University of Nairobi.**

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# DECLARATION

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

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

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# DEDICATION

To my husband, Mari,  
Son, Stefan,  
Dad, siblings and friends  
for their patience, support and understanding.

## ACKNOWLEDGEMENT

My appreciation goes to several people whose support enabled me to complete this project as well as the MBA degree.

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## **ABBREVIATIONS AND ACCRONYMNS**

<b>CBOS</b>	<b>Community Based Organizations</b>
<b>GNP</b>	<b>Gross National Product</b>
<b>INTRAC Centre</b>	<b>International Non Governmental Organizations Training and Research</b>
<b>KPOB</b>	<b>Kenya Post Bank</b>
<b>NGO</b>	<b>Non Governmental Organization</b>
<b>R &amp;D</b>	<b>Research and Development</b>
<b>WHO</b>	<b>World Health Organization</b>



## ABSTRACT

The objectives of this study were to determine the extent to which strategic alliances are being formed in development Non Governmental Organizations (NGOs) in Kenya, determine factors driving NGOs towards strategic alliance and establish key challenges being faced by development NGOs in the formulation and implementation of the strategic alliances. The study is focused on development NGOs headquartered in Nairobi.

Random sampling was used to select 60 NGOs out of the 650 registered under the NGO council. Questionnaires were distributed through the drop and pick later method for Program Managers or CEOs of the organizations to fill. The data collected was analyzed through descriptive statistics such as frequencies, mean, standard deviation and cross tabulation.

The study found out that NGOs were increasingly forming alliances for various reasons and with various partners. The alliances are mainly among NGOs or with the government. Partnerships with the private sector are not so common. Competition in the NGO sector was rated as fairly strong, strong or fierce by 75 % of the respondents. Analysis of the competition against size of NGO, sector of operation and type of NGO gave similar results. For instance competition was rated as more than moderate by 55% of NGOs with 1-100 employees and as strong by 75% of NGOs in the social economic development sector. Most of the NGOs indicate that they competed for provision of better services (67.5%) and donor funds (60%). This means that to succeed in this sector NGOs are forming alliances to improve their funding base and to be able to provide better and more sustainable projects as demanded by their clients.

The study also sought to determine factors leading NGOs to form alliances. This was analyzed using means and standard deviation. The higher the mean the more important the factor. The most important factor was sharing of resources and competences (mean =4.65). Others included joint project implementation, advocacy, sharing of information, fundraising and to increase impact and sustainability of the projects with means of between 4.45 and 4.0.

Finally, the study sought to determine the main challenges in the formation of the alliances. Fear of dependency was seen as the greatest challenge. Others include hidden costs, strategy clash, culture clash and hidden agenda by the partners. The study also sought to find out how these challenges were dealt with. The most important factor employed to counter the challenge was open communication (mean=4.575) and signing of memoranda of understanding at the inception of the alliance (mean= 4.625). Other factors included having similar goals and involvement of partners at the planning stage.

Overall, the study found out that strategic alliances are a very important and core issue in the NGO sector and on which the future of many NGOs depend. The form of alliances are also diverting from the common form of NGOs that we know of, that is alliances formed by NGOs which are very similar and working in the same field, to alliances formed by NGOs with different specificities so as to form one big whole that covers several sectors. This trend should be taken note of, tested and used for policy development in the NGO sector, private sector and government.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background

Changes in the environment have great repercussions on the organizations, as they are environment dependent. They acquire inputs from the environment, process them into outputs and release them to the environment. This does not exclude the not for profit organizations which include Non Governmental Organizations (NGOs), Community Based Organizations (CBOs), churches, public schools, public hospitals and other charity organizations.

In recent years the number and scope of non-governmental organizations, responsible for health, education, the economy and the environment, has greatly increased. They are highly influential in communities, at the grass-roots level, in the planning and implementation of social and economic policy. Increasingly, NGOs mediate the relationship between the private and public sectors and facilitate private sector investment in community development and the environment. Therefore, effective leadership and creative management of NGO's are crucial to gain advantage in the competition for the limited resources available to the public sector. To deal with this, NGOs are getting more and more into different forms of partnerships such as strategic alliances.

According to Edwards and Hulmes (1997), despite the increasing scale of the NGO sector, and growing reputation that NGOs have won for themselves and for their work over the last few years, their contribution to development on a global level remains limited. Many small-scale successes have been secured, but the systems and structures, which determine the distribution of power and resources within and between societies, remain unchanged. As a result, the impact of NGOs on the lives of poor is highly localized, and often transitory. Edwards and Hulmes (1997) add that the most important factors underlying this situation is the failure of NGOs to make the right linkages between their work at micro level and wider systems and structures of which they form a small part. Effective NGO projects therefore remain islands of success in an all too hostile ocean due to the absence of forming the right linkages through strategic alliances and partnerships with other players in the development arena.

Edwards and Hulmes (1997) quote an Indian development worker who once said, "Why help to grow trees if the forest is going to be consumed by fire?" In other words, small-scale NGO projects by themselves will never be enough to secure lasting improvements in the lives of the poor people. Yet what else can NGOs do, and how can they increase their developmental impact without losing their traditional flexibility, value-base and effectiveness at the local level. Fowler (1991) points out that the roots of NGO comparative advantage lie in the quality of relationships they can create, not the size of resources they can command. It is inconceivable that NGOs will meet their objectives in isolation from the national and international political process and its constituent parts.

Many non-profits are now looking for help that often comes from partners who enable them to be strategic in their mission pursuit. The search for partnering is not only happening here in Kenya, but globally. Non-governmental organizations (NGOs) in developing nations are now looking for marriages that will enable them to build their capacity, strengthen their donor base, and gain them access to the vast wealth of service delivery knowledge and proven methods (Magiste, 2002).

### **1.1.1 Non Governmental Organizations**

Non-Governmental organizations are a part of the not for profit organizations. A not-for-profit organization is an establishment whose goal is something other than earning a profit for its owners and usually its goal is to provide services. According to Johnson & Scholes (2002) these organizations include, charities, churches, and foundations, and their sources of funds may be diverse and are quite likely not to be direct beneficiaries of services offered; donors might provide funds in advance before the services are offered in form of grants and gift in kinds for example. Oster (1995) adds that nonprofit organizations are concentrated in particular segments of the economy such as health, education, social services, and the arts.

Ngethe (1991) defines Not for Profit Organizations as those organizations that do not provide goods and services in exchange for profit. They range from CBOs, religious organizations, universities, hospitals and NGOs among others and they have varied missions and therefore cannot be treated homogenously.

Different people define NGOs differently. According to Walter (1998) NGOs are independent, non-partisan, non-profit making and voluntary organizations that work to promote and realize goals important to groups within a society. Moyo (2000) defines NGOs as organizations that receive funds from donors to implement projects and do not make profit or pay dividends. Porter (1990) says that some form of membership, elected leaders, several full time staff, a sort of hierarchy, budget and an office, characterizes NGOs. However these are general features and do not apply to all NGOs.

The Non Governmental Coordination Act (1900) defines an NGO as a private grouping of individuals or associations, not operated for profit or for other commercial purposes but which have organized themselves nationally and internationally for the benefit of the public at large and for the promotion of social welfare development, charity or research in the areas inclusive of, but not restricted to, health, relief, agriculture, education, industry and supply of amenities and services.

Individual operational NGOs vary enormously according to their purpose, philosophy, sectoral expertise and scope of activities. A number of different NGO typologies exist. For example, NGOs have been classified according to whether they are more relief or development-oriented; whether they are religious or secular; whether they stress service delivery or participation and whether they are more public or private-oriented.

According to Spark, 12<sup>th</sup> Nov. 2003, there are three categories of NGOs according to the type of functions they perform. The first category of NGOs are those that provide immediate relief to the victims of war, natural calamities, accidents, etc. These were the most prominent form of NGOs until the time of European reconstruction in the aftermath of the Second World War. They comprise mainly of Christian religious institutions like the Churches, though these are also present in the second and third categories of NGOs. Broadly, they can be characterized as charity organizations

The second category of NGOs focus their concentration on long-term social and economic development. These came into prominence in Europe from the 1960s. In the Third World countries these NGOs are engaged in imparting technical training, in the construction of schools, hospitals, toilets, etc. They claim to promote self-reliance, development of local productive resources, development of rural markets, people's participation in development activities, etc. They encourage self-help groups, micro-credit societies, and so on and are characterized as development organizations.

The third category of NGOs concentrate on social action and are characterized as globalist organizations. They talk of strengthening people's capacities, releasing their inherent potentialities, enhancing the social awareness of the masses, overcoming the influence of pre-capitalist social systems, etc. These NGOs negotiate with the World Bank, IMF, WTO, and other UN agencies and suggest reforms, mobilize people peacefully and build pressure on these imperialist agencies and the governments to bring reforms and changes in policies.

Though there is an overlapping of functions in the case of some NGOs, their categorization is made based on the dominant activity.

They play an essential role in the development of the civil society, the rural and urban communities, the protection of underprivileged classes and the promotion of human rights, working closely with public and private institutions since society desires certain goods and services that profit-making firms cannot or will not provide (Hunger & Wheelen, 2000). They assume responsibility in advocating policy changes and providing services in social aspects such as health, child, women welfare or environment. According to Edwards and Hulme (1997), all serious NGOs want to increase their impact and effectiveness, ensure that they spend their limited resources in the best way possible, and thereby maximize their own particular contribution to development of people around the world.

Although the history of NGOs goes back to the 1940s, it is largely since the 1980s that they began receiving a high profile as development role-players offering an alternative development

approach to poverty alleviation and long-term sustainable development to poor communities in developing countries (Drabek, 1987).

Since the 1980s, there has been a considerable growth in numbers and influence of NGOs, particularly northern NGOs engaged in poverty-alleviation and development in Africa (Riddell, 1992). The worldwide growth in numbers, influence and importance of these NGOs in the 1980s led Fowler (1988) to suggest that the 1980s be termed the 'development decade of NGOs'. It is generally assumed that NGOs respond quickly because they are perceived to be unencumbered by bureaucratic formalities that characterize official agencies (Robinson, 1991; Browne, 1990). Because of the comparative advantages NGOs are thought to have, some individuals and institutions began advocating that more development aid be channeled through NGOs. Instrumental in this direction has been the World Bank since the early 1980s (Hellinger, 1987). Hyden (1983) one of the most ardent early advocates for greater NGO role said that the advantage that NGOs have, is that they can help to warm up the funds, thus giving it a final temperature that is likely to ensure greater success than if passed through the cold governmental channels.

More recently, the effect of structural adjustment programmes on particular social groups has led to the identification and growing involvement of NGOs in the development process on the understanding that the latter contribute to social requirements of structural adjustment programmes because it is believed they have the qualities to deliver services effectively and have greater ability to target the poor or the vulnerable groups (Fowler, 1991).

Another significant factor that has catalyzed the expansion of NGO involvement in development is the anti-state intervention nature of structural adjustment policy measures whereby governments of developing countries are forced to withdraw from some socio-economic spheres of involvement due to governmental budget constraints, and the ideological views that development programmes should not be totally controlled by donor and recipient governmental agencies (Schneider, 1998).

The greater role of, and support for NGOs in the developing countries is also largely due to the fact that their interventions are largely as a result of requests for collaboration with communities, thereby making development a community-based activity and getting the community to define their needs and empowering them to achieve these. Since their interventions are usually on a small scale it is also possible to adapt them to the requirements of communities (Fowler, 1988). This flexibility, such as the ability to change in the light of changing circumstances or community needs, the ability to involve beneficiary participation, and their relative cost-effectiveness have made NGOs an attractive alternative to donors who perceive them as effective instruments of development.

### **1.1.2 Strategic Alliances among NGOs**

Environments of public and non-profit organizations have become not only increasingly uncertain in recent years but also more tightly interconnected; thus, changes anywhere reverberate unpredictably- and often chaotically and dangerously- throughout society. Bryson (1995) admits that the norm today is a period of stability interrupted by significant change, uncertainty, and surprise.

Leaders and managers of non-profit organizations must respond to dwindling or unpredictable resources; new public expectations or formal mandates; demographic changes; deregulation or re-regulation; upheavals in international, national, state and local economies; new and increased importance roles for the public, non profit and business organizations and they must therefore be effective strategists if their organizations are to fulfill their missions, meet their mandates, and satisfy their constituents in the years ahead. They must exercise a lot of discretion in the areas of their jurisdiction and must develop effective strategies in order to cope with changed and changing circumstances, and they need to develop a coherent and defensible basis for their decisions, Bryson (1995).

According to Bryson (1995) this increased uncertainty and interconnectedness requires a threefold response from public and non-profit organizations (and from communities as well). First,



organizations must think strategically as never before. Second, they must translate their insights into effective strategies to cope with their changed circumstances. Third they must develop the rationales necessary to lay the groundwork for adopting and implementing their strategies.

NGOs cannot do it alone, as they need a sustainable source of funding, highly qualified staff and many other resources. They are therefore being forced to move towards strategic alliances. This is when the organizations concerned find themselves addressing similar problems but some have resources and competences that others do not have.

According to Cowe (2004) NGOs are now moving towards deeper partnerships/alliances which implies a medium term relationship, with both parties contributing skills, resources and expertise, and sharing the risks. This helps either party to achieve something they otherwise couldn't. He adds that the nature of these alliances is evolving fast as they bring more and more partners to form consortiums.

Strategic alliances among NGOs can be categorized to NGO-NGO alliances; NGO-Private sector alliance; NGO-Government alliance and NGO- CBOs alliance.

## **1.2 Statement of the Problem**

Strategic alliances are a crucial component in the success of any organization be it for profit or non-profit in the world today. Whereas a lot of study has been carried out on strategic alliances in the for-profit sector very little has been done in the not for profit sector especially the NGO sector. Generally, studies in strategic management, have dealt with for profit firms to the exclusion of nonprofit organizations (Hunger & Wheelen, 2000), so much that findings from these researches are less useful to nonprofit sector. Edwards and Hulmes (1997) add that despite the recognition of the 'organizational dimension' of NGOs, there is very little research on NGOs both in the North and South in terms of structuring; organizational problems, dilemmas and constraints faced; and management tools and concepts used. This is the case in Kenya even today.

Several studies have been carried out on strategic alliances. These have mainly been done in areas other than the NGO sector. Wachira (2002) carried out a survey on strategic alliances in pharmaceutical drug development: A case study of three strategic alliances at Eli Lilly and company. Koigi A. N. (2002) carried out a survey on the implementation of strategic alliance experience of KPOB and CITIBANK.

All these studies seem to focus on the private sector other than one study by Musyoki R.M. (2003) on the GEDO consortium in which she recommended for further research to be carried out on the implementation process of strategic alliances and its impact.

There have been a number of studies carried out on the NGO sector. For instance Mabururu (2002) carried out a study on the factors influencing the formation and operation of NGOs in Kenya. Warsame (2002) also did a survey of the strategy development practices of relief and development NGOs in Kenya. Ndiao carried out a study on factors influencing strategic choice in both relief and development NGOs in Kenya in 2001. Kiliko (2002) studied strategic planning with NGOs in Kenya.

Other studies have been carried out all over the world. For instance Heap S. carried out a study on the NGOs and the Private sector in 2001, which is reported in the NGOs Policy Briefing Paper No.1, January 2001. Heap S. also carried out several case studies around the world on NGOs and the Private Sector: *Moving Beyond Funding*, which analyzed the benefits and drawbacks of this partnership and collate lessons.

Brehm carried out a research in 2004 on North- South NGO relationships, drawing out the implications for NGOs and other practitioners. INTRAC also carried out a research in 2001 on NGOs and Partnership from which they drew out the implications of these partnerships on NGOs. All these studies have been carried out in other parts of the world other than Africa and in particular Kenya. It is therefore essential to carry out a study on strategic alliances in NGOs operating in Kenya in order to unveil problems associated with strategic alliances in the NGO sector. This will inform the NGO leaders, policy makers and lawmakers on issues pertaining to alliances in the NGO sector.

This study will therefore seek to explore the factors leading to alliances and the main challenges of these alliances in development NGOs working in Kenya. More specifically, the study will seek to answer the following questions:

1. To what extent are development NGOs in Kenya forming strategic alliances?
2. What factors are driving development NGOs in Kenya towards strategic alliances?
3. What key challenges have development NGOs working in Kenya faced in formulation and implementing of strategic alliances.

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

The broad objective of this study was to examine strategic alliances among NGOs operating in Kenya. Specifically the study will:

- a) Determine the extent to which strategic alliances are being formed in development NGOs in Kenya
- b) Determine factors driving NGOs towards strategic alliance.
- c) Establish key challenges being faced by development NGOs in the formulation and implementation of the strategic alliances.

### **1.4 Justification of the Study**

Today, organizations operate under increasingly competitive and an ever-changing environment. In order to survive and deliver their services effectively, they require getting into strategic alliances and partnerships with other players in the development arena. Whereas the management of organizations develops short term and long-term organizational strategies, implementing these strategies often meets with key challenges, which slow down realization of their set targets and goals. Furthermore, while considerable research has been done on strategic alliances in the for-profit sector, little research has been done on strategic alliances in the nonprofits organizations. There is therefore need for more research in this area to unveil challenges faced by organizations in the formulation and implementation of strategic alliances and how they deal with these challenges within their organizational context.

This study therefore is a contribution to research in this area with reference to NGOs working in Kenya and findings from this study will be useful in the NGO sector as a whole.

The findings from this study will go towards filling an existing information gap, and help guide policy on “*strategic alliances among development NGOs in Kenya*”. More specifically, it is envisaged that the study will:

1. Bridge the gap in knowledge on strategic alliances among development NGOs working in Kenya and where necessary make recommendations for further research.
2. Provide vital information to facilitate NGOs to design appropriate methods geared towards improvement in their strategic alliances.
3. Inform stakeholders, donors, other nonprofits, and other parties interested to the welfare of nonprofit organizations.
4. Make recommendations on how to successfully implement strategic alliances among development NGOs in Kenya.

## CHAPTER TWO: LITERATURE REVIEW

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### 2.1 Strategic Alliances

Globalization of the world economy is a market condition that has forced firms to come up with non-traditional strategies so as to stay competitive. It has had adverse effects on the for-profit and not-for-profit organizations leading them to formulate and implement continuously new strategies (Berkowitz, 1994) thus need for effective strategic management practices.

The world economy is globalizing at an accelerating rate and only those firms that will be able to adjust their strategies to this indomitable force will survive. The increased competition arising from the fast changing global market has resulted in a situation where companies are finding it difficult to go it alone. More than ever before, many of the skills, capacities and resources that are essential to a firm's current and future prosperity are to be found outside the firm's boundaries and outside the management's direct control. (Doz and Hamel, 1998). This is forcing more and more companies into alliances.

Strategic alliances refer to different forms of collaborations between two or more organizations in resources sharing and activities in pursuit of a certain strategy. Organizations form alliances when they cannot cope with the ever increasingly complex environment from internal resources and competencies alone (Johnson & Scholes, 2002). The alliances may involve the obtaining of materials and skills that increase the efficiency of current operations, finances, sharing distribution outlets with another company thus gaining access to new markets (international markets) and other benefits emanating from the associated economies of scale. The result is alliances of different and varied complexity from simple two-partner alliances to one with multiple partners.

Different writers and scholars in strategic management define strategic alliances differently depending on their orientation. For example, Yoshino and Rangan (1995) offer the following definition; a strategic alliance links specific facets of the business of two or more firms. At its core, this link is a trading partnership that enhances the effectiveness of the competitive strategies

of the participating firms by providing for the mutually beneficial trade of technologies, skills, or products based upon them.

Matthews (1999) defines a strategic alliance as an agreement between two or more partner organizations, committing them to pool their efforts and resources in some way. All these definitions encompass the concept of at least two or more organizations coming together, sharing resources but remaining independent.

A strategic alliance, broadly defined, is a contractual agreement among firms to cooperate in reaching an objective without regard to the legal or organizational form the alliance takes. This definition accommodates the myriad arrangements that can range from handshake agreements to licensing and equity joint ventures

### **2.1.1 Benefits of Strategic Alliances**

Alliances expose a company to the outside world. This can provide it with a mechanism to bring the challenge of competition to parts of the organization that are normally shielded from it. A partner can introduce new threats as well as new opportunities by helping to shake off bad habits, re-examine pre-conceived ideas, and generate a desire to change and innovate. Most alliances are based on an intention to exchange resources and competences between the partners.

According to Strickland (2003) not only can strategic alliances offset competitive disadvantages or create competitive advantage but they also can result in the allied companies directing their energies more towards rivals and less towards each other.

Generally strategic alliances tend to lower the transaction costs through the use of complementary assets and competences and thus to promote productivity growth in the alliance member-companies, Johnson & Scholes (2003).

More specifically, the main advantages of strategic alliances include improved access to capital. Major technological breakthroughs often require resources to develop and commercialize that are beyond the scope of a single, even a large company. By aligning themselves with firms that

possess resources needed for expansion even small firms can capitalize on their own strengths to a much greater extent.

Strategic alliances also lead to better access to new technology and innovations. Alliances can help contending companies promote their technologies and gain the critical mass required to persuade enough sponsors to join their group. According to Strickland (2003), they allow specialists in each field to cooperate and exploit new opportunities much faster than if each were to try to acquire the industry-specific technology of the others as is happening in the multimedia field where computer technology is merging with telecommunications, video, and audio technologies.

According to Johnson & Scholes (2003), entrance into new markets and businesses can be facilitated through strategic alliances. They help break through barriers in local and foreign markets as policies set by local and national governments may deny local market access to non-domestic companies. The use of local technical or distributional capability can be one avenue to breaking through legal restrictions. In addition, local partners may provide better information and intelligence about customers and competitors.

Strategic alliances lead to shared risks and liability. According to Hussey (1998), Shared risk is another important reason to enter an alliance, particularly in the R&D field. Alliances spread the risks as well as returns from developing, validating and introducing new technology.

They are a source for innovations in management and learning as well as a vehicle to achievement of core competences, (Hussey, 1998). They can improve your management processes since it brings your and your partner's organizations closer together and you come to understand each other's way of doing things, the degree of freedom and the room for maneuver. Your partner can also exert pressure on your organization that forces you to alter your management procedures.

### **2.1.2 Challenges of Strategic Alliances**

Whether an alliance will stand the test of time or break apart hinges on how well the partners work together, their success in responding and adapting to changing internal and external

conditions, and their willingness to renegotiate the bargain if circumstances so warrant, (Strickland, 2003). The risks and hidden costs of alliances could include the loss of competitive knowledge reduced management control, dependency on partners and reducing individual company flexibility, incompatible cultures, objectives and technical expertise, hidden agendas of the members and competition instead of cooperation, etc. For example, joint ventures between western and Japanese firms are essentially learning races in which each partner tries to absorb more knowledge from the other in the shortest period of time.

Alliances that contain more competitiveness than cooperation are also doomed to failure. A partner may enter the alliance under the pretext of creating a commercial technology, when in reality the alliance was formed to fund self-serving research interests (hidden agenda).

Lack of support of senior management may inhibit the success of the alliance as alliances may create cultural and political hurdles that only the senior management can help overcome, (Johnson & Scholes, 2003).

Incompatibilities of cultures and strategies could not only create barriers to progress but can cause a loss of identity. Many alliances fail and break apart, never reaching their intended potential, because of frictions and conflicts among allies, (Strickland, 2003).

Dependence also is inherent in networks and alliances where members lose some control. The growth of a network of alliances may gradually link an individual company's destiny to that of the network.

According to Johnson & Scholes (2003), lack of trust, both competence based and character based, among the partners will lead to the failure of the alliance. Managers may fear that the firm will lose its competitive distinction which could be fatal; there could be loss in control and flexibility that results from the project's non-traditional structure and interdependencies; an expanded bureaucracy can cause a loss of efficiency and slow up decision-making.

The reasons for most of the problems and risks associate with alliances are mistakes in selecting and creating alliances and in their management competence and practice. Better alliance design,



selection of partners, and setting-up proper management systems would make it possible to reduce these risks dramatically.

## **2.2 Strategic Alliances in the NGO Sector**

Several key themes for change are emerging in the NGO sector. Additional needs in health, education and poverty spring up faster than the sector can possibly meet them. At the same time, many NGOs find their traditional sources of funding withering. Competition has increased enormously in some areas of fundraising such as direct mail and corporate sponsorships. The core/non-core debate in Government at all levels has led to risks and opportunities for Not-for-Profit sector contract funded work. Further, NGOs find themselves under increasing pressure to provide “evidence of worth” to demonstrate the value of their work. This pressure is both internal (organizations recognizing that they have a duty to provide evidence that their resources have been well used) and external (beneficiaries, funders and regulators demanding proof of value and accountability from Not-for-Profit sector organizations). In short, the Not-for-Profit sector is an increasingly challenging place to be (<http://www.sps.org.uk/June2003Article4.htm>).

According to Oster (1995), Non Governmental Organizations’ management is in a particularly exciting time. Managers are faced every day with challenges involving whether to compete or cooperate with other organizations in their markets, how to motivate and control a highly professional ideological workforce and how to adapt to environment without abandoning the organization’s history. Although the principal goals of non-profit institutions are rarely financial in nature, their managers have medium- to long-term aims and they must build, sustain and integrate resources and capabilities to bring about those aims. It even turns out that these organizations are engaged in competitive rivalry, not for customers, perhaps, but certainly for scarce resources that others are chasing too. Non-profit organizations are engaged in rivalry against each other and against commercial firms for staff, and often compete for public or other funding, as well as for intangible factors, such as public or political support. In facing these challenges, NGOs are increasingly turning to models from the for-profit and public sector but the task of adapting those lessons to the non-profit sector is just beginning.

NGOs cannot do it alone, as they need a sustainable source of funding, highly qualified staff and many other resources. They are therefore being forced to move towards strategic alliances. This is when the organizations concerned find themselves addressing similar problems but some have resources and competences that others do not have.

The changing socio-economic, cultural, and political world is slowly reshaping (whether by design or otherwise) the manner of operation of these agencies. We live in a time when nonprofits are being held to increasingly stricter measures of accountability. The philanthropic community's request for outcome measurements has set nonprofits on notice that it is no longer acceptable to think they ought to be funded simply because they are doing a "good" thing. Nonprofits are required to demonstrate that what they know about what they do is what they really know about what they do. Funders are also acknowledging the value of NGO networks, just as international agencies are recognizing them through admitting them to international fora. It is within this emerging 'new world order' that NGOs in Africa are reconsidering their role.

According to Edward and Hulmes (1997), NGOs can increase their impact through either one of the following strategies; additive strategies, which imply an increase in the size of the programme or organization; multiplicative strategies, which do not imply growth but achieve impact through deliberate influence, networking, policy and legal reform, or training; and diffusive strategies, where spread is informal and spontaneous.

Forming of alliances and partnerships falls under the multiplicative strategy and includes working with other NGOs, the government, the private sector, and the community. Networking and collaborative relationships between NGOs and the private sector are growing in a number of countries.

Magiste (2002) says that just like in any other relationship there are three critical stages called the "forming," "storming" and "norming." Forming refers to the initial getting to know each other, storming to the changes that occur to the individuals as they form a "we" identity, and norming to

the successful completion of the storming stage as the relationship stabilizes. As in any marriage, a good solid foundation enables the partners to weather the stormy times.

### **2.2.1 Categories of Alliances in the NGO sector.**

#### **Strategic alliances within NGOS**

Through networking and alliance building, NGOs identify common interests and concerns, share information, provide support to each other and maximize the use of available resources to achieve common goals. They are in other words manifestations of co-operative strategies to improve the impact of NGO operations. Many NGO alliances now exist at local, regional, national and international levels. Examples of these are the Third World Information Network (TWIN), the Third World Feminist Network. There are also international NGO networks associated with the United Nations Summits of the Environment, Population, Social Development and Women. International networking is increasingly linking NGOs in the North and the South on common issues.

There are also networks, which link groups within international regions: the African NGOs Self-reliance and Development Advocacy Group (ASDAG) in Africa and the Pacific Islands Association of NGOs (PIANGO) in the Pacific are among them.

In the national arena networks, we have examples such as the GEDO consortium, the Development Network of Indigenous Voluntary Associations (DENIVA) in Uganda and OLS in Kenya

There are also networks active, both nationally and internationally, in such fields as health, education, and people with disabilities. At all levels of their operation, the revolution in international telecommunications and information sharing, through the internet and information super-highway, is presently enormously increasing the extent and impact of NGO networks.

#### **Strategic alliances between NGOS and the private sector**

The rapidly changing environment is having major implications for the role of NGOs, their sources of funding and the nature of their relationships and their activities. Globalization, the increasingly multinational nature of business and electronic communication, has led to a parallel

reduction in the powers of the business community, (Heap, 2000). Multinational corporations account for over one quarter of the world's GNP and with such massive resources at their disposal there is increasing recognition that with global influence comes global responsibility.

As responsibility for solving global problems shifts from governments to the private sector, corporations and non-government organizations are creating a rich tapestry of partnerships to deal with issues such as global warming, poverty, AIDS, micro finance and others.

According to Heap (2000), most interactions between NGOs and the Private Sector have historically been at two ends of the spectrum of engagement: FOR MONEY for NGO projects, or TO HATE as both sectors see each other as having mutually incompatible goals. He adds that both tendencies will and should continue, but increasingly the two sectors are looking beyond funding and fighting, keen FOR LOVE, to explore the sharing of expertise, resources and agendas.

That a company exists merely to maximize shareholders' profits is no longer a valid proposition. A company's impact on its stakeholders is an emerging benchmark of corporate performance since stakeholders are beginning to ask what companies can do for society, not what society can do for companies. This is leading to more consultation and collaboration between the private sector and the NGOs (Heap, 2000).

However, as Gordon Conway, President, Rockefeller Foundation, USA, says, strategic alliances can only succeed if the parties develop trust, strike explicit deals laying out what each side hopes to gain from the partnership, and define acceptable outcomes. But this trend itself raises a number of questions. What is really driving the for-profit and non-profit sectors - with their very different cultures and incentives -to work together and can they do it effectively? Can they really make a difference?

### **Strategic alliances between NGOs and the government.**

Traditionally, most NGOs have been suspicious of governments, their relationships varying benign neglect and outright hostility. Governments often share a similarly suspicious view of NGOs, national and international, and their relationship, at least in Africa, has been likened to cat and mouse (Bratton, 1990). This has mainly been due to the difference in the two whereby the government structures are often rigid, hierarchical and autocratic with power and control resting

at the top most level. NGOs on the other hand are (should be) distinguished by their flexibility, willingness to innovate, and emphasis on the non-hierarchical values and relationships required to promote true partnership and participation.

Nonetheless, there are sound reasons for NGOs to enter into a positive and creative relationship, even partnership, with the institutions of both state and government (Edwards and Hulme, 1997). According to Edward and Hulme (1997), NGOs will only ignore governments at their own peril. An increasing number of NGOs have acknowledged this and are working actively to foster change at various levels by either working through the ministries or within the structures of the government.

This is not an attempt to replace the state but rather to solicit support from the government and influence or support government policies. According to Palmer and Rossiter (1990), NGOs cannot seek to replace the state, for they have no legitimacy, authority or sovereignty, and, crucially, are self-selected and thus not accountable. However it is critical that NGOs work hand in hand with the governments for there to be any meaningful impact on development.

#### **Strategic alliances between NGOs and the Community Based Organizations**

In line with the strategic shift that has seen NGOs advocating policies to support and encourage community-based development action, many NGOs now seek to link with and support pre-existing CBOs. The alliances made between NGOs and CBOs offer many advantages in development work. CBOs can give NGOs a partner organization that is internal to a community; a partner that is established and relevant, already sustained, already trusted and familiar and already legitimate (Fowler, 1997).

When NGOs link with CBOs their partnership is one through which NGOs can access a communities needs, effective action and leadership in apposite ways. In turn CBOs can gain wider funding and recognition through their link with NGOs.

When NGOs forge links with CBOs they have the potential to reach deep into a community, to address relevant and locally defined needs, in locally appropriate ways with local personnel. Once the actual power dynamics of a particular NGO-CBO relationship are known strategies can be put in place for realistic, rather than idealistic management.

### 2.2.2 Benefits of Strategic Alliances in the NGO Sector

The development approaches followed by many NGOs have generally been taken as workable and appreciated by governments and conventional development agencies. Therefore, NGOs are being urged to assume a wider role by linking up with official structures in order to make a wider impact and also not to remain marginalized, (Matenga, 2001).

According to Hamilton (1999) nearly all of the cases attest to a general widening of views and an advance in terms of internal goals and missions after having worked in NGO-Private Sector partnerships. He adds that strategic alliances lead to reduction of liability among the partners, external and internal sustainability, do-good feelings, social image and respect and increased networking.

For businesses, an NGO can bring knowledge and expertise, but also credibility and reputation gains. For an NGO, business brings money, but more substantially a chance to change the way that particular business, and possibly a whole industry, operates (Heap, 2000).

According to discussion paper 1 by WHO, through alliances with NGOs, the states would gain support for national / global values, for state regulation of commercial interests adverse to health, for public policy goals and enhancing public information and legitimacy of state work.

([www.who.int/entity/civilsociety/documents/en/alliances\\_en.pdf](http://www.who.int/entity/civilsociety/documents/en/alliances_en.pdf)+strategic+alliances+of+NGOs&hl=en). The state would gain introduction of new perspectives, technical expertise, capacities and human resources, networks and informed leadership on health. There would also be increased service provision and implementation of public programmes, particularly among marginal communities and in remote areas, and increased financial contributions to health programmes.

The NGOs on the other hand would have increased possibilities of influencing policy by incorporation of NGO issues in policy processes including counterbalancing of commercial interests and consensus building on health priorities. They would also gain provision of legal authority for public participation and enhanced legitimacy of NGO work. Enhanced linkages and transparency of interaction with the state and technical inputs to NGO work from the state.

NGOs benefit through enhanced prospects for civic education, participation and building of social capital thus strengthening its capacities. They gain improved options for access to services and expanded opportunities for greater involvement in programmes.

### 2.2.3 Challenges of Strategic Alliances in the NGO Sector

The Nordic report sees several dangers when companies and NGOs get into bed with each other; NGOs risk jeopardizing their legitimacy while businesses risk wasting resources. But there are also risks for the partnership -- that the business simply reaps the reputational reward without making serious efforts to achieve progress. That could backfire on both partners, the report says: "For business, it's undeniable that partnering with NGOs has positive effects on their image. (<http://www.globalpolicy.org>). However, if this benefit is misused and not underscored by a willingness to actually work with NGOs towards shared goals, it will quickly lose its value, as NGOs credibility diminishes, along with that of business."

Most significant, perhaps, is the danger that the concept is used simply to get businesses to stump up money, which is more like taxation than partnership (Cowe, 2004). Even within a more meaningful relationship, companies risk wasting time and money, and possibly divulging sensitive information, which could be misused. NGOs risk reputation damage if a partnership goes wrong, and wasting scarce resources if the desired outcomes are not achieved.

According to WHO discussion paper 1 some of the problems arising as a result of alliances between NGOs and state include difficulty in managing cross cutting and multiple roles among NGOs leading to great diversity in views and numbers. NGOs clearly do not speak with one voice, and there are asymmetries in the capabilities and numbers between the North and South. Representativeness cannot be assumed, pseudo NGOS may be a hidden channel for corporate interests and potential conflicts of interests between the state and NGO interests. For the state, it is important to assess the representativeness, authenticity, interests and capacities of the NGOs it works with.

NGOs have varying levels of accountability to the communities they speak for. These features may weaken the legitimacy of NGO positions within national and international platforms.

NGO's political roles and polemic approaches on issues such as human rights, consumer protection, or ethical issues may generate tension with governments. There is the risk of government staff leaving to join NGOs, leaving the state weaker in technical expertise and capacity and vice versa.

State links may distort NGO voices and representation by giving privilege to a few interlocutors. Dependence on the state for access of resources may compromise the autonomy, accountability or self-determination of NGOs and make NGOs reluctant to criticize the state. Work on government programme or funding priorities could distort NGOs priorities.

Hamilton (1999) argues that the main challenges of strategic alliances in the NGO sector include different backgrounds, stereotypes, different cultures and overemphasis of western values.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design and Population**

The study was a descriptive survey. The population of this study comprised of 1200 development NGOs registered under the NGO Coordination Board Directory (2004). The NGO Coordination Board Directory provided details of these NGOs' names, registration number, postal and physical address, telephone numbers, contact persons, sector and area of operation.

### **3.3 Sampling**

The sampling frame contained of development NGOs headquartered in Nairobi since Nairobi is the social, economic and political center of Kenya and majority of these NGOs have their headquarters there (NGO Coordination Board Directory, 1996). The factors being studied did not vary substantially by region across the country.

A sample size of sixty (60) was selected by simple random sampling from the sample frame.

This method gave equal chance for all the NGOs comprising the sampling frame to be selected. This was a fairly big and representative sample.

### **3.4 Data collection methods**

The study relied on primary data, which was collected using a questionnaire containing both open and close-ended questions. The drop and pick approach was used to give the respondents enough time to answer the questionnaires.

#### **3.4.1 Primary data**

Primary data, from the key policy makers of the sample of NGOs working in Kenya, was collected through administration of structured questionnaires. The drop and pick later data collection method was adopted. The questionnaire had both open and close-ended questions (see appendix) covering issues relevant to this study. Brief follow-up interviews were held with some

of the respondents in order to elicit more information or clarifications on data submitted in the questionnaire.

### **3.5 Data analysis**

Descriptive statistics i.e. percentages, frequencies, mean scores, and cross tabulations were used where necessary to present the research findings. Percentages were helpful in comparisons, mean scores to show distributions and cross tabulations to determine relationships and deviations between variables.

## CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

### 4.1 Introduction

This chapter presents the results of data collected in frequencies, percentages, cross tabulations and chi square analysis. 60 NGOs based in Nairobi, were randomly sampled from a population of 1200 registered under the NGO council. Questionnaires were distributed to the sixty NGOs, 14 did not fill the questionnaires and 6 were partially filled. Most of the NGOs that did not fill claimed that their directors were unavailable to fill the questionnaire and they were the only ones with the authority to carry out this exercise. 40 questionnaires were received and used for data analysis. This represents a response rate of 68%, which was considered adequate for statistical analysis. The data collected is analyzed under the headings: Profile of NGOs, Extent to which alliances are being formed in the NGO sector, Factors leading to the formation of alliances in the NGO sector, Challenges facing alliances in the NGO sector.

### 4.2 Profile of NGOs

The profile of NGOs from which data was collected is categorized on the basis of year of start of NGO, ownership of NGO, number of employees, area of operation and sector of operation of the NGO. These categories will be useful in indicating the variations of the influence of various factors affecting formation of alliances in the sector.

Respondents were requested to give the year of start of NGO, which was then grouped as given: NGOs started before 1950, NGOs started between 1950 and 1970, NGOs started between 1971 and 1980, NGOs started between 1981 and 1990, NGOs started after 1991.

According to the data as illustrated in Table 1, the majority (57.5%) of NGOs that participated in this study started operating in the 80s. This is consistent with the report by Riddell, 1992, that reports that there was a considerable growth in numbers and influence of NGOs since 1980s. Only 25% of the NGOs that were studied started operating earlier than 1980.

**Table 1: Profile of NGO by year of start of NGO**

<b>Year of start</b>	<b>Frequency</b>	<b>Percent</b>
Before 1950	4	10
1950-1970	4	10
1971-1980	2	5
1981-1990	23	57.5
1991-2005	7	17.5
Total	40	100.0

Source: Research data

Respondents were also requested to give information on the ownership of the organization, whether local, foreign or both local and foreign. According to the data in Table 2, majority of the organizations (50%) are locally owned while several (37.5%) are both foreign and local. This is consistent with the study of Mabururu (2003), which indicated that locally owned NGOs are more than double the foreign owned NGOs.

**Table 2: Profile of NGO by ownership**

<b>Ownership of NGO</b>	<b>Frequency</b>	<b>Percent</b>
Wholly local	20	50.0
Wholly foreign	5	12.5
Both Foreign and Local	15	37.5
Total	40	100.0

Source: Research data

Respondents were asked to indicate the number of employees in their organization. Analysis of the data, as illustrated in Table 3, indicated that 77.5% of NGOs that participated in this study are small NGOs with employees numbering less than 100.

**Table 3: Profile of NGO by Number of Employees**

<b>Number of Employees</b>	<b>Frequenc y</b>	<b>Percen t</b>
1 to 100	31	77.5
100 to 500	5	12.5
Greater than 500	4	10
Total	40	100.0

Source: Research data

Respondents were also asked to indicate their area of operation as illustrated in Table 4. Majority of the NGOs (82.5%) were developmental with the rest being both emergency and development oriented since the study was only interested in development-oriented organizations.

**Table 4: Profile of NGO by Type -Operation Area:**

<b>Operation area</b>	<b>Frequency</b>	<b>Percent</b>
Emergency	0	0
Developmental	33	82.5
Both	7	17.5
Total	40	100.0

Source: Research data

Table 5, below, indicates analysis of respondent's responses on sector of operation of the NGOs. According to the study majority (72.5%) of the NGOs are in the social economic development sector while 22.5% worked in all the sectors. This is consistent with findings by Mabururu (2003) in which 68% of the NGOs studied were in the social economic development sector.

**Table 5: Profile of NGO by Sector of Operation:**

<b>Sector of operation</b>	<b>Frequency</b>	<b>Percent</b>
Welfare and relief	2	5
Social economic dev. E.g. agriculture, education	29	72.5
All	9	22.5
Total	40	100.0

Source: Research data

### 4.3 Competition in the NGO sector

#### Level of competition in the NGO sector

Respondents were asked to rate the level of competition in the NGO sector and as illustrated in Table 6, all the NGOs that participated in this study felt that there is at least a moderate level of competition in the NGO sector with 75% feeling that the competition is between fairly strong to fierce. The level of competition could be playing a big role in making NGOs change their traditional methods of management and borrowing from the private sector.

**Table 6: Level of competition in the NGO sector**

<b>Level of competition</b>	<b>Frequency</b>	<b>Percent</b>
Moderate	10	25
Fairly Strong	13	32.5
Strong	15	37.5
Fierce	2	5
Total	40	100.0

Source: Research data

#### Factors being competed for in the NGO sector

Respondents were requested to give information on the main factors of competition in the NGO sector, which is illustrated in Table 7. According to the study the factor that NGOs compete for the most is provision of better services (67.5%) followed by donor funds (60%). The least important factor of competition is reputation, as only 27.5% of the participants felt it was important.

**Table 7: Factors being competed for in the NGO sector**

<b>Factors under competition in the sector</b>	<b>Frequency</b>	<b>Percentage</b>
Donor funds	24	60
Project Ideas	14	35
Better Service provision	27	67.5
Human Resources	13	32.5
Reputation	11	27.5

Source: Research data

**Competition versus size of NGO and Sector in which NGO operates.**

In order to check if there is any relationship between the size of the NGO and the level of competition faced by the NGOs, a cross tabulation of size of NGO (in terms of number of employees in the NGO) and perceived level of competition was done.

According to Table 8, the smaller NGOs faced a higher level of competition than the larger ones.

Thus there is a relationship between the perceived level of competition and the size of the NGO.

A similar analysis was done between perceived level of competition and the sector in which the NGO operates. According to Table 9, the NGOs working in the social development sector face a higher level of competition than the ones in the other sectors. The two observations could be explained by the fact that there are more players in these categories, as illustrated in Table 4 and Table 5, than in any other category.

**Table 8: Number of current employees Vs. Level of competition cross tabulation**

<b>Number of employees</b>	<b>Level of Competition</b>			
	<b>Moderate</b>	<b>Fairly Strong</b>	<b>Strong</b>	<b>Fierce</b>
1 to 100	22.7%	22.7%	27.3%	4.5%
100 to 500	4.5%	9.1%	.0%	.0%
>500	.0%	.0%	9.1%	.0%

\*Pearson's Chi-Square Tests .531

Source: Research data



**Table 9: Level of competition vs. sector of operation cross tabulation**

Level of competition	Sector of operation		
	Welfare and relief	Social econ dev. E.g. agriculture, health, education	All
Moderate	.0%	50.0%	50.0%
Fairly Strong	14.3%	85.7%	.0%
Strong	.0%	75.0%	25.0%
Fierce	.0%	100.0%	.0%

\* Pearson's chi-square is .000

Source: Research data

### Methods employed to Compete among NGOs

Respondents were requested to list methods employed by NGOs to compete starting with the most important. The factors were put in a likert scale where the most important was given a value of 4 and the least important given the value of 1. This data was analyzed and the mean and standard deviation calculated as illustrated in Table 10. The greater the mean value the more important is the method in competing among NGOs. The most important factors employed by NGOs to compete include capacity building, quality service and staff development. Others include implementation of sustainable projects, research and innovation, networking and good relations. The least important methods include fundraising and writing of better proposals.

**Table 10: Methods employed to compete among NGOs**

Method employed to compete	Mean	Standard deviation
Implementing sustainable projects	2.075	9.00
Fundraising	1.400	3.90
Capacity building	2.425	8.70
Quality service	2.425	8.70
Research and Innovation	2.075	9.00
Good relations	2.000	8.43
Staff development	2.325	8.65
Better Proposals	1.400	5.40
Network	1.775	7.60
Competence	1.475	6.63

#### 4.4 Extent of formation of strategic alliances in the NGO sector.

All the NGOs that were studied had formed an alliance with at least one of the organizations as illustrated in Table 11. The most common form of alliance was among NGOs or between NGOs and the government. The least common form of alliance was between NGOs and the private sector as illustrated in Table 12.

**Table 11: Extent of formation of strategic alliances in the NGO Sector.**

Strategic Alliances	Count	Percentage
Yes	40	100%
No	0	0

Source: Research data

**Table 12: Types of alliances formed.**

Partner	Frequency	Percentage
NGOs	36	90%
Governments	27	67.5%
Private Sector	20	50%
CBOs	32	80%

Source: Research data

#### 4.5 Factors leading to formation of alliances among NGOs in Kenya

Respondents were requested to indicate the degree of importance of certain factors in inducing NGOs to form alliances. The factors were put in a likert scale where the most important was given a value of 5 and the not important at all given the value of 1. This data was analyzed and the mean and standard deviation calculated as illustrated in Table 13. The greater the mean value the more important the factor. According to the study, the most important factors are advocacy, sharing resources and competence, joint implementation, sharing information and increasing impact with mean scores of ranging from 4.65 to 4.175. Other important factors include fundraising and increasing access to technology. These had mean scores ranging from 4.0 to 3,875. The least important factors are gaining reputation increasing competitiveness and requirement by donors with a mean score of 2.44 and 3.1 respectively.

**Table 13: Factors inducing NGOs to form strategic alliances.**

<b>Factors</b>	<b>Mean</b>	<b>Standard deviation</b>
Sharing Human Resources	3.2	8.94
Fundraising	4.0	8.3
Advocacy	4.225	7.93
Sharing resources and competence	4.65	5.05
Gain reputation	2.44	10.62
Joint implementation	4.45	4.89
Sharing information	4.225	7.22
Requirement by Donors	3.1	10.84
Increase impact and expand	4.175	6.62
Increase competitiveness	3.075	8.99
Increase Access to technology and innovation	3.875	8.5

Source: Research data

### **Major considerations in the choice of partners**

Respondents were requested to list their major considerations in the choice of partners. The factors were put in a likert scale where the most important was given a value of 5 and the not important at all given the value of 1. This data was analyzed and the mean and standard deviation calculated as illustrated in Table 14. The greater the mean value the more important is the method in competing among NGOs. The most important factors include having common goals and the technical competence of the partner organizations with mean scores of 3.7 and 3.6 respectively. Other important factors include how established the organization is, its resource base and its reputation with a mean scores ranging from 2.3 to 2.1.

**Table 14: Considerations in the Choice of Partners.**

<b>Consideration</b>	<b>Mean</b>	<b>Standard deviation</b>
Common Goal	3.7	11.8
Resource base	2.3	8.8
Technical competence	3.6	11.3
Establishment	2.1	9.25
Dependability	1.65	9.48
Legal Status	1.7	9.6
Openness	1.35	6.72
Mutual Understanding	1.7	9.6
Project Site	1.65	9
Reputation	2.25	11.1
Complementary Expertise	1.2	5.5

Source: Research data

Respondents were also requested to give the time frame within which the alliance was formed. The data is illustrated in Table 15. This data will assist in analyzing whether time frame within which an alliance is formed has any effect on the success of the alliance. As illustrated in Table 16, if an alliance takes too long to form then the higher the chances of the alliance not meeting their objective. The Pearson Chi square value of 0.278 shows that there is a correlation between time spent to form an alliance and the chances of the alliance meeting its objectives.

**Table 15: Time taken to form alliances**

<b>Time</b>	<b>Frequency</b>	<b>Percent</b>
1-3 months	5	12.5
4 -6 months	15	37.5
6-12 months	5	12.5
more than 1 year	15	37.5

Source: Research data

#### 4.6 Challenges facing alliances in the NGO sector

A list of challenges that may be facing alliances in the NGO sector were given and respondents were requested to indicate the extent to which they were challenges to their alliances. A likert scale was given where a very great challenge was given a value of 5 and no challenge at all was given a value of 1. This data was analyzed and the mean and standard deviation calculated as illustrated in Table 17. The greater the mean value the more of a challenge the factor is. The greatest challenges were dependency (mean score 3.475), strategy clash (mean score 3.05), hidden agenda (mean score 3.0), and hidden costs (mean score 2.925). The factors that did not pose much of a challenge include fundraising, publicity and loss of senior management's support with a mean score ranging from 2 to 1.25.

**Table 17: Challenges facing alliances in the NGO sector**

<b>Challenges</b>	<b>Mean</b>	<b>Standard deviation</b>
Hidden Costs	2.925	9.25
Loss of control	2.325	8.875
Dependency	3.475	9.485
Hidden agenda	3	8.485
Lack of Senior management's support	2	7.68
Culture Clash	2.75	8.7
Strategy clash	3.05	8.94
Loss of identity	2	8.06
Fundraising	1.25	5.6
Publicity	1.25	5.6

Source: Research data

#### **Factors employed to counter the challenges.**

Respondents were requested to indicate factors that they have used to counter these challenges and that have led to the success of the alliances in order of their importance. A likert Scale was given where 5 was very important and 1 was not important at all. This data was analyzed and the mean and standard deviation calculated as illustrated in Table 18. The greater the mean value the more important the factor is. The most important factors in countering the challenges given

above, with a mean score of higher than 4.35, include open communication, involvement of partners in planning and signing a memorandum of understanding to guide the implementation. Others include partners having common goals and strategies, technical competence and professionalism, strong management of the alliance and mutual trust among others. The factors that were not quite important in countering the challenges, with a mean score of less than 2, were publicity and having a plan B.

**Table 18: Factors employed to counter the challenges**

<b>Factors</b>	<b>Mean</b>	<b>Standard Deviation</b>
Publicity	1.7	7.9
Strong funding base	2.4	9.93
Open Communication	4.575	6.13
Awareness creation	2	9.74
Involvement of partners in planning	4.35	6.09
Capacity building of partners	3.35	7.22
MOU	4.625	7.75
Technical Competence and professionalism of partners	3.85	7.13
Common Goal and strategies	4.425	9.6
Mutual respect	2.75	9.85
Mutual Trust	3.25	9.13
Strong management of alliance	3.725	8.595
Having Plan B	1.35	6.75

Source: Research data

#### 4.7 Future of NGOs in strategic alliances

Respondents were requested to give their views on the future of NGOs in strategic alliances. As illustrated in Table 19, 87.5% of the NGOs that participated in the study felt that the future of NGOs is in alliances while only 12.5 % felt that alliances were not important to the future of NGOs as it is a new and unnecessary concept and NGOs have survived without alliances for a long time.

**Table 19: Future of NGOs in terms of formation of strategic alliances**

Future of NGOs in Strategic Alliances	Frequency	Percent
Yes	35	87.5
No	5	12.5
Total	40	100.0

Source: Research data

## **CHAPTER FIVE: CONCLUSION**

### **5.1 Introduction**

This chapter presents a summary, discussions and conclusions of the study. It also presents limitations of the study and gives recommendations of areas for further study and for policy and practice.

The objective of this study was to identify factors driving NGOs towards strategic alliance and the key challenges being faced by development NGOs in the formulation and implementation of the strategic alliances. To achieve this several people from NGOs based in Nairobi were requested to fill questionnaires designed for the study. Forty questionnaires were collected and analyzed using frequencies, cross tabulation and descriptive analysis. The analysis is presented in the previous chapter.

### **5.2 Summary, Discussions and Conclusions**

The first objective of the study was to determine the extent to which strategic alliances are being formed in development NGOs in Kenya. Respondents were requested to say whether their organizations had been in an alliance or not, whether it had a strategy on the formation of the alliance and the form of alliance that it had been in, that is whether it had been in an alliance with other NGOs, CBOs, the government or the private sector. Frequencies were used to analyze the data.

All the NGOs that participated in this study had formed strategic alliances. This was irrespective of the size, the sector of operation, and the ownership. It was also found out that NGO-NGO alliances were the most popular (90%) while NGO-Private Sector alliances were the least popular (50%). Alliances with the government (67.5%) and CBOs (80%) were also quite common. This indicates that there is a high involvement of the beneficiaries in project implementation which could be attributed to the fact that more and more people have a say in terms of projects to be



implemented in their area. This is consistent with earlier findings, which state that all the stakeholders are having more of a say in NGOs and are asking for more from them.

The above observation is also in line with Mabururu, 2003, study which indicated that development of linkages for better service delivery, strategic alliances being but one form of making the linkages, was an important factor of survival in the industry.

From the study it's clear that NGOs are increasingly forming alliances among themselves, with the government, CBOs and to some extent with the private sector.

The second objective was to determine factors driving NGOs towards strategic alliance.

Respondents were given a list of factors and requested to indicate the importance of each in inducing their firm into strategic alliances. The factors were analyzed using descriptive analysis, mean and standard deviation where by the greater the mean score, the more important the factor as illustrated in the previous chapter. The respondents were also requested to list, in order of their importance, considerations in the choice of partners and the factors that led to the success of the alliance or failure, incase it failed. These were meant to check on consistency of data given earlier.

All these factors were analyzed and the study indicates that competition played a big role in inducing organizations to form strategic alliances. All the respondents (100%) felt that the competition was between moderate and fierce. 75% felt that the competition was either strong or fierce. The most competed for factors in the sector is provision of better services, donor funds, project ideas and human resource which according to the study are some of the most important factors in inducing NGOs into strategic alliances. This is a clear indication that the increased competition in the NGO sector is driving more and more NGOs into strategic alliances.

The study indicated that sharing of resources and joint implementation of projects are the most important factors in inducing NGOs to form strategic alliances. This could be attributed to the fact that there are more and more NGOs being formed to compete for the available meager resources. This has led NGOs to share whatever is available in order to create economies of scale leading to lower implementation costs. NGOs in Kenya are also forming alliances to be able to advocate for certain issues with one voice to the relevant authorities and thus have a greater

impact, to fundraise as a block, share information, increase impact and sustainability of their projects and access to technology and innovation.

The study also made it apparent that the factors leading NGOs to alliances also determine the most important considerations in the choice of partners. The considerations, which include common goals, technical competence, resource base and establishment of the partner, are closely knit to the factors given above.

There is a web of interrelated factors that are leading NGOs towards forming alliances and consortiums. These factors are closely related to the competition in the industry and to the need to provide better and more sustainable services that are beneficiary oriented since beneficiaries and donors are continuously asking for better and better services at lower costs.

There is also a call for sustainable projects with greater impact and this is pushing NGOs to form alliances, as they can't do it alone as illustrated in the analysis.

The third objective was to establish key challenges being faced by development NGOs in the formulation and implementation of the strategic alliances. Respondents were given a list of challenges facing NGOs and were requested to indicate how challenging each factor was in their alliance. The factors were analyzed using descriptive analysis, mean and standard deviation where by the greater the mean score, the more important the factor, as illustrated in the previous chapter. The respondents were also requested to list, in order of their importance, how the organization was dealing with these challenges and the most important factors in the success of the alliance. These were once again meant to check consistency of the data given earlier.

The study indicated that strategy clash, hidden agenda and dependency (with mean scores ranging from 3.475 to 3) were the main challenges in the formation and implementation of strategic alliances among NGOs in Kenya. Hidden costs, culture clash and fear of loss of control were also seen as major challenges in alliances as they had mean scores of 2.925, 2.75 and 2.325 respectively.

The factors that scored the highest (greater than 4.35) in terms of their importance to counter these challenges and that led to the success of the alliance were given as open communication , involvement of partners in planning, and signing of memoranda of understanding at the inception of the project.

Other factors that were seen to be important included having common goals and strategies, technical competence and professionalism of partners, strong management of the alliance and mutual trust. These had mean scores ranging from 4.425 to 3.25.

From this study it can be conclusively said that all the challenges faced in the alliances could be easily deal with at the inception of the project through joint planning and agreements.

The study also brought out the fact that the form of alliances in the NGO sector is continuously changing. Some of the recent alliances that participated in the study had been made between NGOs from different sectors and with different specificities but with one broad common goal through consortiums. This is in line with remarks by Cowe (2000), which indicate that the nature of alliances by NGOs are evolving fast as they bring more and more partners to form consortiums.

This study exemplifies the importance of strategic alliances among NGOs in Kenya. It is a very important and increasingly growing phenomena that cannot be ignored. It clearly sows that the future of NGOs, if they are to have any impact, is highly dependent on networking with different partners through strategic alliances or other forms of alliances.

### **5.3 Limitations of the Study**

This study was constrained by various factors. First the research was constrained by lack of time and resources to persistently visit the NGOs and request for the questionnaires to be filled. Most people were too busy delaying the filling of the questionnaires to even three months. Others outrightly refused to fill the questionnaires. However the 40 questionnaires were representative of the NGOs based in Nairobi. Therefore the value of the study was not compromised.

## **5.4 Recommendations for further Research**

This study gives an overview of the factors inducing NGOs in Kenya to form strategic alliances and the challenges being faced. However, a more in depth study that analyses the actual relationship between the factors identified in this study would be very helpful.

It would be of great interest to do a comparison study of two consortiums, one that is fully locally owned and one that is foreign. This will give a deeper understanding of alliances among NGOs both from a local and foreign (international) perspective.

It would also be of interest to find out why NGOs prefer to form alliances among themselves and why there are very few NGO-Private Sector alliances.

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

This study has brought out critical issues in regards to strategic alliances among NGOs in Kenya. 87.5% of the respondents agreed that the future of NGOs is highly dependent on alliances. This is therefore a very important and crucial aspect of the management of the NGO sector both at the NGO level and at the government level.

The study provides vital information to facilitate NGOs to design appropriate methods geared towards improvement in their strategic alliances. For instance, formalization of strategic alliances, despite of the level at which the alliance is being formed, is obligatory for its success as well as, as a matter of policy.

The study also brought out an interesting angle to alliances in the NGO sector, which is slowly coming up, this is the formation of alliances by NGOs from different sectors and with completely different expertise for integration purposes with the aim of reaching a much broader common goal by taking advantage of the specificity in each NGO. As policy makers, it would be worthwhile to take note of this new trend, test it, and depending on results, introduce it in other sectors other than the NGO.

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## APPENDIX 1: LETTER OF INTRODUCTION

ROSEMARY KAMANU

P.O. BOX 8522, 00100

NAIROBI

TO: THE RESPONDENT

Dear Sir/Madam,

### **Re: Request for Your Participation in my Research Work**

I am a graduate student at the University of Nairobi pursuing a Master of Business Administration. In order to fulfill the degree requirements, I am currently undertaking a research study on factors leading to the formation of strategic alliances among development NGOs in Kenya and the challenges being faced.

I would highly appreciate if you kindly spared some time to complete the attached questionnaire.

The information you will provide is strictly for academic reasons and will be treated with utmost confidentiality.

Yours Sincerely,

ROSEMARY KAMANU

## APPENDIX 2: QUESTIONNAIRE

This questionnaire has been prepared in relation to the objectives of this study. All questions relate to non-governmental organizations. Please answer all the questions. Any issue that requires clarification will be discussed when the researcher calls to pick the completed questionnaire.

### Section A: NGO Profile

1. Name of NGO:.....
2. Year NGO started:.....
3. NGO headquarters:.....
4. Type of NGO (*Tick one*)  
a) Developmental [  ]      b) Emergency [  ]      c) Both [  ]
5. Management and ownership of NGO (*Tick one*)  
a) Wholly local [  ]      b) Wholly Foreign [  ]      c) Both [  ]
6. Number of current employees:.....
7. In how many districts does your organization operate?.....
8. In which sectors does your organization work? (*Tick as appropriate*)
  - a. Human rights and Good governance [  ]
  - b. Welfare and Relief [  ]
  - c. Social economic development e.g.  
health, agriculture, education etc. [  ]
  - d. Institutional development [  ]
  - e. Others (specify).....

### Section B: Extent to which development NGOs are forming strategic alliances.

1. How would you rate the state of competition between NGOs?
  - a. Mild
  - b. Moderate
  - c. Fairly strong
  - d. Strong
  - e. Fierce
2. What things does your organization compete for?

- a. Donor funds
- b. Project ideas
- c. Provision of better services to communities
- d. Human resources
- e. Reputation
- f. Others (Specify)

.....  
 .....

3. What are the three most important methods that your NGO employs in competing with other NGOs? (*List in order of importance beginning with the most important.*)

- a. ....
- b. ....
- c. ....

4. Has your organization been in any strategic alliance?

YES [ ]                      NO [ ]

If yes, why?

- a. ....
- b. ....
- c. ....

If No, why?

- a. ....
- b. ....
- c. ....

5. Does your organization have a strategy on the formation and implementation of strategic alliances?

a) Yes [ ]                      b) No [ ]

If No, why?

- a).....
- b).....

If Yes, why?

- a).....
- b).....

**Section C: Factors leading to alliances in the NGO sector**

1. Which of the following has your NGO formed a strategic alliance with any?

- a. Other NGOs                      YES [    ]                      NO [    ]
- b. CBOs                              YES [    ]                      NO [    ]
- c. The Government                YES [    ]                      NO [    ]
- d. Private Sector                    YES [    ]                      NO [    ]

2. Indicate the importance of each of the factors given below in inducing your firm to form a strategic alliance. (Use a five point scale where: 1= not important at all and

5= very important

	1	2	3	4	5
a. Sharing Human resource	[    ]	[    ]	[    ]	[    ]	[    ]
b. Fundraising	[    ]	[    ]	[    ]	[    ]	[    ]
c. Advocating for common issue	[    ]	[    ]	[    ]	[    ]	[    ]
d. Sharing resources and competencies.	[    ]	[    ]	[    ]	[    ]	[    ]
e. Gain reputation	[    ]	[    ]	[    ]	[    ]	[    ]
f. Joint implementation of projects	[    ]	[    ]	[    ]	[    ]	[    ]
g. Sharing information	[    ]	[    ]	[    ]	[    ]	[    ]
h. Requirement by donor	[    ]	[    ]	[    ]	[    ]	[    ]
i. Increase impact and expand	[    ]	[    ]	[    ]	[    ]	[    ]
j. Increase competitiveness	[    ]	[    ]	[    ]	[    ]	[    ]
k. Increase access to technology and innovation	[    ]	[    ]	[    ]	[    ]	[    ]
l. Others ( <i>specify and rate accordingly</i> )					
.....	[    ]	[    ]	[    ]	[    ]	[    ]
.....	[    ]	[    ]	[    ]	[    ]	[    ]
.....	[    ]	[    ]	[    ]	[    ]	[    ]

3. What were your major considerations in choice of a partner? (*List in order of importance beginning with the most important.*)

- a).....
- b).....
- c).....

d).....

4. How long did the alliance take to form? .....

5. Is the alliance still operational to date? Yes [ ] No [ ]

If No, what led to its breakup or ending? (List in order of importance beginning with the most important.)

a).....

b).....

c).....

d).....

e).....

If yes, what would you say led to its success? (List in order of importance beginning with the most important.)

a).....

b).....

c).....

d).....

e).....

5. Were your objectives for the alliance met?

a) Yes [ ] b) No [ ]

If No, why?

.....

.....

.....

**Section C: Challenges facing alliances in the NGO sector**

1. Indicate the extent to which each of the following is/was a challenge in your strategic alliance.

(Use a five point scale where: 1= no challenge at all and

5= very great challenge

	1	2	3	4	5
a. Hidden costs	[ ]	[ ]	[ ]	[ ]	[ ]
b. Loss of control	[ ]	[ ]	[ ]	[ ]	[ ]
c. Dependence	[ ]	[ ]	[ ]	[ ]	[ ]
d. Hidden agenda	[ ]	[ ]	[ ]	[ ]	[ ]
e. Lack of support by senior management	[ ]	[ ]	[ ]	[ ]	[ ]

