

**COMPETITIVE STRATEGIES ADOPTED BY GOVERNANCE
NON-GOVERNMENTAL ORGANIZATIONS IN NAIROBI, KENYA**

BY

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DECLARATION

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

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This management research project has been submitted for examination with my approval for examination as the University supervisor.

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ABBREVIATIONS AND ACRONYMS

RBV:	Resource-Based View
I/O:	Industrial Organization
IS:	Information Systems
IT:	Information Technology
NGOs:	Non-Governmental Organizations
SWOT:	Strengths, Weaknesses, Opportunities and Threats

ABSTRACT

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces. Firms respond to competition in different ways. Some may opt to move into product improvement, some into divestiture and diversification, while others enter into new markets and others merge or buy out competitors. The non-profit organizations in Kenya are under increasing pressure to meet their organizational objectives and goals. This is not easily attainable without a good sense of the competitive strategies that can be practically applied to mitigate against financial challenges and cut throat competition for resources that make self-reliance a mirage to many. The problem escalates when the donors to the NGOs prefer to fund specific humanitarian emergencies such as food insecurity, health care or outbreak of such other natural calamities. Our study focused on investigating competitive strategies adopted by governance Non-Governmental Organizations in Nairobi Kenya. The study employed a descriptive cross-sectional survey. Descriptive cross-sectional survey is a comprehensive design that enables large and diverse amounts of data to be collected within a short time frame and analysed quantitatively, giving a credible presentation of results. The research was conducted on a sample of 35 respondents from different Non-Governmental Organizations to which questionnaires were administered. The findings show that the main competitive strategies adopted by the Governance Non-Governmental Organizations in Nairobi include quality of services offered, lead time is necessary, costs and flexibility. some factors that influence choice of competitive strategy include; changing donor funding patterns; quest to remain relevant; quest for sustainability; limited financial resources. The study recommends that NGOS should focus on clients' since this can lead to the adoption of different approaches to various actors in the NGO environment. It is a signal towards their target audience, their beneficiaries, and their donors.

CHAPTER ONE: INTRODUCTION

1.1 Background to the study

Organisations are currently facing competitive challenges more than ever before. For these organisations to survive, they must exhibit appropriate competitive behaviour. This behaviour is within a body of knowledge under game theory. The theory postulates a formal language to describe conscious goal-oriented decision making process involving one or more players. The solution concepts derived from game-theory may be thought of as normative or descriptive views of multi-person decision-making (Shubik 1972). Porter (1990) further argues that a company's strength ultimately could be placed into two categories: cost advantage or differentiation. Application of those strengths in either a broad (industry wide) or narrow (market segment) scope results in three generic strategies: Cost leadership, differentiation and focus. These three strategies are supposed to be applied on a business unit level. Andrews (2003) defines competitive strategy as the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.

Organisations globally now seek to actively differentiate themselves from their competitors in terms of quality of service, flexibility, customisation, innovation and rapid response (Ghalayani and Noble 1996). The environment is complex and ever changing and it will continue to change rapidly and unpredictably (Burnes 1996). According to Ansoff and Mc Donnell (1990), major escalation of environment turbulence means a change from a familiar world of new technologies, new competitors, new consumer attitudes, new dimensions of social control and above all an unprecedented questioning of a firms role in society.

Competition is seen as the main factor that influences choice of competition strategies. However, other factors like organization structure, leadership, culture, slow economic growth, increased diversification and technological advances influence choices made by organizations (Githae, 2004). None consideration of these factors leads to challenges faced by community based organizations that include poor co-ordination of activities, misallocation of resources, incomplete projects, low motivation of the staff and mistrust of community based organizations members. Unfortunately, no studies have been undertaken to examine the extent to which such factors influence strategic choices adopted by community based organizations.

NGOs in Kenya have been challenged to re-think conventional business models and look for new sources of business as a competitive strategy to counter the turbulent environment. Apart from making structural adjustments to their daily operations, NGOs have been forced to re-engineer their businesses and put in place some winning strategies

to enhance their competitive advantage in the industry. NGOs can be viewed as a collection of resources, skills and routines, the application of which results in positions of sustainable competitive advantage. This perspective assumes that an NGO's unique set of resources and skills protects it from imitation and provides the base for accumulation of superior profits through differentiation.

1.1.1 The Concept of Strategy

A strategy is the outcome of some form of planning, organized process for anticipating and acting in the future in order to carry out an organisations mission (Baker, 2007). The people who drive strategy in organisations are seen to be visionaries, the entrepreneurs and innovators. They are those who take risks and try new ways of doing things. Strategy refers primarily to business strategy; which specifies how a business unit will achieve and maintain competitive advantage within an industry. Therefore, one element that we consider is the competitive capabilities (Stock, 1999). A strategy is a game plan that a firm adopts to gain competitive advantage. Without a strategy, decisions made today could have negative impact on future results. Strategy is a tool, which offers significant help for coping with turbulence confronted by business firms (Ansoff and Mc Donnel, 1990).

Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences to meet the needs of markets and to fulfill stakeholder expectation (Johnson et al., 2005). The formulation of competitive strategy in any industry involves first the comprehension of the fundamental determinants of competition. Competition is defined

as the fight for market share between two or more firms. An understanding of competition helps the strategy makers in evaluating whether the degree of competition in an industry offers scope for good profitability. It promotes sound strategic thinking about how to develop the overall competitive strategy for the company. Development of competitive position helps the firm to more accurately forecast both short and long term growth and its profit potentials (Pearson and Robinson, 1997).

It can be argued that a sense of direction is very important for an organization, and strategy gives a framework to place this sense of direction in. If there is an over-emphasis on strategic planning as opposed to implementation it can also in my opinion kill creativity as the focus goes away from doing to thinking about doing. Aptly put by Macmillan and Tampoe (2000) that good strategic choices have to be challenging enough to keep ahead of competitors but also have to be achievable.

1.1.2 The Concept of Competitive Strategy

Competitive strategy refers to the way a firm competes in a particular business and gains competitive advantage by deliberately choosing a distinctive set of activities. According Porter (1980), a firm can attain two basic types of competitive advantage low cost or differentiation. Porters' model of Competitive strategy proposed that firm's position within an industry was an important factor in attaining competitive advantage.

In order to achieve a competitive advantage, firms are required to make strategic choices about the type of competitive advantage they seek to attain and the scope within which it will attain it. Choosing the competitive scope or the range of the firm's activities can play

a powerful role in determining competitive advantage because it aims to establish a profitable and sustainable position against the forces that determine your industry competition. Strategic choice decisions that a firm can pursue to achieve competitive advantage for growth may broadly be categorized into intensive, defensive, joint venture and a combination of strategies David (2001). Depending on the competitive environment firms choose strategies that are able to give them sustainable competitive advantage.

The competitive strategies adopted by a firm result in a competitive advantage. According to (Shapiro, 1989) competitive strategy encompasses wide variety of strategic and tactical decision making, from pricing of products to investment in production and distribution facilities to contracting practices with customers and input suppliers to research and development expenditures. Competitive advantage grows from value that a firm is able to create for the buyer that exceeds the firm's cost of creating it. The goal of competitive strategy for a business is to find a position in the industry where the firm can best defend itself against competitive forces or can influence them in its favour. An effective competitive strategy takes either offensive or defensive action in order to create a defensible position against the five forces and thereby yield a superior return on the firm (Kathura et al, 2007). A strategy needs to be fluid as the competition will most likely adapt to the most successful company in your industry, so will the strategy need to change in order to meet this adaptation (Marren, 2010).

1.1.3 Overview of the NGO Sector in Kenya

The NGO Coordination Act (1992) defines an NGO as a private voluntary grouping of individuals or associations, not operated for profit or for other commercial purposes but which have organized themselves nationally or internationally for the benefit of the public at large and for the promotion of social welfare, development, charity or research in the areas inclusive of, but not restricted to; health, relief, agriculture, education, industry and the supply of amenities and services.

The NGO sector has undergone tremendous growth. The early 1990s saw the pressure on the government to cede space to activists yield positive changes such emergence of multi-partism, open democratic spaces and respect for fundamental rights and freedoms. NGOs in Kenya have since become vibrant, dynamic and economically sound as they pursue sustainability. Growth presents both opportunities and threats and NGOs have not been spared their share of threats such as limited financial resources, changing donor patterns, political interference, and poor governance especially from the NGO Board. According to Sihanya (1996), these challenges necessitate that NGOs formulate appropriate strategies to exploit the emerging opportunities and face the inherent threats in order to reap potential benefits. As much as NGOs by definition are not operated for profit or other commercial purposes, the regulations do not bar an NGO from undertaking substantial economic activities in pursuit of its purposes and as a result, many NGOs are resorting to registering separate entities as Trust to conduct business on their behalf among other measures.

1.1.4 Governance NGOs in Kenya

There are over eight thousand (8,000) Non-Governmental Organisations registered in Kenya (NGO Coordination Board, 2012 and Kenya Projects Organisation- KENPRO). Out of the over 8,000 NGOs in Kenya, 760 are governance NGOs in Kenya and 183 are located in Nairobi. It is notable that most governance NGOs do outreach and advocacy programmes and are funded by governance-disposed donors. Governance NGOs exist to champion good governance and often follow western values. They are the most vocal NGO entities in the world. They combine advocacy and publicity strategies to force governments and the corporate sector to comply with certain ideals concerning human rights and dignity of individuals who work with them.

Governance NGOs in Kenya have a good opportunity to champion good governance as there is political good will, availability of local resources and opportunities for government-NGO partnerships. Governance NGOs in Kenya also face a myriad of challenges such as political interference, duplication of efforts, negative competition and inability to address local structural causes of poverty, deprivation and under development. These challenges necessitate the need to devise competitive strategies and approaches to strengthen their position in the turbulent environment.

1.2 Research Problem

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson and Strickland, 2002).

Firms respond to competition in different ways. Some may opt to move into product improvement, some into divestiture and diversification, while others enter into new markets and others merge or buy out competitors. Porter (1980) postulates that, the essence of strategy formulation is coping with competition within the operating environment. Therefore, competitive strategy is vital to the adaptation to the changing business. Organizations, in choosing the competitive strategies to adopt are faced by a number of factors which they should consider, among them being the organizational resources and capabilities, environmental dynamics, organizational leadership and the culture of an organization. All organizations are faced with the challenge of managing strategy. Strategic issues are by nature future oriented, affecting the firm's long term prospects and therefore having enduring effects. In a turbulent environment, a firm will succeed only if it takes a proactive anticipatory strategic approach.

The non-profit organizations in Kenya are under increasing pressure to meet their organizational objectives and goals. This is not easily attainable without a good sense of the competitive strategies that can be practically applied to mitigate against financial challenges and cut throat competition for resources that make self-reliance a mirage to many. The problem escalates when the donors to the NGOs prefer to fund specific humanitarian emergencies such as food insecurity, health care or outbreak of such other natural calamities. For example, Kenya exempts from corporate income taxes the income of certain NGOs carrying out specific types of activities such as health care. The tax laws confer only limited tax benefits on corporate donors and on individual donors, leaving out governance NGOs.

A number of studies have been carried out in the NGO sector in Kenya. (Kiliko, 2000; Bukusi, 2003; Kamanu, 2005 and Okal, 2006). The studies have focused on competitive strategies in other contexts rather than governance NGOs. Okal (2006) did a study on competitive strategies adopted by NGOs dealing with HIV/Aids in Kenya to cope with increased competition for funding, Patricia (2009), competitive strategies employed by national oil corporation of Kenya, John (2010), Competitive strategies adopted by small and medium horticultural exporting companies in Nairobi, Ndung'u (2011), Competitive strategies adopted by players in the beer industry in Kenya, Owino (2008), Competitive strategies adopted by savings and credit cooperatives, Mwelu (2007) effectiveness of the competitive strategies adopted by insurance companies in Kenya, Kamande (2007), Competitive strategies adopted by mobile phone companies in Kenya. Other studies on the NGO sector have focused on other concepts such as strategic planning and alliances. No known study has been done on competitive strategies adopted by governance Non-Governmental Organizations in Nairobi Kenya.

The interest in the study has been inspired by the existing knowledge in addition to the current literature which is biased towards developed nations, creating a further gap in emerging economies and their unique needs. Competitive strategy will therefore continue to attract attention because it plays a central role in the overall success of organizations today be they small or large, profit or non-profit making and even government institutions worldwide. As observed above, no studies have focused on competitive strategies employed by governances NGOs and so it is necessary to carry out this study. What are the competitive strategies adopted by governance NGOs in Nairobi, Kenya?

1.3 Objectives of the Study

- i. Establish the competitive strategies adopted by governance Non-Governmental Organizations in Nairobi Kenya.
- ii. Determine on factors influencing choice of competition strategies by governance Non-Governmental Organizations in Nairobi Kenya.

1.4 Value of the Study

The study will contribute to enhancement of management theories since governance NGOs will be in a position to restructure their performance in such a way as to enable them meet overall organizational effectiveness and performance. The Kenyan government will also be better informed when formulating governance-related policies and regulations for governance organizations in the country. It will also highlight the overall organizational effectiveness and performance and also in policy formulation, especially at the institutional level and the factors that governance NGOs put into consideration when choosing competition strategies.

Future scholars may use the results of the study as a source of reference. The findings of this study can be compared with strategic management in other sectors to draw conclusions on various ways an organization can respond to competitive forces in the environment, contributing to theory building.

To sum up, the study findings will add some knowledge to the existing body of knowledge and open up areas for further research. The findings will contribute to generation of knowledge on the competitive strategies employed by governance Non-Governmental Organizations in order to achieve their objectives and goals resulting into theory building.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter shall review the literature available on competitive strategies adopted by non-governmental organisations. This section will capture the theoretical underpinnings of competitive strategies and factors influencing choice of competitive strategies.

2.2 Theoretical Underpinnings of the study

Strategy theory concerns the explanations of firm performance in a competitive environment (Porter, 1991). There are many strategy perspectives, and the strategy process perspective bases their views on what competitive advantage is and on what it is based on. While both RBV and I/O may be seen as content-based approaches (variance theories in Markus and Robey, 1988) to strategic management, the process-based view on strategy focuses on the processes through which strategy contents are created and managed over time.

Game theory can be defined as part of a large body of theory providing a formal language to describe conscious, goal-oriented, decision making processes involving one or more players. The solution concepts derived from game-theory may be thought of as as normative or descriptive views of multi-person decision-making (Shubik 1972). Porter (1990) further argues that a company's strength ultimately could be placed into two categories: cost advantage or differentiation. Application of those strengths in either a

broad (industry wide) or narrow (market segment) scope results in three generic strategies: Cost leadership, differentiation and focus. These three strategies are supposed to be applied on a business unit level. Andrews (2003) defines competitive strategy as the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.

Porter (1980) brought in the Industrial and Organizational (I/O) perspective (Bain, 1968), by claiming that external industrial forces affect the work of managers. Substitute products, customers and suppliers as well as potential and present competitors determine strategic choices. The two 'generic strategies' are differentiation and low-cost. Porter's work was further developed in 1985, with the value-chain model, which focuses on the activities and functions of the firm, the underlying factors that drive cost and differentiation advantages. Thorough control and grouping of activities enable firms to utilise cost and differentiation potentials through the reaping of scale advantages or the creation of innovative forums. The Porterian framework has been used extensively within IS research. McFarlan (1984) suggests that IS can be used to manipulate 'switching costs', and erect 'barriers to entry'. Porter and Millar (1985) argue that IT can be used to enhance value chain activities to gain competitive advantage through low cost or differentiation.

2.3 Competitive Strategies

This section contains; generic competitive strategies, ambidextrous strategies, product-market growth matrix and grand strategies.

2.3.1 Generic Competitive Strategies

If the primary determinant of a firm's profitability is the attractiveness of the industry in which it operates, an important secondary determinant is its position within that industry. Even though an industry may have below-average profitability, a firm that is optimally positioned can generate superior returns (Porter, 1980). A firm positions itself by leveraging its strengths. Porter (1980) has argued that a firm's strengths ultimately fall into one of two categories, namely: cost advantage or differentiation. By applying these strengths in either a broad or narrow scope, three generic strategies result. These are cost leadership, differentiation, and focus. These strategies are applied at the business unit level. Ansoff (1957), Product-Market Growth Matrix is a marketing tool created by Igor Ansoff. The matrix allows managers to consider ways to grow the business via existing and/or new products, in existing and/or new markets there are four possible product/market combinations. This matrix helps companies decide what course of action should be taken given current performance. They are called generic strategies because they are not firm or industry dependent. They apply across all industries.

A cost leadership strategy is one in which a firm strives to have the lowest costs in the industry and offer its products or services in a broad market at the lowest prices (David,

2001). Characteristics of cost leadership include low level differentiation, aim for average customer, use of knowledge gained from past production to lower production costs, and the addition of new product features only after the market demands them. Cost leadership has advantage. The strategy protects the organization from new entrants. This is because a price reduction can be used to protect from new entrants. However, the risk of cost leadership is that competitors may reap from the technology, nullifying the firms accumulated cost reductions (Porter, 1996).

Some of the ways that firms acquire cost advantages are by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership (Porter, 1996).

Firms that succeed in cost leadership often have the following internal strengths: Access to the capital required to make a significant investment in production assets; this investment represents a barrier to entry that many firms may not overcome, skill in designing products for efficient manufacturing (Stock, 1999). Each generic strategy has its risks, including the low-cost strategy. For example, other firms may be able to lower their costs as well. As technology improves, the competition may be able to leapfrog the production capabilities, thus eliminating the competitive advantage. Additionally, several firms following a focus strategy and targeting various narrow markets may be able to

achieve an even lower cost within their segments and as a group gain significant market share (David, 2001).

Differentiation strategy is one in which a firm offers products or services with unique features that customers value. The value added by the uniqueness lets the firm command a premium price. The key characteristic of differentiation strategy is perceived quality (Stock, 1999). This may be through superior product design, technology, customer service, dealer network or other dimensions. The advantage of differentiation is that perceived quality and brand loyalty insulates company from threats from any of the five forces that determine the state of competition in an industry (Porter, 1996). Price increases from powerful suppliers can be passed on to customers who are willing to pay. Buyers have only one source of supply. Brand loyalty protects from substitutes. Brand loyalty is also a barrier to new entrants. The risks to differentiation strategy include limitation due to production technology. The 'shelf life' of differentiation advantage is getting shorter and shorter. Customer tastes may also change and wipe out the competitive advantage.

Githae (2004) implies that in differentiating, audit firms have to broaden their services. They have to embrace various disciplines crucial to world of business, charting what one may describe as new frontiers. According to (Porter, 1996), firms that succeed in a differentiation strategy often have the following internal strengths access to leading scientific research, highly skilled and creative product development team, strong sales team with the ability to successfully communicate the perceived strengths of the product,

corporate reputation for quality and innovation. The risks associated with a differentiation strategy include imitation by competitors and changes in customer tastes. Additionally, various firms pursuing focus strategies may be able to achieve even greater differentiation in their market segments.

Focus strategy involves targeting a particular market segment. This means serving the segment more efficiently and effectively than the competitors. Focus strategy can be either a cost leadership or differentiation strategy aimed towards a narrow, focused market. Advantages of focus strategy include having power over buyers since the firm may be the only source of supply. Customer loyalty also protects from new entrants and substitute products. The firm adopting focus strategy can easily stay close to customers and monitor their needs. However, the risks involved in focus strategy include being at the mercies of powerful suppliers since such a firm will buy in smaller quantities. Small volume also means higher production cost leading to loss of economies scale. Change in consumer taste or a technological change could cause such a firm's niche to disappear. Cost leaders or big organizations may also gain interest in a particular niche, eroding the advantage of the focusing firm (Porter, 1980).

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation (Porter, 1986). The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Because of their narrow market focus,

firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist (Porter, 1986). Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly.

2.3.2 Ambidextrous Strategies

An organization is said to be ambidextrous when it has established a relationship between environmental factors, innovation strategy and organizational capabilities. Organizational ambidexterity is about organizational capability to simultaneously deal with paradoxical or conflicting activities such as organizational alignment and adaptation; evolutionary and revolutionary change; manufacturing efficiency, flexibility; strategic alliance formation; and even strategic renewal (Adler, Goldoftas, and Levine, 1999). Exploitation and exploration are the most recurrent underlying dimensions regarding organizational ambidexterity. Due to the dynamism and complexity of the environment, organizations' short term success does not necessarily guarantee their long term survival. Therefore, organizational ambidexterity tries to find out how organizations manage to maintain today's success while preparing to adapt to tomorrow's changing environment (Jansen, Bosch, and Volberda, 2005).

March (1991) maintained that balance between exploitation and exploration is advantageous for firm's long term success. The nature of ambidexterity is also implicitly

recognized in the dynamic capabilities literature which urges the need to blend two different strategic logic exploitation and exploration within organizations.

2.3.3 Product-Market Growth Matrix

The Product-Market Growth Matrix by Igor Ansoff (December 12, 1918 – July 14, 2002) portrays alternative corporate growth strategies. As an example of a suitable scenario for implementation on Ansoff product/market matrix could be a company that is in need of a strategic change in order to maintain growth. In relation to Ansoff's product/market matrix this means that a company needs at some point in their growth phase to make a decision as to what products or services they should offer in which markets.

According to the original Ansoff (1957), market penetration is an effort to increase company sales without departing from an original product-market strategy. The company seeks to improve business performance either by increasing the volume of sales to its present customers or by finding new customers for present products. The market penetration strategy is the least risky since it uses and builds upon the company's existing resources and capabilities. If the market is growing, a company maintaining market share can experience growth. It is important to point out that market penetration has its limits, because of market saturation. If the market saturates, companies must use another strategy in order to continue their growth.

A conclusion from this might be that a diversification strategy is more suitable for well-established, capital strong companies. However, according to Proctor (1997), there may be some synergy to be gained from moving into related markets. The synergy may be in marketing or even in production.

2.3.4 Grand Strategies

All companies operate in a macro environment shaped by influences emanating from the economy at large, population demographics, societal values and lifestyles, government legislation and regulation, technological factors and industry competitive arena in which the company operates. Strategically relevant influences coming from the outer ring of the macro environment can sometimes have a high impact on a company's business situation and have a high impact on a company's direction and strategy. As company managers scan the external environment, they must be alert for potentially important outer ring developments, assess their impact and influence and adapt the company's direction and strategy as needed (Pearce and Robinson, 2007). Thus, Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis is important.

SWOT analysis is a technique employed by managers to create a quick overview of a company's strategic situation through the various dimensions of strengths, weaknesses, opportunities and threats. Grand strategies enacted Pearce and Robinson (2007) were varied, and chosen to fit the specific locale. However, there were common objectives to many of his policies. In general terms, Pearce and Robinson pursued stability, development and exploitation. Stability was clearly important to prevent rebellion or unrest once Pearce and Robinson and the main army had left an area. Pearce and

Robinson's record on this objective is somewhat mixed, but generally favourable. During his campaigns a number of conquered provinces did suffer from some form of rebellion. However, for the most part these rebellions were limited in scale, and never threatened the integrity of the new empire. The objective of development can be seen primarily in the many cities founded by Pearce and Robinson. Cities were designed to foster economic, social and political development. The larger aim was to establish a durable empire, constructed from an amalgam of Hellenic and Persian elements. Finally, the use of the term 'exploitation' is not meant to imply that Pearce and Robinson ruthlessly, and without forethought, reaped the empire of its riches. Rather, it refers to the fact that Pearce and Robinson often saw the advantage of winning over potential enemies to serve his interests. One benefit of such actions is the potential for absorbing their resources and forces into your own (Johnson et al, 2008).

2.4 Factors Influencing Choice of Competition Strategies

A business can choose to focus its efforts along several dimensions to achieve competitive advantage. These include low cost or price, outstanding service, high flexibility and variety, continuous innovation, and superior quality (Stock, 1999). Quality is now recognized as a powerful strategic weapon. Quality is judged by the customer. All product and service attributes that connote value to the customer and lead to customer satisfaction and preference must be addressed appropriately. Value, satisfaction, and preference may be influenced by many factors throughout the customer's overall purchase, ownership, and service experiences. The concept of quality includes not only the product and service attributes that meet basic requirements, but also those that enhance and differentiate them from competing offerings. However, not every firm needs to compete along the same dimensions of quality (Githae, 2004).

In today's competitive environment, markets are becoming more international, dynamic, and customer-driven. Customers are demanding more variety, and better quality and service, including both reliability and faster delivery. Technological developments are occurring at a faster pace, resulting in new product innovations and improvements in firm processes (Hayes, 2003). On-time delivery is the ability to deliver according to a promised schedule. Here, the business unit may not have the least costly nor the highest quality product, but is able to compete on the basis of reliably delivering products when promised, even if the promise date is far in the future. For some customers delivery reliability is not enough; delivery speed is also necessary to win the order. Individual survey items measure the importance that respondents place on each of these delivery-time categories.

Several strategic management researchers have also questioned the competitive strategy model's assertion that differentiation particularly on high quality and low cost should not be pursued simultaneously. Hayes (2003) stated that each generic strategy is composed of three dimensions. These are efficiency: The degree to which inputs per unit of output are low; differentiation: the degree to which the product or its enhancements are perceived as unique; and scale/scope the relative size and range of activities of the business within its industry. Awino (2001) identified four problems areas affecting choice of competition strategies. He cited lack of fit between strategy and structure; inadequate information and communication systems; and failure to impart new skills. Koske (2003) observes that there are many organizational characteristics, which act to constrain choice of competition strategies. He identified most challenges as concerning connecting strategy

formulation to implementation; resource allocation; match between structure with strategy; linking performance and pay to strategies; and creating a strategy supportive culture.

Whilst the strategy should be chosen in a way that it fits the organization structure the process of matching structure to strategy is complex (Byers, 1996). The structure that served the organization well at a certain size may no longer be appropriate for its new or planned size. The existing structure and processes in the organization support strategy choices in different ways, there is likely to be problems should the existing structures be used to implement the changes (Meldrum and Atkinson, 1998). The current structures may as well distort and dilute the intended strategy to the point where no discernible change takes place. According to McCarthy (1986), creating that structure for managers is the selection of the organization structure and controls that will implement the chosen strategies effectively.

Cultural impact under estimation is yet another challenge to choice of competition strategies. The implementation of a strategy often encounters rough going because of deep rooted cultural biases. This causes resistance to implementation of new strategies especially in organizations with defensive cultures. This is because they see changes as threatening and tend to favor “continuity” and “security” (Wang, 2000). It is the strategy maker’s responsibility to choose a strategy that is compatible with the “sacred” or unchangeable parts of prevailing corporate culture. Creating an organization’s culture, which is fully harmonized with implementation plan, offers a strong challenge to the strategy implementation leadership abilities.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on sample selection and description, research design, population and sampling design, data collection methods, tools and procedures, and data analysis and reporting.

3.2 Research Design

The study used descriptive cross-sectional survey. Singleton (1988) describes a descriptive cross-sectional survey as a comprehensive design that enables large and diverse amounts of data to be collected within a short time frame and analysed quantitatively, giving a credible presentation of results.

It was efficient to use a descriptive cross-sectional survey as it employed diverse methods like questionnaires, interviews and reference documents which ensures proper arrangement of conditions for collection and analysis of data in a manner that aims at combining relevance to the research purposes with economy in procedure (Singleton, et al, 1988).

3.3 Population of the Study

According to Cooper and Schindler, (2000), population refers to the entire group of individuals or objects to which researchers are interested in generalizing the conclusions.

Population is defined as all the members of a real or hypothetical set of people, events or objects to which a researcher wishes to generalize the results of the research study (Borg and Gall, 1989). The target population of this study consisted of a whole population of 760 governance NGOs in Kenya (NGO Co-ordination Board) as at 31st December, 2012.

3.4 Sampling

Sampling means selecting a given number of subjects from a defined population as representative of that population. Any statements made about the sample should also be true of the population (Orodho, 2002). Stratified random sampling is a procedure that is used to reduce chance variation between a sample and the population it represents (Cooper and Schindler, 2000). It is also considered as a fair way of selecting a sample from a given population since every member is given equal opportunities of being selected. Simple random sampling is its representativeness of the population. Systematic sampling relies on arranging the study population according to some ordering scheme and then selecting elements at regular intervals through that ordered list. Systematic sampling involves a random start and then proceeds with the selection of every k th element from then onwards. In this case, $k=(\text{population size}/\text{sample size})$. Systematic sampling technique was used to select the sample of 35 governance NGOs in Nairobi out of the

183 governance NGOS in Nairobi. The unit of analysis was a sample size of 35 which is small.

3.5 Data Collection

The study used primary data collected through a structured questionnaire divided into three sections: Section one focused on the general background of the respondents while section two focused on the competitive strategies adopted by governance NGOs in Nairobi and section three focused on factors influencing choice of competition strategies.

Since the respondents included were strategic management team of governance NGOs in Nairobi, the respondents were expected to give an insight into some of the strategies they have put in place to ensure the firm has a competitive edge over its competitors. The questionnaire was administered through drop and pick.

3.6 Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of information collected. It involves examining what has been collected and making deductions and inferences (Kombo and Tromp 2006). This study employed descriptive statistics to analyze the data obtained. Descriptive statistics involves the collection, organization and analysis of all data relating to some population or sample under study.

Data cleaning (editing) was carried out to ensure that the data was free from inconsistencies and any incompleteness (Cooper and Schindler, 2000). After cleaning, the data was coded. Coding of data follows the following steps: developing a code book, pre-testing the code book, coding the data and verifying the coded data. Once the data is coded, select a few instruments and record the responses to identify any discrepancies in coding and finally, content analysis which is the process used for analyzing qualitative data. It follows the following steps: identify the main themes, assign codes to the main themes, and classify responses under the main themes (Orodho, 2002).

Quantitative data was analysed using measures of central tendency while qualitative data was analyzed using factor analysis. According to Breakwell (2006), descriptive research design is commonly represented by use of frequency charts, graphs, and pie charts to tabulate the information gathered appropriately. Statistical Package for Social Sciences (SPSS) was used to analyze the data. This package is known for its efficiency and ability to handle large amounts of data. Given its wide spectrum for statistical procedures purposefully designed for social science, it will develop appropriate holding frame to come up with reliable results according to the responses in the questionnaires.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter provides an analysis of data collected from the field on an investigation to establish the competitive strategies adopted by governance Non-Governmental Organizations in Nairobi Kenya. The results are presented in tables to highlight the major findings. They are also presented sequentially according to the research questions of the study. Mean scores and standard deviations were used to analyze the data collected. The raw data was coded and tabulated to depict clearly the results of the competitive strategies adopted by governance Non-Governmental Organizations in Nairobi Kenya. The research was conducted on a sample of 35 respondents from different Non-Governmental Organizations to which questionnaires were administered. Out of the issued questionnaires, only 30 were returned duly filled in making a response rate of 85.7% which is an adequate response rate for statistical reporting.

4.2 Respondents Demographics

The study sought to establish the information from the respondents employed in the study with regards to their Position, Number of years your NGO has been operating and the estimated population size of the NGO catchment area. These bio data points at the respondents' appropriateness in answering the questions and also looks at the competitive strategies adopted by governance Non-Governmental Organizations in Nairobi Kenya.

4.2.1 Respondents' Position

The respondents were asked to indicate their positions in the organizations. This was to help the researcher understand how effective the respondent would be in giving the information about competitive strategies adopted. The findings are presented in table 4.1

Table4.1: Position of the Respondents

Position of the respondent	Frequency	Percent
Executive	13	43.3
Financial Director	7	23.3
Operations Manager	4	13.3
Administrative Director	6	20.0
Total	30	100.0

The study findings indicate that majority (43.3%) of the respondents were executive of the NGOs. 23.3% were financial directors, 20% were administrative directors while 13.3% were Operations Managers. Majority of the respondents were directors and therefore were in a good position to provide information on competitive strategies adopted by their organizations.

4.2.2 Age of NGO

The respondents were asked to indicate the Number of years the NGO had been in operation. This was expected to help the researcher know the kind of experience the respondents had and how effective they would be able to give information about the

competitive strategies adopted by governance Non-Governmental Organizations in Nairobi Kenya. The results are shown in table below.

Table 4.2: Age of NGO

Age of NGO	Frequency	Percent
Less than 5 years	6	20
5 – 10 Years	7	23.3
11 – 15 years	11	36.7
16 – 20 years	4	13.3
Over 21 years	2	6.7
Total	30	100

From Table 4.4, the result shows that majority (936.7%) of the NGOs have been in existence for 11-15 years. 23.3% had been in existence for 5-10 years, 13.3% had been in existence for 16-20 years while 6.7% had been in existence for over 21 years.

4.2.3 Estimated Population Size of the NGO Catchment Area

The respondents were asked to indicate the Estimated Population Size of the NGO Catchment Area.

Table 4.3: Estimated Population Size of the NGO Catchment Area

Population Size of the NGO Catchment Area	Frequency	Percent
0 – 25,000	6	20
25,000 – 100,000	10	33.3
100,000 – 200,000	8	26.7
More than 200,000	6	20
Total	30	100

On population size category, majority of the respondents 33.3% indicated that they served a population size of 25,000 – 100,000. 26.7% indicated that served a population size of 100,000 – 200,000, 20% indicated that they served a population size of More than 200,000 and another 20% indicated they served indicated that served a population 0 – 25,000.

4.3 Competitive Strategies

The first objective of the study was to establish the competitive strategies adopted by governance Non-Governmental Organizations in Nairobi Kenya. To achieve this, respondents were presented with descriptive statements of the strategies and were required to indicate the extent to which their organizations adopted the strategies.

4.3.1 Competition in the industry

The respondents were asked to describe competition in the industry in their catchment area. The results are shown in table below.

Table 4.4: Competition in the industry

Competition in the Industry	Frequency	Percent
Weak competition	1	3.3
Strong competition	4	13.3
Very strong Competition	14	46.7
Hyper Competition	11	36.7
Total	30	100

The results show that majority of the respondents 46.7% indicated that that competition in the industry was very strong Competition. 36.7% indicated that the competition in the industry was Hyper Competition. 13.3% indicated that that competition was Strong competition while 3.3% indicated that the competition in the industry was weak competition.

4.3.2 Dealing with Competitive Strategies

The study in this part aimed at identifying how competition was in the industry. Some of the competition factors indicated include Quality, Lead Time, Cost and Flexibility. Table 4.5 represents the descriptive statics on competition factors. The results show that majority of the respondents agreed $m=3.97$ that Quality was a considered factor as a competitive strategy. The respondents agreed that Lead Time $m=4.03$ was a considered factor as a competitive strategy. The respondents agreed that Flexibility $m=3.76$ was a considered factor as a competitive strategy and also agreed $m= 3.63$ that cost was a considered factor as a competitive strategy.

Table 4. 5: Dealing with Competitive Strategies

Descriptive Statistic	Response	Frequency	Percent	Mean	Standard deviation
Quality	Not Important	3	10.0	3.97	0.999
	little Important	6	20.0		
	Moderately Important	10	33.3		
	Very Important	11	36.7		
	Extremely Important	3	10.0		
Lead Time	Not Important			4.03	0.928
	little Important	2	6.7		
	Moderately Important	6	20.0		
	Very Important	11	36.7		
	Extremely Important	11	36.7		
Cost	Not Important	2	6.7	3.63	0.994
	little Important	5	16.7		
	Moderately Important	5	16.7		
	Very Important	8	26.7		
	Extremely Important	10	33.3		
Flexibility	Not Important	2	6.7	3.76	1.19
	little Important	3	10.0		
	Moderately Important	4	13.3		
	Very Important	12	40.0		
	Extremely Important	9	30.0		

4.3.3 Goals in Operations

The study in this part aimed at identifying how important the goals which include Survival in Market, Growth (Gain Market share), Profitability, Product and Market differentiation, Market, development and Diversification in their operations. The

results in table below shows that majority of the respondents agreed that Survival in Market was very important $m= 4.4$, this was followed by Market development $m= 4.00$, profitability was very important with a mean of 3.96, Diversification had a mean of 3.93, Profitability 3.90 and Growth (Gain Market share) had a mean of 3.96.

Table 4.6: Goals in Operations

Descriptive Statistic	Response	Frequency	Percent	Mean score	Standard deviation
Survival in Market	Not Important	1	3.3	4.4000	1.00
	little Important	1	3.3		
	Moderately Important	2	6.7		
	Very Important	7	23.3		
	Extremely Important	19	63.4		
Growth (Gain Market share)	Not Important	2	6.7	3.5667	1.10
	little Important	4	13.3		
	Moderately Important	3	10.0		
	Very Important	17	56.7		
	Extremely Important	4	13.3		
Profitability	Not Important	2	6.7	3.9000	1.21
	little Important	2	6.7		
	Moderately Important	5	16.7		
	Very Important	9	30.0		
	Extremely Important	12	40.0		
Product and Market differentiation	Not Important	1	3.3	3.9667	1.16
	little Important	3	10.0		
	Moderately Important	5	16.7		
	Very Important	8	26.7		
	Extremely Important	13	43.3		

Descriptive Statistic	Response	Frequency	Percent	Mean score	Standard deviation
Market development	Not Important			4.0667	0.98
	little Important	3	10.0		
	Moderately Important	4	13.3		
	Very Important	11	36.7		
	Extremely Important	12	40.0		
Diversification	Not Important	2	6.7	3.9333	1.20153
	little Important	2	6.7		
	Moderately Important	4	13.3		
	Very Important	10	33.3		
	Extremely Important	12	40.0		

4.3.4 Physical capital

The respondents were asked to indicate the kind of physical capital their organisation invest in. The results show that the majority of the respondents indicated that they would be Very Important to invest Investment that is not observable to rival firms $m= 4.1432$, Investment that lowers a firm's marginal cost $m=4.0231$ and Investment that is recoverable/sunk $m= 3.9987$. The respondents indicated that it of little Important to Investment that increases a firm's marginal cost $m= 2.0876$ and Investment that is observable to rival firms $m= 2.0765$. The respondents indicated that it was Not Important to make an Investment that is not recoverable/sunk $m= 1.0987$. The table below shows the results.

Table 4.7: Physical capital

Descriptive Statistic	Response	Frequenc y	Percent t	Mean	Standard deviation
Investment that lowers a firm's marginal cost	Not Important	1	3.3	4.0231	0.8976
	little Important	1	3.3		
	Moderately Important	2	6.7		
	Very Important	20	66.7		
	Extremely Important	6	20.0		
Investment that increases a firm's marginal cost	Not Important	10	13.3	2.0876	0.7654
	little Important	11	36.7		
	Moderately Important	4	13.3		
	Very Important	2	6.7		
	Extremely Important	3	10.0		
Investment that is observable to rival firms	Not Important	6	20.0	2.0765	0.8975
	little Important	10	33.3		
	Moderately Important	10	33.3		
	Very Important	4	13.3		
	Extremely Important				
Investment that is not observable to rival firms	Not Important			4.1432	0.9876
	little Important	2	6.7		
	Moderately Important	4	13.3		
	Very Important	14	46.7		
	Extremely Important	10	33.3		
Investment that is not recoverable/sunk	Not Important	20	66.7	1.0987	0.9873
	little Important	4	13.3		
	Moderately Important	6	19.9		
	Very Important	2	6.7		
	Extremely Important				
Investment that is recoverable/sunk	Not Important			3.9987	0.9874
	little Important	10	33.3		
	Moderately Important	13	43.3		
	Very Important	2	6.7		
	Extremely Important	5	16.7		

4.3.5 Strategic Options in Response to Changes in the Market

The study sought to seek information from the respondents on strategic options in response to changes in the market. The study found out that majority of the respondents agreed that it was Extremely Important to Use of latest technology $m=0.87$ and also to Provide superior customer service $m= 4.53$. The respondents agreed that it was Very Important to Offer high quality services $m= 4.4$, this was followed by Offering services not offered by competitors $m=4.14$, Introducing new services in market $m=3.90$ and Branding of services $m=3.97$.

Table 4. 8: Strategic options in response to changes in the market

Descriptive Statistic	Response	Frequency	Percent	Mean	Standard deviation
Provide superior customer service	Not Important	1	3.3	4.53	0.87
	little Important	1	3.3		
	Moderately important	2	6.7		
	Very Important	20	66.7		
	Extremely Important	6	20.0		
Offering services not offered by competitors	Not Important	2	6.7	4.14	0.78
	little Important	3	10.0		
	Moderately Important	4	13.3		
	Very Important	10	33.3		
	Extremely Important	11	36.7		
Offering high quality services	Not Important	4	13.3	4.40	0.76
	little Important	6	20.0		
	Moderately Important	10	33.3		
	Very Important	10	33.3		
	Extremely Important	4	13.3		
Introducing new services in market	Not Important	2	6.7	3.90	0.87
	little Important	4	13.3		
	Moderately Important	14	46.7		
	Very Important	10	33.3		
	Extremely Important	2	6.7		
Use of latest technology	Not Important	1	3.3	4.56	0.87
	little Important	2	6.7		
	Moderately Important	6	20.0		
	Very Important	11	36.7		
	Extremely Important	10	33.3		
Branding of services	Not Important			3.87	0.65
	little Important	2	6.7		
	Moderately Important	5	16.7		
	Very Important	13	43.3		
	Extremely Important	10	33.3		

4.4 Factors influencing choice of Competition Strategies

4.4.1 Factors that may have influenced the speed of Strategic Changes

The respondents were asked to rank factors that may have influenced the speed of strategic changes. The study results are shown in table 4.6 below.

The study results indicated that the respondents agreed that the very important factors that may have influenced the speed of strategic changes include Limited financial m=4.06, Pressure from the environment m=4.03, Changing donor funding patterns m=3.96, Political interference m=3.90, Quest for sustainability m=3.86 and Quest to remain relevant m=3.83.

Table 4.9: Factors that may have influenced the speed of Strategic Changes

Descriptive Statistic	Response	Frequency	Percent	Mean	Standard deviation
Changing donor funding patterns	Not Important			3.96	0.85
	little Important	2	6.6		
	Moderately Important	2	6.7		
	Very Important	20	66.7		
	Extremely Important	6	20.0		
Quest to remain relevant	Not Important			3.83	0.54
	little Important	3	10.0		
	Moderately Important	4	13.3		
	Very Important	10	33.3		
	Extremely Important	13	43.7		
Quest for sustainability	Not Important	3	10.0	3.86	0.4166
	little Important	6	20.0		
	Moderately Important	10	33.3		
	Very Important	10	33.3		
	Extremely Important	5	16.6		
Limited financial resources	Not Important	1	3.3	4.06	0.86
	little Important	4	13.3		
	Moderately Important	14	46.7		
	Very Important	10	33.3		
	Extremely Important	3	10.0		
Political interference	Not Important	1	3.3	3.90	0.61
	little Important	2	6.7		
	Moderately Important	6	20.0		
	Very Important	11	36.7		
	Extremely Important	10	33.3		
Pressure from the environment	Not Important			4.03	0.88
	little Important	2	6.7		
	Moderately Important	5	16.7		
	Very Important	12	40.0		
	Extremely Important	11	36.6		

4.4.2 Quality indicators to distinguish its services

The respondents were asked to show the quality indicators that distinguish their services.

The study results shows that majority of the respondents indicated that some of the qualities that were very important include; Empathy to clients $m=4.0667$, Client communication and education $m=4.0333$, Qualified and Competent workers $m=3.9667$, Privacy and Confidentiality of clients $m= 3.9000$, Using efficient processes $m= 3.8333$ and Simple registration/admission procedures $m=3.8667$. The table below shows the results of the study.

Table 4.10: Quality indicators to distinguish its services

Descriptive Statistic	Response	Frequency	Percent	Mean	Standard deviation
Qualified and Competent workers	Not Important	1	3.3	3.9667	.85029
	little Important	1	3.3		
	Moderately Important	2	6.7		
	Very Important	20	66.7		
	Extremely Important	6	20.0		
Using efficient processes	Not Important	2	6.7	3.8333	1.23409
	little Important	3	10.0		
	Moderately Important	4	13.3		
	Very Important	10	33.3		
	Extremely Important	11	36.7		
Simple registration/ admission procedures	Not Important	4	13.3	3.8667	1.04166
	little Important	6	20.0		
	Moderately Important	10	33.3		
	Very Important	10	33.3		
	Extremely Important	4	13.3		
Empathy to clients	Not Important			4.0667	.86834
	little Important	2	6.7		
	Moderately Important	4	13.3		
	Very Important	14	46.7		
	Extremely Important	10	33.3		
Privacy and Confidentiality of clients	Not Important	1	3.3	3.9000	1.06188
	little Important	2	6.7		
	Moderately Important	6	20.0		
	Very Important	11	36.7		
	Extremely Important	10	33.3		
Client communication and education	Not Important			4.0333	.88992
	little Important	2	6.7		
	Moderately Important	5	16.7		
	Very Important	13	43.3		
	Extremely Important	10	33.3		

4.4.3 Approaches to beat Competition in the Market

The respondents were asked to show the Approaches to Beat Competition in The Market the table below shows the findings.

The findings indicate that it was very important to use innovation, Joint ventures, Joint ventures and Outsourcing. Their means are as follows; 4.09, 3.97 and 3.66 respectively others were rated as moderately important were Liquidation and Strategic alliances with means of 3.45 and 3.08 respectively.

Table 4.11: Approaches to beat Competition in the Market

Descriptive Statistic	Response	Frequency	Percent	Mean	Standard deviation
Innovation	Not Important			4.09	0.88
	little Important	2	6.7		
	Moderately Important	3	10.0		
	Very Important	4	13.3		
	Extremely Important	10	33.3		
Joint ventures	Not Important			3.97	0.85
	little Important	4	13.3		
	Moderately Important	6	20.0		
	Very Important	10	33.3		
	Extremely Important	10	33.3		
Strategic alliances	Not Important			3.08	0.99
	little Important	2	6.7		
	Moderately Important	4	13.3		
	Very Important	14	46.7		
	Extremely Important	10	33.3		
Liquidation	Not Important	1	3.3	3.45	0.97
	little Important	2	6.7		
	Moderately Important	6	20.0		
	Very Important	11	36.7		
	Extremely Important	10	33.3		
Outsourcing	Not Important			3.66	0.76
	little Important	2	6.7		
	Moderately Important	5	16.7		
	Very Important	13	43.3		
	Extremely Important	10	33.3		

4.4.4 Factors influencing Choice of Competitive Approaches

The respondents were asked to indicate the Factors Influencing Choice of Competitive Approaches.

The results show that majority of the respondents indicated that it was Extremely Important to consider, Financial requirements $m=4.66$, Actions of competitors $m=4.65$ and Staff skills and motivation $m=4.56$. The respondents indicated that it was Very Important to consider Industry regulations $m=4.32$, Negative publicity $m=4.04$ and Demands from suppliers $m= 4.03$.

Table 4.12: Factors influencing Choice of Competitive Approaches

Descriptive Statistic	Response	Frequency	Percent	Mean	Standard deviation
Staff skills and motivation	Not Important	1	3.3	4.56	0.86
	little Important	1	3.3		
	Moderately Important	2	6.7		
	Very Important	20	66.7		
	Extremely Important	6	20.0		
Actions of competitors	Not Important	2	6.7	4.65	0.98
	little Important	3	10.0		
	Moderately Important	4	13.3		
	Very Important	10	33.3		
	Extremely Important	11	36.7		
Demands from suppliers	Not Important			4.03	0.33
	little Important	4	13.3		
	Moderately Important	6	20.0		
	Very Important	10	33.3		
	Extremely Important	10	33.3		
Financial requirements	Not Important			4.66	0.95
	little Important	2	6.7		
	Moderately Important	4	13.3		
	Very Important	14	46.7		
	Extremely Important	10	33.3		
Industry regulations	Not Important	1	3.3	4.32	0.44
	little Important	2	6.7		
	Moderately Important	6	20.0		
	Very Important	11	36.7		
	Extremely Important	10	33.3		
Negative publicity	Not Important			4.04	0.44
	little Important	2	6.7		
	Moderately Important	5	16.7		
	Very Important	13	43.3		
	Extremely Important	10	33.3		

4.4.5 Forces impacted in the NGO

The respondents were asked to indicate the forces that impacted the NGO. The findings are presented in the table below.

The results indicate that majority indicated that it was very important Availability of consultants m= 4.2566, Prices of pharmaceutical supplies m= 4.0871, Prices of medical equipment m= 3.9342, Staff costs m= 3.9043 and Fees charged by consultants m=3.8667.

Table 4.13: Forces impacted in the NGO

Descriptive Statistic	Response	Frequency	Percent	Mean	Standard deviation
Staff costs	Not Important	1	3.3	3.9043	0.6188
	little Important	2	6.7		
	Moderately Important	6	20.0		
	Very Important	11	36.7		
	Extremely Important	10	33.3		
Fees charged by consultants	Not Important	2	6.7	3.8667	0.8892
	little Important	5	16.7		
	Moderately Important	13	43.3		
	Very Important	10	33.3		
	Extremely Important	2	6.7		
Availability of consultants	Not Important	1	3.3	4.2566	0.8653
	little Important	1	3.3		
	Moderately Important	2	6.7		
	Very Important	20	66.7		
	Extremely Important	6	20.0		
Prices of pharmaceutical supplies	Not Important			4.0871	0.5432
	little Important	2	6.7		
	Moderately Important	4	13.3		
	Very Important	14	46.7		
	Extremely Important	10	33.3		
Prices of medical equipment	Not Important	1	3.3	3.9342	0.8763
	little Important	2	6.7		
	Moderately Important	6	20.0		
	Very Important	11	36.7		
	Extremely Important	10	33.3		

4.5 Discussion

The study provides an analysis of data collected from the field on competitive strategies adopted by governance Non-Governmental Organizations in Nairobi Kenya. The study sought to establish the information on the respondents employed in the study with regards to their Position, Number of years your NGO has been operating and the estimated population size of the NGO catchment area. These bio data points at the respondents' appropriateness in answering the questions and also looks at the competitive strategies adopted by governance Non-Governmental Organizations in Nairobi Kenya.

From the study it was established that the main competitive strategies adopted by the Governance Non-Governmental Organizations in Nairobi include quality of services offered, lead time is necessary, costs and flexibility. Some factors that influence choice of competitive strategy include; changing donor funding patterns; quest to remain relevant; quest for sustainability; limited financial resources; political interference and pressure from the environment. There has been a spectacular increase in the number of powerful frameworks to evaluate the determinants of differential performance, from Porter's five forces framework to the resource-based view to transaction-cost economics (Cockburn, Henderson, & Stern, 2000). Put it simply, superior competitive position means higher returns and profitability. It is relevant to consumers' willingness-to-pay, sometimes called "economic value" concept. According to Porter (2001), sustained profitability is the only measure of economic value. He defines two fundamental factors that determine profitability: industry structure, which determines the profitability of the average

competitor; and sustainable competitive advantage, which allows a company to outperform the average competitor (Porter M. E. 2001). It is often observed that companies position themselves based on their strength, or the advantages they possess comparing to their competitors. Therefore, NGOs are playing a major role in strategic positioning against their competitors.

In today's competitive environment, markets are becoming more international, dynamic, and customer-driven. Customers are demanding more variety, and better quality and service, including both reliability and faster delivery. Technological developments are occurring at a faster pace, resulting in new product innovations and improvements in firm processes (Hayes, 2003). From the study, it was found out that it's extremely important to consider, financial requirements, actions of competitors, staff skills and motivation, industry regulations, negative publicity and demands from suppliers as important factors influencing choice of competitive strategies.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings as discussed in chapter four and interpretations of the data analysis, conclusions and recommendations based on the findings.

5.2 Summary of Findings

The findings revealed that the most used competitive strategies include low cost or price, outstanding service, high flexibility and variety, continuous innovation, and superior quality. Customers demanded more variety, and better quality and service, including both reliability and faster delivery. Technological developments are occurring at a faster pace, resulting in new product innovations and improvements in NGO processes.

It was noted that with all of the above potential sources of competitive advantage, quality is an underlying factor. Successful ventures offer consistent quality, so an important consideration for any venture is how quality is going to be perceived and measured. In some cases quality may be related to value-added strategies. In other cases, quality may be related to the fact that the product being offered is of a higher physical quality than the competitor's product, or from providing excellent customer service.

Analyzing sources of competitive advantage the special emphasis should be given to the capabilities. Ulrich and Lake (1991) contend that three traditional means of gaining competitive advantage (financial, strategic and technological capabilities) describe only a portion of what managers need to do. They stress organizational capability as a critical source of competitive advantage, which is based on the premise that organizations do not think, make decisions, or allocate resources, but people do. They argue that people issues should be managed simultaneously with other strategies. Managers who are able to understand and integrate all four sources are more likely to build competitive organizations.

Delivering superior value-whatever form it takes-nearly always requires performing value chain activities differently than rivals and building competencies and resource capabilities that are not readily matched. Some of the ways that firms acquire cost advantages are by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership.

Differentiation strategy is one in which a firm offers products or services with unique features that customers value. The value added by the uniqueness lets the firm command a premium price. This may be through superior product design, technology, customer service, dealer network or other dimensions. Focus strategy involves targeting a

particular market segment. This means serving the segment more efficiently and effectively than the competitors. Focus strategy can be either a cost leadership or differentiation strategy aimed towards a narrow, focused market. Knowing the market environment and client needs enables an NGO to use its unique capabilities (such as specialised employees or unique knowledge base) to adjust or improve the products and services in such a way that the client is satisfied, or even surprised, because the service was beyond expectations.

The researcher noted that strategies of joint venturing are of very great importance. It is in which the NGO works with a business or a government agency to carry out a project that both are interested in but neither could, or wishes to, execute alone. The NGO scales up its direct impact insofar as it delivers services to larger numbers of people; at the same time, it has indirect impact to the extent that it gets its partners to undertake new activities. Joint venturing may lead to integration when the project's efficacy has been demonstrated.

5.3 Conclusion

The study found out that the essence of strategy formulation is coping with competition. Yet it is easy to view competition too narrowly and too pessimistically. While one sometimes hears executives complaining to the contrary, intense competition in an industry is neither coincidence nor bad luck. Moreover, in the fight for market share, competition is not manifested only in the other players. It was found out that it's

extremely important to consider, financial requirements, actions of competitors, staff skills and motivation, industry regulations, negative publicity and demands from suppliers as important factors influencing choice of competitive strategies. Customers, suppliers, potential entrants and substitute products are all competitors that may be more or less prominent or active depending on the industry.

5.4 Recommendations for Policy and Practice

The study recommends that NGOS should focus on changing donor funding patterns; quest to remain relevant; quest for sustainability; limited financial resources; political interference and pressure from the environment since this can lead to the adoption of different approaches to various actors in the NGO environment. It is a signal towards their target audience, their beneficiaries, and their donors. It is about not taking things for granted. Not taking for granted the funding. Not taking for granted the efficiency and effectiveness of programmes. And certainly not taking the beneficiary organisations or individuals for granted.

A key component that should be included in their strategies is training and knowledge creation. NGOs that are capable of learning the lessons from their operational programs, can seek to diffuse the resulting knowledge through training, information sharing, consultancy and advice. Finally, for training to be effective, the trainees and the managers of the institutions they come from must have a commitment to change, a belief in the value of the change desired, and faith in both the organization and people conducting the

training. All of these are positively affected by successful field experiences. When people can see with their own eyes that certain approaches work, when managers give the signal to their employees to adopt new behaviors, then training can be effective.

5.5 Limitations of the Study

The study cannot be used in general since it only covers governance non-governmental organizations in Nairobi while there are many non-governmental organizations in Kenya. There could be other competitive strategies employed by other NGOs or any other organization in Kenya.

14.3% of the questionnaires were not responded due to time constraints. There is a possibility that the executives delegated to their juniors to fill in the questionnaire making some of the data questionable.

5.6 Suggestions for Further Studies

Further research should focus on strategies used to strengthen NGO capacity in resource mobilization through business activities. An additional area of research is to focus on competitive strategies by all NGOs and not limited to governance NGOs. A study can also be done on governance NGOs in other parts of the country.

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APPENDICES

Appendix I: Letter of Introduction

University of Nairobi
School of Business studies

December 19, 2012

Dear Respondent,

I am a post-graduate student in the School of Business studies, university of Nairobi, conducting a management research paper on competitive strategies adopted by governances NGOs in Nairobi, Kenya.

In order to undertake the research, you have been selected to form part of the study. This letter is therefore to request your assistance in providing information to the attached questionnaire. This information will be treated with strict confidence and is purely for academic purposes. A copy of the final report will be availed to you upon request.

Your assistance and co-operation in this exercise will be highly appreciated.

Yours faithfully

Millicent Msanga Namusonge

MBA Student

Dr Vincent Machuki

Supervisor

Appendix II: Questionnaire

PART 1- GENERAL BACKGROUND INFORMATION

1. What is the name of your NGO? _____
2. Where is it located? _____
3. Title/Position of the respondent _____
4. Number of years your NGO has been operating?
 - Less than 5 years []
 - 5 – 10 Years []
 - 11 – 15 years 16 – 20 years []
 - Over 21 years []
5. What is the estimated population size of the NGO catchment area
 - 0 – 25,000 []
 - 25,000 – 100,000 []
 - 100,000 – 200,000 []
 - More than 200,000 []

PART 11 –COMPETITIVE STRATEGIES

6. How would you describe competition in the industry in your catchment area?
 - Weak competition []
 - Strong competition []
 - Very strong Competition []
 - Hyper Competition []

7. Who do you consider as your major competitor?

.....

8. How do you rate the following when dealing with competitive strategies

Extremely Important 4. Very Important 3. Moderately Important 2. A little Important 1. Not Important

	5	4	3	2	1
Quality					
Lead Time					
Cost					
Flexibility					

9. How important are the following goals in your operations? Please rate them in order of their importance using the following scale

5. Extremely Important 4. Very Important 3. Moderately Important
2. A little Important 1. Not Important

	5	4	3	2	1
Survival in Market	[]	[]	[]	[]	[]
Growth (Gain Market share)	[]	[]	[]	[]	[]
Profitability	[]	[]	[]	[]	[]
Product and Market differentiation	[]		[]	[]	[] []

Market development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Diversification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. In which of the following physical capital does your organisation invest in?

	5	4	3	2	1
Investment that lowers a firm's marginal cost	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment that increases a firm's marginal cost	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment that is observable to rival firms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment that is not observable to rival firms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment that is not recoverable/sunk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment that is recoverable/sunk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. To what extent do you use each of the following strategic options in response to changes in the market?

	5	4	3	2	1
Provide superior customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Offering services not offered by competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Offering high quality services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Introducing new services in market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Use of latest technology	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Branding of services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PART 11I: FACTORS INFLUENCING CHOICE OF COMPETITION

STRATEGIES

12. Tick the factors that may have influenced the speed of strategic changes in your organisation?

	5	4	3	2	1
Changing donor funding patterns;	[]	[]	[]	[]	[]
Quest to remain relevant;	[]	[]	[]	[]	[]
Quest for sustainability;	[]	[]	[]	[]	[]
Limited financial resources;	[]	[]	[]	[]	[]
Political interference;	[]	[]	[]	[]	[]
Pressure from the environment.	[]	[]	[]	[]	[]

13. To what extend does your NGO use the following quality indicators to distinguish its services?

	5	4	3	2	1
Qualified and Competent workers	[]	[]	[]	[]	[]
Using efficient processes	[]	[]	[]	[]	[]
Simple registration/admission procedures	[]	[]	[]	[]	[]
Empathy to clients	[]	[]	[]	[]	[]
Privacy and Confidentiality of clients	[]	[]	[]	[]	[]
Client communication and education	[]	[]	[]	[]	[]
Efficient billing and drugs sorting	[]	[]	[]	[]	[]

14. To what extent have you used the following approaches to beat competition in the market?

	5	4	3	2	1
Innovation	[]	[]	[]	[]	[]
Joint ventures	[]	[]	[]	[]	[]
Strategic alliances	[]	[]	[]	[]	[]
Liquidation	[]	[]	[]	[]	[]
Outsourcing	[]	[]	[]	[]	[]

15. To what extent have the following factors influenced choice of competitive approaches?

	5	4	3	2	1
Staff skills and motivation	[]	[]	[]	[]	[]
Actions of competitors	[]	[]	[]	[]	[]
Demands from suppliers	[]	[]	[]	[]	[]
Financial requirements	[]	[]	[]	[]	[]
Industry regulations	[]	[]	[]	[]	[]
Negative publicity	[]	[]	[]	[]	[]
Changing customer needs	[]	[]	[]	[]	[]
Government policies and regulations	[]	[]	[]	[]	[]

16. To what extent have the following forces impacted on your NGO?

	5	4	3	2	1
Staff costs	[]	[]	[]	[]	[]
Fees charged by consultants	[]	[]	[]	[]	[]
Availability of consultants	[]	[]	[]	[]	[]
Prices of pharmaceutical supplies	[]	[]	[]	[]	[]
Prices of medical equipment	[]	[]	[]	[]	[]

Appendix III: List of Governance NGOs in Nairobi

1. Academy For Educational Development - Kenya
2. Action For Peace Justice And Development
3. Africa Community Development Organization
4. Africa Peace Forum
5. Africa Rural Link
6. Africa Solutions
7. African Centre For Rights And Governance
8. African Centre For Women Information And Communication Technology
9. African Community Development Organisation
10. African Foundation For Civil Society Organization
11. African Woman And Child Feature Service
12. African Women Foundation
13. Arise And Help International
14. Association Of African Women For Research And Development
15. Association Of Former Kenya Ambassadors And Senior Diplomats
16. Boma Welfare Organization
17. Brook Of Cherith Organization
18. Caring For Environment For Development
19. Catholic Fund For Overseas Development
20. Catholic Organization For Relief And Development
21. Centers For International Programs - Kenya
22. Centre For Economic And Liberitarian Affairs
23. Centre For Education Population Environment And Development
24. Centre For Ethnic Mainstreaming
25. Centre For Health And Development Research (Chdr)
26. Centre For Health, Advocacy, Gender And Education Initiative
27. Centre For Justice And Crimes Against Humanity
28. Centre For Law And Research International
29. Centre For Livelihood Opportunities Unlimited And Technologies
30. Centre For Peace And Democracy
31. Centre For Rehabilitation Of Ex-Convicts (Cerec)
32. Centre For Research And Development
33. Centre For Research Communication And Gender In Early Childhood Education
34. Centre For Social Welfare
35. Centre For Social Welfare, Justice And Governance
36. Centre For Support Of Prisoners
37. Centre For The Study And Practise Of Direct Democracy
38. Child Counselling And Related Issues Advisory And Consultancy
39. Child Survival Centre
40. Cities In Partnership With The Communities
41. Citizens Against Violence Organization
42. Citizens Awareness Network

43. Community Aid International
44. Community Based Development Services
45. Community Capacity Building Initiative
46. Community Facilitation Empowerment And Development Initiative
47. Community Integrated Development International
48. Community Transformation And Rural Development (Cotard)
49. Co-Operative League Of The United States Of America
50. Corruption Watch International
51. Cultural Video Foundation
52. Cuts- Centre For International Trade Economics And Environment
53. Debora International Kenya
54. Development Empowering Programme
55. Development Knowledge Link-Africa
56. Development Training Treatment And Research Kenya
57. Directed Educational Environment And Developmental Strategies For Poverty Reduction
58. Disabled For Education And Economic Development Support, Kenya
59. Dream Builders Initiative Programme
60. Education Centre For Women In Democracy
61. Empower Africa
62. Environmental Research Mapping And Information Systems In Africa
63. Expert Foundation
64. Family Programmes Promotion Services
65. Federation Of Women Lawyers-Kenya
66. Focus On Africa Development Inc
67. Forest Action Network
68. Foundation For Human Rights And Resources Monitoring
69. Fred Outa Foundation
70. Friends For Children Development Initiative
71. Future For Africa Woman
72. Global Forces Support Programme
73. Great Hope Resource Youth Centre
74. Green View
75. Healing Wings Rescue Agency
76. Health Support International
77. Help Child/Mother Organisation
78. Helpage Kenya
79. Helping Hands International Foundation Inc
80. Hope Africa Management Initiative
81. Hope Of Grace International
82. Horn Relief
83. Initiatives For Development Of East African Region
84. Institute For Culture And Ecology
85. Intergrated Pastoralist Assistance And Development
86. International Association For The Protection Of Marginalized Children

87. International Peace Building Alliance
88. Intex Welfare Foundation
89. Jabali Development Organization
90. Jitolee - East African Volunteering
91. Kensudan Youth For Peace And Development Agency
92. Kenya Aids Orphans Rescue Organization
93. Kenya Alliance For Communal Co-Existence And Development
94. Kenya Association For The Intellectually Handicapped
95. Kenya Foundation For Youth And Women Programme
96. Kenya Human Rights Commission
97. Kenya Poverty Elimination Networks
98. Kenya Slum Youths Development Organization
99. Kenya Widows And Orphans Support Programme
100. Kenya Women And Youth League
101. Khwisero Community Health Care (Kchc)
102. Kibera Slums Community Development Program
103. King Of Kings International
104. Lamu West Professionals Organization
105. Legal Advice Centre (Kituo Cha Sheria)
106. Legal Research And Information Centre
107. Lifebloom Services International
108. Love Thy Neighbour Ministry
109. Lubo Foundation
110. Mazingira Institute
111. Mercy Corps
112. Metra Micro Finance Kenya
113. Multi - Sectoral Organization For The Needy
114. Multi-Sectoral Development Programme
115. Nation Pillars Centre
116. National Democratic Institute For International Affairs
117. National Organization For Private Public Partnership
118. National Organization Of Women Teachers
119. National Youth Resource Centres
120. Network For Environmental Conservation And Development
121. Noble Charity Homes For Destitutes
122. Norwegian Church Aid
123. Novib Oxfam Netherlands
124. Odyssey Women International Education Services
125. Oxfam Novib
126. Partners With Vision
127. Peace And Developmentpartners
128. Practical Action
129. Progressive Initiatives And Methodologies For Social And Economic Enhancement In Kenya
130. Refugee Consortium Of Kenya

131. Regional Center For Combating Trafficking In Persons
132. Regional Strategies Organization
133. Relief, Reconstruction And Development Organization
134. Resource evaluation And Community Intensive Participation To Eradicate
Poverty In Kenya
135. Revive Africa International
136. Rift - Valley Rural Women's Empowerment Network
137. Safe Environment And Health Organization
138. Salama Community Association
139. Sayari Think Tank
140. Shelter Forum
141. Slums First-Kenya
142. Social Needs Network
143. Somali Family Care Network - Africa
144. Spigo Institute
145. Sportswomen And Administrators International
146. Stepping Out By Choice International
147. Sub-Sahara Development Initiative
148. Sudan Women In Development And Peace
149. Sunaid - Africa
150. Sustainable Community Peace Enhancement Initiatives
151. Tact Africa
152. Tausa Development Programme
153. Tender Hands Initiative
154. The East African Human Rights Institute
155. The East African Resource Centre
156. The Friends Of The Earth Youthlink Initiative
157. The Kenya Organization Of Environmental Education
158. The National Organization For Private Public Partnerships
159. The World Student Christian Federation
160. The Youth Agenda
161. Tobacco Alcohol Substance Abuse And Hiv/Aids Counseling
162. Tobacco Alcohol Substance Abuse Hiv/Aids Counseling Centre
163. Transmara Maasai Self - Sufficiency Support Program - Kenya
164. Under Forty Patriots
165. Untu Africa
166. Urban Centre International
167. Uzima Foundation Africa
168. Value Addition And Cottage Industry Development Initiative Africa
169. Values Interdevelopmental Network Techniques
170. Vetworks Eastern Africa
171. Village Women Organization - Kenya
172. Vision Integrated Community Development Programme
173. Woman To Woman Africa
174. Women Awareness And Development Initiative

175. Women Youth And Children Development Organization
176. Young Volunteers Forum
177. Youth Alive! Kenya
178. Youth Alliance For Leadership And Development In Africa - Yalda (K)
179. Youth Consciousness Development And Programme - Kenya
180. Youth Impact Network International
181. Youth Initiatives-Kenya
182. Youth Peace Alliance
183. Zion Counseling And Education Support Centre International