STRATEGIC MANAGEMENT PRACTICES AND CHALLENGES OF KENYAN PROJECTS ASSISTED BY COMPASSION INTERNATIONAL IN LIMURU REGION

BY
SHAMALA LOISE WAGAKI

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

NOVEMBER 2013

DECLARATION

I declare that this research project is my original work and has not been submitted to

any other university for the award of a degree

Signature ....Date...

Shamala Loise Wagaki
D61/62849/2011

This research project was submitted for examination with my authority as the

university supervisor

Signature ....Date..

Prof. Martin Ogutu
Department of Business Administration
School of Business
University of Nairobi

DEDICATION

I dedicate this work to my loving husband Benson who sacrificed a lot both morally and financially to ensure that I complete this programme and also to my late mother Elizabeth who believed in me and dedicated a lot of her time and resources to ensure that I excel in life.

ACKNOWLEDGEMENT

Glory be to God for giving me the strength, the grace and the resources to complete this study. I am indebted to all those who offered encouragement and advice as I worked on this project. It is therefore important that I mention those people who made this possible.

I sincerely thank my dear husband Benson who encouraged me throughout this period and offered guidance whenever I was stuck. His financial contribution towards the completion of the study cannot go unmentioned. May the Lord bless you abundantly. Thanks too to our lovely boys Mike and Mark who endured my long absence at home for the period that I did this study.

I thank my supervisor, Prof Martin Ogutu who was constantly available to offer his expertise, advice and guidance. Without his guidance this work would not have been completed on time. May God bless you.

To all the project directors from Limuru region who willingly provided the data for this study, I say thank you. I am grateful to my colleagues Rachel, Gladys and the late Ezra who stepped in for my work assignments when I was away. I also thank the project management committee who gave me time off to work on this study.
=[
I am indebted to many of my class mates and especially Evelyn, Peter and Johnstone who offered a lot of support and advice when I needed it. Thanks to Kikuyu Home cell group members for mentioning me in prayers every week.

TABLE OF CONTENT

LIST OF TABLES

ABSTRACT

Strategic management has of late been utilized by most organisations to position them competitively in an ever changing and turbulent environment. This is gaining popularity in both the profit making and not for profit making organisations. A successful strategic management process enables the organisations in the NGO sector to efficiently and effectively utilize the donor funds and at the same time meet the demanding needs of the beneficiaries. The main aim of this study was to establish the strategic management practices and challenges of Kenyan projects assisted by Compassion International in Limuru region. The study took the form of a census survey because the number of projects assisted by Compassion International in Limuru region were few hence no justification for sampling. Data was collected from the respondents who were project directors through a structured questionnaire. The data was analysed using descriptive statistics as well as frequencies and percentages. The findings were presented in tables and charts. The study established that the common strategic management practices among the projects include conducting an environmental analysis through a SWOT analysis, developing strategic objectives, coming up with action plans for implementation, developing performance indicators, evaluation of actual performance and comparing the same with the desired performance, involvement of stakeholders in the strategic management process and ensuring that there is corrective action to streamline the strategic management process. Challenges include resistance to change, lack of top management support, and lack of finances among others. In order to improve the strategic management process, the study recommends allocation of funds to the process, involvement of all the stakeholders and review of the existing policies that seem to hinder the success of the process.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Strategic management is about positioning an organisation in a way that it is able to cope with the changes that are constantly taking place in the environment. The concept of strategic management is being bought by almost all the organisation whether profit making ones or not. These organisations have realised that doing things the traditional way may render them useless and hence be phased out of the market by the more competitive ones hence the need to embrace strategic management in their operations. The strategic management practices employed differ from one organisation to the other since management is sensitive to the context in which it is practiced. There are various challenges that organisations encounter whether during formulation or implementation of their strategies and therefore they must be ready to cope with these challenges to ensure that their efforts are not wasted in this whole process. This calls for managers who are always ready to adapt to changes that occur in the process of strategic management.

Non profit organisations are faced with an increasingly competitive environment which requires an adoption of strategic management. Donors require greater accountability of their resources and the communities served by these organisations are becoming more aware of their needs and are demanding better services from the organisation. Compassion International assisted projects have been employing strategic management concept in their operations yet there seem to be a discrepancy between the plans and the overall achievements. There are a lot of expectations both

from the donor community as well as the beneficiaries of the projects. This study therefore sough to find out how the projects have practiced strategic management and some of the challenges these projects encounter in their quest to successfully achieve their objectives through the application of strategic management concept.

1.1.1 Concept of Strategic management

Strategic management originated in the 1950's and 1960's (Ansoff and McDonnel, 1990). There are various definition of strategic management given by different scholars. Lynch (2009) describes strategic management as the identification of the purpose of the organisation and the plans and actions to achieve that purpose. According to Ansoff (1990) strategic management is a systematic approach to a major and increasingly important responsibility of general management: to position and relate the firm to its environment in a way which will assure its continued success and make it secure from surprises.

Ansoff and Mc Donnel (1990) defines strategic management as a systematic approach for managing strategic change which consists of positioning the firm through strategy and capability planning, real time strategic response through issue management and systematic management of resistance during strategic implementation. This definition favours an adaptive approach to strategic management where it is important to watch the process in operation. In all these definitions, one of the common thing is that strategic management assist firms to position themselves in a turbulent environment by employing strategies that are competitive in a bid to remain relevant in the market. This study will consider the last definition given by Ansoff and Mc Donnel (1990) as

it recognizes strategic change which is very common in the business environment today that need to be properly managed if the organisation is to succeed.

1.1.2 Strategic Management Practices and Challenges

According to Coultler (2005) Strategic management practices is a process of steps applied to holistically manage the firm competitively. It involves the process of determining the long term direction and performance of an organisation by ensuring a careful formulation, proper implementation and control (Byars and Rue 2005). According to Ogollah (2007) strategic management practices is generally the use of strategic management concepts in application so as to ensure that the firm is able to achieve its strategic management objectives.

Strategic management which involve strategic planning is planning for the future. Because of the long term goal, there are some challenges to be faced. First of all one have to come up with something new which changes vital things in current position. Another action could be convincing stakeholders to be supportive during implementation of the plan, and decreasing cycle time in the planning process. In today's world, organisations cannot afford to face these challenges. To overcome these issues, they have to create breakthrough strategies as soon as possible that will help them to continuously meet customer requirements. In doing so they must manage to allocate all available resources around the plan.

1.1.3 Non Governmental Organisations

According to Cleary (1997), non governmental organisations (NGOs) are organisations which pursue activities to relieve the sufferings, promote interests of the

poor, protect the environment, provide basic social services and undertake community development. Session paper no 1 of 2006 which is the national policy of NGOs describes NGO purpose as enhancing the legitimate economic, social and/or cultural development or lobbying or advocating on issues of public interests or interest of a group of individuals or organisations.

International NGOs in Kenya according to Gichira (2009) have been increasingly adopting the concept of strategic management with the aim of increasing the effectiveness of their organisations. Hatch (1997) points out that an effective NGO can be said to be one that is sustainable, legitimate and relevant. For this to happen, the organisation must do things differently from what others are doing and the reason why many of them have embraced the concept of strategic management.

Harding (1994) has noted that donors may put having a strategic plan as a pre requisite in the funding of the organisation. This may force NGOs to superficially go through a strategic planning without fully internalizing and owning the plan. He further notes that most donors do not usually commit to a long term funding that will ensure the implementation of the strategic plan and similarly do not fund administration costs. They only fund the implementation and not the implementers. This consequently leads to lack of capacity among the local NGOs to efficiently implement the strategic plan.

1.1.4 Kenyan Projects Assisted by Compassion International

Compassion International (CI) was founded by Rev. Everet Swanson in 1952, and began its ministry to children by providing Korean War Orphans with food, shelter,

health care, clothing and Christian training (Compassion International, 2009). Compassion international Kenya (CIK) is a non governmental organisation whose main focus is child development. It advocates for the needs of children who are vulnerable in the community by partnering with different evangelical churches. CI started its ministry in Kenya in 1980, the first project being in Narok District with the Salvation Army church. Since then the ministry has been growing and currently the number of projects in Kenya stands at three hundred and forty three. These projects are based in different evangelical churches. The projects are clustered and each cluster consists of an average of 12 projects. The clusters are again put into regions. Limuru region is composed of two clusters namely Ndeiya and Kiambu with 12 projects in Ndeiya and 14 projects in Kiambu.

The projects oftenly reffered to as Child development centres (CDC) are run and managed by a church partnership committee (CPC) who are members of the church appointed by the church pastor who is referred to as the patron of the CDC. There are four staff in each CDC; the Project director, project accountant, project health worker and project social worker (Compassion Programme Field manual, 2009). Every CDC has an average of 300 children. The church recruits children who leave around the church as early as when the mothers are pregnant and the children leave the programme at the age of 22 years with a few who join the leadership development programme leaving at age 25 years. Compassion is committed to holistic development of the children. This it does through three core programmes; Child survival programme (CSP), Child development through Sponsorship programme (CDSP) and Leadership Development programme (LDP).

Each Child Development centre develops a five year strategic plan and every year they develop a one year strategic plan which they use to prepare their annual budget plans. It is from the needs identified that the committee in consultation with the partnership facilitator(PF) that are able to come up with a budget that has to be approved before any expenditure is done. Compassion international Kenya has its own strategic plan while the churches where the projects are based also have their own strategic plans. As the CDCs prepare their plans they must ensure that they take into account these two plans to ensure that there is no conflict. Thus one of the major problems encountered is trying to bled the two individual plans and still ensure that the needs of the beneficiaries are taken care of and at the same time adhere to the donor requirements.

1.2 Research Problem

Wheelan and Hunger (2008) argues that globalisation, the internationalisation of markets and corporations have changed the way modern corporations do business. To reach the economies of scale necessary to achieve low costs and thus low prices needed to be competitive, companies are now thinking of a global (world wide) market instead of national market. As more industries become global, strategic management is becoming an increasingly important way to keep track of international development and position a company for long term competitive advantage. Hitt, Ireland and Hokiston (2000) conquers with this by citing that the traditional managerial mindset cannot lead a firm to strategic competitiveness in the new competitive landscape but managers must adopt a new mindset- one that values flexibility, speed, innovation, integration and the challenges that evolve from constantly changing conditions.

The way different organisations practice strategic management is determined by such things like organisational culture, structure as well as the available resources. This is because different contexts call for different ways of coping with changes. It is important that organisations anticipate the challenges they are likely to encounter for them to prepare in advance on how to overcome them. Strategic implementation faces the greatest challenges in the process of strategic management and this calls for organisations to be proactive in ensuring that they are in a position to overcome these challenges.

Kenyan projects assisted by Compassion international are operating in an environment that is highly turbulent and thus the need to be well positioned to adapt to the constant changes that occur in such an environment. Kaye and Allison (2005) points out that funders and clients in not for profit organisations are beginning to demand more quality products and accountability; sole-source non-profits are finding that their success is encouraging others to enter the field and compete for grants; and grant money and contributions are getting more difficult to come by, even as need and demand increase. This trend- increasing demand for a smaller pool of resources- requires today's nonprofits to rethink how they do business, to assess the implications of duplication of services, to better define or narrow their niche and to increase collaboration when possible.

Donors are also demanding that projects come up with ways of mobilizing more resources to cater for overwhelming needs in their locality. Through good strategic management practices these projects can be in a better position to overcome all these challenges. The resources given by donors are not enough to cater for all the needs in

the projects but through strategic management the projects are able to efficiently use these resources in a way that they will maximize their impact to the community.

Various researches have been conducted in the area of strategic management practices and challenges. Studies carried out on the subject of strategic management in Kenya organisations are ones done by Njenga (2006) at Mater Hospital, Kagiri (2007) at Health care services, Ogolla (2007) at Pharmaceuticals importers and distributors, Chiuri (2008) at Technical training institutions and Ndambuki (2010) at Small Medium Enterprises. Gichira (2009) did a study on strategic planning practices in Compassion International main office. However there was no literature on strategic management at the project level. The study therefore aimed at exploring the various strategic management practices employed at Compassion International assisted projects. It also aimed to identify the various challenges faced by these projects as they practice strategic management.

1.3 Objectives of the study

The study sought to address the following objectives:

   i.   To determine the strategic management practices adopted by Kenyan projects assisted by Compassion International in Limuru region.

  ii.   To establish the strategic management challenges encountered by Kenyan projects assisted by Compassion International in Limuru region.

1.4 Value of the Study

The field of strategic management is still young without documented theories about it and changes happening every now and then and therefore this study will make a contribution to the existing literature in the field of strategic management. The findings from the study will add to the empirical studies literature on strategic management. This will help in filling the knowledge gap in this field of study.

In the NGO sector the concept is still at its lower stages and whatever findings will be found from this study will make a big contribution to application of strategic management in the NGO sector. Many NGO's are starting to appreciate the role of strategic management in their operations and therefore this study will give some insights on how the organisation can apply strategic management practices in their operatives for them to be more effective. The study will help these organisations to either improve or change policies that could be a hindrance to successful implementation of strategic management.

To future academicians and researchers, the study will provide information on strategic management practices and challenges encountered in partnership organisation. They can also be able to identify a gap in knowledge in this area for further study. The recommendations given will help the researchers to improve on their future researches in order to effectively address the challenges encountered during the study.

To Compassion International assisted projects, the study will assist them in identifying areas of weakness in strategic management practices and be in position to rectify so that they can achieve much through the process. The projects will be in a position to proactively prepare in advance in overcoming the challenges in strategic management and thus achieve more from the process.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explored what has been documented by other scholars about the topic of study and some of their findings. It also documents some of the theories that supports this study. This helped to identify the gap in knowledge that justifies for further study.

2.2 Theoretical Foundation

Though the field of strategic management is relatively new, various theories have emerged that tries to explain the concepts in this field. Lynch (2009) classifies these theories into either prescriptive or emergent. A prescriptive view describes strategic management as the identification of the purpose of the organisation and the plans and actions to achieve that purpose while the emergent view describes it as finding market opportunities, experimenting and developing competitive advantage over time. Every organisation has to manage its strategies in three main areas that is the organisational internal resources, the external environment within which the organisation operates and the organisation's ability to add value to what it does.

Lynch (2009) outlines four prescriptive strategy theory which include; industry and environmental-based theory, resource based theories of strategy, game-based theory of strategy and co-operation- and network-based theories of strategy. Emergent theories of strategy are survival- based theory, uncertainty-based theory, human resource based theory and innovation and knowledge- based theories of strategy. All

these theories will one way or the other try to explain the strategic management practices however this study will be based on resource based view theory of strategic management.

The resource based theory(RBV) states that a firm develops competitive advantage by not only acquiring but also developing its physical, human and organisational resources in ways that add unique value and are difficult for competitors to imitate (Barney, 1991). RBV theories concentrate on the chief resources and capabilities of the organisation, especially those where the organisation has a competitive advantage, as the principal source of successful strategic management (Lynch, 2009). The key insights of RBV are that "scarce, valuable and imperfectly imitable resources are the only factors capable of creating sustained performance differences among competing firms and that these resources should figure prominently in strategy making (Kraatz and Zajac, 2001).

RBV of the firm describes the crucial importance of resources generally and of competencies specifically for organisational growth and overall effectiveness (Barney, 1991; Peteraf, 1993; Wenerfelt, 1984). Most resource based arguments are rooted in human resource-skills, knowledge, and behaviour of employees or organisational resources- control systems, routines and learning mechanisms that are products of complex social structures built over time and thus are difficult to understand and imitate (Amit and Schoemaker, 1993). This theory is conditioned on the fact that resources are not homogenous and are limited in mobility and therefore the firm can translate these resources and capabilities into a strategic advantage if they are valuable, rare, and imitable. Strategically (Clegg, Carter, Kornberger and

Schweitzer, 2011) noted that the RBV approach considers it better to focus on those internal factors that the organisation can attempt to control-however partially- rather than on those external factors that are clearly beyond its control.

The success of strategic management practices is determined by the bundle of resources that an organisation owns whether human or otherwise. Since resources are always scarce, an organisation must use the available resources efficiently so that they get the maximum gain from them. Failure to do this will hinder the success of the strategic management process. The management must be in the forefront in ensuring that the resources are optimally utilised for the benefit of the organisation. Having the right mix of employees is a valuable resource that help an organisation achieve its objects as successful strategic management formulation and implementation requires employees who are skilled and knowledgeable in the area. An organisation cannot also successfully practice strategic management without enough financial resources. As such lack of resources can be a hindrance to successful strategic management.

2.3 Strategic Management

Strategic management is a concept that concerns with making decisions and taking corrective actions to achieve long term targets and goals of an organisation. Its importance can be answered by analyzing relationships between strategic management and organisational performance. Lamb, Robert and Boyden (1984) defines strategic management as an ongoing process that evaluates and controls the business and the industries in which the company involved; assess its competitors and sets goals and strategies to meet all existing and potential competitors, and reassess each strategy annually or quarterly(regularly) to determine how it has been

implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment. Strategic management is a technique that can be used to create a favourable future and help an organisation to prosper but to create this favourable future, an organisation must involve all the stakeholders.

Lynch (2009) describes strategic management as the identification of the purpose of the organisation and the plans and actions to achieve that purpose. Strategic management as defined by Ansoff (1990) is a process directed by the top management to determine the fundamental aims or goals of the organisation and to ensure a range of decisions which will allow for the achievements of those aims or goals in the long term whilst providing for adaptive responses in the shorter term. Another definition of strategic management is given by Pearce and Robinson (1988) as a set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve the objectives of the organisation.

Strategic management according to Wheelen and Hunger (2008) has evolved in four different phases. Phase one known as basic financial planning sought better operational control by trying to meet budgets. Phase two which was fore cast based planning sought more effective planning for growth by trying to predict the future beyond next year. Phase three normally known as externally oriented planning (strategic planning) is involved in increasing responsiveness to markets and competition by trying to think strategically. Finally the last phase came up with strategic management which seeks out to a competitive advantage and a successful

future by managing all resources. This phase includes a consideration of strategy implementation and evaluation and control, in addition to the emphasis on the strategic planning in Phase 3. General Electric, one of the pioneers of the strategic planning, led the transition from the strategic planning to strategic management during the 1980s. By the 1990s, most corporations around the world had also begun the conversion to strategic management.

2.4 Strategic Management Practices

There are different explanations given on how strategy is actually managed in organisations varying from those which emphasize high degree of managerial choice and control to those which argue that managers actually have less influence than they think as cited by Gerry (1999). Different organisations in different contexts are likely to emphasize different aspects of the strategic management process. For some the major challenge will be developing competitive advantage; for yet others it will be building organisation structures capable of integrating complex global operations; for others it will be understanding their competences so as to focus on what they are especially good at; and still for others it will be developing a culture of innovation. Strategic priorities need to be understood in terms of particular context of an organisation.

Wheelan and Hunger (2008) describes a basic model of strategic management practice which includes environmental scanning, strategy formulation, strategy implementation and finally evaluation and control. Each of these steps is very significant if strategic management is to achieve its ultimate goal of helping the organisation to improve its performance. David (1993) notes that strategy

formulation, implementation and evaluation should be done on a continuous basis. This is supported by Chiuri (2008) who cites that strategy formulation and implementation is an ongoing process, never ending, integrated process requiring continuous reassessment and reformation.

Environmental scanning or strategic analysis is the monitoring, evaluating and disseminating of information from the external and internal environment to key people within the corporation. Its purpose is to identify the strategic factors –external and internal elements that will determine the future of the corporation. It involves doing SWOT analysis of the firm which describes the strengths, weaknesses, opportunities and threats that are strategic factors for a specific organisation. According to Hitt, Ireland and Hoskison (2000) the key objective of conducting a SWOT analysis is to determine how to position the firm so that it can take advantage of opportunities while simultaneously avoiding or minimizing environmental threats. Results from a SWOT analysis yield valuable insights into the selection of strategies a firm should implement to achieve strategic competitiveness.

Strategy formulation is the development of long range plans for the effective management of environmental opportunities and threats in light of the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines (Wheelen and Hunger 2008). It forms the basic foundation in the strategic management process. According to Mintzberg and James (1991), strategy formulation includes defining the corporate vision, mission, specifying achievable objectives, developing strategies and setting policy guidelines. Thompson and Strickland (1992) views strategy formulation as the entire management function of establishing

16

organisational direction, setting objections and devising a managerial game plan for the organisation.

Strategy implementation is the process by which strategies and policies are put into action through the development of programs, budgets and procedures. It also involves the day to day decisions in resource allocation. It is the sum total of the activities and choices required for the execution of strategic plan by which strategies and policies are put into action through the development of programs, budgets and procedures (Coulter 2005). Pearce and Robinson looks at strategy implementation as a set of decisions and actions that result in the translation of the strategic thought into organisational action where an organisation moves from planning its work to working its plan in order to achieve the set objectives. The purpose of strategic implementation is to complete the transition from strategic planning to strategic management by incorporating adopted strategies through the relevant system (Bryson, 1995). Even if an organisation has good strategies, it's only through strategy implementation that those strategies will be of significance as far as organisational performance is concerned.

Evaluation and control is the process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. The strategic management process should be examined, its strength and weaknesses noted and modifications suggested to improve the next round of strategic planning (Bryson, 1995). Evaluation involves examining how the strategy has been implemented as well as the outcomes of the strategy (Coulter, 2005). This includes whether deadlines have been met, the implementation steps and processes are working

correctly and whether the expected results have been achieved. If a shortcoming is discovered against mentioned outlined expected results, then the strategy can be modified or reformulated (Johnson and Scholes, 2002). Strategic control is concerned with tracking strategy during implementation, detecting problems or changes and making necessary adjustments (Pearce and Robinson 2005). Continuous evaluation and responding to internal and external environmental changes is what strategic management is all about.

2.5 Strategic Management Challenges

Strategic management challenges are impediments or those factors that may hinder successful application of strategic management practices. These challenges could be internal or external to an organisation. Different factors combine to influence the practice of strategic management. These factors are mainly internal to the organisation even though some of them may be external. Internal ones include current organisation structure, leadership style, organisational culture and politics, management skills, financial resources, employees training, reward systems, existing organisation policies and organisation human resources (Thompson and Strickland, 2003).

Resources whether financial or human poses the greatest challenge in strategic management practices. Organisations have at least four types of resources that can be used to achieve desired objectives namely financial, physical, human and technological resources (David 2003). Resources (budgetary) allocation is the process of ensuring that all necessary time, finance, skill and knowledge are made available (Okumu, 2003). Each part of the strategic management requires resources

for its successful application. As Bowman et al (1997) has noted managing strategic plan is costly in terms of time and other resources like people and funds. Some top managers see strategic management as too much time consuming (Coulter, 2005). As such they might be unwilling to commit their time to this process. Sometimes organisation lack either of the above resources and this poses a challenge to the success of the strategic management process.

Strategic management practices involve change taking place in the organisation. Change is inevitable in the modern times due to dynamic environment, yet some workers and even managers especially from the old school of thought are slow to adjust to it (Ansoff et al, 1990). As a result of the changing environment, organisation must continuously effect changes in their strategic plans. These changes may not be taken well by everyone in the organisation leading to resistance to change. David (1993) has noted that resistance to change is one of the greatest threats to strategy implementation. It is therefore important that managers are well equipped to understand how to deal with this resistance so that everybody rally behind their new strategies. Organisations operate on different contexts and therefore managing change needs to be different (Maccoby, Newcomb and Hartley, 1958).

Leadership is needed for effective strategic management process as this will ensure that the organisation effort is united and directed towards achievement of its goals (Pearce and Robinson). The much an organisation can achieve is heavily dependent on its leadership since leadership plays a crucial role in ensuring that each step of the strategic management is effectively and efficiently practiced. This is supported by Bryson (1995) who contends that leadership is considered to be one of the most

important elements affecting organisational performance. The management must cultivate team spirit and act as a catalyst in the whole strategy implementation process. It is the management that fills vacant positions in the organisation and as such they must do it in a way that ensures that these people have the capabilities and competencies required to implement the strategic plans of the organisation.

Some managers and employees especially in the not for profit organisation are not aware of the value of strategic management and may consider it a waste of time and something applicable only in big organisation (Johnson and Scholes 2002). If they don't find it valuable, then they are not willing to commit their time and resources towards the process and this can be a hindrance to achieving tangible results from the whole process. According to Chiuri (2008) to get employees sustained, energetic and committed, management has to be resourceful in designing and using motivational incentives both monetary and otherwise. If the management has not bought the whole idea of strategic management, then they cannot motivate their employees who require it for effective formulation and implementation of the strategic plans.

A company's policies and procedures can either assist the cause of a good strategy execution or be a barrier. Anytime a company moves to put new strategy elements in place or improve its strategy execution, capabilities, managers are well advised to undertake a careful review of existing policies and procedures, proactively revising and discarding those that are out of sync. A change in strategy or push for a better execution generally requires some changes in work practices and behaviour of company personnel (Thompson, Strickland and Gamble, 2008). It is therefore important that an organisation evaluates its policies now and then to confirm that they

the existing policies are supporting their strategic management practices otherwise it can pose a great challenge to the achievement of their goals.

2.6 Role of Non- Governmental Organisations

Non Governmental Organisations (NGO's) have played a role all over the world in tackling the range of issues (Cleary, 1997). Their role is not limited to one sector but extends from one corner to another. NGOs have a very significant role to play in democracy. Under the NGO coordination Act, NGOs are established for the benefit of the public at large and for the promotion of social welfare, development, charity or research in the areas inclusive of, but not restricted to health, relief, Agriculture, Education, Industry and the supply of amenities and services. According to Mukanga (2011), the goals of an NGO are not measured in terms of loss or profit; the results are qualitative. For NGOs the criterion is whether the way the budget is spent will meet the expectations of the sponsors and public opinion.

According to Mbote (2002) voluntary development initiatives in Kenya have their basis in the emergence of church based and independent secular organisations independent of the state in the colonial period. The church based organisations were formed to address relief and welfare issues. Mbote, (2002) states that the 1980s and 1990s was a period which witnessed remarkable growth in the size, scope and activities of present day NGO sector. There was expansion or diversification of the role of the NGO sector which saw many NGOs shift their focus away from concerns about relief to more general interests in development. They increased their involvement in social- economic matters. The range of activities in which they began

to involve themselves widened to include sectors such as energy, environment, primary health care, Nutrition, Education and Vocational training.

Donors often attach very specific limitations on how money can be spent designating particular issues or themes or supporting only programmatic expenses. This has made it tremendously difficult for NGOs to raise adequate support to for their ongoing operational expenses. They are often forced to 'go where the money is' regardless of whether the project priorities identified by a perspective funder suit the long term strategic plans of the NGO. This approach has put NGOS into an endless cycle of resource dependence (Davis, 2004).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design, define the population, identified the data collection instrument as well as procedures for collection and analysis of the data. A research methodology defines what the activity of research is, how to proceed, how to measure progress and what constitutes success. There is inevitably a relationship between the data collection techniques used and the results obtained. In other words the results were affected by the techniques and procedures used. Having a clear research question and objectives ensures that the methods used enabled one meet his/her objectives.

3.2 Research Design

This study adopted a census survey type of research design. According to Cooper and Schidler (2006) research design is the blue print for the collection, measurement and analysis of data and aids the researcher in the allocation of limited resources by posing crucial choices in methodology. Sunders, Lewis and Thornbill (2007) defines it as the general plan of how to go about answering the research questions. A census survey according to Cooper and Schidler, (2003) is where data is collected from all members of the population. Survey design helps to gather data that is systematic and factual about the behaviour, opinion and characteristics of the respondent (Bibiana, 2009). The survey research is a useful fact finding tool for educational studies, and is preferred because of its appeal for generalization within a particular parameter (Kerlinger and Lee, 2000).

This research design was preferred because there were only a few projects in Limuru region meaning sampling could not be done. There was also the need to compare the strategic management practices in the projects in the rural setting and those that are in the pre urban as is with the case in Limuru region. Other researchers who have used this research design include Maingi (2009) who studied the Strategic Management practices adopted by Local Authorities in Kenya; a case study of Thika, Ruiru, Kiambu and Mavoko, Ndambuki (2010) who studied Strategic Management practices and challenges in Small Medium enterprises in Westlands Division and Chiuri(2008) who studied Strategic management practices among Technical training institutions in Nairobi.

3.3 Population of the study

Kasomo (2007) defines a population as any group of institutions, people or objects that have atleast one characteristics in common. It is the aggregate of all cases that conform to some designated set of specifications. The target population should be explicitly and unequivocally defined, otherwise statements about the target population after the analysis of data will not be trustworthy. The population of interest were all the projects in Limuru region. Limuru region had a total of 26 projects divided into two clusters; Ndeiya with 12 projects and Kiambu with 14 projects (Compassion International Field manual, 2010).

3.4 Data Collection

This study used primary data. Zikmund (2003) defines primary data as data gathered and assembled specifically for the research project at hand. The research instrument that was used to collect data was a structured questionnaire that had both open ended

and closed questions. As indicated by Sunders et al (2007) the questionnaire is one of the most widely used data collection techniques within the survey strategy. Because each respondent is asked to respond to the same set of questions, it provides an efficient way of collecting responses from a large sample prior to quantitative analysis. The choice of questionnaire is influenced by the research questions and objectives and the resources that are available.

The questionnaire was divided into three parts; Part A consisted of the demographic information of each project, Part B consisted of strategic management practices adopted by the projects and Part C consisted of the challenges these projects go through during the process. The questionnaires were hand delivered to the projects and later collected once they were filled. Both qualitative data and quantitative data were collected from the respondents.

The respondents were the project directors of the projects. This was because they are the ones in charge of the day to day running of the projects and oversee all the other staffs. They are also the ones who act as a link between the partnership facilitator and the church partnership committees. A letter of introduction was availed to them as the questionnaires were dropped.

3.5 Data Analysis

Data analysis is the process of gathering, modelling and transforming data with the goal of highlighting useful information, suggesting conclusions and supporting decision making (Bibiana, 2009). It involves organising, accounting for and explaining the data; that is making sense of the data in terms of respondent's

definition of the situation noting patterns, themes, categories and regularities. This study collected both quantitative and qualitative data.

The quantitative data was analyzed by use of percentages and descriptive statistics with the mean score used to obtain the average measure for each of the key variables for the strategic management practices and challenges. Descriptive statistics enables one to describe (and compare) variables numerically (Sunders et al, 2007). Content analysis was used to analyse the qualitative data. Content analysis measures the semantic content or what aspects of a message. Its breadth makes it a flexible and wide ranging tool that may be used as a methodology or a problem specific technique (Cooper and Emoly, 1995).

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF FINDINGS

4.1 Introduction

The main objectives of this study was to determine the strategic management practices and to establish the challenges encountered in the process of strategic management by Kenyan projects assisted by Compassion International in Limuru region. Data was successfully collected from 21 projects out of the targeted 26 projects. This is an indication that the study was able to achieve a response rate of 80.8%. This response rate was considered enough to enable the researcher generalize the findings of the study on the 26 projects that are supported by Compassion International in Limuru region. The findings from the study are presented next.

4.2 Organizational profile

In this section, the researcher sought information from the respondents on the organization. The purpose and significance of this information was to shed more light on the strategic management practices that may be prevalent in the organization as well as the challenges that the organization may be facing.

4.2.1 Year of Inception

Table 4.1: Year of Inception

	Frequency	Percent
Before year 2000	14	66.7
After year 2000	7	33.3
Total	21	100.0

Source: Research Data (2013)

The findings from the study confirm that most of the organizations that were involved in this study were started before the year 2000. This means that 66.7% of these organizations are more than 13 years old hence have enormous experience in strategic management. It also implies that they have participated in implementation of various projects and can be able to outline clearly the challenges they face in these projects.

4.2.2 Duration Worked in the Project

The respondents were asked to state the duration of time they have worked in their respective projects and the results are represented in the table 4.2.

Table 4.2: Duration Worked

	Frequency	Percent
Below 2 years	6	28.6
2-5 years	2	9.5
6-10 years	12	57.1
11-15 years	1	4.8
Total	21	100.0

Source: Research Data(2013)

The study reveals that 57.1% of the respondents have worked with their organizations for a duration of between 6-10 years while 28.6% have been working with their organizations for less than 2 years. This implies that most of the employees have enough experience in strategic management practices having worked for more than 6 years hence can be able to provide reliable information that can inform the study.

4.2.3 Permanent Employees

The respondents were requested to indicate the number of the permanent employees

in their projects and their responses were as indicated in the table below.

Table 4.3: Number of permanent employees

	Frequency	Percent
Less than 5	18	85.7
More than 5	3	14.3
Total	21	100.0

Source: Research Data (2013)

It is evident from the findings as tabulated above that most of the organizations

involved in this study have less than 5 employees who are employed permanently in

these projects. This can be confirmed by 85.7% of the respondents who indicated that

their organizations have less than five permanent employees.

4.2.4 Number of Management Committee Members

The respondents were asked to indicate the number of committee members in their

projects and their responses are represented in the table below.

Table 4.4: Management Committee Members

	Frequency	Percent
6-10	19	90.5
Above 10	1	4.8
Total	20	95.2
System	1	4.8
	21	100.0

Source: Research Data (2013)

The findings from the study illustrated in Table 4.4 above confirm that 90.5% of the organizations in this study have a total of between 6-10 management committee members while only 4.8% of the organizations have a management committee that has more than 10 members. This is an indication that most of projects prefer a leaner management committee that can effectively manage their projects.

4.2.5 Project Location

The respondents were requested to indicate where their projects are located and the results are in table 4.5.

Table 4.5: Project Location

	Frequency	Percent
Rural	13	62.0
Peri- urban	6	28.6
Informal settlements	1	4.7
Urban	1	4.7

Source: Research Data (2013)

The study sought to establish the location of the projects that are assisted by Compassion International in Limuru region. It is clear from the results as shown in Table 4.5 above that more than 62% of the projects are located in the rural parts of Limuru region; approximately 28.6% of the projects are also located in peri-urban parts of Limuru and 9.4 % of the remaining are located in informal settlements and urban areas of Limuru in equal proportions of 4.7% in each of the two regions.

4.3 Strategic Management Practices

In this section the study sought to establish the various strategic management practices that are prevalent among the projects that were involved in this study. The respondents were provided with a number of questions with the aim of establishing the strategic management practices. The findings are discussed below.

4.3.1 Vision and Mission

The respondents were asked to state whether they have a mission and vision statement and the results are shown in tables 4.6 and 4.7.

Table 4.6: Project Vision

	Frequency	Percent
Yes	21	100.0

Source: Research Data (2013)

Table 4.7: Project Mission

	Frequency	Percent
Yes	21	100.0

Source: Research Data (2013)

One of the most important aspects of strategic management is the development of the vision and mission of an organization. The study sought to find out whether the projects assisted by Compassion International in Limuru region have a stated vision and mission. The findings from Table 4.6 and 4.7 above confirm that all the

organizations have a vision and mission that has been clearly stated. This is an indication that all these organizations are aware of the significance of having a vision and mission for the projects they are undertaking. They also understand that these two are the primary points of reference in the strategic planning process.

4.3.2 Stakeholder Participation

The respondents were asked to indicate the extent to which various stakeholders get involved in the development of vision and mission statements. The results were as indicated in the table below.

Table 4.8: Stakeholder Participation

	N	Minimum	Maximum	Mean	Std Dev
Project management committee	21	2	5	3.43	.746
Project staff	21	4	5	4.57	.507
Sponsored children	21	1	5	2.48	1.365
Caregivers	21	1	3	1.90	.889
Local church council	21	1	4	2.29	1.007
Compassion Int. Staff	21	1	5	3.52	1.250

Source: Research Data (2013)

The study sought to establish the extent to which stakeholders in the various projects that are assisted by Compassion International in Limuru region participate in developing the vision and mission of the project. The results tabulated in table 4.8 above reveal that minimum response was 1 that represents no involvement at all while 5 was the highest representing very great extent. It is evident from the results that the project management committee has a mean of 3.43 indicating that they are involved to

a moderate extent; the project staff has a mean of 4.57 an indication that they are involved to a great extent; sponsored children has a mean of 2.48 and this implies they are involved to a less extent; caregivers has a mean of 1.9 an indication that they are not involved at all; local church council has a mean of 2.29 an indication that they are involved to a less extent and Compassion International staff has a mean of 3.52 implying that they are involved to a moderate extent. Involvement of all stakeholders in the process of strategic management is key to the success of the whole process and therefore from the above results it means that there might be challenges especially when it comes to the implementation of the strategic plan.

4.3.3 Awareness of Mission Statement

The respondents were then asked to indicate the extent to which everybody is aware of the mission statement and the results were as indicated in the table below.

Table 4.9: Mission statement Awareness

	Frequency	Percent
Little extent	3	14.3
Moderate	13	61.9
Great extent	5	23.8
Total	21	100.0

Source: Research Data (2013)

The researcher was interested in establishing whether the various stakeholders in the organizations are aware of the mission statements of the organizations. The results illustrated above reveal that 61.9% of the stakeholders are moderately aware of the mission statement; 23.8% are aware to a great extent while 14.3% are aware to a very little extent. This implies that more need do be done to ensure that everybody in the

organisation is aware of the mission statement as this is guarantee commitment and enthusiasm during implementation.

4.3.4 Environmental Analysis

The respondents were asked to state whether they carry out an environmental analysis as and the results were as in table 4.10.

Table 4.10: Environmental Analysis

	Frequency	Percent
Yes	15	71.4
No	6	28.6
Total	21	100.0

Source: Research Data (2013)

Conducting an environmental analysis is an important practice in strategic management.. The study sought to establish whether the organizations conduct an environmental analysis before engaging in the strategic management process. The findings in Table 4.10 confirm that 71.4% of the organizations conduct an environmental analysis before engaging in the strategic planning process. This is an implication that the organizations understand the significance of environmental analysis as an essential practice in strategic management.

4.3.5 SWOT Analysis

The respondents were further asked whether they do carry out a SWOT analysis and their responses were as in the table below.

Table 4.11: SWOT Analysis

	Frequency	Percent
Yes	18	85.7
No	3	14.3
Total	21	100.0

Source: Research Data (2013)

The study findings also reveal that most of these projects represented by 85.7% conduct a strengths, weaknesses, opportunity and threats analysis as one of the preliminary practices of the strategic planning process. This is an indication that the strategic management process in these organizations is not by chance but a well-planned process with the aim of capitalising on the strengths of the organizations, addressing existing weaknesses, exploiting available opportunities and overcoming possible threats.

4.3.6 Project Objectives

Table 4.12: Project Objectives

	Frequency	Percent
Yes	20	95.2
No	1	4.8
Total	21	100.0

Source: Research Data (2013)

One of the common practices of strategic management is to set measurable and achievable objectives in relation to the strategic plan of the organization. The set objectives should help the organisation achieve its vision. The study reveals that

65.2% of the projects assisted by Compassion International in Limuru region set objectives for their projects. This implies that the organizations understand the need to have clearly stated objectives as an important practice in strategic management.

4.3.7 Strategies to Achieve Objectives

Table 4.13: Strategies to Achieve Objectives

	Frequency	Percent
Yes	20	95.2
No	1	4.8
Total	21	100.0

Source: Research Data (2013)

The study sought to establish whether the various projects supported by Compassion International in Limuru region do set strategies to enable them to achieve the objectives that have been set. The findings from the study as illustrated in Table 4.13 confirm that 95.2% of the projects have in place strategies that have been developed to enable them achieve the objectives. This implies that the projects usually come up with well detailed plans on how to execute their strategic plans. Setting objectives without coming up with strategies to achieve those objectives can be a futile job as this will determine whether an organisation will achieve its objectives.

4.3.8 Participation of Stakeholders Development of Strategies

Table 4.14: Participation of Stakeholders Development of Strategies

Stakeholder	N	Minimum	Maximum	Mean	Std Dev
The project management committee	21	2	5	3.52	.814
Project staff	21	2	5	4.43	.746
Sponsored children	21	1	4	2.43	.978
The care givers	21	1	4	2.19	.750
The local church council	21	1	4	2.24	.889
Compassion international staff	21	1	5	3.71	.956

Source: Research Data (2013)

The study sought to establish the level of involvement of various stakeholders in the process of developing strategies for the projects that are assisted by Compassion in Limuru region. The findings confirm that the project management committee has a mean of 3.52 an indication that it is involved in the development of strategies to a moderate extent; project staff has a mean of 4.43 which implies that they are involved in development of strategies to a great extent; sponsored children has a mean of 2.43 and this implies that they are involved in development of strategies to a less extent; caregivers has a mean of 2.19 an indication that they are involved in development of strategies to a less extent; the local church council has a mean of 2.24 and this implies they are involved to a less extent and the compassion staff has a mean of 3.71 an indication that they are involved in developing strategies to a moderate extent. It is therefore clear that the stakeholders who are involved mostly in strategy development

are the project staff, management committee and compassion staff. Failure to involve the beneficiaries that is the sponsored children, the church and the care givers is a great mistake as this will adversely affect the implementation of those plans.

4.3.9 Statement of Mission, Vision and Objectives

The respondents were asked to state whether their mission, vision and objectives are written down in form of a strategic plan and the results were as shown in the table below.

Table 4.15: Statement of Mission, Vision and Objectives

	Frequency	Percent
Yes	19	90.5
No	2	9.5
Total	21	100.0

Source: Research Data (2013)

It is evident from the findings of the study that the project mission, vision and objectives for most of the organizations are stated down. This is supported by 90.5% of the respondents who confirmed that their mission, vision and objectives are clearly stated. Therefore most of the projects have strategic plans in place and this is very important for continuity since the management commitment rotates after every three years and therefore those who join can comfortably continue with the implementation of the plans. The few projects without the plans are the newly opened projects that are still settling down.

4.3.10 Period Covered by Strategic Plans

Table 4.16: Period Covered by Strategic Plans

	Frequency	Percent
One year	1	4.8
3 Years	17	81.0
More than 5 years	2	9.5
Total	20	95.2
Missing System	1	4.8
	21	100.0

Source: Research Data (2013)

The study sought to investigate the period the strategic plans that are developed by the projects assisted by Compassion International cover. The findings as illustrated in the above Table reveal that 81% of the organizations have strategic plans that cover up to three years. This is an indication that they are medium term strategic plans that are designed to fit the duration of the projects that are undertaken.

4.3.11 Development of Action Plans

Table 4.17: Development of Action Plans

	Frequency	Percent
Yes	18	85.7
No	3	14.3
Total	21	100.0

Source: Research Data (2013)

Development of action plans is an important strategic management practice since it enables an organization to effectively implement its strategy. It was revealed from the

study that 85.7% of the projects develop action plans that guide the strategy implementation process. However, 14.3% of the projects do not develop action plans an indication that they may not have strategic plans in place.

4.3.12 Importance of Strategic Management

Table 4.18: Importance of Strategic Management

	Frequency	Percent
Moderate	10	47.6
Great extent	9	42.9
Very great extent	2	9.5
Total	21	100.0

Source: Research Data (2013)

The researcher sought to establish the importance the projects accord the process of strategic management in relation to formulation of strategies and implementation of the articulated action plans. The findings reveal that 47.6% of the projects consider strategic management to be important to a moderate extent while 42.9% consider it to be important to a great extent and 9.5% consider it to be important to a very great extent. From the findings it is evident that the projects have not fully embraced the process of strategic management and therefore more awareness on its importance need to be done to ensure that these projects buy the whole idea.

4.3.13 Allocation of Funds

The respondents were asked to state whether they allocate any funds specifically for the process of strategic management and the results were as in the table below.

Table 4.19: Allocation of Funds

	Frequency	Percent
Yes	6	28.6
No	15	71.4
Total	21	100.0

Source: Research Data (2013)

It is evident from the findings of the study as illustrated above that 71.4% of the projects supported by Compassion International in Limuru do not allocate funds in their budget while only 28.6% of the projects allocate funds in their budget to facilitate the strategic management process. From the resource based view theory, the success of strategic management is determined by the bundle of resources that an organisation owns whether human or financial. The fact that most of these projects do not allocate any funds for the process is clear indication that they cannot achieve much from it. Therefore the strategic management process may suffer in most of these projects because there are no funds that are allocated to the same.

4.3.14 Staff training

Table 4.20: Staff and Management training

	Frequency	Percent
Little extent	5	23.8
Moderate	9	42.9
Great extent	7	33.3
Total	21	100.0

Source: Research Data (2013)

The study sought to establish the extent to which the staff and the management have undergone training in strategic management as shown in their level of competency in developing the strategic plan. The findings tabulated above reveal that 42.9% of the projects have their staff trained to a moderate extent on strategic management; 23.8% of the projects have their staff and management trained only to a little extent while 33.3% of the projects have their staff trained to a great extent. The findings confirm that training is still an issue that most of the projects need to address.

4.3.15 Monitoring and Comparing Performance

Table 4.21: Monitoring and Comparing Performance

	Frequency	Percent
Yes	18	85.7
No	3	14.3
Total	21	100.0

Source: Research Data (2013)

The findings from the projects assisted by Compassion International in Limuru region reveal that 85.7% of them do monitor and compare the actual performance of their projects with the desired performance. Only 14.3% of the projects never monitor and compare the actual performance with the desired performance targets. This is an indication that most of these projects are more concerned with the strategy implementation process to ensure that it moves according to plan which is very important in strategic management process. This will help the projects make adjustments when necessary and also to ensure that they are able to cope with the environmental changes that take place during the process.

4.3.16 Key Performance Indicators

Table 4.22 Key Performance Indicators

Practice	N	Minimum	Maximum	Mean	Std Dev
Performance is measured	21	1	4	4.33	.622
Comparison is undertaken	21	1	5	4.15	.612
Corrective action is undertaken	21	2	4	3.43	.845
Performance is recognised	21	1	5	2.19	.750
Good performance is rewarded	21	1	4	3.52	.452

Source: Research Data (2013)

The researcher sought to establish the extent to which the projects have developed a set of key performance indicators as a means of tracking the success of the strategy initiatives. From the findings that have been tabulated above, it is clear that measurement of performance has a mean of 4.33 an indication that it is practiced to a great extent; comparing of actual performance with desired performance has a mean of 4.15 and this means that the projects do compare the actual performance with desired performance; corrective action has a mean of 3.43 an this implies that the projects do undertake corrective action where necessary to a moderate extent; rewarding good performance is done to a moderate extent and recognition of performance is done to a less extent.

4.3.17 Local Church and Compassion International Strategic Plan Consideration

Table 4.23: Local Church and Compassion International Strategic Plan Consideration

	Frequency	Percent
Not at all extent	3	14.3
Little extent	6	28.6
Moderate	9	42.9
Great extent	2	9.5
Very great extent	1	4.8
Total	21	100.0

Source: Research Data (2013)

The study sought to find out in the whole process of strategic management, the extent to which the projects take into consideration the strategic plan of the local church and that of Compassion international. It is clear from the findings as tabulated above that 42.9% of the projects take into consideration the strategic plans to a moderate extent while 28.6% to a little extent.

4.4 Strategic Management Challenges

In this section the study sought to establish the Strategic Management challenges encountered by Kenyan projects assisted by Compassion International in Limuru region. The respondents were provided with a total of nine possible challenges and they were requested to rate them using the scale of 1-5 where 1 represented not at all and 5 to a very great extent. The responses that were obtained were subjected to analysis and the descriptive statistics are provided in Table 4.24 below.

Table 4.24: Strategic Management Challenges

Challenge	N	Minimum	Maximum	Mean	Std Dev
Changing technology	21	1	4	3.52	.725
Increase in diversity	21	1	5	2.19	.847
Resistance to change	21	2	4	4.13	.632
Existing Organisational policies	21	2	4	4.51	.651
Inadequate financial resources	21	1	4	4.32	.689
Inadequate number of employees	21	2	5	2.46	.799
Lack of formal training	21	2	4	3.64	.714
Current organisational structure	21	2	5	3.47	.698
Management skills	21	2	4	3.68	.732
Reward system	21	2	4	3.12	.685

Source: Research Data (2013)

It is evident from the findings in Table 4.22 above that existing organizational policies is the most common and greatest strategic management challenge among the projects that are assisted by Compassion International in Limuru Region. This challenge has a mean of 4.51 and indication that most of the respondents consider it to be a challenge to a great extent. Inadequate financial resources are the next greatest challenge that affects the projects. The results indicate that it has a mean of 4.32 which implies that it is considered a challenge to a great extent. It is also clear that resistance to change is also a major challenge since it has mean of 4.13 which implies that majority of the respondents consider it to be a challenge to a great extent. The study further reveals that there are other issues that are considered as challenges to a moderate extent by the projects that are assisted by Compassion International in Limuru Region. These include changing technology with a mean of 3.52; Lack of formal training on strategic

management with a mean of 3.64; Current organisational structure with a mean of 3.47; Management skills with a mean of 3.68 and reward system with a mean of 3.12. However the study also confirmed that two issues are considered as challenges to strategic management to less extent. This is an indication that they do not pose any major roadblocks to the strategic management process among the projects that are assisted by Compassion International in Limuru Region. These include increase in diversity with a mean of 2.19 and inadequate number of employees with a mean of 2.46.

4.5 Discussions of Findings

The main objectives of the study was to find out the strategic management practices adopted by projects assisted by Compassion international and to establish the challenges encountered by these projects. From the findings, it is clear that most of the projects in Limuru region have embraced the need for strategic management in their operations. The projects engage in the process by carefully doing environmental scanning, formulating the strategic plan, implementing it and regular monitoring the process to assess its success.

The study also established that all the projects have a clearly stated vision and mission statements. The vision and mission statements are further considered as very basic steps in the strategic management process by these projects. These findings are in agreement with that of Wheelen and Hunger 2008 who also argues that strategy formulation is the basic foundation in the strategic management process and it entails development of long range plans for the effective management of environmental

opportunities and threats in light of the corporate vision and mission, specifying achievable objectives, developing strategies and setting policy guidelines.

The findings also reveal that the projects assisted by Compassion International in Limuru region involve various stakeholders to varying degrees in the strategic management process with project staff being involved most. However failure to involve the beneficiaries that is the care givers and the sponsored children can be a major drawback in the process. If this is done, it will reduce resistance to change that can be experienced during the implementation as stated by Kariuki (2008) in his study in Karen Hospital. Oketch (2010) who found out a similar challenge where the employees were not involved in strategic planning process. It is also clear from the study that most of the projects conduct an environmental analysis and SWOT analysis before embarking on the strategic planning and management process. The purpose of the SWOT analysis is to enable the projects to identify the strengths, weaknesses, opportunities and threats. These findings echo the sentiments provided by Hitt, Ireland and Hoskison (2000) who assert that the main purpose of conducting a SWOT analysis is to determine how to position the firm so that it can take advantage of opportunities while simultaneously avoiding or minimizing environmental threats.

The findings from the study further indicate that most of the projects have medium term strategic plans that cover a duration of 3 years though there are a few with strategic plans that span up to five years. It was also clear that the projects come up with action plans that are aimed at translating the strategic plans into a reality. The purpose of the action plans is to assist the projects to be able to implement the strategic plans efficiently and effectively. These findings reflect the position held by

47

Coulter (2005) who argues that strategy implementation is the sum total of the activities and choices required for the execution of strategic plan by which strategies and policies are put into action through the development of programs, budgets and procedures. It was also evident from the study that the projects formulate objectives that are measurable and achievable in order to enable them to implement their strategic plans effectively.

The study further established that the projects assisted by Compassion International in Limuru region do conduct an evaluation that is aimed at establishing the actual performance and comparing it with the desired level of performance. This practice confirms the argument of Bryson (1995) that strategic management process should be examined, its strength and weaknesses noted and modifications suggested to improve the next round of strategic planning. It was further clear that the evaluation that is carried out is made possible through the use of the various performance indicators that are predetermined before the actual evaluation takes place.

The study reveals that there are a number of challenges that affect the strategic management process among the projects assisted by Compassion International in Limuru region. The greatest challenge that was established from the study is existing organizational policies which become a hindrance to the strategic management process. This is a common challenge for organisations that are donor funded as they have to please the donors. This is what Gichira (2009) found out in his study on strategic planning practices in Compassion main office where the organisation has no authority on what to do since they must adhere to the donor demands.

Lack of adequate resources was also identified as another great challenge that affects the process. From the resource based view theory, any organisation planning to compete must translate its resources and capabilities with the view of making them rare, valuable and imitable in order to have a strategic advantage. David (2003) also established that any forms of resources whether human or financial are major challenges in the strategic management process of any organization. This could be as a result of what Harding (1994) indicated that the donors are not willing to fund the administration costs and this significantly affects the money that goes towards the strategic management process. As noted from the findings only a few projects allocate funds for strategic management process. Sustainability strategies as found out by Mukanga (2011) can help to resolve this problem.

Human resource is also considered very key in strategic management process. As established from the study, the permanent employees are very few. This could hinder the process as the employee would give priorities to other activities other than the strategic management process. The study also has revealed that even the current employees and management have not gone through formal training on strategic management which is also a challenge.

The other significant challenge to the strategic management process of the projects is resistance to change. The study reveals that people prefer the status quo hence are always determined to repulse any move that will change things. These finding is in line with Ansoff and McDonnel (1990) who indicates that strategic management practices involve change taking place in the organisation. They further argue that change is inevitable in the modern times due to dynamic environment, yet some

workers and even managers especially from the old school of thought are slow to adjust to it.

The findings further confirm that lack of support from the top management of these projects is usually a major challenge to the strategic management process. The respondents confirm that if the top management of the projects are not ready to support the process, less can be achieved from the process. It is also evident from the findings that poor implementation is a major challenge to the strategic management process. The projects may have very good and elaborate strategies but poor implementation of the same scuttles the success of these strategic plans. The findings indicate that there is need for the strategic management process to be supported by top management and the developments must be communicated to all stakeholders to reduce chances of resistance to change.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS, LIMITATIONS

AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings from the study, the conclusions made by the researcher, the limitations of the study, the recommendations that were made after careful consideration of the findings as well as some suggestions for additional research.

5.2 Summary of Findings

The study sought to establish the strategic management practices and challenges among projects in Limuru region that are assisted by Compassion International. The study revealed that most of the projects assisted by compassion have a well stated mission and vision that guides the strategic management process in these organizations. The study confirms that these projects go through the process of strategic management which involve environmental scanning, strategy formulation, implementation and evaluation and control.

It was observed that the staffs who work for the projects assisted by compassion international are involved in the strategic management process. The other stakeholders who are involved to a reasonable degree are the management committee and the staff of Compassion International. However, the study further shows that there are other stakeholders such as caregivers who are involved in the process but to a minimal degree.

The findings also confirmed that these projects have strategic plans that cover a duration of approximately three years. These strategic plans are implemented with the involvement of some key stakeholders such as the management committee and the staff of the projects. Performance evaluation was found to be important since it assist the organizations to compare their actual and desired performance. The study revealed that the projects do not put a careful consideration on the strategic plans of the church and that of Compassion International yet these projects are located within the church and are funded by Compassion.

Some of the challenges established were existing organisational policies, lack of adequate resources, lack of formal training for the staff and management as well as resistance to change. From the study, it was established that few projects allocate funds towards the strategic process and this can be a hindrance to the process.

5.3 Conclusions of the Study

The projects that are assisted by Compassion International in Limuru region have few permanent employees and a lean management committee. The projects have a clearly stated vision and mission which form the basic foundation of their strategic management process. The strategic management practices that are common among these projects include conducting an environmental analysis through a SWOT analysis, developing strategic objectives, coming up with action plans for implementation, developing performance indicators, evaluation of actual performance and comparing the same with the desired performance, involvement of stakeholders in the strategic management process and ensuring that there is corrective action to streamline the strategic management process.

The projects face a number of challenges in their strategic management process. These challenges include lack of top management support, resistance to change, lack of enough resources and existing organizational policies that may not be able to support the strategic management process. It has been noted that the projects have not fully embraced the process of strategic management and more need to be done if at all this process will be of help to these projects.

5.4 Recommendations for Policy and Practice

Based on the findings and conclusions of this study, it is important for all organisations to have adequate resources in order to practice meaningful strategic management. This involves not only the financial resources but also the human resources. This will ensure that the process runs smoothly. This study has revealed that allocation of financial resources to the strategic management process is not a common practice among the projects. There is need for the projects to allocate some funds in their budget to facilitate the strategic management process.

This study recommends the donor funded organisations to have sustainability strategies to ensure that they top up what they receive from the donors. They therefore need to mobilise more resources elsewhere by forming alliances with other like minded organisations. This will also ensure sustainability of these projects in case the donors were to pull out. Sustainability in projects will lead to less reliance on donor funding thus providing additional resources for the projects.

The process of strategic management is a formal one and therefore requires that the both the formulators and the implementers undergo formal training to ensure that they

have the skills that are required to effectively practice strategic management. The study therefore recommends training for all the stake holders on strategic management.

The study recommends involvement of all stakeholders while formulating and also during the implementation of the process. This will ensure that everybody owns up the process and eventually they will be committed to its implementation. Failure to involve them brings about resistance to change which is witnessed as one of the challenges experienced by these projects.

The study also recommends reviewing of existing policies to ensure that they support the process of strategic management. This will assist the project to incorporate only those policies that ensure success of the strategic management process. The organisational structure need also to be reviewed in line with the mission and vision of the projects.

5.5 Limitations of the Study

The study involved all the 26 projects in Limuru region. The study was carried within limited time and resources. Adequate time was needed to drop and collect the questionnaires from the respondents. Financial resources was an issue as the researcher was not funded yet travelling, make up calls, printing and other expenditures required finances.

 From the demographic information, some of the projects were opened recently and the respondents are also new in those projects. This means that some of these staff

were not in a position to give informed data on strategic management practices and challenges. There is also a possibility that some of the project directors are not conversant with the concept of strategic management therefore the data collected from them may be misleading especially those who have not gone through formal training on strategic management.

5.6 Suggestions for Further Research

It will be important to carry out a comparative study on projects that are assisted by another Non-governmental organization in order to try and establish whether the findings are similar or there are significant differences on the strategic management practices and challenges.

Another study can be carried out to establish the impact of Compassion International policies on the performance of Compassion International assisted projects. The researcher also recommends a study to be carried out on the effects of donor funding on strategic management practices in Non Governmental Organisations.

REFERENCES

Allison, M. and Kaye, J. (2005). *Strategic planning for Non- profit Organisations, A practical guide and workbook.* (2ⁿᵈ Edition) New Jersey, John Wiley and Sons, Inc.

Amit, R., and Schoemaker, P. J. H. (1993) Strategic assets and organisational rent. *Strategic management journal*, 14: 33-46.

Ansoff, H. I. (1990). *Implanting Strategic Management* (2ⁿᵈ Edition). Prentice Hall.

Ansoff, H., and McDonnel, E. (1990). *Implanting strategic management.* (2ⁿᵈ Edition) Europe: Prentice Hall.

Barney, J. B. (1991), Firm resources and sustained competitive advantage. *Journal of management*, 17: 99-120.

Bibiana E., (2009) *Strategic planning by service providers in the Telecommunication industry in Kenya.* Unpublished MBA project, School of Business, University of Nairobi.

Bowman, C. and David, E. (1997). *Competitive and Corporate Strategy.* Chicago, Irwin.

Bryson, J. M. (1995*) Strategic planning for public and non profit organisation; A guide to strengthening and sustaining organisational achievement.* Jossey-Bass A Wiley Company.

Byars, L. and Rue, L. W. (2005) *Management; Skills and approaches.* (11ᵀᴴ Edition) Mc Graw Hill.

Carter, S., Clegg, S., Kornberger, M. and Schweitzer, J. (2011) *Strategy theory and practice,* London.Sage Publications Ltd.

Chiuri, B. W. (2008) *Strategic Management Practices among Technical Training Institutes; A case study of Technical Training Institutes in Nairobi,* Unpublished MBA project, School of Business, University of Nairobi.

Compassion International (2006). *Compassion Kenya Annual report.*

Compassion International Kenya. (2010). *Compassion Kenya program field manual.*

Cooper, D. R and Schindler P.S. (2006) *Business Research Methods,* 9ᵗʰ Edition, New York, McGraw hill/Irwin.

Cooper, D. R and Schindler P. S. (2003) *Business Research Methods,* 8ᵗʰ Edition, , Boston, McGraw hill.

Cooper, D. R. and Emoly, C. W. (1995) *Business Research Methods*, 5th Edition, McGraw Hill Companies.

Coulter, M. (2005) *Strategic management.* Columbus: Merril publishing company.

David, F. R. (1993) *Concept of strategic management.* (4th Edition) New York Macmillan Publishing Co.,.

David, F. B. (2003), *Strategy Management Concept.* (9th Edition). Prentice Hall.

Davis L. (2004) *The NGO Entrepreneur: Non profit in purpose, for profit in Approach*, John Hopkins.

Gerry, J. (1999). *Explaining Corporate Strategy*, (5th Edition) London: Prentice Hall.

Gichira, C. G. (2009). *Strategic planning at Compassion International Kenya.* Unpublished MBA project, School of Business, University of Nairobi.

Harding, D. (1994). *From global to local issues: Challenges facing NGOs.* Durban, Olive publications.

Hatch, M. (1997) *Organisational theory: Modern symbolic and post modern perspectives.* New York: Oxford University press.

Hitt, A. M., Ireland, R. D., & Hokiston, E. R. (2000). *Strategic Management Competitiveness and Globilization.* (2nd Edition) West Publishing Company.

Johnson, G. and Scholes, K. (2002) *Exploring Corporate Strategy*, (6th Edition). Prentice Hall.

Kariuki, P. (2008) *Strategic Management practices Adopted by the Karen Hospital Nairobi.* Unpublished MBA project, School of Business, University of Nairobi.

Kerlinger, K. N.and Lee, H. B. (2000), Foundations of behavioural Research 4th edition, Australia. Wadsworth Thompson Learning Inc.

Kraatz, M. S. and Zajac, E. J. (2001) *How Organisational resources affect Strategic change and performance in Turbulent environments.*

Lynch, R. (2009) *Strategic management.* (5th Edition). Pearson Education: Prentice Hall.

Maccoby, E., Newcomb, T. M. and Hartley, E. L. (1958), *Readings in Social psychology.*

Mbote, K. P. (2002). The operational Environment and Constraints for NGOs in Kenya, Strategies for good policies and practice, *IELC working paper No 2002-2.*

Mintzberg, H. and James, B. (1991) *The strategy process; Concepts, Texts and Cases.*

Mukanga, D. (2011), *Sustainability strategies adopted by International NGOs in Nairobi Kenya.* Unpublished MBA project, School of Business, University of Nairobi.

Nyawira, N. (2004) *A study on strategic responses to threats posed by changing Donor funding patterns by Nairobi based children NGOs.* Unpublished MBA project, School of Business, University of Nairobi.

Ogollah, K. O. (2007) *Strategic Management practices of Pharmaceutical Importers and Distributors in Kenya*, Unpublished MBA project, School of Business, University of Nairobi.

Oketch, M. (2010) *Strategic Planning practices at KPMG Kenya,* Unpublished MBA project, University of Nairobi.

Okumu, F. (2003). A Framework to implement strategies in Organisations, *Management Decisions*, 41(P), MCB UP.

Pearce, J. A. and Robinson, R. B. (2005). *Strategic management: Strategy formulation implementation and control.* Mc Graw- Hill Irwin.

Pearce, J. A. and Robinson, R. B. (1988). *Strategic management: Strategy formulation and implementation.* George town, Ontorio: Irwin publishers.

Peteraf, M. A. (1993) The cornerstones of Competitive Advantage: A resource based view, *Strategic Management Journal* 14(3): 79-91.

Porter, E. M. (1985) *Competitive Advantage.* London: The Free Press.

Saunders, M., Lewis, P. and Thornhill, A. (2007) *Research Methods for Business Students,* 4th Edition, Harlow. Prentice Hall.

Thompson, A. A. and Strickland A. J. (1992). *Strategic Management Concepts and Cases,* 6th Edition, New York, Irwin.

Thompson, A. A. and Strickland A. J. (2003). *Strategic Management; Concepts and Cases,* 10th Edition, New York, Irwin.

Wernefelt, B. (1984) A resource based view of the firm, *Strategic Management Journal* 5(2): 71-80.

Wheelan, L. T. and Hunger J. D. (2008). *Strategic management and Business Policy*, 11th Edition, New Jersey, Pearson Education.

Zikmund W. G. (2003) *Business Research Methods*. 7th Edition. Australia, South Western Thomson.

APPENDICES

APPENDIX 1: INTRODUCTION LETTER

LOISE WAGAKI SHAMALA

C/O SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI.

P.O BOX 30197-00100

NAIROBI.

EMAIL wagakib@gmail.com.

TEL 0721 252155.

DATE……………………………

RE: REQUEST FOR RESEARCH DATA.

I am a Master of Business Administration student at the University of Nairobi specializing in Strategic Management. As part of the Degree, I am required to conduct a research study on **Strategic Management Practices and Challenges in Kenyan Projects assisted by Compassion International in Limuru region.**

You have been identified to participate in the study and I will greatly appreciate your input in responding to all the items in the attached questionnaire. The information you will provide will be used exclusively for academic purpose. Be assured that the information you will provide will be kept completely anonymous with utmost confidentiality.

A copy of the study report will be availed to you upon request.

Thank you in advance for you anticipated co-operation.

Yours faithfully,

LOISE WAGAKI SHAMALA   PROF. MARTIN OGUTU

MBA STUDENT.   SCHOOL OF BUSINESS

                                                                      UNIVERSITY OF NAIROBI.

PART A: ORGANISATIONAL PROFILE

1. Name of Project_____

2. Year of inception _____

3. For how long have you worked in this project?

   Below 2 years ( )   2- 5 years ( )   6-10 years ( )   11-15 years ( )

   16-20 years ( )

4. How many employees are permanently employed in the project _____

5. Number of management committee members including the patron _____

6. Where is the project located

   Urban ( ) Peri-urban ( )   Informal settlements ( ) Rural ( )

PART B: STRATEGIC MANAGEMENT PRACTICES

7. Please indicate whether your project has a vision and mission statement.

   Vision statement   Yes ( )   No ( )

   Mission statement   Yes ( )   No ( )

8. How would you rate the participation of the following stakeholders in developing the vision and mission of the project.

   Use a 5 point scale where

   1 Not at all   2 Little extent   3 Moderate 4 Great extent   5. Very great extent

PRACTICES	1	2	3	4	5
The project management committee					
Project staff					
Sponsored children					
The care givers					
The local church council					
Compassion international staff					

9. Please indicate to what extent is everybody in the project including the part time workers and the beneficiaries are aware of the mission statement.

   1 Not at all   ( )

   2 Little extent   ( )

   3 Moderate   ( )

   4 Great extent   ( )

   5 Very great extent.   ( )

10. Do you carry out environmental analysis to understand the strategic position of your project?

    Yes   ( )   No ( )

11. Do you conduct a SWOT analysis for the project?

    Yes   ( )   No ( )

12. Please indicate the extent to which the information got from the Swot analysis is utilised in the formulation of your strategic plan.

    1 Not at all   ( )

    2 Little extent   ( )

3 Moderate ( )

4 Great extent ( )

5 Very great extent. ( )

13. Do you set objectives for the project

Yes ( )   No ( )

14. Does the project develop strategies on how to achieve objectives?

Yes ( )   No ( )

15. Please indicate the participation of the following stakeholders in the development of the strategies

Use a 5 point scale where

1 Not at all   2 Low extent   3 Moderate extent   4 Great extent

5 Very great extent

PRACTICES	1	2	3	4	5
The project management committee					
Project staff					
Sponsored children					
The care givers					
The local church council					
Compassion international staff					

16. Are your projects mission, vision, objectives and strategies written down in form of a strategic plan?

Yes ( )   No ( )

17. If yes what is the period covered by the strategic plans

    1 year   ( )

    2 years   ( )

    3 years   ( )

    4 years   ( )

    5 years   ( )

    6 More than 5 years   ( )

18. Indicate which of the following features characterise your planning process

    Formal planning meetings   ( )

    Informal planning meetings   ( )

    Timetables for preparation of your plans   ( )

    Clearly assigned responsibility for planning ( )

    Existence of a planning department.   ( )

19. Does the projects develop action plans to implement the strategies articulated

    in the strategic plan?

    Yes ( )   No ( )

20. To what extent does the project consider the process of strategic management

    to be important as shown in their commitment to the formulation of strategies

    and implementation of the articulated action plans

    Use a 5 point scale

        1 Not at all   ( )

        2 Little extent   ( )

        3 Moderate   ( )

        4 Great extent   ( )

        5 Very great extent. ( )

21. Does the project allocate funds in their budget specifically for the process of strategic management?

Yes ( )   No ( )

22. Using a 5 point scale, please indicate the extent to which the staff and the management have undergone training in strategic management as shown in their level of competency in developing the strategic plan.

1 No extent   ( )

2 Little extent   ( )

3 Moderate   ( )

4 Great extent   ( )

5 Very Great extent   ( )

23. Does your project monitor and compare actual performance with desired performance?

Yes ( )   No ( )

24. If yes in 17 above, to what extent are the outcomes of the evaluation utilised in either changing the current strategic plan or in future planning processes

Use a 5 point scale

1 Not at all   ( )

2 Less extent   ( )

3 Moderate extent   ( )

4 Large extent   ( )

5 Very large extent   ( )

25. Please indicate the extent to which your project has developed the following set of key performance indicators as a means of tracking the success of the strategy initiatives. Use a 5 point scale where

1 Not at all   2 Low extent   3 Moderate extent   4 great extent

5 Very great extent

PRACTICES	1	2	3	4	5
Performance is measured					
Comparison is undertaken					
Corrective action is undertaken					
Performance is recognised					
Good performance is rewarded					

26. During the whole process of strategic management, to what extent does the project take into consideration the strategic plan of the local church and that of Compassion international

    Use a 5 point scale

    1   Not at all   ( )

    2   Less extent   ( )

    3   Moderate extent   ( )

    4   Large extent   ( )

    5   Very large extent   ( )

27. In your opinion, to what degree would you say that the strategic plan of Compassion and that of the church affects the process of strategic management in your project. Use a 5 point scale

    1 Not at all   ( )

    2 Little extent   ( )

3 Moderate   ( )

4 Great extent   ( )

5 Very great extent. ( )

PART C: STRATEGIC MANAGEMENT CHALLENGES

28. Please tick the most appropriate number using a 5 point scale where

1 Not at all   2 Low extent   3 Moderate extent   4 great extent

5 Very great extent

Kindly indicate in the table below the extent to which the following challenges affect the strategic management practices in your project.

CHALLENGES	1	2	3	4	5
Changing technology					
Increase in diversity					
Resistance to change					
Existing Organisational policies					
Inadequate financial resources					
Inadequate number of employees					
Lack of formal training on strategic management					
Current organisational structure					
Management skills					
Reward system					

29. Please indicate below any other challenge encountered in the process of strategic management that is not captured above

_____

_____

_____

30. In your opinion how can the process of strategic management be improved in your project?

_____

_____

_____

_____

APPENDIX 3: LIST OF PROJECTS IN LIMURU REGION

1. KE 324 KAG Githuguchu Child Development Centre
2. KE 326 KAG Rwamburi Child Development Centre
3. KE 620 ACK Dagoretti Child Development Centre
4. KE 720 AIC Nderu Child Development Centre
5. KE 722 AIC Thigio Child Development Centre
6. KE 723 AIC Kamangu Child Development Centre
7. KE 733 AIC Gitutha Child Development Centre
8. KE 734 AIC Ndarakwa Child Delopment centre
9. KE 736 AIC Nachu Child Development Centre
10. KE 758 AIC Kanan Child Development Centre
11. KE 903 PCEA Thogoto Child Development Centre
12. KE 914 PCEA Tiekunu Child Development Centre
13. KE 353 PEFA Ndumberi Child Development Centre
14. KE 370 RGC Jipe Moyo Child Development Centre
15. KE 451 PEFA Kiwanja Child Development Centre
16. KE 462 KAG Kamirithu Child Development Centre
17. KE 611 ACK Kabuku Child Development Centre
18. KE 728 AIC Limuru town Child Development Centre
19. KE 907 PCEA Ngecha Child Development Centre
20. KE 908 PCEA Rironi Child Delopment centre
21. KE 913 PCEA Kangoya Child Development Centre
22. KE 917 PCEA Evergreen Child Development Centre
23. KE 921 PCEA Kamiti Corner Child Development Centre
24. KE 393 CCI Juja Joy Family Child Development Centre
25. KE 395 CCI Ruiru Child Development Centre
26. KE 413 KAG Kamae Child Development Centre

SOURCE: COMPASSION INTERNATIONAL MANUAL (2010)