

**FACTORS INFLUENCING STRATEGIC CHOICE IN NON-GOVERNMENTAL  
RELIEF AND DEVELOPMENT ORGANIZATIONS IN KENYA**

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**BY**

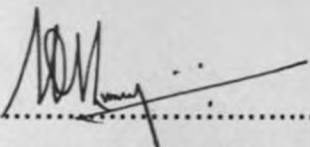
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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE MASTER OF BUSINESS  
AND ADMINISTRATION DEGREE (MBA), FACULTY OF COMMERCE  
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## DECLARATION

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

Signed  Date 1st. November, 2001  
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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 family,  
*My wife; Bonareri,*  
*My sons; Fidel and Michael*  
*My daughters; Gemma and Petra*

Your support and understanding always makes it happen.

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Most important of all, I thank my God who gave me the opportunity and the means to complete this project.



## ABSTRACT

Strategic decisions are important to the success of organizations. They are even more critical in the case of relief and development organizations where the success of project may directly relate to loss of life or enhanced quality of life now or in the future. Most past strategic research focus on for-profit organizations and mostly on procedural rationality. This research sought to find out factors, which determine strategic choice in Non governmental relief and development organizations.

To enable the study of these factors, the researcher randomly selected 40 organizations from a total of 672 organizations registered in the NGO coordination bureau of Kenya. They were sent questionnaires, which explored three dimensions namely characteristics, scope and external factors, which would influence organizations strategic decisions.

A consideration of power relation show that the top governance function accounted for 87% of those whose input is considered important in the strategy selection process. Moreover as distinct sub group, management influenced strategic decisions the most. In the NGOs sector 55% of the organization, consider management role as a dominant factor in strategy selection. This factor showed a high positive correlation with strategies of growth  $r = .196$  and significance of 0.63 at 95% confidence level. When considered against setting performance indicators, the correlation was  $r = .293$  with significance of 0.52 at 95% confidence level. This situation could be explained by the fact that NGOs are mostly small organizations (annual budget of most NGOs is under Ksh.14 Millions and they employ mostly less than 50 employees). Power rotates around the founder of the NGO with possibilities of other members participating because of their access to information of strategic value.

Strategic selection is influenced by managerial characteristics. Young managers who are university graduates, have a long-term contract with a high budget at their disposal undertake more risky long term and complex programmes. Specifically strategy types found more sensitive to managerial characteristic of NGOs were, starting new programmes, strategies of growth, acquiring more capacity and gaining competitive advantage.

External factors examination revealed that 42% of NGOs consider donors to have a dominant role in strategic choice while 87% consider the community NGOs serve as a third party whose participation is required in strategy choice. The strategic types that relate more to most external factors are strategies of growth and starting new programmes. NGOs are very sensitive to the impact of their activities on the society. Apparent less influence by the government, local authorities and suppliers may be attributed to the flexibility of the organizations arising from the source of their funding and size. Their level of activity, do not warrant union and government action on each individual NGO resulting in strategic decision being less impacted on by direct action of special interest groups.

# CHAPTER I

## INTRODUCTION

### 1.1 Background

A Non Governmental Organization (NGO) is based on voluntary resources and services. It should be neither part of Government nor make profit. (KNCSS, 1988). A section of NGOs assist people in organizing to harness environmental proceeds with the purpose of meeting their needs. Others concern themselves with organizing quick response to calamities that befall communities whose solutions are beyond that particular community's ability to solve and are abrupt. An organization that combines the two concerns as its mandate may be referred to as Non-governmental relief and development organization.

All organizations are open systems. They draw problems from the society, process solution internally, and offer them to the society. This needs to be done in the most efficient and effective way. This explains why strategic management is important to all organizations including NGOs. A basic model of strategic management includes strategic analysis, strategic choice and strategic implementation. Strategic analysis entails environmental analysis, documenting expectation and purpose of the organization, inquiring into organization's resources and capacities available from which to craft or build strategy. The second aspect of this model is strategic choice. Drawing from strategic analysis and projecting into strategic implementation, strategic choice will deal with the determination of which among the many possible choices an organization will use in the implementation of it's goals and objectives. Making a strategic choice is a decision that determines the future of the organization. It involves strategy evaluation and selection. The third aspect of this model postulated is strategy

implementation that would entail managing strategic change, resource application, control, organization structure and design (Johnson and Sholles, 1999).

Strategic analysis would present an organization with several opportunities and threats. This needs to be synthesized in a logical manner into what the organization can do and more importantly how best it proposes to do it. Strategic choice gives the organizations this opportunity. In many ways, strategic choice is the core of strategic management.

In the complex task of successfully managing organizations, investing in strategic thinking is likely to pay off handsomely. Strategic choice may be defined as the activity in the organization that involves understanding the underlying bases guiding future strategy, generating strategic options for evaluation and selection (Johnson and Sholles, 1990). Non Governmental Organizations (NGO) who have their basic mandate as intervening in relief and development issues in Kenya need to consider strategic choice as an important step towards carrying out their mandate successfully. Strategic choice has the value of not only suggesting way forward but it mobilizes support and creates commitment in an organization (Bunsen, 1989).

Many NGOs in Kenya were formed out side Kenya. They will often have a mixed human resource base, which will require blending for successful teamwork. The blending will take in account issues of culture, technical and professional training, management styles suitable for successful operations and attendant useful process. It would be important to understand these

issues so that the internal configuration is built to serve the mandate of the organization in the most efficient manner.

Relief and development issues occur in Kenya and providing apt solution would require understanding of the issues that belie them so that themes and activities that would pre-occupy these organizations would address the root cause of the problems facing the people concerned. Without understanding the underlying base of strategy selection, the organizations risk being “busy bodies” whose activities do not have the intended impact.

A large proportion of funds supporting operations of NGOs comes from western countries. When these resources are put to use, the manner of application, recording and reporting should capture information that is useful for control, performance measurement and is sensitive to the logic of programmes which have a direct bearing on relief and development effort. These results may not be achieved if deployment of resources is haphazard, incoherent, inconsistent and have no pretensions to rationality. For maximum result on every shilling spent, a planning system that provides detached objectivity should be employed.

Relief and development organizations are intervening in fast changing environment. The NGO phenomenon is increasingly becoming important. The sector's visibility has increased and continues to attract close public scrutiny (Herzlinger, 1999). This is partly because the sector's focus is in situations where life is in danger and there may not be an opportunity to correct a mistake because the subsequent lose could be irrecoverable. To capture information and measure their performance they need superior and adequate tools. Strategic choice is one such a

tool. It is important that effort is not made redundant to the issue being addressed. Effort should have inherent capacity to deliver on the problem being addressed. Understanding the bases guiding future operation will improve the chances of staff and the beneficiary focusing on the project and ownership thereby increasing chances of success of implementation. When people identify with a project, they put in more effort since they feel motivated to give their best.

It is also important to generate strategic options in advance to improve the quality of information for decision making in the organization. This increases information available to people responsible for programmes. The process if done well will be a learning experience to managers. Moreover, knowledge of options open to an organization increases the chances of selecting the best option. Strategic choice in this sense increases rationality in organization management.

The demands of each option would be seen at this point. There is a possibility that the best option may be too demanding and out of reach of the organization. The organization's internal configuration may be inadequate to carry out the strategy over a period. At the point of strategic choice, it would be necessary to define resource requirements and if needed, get capacity required. It will be necessary too, to think of the period of implementing strategy and the place of implementation.

When carried out well, an optimum strategic choice will improve the possibilities of full and successful implementation. Evaluation and impact assessment will be helped, as useful data would have been gathered during the process of strategic choice. A new programme may

require resources committed for implementing an already existing strategy. At strategic choice stage, all programmes would therefore be considered on how they would gain from a particular strategy and total sum effect could be arrived at before proposed implementation. The net effect would be an assurance that the benefit sought through the new strategy would add value to the organization as a whole. Synergy effect would be established at this point.

Understanding strategic choice in relief and development organizations would be needed to guide the huge effort of relief. Relief and development demand is increasing in Kenya due to the government and private sector apparent inability to provide quality life to the people they are supposed to serve.

Detain and Niamey (1995) reports the feelings of some community leaders from Western Kenya confirming this.

"District leaders agreed that of the most effective services aiding the poor are provided by NGOs ... There were frequent comments to the effect that the of NGOs must be better coordinated in order to distribute assistance to all areas of the district target services and prevent overlapping"

Development indices show a decline of the economy (Appendix 5-7). The political transition phenomenon in Kenya requires that strategies be thought out carefully. The majority of the population is moving from young to young adult and there is an ambiguous and frustrating search for an ideology to underlie Kenya's political process. Kenya has 43 tribes from which to form a national culture. Leadership change too is looming. The external environment exhibits instability in many sectors. Any strategic choice by an organization at the present must put this in perspective.

NGOs deploy many resources. Grants from the western countries between 1973 to 1985 tripled from \$ 331 million to \$1.1 billion (Smith, 1987:) By 1990, \$ 3.3 billion was received by NGOs from governmental Oversees Assistance (Ngethe, 1989). Despite the enormous resource deployment (human and financial), little is known on how NGOs are managed (Kinyanjui, 1985). He points out that it is not very clear, how resources are allocated for development purposes as opposed to personal benefits by NGOs. Herzlinger (1999) writing in Harvard Business review states that New Era Philanthropy could not account for between \$ 175 million to \$225 million in one financial year. The process of deployment and reporting financial resources could not detect the fraud.

Government organizations have increasingly become inept at implementing development programmes with speed and flexibility acceptable to western donors. Increasingly donor funding is being channeled through NGOs. The donations are significant. In addition, is the opportunity for information transfer and cultural exchange. With diminishing government attractiveness, continued interaction with international community would be realized largely through NGOs. This therefore is an important sector in Kenya

## **1.2 Statement of the problem**

From the literature review, factors that influence strategic choices are culture, organization, structure, leadership and mission of the organization, management, ethics and availability of resources.



Non consideration of these factors during the strategic decision making process has resulted into several problems being experienced in the Non Governmental Relief and Development organizations. These problems include poor co-ordination, poor image, misallocation of resources, incomplete projects, poor motivation of NGO staff, no measurement of effort expended by NGOs, incomplete information from NGOs, lack of funds and imposition of the donor agenda on the local people whose lives are affected by the NGOs they fund. Other problems include wrong identification of programmes or projects and use of inappropriate management styles. Unfortunately, no studies have been undertaken in Kenya to confirm this.

Studies undertaken on strategic choice in the past relate to profit-making organization especially in the western countries. On NGOs in Kenya, Bwibo (2000) unpublished Project studied the management of strategic change in NGOs and Kanyinga (1990) unpublished thesis, researched on the role of NGO in Meru emphasizing the value of NGOs. Other aspects of NGO management have been studied too. Herzlinger (1999) wrote on control and new focus for NGOs, Barbara et al (1999) and Bowen (1999) both wrote on leadership in Non profits focusing on the role of board of directors. Others have written on financing of NGO like Andreason (1999) on partnership of Non profit with corporate organizations and on capital Lets, et al (1999) proposed that NGOs could learn from venture capitalist. Rangan et al (1990) looked broadly at the way NGOs do their business and proposed that they should be better organized. Most of these studies have been in developed countries. Moreover these studies have been on the NGOs as a body but no studies have been undertaken on management of NGOs in Relief and Development in the Kenyan context on strategic decision making process. This prompts the

question, what factors determine strategic choice in Non-Governmental relief and Development Organizations?

### **1.3 Objective of the study**

The objective of this study is to identify and prioritize factors that influence strategic choice in Non Governmental Relief and Development Organizations operating in Kenya.

### **1.4 Importance of the study**

The research will be useful to,

- a. The management of various relief and development organizations. It will avail to them the information on factors being considered significant in strategic choice process. They could choose what factors to lay emphasis on when deciding on what strategy to use in their organizations.
- b. The donors and their advisors will find the research informative especially on the decision-making on strategy.
- c. The Kenya government will find the research useful in providing information on areas of cooperation with donors, relief and development organizations.
- d. The study will increase available information on strategic management and specifically on strategic decision making in Kenya.

## **1.5 Overview of the proposed Project Report**

The report is divided in 5 chapters. Chapter 1 contains Introduction. A brief discussion is presented on background of NGOs. This chapter explains significance of strategic choice in managing relief and development NGOs and underlines the role these organizations play in Kenya. It explains its timeliness and some important concepts of the study. The chapter contains too statement of the problem, objectives of the study and importance of the study. Chapter 2 provides a review of the literature on the study and publications in the area of strategic choice. Chapter 3 sets out how the study was carried out from the population through to sampling, data collection and finally to data analysis. Chapter 4 presents data analysis and findings of the study. In chapter five, discussion on the findings and recommendations for future consideration is done. The appendix consists of letter to the respondent, questionnaire, and tables of economic measurement and references to the latest press headlines on NGOs. A list of reference is the last piece of information of the report.

## CHAPTER 2

### LITERATURE REVIEW

#### **2.1 Introduction**

Mintzberg and Waters (1990) and Cohen et al (1972) suggest that decision making is a flexible process. Cohen (ibid) points out that strategic decisions are made when four independent streams occur, that is "problems", "solutions", participants "and" choice opportunities" coincide. Problems demand attentions while solutions are answers looking for problems. Participants are the constantly varying crowd of the organizational actors carrying different problems and solutions. Choice opportunities are occasions when organizations are expected to make decisions, Carr et al (1991), Marsh et al (1988). Hickson et al (1986) proposes the view that strategic choice is the outcome of near chance. Mintzberg and Waters (1990) even suggest that decision get in the way of running organization. Many writers propose however that strategy is crafted. Whatever the orientation of managers of NGOs in Relief and Development in Kenya is, it would be important to find out what factors influence their strategic choices. Liedka (1998) says that strategic choice would profoundly change the process of strategic planning.

#### **2.1 Strategic choice**

Literature on strategic choice differs on terminology, emphases and classification. However, the salient notions are common. Hofer and Schendel (1979) state that for an organization to be both effective and efficient; there will be four components to any of its strategy. They name scope, the extent of the organizations present and planned interactions with its environment as one

significant factor. This could be referred to as the organization domain. Johnson and Scholles (1995) too put scope as a key aspect of strategic choice base arising from organization purpose and aspiration.

Secondly, resource deployment is an important aspect of strategic choice. Hofer and Schendel (1979.) postulate that the organizations past and present resource and skill deployment will affect how it achieves it's goals and objectives. Financial strategy needs to take care of the risk and returns. The financial decisions made by management relate directly to added value of the organization. (Johnson and Scholles, 1999). The skill an organization has could enable it deliver a service or a product in a way that no other organization can replicate. This could also be referred to as distinctive competence.

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

Synergy (the joint effects between an organization's operations) is an aspect of strategy that is considered before any strategic decision is completed. Any action or achievement that conflicts with other operations in the organization may reduce its value. This alternative may not be taken. (Johnson and Scholles 1999, Hofer and Schendel 1979). Synergy refers to the degree to which various resource deployments and interactions of the organization with its environment

reinforce or negate one another. A major strategic concern of any organization in selecting a strategy to produce a product or offer service would be how the new projects would affect the existing programmes and activities (Hofer and Schendel 1979).

## **2.2 Factors determining strategic choice**

What factors affect the four components of strategy discussed above? Any decision that affect the four components of strategy would produce a different strategy and hence a different effort by an organization. Before a strategic choice is made, many alternative strategies are examined. Such a decision is usually judgmental and difficult.

### **2.2.1 Leadership**

Organizations need strategic leaders to help it overcome inhibitions on risk taking and resource allocation. A strategic CEO such as Jack Welch at General Electric, Robert Guizzueta at Coca Cola and Wise Recker at Philips, Bill Gates at Microsoft influence strategic decision in their organization by affecting the components of strategy. Studying the way strategic choice is made focuses on a central issue of current management practice, which would assist these organizations continue being helpful.

The role of leadership in a strategic decision is critical as they set the tone, culture and widens the horizon of the organization. Their interventions affect all components of strategy. (Parker and Abraham, 1995).

According to Porter (1950), leadership of an organization may emphasize different aspects of the strategy at different times. At times tight controls, cross-functional coordination or marketing may be required. As organizations mature and face transition, leadership must be able to read transition and recognize the new skills required. More often the skills required during the change period is strategic (Porter, 1950).

### **2.2.2 Organization structure**

Organization structure suggests what, whom, when and where decisions are made. Most organizations have corporate level decisions. The corporate center is usually in charge of what business the organization is in, (what it does). Decisions of competitive advantage, synergy and resource deployment are handled at the center. The organization, which has corporate center, may have strategic business unit and functional area strategy. Strategic decisions that come from the business unit would be of gaining competitive advantage. When a hierarchy of functional level exists, co-ordination and integration of activities within a single activity would be the major concern of the centre. An added concern may include delivery on synergy (Hofer and Schendel 1995, Johnson and Scholles, 1999). Organizations structured in such a way often have an International spread with heavy investment in equipment and manpower. At no time should the strategist contradict the organization structure. He or she must be confident that the organization possesses the basic requirement necessary to pursue a particular strategy (Ansoff, 1990)

### **2.2.3 Ethics**

Strategic choice has an ethical aspect. Activities like chemical, nuclear, mining and medical drugs will be examined against the standards or expectations of the society the strategist operate in. From the available alternative strategies some may seem attractive to the executive but when the public good is considered, they may discarded. Many organizations have crafted strategies that not only meet the sensitivity of the community but also demonstrate that they care about the society.

### **2.2.4 Availability of resources**

The human resource base of an organization may enable it select a strategy. A workforce with young educated managers is likely to increase the scope of the organization through innovation. This is because they readily accept change as opposed to an old and poorly educated workforce who in most cases fear change and are comfortable with old ways. The young educated professionals are likely to work better in unstructured change prone environment. They easily train and accept changes (Hofer and Shendell, 1999).

Gantt (1991) argues that rational decision making techniques are becoming increasingly important. He contends that the value maximizing financial techniques must guide strategy making sure that only projects with positive net present value (NPV) are chosen.

The availability of resources especially financial allows organization the choice of certain strategies. Lack of money constrains the project range, possibilities of investment and hire of qualified staff. It makes meeting obligations as they fall due impossible and acquiring



competitive advantage becomes out of the question. Finance is also a tool for measurement. Barnise et al (1989) suggest that appropriate financial analyses provide long term and optimizing basis for strategic decisions. The ability of the organization to cope with change will relate to depth of skills resident in it and state of technology it has.

### **2.2.5 Management**

Nelson and Winter (1982) agree that a great deal of organization life is not decided at all. Strategic decision takers, he notes build routines, which guide their response to challenges. The disagreement of processualist and classical management thinkers sometimes show during the process of strategic management when management theorist do not agree on whether strategies are planned or emerge out organization activities. Procesualists mock classical thinker's pretensions to the centrality of rationality in the management processes. The language of 'strategic formulation' comes out to some people as rather arrogant and some prefer a less presumptuous notion of 'strategy formation' Mintzeberg (1978). It is important to understand the orientation of management when analyzing why they take certain decision at certain times. Kaplan and Norton (1989) say 'if people can describe strategy in a more disciplined way they will enhance the likelihood of it's successful implementation' Strategic implementation is complex, time consuming and at times impossible.

The age, education, training and experience of management is indicative of the ability and innovation the management will bring to bear on strategic decisions that they will be faced with in their organizations. Young and educated management do not necessarily look at the past for

solutions for business problems. They are more receptive to change and use the current technology more readily.

In situation where an organization is international, the management is likely to be interracial. This presents an organization with diverse and rich cultural experience from which it would draw solution to its organization problems. However, it also brings about the problems of synergy and management of different approaches to solving problems.

Traditional measures of corporate performance e.g. profit and return on investment does not easily apply in relief and development agencies. Reactions of clients to the products of NGOs are not as revealing as responses of profit organizations (Herzlinger 1999). There exists a real danger of complacency on the part of NGO management in producing substandard services if this is not addressed. Sharma and Mahajan (1980) have addressed the issue of measurement of management effort by management. They view management as a process, which lead to mistakes in strategic planning and implementation. This causes deterioration in performance indicators and eventual collapse of organization (Neck 1983). According to Dan and Bradstreet (1991), poor management, neglect, and incompetence cause organization failure.

### **2.2.6 Culture**

Most of NGOs working in Kenya are international organizations employing both international staff working along side local staff on problems experienced locally. Uniting this workforce into one culture working for a common goal is usually a problem. Many internal policies are difficult to harmonize and in many situations NGO workers lack motivation. However, organizational culture has been used by various organizations to communicate uniqueness and

promote their services. There are signs, symbols and colours deliberately chosen by organizations to aid them in strategic decisions.

The cultures of the communities in which the organizations work also aid or constrain strategic choices available to the organizations (Gekonge 2000).

### **2.2.7 Organization mission**

What the organization exists for may dictate the strategic decision it takes. (Ansoff, 1990). Thus, Ansoff suggests quoting Levit (1960) that the railway should articulate its business concept as transport and make strategic decision in that domain. Pierce and Robinson (2000) suggest that strategic choice in one product company e.g. Macdonald would be different from that of Holiday Inn with Multi business lines.

### **2.2.8 External environmental factors**

This refers to societal, political, regulatory and citizenship consideration. In some cases even with the best intentions, NGOs are not able to deliver on their mandate. Nana et al (1995) report that their decision on scope may at times be questionable quoting a relief beneficiary from Buyoma,

"We have many NGOs working here.... They all work in the same place. The largest number of poor are ignored."

Other factors from outside the NGOs may force decision on a significant aspect the NGO decision as scope. This may be due to a problem on information, from which they may base their decisions,

"At the district, personnel lack information on where the poor live. There is no mechanism for delineating poverty concentration. Because these are not known, they

are not targeted. The weak link between the service providers and the poor jeopardize the position of the poor even further" (Unicef, ODA report on Participatory assessment study pp. 35 1995)

Political influence may come to bear at times. It may not be entirely what the NGO management would want done that would eventually be done in their area of operation.

Commenting on food distribution in western Kenya, a UNICEF / ODA (1995) report state

"Food aid is closely linked to politics. In some villages, residents complain that politicians have interfered with relief food distribution. Some times areas that should have been reached were not reached because politicians may not want their constituents to be considered poor."

There are other external influences, which must be taken into account for successful operation of the relief and development organization. Government rules and local authority requirements have to be attended to before an operation is successfully carried out. The management of relief and development organizations must continuously and coherently negotiate with external parties to have the goal of the organization succeed.

The effect of the external factor may be considerably reduced when the organization is big, offers superior service regularly and in a sector, where the service is needed. This will increase their influence and bargaining power.

The influence of the suppliers on the strategic decision an organization makes will be considerably reduced when the financial discipline is enforced. This ensures that at no point is the organization forced to make a decision without adequate funds to carry out any of its programmes.

Competition may influence the strategic options available for selection by a particular NGO. The NGOs in development activities with profit making programmes will certainly factor in the influence of competitors on their strategic decisions.

## CHAPTER 3

### RESEARCH DESIGN

#### **3.1 The population**

The population of the study consists of all NGOs categorized as Relief and Development non-governmental organizations in Nairobi.

#### **3.2 Sample design**

A list was obtained from the NGOs coordination bureau that contained all NGOs registered in Kenya. There were 672 registered by 1998. Of these 363 focused on Relief and Development.

This group could be divided into the following categories:

1. National
2. Regional
- 3 International

Daniel and Terrell (1975) state that as a rule of thumb the sample size widely used is 30 or more. A random sample yielding 60 organizations from the list of 363 were described in the directory as dealing with Relief and Development was done and a seven-page questionnaire delivered to them.

#### **3.3 Data collection**

A semi-structured questionnaire was used to collect data. Management theories suggest that culture influence the management and decision models. The researcher supplemented drop in questionnaire with personal interviews and observation to capture salient and important points that the questionnaire may not capture.

The questionnaire was developed in line with the objective of the research. It was used to collect data on organization profile i.e. age, spread, Human resource capacity as in education, experience, training, motivation, funding received, investment decision, use of IT and culture.

It is organized in five sections. Section 2 is designed to describe some important characteristics of organizations. In section III and IV, issues considered important during the strategic choice are probed. Section 5 was to confirm the value of strategic choice as the organizations see it.

To accomplish the task of getting the response in four, enumerators were responsible for dropping the questionnaire. Each enumerator endeavored to drop ten questionnaires a day. They brought back the filled ones and a report on follow up of when the remaining ones were to be picked. The researcher, ensuring completeness, relevance and accuracy cleaned all returned questionnaires.

### **3.4 Data analysis**

Immediately data was received, it was entered into a computer and a data base package was used for analysis. Clustering of factors around strategy types is used to indicate possible relationship between certain factors and strategy types. Tables, Percentages and descriptive statistics specifically Pearson's correlation analysis, shows the direction of relationship between the factors considered influencing strategy and strategy types.

## CHAPTER FOUR

### RESEARCH FINDINGS

#### 4.1 Introduction

This chapter summarizes and presents data collected by questionnaire in tables, percentages, means and frequency distributions. Pearson's correlation analysis is used to describe the direction of relationship between strategies chosen and organizational factors. Sixty NGOs in relief and development were randomly sampled for the study. Eight questionnaires were not filled. No reason was offered as to why the respondents declined participation in the research process. Five questionnaires were returned not filled with an explanation that relevant officers were not available to provide responses. Two questionnaires were partially completed and were therefore not useful for the study. Five were posted and had not been received for inclusion in the analysis. Forty questionnaires were received and used for the data analysis. A response rate of 66.3 was considered adequate. Data is analyzed and presented in the report as follows:

- i) Description of the NGOs.
- ii) Scope.
- iii) Making of strategic choice.
- iv) Factors influencing making of strategic choice.



## **4.2 Description of the NGOs**

The descriptions of NGOs contain classification indicating spread of operation. The prevalence of strategic management and types of strategies chosen by NGOs are presented. It is considered important to show the effect of budgetary levels in NGO, as this would affect the quantity and quality of programmes. Also considered important in indicating the possibilities open to NGOs and their capacity in particular the Information Technology (IT) use. This is presented under desired means of communication. The last three items presented under description, are staff tenure, proportion of staff that has university graduate qualification and lastly the average age of management. This would indicate the level of risk, longevity and complexity of programmes that an NGO may undertake.

### **4.2.1 Classification**

A description of the NGOs in relief and development is considered important because it would indicate the past decision taken by the organization. This would indicate possible strategy options open to organizations.

Classification would indicate spread of the organization showing whether the organization covers national or international scope. It would point at significance of issues of synergy, culture, external influence and position of structure in the strategic choice decisions. Among other things too, it would indicate what the organization might take as their mandate.

Table 1 shows the distribution of NGOs in relief and development according to types.

**Table 1. Classification of NGOs:**

| Type          | Number of NGO | Proportions(%) |
|---------------|---------------|----------------|
| National      | 20            | 50%            |
| Regional      | 13            | 33%            |
| International | 7             | 17%            |
| Total         | 40            | 100%           |

**Source: Research data.**

The respondents were asked to indicate whether their operations were National, Regional or International. Table 1 summarizes the response and indicates that the majority of NGOs are national. Their operations are restricted to the Kenya borders. They form 50% of the organizations. This is a high proportion. It is followed by regional NGOs that is, those that have their operations within Africa constituting 33%. The last group consists of NGOs whose operations go beyond the continent of Africa. This group constitutes 17%.

These findings agree with the findings of Kanyanga (1990), that showed foreign NGOs to be almost half-local NGOs. His research shows indigenous NGOs to be 109 and foreign (international) to be 55.

#### **4.2.2: Prevalence of strategic management**

NGOs were asked if they were familiar with the concept of strategic choice in the management process. They were also asked if they would propose it to other organizations. As indicated by table 2, 70% NGOs are conversant with the concept of strategic choice in a management process. This can be explained by the fact that organizations working in relief and development are a response to a need in the environment. In this sense they are always outward looking.

Secondly, these organizations have working links with counterparts in the west where strategic management concept is prevalent. Bwibo (2000) reported an acceptance rate of 73.3% by Kenyan organizations

The application of this concept is only 40%. This would be explained by the fact that strategic management is complex and requires certain level of education and risk taking characteristic in the management. Presently the concept is being articulated from the Universities and seminar boardrooms giving it less chance of reaching a broader and wider group. This low acceptance could be explained by looking at competition in the sector. Without apparent direct and visible competition, NGOs may not aggressively embrace strategic management.

It could also be said that the way NGOs access their revenue in many cases is not directly linked to operational and strategic decisions taken. Once a lump sum of money is received, it is allocated to programmes. Some donors are trying to evaluate the dollar value of the impact of their donations but this will take long to be in the NGO culture. These donors insist on strategic planning and an increased rational approach to organization management. There is also the fact that there are controversies in the application of the strategic management.

**Table 2:Prevalence of strategic management.**

| <b>Practice of Strategic Management</b> | <b>No. of NGOs</b> | <b>Proportion (%)</b> |
|---|--------------------|-----------------------|
| Conversant                              | 28                 | 70%                   |
| Consider it important                   | 16                 | 40%                   |
| Consider it not important               | 16                 | 40%                   |
|   | n=40               |                       |

**4.2.3: Strategies chosen**

A list of strategy types was presented to the respondents. They were asked to indicate the strategies they have chosen in recent past. The results are reported in Table 3. A high number of organizations, 30 out of 40 indicated that they follow the strategy of starting new programmes. This was followed by the strategy of acquiring new capacity (65%). Third, were growth strategies and the strategy of improving personnel out put at 60%. The least popular strategy was that of stopping old programmes.

A significant number of NGOs are trying to get new sources of revenue (45%). Stopping all the programmes and acquiring competitive advantage over other organizations are least followed strategic thrusts because most NGOs do not interpret competition the same way profit organizations do. They do not view their internal configurations, information gathering and processing to be important success factors. They suppose their activities are enough reasons to indicate their relevance or appropriateness. The 30% score for strategies aimed at acquiring competitive advantage is an indication that this is changing. Almost all the international NGOs have adopted strategic management as a crucial tool for their successful performance. Stopping programmes scored low because the environment requires more intervention from the NGOs.

**Table 3: Strategies followed.**

| Strategy                        | No. of NGOs | Proportion(%) |
|---------------------------------|-------------|---------------|
| Growth                          | 24          | 60 %          |
| Competitive advantage           | 12          | 30 %          |
| Improving personal out put      | 24          | 60 %          |
| Setting Performance indicators  | 23          | 57 %          |
| New sources of revenue          | 18          | 45 %          |
| Acquiring more capacity to work | 26          | 65 %          |
| Starting new programmes         | 30          | 75 %          |
| Stopping old programmes         | 9           | 22.5 %        |
| n=40                            |             |               |

**Key to Strategies:**

- I = Growth Strategies
- II = Improving personnel out put
- III = Competitive advantage
- IV = New Sources of Revenue
- V = Setting Performance indicators
- VI = acquiring more capacity to do your work
- VII = Stopping Programmes
- VII = Starting New Programmes

#### 4.2.4 Budgets levels:

Organization's resource will influence its decisions on programmes and operations. One element of organization resource is the level of funds available for its use. The budget level shows the funds an organization may deploy to attain its goal. Respondents were asked to state their annual budget for year 2000. Table 4a. and 4b. present results obtained.

**Table 4a. Clustering of NGO type with different budget levels around strategy type**

| Budget Range in'000000 Ksh. | No. of NGOs | Prop(%) clustering of NGO type with different budget levels around strategy type |   |    |     |    |    |    |     |      |
|-----------------------------|-------------|--|---|----|-----|----|----|----|-----|------|
|                             |             |  | I | II | III | IV | V  | VI | VII | VIII |
| Under 14                    | 10          | 26   | 7 | 4  | 2   | 4  | 4  | 7  | 3   | 8    |
| 15 – 30                     | 4           | 10   | 3 | 4  | 2   | 3  | 2  | 1  | 1   | 2    |
| 31 – 46                     | 13          | 32   | - | -  | -   | -  | -  | -  | -   | -    |
| 46 and above                | 13          | 32   | 7 | 10 | 4   | 6  | 10 | 9  | 4   | 10   |
| TOTAL                       | 40          | 100  |   |    |     |    |    |    |     |      |
|                             |             | %  |   |    |     |    |    |    |     |      |

The researcher established four levels of funding and aggregated responses into them. Totals in each level were clustered around each of the eight strategy types to determine which strategy was important. A Pearson's correlation was done to find out how different budget levels correlated with the different strategies. Table 4 summarizes the results. It shows that ten out of the forty NGOs which have lower than Kshs. 14 million yearly budgets, seven chose growth strategies, and seven chose acquiring more capacity to execute organization's mandate. At annual budget of less than Kshs.14 million, there was a high a relationship with growth strategies, the strategies of acquiring more capacity and starting new programmes. However, it appeared to have no relationship with competitive

advantage, only two organizations with this budget level chose competitive advantage. It appeared too to have a low relationship with stopping programmes as only three out of the ten organizations chose the strategy of stopping programmes.

Annual budget level of 15 - 30 Kshs. million appear to be closely related to improving personal output. It has a low relationship with acquiring more capacity and stopping programmes. Only one organization with this budget level chose the two strategies of acquiring more capacity and stopping programmes. Organization with annual budget level of over Kshs. 46 million chose the strategy of setting performance indicators, improving personal output and starting new programmes.

Table 4a and 4b present the yearly budget range of NGOs in relief and development operating in Kenya. It shows that a budget of under Kshs 14 million have negative correlation with strategy of improving personnel out put at  $-.434$ . The same budget range is correlated with the strategy for setting performance indicators at  $-.301$ . There is a very low correlation between this budget range of under Kshs.14 million and stopping programmes strategy.

The budget range of Kshs.15-30 million and strategy of improving personnel output exhibit high positive correlation at  $.295$ . The same is true for strategy of getting new sources of revenue at  $.224$ . Within this budget range, the strategy of acquiring more capacity for work on the other hand is significantly negatively correlated at  $-.328$ . The strategy Stopping

programmes appear to have very low correlation with the budget range of Kshs. 15-30 million.

With a budget level of above Kshs.46 million a correlation with a strategy of competitive advantage is insignificant while there is high correlation between strategy of setting performance indicator and this budget level at .346.

**Table 4b. Strategy type and budget level Correlation**

| Budget Range | No. of NGOs | Proportion (%) | Strategy type and budget level Correlation |       |       |       |       |       |       |       |
|--------------|-------------|----------------|--|-------|-------|-------|-------|-------|-------|-------|
|              |             |                | I  | II    | III   | IV    | V     | VI    | VII   | VIII  |
| Under 14     | 10          | 26 %           | .112                                       | -.434 | -.162 | -.125 | -.301 | .112  | .071  | .104  |
| 15 – 30      | 4           | 10 %           | .014                                       | -.295 | .186  | .224  | -.079 | -.328 | .009  | -.229 |
| 31 – 46      | 13          | 32 %           | -  | -     | -     | -     | -     | -     | -     | -     |
| 46 and above | 13          | 32 %           | -.182                                      | .210  | .024  | -.038 | .346  | .125  | -.063 | .063  |
| Total        | 40          | 100            |  |       |       |       |       |       |       |       |

#### 4.1.4 Desired means of communication

To ascertain the means of communication and appreciate the state of technology in the NGO sector, a list was provided containing various channels of communication. The respondents were asked to rate the use of channels on a scale of 1 to 5, 1 denoting no use at all and 5 denoting very frequently used. The outcome is summarized in Table 6. It points out that face to face (mean 4.25) is the most important means of communication. This is followed by use of telephone (mean 4.10) and Internet (mean 4.06).



Twenty organizations indicated that they use face to face communication more often than any other means of communication, The use of the telephone too was indicated as very important by 22 organizations the same number picked internet. A correlation analysis shows Radio to be positively correlated to two strategies highly. It is positively correlated to the strategy of getting new sources of revenue at .310 and improving personal output at .213. There appears to be no correlation between the strategy of starting new programmers and the use of radio.

The strategy of getting for new revenue is weakly correlated to print media (correlation .001). Starting new programmes as strategy is however negatively correlated to print media at -. 250. Teleconferencing is weakly correlated to the strategy of acquiring competitive advantage at .040 but is negatively correlated to setting performance indicators (-. 350) and starting new programmes at -. 410.

Telephone use is positively correlated to growth strategies at .300 and the strategy of acquiring more capacity at .293 but weakly correlated to setting performance indicators at .002. Internet and Intranet are both positively correlated to the strategy of improving personnel output at .303 and .362 respectively and very weakly correlated to the strategy of stopping programmes.

**Table 5: Strategy and means of communication correlation**

| Means of Communication | No. of NGOs   |   |                |    |    | Mean | Strategy and means of communication correlation |       |       |       |       |       |       |       |
|------------------------|---------------|---|----------------|----|----|------|---|-------|-------|-------|-------|-------|-------|-------|
|                        | Not Important |   | very Important |    |    |      | I   | II    | III   | IV    | V     | VI    | VII   | VIII  |
|                        | 1             | 2 | 3              | 4  | 5  |      |   |       |       |       |       |       |       |       |
| Radio                  | 12            | 7 | 16             | 1  | 0  | 2.17 | .143  | .213  | .141  | .310  | -.164 | -.127 | -.104 | .024  |
| Print Media            | 5             | 4 | 8              | 10 | 8  | 3.34 | .123  | .180  | .196  | .007  | -.184 | .186  | -.250 | -.013 |
| Teleconferencing       | 17            | 7 | -              | -  | 1  | 1.44 | -.204   | -.110 | .040  | -.174 | -.350 | .192  | -.225 | -.410 |
| Face to face           | 2             | - | 5              | 9  | 20 | 4.25 | .210  | .146  | .014  | .000  | -.149 | -.111 | .251  | -.087 |
| Television             | 9             | 2 | 9              | 5  | 5  | 2.74 | -.031   | -.074 | .133  | .149  | .037  | .200  | .056  | .095  |
| Phone                  | 2             | 3 | 3              | 9  | 22 | 4.18 | .300  | .083  | -.007 | .165  | .002  | .278  | -.084 | .032  |
| Internet               | 2             | 3 | 7              | 6  | 22 | 4.06 | .135  | .303  | -.086 | -.097 | .262  | .089  | .115  | .131  |
| Intranet               | 8             | 1 | 3              | 3  | 6  | 2.96 | .008  | .362  | .036  | -.167 | .152  | .072  | .032  | -.099 |
| n=40                   |               |   |                |    |    |      |   |       |       |       |       |       |       |       |

The results show that face to face communication is not correlated at all to the strategy of getting new sources of revenue but is positively correlated to growth strategies significantly at .210 and the strategy of stopping programmes.

The high use of phone (mean 4.18) and face to face communication (mean 4.25) suggest a high value put on spoken word in information transfer in the NGO sector. It implies that personal communication is preferred to other channels of communication that place more value on Information than the people communicating. The growth of Internet may be attributed to breadth of networking which encompasses not only organization in Kenya but in the West too.

#### 4.2.6 Proportion of university graduate staff

The level of university graduate proportion in an organization would indicate the level of knowledge resident in organization that it can use to execute a chosen strategy. It would indicate among other things training requirement, readiness to operate in unstructured environment and the complexity of operations the organization may undertake. The researcher asked the respondents to give the total employees with different education and training. University graduate percentage was then worked out of the total employment workforce. Five levels were pre established against which the respondents were scored. The total in each level was then clustered around each of the eight-strategy type to relate to each strategy the various levels of university graduate proportion.

Table 7. shows that the majority of NGOs have a high proportion of university graduates being between 21-40 percent of their total staff. This represented 27.5% of the NGOs. Only 2 percent of organizations have over 80 percent of their staff with University qualification. Table 7 shows that under 20 percent of the employees holding university graduate qualification is related to the strategy of setting performance indicators and starting new programmes. When the percentage is 21-40, 8 out of 11 choose growth strategy. Seven out of 11 choose improving personnel output and 7 out of 11 choose strategy of getting new sources of revenue. There appears to be no relationship between the strategy of stopping programmes and employing between 21-40 percent of your staff with graduate qualification.

When an NGO employs between 41-60 percent of its employees with graduate qualification, they are likely to be employing the strategy of starting new programmes (8). The same is true for employing between 61-80 percent of university graduates in your staff. The low numbers of

graduate proportion at above 80% of employees being graduate may be a reflection of the cost of employment that may not be sustained by the NGOs. The attractiveness of the NGO as an employer could also affect the number of graduates seeking employment in this sector.

**Table 6a: Clustering of NGOs with different graduate proportion around certain strategy types**

| Proportion of Graduate in Staff | No. of NGOs | Proportion (%) | Clustering of NGOs with different graduate proportion around certain strategy types |    |     |    |   |    |     |      |
|---------------------------------|-------------|----------------|---|----|-----|----|---|----|-----|------|
|                                 |             |                | I   | II | III | IV | V | VI | VII | VIII |
| Under 20                        | 5           | 12.5%          | 3   | 2  | -   | 2  | 4 | 3  | 1   | 5    |
| 21--40                          | 11          | 27.5%          | 8   | 7  | 5   | 7  | 5 | 6  | 2   | 6    |
| 41--60                          | 9           | 22.5%          | 7   | 7  | 3   | 4  | 5 | 7  | 4   | 8    |
| 61--80                          | 9           | 22.5%          | 2   | 5  | 3   | 3  | 5 | 6  | 2   | 6    |
| 80 and above                    | 2           | 5 %            | 2   | 2  | -   | 1  | 2 | 2  | -   | 2    |
| Missing data                    | 4           | 10 %           | -   | -  | -   | -  | - | -  | -   | -    |
| TOTAL                           | 40          | 100            |   |    |     |    |   |    |     |      |

A correlation analysis show that the under 20% proportion of staff with university qualification is negatively correlated to competitive advantage strategy at -.266 but it is positively correlated to the strategy of starting new programmes at .232. The proportion of university graduate staff of between 21%-40% is positively correlated to the strategy of acquiring competitive advantage strategy at .215 and getting new revenue at .214. This proportion is negatively correlated at -.313 when analyzed against strategy of starting new programmes. At between 41%-60% percentage of staff having university qualification there is a positive correlation of .259 when analyzed against starting new programmes.

The study shows that 61 – 80 percent proportion of staff being graduates is negatively correlated to growth strategies at -.461 and that it does not have any relationship with the strategy of acquiring more capacity to carry on the organizations mandate.

**Table 6b: Strategy type and graduate proportion correlation.**

| Proportion of Permanent Staff | No. of NGOs | Proportion (%) | Strategy type and graduate proportion correlation. |       |       |       |       |       |       |       |
|-------------------------------|-------------|----------------|--|-------|-------|-------|-------|-------|-------|-------|
|                               |             |                | I  | II    | III   | IV    | V     | VI    | VII   | VIII  |
| Under 20                      | 5           | 12.5%          | -.009  | -.200 | -.266 | -.058 | .156  | -.057 | -.046 | .232  |
| 21-40                         | 11          | 27.5%          | .158   | -.003 | .215  | .218  | -.213 | -.171 | -.104 | -.313 |
| 41 – 60                       | 9           | 22.5%          | -.197  | .167  | .035  | -.032 | -.066 | .136  | .259  | .185  |
| 61-80                         | 9           | 22.5%          | -.461  | -.100 | .035  | -.161 | .066  | .000  | -.037 | -.111 |
| 80 and above                  | 2           | 5%             | .193   | .182  | -.161 | .013  | .034  | .171  | -.140 | .140  |
| Missing data                  | 4           | 10%            | -  | -     | -     | -     | -     | -     | -     | -     |
| TOTAL                         | 40          | 100%           |  |       |       |       |       |       |       |       |

#### 4.2.7 Proportion of permanent staff

Five levels of permanent staff were pre established by the researcher and respondents were scored against each of the levels. The total score in each level were clustered against each of the eight strategies strategy types. The study shows that the preferred of level of permanent staff proportion is between 80. %. This was scored by 30% of the NGOs. The lowest proportion is 41-60 % scored 7.5%.

In all categories of level of permanent staff, there appear to be a high relationship with the strategy of starting new programmes. All the four organizations that had under 20% of their employees as permanent staff preferred the strategy of starting new programmes. All

organizations that chose 41-60 percent also chose starting new programmes as the strategy, they were following. The same is true for organizations, which chose 61-80 percentage as preferred proportion of the permanent staff.

The strategy of acquiring competitive advantage does not appear to be related to most level of permanent staff maintained by the NGOs except for level between 61-80 percent proportion. As this level there appears to have a slight relationship (4 out of 9). There appears to be a significant relationship 61-80 percent level of permanent staff with competitive advantage (8 out of 9).

**Table 7a: Clustering of NGOs with different proportion of permanent staff around certain strategy types.**

| Graduate Proportion | No. of NGOs | Proportion (%) | Clustering of NGOs with different proportion of permanent staff around certain strategy types. |    |     |    |   |    |     |      |
|---------------------|-------------|----------------|--|----|-----|----|---|----|-----|------|
|                     |             |                | I  | II | III | IV | V | VI | VII | VIII |
| Under 20            | 4           | 10 %           | 2  | 1  | -   | 3  | 3 | 3  | 1   | 4    |
| 21 - 40             | 6           | 15 %           | 6  | 4  | 1   | 4  | 3 | 4  | -   | 4    |
| 41 - 60             | 3           | 7.5 %          | -  | 1  | 1   | -  | 1 | 2  | -   | 3    |
| 61 - 80             | 9           | 22.5 %         | 7  | 8  | 4   | 5  | 4 | 6  | 4   | 9    |
| 80 and above        | 12          | 30 %           | 7  | 7  | 3   | 4  | 8 | 8  | 3   | 9    |
| Missing             | 6           | 15 %           | -  | -  | -   | -  | - | -  | -   | -    |
| Total               | 40          | 100%           |  |    |     |    |   |    |     |      |

When correlated with a select group of strategies the following situation emerged. The factor of under 20% of your employees being permanent is negatively correlated to improving the strategy of personnel output at 0.267 but positively related to the strategy of getting new sources of revenue at 0.228. When the proportion of permanent staff is under 20%, there appear to be no relationship with the strategy of stopping programmes.

The proportion of 21-40 percent is significantly related to growth strategies (.343). When the percentage of permanent staff is between 41-60 percent there is a high significant correlation with growth strategies (.381) and a high significant correlation (positive) with strategy starting new programmes (.524). At 61 - 80 percent proportion there appear to be to a high positive correlation of improving personnel output (.321) and starting new programmes at (.321).

**Table 7b: Permanent Staff and strategy type correlation**

| Graduate Proportion | No. of NGOs | Proportion (%) | Permanent Staff and strategy type correlation |       |       |       |       |       |       |       |
|---------------------|-------------|----------------|---|-------|-------|-------|-------|-------|-------|-------|
|                     |             |                | I   | II    | III   | IV    | V     | VI    | VII   | VIII  |
| Under 20            | 4           | 10 %           | -.087   | -.267 | -.212 | .223  | .128  | -.092 | .005  | .197  |
| 21 - 40             | 6           | 15 %           | .343  | .041  | -.103 | .208  | -.060 | .041  | -.249 | -.092 |
| 41 - 60             | 3           | 7.5 %          | .381  | -.197 | .042  | -.259 | -.140 | .028  | -.168 | .524  |
| 61 - 80             | 9           | 22.5 %         | .183  | .312  | .222  | .141  | -.141 | -.053 | .266  | .321  |
| 80 and above        | 12          | 30 %           | -.055   | -.055 | -.032 | -.139 | .139  | .064  | .011  | -.139 |
| Missing             | 4           | 10 %           | -   | -     | -     | -     | -     | -     | -     | -     |
| Total               | 40          | 100%           |   |       |       |       |       |       |       |       |

The results suggest that a high proportion of permanent staff in an organization is related to more complicated strategy types like starting new programmes, the strategy of growth, Improving personnel out put and Setting performance indicators. These are long term programmes requiring more capital out lay and human resource capacity, which would not be developed or acquired if short-term employment strategy was followed. Low Permanent tenure inhibits the organization from carrying out these strategies.

#### 4.2.8 Average age of management

The researcher worked out a categorization of average age and then the respondents were asked to indicate under which category their average management lay. The total score in each category was then analyzed on how they clustered around each of the eight strategy types. Table 8. shows the results. At 31-40 age group, the strategy of choosing new programmes is chosen by 15 out of the 20 organizations that employ management with ages between 31-40.

For those whose average age group is between 41-50 years thirteen out of sixteen organization chose the strategy of starting new programmes. Management age seems to be unrelated to the strategy of stopping programmes. Only five out of twenty organizations that employ management staff averaging between 41-50 chose the strategy of stopping programmes. Only four out of sixteen of the organizations that chose to employ management between the ages of 51-60 chose the strategy of stopping programmes.

Table 8a and 8b show that management is composed of relatively young managers. This allows long-term projects to be undertaken. The younger managers are easily trainable and do not hate change. They also take more risky programmes and investments. However the age between 30-40 is relatively mature and one may not fear the recklessness of youth creeping in decision making and clouding management judgement. A lower percentage of age group between 51-60 years shows that less resistance to change may be expected in the management of NGOs dealing with relief and development in Kenya.



**Table 8a: Clustering of NGOs with different management age of staff around certain strategy types.**

| Age of Management | No. of NGOs | Proportion(%) | Clustering of NGOs with different age group staff around certain strategy types. |    |     |    |    |    |     |      |
|-------------------|-------------|---------------|--|----|-----|----|----|----|-----|------|
|                   |             |               | I  | II | III | IV | V  | VI | VII | VIII |
| Under 30          | 1           | 2.5 %         | -  | 1  | -   | -  | 1  | -  | -   | -    |
| 31 – 40           | 20          | 50 %          | 12   | 12 | 6   | 11 | 12 | 12 | 5   | 15   |
| 41 –50            | 16          | 40 %          | 12   | 10 | 6   | 5  | 8  | 11 | 4   | 13   |
| 51 – 60           | 1           | 2.5 %         | -  | -  | -   | 1  | 1  | 1  | -   | 1    |
| 61 and above      | 2           | 5 %           | -  | -  | -   | -  | -  | -  | -   | -    |
| Total             | 40          | 100 %         |  |    |     |    |    |    |     |      |

When correlated against chosen strategies organizations with management age under 30 had a negative relationship with starting new programmes (-. 295). This is also true for acquiring more capacity to realize the mandate of the organization (-. 215). At the ages between 31-40, there was a correlation at level of .218 with the strategy of new sources of revenue. When the age bracket is between 41-50 there is a negative correlation of -.231 when analyzed against new sources of revenue. The average management ages between 51-60 have a negative correlation of -. 204 against growth strategies and strategy of improving personnel output.

**Table 8b: Strategy type and Average management age correlation.**

| Age of Management | No. of NGOs | Proportion(%) | Strategy type and Average management age correlation |       |       |       |       |       |       |       |
|-------------------|-------------|---------------|--|-------|-------|-------|-------|-------|-------|-------|
|                   |             |               | I  | II    | III   | IV    | V     | VI    | VII   | VIII  |
| Under 30          | 1           | 2.5 %         | -.204  | .133  | -.112 | -.148 | .140  | -.215 | -.092 | -.295 |
| 31 – 40           | 20          | 50 %          | -.011  | -.011 | -.036 | -.218 | .045  | -.069 | .033  | -.033 |
| 41 –50            | 16          | 40 %          | .143   | .034  | .109  | -.231 | -.136 | .099  | .026  | .099  |
| 51 – 60           | 1           | 2.5 %         | -.204  | -.204 | -.112 | .183  | .140  | .126  | -.092 | .092  |
| 61 and above      | 2           | 5 %           | -  | -     | -     | -     | -     | -     | -     | -     |
| Total             | 40          | 100 %         |  |       |       |       |       |       |       |       |

### 4.3 Scope:

#### 4.3.1 Introduction

Under scope the main subjects of relief and development organizations is presented. Also presented are the specific objectives followed by the NGOs.

A list was constructed containing subject matter for relief and development organizations.

The respondents were asked to pick the subject mater of their organizations. The total score on each subject matter was then clustered around the eight strategy types to find out how those who chose a subject also chose a strategy type. A correlation analysis was done to bring out the direction of the relationship between the subject matter and strategy type. Table 9a, 9b, 10a and table 10b present the findings.

### 4.3.2 NGOs Scope in Kenya

The most frequently chosen strategy is that of starting new programmes. Funding is highly related to the strategy of starting new programmes (7 out of 15). The other theme that appears to employ the strategy of starting new programmes highly is business development (7 out of 9). Similarly, conflict resolution (15 out of 20), Democratization (12 out of 14), human rights (17 out of 23), labour all, trade and commerce all, education (13 out of 20), youth and children (16 out of 21) and research (8 out of 12) also use the strategy of starting new programmes. Funding appears to require growth strategies (7 out of 9), democratization (11 out of 14) education (13 out of 20), environment (8 out of 11) and policy (7 out of 11).

Human right is the preoccupation of 57% of the NGOs. Youth and gender issues follow at 52%. This portrays the role of NGOs as agents of change on behalf of a particular group or section of the society. Often the existence of this group (disadvantaged) is perpetuated by a social system in which profit firms and government organizations are major players. The NGOs then becomes the “third force” for the sector of the society that appears left out. Women and children are most hit by poverty. The political organization of Kenya has increasingly come under criticism for not measuring up to expected democratic ideals prompting many organizations to form to champion human right issues. Humanitarian relief organizations have sprung up in Kenya too because of natural causes like lack of rain causing famine in North-Eastern Kenya, Western, some parts of central Kenyan and Nyanza. There have been man made disasters in the region like wars in Uganda, Burundi, Rwanda, Somali and Democratic republic of Congo. This last point explains the high existence of conflict resolution. Labour,

trade, business development, funding and energy ranked very low at energy 5%, most NGOs do not consider issue of business as a significant part of their mandate in Kenya.

The tables below show that improving personnel output is related more to business development (7 out of 9), human rights (16 out of 23) and labour (100%). The setting of performance indicators relate highly with, research (8 out of 12), humanitarian relief (8 out of 15), and human rights advocacy (14 out of 23). Some strategies do not seem to relate to the strategies considered in the material manner. Stopping programmes do not appear to relate with funding (2 out of 9), business development (2 out of 9), economic reform (1 out of 10), policy studies (2 out of 10) and research (1 out of 12). Environment as a scope does not seem to relate to the strategy of competitive advantage. Trade and commerce (1 out of 4) labour too do not seem to relate to accessing new sources of revenue (1 out of 4).

**Table 9a: Clustering of NGOs with different subject matter around strategy types**

| Subject Matter         | No. of NGOs | Proportion (%) | Clustering of NGOs with different subject matter around strategy types |    |     |    |    |    |     |      |
|------------------------|-------------|----------------|--|----|-----|----|----|----|-----|------|
|                        |             |                | I  | II | III | IV | V  | VI | VII | VIII |
| Humanitarian Relief    | 15          | 37 %           | 8  | 8  | 4   | 9  | 8  | 11 | 4   | 11   |
| Finding                | 9           | 22 %           | 7  | 6  | 3   | 4  | 5  | 5  | 2   | 7    |
| Business /Development  | 9           | 22 %           | 4  | 7  | 3   | 5  | 8  | 7  | 2   | 7    |
| Conflicts Resolution   | 20          | 50 %           | 10   | 10 | 6   | 7  | 10 | 12 | 6   | 15   |
| Democratization        | 14          | 35 %           | 11   | 10 | 5   | 8  | 9  | 10 | 2   | 12   |
| Human Right Advocacy   | 23          | 57 %           | 13   | 16 | 8   | 12 | 13 | 14 | 5   | 17   |
| Information Technology | 5           | 12.5 %         | 3  | 2  | -   | -  | 4  | 3  | -   | 3    |
| Labour                 | 4           | 10 %           | 2  | 4  | 2   | 1  | 3  | 2  | 1   | 3    |
| Trade and Commerce     | 4           | 10 %           | 2  | 2  | 1   | 2  | 1  | 1  | 2   | 4    |
| Water and Sanitation   | 9           | 22 %           | 7  | 7  | 3   | 7  | 6  | 8  | 2   | 8    |
| Economic reforms       | 10          | 25 %           | 6  | 5  | 2   | 6  | 5  | 6  | 1   | 8    |
| Education              | 20          | 50 %           | 13   | 12 | 5   | 9  | 11 | 13 | 6   | 17   |
| Energy                 | 2           | 5 %            | 2  | 2  | 1   | 2  | 2  | 2  | -   | 2    |
| Environment            | 11          | 27 %           | 7  | 8  | -   | 5  | 8  | 9  | 1   | 8    |
| Good governanace       | 14          | 35 %           | 10   | 9  | 5   | 8  | 8  | 9  | 3   | 12   |
| Youth and children     | 21          | 52 %           | 16   | 14 | 7   | 11 | 12 | 15 | 6   | 18   |
| Population and Health  | 17          | 42%            | 13   | 12 | 5   | 11 | 12 | 14 | 2   | 14   |
| Gender Issues          | 21          | 52 %           | 15   | 15 | 6   | 10 | 12 | 14 | 5   | 17   |
| Policy Studies         | 10          | 25 %           | 7  | 5  | 3   | 5  | 4  | 6  | 2   | 9    |
| Communication          | 10          | 25 %           | 7  | 6  | 3   | 4  | 5  | 6  | 3   | 8    |
| Research               | 12          | 30 %           | 6  | 8  | 5   | 5  | 8  | 7  | 1   | 7    |
| Counselling            | 8           | 20 %           | 4  | 4  | -   | 2  | 4  | 5  | 2   | 6    |
|                        | n=40        |                |  |    |     |    |    |    |     |      |

**Table 9b: Scope**

| Subject Matter        | No. of NGOs | Proportion (%) | Strategy type/Average management ages correlation |       |       |       |       |       |       |       |
|-----------------------|-------------|----------------|---|-------|-------|-------|-------|-------|-------|-------|
|                       |             |                | I   | II    | III   | IV    | V     | VI    | VII   | VIII  |
| Humanitarian Relief   | 15          | 37 %           | -.075   | -.075 | .006  | -.034 | -.031 | .170  | .111  | -.006 |
| Finding               | 9           | 22 %           | .209  | .086  | .062  | .009  | -.009 | -.098 | .023  | .043  |
| Business              | 9           | 22 %           | -.162   | .209  | .062  | .132  | .359  | .156  | .023  | .043  |
| /Development          |             |                |   |       |       |       |       |       |       |       |
| Conflicts Resolution  | 20          | 50 %           | -.187   | -.107 | .041  | -.178 | -.133 | -.088 | .241  | .015  |
| Democratization       | 14          | 35 %           | .298  | .189  | .125  | .205  | .114  | -.115 | .195  | -.012 |
| Human Right           | 23          | 57 %           | -.060   | .258  | .175  | .208  | .003  | -.081 | .036  | -.012 |
| Advocacy              |             |                |   |       |       |       |       |       |       |       |
| Information           | 5           | 12.5 %         | -.148   | .008  | -.240 | -.337 | .182  | -.033 | -.195 | -.126 |
| Technology            |             |                |   |       |       |       |       |       |       |       |
| Labour                | 4           | 10 %           | -.062   | .282  | .164  | -.127 | .127  | -.099 | -.038 | .005  |
| Trade and Commerce    | 4           | 10 %           | -.062   | -.062 | -.024 | .044  | -.214 | -.276 | .247  | .199  |
| Water and Sanitation  | 9           | 22 %           | .209  | .209  | .062  | .378  | .113  | .283  | .023  | .182  |
| Economic reforms      | 10          | 25 %           | .012  | -.107 | -.107 | .194  | -.076 | -.050 | -.153 | .076  |
| Education             | 20          | 50 %           | .126  | .021  | -.073 | -.029 | -.029 | .019  | .241  | .250  |
| Energy                | 2           | 5 %            | .194  | .194  | .113  | .264  | .204  | .174  | -.118 | .137  |
| Environment           | 11          | 27 %           | -.059   | .175  | -.393 | .024  | .206  | .231  | -.177 | -.023 |
| Good governanace      | 14          | 35 %           | .189  | .081  | .125  | .205  | .011  | .003  | .017  | .195  |
| Youth and children    | 21          | 52 %           | .378  | .169  | .123  | .191  | .016  | .165  | .216  | .281  |
| Population and Health | 17          | 42%            | .313  | .208  | .024  | .374  | .251  | .334  | -.190 | .161  |
| Gender Issues         | 21          | 52 %           | .273  | .273  | .009  | .088  | .016  | .058  | .088  | .163  |
| Policy Studies        | 10          | 25 %           | .132  | -.107 | .023  | .076  | -.194 | -.050 | -.007 | .210  |
| Communication         | 10          | 25 %           | .132  | .012  | .023  | -.043 | -.076 | -.050 | .138  | .076  |
| Research              | 12          | 30 %           | -.122   | -.104 | .199  | -.026 | .138  | -.080 | -.201 | -.245 |
| Counselling           | 8           | 20 %           | -.093   | -.093 | -.318 | -.190 | -.066 | -.017 | .056  | .007  |
|                       | n=40        |                |   |       |       |       |       |       |       |       |

Table 10a indicates that funding is positively correlated to growth strategies and very lowly related to strategies of competitive advantage and those that related to new sources of revenue.

For business development, there exist positive correlation with setting performance indicators and improving personnel output at .359 and .209 respectively. Conflict resolution has a positive correlation with strategy of stopping programmes. It is weakly correlated with the strategy of acquiring competitive advantage. Democratization is positively correlated with growth strategies at .298.

Human right and labour are positively correlated to improving personal output at .258 and .282 respectively. Information Technology has a positive correlation with competitive advantage at .240. Environmental concern negatively correlates (-. 393) with competitive advantage strategy. Information technology, water / sanitation and energy have positive correlation of .337, .378 and .264 respectively. Education too has a high correlation with strategy of starting new programmes at .250. However, it appears that economic reforms have a very low correlation with growth strategy (.012) and so is labour with starting new programmes.

Youth / children, population/health and Gender issues had high correlation with growth strategies at .378, .313 and .273 while good governance and population / health showed a high correlation with new sources of revenue at .205 and .374 respectively.

Lastly, it appears that good governance has low correlation with acquiring more capacity to carry out organization mandate while population and health themes have a high correlation of .334 against the same strategy.

The results suggest that scope of the organization is linked to strategy type. Funding for instance is related more to resource related strategies. The growth of activities of NGOs in Kenya directly relates to the state of quality of life and whether at present this quality of life can be sustained or improved. When this feeling is lacking, NGOs form. In Kenya it appears like more NGO intervention is required explaining the prevalence of Strategy types of starting new programmes, growth, improving personnel out and setting performance indicators that would assist the organization achieve success in their scope

#### 4.3.2 Objectives

Table 10a. illustrates the objectives set by NGO in relief and development. At 72% networking is the most important objective. The reasons why networking is so prominent may be that many organizations run on low budget and have to stretch resources. In addition, the problem is complex and huge. A single organization would not offer adequate solution. Information dissemination and lobbying are objectives that further networking. They improve the chances of solution being delivered from various angles and by many protagonists. The major subject of the relief and development NGOs is agency work on behalf of and for a section of the community would agree with objectives of being the mouthpiece of a disadvantaged group. It encourages a common front. Objectives of lobbying at 55% and those of information and dissemination at 60% fall in this category. Starting new programmes positively relate to most objectives. Against development research (12 out of 16) information dissemination (21 out of 25), capacity building (23 out of 25) lobbying, (18 out of 22) and advocacy (23 out of 24). The strategy of acquiring more capacity is related to network (20 out of 29), capacity building (8 out of 25), and delivery of specific service (11 out of 13) and pressure campaign (8 out of 12).



Improving personnel output seem to be applied more in lobbying (16 out of 25), policy research (12 out of 12) advocacy (20 out of 24). Advocacy programmes require the use of growth strategies (19 out of 20). The table also suggests that some objectives are not related to strategic choices considered. Conflict resolution and pressure campaigns do not seem to relate to competitive advantage. The strategy of stopping programmes too is not related to pressure campaign, conflict resolution, development research and delivery of specific services.

**Table 10a: Clustering of NGOs with different objectives around strategy types**

| Objectives                    | No of NGOs | Proportion (%) | Clustering of NGOs with different objectives around strategy types |    |     |    |    |    |     |      |
|-------------------------------|------------|----------------|--|----|-----|----|----|----|-----|------|
|                               |            |                | I  | II | III | IV | V  | VI | VII | VIII |
| Development Research          | 16         | 40 %           | 10   | 10 | 7   | 10 | 9  | 11 | 2   | 12   |
| Information Dissemination     | 25         | 60 %           | 17   | 17 | 8   | 14 | 14 | 17 | 5   | 21   |
| Network                       | 29         | 72 %           | 18   | 18 | 9   | 16 | 16 | 20 | 5   | 23   |
| Capacity Building             | 25         | 62 %           | 17   | 19 | 9   | 12 | 14 | 18 | 7   | 20   |
| Medication and dialogue       | 15         | 37 %           | 9  | 9  | 6   | 7  | 8  | 9  | 5   | 13   |
| Delivery of specific services | 13         | 32 %           | 7  | 8  | 7   | 6  | 8  | 11 | 3   | 10   |
| Conflict analysis             | 14         | 35 %           | 7  | 7  | 5   | 6  | 9  | 8  | 4   | 11   |
| Lobbying                      | 22         | 55 %           | 14   | 16 | 7   | 10 | 13 | 14 | 6   | 18   |
| Policy Research               | 17         | 42 %           | 11   | 12 | 6   | 9  | 10 | 9  | 5   | 14   |
| Grass root Organising         | 24         | 60 %           | 14   | 15 | 6   | 12 | 15 | 16 | 6   | 18   |
| Pressure campaigns            | 12         | 30 %           | 8  | 7  | 3   | 6  | 7  | 8  | 2   | 10   |
| Advocacy                      | 24         | 60 %           | 19   | 20 | 8   | 15 | 17 | 18 | 6   | 23   |
|                               | n=40       |                |  |    |     |    |    |    |     |      |

Capacity building and grassroots development fall in place. The sector of the community that is disadvantaged now may have to eventually fight for quality of life by itself without depending on mere good will of other sectors in the society.

Conflict resolution, mediation also feature significantly because of the peace efforts currently required to address the wars in the great lakes region which includes Burundi, Rwanda, Somali, and Democratic Republic of Congo. There have been internal problems in Kenya too and a prolonged civil war in Uganda necessitating peace and conflict mediation.

It would appear from Table 10b. that the objective of capacity building was positively related with strategy of improving personnel output at .422. The objective of lobbying is correlated at .287 and advocacy at .356. Development research is positively related with competitive advantage strategy at .245.

New sources of revenue as a strategy are positively related to development research (.287), information dissemination (.328) network (.332) and advocacy (.263). However, it seems to be not related to mediation and dialogue (.008). Delivery of specific service as an objective was positively relate to strategy of getting new sources of revenue (.285) but the same objective was poorly correlated to strategy of stopping programmes at (.010).

Development research is not related at all to strategy of starting new programmes. The same is true for grass root organizing (000) but objectives of Advocacy and information dissemination are positively correlated to strategy of starting new programmes at .252 and .354 respectively.

**Table 10b: Objectives**

| Objectives                    | No of NGOs | Proportion (%) | NGOs Objective and strategy type correlation |      |       |       |       |       |       |      |
|-------------------------------|------------|----------------|--|------|-------|-------|-------|-------|-------|------|
|                               |            |                | I  | II   | III   | IV    | V     | VI    | VII   | VIII |
| Development                   | 16         | 40 %           | .042   | .042 | .245  | .287  | -.021 | .064  | -.19  | .000 |
| Research                      |            |                |  |      |       |       |       |       |       |      |
| Information                   | 25         | 60 %           | .271   | .271 | .089  | .328  | -.021 | .150  | -.049 | .354 |
| Dissemination                 |            |                |  |      |       |       |       |       |       |      |
| Network                       | 29         | 72 %           | .069   | .069 | .039  | .332  | -.076 | .135  | -.204 | .162 |
| Capacity Building             | 25         | 62 %           | .211   | .422 | .169  | .078  | -.039 | .189  | .170  | .149 |
| Medication and dialogue       | 15         | 37 %           | -.025  | .016 | .158  | .008  | -.049 | -.068 | .192  | .183 |
| Delivery of specific services | 13         | 32 %           | -.087  | .022 | .361  | .016  | .057  | .285  | .010  | .031 |
| Lobbying                      | 22         | 55 %           | .082   | .287 | .044  | -.010 | .036  | -.032 | .126  | .174 |
| Policy Research               | 17         | 42 %           | .083   | .186 | .099  | .137  | .023  | -.217 | .142  | .146 |
| Gross Organisation            | 24         | 60 %           | -.042  | .063 | -.134 | .123  | .123  | .043  | -.091 | .000 |
| Pressure campaigns            | 12         | 30 %           | .089   | .022 | .071  | .066  | .011  | .023  | -.073 | .126 |
| Advocacy                      | 24         | 60 %           |  | .356 | -.048 | .263  | .099  | -.023 | -.039 | .252 |
|                               | n=40       |                |  |      |       |       |       |       |       |      |

#### 4.4. Making strategic choices

The act of making strategic choice is complex and has many actors. Many factors come into play before an organization settles on a specific choice. Some of the factors are internal to the organization while others are external. The researcher considered additional internal factors in this section.

The mission statement dictates the pace, tone, content and complexity of strategic management. We examine the content of the mission statement to determine some of the forces

that influence strategic choice. It is also clear that structure plays a big influence on strategic choice (Koyio, 1999) and (Bwibo, 2000). Different parts of the organization structure like Board of directors, CEO, management and external factors like suppliers, others NGOs, government, other stakeholders like donors play a role in the eventual selection of which strategy an organization will select. The internal configurations too play a role in strategy selection.

#### **4.4.1 Content of mission statements.**

The researcher drew up a list of content of mission statement. Respondents were asked to state the content of their mission statement. These were analyzed against the list the researcher drew up. The total was then clustered around the eight strategy types to bring out possible association.

Table 11a. and 11b. show that mention of the peoples served and the kinds of service offered are considered most in drafting mission statement. 97% of the mission statements contain the type of service delivered by organization. 90% contained identification of the people served. This can be explained by the fact that the relief and development organizations exist for the people or the sector of the society it serves and not for itself. Thirty two percent mention geographical scope. The NGOs do not sell themselves aggressively neither are they more concerned about internal factors as objects of strategy. This is explained by poor showing of technology at 2.5% and public relations at 7.5%. A sizeable number think of their philosophy as an important aspect of their strategy and include it in their mission statement.

**Table 11A: Clustering of NGOs Mission content around strategy types.**

| Factor                | Clustering of NGOs Mission content around strategy types |    |     |    |    |    |     |      | No.of NGOs | Proport ion (%) |
|-----------------------|--|----|-----|----|----|----|-----|------|------------|-----------------|
|                       | I  | II | III | IV | V  | VI | VII | VIII |            |                 |
| People served         | 22   | 22 | 10  | 16 | 20 | 22 | 8   | 27   | 36         | 90 %            |
| Name of service       | 24   | 24 | 12  | 18 | 22 | 25 | 9   | 29   | 39         | 97 %            |
| Geographic scope      | 10   | 11 | 3   | 9  | 9  | 8  | 4   | 12   | 13         | 32 %            |
| Technology            | 1  | 1  | -   | -  | 1  | 1  | 0   | 1    | 1          | 2.5 %           |
| Concerns for survival | 2  | 3  | 1   | 1  | 3  | 3  | 0   | 2    | 3          | 7.5 %           |
| Philosophy            | 9  | 9  | 2   | 6  | 9  | 9  | 3   | 10   | 12         | 30 %            |
| Public image          | 3  | 3  | 1   | 2  | 3  | 3  | 1   | 1    | 3          | 7.8 %           |
|                       |  |    |     |    |    |    |     |      | .n=40      |                 |

**Table 11b: Mission related factors.**

| Factors                  | Contents of NGOs mission and Strategy type correlation |      |       |       |       |       |       |       | No of<br>NGO | Prop<br>(%) |
|--------------------------|--|------|-------|-------|-------|-------|-------|-------|--------------|-------------|
|                          | I  | ii   | iii   | iv    | V     | Vi    | Vii   | Viii  |              |             |
| People served            | .608   | .068 | -.145 | -.034 | .034  | .245  | .020  | 0     | 36           | 90 %        |
| Name of service          | .196   | .196 | .105  | .145  | .145  | -.118 | .086  | -.092 | 39           | 97 %        |
| Geographic scope         | .240   | .349 | -.105 | .338  | .338  | -.050 | .137  | .277  | 13           | 32 %        |
| Technology               | .131   | .131 | .021  | -.067 | -.145 | .118  | -.086 | .092  | 1            | 2.5 %       |
| Concerns for<br>survival | .089   | .232 | -.106 | -.145 | -.067 | .209  | -.153 | -.055 | 3            | 7.5 %       |
| Philosophy               | .200   | .200 | -.190 | .066  | .066  | .137  | .039  | .129  | 12           | 30 %        |
| Public image             | .232   | .232 | .021  | .124  | .124  | .209  | .074  | .164  | 3            | 7.8 %       |
|                          |  |      |       |       |       |       |       |       | .n=40        |             |

#### 4.4.2 Role of different functions in strategic choice:

Table 12a. Shows that management plays a higher role in strategic choice decisions in NGOs dealing with Relief and Development. 55% respondents chose management as the sub group in the structure that played a more significant role in strategy selection. The CEO (47%) and the board of directors (47%) followed. Even more surprising is the participation in strategy selection of other staff at 45%.

Two strategies are affected by distinct functions of the organization structure. The CEO's function appears to relate more to growth strategies (15 out of 19) and starting new programmes. The Board of directors appears to relate more to growth strategies (11 out of 17) and improving personnel output (12 out of 17).

**Table 12a: Role of Different Functions.**

| Function           | No of NGOs | Proportion (%) | NGOs with different functions clustered around strategy types |    |     |    |    |    |     |      |
|--------------------|------------|----------------|---|----|-----|----|----|----|-----|------|
|                    |            |                | I   | II | III | IV | V  | VI | VII | VIII |
| CEO                | 19         | 47 %           | 15  | 14 | 8   | 12 | 11 | 14 | 5   | 15   |
| Board of Directors | 17         | 42 %           | 11  | 12 | 5   | 10 | 11 | 8  | 3   | 12   |
| Management         | 22         | 55 %           | 21  | 22 | 10  | 17 | 21 | 21 | 6   | 25   |
| Other staff        | 18         | 45 %           | 14  | 14 | 5   | 9  | 12 | 13 | 6   | 15   |
|                    | n=40       |                |   |    |     |    |    |    |     |      |

The management seems to be highly related to the strategy of starting new programmes. Other functions of the structure are related to strategies of growth and improving personnel output. The category of the "other staff" include none management staff, advisory councils, consultants, professional associations and other interests groups.

None of these functions seems to relate to the strategy of stopping programmes. Out of nineteen organizations that chose the CEO as a strong factor in making strategic choice, four organizations chose the strategy of stopping programmes. Out of the seventeen organizations, which chose the Board of Directors only three chose stopping programmes. For management, six out of twenty-five organizations chose the strategy of stopping programmes.

Table 12b. shows that the CEO factor in strategic management is important in as far as growth strategy (.368), improving personnel output (.266) competitive advantage (.251) and getting new revenue at correlation of .347. Setting performance indicators is poorly correlated with the CEO factor at .088.

**Table 12b: Different functions in NGOs and strategy type correlation**

| Function           | No of NGOs | Proportion (%) | Different functions in NGOs and strategy type correlation |       |       |       |      |       |       |       |
|--------------------|------------|----------------|---|-------|-------|-------|------|-------|-------|-------|
|                    |            |                | I   | II    | III   | IV    | V    | VI    | VII   | VIII  |
| CEO                | 19         | 47 %           | .368  | .266  | .251  | .347  | .008 | .173  | .087  | .087  |
| Board of Directors | 17         | 42 %           | .057  | .208  | -.026 | .270  | .147 | -.312 | -.113 | -.076 |
| Management         | 22         | 55 %           | -.074   | -.108 | .036  | .165  | .244 | -.241 | -.240 | .005  |
| Other staff        | 18         | 45 %           | .266  | .266  | -.076 | -.045 | .109 | .068  | .207  | .087  |
|                    | n=40       |                |   |       |       |       |      |       |       |       |

The role of Board of Directors is positively related to the strategy of acquiring new sources of revenues and highly negatively correlated to the strategy of acquiring more capacity for the organization (-.312). This function appears to have low correlation with growth strategies (.057). Management role has a more positive correlation with strategy of setting performance indicators (.244). It has a very low relationship with the strategy of competitive advantage and strategy of starting new programmes.

There is a positive correlation for other staff with growth strategy and strategy of improving personnel output at .266. When considering acquiring new capacity in NGOs, "other staff" scored a very low correlation.

In a case where the board of directors is constituted, they are more of an advisory body than a policy centre of the organization. This explains the strong showing of the CEO and the management taking up the responsibilities which would have been the preserve of the Board of Directors in profit making firms. The finding also suggests where knowledge and competency lie in the NGOs, in the management. The management is more professionally qualified than



the advisory board whose composition and function is not strictly related to the core objectives of the organization.

#### **4.5. How strategy is chosen**

Table 13a. summarizes who suggests strategic decisions in the NGOs. Fifty two percent of the respondents indicated that strategic choice is made through analysis by management. Out of 40 organizations, 21 organizations reported that it was through analysis by management that is crucial in strategic choice. This was followed by negotiations by all stakeholders at 45%. The findings at 52% confirm generally the findings of this survey that management plays the most significant role in strategy selection (55%).

Negotiation by all stakeholders' show strongly because the support of all stakeholders is a required and is indeed crucial to successful completion of the programmes undertaken. For instance, the donors need to be convinced of the viability of the project before they release funds. The communities to be served are important in supporting the programmes agenda and personnel for effective utilization and timely implementation of project activities. The staff too needs to be convinced and motivated to perform to an expected level. Table 13a. shows who suggest strategy type for selection. Strategies dictated from outside seem to relate more with the strategy of acquiring more capacity to deliver on the organization mandate (8 out of 10) and starting new programmes (9 out of 10). The CEO function appears to relate more to strategies of growth (9 out of 14) and the strategy of starting new programmes (12 out of 14). Negotiation by stakeholders seem to strong when considering improving personnel output (11 out of 18) and starting new programmes (14 out of 18). Analysis by management appears to

relate to strategies of growth more, setting performance indicators and starting new programmes. It however seem that suggestions from outside the organization do not relate to strategies of competitive advantage (2 out of 10), and strategy of stopping programmes (3 out of 10). Boards of Directors do not have a high relation with strategies of acquiring competitive advantage stopping programmes.

Studies in motivation suggest that staff and other shareholders need to own activities of the organization. They also need to own the thinking. The poor show of dictation of strategy from outside the organization implies that it is more difficulty to implement a strategy that is commanded by external forces.

**Table 13a: Clustering of different NGOs Strategy source and strategy type.**

| Some sources of strategy           | No. of NGOs | Proportion % | Clustering of different NGOs Strategy source and strategy type. |    |     |    |    |    |     |      |
|------------------------------------|-------------|--------------|---|----|-----|----|----|----|-----|------|
|                                    |             |              | I   | II | III | IV | V  | VI | VII | VIII |
| Dictated from outside organization | 10          | 25%          | 7   | 7  | 2   | 5  | 7  | 8  | 3   | 9    |
| Dictated by one person CEO         | 14          | 35%          | 9   | 9  | 6   | 8  | 6  | 7  | 3   | 12   |
| Negotiated by all stakeholders     | 18          | 48%          | 10  | 11 | 5   | 7  | 10 | 11 | 4   | 14   |
| Through Analysis by Management     | 21          | 52%          | 15  | 14 | 5   | 9  | 14 | 15 | 6   | 16   |
|                                    | n=40        |              |   |    |     |    |    |    |     |      |

Table 13a. shows that ideas from outside are positively related to strategies of starting new programmes at .210. This may be possibly because of the influence of consultants. Strategies dictated by the CEO are more negatively related to strategies of setting

performance indicators -.205 and strategies of acquiring more capacity to do the organizations work at -.265.

**Table 13b: Strategy type and where strategies emanate from correlation.**

| Method                             | No. of NGOs | Proportion | Strategy type and where strategies emanate from correlation. |       |       |       |       |       |       |      |
|------------------------------------|-------------|------------|--|-------|-------|-------|-------|-------|-------|------|
|                                    |             |            | I  | II    | III   | IV    | V     | VI    | VII   | VIII |
| Dictated from outside organization | 10          | 25%        | .102   | .102  | -.137 | .045  | .161  | .166  | .096  | .210 |
| Dictated by one person CEO         | 14          | 35%        | .042   | .042  | .196  | .165  | -.205 | -.265 | -.029 | .195 |
| Negotiated by all stakeholders     | 18          | 48%        | -.114  | -.008 | -.060 | -.135 | -.016 | -.109 | -.019 | .072 |
| Through Analysis by Management     | 21          | 52%        | .220   | .114  | -.163 | -.071 | .223  | .109  | .141  | .045 |
|                                    | n=40        |            |  |       |       |       |       |       |       |      |

#### 4.5 External Parties

To identify which external parties were important in strategy making, a list of possible factors were presented to the respondents to select. The responses were aggregated. They were then clustered around eight strategy types to bring out association between the factors and a strategy type.

The community served by organization is considered a very important element in the selection of a strategy. At 55% this is a very strong showing. Ten out of Forty organizations consider the donors a significant factor. The donor role is possibly because

resources required to run programmes need to be secured before other issues of running the programmes effectively are considered.

Table 14a: Clustering of External parties influence on different NGOs and strategy types

| External Parties    | No. of NGOs | Proportion % | Clustering of External parties influence on different NGOs and strategy types |    |     |    |    |    |     |      |
|---------------------|-------------|--------------|---|----|-----|----|----|----|-----|------|
|                     |             |              | I   | II | III | IV | V  | VI | VII | VIII |
| Communities Service | 22          | 55 %         | 17  | 14 | 6   | 10 | 12 | 18 | 7   | 18   |
| Donors              | 10          | 25 %         | 10  | 9  | 7   | 11 | 9  | 11 | 5   | 16   |
| Governments         | 2           | 5 %          | -   | 1  | 1   | -  | 1  | 2  | -   | -    |
| Local Authorities   | 1           | 2.5 %        | 1   | 1  | -   | 1  | -  | 1  | -   | 1    |
| Others              | 5           | 12.5 %       | 2   | 4  | 1   | 2  | 4  | 1  | -   | 2    |
| Total               | 40          | 100          |   |    |     |    |    |    |     |      |

It's significant to note that the low score of the government. Though working for the realization of access to quality life of people within its borders, they work through different strategies and orientation from NGOs.

The local authority's role was least expected to play any significant role. This could be a specific case to Kenya. Local authorities exhibit lack of seriousness and have poor sense of purpose in the way they approach business.

Table 14a. Shows the relationship between the external parties and the strategies chosen. It is apparent that the community served was chosen by most organizations as an important constituency that influence organizations strategic decisions. A higher

percentage 55%, of the organization chose community served as influencing decision-making process. This has a high relationship with three strategic choices that are, growth (17 out 22) acquiring more capacity (18 out 22) and starting new programmes (18 out of 22)

**Table 14b: Strategy types and External Party's influence Correlation**

| External Parties    | No. of NGOs | Prop( %) | Strategy types and External Party's influence Correlation |       |       |       |       |       |       |       |
|---------------------|-------------|----------|---|-------|-------|-------|-------|-------|-------|-------|
|                     |             |          | I   | II    | III   | IV    | V     | VI    | VII   | VIII  |
| Communities Service | 22          | 55 %     | .368  | .108  | -.086 | .043  | -.043 | .420  | .236  | .194  |
| Donors              | 10          | 25 %     | -.049   | -.108 | .198  | .374  | -.061 | .011  | .132  | .398  |
| Governments         | 2           | 5 %      | -.294   | -.042 | .097  | -.204 | -.030 | .174  | -.127 | -.396 |
| Local Authorities   | 1           | 2.5 %    | .128  | .135  | -.108 | .185  | -.185 | .121  | -.089 | .095  |
| Others              | 5           | 12.5 %   | -.154   | .154  | -.082 | -.038 | .135  | -.357 | -.204 | -.306 |
| Total               | 40          | 100      |   |       |       |       |       |       |       |       |

The donor factor appear to influence the strategies related to acquiring more capacity to deliver on the organization mandate (11 out of 17). Donors factor appear to have a relationship with the growth strategies (10 out of 15). Other external parties like consultants appear to relate more with improving personnel out put.

However, some factors do not seem to relate with the strategy type analyzed. Donor factor appeared to have little relationship with stopping programmes (5 out of 17) and gaining competitive advantage (7 out of 17). Communities served appear to have no relationship with the strategy of gaining competitive advantage (6 out 22).

An analysis of external factors relationship with strategic choice in NGO show that there is a high positive correlation between communities served role and two strategies. These are growth strategies at .368 and acquiring more capacity for organization .420. The donor's role is negatively correlated to starting new programmes at -. 398 and the role of government is negatively correlated to the strategy of starting new programmes (-. 396.) The other negative correlation is evidenced in the role of others in the strategy of acquiring more resource at -. 357 and that of strategy of starting new programmes at -. 306. The donors have a high positive correlation with strategy of acquiring new sources of revenue at .374

#### **4.5.2 Internal Factors Aiding Strategic Choice**

Table 15a. shows that leadership is a strong factor in the selection of strategy ( 85%). This agrees with the generally accepted notion that leadership is the interface between an organization and the environment it serves. For NGOs, this is significant because the organization exist for the purpose of serving interest and themes other than it's own. The functions of leadership become crucial. A wrong identification of scope and the means to utilize to serve the community may be fatal to the organization and the community. The implication is that when the leadership factor is strong in the organization, good performance is expected to follow.

To examine the role of internal factors, an open-ended question was asked to the respondents to state the internal factors that aided a selection of strategy. The researcher prepared a list of the possible internal factors. Every response was analyzed against the list and total scores for each factor noted. The totals were then distributed on each of the

respondent's chose a strategy type. This was to bring out the level of relationship between the factors and strategy type. A Pearson's correlation analysis was done to describe the direction of relationship between the factors and strategy type. From the table it is clear that the strategy of growth is highly related to the leadership (23 out of 34) resources (18 out of 26) management (14 out of 33) organization mission (16 out of 26). Improving personal out put appear to have relationship with leadership (23 out of 34) culture (14 out of 22), organization mission (16 out of 26) and structure (17 out of 27). Acquiring more capacity to execute organization mandate is related to leadership (23 out of 34) and cultures (14 out of 22).

Table 15a show that there is low relationship between leadership and stopping programmes (8 out of 34), Resource and strategy of stopping program (6 out of 26). They also show Culture and the strategy of stopping programmes to be weakly correlated. The same results could be obtained when leadership is correlated to getting new resource (5 out of 22).

**Table 15a: Internal factors in different NGOs clustering around strategy types**

| Factor               | No of NGOs | Proporti on | Internal factors in different NGOs clustering around strategy types |    |     |    |    |    |     |      |
|----------------------|------------|-------------|---|----|-----|----|----|----|-----|------|
|                      |            |             | I   | II | III | IV | V  | VI | VII | VIII |
| Leadership           | 34         | 85 %        | 23  | 23 | 10  | 18 | 22 | 23 | 8   | 27   |
| Resource             | 26         | 65 %        | 18  | 18 | 10  | 15 | 14 | 14 | 6   | 19   |
| Culture              | 22         | 58 %        | 11  | 14 | 5   | 10 | 14 | 14 | 3   | 16   |
| Structure            | 27         | 67 %        | 14  | 14 | 5   | 11 | 14 | 18 | 5   | 16   |
| Management           | 33         | 82 %        | 16  | 16 | 9   | 11 | 15 | 17 | 5   | 18   |
| Ethics               | 4          | 10 %        | 17  | 18 | 8   | 14 | 17 | 17 | 6   | 21   |
| Organization mission | 26         | 65 %        | 4   | 2  | -   | -  | 2  | 1  | 1   | 3    |
| n=40                 |            |             |   |    |     |    |    |    |     |      |

Stopping programmes seem not to be related to organizations mission and geographic location of the organization.

Also showing very strongly is the role of management. As discussed earlier management in NGOs plays a more significant role than would normally be expected. At 10%, ethics is not a significant factor to be considered in the process of selecting a strategy.

Table 15b. shows that leadership has high correlation with the strategy of new sources of revenue (.289) and strategy of setting performance indicators at (.360). It is however related to with strategy of acquiring more capacity for the organization at .006.

**Table 15b: Strategy type and internal factor correlation.**

| Factor               | No of NGOs | Proportion | Strategy type and internal factor correlation |       |       |       |       |       |       |       |
|----------------------|------------|------------|---|-------|-------|-------|-------|-------|-------|-------|
|                      |            |            | I   | II    | III   | IV    | V     | VI    | VII   | VIII  |
| Leadership           | 34         | 85 %       | .196  | .196  | -.023 | .289  | .360  | .006  | .156  | .293  |
| Resource             | 26         | 65 %       | .141  | .141  | .294  | .298  | -.176 | -.451 | .054  | -.093 |
| Culture              | 22         | 58 %       | -.377   | -.031 | -.186 | -.077 | .103  | -.102 | -.235 | -.083 |
| Structure            | 27         | 67 %       | -.065   | .062  | -.004 | .105  | .117  | -.162 | .024  | .081  |
| Management           | 33         | 82         | -.074   | .108  | .036  | .165  | .244  | -.241 | -.240 | .005  |
| Ethics               | 26         | 65 %       | .063  | -.102 | -.219 | .354  | -.060 | -.341 | .024  | -.024 |
| Organization mission | 4          | 10 %       | -.107   | -.107 | .164  | -.195 | -.055 | -.072 | -.089 | -.231 |
| n =40                |            |            |   |       |       |       |       |       |       |       |

Organization resource was positively correlated to strategy of acquiring competitive advantage and new sources of revenue at .294 and .278 respectively. However, it was negatively



correlated to acquiring more sources of revenue. Stopping programmes as a strategy appeared to have no relations with organization resources.

Culture of the organization is negatively correlated to growth at  $-.397$  and to strategy of stopping programmes at  $-.235$ . Management appeared to have a high relation with strategy of acquiring more capacity to carry out organization mandate at  $.390$  while it has low correlation with strategy of stopping programmes. Table 15a also shows that structure has almost no relationship with strategy of stopping programmes in the NGOs. Ethics show a high relationship with strategy of acquiring new sources of income while it has almost no relationship with setting performance indicators. It is however negatively correlated to acquiring more capacity to deliver on the organization mandate ( $-.341$ ). Organization mission is negatively correlated to starting new programs at ( $-.231$ ).

#### **4.5.3 Issues related to selection strategy**

To confirm the factors that we considered as influencing strategy the researcher listed some issue that relate to the internal and external factors. The respondents were asked to relate them on a scale of 1-to 5, 1 denoting not important to 5 denoting very important. Table 28 shows that most organizations consider the purpose of the organization when the selection the strategic choice is being done. On a scale of the 1 to 5, most organization scored 5 resulting to the total score of 30 organization choosing 5. Other significant issues considered most frequently include change in programmes content, including the opinion of major stakeholders. Table 16 gives the result of the respondents. Including stakeholders opinion (26) Drawing up mission up front (29), acquiring best means for work (25), caring for sustainability and sensitivity of the program effect on society. This is a surprise finding as observation and

interview reveal high use of colours, pattern and symbols. It illustrates that the use of symbols and patterns was not considered very important by many current management of many organizations.

**Table: 16 Issues on strategy selection**

| Issues considered important in strategy selection  | Frequency Scale |   |    |    |    | Mean |
|--|-----------------|---|----|----|----|------|
|  | 1               | 2 | 3  | 4  | 5  |      |
| Purpose of Organization                            | 1               | 2 | 2  | 5  | 30 | 4.53 |
| Change in Content in Program                       | 1               | 3 | 2  | 5  | 28 | 4.44 |
| Including opinion of stakeholder                   | 2               | 2 | 4  | 6  | 26 | 4.30 |
| International Orientation                          | 8               | 8 | 10 | 4  | 9  | 2.95 |
| International Staff                                | 3               | 1 | 11 | 8  | 17 | 3.88 |
| Consensus among staff                              | 1               | 2 | 4  | 12 | 21 | 4.25 |
| Drawing mission up front                           | 1               | 1 | 2  | 7  | 29 | 4.55 |
| Budgeting measuring achievements                   | 1               | 1 | 3  | 11 | 24 | 4.4  |
| Acquiring best means for work                      | 0               | 2 | 6  | 7  | 25 | 4.38 |
| Caring for sustainability                          | 1               | 1 | 1  | 10 | 26 | 4.51 |
| Sensitivity program effort on society              | 0               | 1 | 1  | 10 | 25 | 4.59 |
| Synergy  | 1               | 1 | 3  | 13 | 22 | 4.35 |
| Taking on activity it can do with present capacity | 1               | 6 | 9  | 11 | 10 | 3.49 |
| Assessing funds in time                            | 2               | 1 | 6  | 12 | 19 | 4.13 |
| Future complication of current Program             | 0               | 0 | 4  | 13 | 21 | 4.45 |
| Symbols and Pattern                                | 8               | 8 | 10 | 5  | 4  | 2.69 |
| Alliances an networking                            | 2               | 1 | 3  | 12 | 23 | 4.33 |
| .n=40  |                 |   |    |    |    |      |

From table 16 issues that are considered important during strategy, selection can be ranked. Starting with the issue that scored the highest mean, that is the purpose of the organization (mean of 4.53), the lowest would be the use of colours, symbols and patterns at mean 2.69

## CHAPTER V

### SUMMARY, DISCUSSIONS AND CONCLUSIONS

#### 5.0 Introduction

In this chapter study findings are summarized and discussed. It sets forth implication of the results, presents conclusions drawn and suggest further research. The limitation of the study is also presented.

The objective of the study was to identify factors, which determine strategic choice in relief and development organizations operating in Kenya. The literature reviews shows that previous research has dealt mostly with strategic choice in profit making organization and non-profit making organization in America and Europe. Moreover, studies in Kenya have been on various aspects of strategic management in NGOs. Specifically change management was researched on by Bwibo (2000), and role of NGOs in Development by Kanyinga (1996). Gaps remain in the literature to be addressed particularly on decisions making process in NGOs. This research attempts to find out the factors that determine strategic choice. in NGOs in relief and Development.

To achieve this objective 40 questionnaires were collected from organizations operating in Kenya. The data was analyzed using tables, frequency distribution percentage, and descriptive statistics. Pearson's correlation was used to show the direction of the relationship of factors that influence strategic choice.

## 5.2 Summary, discussions and conclusions

In sum, the data indicates that leadership of the organization play a primary role in the selection of strategy. When asked about issues considered important when making strategic choice, the mean score of the respondents rated very highly on a scale of 1 to 5. (1 standing for not important and 5 standing for very important) the issues that directly relate to leadership. The highest mean score was the purpose of organization (4.53) followed by drawing mission (4.55) up front and then caring for sustainability (4.51). Since leadership is the interface between the organization and the external environment, high rating of community served in the role of strategic choice imply high role of the leadership as the information from the community served has to be sought and processed under direct guidance of the leadership. On the sources of ideas on which strategic decisions are based, the CEO scored significantly (35%). Negotiation by stakeholders too scored highly (48 %). The data clearly indicates that the combined weighting of the C.E.O. and Board of Directors determined most of the strategic decisions. The finding concurs with Caeldris et al (1999) that the organization top subsystems, the board of directors, the C.E.O. and Executive Committee have the highest degree of involvement in the strategic planning process.

Turning to management, it is clear that it was the sub-group that influenced strategic choice most at 55%. The management is a critical source of information for strategic decision. The finding indicate that analysis by management ranked highest (52%). as source of information for strategy selection. This implies that management is the most significant and crucial of aspect of decision making process of the NGOs. ( Gekonge 2000). The dominant role of the

management comes from the fact that programme managers and staff in management positions have more responsibilities than their counterparts in the profit making organizations. This is because a programme manager's portfolio in most NGOs is the senior most position and would ordinarily have the responsibility on scope of their programmes. They would be in charge of the internal procedures and finally have reporting functions to the donors and the board of directors (if there is one.) Issue that have high management participation like measurement of effort (mean 4.4) acquiring best means to do organization work (mean 4.35) scored highly when rated with others. The critical role played by management could be because of a number of reasons.

1. Half of the NGOs are local. Founders as C.E.Os or leaders manage the local NGOs. They are the ones responsible for most of the strategic choice made by the organization.
2. The regional and international NGO with their Headquarter in Europe and America have their senior managers running the programmes in Kenya with some having the authority of C.E.O. as far as organization affairs are concerned in Kenya.
3. The high role of management may be attributed to the orientation and philosophy of the NGOs emphasizing non-hierarchical approach to organizational operations. Programme managers have the added responsibility of making strategic decisions, as they do not have above them a capable and sophisticated board of directors to report to or receive instructions.
4. The other point is, people do best what they believe in and accept. The management orientation and out-look to life may influence largely the decisions they make and hence the ones the organization decisions.

Considering resource deployment as a factor in strategy selection the following findings were significant:

1. Higher level of graduate presence in an organization equips it with a strategic resource to handle change and operate more effectively in unstructured environments. University education prepares one to look for solutions broadly and to approach problems from a broader perspective. The practice in most profit organization at present is to hire management trainees from graduate pool. The reasoning is that they will be groomed to take up management positions and will enhance the organization chances of taking complex strategic decisions and/or processes. A high number of f certificate holders in the NGO sector than technical or professional certificate holders is a surprise. This, however, could be explained by clerical or functional administration requirement not very sensitive to technical requirements.
2. The study reveals that 50% of the organization run a budget of less than Kshs. 30 million a year. Their most desired mode of communication is face to face, Radio and Internet. Looking at the human resource base 47.92% are graduates with a high presence of general certificate holders. The management average lies between 31-40 formed the majority at 57.5 % 66 % of the personal is on permanent basis. ✓
3. The orientation of the management and leadership of the organization points at consideration of resource acquisition being on the high priority list when constructing a strategy. There was a high score for budgeting for skills up front ensuring the organization had the best mean to do its work and accessing for funds in time. Taken together with an attitude of leveraging resource, which scored a mean of 4.13, the centrality of resource in

the operations of the NGOs is significantly placed as a factor in the selection of strategy. There is evidence of rationality at acquisition and allocation of resources as evidenced by budgeting for skills, consideration of accessing revenue on time leveraging the resources available.

- 4 The high percentage of permanent staff gives the organization capacity to plan long term projects and build capacity to implement the plan. It makes staff development through training, job transfers rotation and internship possible. It aids planning and resource mobilization.

The other factor the study considered was organization structure. The research points at a high role played by stakeholders in the NGO sector during the strategy selection a part from senior management and the board of directors. This implies a flat organization with many functions accessing the strategic role. The NGOs are small organizations and may not have the bureaucracy identified with large organizations but they are very sensitive to the external environment. This sensitivity saw most Kenya organizations change their structure between 1992 – 1997 because of the pressure of liberalization. (Koyio, 2000). Power gravitates around the C.E.O., the founder or the leader. In situation such as the one portrayed in the study, decisions may be made largely on the terms of balance of influence rather than strictly rational basis. Koyio (2000) underpinned the role played by an organization structure by suggesting that structure in organization dictate the number and quality of employees. It is the organization structure in addition, that designs the quality and nature of management making it possible for the organization objectives to be aligned to organization's strategies. The positive correlation between staff, others like consultants and strategy type for example growth strategy



(220) imply that the NGOs are generally flat structures with few hierarchical steps in their organogram. Even people working as staff or others like volunteers and exchange programme personnel contribute to strategic choice decision for the organization.

A consideration of culture shows a surprising finding that it is not viewed strongly as a strategic factor. When further analyzed through a question on utilization symbols, patterns and colours a mean of 2.69 out of 5 was scored by the respondents with a majority of the respondents on the question suggesting that it's neither important nor unimportant. (3). This is surprising because colours and symbols dominate the NGOs. There are drawings and signs displayed on building, cars of NGOs and their signposts. However, the management do not think of them as potential strategic vehicles. The extensive use of the symbol of the cross for Christian oriented organization, the use of the religious names like "catholic" or "Christian", "Islamic" or the use of the word 'aid' in the name of the organizations is the norm rather than the exception. However when asked about internal factors aiding strategic decision culture was considered significantly at 58 percent. The flat nature of the NGOs where strategic decision is shared through the strata of the organization almost equally is a proposition being copied from profit organization as a culture. This encourages motivation, ownership and commitment in the staff to programmes being undertaken, by the organizations.

As Gekonge (2000) suggest, culture is very important in organizations because it may provide an organization with the capacity to create systematic plans providing for resources and support strategy programmes. In fact, strategic management is viewed by some as essentially a cultural and cognitive phenomenon rather than the analytical rational exercise.

Ethics as a factor of strategic selection was considered in various stages of decision making in NGOs. The study reveals that the subject matter of the NGO sectors and the means chosen to actualize the mission do not raise ethical concerns in Kenya. Most organization in Human rights advocacy (57%) conflicts resolution (50%) and Humanitarian Relief (37%). Labour Trade, Business development and finding are areas where the community could raise ethical concerns. When selecting the strategic decision, the study shows that the community served was consulted (90%) and the name of the services was publicly stated in the mission statement (97%). This could safe guard the community from unethical programmes.

The stated objectives too were sensitive to the ethical concerns of the Kenya community. Non of the stated popular objectives of the NGOs like Network (72%) followed by capacity building (62%), information disseminate (60%) grass root organization (60%) are dangerous to the society. They does not include any non-ethical concerns. It came out very clearly that the good of the community was a major consideration in the selection of the strategy to be used. At mean of 4.59 in a scale of 1 to 5 sensitivity of program effects on the society showed a high consideration. Ethical concerns were expressed in the high score (mean 4.45) on future implications on current programmes this demonstrated sensitivity to ethical concerns. Also including opinion of stakeholders at 4.30 on a scale of 1-5 indicates a strong statement on the NGOs orientation to stay ethical in their dealings.

The scope of the NGOs and their objectives show relationship with strategy types. Results show that most of the organizations are local organizations operating within the Kenyan

boundaries. Network, capacity building and information dissemination are the major objectives. These are followed by grassroots organizing and lobbying. These objectives relate to human rights, advocacy, conflict resolutions, humanitarian relief and democratization.

Humanitarian relief is a significant subject matter of NGOs in Kenya because of the drought which have affected North-Eastern part of Kenya covering parts of Muranga, Machakos, Kitui and Rift Valley province of Masai land. The effect of Elnino also necessitated relief and humanitarian assistance for people of Kano, Bungoma, Nairobi, and Ngong among other parts. An interesting finding of the study is the fact that humanitarian assistance ranked third as an important subject matter of the NGO operating in Kenya. Human rights advocacy, lobbying, conflict resolution and Democratization are among the most important subject matters of NGOs. These subjects have a commonalty in that they have agency roles on behalf of a section of the society, which is not enjoying expected quality of life. It is the growing number of this population because economic recession, internal clashes, elnino rain, and drought that has led to NGOs starting new programs, acquiring more capacity to do their work, improving output and following growth strategies in Kenya.

When external environment is considered as a factor affecting organization's choice of strategy, it is on the assumption that it provides the organization with it's input and utilizes it's output. It also provides the regulatory instruments under which the NGOs operate. Specifically it is the falling economic condition, which has brought about increase in poverty that necessitates the growth in operations of the NGOs. The availability of high number of university graduate in Kenya has supported the high graduate proportion requirement in the

NGO employment, while inadequate investment in the infrastructure has limited the communication channel available to the NGO. Most of the external influence comes from the community the NGOs serve. They affect the scope and make demands on the process required to do a good job by the NGOs.

Another section of the external environment that showed high influence on strategic choice is the donor community. The donor community's interest in the choice taken by the NGOs is because they provide a substantial outlay of funds. At times, the NGOs have no choice but to tolerate and work with what the donors dictate or "suggest". Other groups, which influence strategic choice, include consultants, interns, research organizations and other NGOs. External elements of operating environment e.g. competitors, creditors, labour creditors do not appear to shape strategic choice.

### 5.3 Implication on policy and practice

Most of NGOs are small organization (employing less than 50 people). They have to leverage their resources for optimum effect in the society. This is the reason why networking is not only desirable option but a necessary strategic option. This brings to the fore the challenge of the position of individual organization's identity and organization' culture. The culture of an organization is an important aspect of its strategy and operation decisions. Networking should take care of individual organizations culture if it has to succeed. Parameters of Networking have to be professionally worked out to ensure that synergic effect is enhanced and that operation difficulties do not arise endangering the existence of both organizations.

The study reveals that NGOs don't place a premium on gaining competitive advantage. There needs to be a reorientation in the NGO business philosophy to ensure that the systems and the services they deliver can be benchmarked and actually ranked to be the best .in world especially in local NGOs. The benefit of an organization producing services with top current technology and expert systems are enormous and the net gain will go to the society. Secondly the NGOs will gain as they will easily communicate with profit companies on their needs and there exist real fundraising opportunities in corporate world when they can relate to the way the NGOs are run. However this has very sensitive implications on the NGOs, as some of the projects they undertake are very complicated yet the returns on them do not relate to shilling value or have positive net present value but to life of individuals now or in the future. It is difficult to use current models of valuing effectiveness on all NGO projects. For instance, there could be little time to calculate the returns that would accrue from providing relief to flood victims in Kano in Nyanza. Even if you could the results may be difficult to communicate such

that they would relate to the value of the relief effort. Even if it appears very difficult some measurement of effort should be worked out and be put in place. Management theorists and management practitioners and should guide the debate on how NGO management effort should be measured.

The research shows that the Government and the NGOs do not have much in common, as far as strategy selection is concerned. The Implication is that the NGOs can do what they consider important and the government may continue doing what it considers its mandate. This is dividing effort meant to uplift the quality of life of the people. There should be a serious look into the government - NGO relationship. It should ensure harmony of resource utilization and mutual cohesion in the approach of these two important institutions. How should these be achieved? They may start by working together on common projects. Then legislation should ensure that the best effort is received from NGOs and that Government is interested only in output of the NGOs.

It was most interesting to find out that NGOs have no strategic thrust in public relations. They however rely on the good will of the public. But this should not be taken for granted. There should be deliberate effort to ensure they build good will, which is long lasting and does not dissipate in thin air easily.

The study reveals that management heavily influence strategic choice. The quality of management then becomes crucial. The appointment, maintenance and separation policies of

NGOs in regard to management should be of high strategic interest to those charged with human resource policies.

#### **5.4 Limitation of the study**

The study was constrained by certain factors, which need mention. First, it was difficult to get all respondents fill the study instrument, the questionnaire. About 40 percent did not respond. Strategic choice is the responsibility of the leadership of the organization who cited in many cases 'more important demands 'on their time than participation in academic exercise. It was also apparently a bad time for NGOs leadership as the government was excessively getting uneasy with them on their stand on important political issues. Some of them thought the study was government ploy to gather data on an important aspects of the planning process

Secondly, availability of funds and lack of adequate time necessitated that research design cover only NGO headquarters within Nairobi. Moreover, the study focused on one sector of NGO and a specific aspect of strategy management, the strategic choice. While the goal of the study was achieved, that of finding out which factor affect strategic choice in NGOs in relief and development, it is expected that there would be varying results if other sectors of the NGO were studied.

The findings and value of this study however are not compromised. These only remind users of the inherent limitations of the results in data of this research and in wholesale generalizations in all settings.

### 5.3 Suggestion for further Research

Overall, results of this study suggest that research should be conducted in certain areas for better understanding of NGOs. The following three areas should be considered:

- 1 Case studies in relief and development NGOs need to be carried to supplement and highlight issues of strategic choice as they obtain in the sector. This will allow a detail enquiry of decision making process.
- 2 It would be desirable if research institutions and persons committed resources to longitudinal research to ascertain the factors influencing strategic decision making process over time. This should include involve a research that utilizes a predictive model capable of analyzing causal relationship between factors that determine strategic choice and strategy types.
- 3 A study of other sectors of NGOs would provide valuable information on the state of strategic management in general and specifically would confirm the applicability of the study findings across the NGO spectrum.

This study is a valuable step in understanding decision-making process of NGOs providing information and insight in an aspect of strategic management that has not been researched in Kenya widely.



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# APPENDIX 1

## QUESTIONNAIRE

|   |
|---|
| <b>STRATEGIC CHOICE IN NON GOVERNMENTAL RELIEF AND<br/>DEVELOPMENT ORGANIZATIONS IN KENYA</b> |
|---|

### SECTION 1: ADDRESS (Optional)

- 1.1. Name of the organization (Optional) -----  
1.2. Title or position of the respondent in the company-----  
1.3. Mailing address-----  
1.4. E-mail Address-----

### SECTION II:

2.1. Indicate the area(s) your organization has recently made a decision in by ticking against that particular area listed below.

- |   |     |     |
|---|-----|-----|
| A. Growth   | [ ] | [ ] |
| B. Improving personnel out put  | [ ] | [ ] |
| C. Carrying out your business better than most (all) organizations in your sector | [ ] | [ ] |
| D. New sources of accessing revenue   | [ ] | [ ] |
| E. Setting performance indicators   | [ ] | [ ] |
| F. Acquiring more capacity to do your work  | [ ] | [ ] |
| G. Stopping any of your programmes or projects                                    | [ ] | [ ] |
| H. Starting a new programme or project  | [ ] | [ ] |

2.2. Who in the organization played a major role in proposing and eventual selection of the decision in the in the area you have indicated above

- |                            |     |                        |     |
|----------------------------|-----|------------------------|-----|
| Chief Executive            | [ ] | Management             | [ ] |
| Board of Directors         | [ ] | other members of staff | [ ] |
| Others please specify----- |     |                        |     |
| -----                      |     |                        |     |
| -----                      |     |                        |     |

2.3. Who outside the organization played a major role in proposing and eventual selection of the decision in the in the area you have indicated above

Community the organization serves [ ] Government [ ]

Donors [ ] Local authorities [ ]

Others please specify-----

2.4 How was the decision in 2.1 made?

-----  
-----  
-----  
-----  
-----

2.5 What factors in the organization aided the making of the decision referred to in 2.1?

-----  
-----  
-----  
-----  
-----

2.5 what factors out side your organization aided the making of the decision referred to in question 2.1?

-----  
-----  
-----  
-----  
-----

**SECTION III:**

Please provide the following information to the best of your knowledge about your organization.

3.1 Number of staff

- Permanent Staff ----- Temporary Staff-----
- Volunteers ----- Others (Please specify)-----

3.2 Approximately what % is

- Graduates----- Ordinary- Level to Advanced- level certificate holders-----
  - Technical staff (professional non Graduate)----- Others (Please specify)---
- 

3.3 What is the average age bracket of the management staff? Please tick.

- Between 50-60 -----Between 30-40-----
- Between 40-50 -----Under 30-----

3.4 What is the best term that describes the geographic scope of your organization?  
Please tick as appropriate

- National (located within Kenyan borders) (----) Regional (within Africa)(-----)
- International (out side Africa) (----)

3.5 Approximately how much was your annual budget last year-----

-----

3.6 What is the Mission of your Organization?

-----  
-----  
-----  
-----

3.7 Please describe the major goals and objectives of your organization.

-----  
-----  
-----  
-----

3.8. What would you describe as the major subject matter of your organization (tick under Yes No).

|                         | YES | NO  |                         | YES | NO  |
|-------------------------|-----|-----|-------------------------|-----|-----|
| • Humanitarian / relief | [ ] | [ ] | Human rights            | [ ] | [ ] |
| • Funding               | [ ] | [ ] | Information Technology  | [ ] | [ ] |
| • Business development  | [ ] | [ ] | Labour                  | [ ] | [ ] |
| • Conflict Resolution   | [ ] | [ ] | Trade / Commerce        | [ ] | [ ] |
| • Democratization       | [ ] | [ ] | Water / Sanitation      | [ ] | [ ] |
| • Economic reform       | [ ] | [ ] | Women Issues            | [ ] | [ ] |
| • Education             | [ ] | [ ] | Youth / Children Issues | [ ] | [ ] |
| • Energy                | [ ] | [ ] | Policy Studies          | [ ] | [ ] |
| • Environment           | [ ] | [ ] | Communication           | [ ] | [ ] |

- Good governance [ ] [ ] Research [ ] [ ]
- Population / Health [ ] [ ] Counseling [ ] [ ]

Others Please specify

-----  
 -----  
 -----  
 -----

3.9 What Specifically does your organization do in the sectors specified above?  
 (Pick Y for Yes or N for No)

- Development related research [ ] [ ] Lobbying [ ] [ ]
- Information dissemination [ ] [ ] Policy research analysis [ ] [ ]
- Networking other NGOs [ ] [ ] Pressure campaigns [ ] [ ]
- Institutional capacity building [ ] [ ] Advocacy [ ] [ ]
- Delivery of specific services [ ] [ ] Grass root organizing [ ] [ ]
- Conduct mediation or dialogue [ ] [ ]
- Conflict analysis / monitoring [ ] [ ]
- Others please specify target group and service below

-----  
 -----  
 -----

3.10 Please rate the following means of communication according to how frequently use for official business

|                  | None at all |     |     | Very frequently |     |
|------------------|-------------|-----|-----|-----------------|-----|
|                  | 1           | 2   | 3   | 4               | 5   |
| Radio            | [ ]         | [ ] | [ ] | [ ]             | [ ] |
| Print Media      | [ ]         | [ ] | [ ] | [ ]             | [ ] |
| Teleconferencing | [ ]         | [ ] | [ ] | [ ]             | [ ] |
| Face to face     | [ ]         | [ ] | [ ] | [ ]             | [ ] |
| T.V              | [ ]         | [ ] | [ ] | [ ]             | [ ] |
| Phone            | [ ]         | [ ] | [ ] | [ ]             | [ ] |
| Internet         | [ ]         | [ ] | [ ] | [ ]             | [ ] |
| Intranet         | [ ]         | [ ] | [ ] | [ ]             | [ ] |



## SECTION IV:

4.1 Please rate the following issues of strategy selection on a scale ranging from 1 to 5 in terms of overall importance to your organization.

1 = Not at all

5 = Very important

1      2      3      4      5

- |  |   |    |    |    |    |   |
|--|---|----|----|----|----|---|
| • Understanding what the organization is doing or should be doing to the society               | [ | ]] | ]] | ]] | ]] | ] |
| • Continuous change in programme content and process as required by the needs being addressed. | [ | ]] | ]] | ]] | ]] | ] |
| • Including the opinion of the people it serves in what it is doing.                           | [ | ]] | ]] | ]] | ]] | ] |
| • Aspiring to carry out activities internationally   | [ | ]] | ]] | ]] | ]] | ] |
| • Comfortable with staff from various nationalities.   | [ | ]] | ]] | ]] | ]] | ] |
| • Building consensus among staff on what it does .   | [ | ]] | ]] | ]] | ]] | ] |
| • Drawing up the mission vision objectives up front and using these to meet it's needs         | [ | ]] | ]] | ]] | ]] | ] |
| • Budgeting for skills before acquiring them for use in organization.                          | [ | ]] | ]] | ]] | ]] | ] |
| • Budgeting for resources required before using them   | [ | ]] | ]] | ]] | ]] | ] |
| • Continuously measuring achievement against preset target.                                    | [ | ]] | ]] | ]] | ]] | ] |
| • Acquiring the best possible means to carry out its mandate in the most judicious way.        | [ | ]] | ]] | ]] | ]] | ] |

- Caring for sustainability for the means chosen [ ][ ][ ][ ][ ]
- Sensitive to how their programmes affect the general society [ ][ ][ ][ ][ ]
- Concerned on how new initiatives blend with existing ones in creating value. [ ][ ][ ][ ][ ]
- Taking up activities it can do with it' present capacity only. [ ][ ][ ][ ][ ]
- access to funds at appropriate time [ ][ ][ ][ ][ ]
- Future implication of your current programme [ ][ ][ ][ ][ ]
- Carrying out your activities better than the organization in your sector [ ][ ][ ][ ][ ]
- Using symbols patterns and signs [ ][ ][ ][ ][ ]
- Working with other people or organizations to achieve your organizations goals better [ ][ ][ ][ ][ ]

Others (please specify)

- 1 ----- [ ][ ][ ][ ][ ]
- 2 ----- [ ][ ][ ][ ][ ]
- 3 ----- [ ][ ][ ][ ][ ]
- 4 ----- [ ][ ][ ][ ][ ]

**SECTION V:**

5.1 Are you conversant with the concept of strategic choice in a management process?  
YES or NO

5.2 If YES what has been the problems associated with making strategic choice in your organization

-----

-----  
-----

5.3 What would be your proposal to other organizations in relief and development on the making of strategic choice decision in the management of an organization?

-----  
-----  
-----

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

## APPENDIX II

Solomon Okumu NDIAO.

P O Box 34462,

Nairobi.

May 12, 2001

Tel. 565608, 441372, 630956.

Dear Respondent,

Please kindly fill the attached questionnaire to enable me carry out a research for the degree of Masters in Business Administration from University of Nairobi. I have chosen to study strategic management of Non Governmental Relief and Development Organizations in Kenya.

Your Organization has been chosen at random to participate in the study.

The Information you provide will strictly be used for academic purposes and the name of your organization shall not appear in the research report. This report will be availed to you upon request.

Thank you in advance for your co-operation.

Yours Faithfully,

Solomon Okumu Ndiao

### APPENDIX III

Some recent headlines on NGOs in the local press

1. **NGO must be investigated.** Daily Nation Friday, March 23, 2001
2. **NGO messing up children:** Daily Nation, February 27
3. **NGOs defended claims** –Daily Nation March 10 2000 solitary
4. **Help end conflicts, NGOs told** Daily Nation Friday June 29, 2001 pg. 5)
5. **Investigate NGOs, Mwakiringo tells Govt.** (East Africa Standard pg. 1 Friday May 2000
6. **NGO Workshop:** East Africa Standard Monday 22 May
7. **Ukambani MPs petition Govt., NGOs over famine** East African Monday May 29, 2000
8. **NGO issues special case to HIV/AIDS victims,** East Africa Standard May 29, 2000
9. **I'll expose you Moi tells NGOs** Sunday Nation November, 5, 2000 pg., 21
10. **NCEC is chaotic, say NGO council** East Africa Standard, Tuesday, November 14,2001
11. **Bogus NGOs fleece public** East Africa Standard, Saturday 11<sup>th</sup> September 1994,) pg. 9
12. **NGO meeting stopped** – Daily Nation 10<sup>th</sup> May 1995 pp. 3
13. **NGO council could do more** Daily Nation Saturday, December 18, 1999
14. **For some NGOs and churches civic education means cash** Kenya Times Thursday August 16,2001
15. **NGO extends credit to 4 women groups** Daily Nation, Saturday, September 23, 2000)
16. **Local NGO receives grant** Daily Nation Tuesday September 12, 2000 pg. 7
17. **NGOs waive tax on Relief** East Africa Standard, Tuesday, June 13, 2000 pg. 9
18. **NGOs urged to be frank** East Africa Standard, Tuesday, June 13, 2000, pg. 10
19. **NGO slammed** East Africa Standard, June 6, Tuesday, 2000
20. **NGO input sought for children's Bill** East Africa Standard, Tuesday, May 1, 2001
21. **NGO takes side by fighting poverty** East Africa Standard, Wednesday, May 2, 2001

INTEREST RATES (%)

| INTEREST RATES (%)      |      |      |      |      |      |      |      |      |      |      |
|-------------------------|------|------|------|------|------|------|------|------|------|------|
|                         | 1999 | 2000 |      |      |      |      | 2001 |      |      |      |
|                         | Dec  | Jan  | Mar  | Jun  | Sep  | Dec  | Jan  | Mar  | Jun  | Jul  |
| Overdraft               | 25.6 | 25.9 | 24.1 | 22.9 | 20.6 | 19.7 | 20.2 | 20.1 | 19.7 |      |
| Treasury bill**         | 20.0 | 20.3 | 11.3 | 10.5 | 10.4 | 12.9 | 14.8 | 15.0 | 12.1 | 12.9 |
| Overbank                | 13.0 | 10.8 | 7.6  | 6.7  | 8.4  | 9.8  | 11.8 | 9.3  | 10.7 | 10.8 |
| Months deposit          | 12.3 | 12.8 | 10.0 | 7.8  | 7.9  | 7.5  | 6.0  | 8.5  | 7.5  |      |
| Savings                 | 6.2  | 6.4  | 5.2  | 4.9  | 4.4  | 4.5  | 4.7  | 4.7  | 4.4  |      |
| Provisional             |      |      |      |      |      |      |      |      |      |      |
| **31-Days Treasury Bill |      |      |      |      |      |      |      |      |      |      |

## INTEREST RATES (%)

| INTEREST RATES (%)       |      |      |      |      |      |      |      |      |      |      |
|--------------------------|------|------|------|------|------|------|------|------|------|------|
|                          | 1999 | 2000 |      |      |      |      | 2001 |      |      |      |
|                          | Dec  | Jan  | Mar  | Jun  | Sep  | Dec  | Jan  | Mar  | Jun  | Jul  |
| Overdraft                | 25.6 | 25.9 | 24.1 | 22.9 | 20.6 | 19.7 | 20.2 | 20.1 | 19.7 |      |
| Treasury bill**          | 20.0 | 20.3 | 11.3 | 10.5 | 10.4 | 12.9 | 14.8 | 15.0 | 12.1 | 12.9 |
| Interbank                | 13.0 | 10.8 | 7.6  | 6.7  | 8.4  | 9.8  | 11.8 | 9.3  | 10.7 | 10.8 |
| 3 - Months deposit       | 12.3 | 12.8 | 10.0 | 7.8  | 7.9  | 7.5  | 6.0  | 8.5  | 7.5  |      |
| Savings                  | 6.2  | 6.4  | 5.2  | 4.9  | 4.4  | 4.5  | 4.7  | 4.7  | 4.4  |      |
| * Provisional            |      |      |      |      |      |      |      |      |      |      |
| ** 91-Days Treasury Bill |      |      |      |      |      |      |      |      |      |      |

## REAL GROSS DOMESTIC PRODUCT AND RELATED AGGREGATES

| REAL GROSS DOMESTIC PRODUCT AND RELATED AGGREGATES   |                          |                    |                    |                      |          |
|--|--------------------------|--------------------|--------------------|----------------------|----------|
|  | Share in                 | Output in shs m    |                    |                      |          |
|  | Real GDP                 |                    |                    |                      | Est. for |
| MAIN SECTORS   | in 2000 (%)              | 1999/ <sup>1</sup> | 2000/ <sup>1</sup> | May-00/ <sup>2</sup> | May-01/  |
| Agriculture  | 24.0                     | 25425              | 24813              | 25575                | 25840    |
| Manufacturing  | 13.1                     | 13733              | 13527              | 13667                | 13500    |
| Building & Construction  | 2.4                      | 2530               | 2492               | 2541                 | 2503     |
| Trade, Restaurants & Hotels  | 12.7                     | 12947              | 13077              | 13019                | 13257    |
| Transport, Storage & Comm.   | 6.1                      | 6202               | 6326               | 6212                 | 6486     |
| Financial Services   | 10.6                     | 10904              | 10945              | 10916                | 11000    |
| Government Services  | 14.7                     | 15078              | 15182              | 15126                | 15231    |
| Non-monetary Sector  | 5.6                      | 5757               | 5826               | 5604                 | 5273     |
| Domestic Services  | 2.9                      | 2920               | 2990               | 2954                 | 2879     |
| Ownership of Dwellings   | 5.7                      | 5797               | 5878               | 5806                 | 5666     |
| Other  | 2.2                      | 2409               | 2301               | 2341                 | 2332     |
| Est. Real GDP (1982 Prices)  | 100.0                    | 103702             | 103357             | 103761               | 103967   |
| Nominal GDP (at Factor cost)   |                          | 637362             | 672219             |                      |          |
| Overall GDP Deflator   |                          | 6.1                | 6.5                |                      |          |
| GDP at Mkt Prices  |                          | 740330             | 788917             |                      |          |
| MAIN SECTORS   | Annual Percentage Change |                    |                    |                      |          |
| Agriculture  |                          | 1.2                | -2.4               | 0.8                  | 1.0      |
| Manufacturing  |                          | 1.0                | -1.5               | 0.7                  | -1.2     |
| Building & Construction  |                          | 0.9                | -1.5               | 0.7                  | -1.5     |
| Trade, Restaurants & Hotels  |                          | 2.0                | 1.0                | 1.9                  | 1.8      |
| Transport Storage & Comm.  |                          | 1.4                | 2.0                | 0.9                  | 4.4      |
| Financial Services   |                          | 2.0                | 0.4                | 1.9                  | 0.8      |
| Government Services  |                          | 0.7                | 0.7                | 0.7                  | 0.7      |
| Non-monetary Sector  |                          | 1.4                | 1.2                | 1.0                  | -5.9     |
| Domestic Services  |                          | 4.6                | 2.4                | 1.3                  | -2.5     |
| Ownership of Dwellings   |                          | 1.6                | 1.4                | 1.2                  | -2.4     |
| Other  |                          | 2.1                | -4.5               | -1.0                 | -0.4     |
| Est. Growth Rate of Real GDP   |                          | 1.4                | -0.3               | 1.0                  | 0.2      |
| Growth of Nominal GDP  |                          | 7.4                | 5.5                |                      |          |
| Changes in GDP Deflator (inflation)  |                          | 5.9                | 5.6                |                      |          |
| Growth of GDP at Mkt Prices  |                          | 7.2                | 6.6                |                      |          |
| Notes  |                          |                    |                    |                      |          |
| <sup>1</sup> From the Economic Survey, 2001.   |                          |                    |                    |                      |          |
| <sup>2</sup> Estimates based on selected economic activities.  |                          |                    |                    |                      |          |
| <sup>3</sup> Includes forestry and fishing, mining and quarrying, electricity and water, and other sectors less imputed bank charges |                          |                    |                    |                      |          |



OVERALL INFLATION

| OVERALL INFLATION |      |     |     |     |     |      |     |     |     |     |      |     |     |     |
|-------------------|------|-----|-----|-----|-----|------|-----|-----|-----|-----|------|-----|-----|-----|
|                   | 1999 |     |     |     |     | 2000 |     |     |     |     | 2001 |     |     |     |
|                   | Jan  | Mar | Jun | Sep | Dec | Jan  | Mar | Jun | Jul | Sep | Dec  | Jan | Mar | Jun |
| Month-on-Month    | -1.1 | 1.2 | 1.8 | 7.2 | 8.0 | 8.7  | 3.4 | 6.0 | 6.7 | 7.1 | 7.5  | 6.0 | 3.9 | 0.2 |
| Average Annual    | 5.6  | 3.9 | 2.8 | 2.2 | 3.5 | 4.3  | 5.0 | 5.9 | 6.5 | 6.4 | 6.2  | 6.0 | 6.0 | 5.2 |

## SHILLING EXCHANGE RATE

| SHILLING EXCHANGE RATE |       |       |       |       |       |       |       |       |       |       |       |       |     |  |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|--|
|                        | 2000  |       |       |       |       | 2001  |       |       |       |       |       |       |     |  |
|                        | Jan   | Mar   | Jun   | Sep   | Dec   | Jan   | Mar   | Jun   | July  |       |       |       |     |  |
|                        |       |       |       |       |       |       |       |       | wk 1  | wk 2  | wk 3  | wk 4  | wk  |  |
| US Dollar              | 70.7  | 74.4  | 77.5  | 78.2  | 78.7  | 78.6  | 77.8  | 78.6  | 79.3  | 79.0  | 78.9  | 78.9  | 79  |  |
| Pound Sterling         | 116.0 | 117.6 | 117.0 | 112.0 | 114.9 | 116.2 | 112.4 | 110.3 | 111.4 | 111.3 | 111.2 | 112.4 | 112 |  |
| Deutschemark           | 36.7  | 37.3  | 37.7  | 34.8  | 36.0  | 37.7  | 36.2  | 34.3  | 34.1  | 34.3  | 34.6  | 35.3  | 35  |  |
| 100 Japanese Yen       | 67.2  | 69.8  | 73.1  | 73.2  | 70.3  | 67.3  | 64.2  | 64.4  | 63.3  | 63.1  | 63.3  | 63.8  | 63  |  |
| Uganda Shilling*       | 21.3  | 20.3  | 20.5  | 22.7  | 22.5  | 23.2  | 22.5  | 22.6  | 21.8  | 21.9  | 22.0  | 22.0  | 22  |  |
| Tanzania Shilling*     | 11.3  | 10.8  | 10.5  | 10.2  | 10.2  | 10.2  | 10.7  | 11.3  | 11.3  | 11.2  | 11.3  | 11.3  | 11  |  |
| Euro                   | 71.8  | 71.8  | 73.7  | 68.1  | 70.5  | 73.8  | 70.8  | 67.2  | 66.8  | 67.2  | 67.8  | 69.0  | 69  |  |

\* Units of currency per Kenya shilling

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