THE EXTENT OF STAKEHOLDER INVOLVEMENT IN STRATEGY FORMULATION AMONG NON GOVERNMENTAL ORGANIZATIONS WITHIN NAIROBI

BY:

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A Research Project Submitted In Partial Fulfillment of the Requirement for the Award of Masters of Business Administration (MBA) Degree, School of Business, University of Nairobi.

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DECLARATION

This research project is my original work and has never been presented in any other University/College for the award of degree/diploma/certificate.

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D61/7784/04

Date: 6th November 2007

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

Signature: ______________________

Mr. Jackson Maalu

Date: 7/11/07

DEDICATION

This project is dedicated to my family members and to the social development practitioners.

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ABSTRACT

Stakeholders within organizations influence strategy and consequently influence the organization's purposes that result in formal expectations in terms of achievement. The extents to which organizational stakeholders are interested in or able to influence organizations' purposes vary and their different power and interests underscore these variations. In the Non-Governmental Organizations (NGO) sector, the values and expectations of different stakeholder groups in organizations play an important part in the development of strategy (Wheelen and Hunger, 1995; Johnson and Scholes, 2002).

It is against this background that this study was designed to determine the extent to which various stakeholders are involved in strategy formulation among Non-Governmental Organizations within Nairobi and establish the factors influencing the extent of involvement of the various stakeholders. The study used primary data which were collected using a semi structured questionnaire with both open and closed ended questions. The questionnaire was administered through mail (drop and pick and e-mail). The study targeted program/project managers from a sample of 100 NGOs drawn randomly from the registered 736 NGOs based in Nairobi.

From the research findings, it was revealed that most NGOs practice strategic planning and that they carry out stakeholder analysis to determine the various stakeholders' interests which may affect their strategy formulation process. The study established that most NGOs involve their stakeholders in strategy/project/program formulation and that a number of factors influence the extent to which the stakeholders are involved. The results

indicated that stakeholders are given the opportunity to contribute their own ideas during the strategy formulation process; they are allowed to assess and review the ideas during strategy formulation; there is joint decision making with stakeholders during all stages of the project; and stakeholders are given a chance to assess the whole strategy formulation process. It was, however, observed that a considerable proportion of respondent organizations do not involve their stakeholders in strategy formulation to considerable extents.

Further, it was evident from the study that a wide range of factors come into play to influence the extent of stakeholder involvement in strategy formulation. The research findings showed that all factors that were presented to respondents influenced the extent of stakeholder involvement in strategy formulation. The factors range from the important insights offered into project planning to amount of resources in a stakeholder group's possession, importance of the resource, and availability and expert knowledge of a stakeholder group, up to and including a particular phase of the project life cycle. It was, however, apparent that even though all the factors presented to respondents influence the extent of stakeholder involvement to a great extent, not all organizations indicated this fact, implying that not all factors will have the same influence on the extent of stakeholder involvement in all the organizations.

It was generally concluded that differences in the NGOs' activities and stakeholder groups' characteristics have much bearing on the factors that influence the extent of their involvement.

CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 The Concept of Stakeholder Involvement

Increasing global competition has made it impossible for one organization to perform all business on its own. Most organizations, whether for-profit or nonprofit, private or public, are reaching outside their own pools of resources and creating alliances with customers, suppliers, communities, unions, and even rivals (Cooperrider and Whitney, 2001). The best run organizations have found ways to successfully and efficiently manage the diverse interests of these and other stakeholders. In the process, they have developed competitive advantage and discovered and exploited opportunities that were previously unimaginable. Many of these opportunities represent unmet needs of stakeholders or new combinations of resources they provide to the organization (Donaldson and Preston, 1995).

The idea that organizations have stakeholders relevant to important corporate decisions is commonly accepted in the management literature. Stakeholder constructs were inherent in the early work of system theorists (March and Simon, 1958). But it was Freeman's (1984) seminal publication that brought stakeholder theory to the forefront of academic research. The stakeholder concept is one of the most attractive conceptual devices in business ethics. This concept has its origin in a theory of management, but has been seized upon by scholars in business ethics as a way of expressing the idea that businesses have obligations to a wide range of parties beyond the stockholders to whom corporate heads were traditionally thought to be beholden. According to Freeman (1984), stakeholders simply "are those groups who have a stake in or claim on the organization".

Harrison and John (1998) categorize stakeholders into those within the organization (owners/board of directors, managers, and employees) and within the operating environment (customers, suppliers, government agencies and administrators, unions, competitors, financial intermediaries, local communities, and activist groups), all operating within the broader environment subject to socio-cultural, global economic, and global political/legal forces and technological change. They emphasize the importance of identifying, understanding, building relationships with, and satisfying its key stakeholders, and taking these stakeholders into account in the formulation of organizational strategy. Bloom (2000) and Thomas (1990) both address the question: Who should be involved in making decisions? Bloom (2000) focuses on the issues of interest and expertise, reflecting the risk-based policy-making approach of the public participation perspective. Thomas (1990) applies the Vroom and Yetton (1973) model of deciding the degree of group involvement desirable in making decisions. This approach is based on matching attributes of the problem with the expertise of the potentially involved stakeholders in an effort to balance the relative needs for quality and acceptability in a decision.

Organizations, whether for-profit or nonprofit, private or public, have found it necessary nowadays to engage in strategic management in order to achieve their corporate goals. Thompson and Strickland (2003) observe that the strategic management process involves the formation of a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and then over time initiating whatever corrective adjustments in the vision, objectives, strategy, and execution that are appropriate.

Strategy formulation sets the impetus in the entire strategic management process in any organization. According to Bowman (1987), strategy formulation is a decision making process which is primarily concerned with the development of an organization's objectives, the commitment of its resources, and dealing with environmental constraints so as to achieve its objectives. Hunger and Wheelen (1995) view strategy formulation as the development of long-range plans for the effective management of environmental opportunities and threats in light of corporate strengths and weaknesses, up to and including defining the corporate mission, specifying achievable objectives, deciding strategies, and setting policy guidelines.

Stakeholders within organizations influence strategy and consequently influence the organization's purposes that result in formal expectations in terms of achievement. The most important fundamental issue relates to whom the organization should serve as well as the determinants and purposes of the organization. This then relates to the power to influence the purposes, accountability issues, and also the processes, supervising executives' decisions and actions. The extent to which organizational stakeholders are interested in or able to influence organizations' purposes vary and their different power and interests underscore these variations (Johnson and Scholes, 2002).

In the Non-Governmental Organizations (NGO) sector, the values and expectations of different stakeholder groups in organizations play an important part in the development of strategy. Furthermore, the pattern of influence on the organization's strategic decision making derives from its sources of revenues. The client has no direct influence on the organization because the client pays nothing for the services received. The influence from funding bodies may, therefore, be high in the formation of organizational strategies. In this type of situation, the organization tends to measure its effectiveness in terms of sponsor satisfaction. It may become more concerned with resource efficiency than with service effectiveness. It has no real measure of efficiency than the ability to carry out its mission and achieve its objectives within the monetary contribution it receives from its sponsors (Wheelen and Hunger, 1995; Johnson and Scholes, 2002).

As organizations strive to position themselves within turbulent environments, their strategy formulation efforts would be fruitless, more so in their implementation if pertinent stakeholders are not involved in the process. Clear understanding of the potential roles and contributions of the many different stakeholders is a fundamental pre-requisite for a successful participatory strategy formulation process. Stakeholders are those whose interests are affected by the organization's activities or those whose activities strongly affect the organization; they are those who possess information, resources and expertise needed for strategy formulation and implementation; and they are those who control relevant implementation instruments (Friedman, 2002).

Sensitivity to stakeholders' demands by executives is critical when formulating a realistic strategy and if overlooked leads to conflicts. Organizations, both for-profit and non-profit, private and public face challenges in strategic planning efforts due to a high demand for high quality goods/services, efficiency and effectiveness in service delivery among other demands from the consuming public. Stakeholders' contributions to the organizations' mission statements and overall strategy formulation is a critical determinant to the ultimate strategy direction (Nutt and Backoff, 2002).

Stakeholder involvement is critical for any given course of action the strategic planning team determines. It offers important insight into planning, facilitates their "buy in" and support for the strategy, allows greater ownership, facilitates better decisions and may identify issues not addressed by the executive team. (Bett and Tepper, 2002). Their involvement is a valuable prelude to the formulation of mission statements for effectiveness of strategies and critical to implementation success. The criteria stakeholders use to judge the organization's performance influence how the organization pursues strategies and manages resources effectively over the long term while increasing stakeholder satisfaction (Boschken, 1994).

Experience has shown that inclusion of the full range of stakeholders is not only an essential pre-condition for successful participatory decision making but also vital for promoting equity and social justice in organizations and within their environs. For example, when decisions are made, priorities set, and actions taken without involving those relevant stakeholders, the result is usually misguided strategies and inappropriate action plans which are badly (if at all) implemented and which have negative effects on the beneficiaries and on the organization at large. These approaches, which fail to properly involve stakeholders. have been widely proven to be unsustainable (Friedman, 2002).

Bloom (2000) notes that it is well recognized that broad-based stakeholders' involvement and commitment is crucial to successful strategy and action plan implementation and therefore to sustainable organizational development. Therefore. such broad-based stakeholders' involvement is grounded on three important principles of stakeholder analysis: Inclusiveness (ensure inclusion of the full range of different stakeholders, including marginalized and vulnerable groups); Relevance (includes only relevant stakeholders- those who have a significant stake in the process (i.e., not everyone is included)); and Gender Sensitivity (both women and men should have equal access within the participatory decision making process).

On the basis of these principles, different stakeholders will seek different levels of involvement and various categories can be defined. **Listeners** are those who need to be informed but do not feel a need to be actively involved in policies and projects. **Observers,** while not actively involved, are watching the policy assessment process and may become active if access to information is cut off or if they are surprised by events in the assessment. **Reviewers** actively watch the assessment process and will review ideas and materials. **Advisers** contribute their own time and energy and are willing to be actively involved. Their high level of interest and concern must be matched by equally high commitment and efforts by the organization strategy team. **Originators** are so involved that they help create options. This is a high level of involvement and may be difficult to sustain. **Decision-makers** are stakeholders who seek a level of involvement where they have a vote in or some control over the decisions made (Bloom, 2000). Therefore, the levels of involvement in strategy formulation range from forming/agreeing to decisions to having an influence on decisions to being heard before decisions and to having knowledge about decisions.

Business literature emphasizes that the purpose of strategy is to gain competitive advantage. NGOs may or may not be trying to obtain competitive advantage but they will need to be able to demonstrate that they deserve the support of partners, funders, volunteers, and staff. That is they need to show that donated funds and human energy are properly put into use. An effective strategy for NGOs must be technically workable and politically acceptable to key stakeholders and it must fit the organization's philosophy and core values. It should be ethical, moral and legal and should further the organization's pursuit of the common good. It must also deal with the strategic issue it was supposed to address (Bryson, 1995).

1.1.2 Overview of the NGO Sector in Kenya

Non-governmental organizations (NGOs) can be essentially defined as organizations that are constituted outside the state but that act in the public sphere. The very generic and all-encompassing term-NGO is derived from that historically, state or government organizations have been the ones discharging public duty or public policy. Actors doing the same outside government can best distinguish themselves by adopting the seemingly negative definition. Local self-groups, voluntary non-profit organizations, community groups, youth or women clubs, ethnic or professional associations, national and international research institutions can all be counted as NGOs. NGOs, therefore, constitute of a variety of very dissimilar organizations that are tied together by their 'public duty' and by not being part of government. In the development field, the NGOs on focus are those that engage in various aspects of development work (community development, environment, agriculture etc.) (Ndegwa, 1993).

NGOs have become important development agents in the developing countries since the 70s. The NGO phenomenon has its roots in the Missionary/charity traditions of the West. The proliferation of NGOs in Africa has been explained in various ways. It has, for example, been argued that most donor agencies are cutting down on official aid in favor of non-official aid because aid given through governments rarely reaches the poor. Hence, non-official aid is now channeled through NGOs thus raising their numbers. NGO proliferation can also be explained by frequent cases of calamities in Africa (Ng'ethe, Mitullah, and Ngunyi, 1990). According to the NGO Council Directory as at June 2007, there are 736 registered NGOs based in Nairobi. These NGOs offer different services to different clients and their strategies are influences by different stakeholder groups.

The Kenya Non Governmental Organizations Council (2004), in proposing the Kenya Non Governmental Organizations Policy (2004), in a stakeholders forum, observe that voluntary development initiatives in Kenya have their basis in the emergence of church-based and independent secular organizations independent of the state in the colonial period. The church-based organizations were formed to address relief and welfare issues. Mention must also be made of local welfare organizations formed by migrant workers in the colonial period in the major towns, such as the Kavirondo Taxpayers' Welfare Association, some of which took on political overtones during the decolonization struggle.

The activities of NGOs have increased since 1980s. The 1980s and 1990s was a period in which Kenyan NGOs changed in several ways. They shifted their focus away from concerns about relief to more general interests in development. They increased their involvement in socio- 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. Currently there are many national, regional and international NGOs in Kenya. Some of these deal with issues such as gender, human rights, environment, advocacy and participatory development. All of them have been assisting in strengthening the civil society through informing and educating the public on various issues, such as their legal rights, entitlements to services or by helping them attune to government policies. NGOs are involved in all spheres of life.

1.2 Statement of the Problem

Stakeholder theory suggests that an organization has obligations not only to shareholders and customers but also to all individuals and organizations with which it has transactions and relations such as suppliers, employees and leaders of trade unions and professional associations, distributors, agents, collaborators, local and national governments, and members of communities in which they operate (Taylor and Sparkes, 1977). The stakeholder approach argued that good governance requires political, social and economic priorities to be based on broad social consensus, and that the poorest and most vulnerable populations should be able to directly influence political decision making. This can be achieved by actively involving stakeholders in decisions that affect their interests. This approach thus assumes that participation will enable stakeholders to identify their diverse objectives, flag problems and conflicts, and contribute to their resolution (Pillay, 1990).

Since independence, there has been mushrooming in the number and scale of activity both of indigenous and externally-funded Non-Governmental Organizations (NGOs) in Kenya (Copestake, 1993). As a consequence, the NGO environment became more turbulent and hence as financial resources shrink and competition for diminishing resources grows, the pressure these organizations face to find effective management methods intensifies. Pappas (1996) observes that this sector is under siege from an endless variety of constituencies. The sector can no longer bask in its historic glory and assume a business-as-usual approach. It is high time the sector became deliberate about how it manages itself. He notes that most NGOs face intense pressure from other organizations and individuals who claim a right or responsibility to define the direction of the organization. Resources are increasingly difficult to obtain. The degree of sophistication in fund-raising has increased too. The funding environment is extremely competitive. For these reasons, Connors (1993) observes that leaders of NGOs are increasingly turning to strategic management as a way to enhance organizational effectiveness and adapt to the rapidly changing world.

The concept of stakeholder participation is understood to be a meaningful proactive and result-oriented engagement whose key elements include information sharing, consultation, joint decision making, initiation and control by the stakeholders (McGee and Norton, 2001). Barbane (1994) quotes Clarke (1992) on the importance of participation. He acknowledges that Clarke (1992) addresses the importance of participation by the client and makes clear that participation means also the ability of the beneficiaries to participate in the management of the NGO as well as the NGO's participation in the poor's struggle for justice. Participation, a favorite NGO term, should be seen as two-way: involvement of the poor in project design and execution, but also participation of the funding or intermediary NGO in the poor's struggle for equity, human rights, and democracy.

It is apparent that no one Non Governmental Organization (NGO) operates in a vacuum. The environments in which all organizations operate keep on changing. One of the pertinent issues, which is unique in the NGO world, is that the organizations therein are motivated by different motives other than making profit. However, this characteristic does not exempt NGOs from being prone to changes in stakeholders and their interests in different phases of the organizations' activities. The concept of stakeholder involvement in strategy formulation in these organizations is therefore a necessary ingredient for successful implementation and execution of the programs and projects.

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Whereas a number of studies have been done on various strategic management issues in the NGO sector by management scholars in Kenya (Kiliko, 2000; Bwibo, 2000; Ndiao, 2001; Nindamusta, 2002; Warsame, 2002; Muthuiya, 2004; Michael, 2004; and Mutulili, 2005), the studies have focused on different aspects in the strategic management process among NGOs. Mutulili's study looked at the relationship between beneficiaries' participation in project formulation and project success. Gulavic's (2005) and Kisinguh's (2006) studies focused the concept of stakeholder involvement in the poverty reduction strategy formulation and in strategic management process in public sector organizations respectively. While Mutulili's study focused on only beneficiaries, Gulavic's and Kisinguh's studies focused on Government Departments involved in the Medium Term Expenditure Framework Process and Public Service Commission respectively, which are different contexts. There is no known study that has delved into the involvement of a full range of other stakeholders (client/surrounding communities, volunteers, donors, staff, collaborators, etc) in strategy formulation and within the NGO context yet it is a crucial aspect in the organizations' effective and efficient project formulation and implementation process. To bridge the inherent knowledge gap, this study lays its focus on the extent of stakeholders' involvement in strategy formulation and the levels of involvement of the different stakeholders.

1.3 Objectives of the Study

i. To determine the extent to which various stakeholders are involved in strategy formulation among Non-Governmental Organizations within Nairobi.

ii. To establish the factors influencing the extent of involvement of the various stakeholders in strategy formulation.

1.4 Importance of the Study

The findings of this study may go towards filling existing knowledge gap on stakeholders' involvement is strategy formulation and the link between the extent of involvement and the success or failure of NGOs' projects in Kenya. More specifically, it is envisaged that the study will:

i. Provide information to future scholars who might need to research on stakeholders' involvement in strategy formulation among organizations in other sectors of the Kenyan economy.

ii. Bridge the gap in knowledge on stakeholders involvement in strategy formulation among Non Governmental Organizations in Kenya and where necessary make recommendations for further research

iii. Provide vital information to facilitate NGOs in Kenya to design appropriate methodologies that will guide carry out adequate stakeholder analysis and adoption of more inclusive and participatory decision making approaches.

iv. It can also be useful to the various stakeholders in enhancing their understanding of their role in NGOs' strategy formulation process and subsequent implementation of the same.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Strategic Management

Strategic management refers to the managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and then over time initiating whatever corrective adjustments in the vision, objectives, strategy, and execution are appropriate. A strategy entails managerial choices among alternatives and signals organizational commitment to specific markets, competitive approaches, and ways of operating (Thompson and Strickland, 2003).

According to Hunger and Wheelen (1995), strategic management is that set of managerial decisions and actions that determine the long run performance of an organization. They state that it is a technique that is used to create a favorable future and help organizations to prosper. To create this favorable future, managers must involve the organization's stakeholders in envisioning the most desirable future and then in working together to make this vision a reality. They conclude that the key to strategic management is to understand that people communicating and working together will create this future, not some words written down on paper.

Johnson and Scholes (2002) observed that rather than replacing traditional management activities such as budgeting, planning, monitoring, marketing, reporting, and controlling; strategic management integrates them into a broader context, taking into account the external environment, internal organizational capabilities, and organization's overall purpose and direction. It includes understanding the strategic position of an organization, strategic choices for the future and turning strategy into action.

Strategic management is in congruence with the quality movement's emphasis on continuous improvement. Indeed, the emphasis on anticipating the needs of stakeholders is a critical component of external environmental analysis. Certainly, organizations that adopt a total quality management philosophy will be better prepared to meet the challenge of competing in the global economic marketplace (Rotarius et al., 2003).

According to Handy (2002), each organization's experience with strategic management is unique, reflecting the organization's distinct culture, environment, resources, structure, management style, and other organizational context-specific features. However, similar questions and concerns develop as organizations implement strategic management. Leaders who addressed these questions and concerns have developed a common basis of experience that is valuable for those just beginning a strategic management process.

Strategic planning marks the transition from operational planning to choosing a direction for the organization. Organizations that use a strategic planning model do so because they are sensitive to volatility in the external environment. With strategic planning, the planning focus goes beyond forecasting population shifts and concentrates on understanding changing stakeholder needs, technological developments, competitive position, and competitor initiatives. Decisions, then, are better attuned to the external world. Managers use strategic planning as a management function to allocate resources to programmed activities calculated to achieve a set of goals in a dynamic, competitive environment (Allan et al., 1994).

2.2 Stakeholder Theory

Stakeholder theory (Donaldson and Preston, 1995; Evans and Freeman, 1988; Freeman, 1984) and empirical research (Clarkson, 1995) indicates that organizations do explicitly manage their relationships with different stakeholder groups. Donaldson and Preston (1995) point out that although this is descriptively true, organizations appear to manage stakeholders for both instrumental (i.E, performance based) reasons and, at the core, normative reasons. Building on the work of others, Clarkson (1995) defines primary stakeholders as those "without whose continuing participation, the corporation cannot survive as a going concern", suggesting that these relationships are characterized by mutual interdependence. He includes here shareholders or owners, employees, customers, and suppliers, as well as government and communities. The "web of life" view (Capra, 1995) envisions corporations as fundamentally relational, that is, as a "system of primary stakeholder groups, a complex set of relationships between and among interest groups with different rights, objectives, expectations and responsibilities" (Clarkson, 1995).

The stakeholder approach to policy making, planning and management is expected to yield two positive outcomes: realistic and more effective policies and plans and improved implementation. These outcomes are achieved because the stakeholder approach improves decision-making processes by making it easier to develop more realistic and effective policies, laws, regulations and projects by bringing greater information and broader experiences into the decision-making process; by embedding new initiatives into existing legitimate local institutions and cultural values; and by building political support from, and reducing opposition to, policy proposals, through incorporation of stakeholder concerns (Clarkson, 1995).

Freeman (1984) includes in his list of stakeholders suppliers, customers, employees, stockholders, and the organization's local community. This list, though typical to lists given by stakeholder theorists, is not uncontroversial. Indeed, the stakeholder concept itself has its critics. Those critics charge that the stakeholder approach is incapable of guiding necessary improvements in corporate governance that multiple lines of accountability implied by acknowledging a multiplicity of stakeholders reduces efficiency and that indeed the very idea of stakeholders as morally significant undermines the morally significant relationships between corporations and stockholders.

Beer and Norhia (2000) argue that managers should make decisions so as to take account of the interest of stakeholders in an organization including not only financial claimants, but also employees, customers, communities, and government officials. Because the advocates of stakeholder theory refuse to specify how to make the necessary tradeoffs among these competing interests, they leave managers with a theory that makes it impossible for them to make purposeful decisions. With no way to keep score, stakeholder theory makes managers unaccountable for their actions. It seems clear that such a theory can be attractive to the self-interest of managers and directors. Nonetheless, the stakeholder concept can be a useful one. In particular, the process known as "stakeholder analysis" can provide organizations with a lens through which to pay attention to the full range of interested parties. Stakeholder theory suggest that we should pay attention to the interests of any group or individual who is affected by, or may affect, a decision or policy (Nutt and Backoff, 1992).

In the field of corporate governance and corporate social responsibility, a major debate is ongoing about whether the organization should be managed for stakeholders, stockholders or customers. Those who support the stakeholder view usually base their arguments on three key assertions. First is that value can best be created by trying to maximize joint outcomes. For example, according to this thinking, programs that satisfy both employees' needs and stockholder' wants are doubly valuable because they address two legitimate sets of stakeholders at the same time. Secondly, they also take issue with the preeminent role given to stakeholders by many business thinkers. The argument is that debt holders, employees, and suppliers also make contributions and take risks in creating a successful firm. Lastly, these normative arguments would matter little if stockholders had complete control in guiding the firm. However, many believe that due to certain kinds of board of directors' structures, top managers like CEOs are mostly in control of the organization (Grundy, 1997).

For supporters of the stakeholder theory of the firm, shareholders are but one of a number of important stakeholder groups. Like customers, suppliers, employees, and local communities, shareholders have a stake in, and are affected by, the firm's success or failure. According to one typical formulation of the claim, "In the same way that a business owes special and particular duties to its investors, it also has different duties to the various stakeholder groups". The firm and its managers have special obligations to ensure that the shareholders receive a "fair" return on their investment; but the firm also has special obligations to other stakeholders, which go above and beyond those required by law (Simmons and Yolles, 2005). In cases where these interests conflict, the demands and interests of some stakeholders, including shareholders, must be moderated or sacrificed in order to fulfill basic obligations to other stakeholders. While the board is supposed to ensure that the firm respects its legal and contractual obligations to other stakeholder groups, it is also fully within its right to instruct managers to consider the ultimate purpose of the firm to be the maximization of profits and shareholder value.

2.3 Stakeholder Diversity

Stakeholders are defined as "individuals or organizations who stand to gain or lose from the success or failure of a system" (Nuseibeh and Easterbrook, 2000). It is any entity with a declared or conceivable interest or stake in a policy concern. A stakeholder is anyone whose actions can affect an organization or who is affected by the organization's actions (Rowe et al., 1994). The range of stakeholders relevant to consider for analysis varies according to complexity of the reform area targeted and the type of reform proposed.

According to Johnson and Scholes (2002), discussing the decision-making process for organizations including large business corporations, government agencies, and non-profit organizations, the stakeholder concept has been broadened to include everyone with an interest (or "stake") in what the entity does. That includes not only its vendors, employees, and customers, but even donors and members of a community where its operations may affect local economy or environment. In that context, "stakeholder" includes not only the directors or trustees on its governing board (who are stakeholders in the traditional sense of the word) but also all persons who "paid in" the figurative stake and the persons to whom it may be "paid out".

Stakeholders can be of any form, size and capacity. They can be individuals, organizations, or unorganized groups. In most cases, stakeholders fall into one or more of the following categories: international actors (e.g donors), national or political actors (e.g legislators, governors), public sector agencies, interest groups (e.g unions, medical associations), commercial/private for-profit, non-profit organizations (NGOs, foundations), civil society members, and users/consumers (Boutelle, 2004). They are those individuals or groups who depend on the organization to fulfill their own goals and on whom, in turn, the organization depends.

2.4 Challenges of Managing Diverse Interests of Stakeholders

As noted earlier, stakeholders are those individuals or groups who depend on the organization to fulfill their own goals and on whom, in turn, the organization depends. Because of these mutual interactions, each stakeholder has a stake in what the organization does and vice versa. Individuals tend to identify themselves with the aims and ideals of stakeholder groups, which may occur within departments, geographical locations, or, in different levels of the organizational hierarchy. Also important are external stakeholders such as financial institutions, customers, suppliers, shareholders, unions, and local community members. They seek to influence organization's strategy through their links with internal stakeholders (Johnson and Scholes, 2002).

According to Friedman and Miles (2002), stakeholders can be organized into four groups. First are the high influence, high interest stakeholders who might have a lot of influence over the project, and also very interested in the project. It is vital to understand the viewpoints of such stakeholders- specifically what potential objections they might raise.

Such stakeholders (if they are in favor of an organization's project) can be valuable sources of information. These stakeholders are good stakeholders to meet with first, since each interaction is relatively low-risk. Second are the high influence, low interest stakeholders with higher power, who need to be broadly satisfied. They won't pay attention to the fine print of the organization's project, since they perceive the project as not affecting them. However, they have influence on whether the project will be a success. For example, they may have a vote during the approval process of a project. The goal of an organization's interactions with this type of stakeholders should be to give them enough information about the project so that they will not create obstacles for the project. Thirdly, there are the low influence, high interest stakeholders who need to be kept adequately informed to ensure that no major issues of discontentment arise. They can be very helpful in giving information and details on respective issues at hand. Lastly, are the low influence, low interest stakeholders who have little influence and little interest in the project. They are not interested in what the organization is doing, and are not in apposition to help in doing it (Boutelle, 2004).

Donaldson and Preston (1995) postulates that stakeholders can have positive or negative views regarding a given project, and often do not agree with one another, making it a challenge to reconcile their varied viewpoints. Stakeholders are often in conflict with one another. The goals of various organizational stakeholders might differ as well. To guide strategic responses, stakeholders are categorized by their power and salience in a grid according to the following attributes: promoters comprising of stakeholders who attach a high priority to the project and whose actions can have an impact on the implementation;

defenders who attach a high priority to the project but whose actions cannot have an impact on the implementation; latents whose actions can affect the implementation of the project but who attach a low priority to the success of the project; and apathetics whose actions cannot affect the implementation of the project and who attach a low priority to the success of the project (Grundy, 1997). Once all stakeholder positions on the issue are known, management can begin to negotiate options for decision-making strategies.

2.5 Incorporating Stakeholder Diversity into the Organization's Mission

Creating value takes more than acceptance of value maximization as the organizational objective. As a statement of corporate purpose or vision, value maximization is not likely to tap into the energy and enthusiasm of employees and managers to create value (Beer and Norhia, 2000). Seen in this light, change in long-term market value becomes the scorecard that managers, directors, and others use to assess success or failure of the organization. The choice of value maximization as the corporate scorecard must be complemented by a corporate vision, strategy and tactics that unite participants in the organization in its struggle for dominance in the competitive arena (Beer and Norhia, 2000).

An organization cannot maximize value if it ignores the interest of its stakeholders. Enlightened value maximization utilizes much of the structure of stakeholder theory but accepts maximization of the long run value of the firm as the criterion for making the requisite tradeoffs among its stakeholders (Andriof et al., 2002). Managers, directors, strategists, and management scientists can benefit from enlightened stakeholder theory. Enlightened stakeholder theory specifies long-term value maximization or value seeking as the organization's objective and therefore solves the problems that arise from the multiple objectives that accompany traditional stakeholder theory (Jorge and Sandra, 2002).

Friedman and Mile (2002) observe that the stakeholder mobilization phase initiates participatory decision-making process and compromises the following major stages: Mobilizing major stakeholder; Issue profiling; and Identifying key issues. In mobilizing stakeholders, a critical condition for success is local ownership and commitment, which requires "inclusive" consensus built through meaningful consultations involving the full range of local participants. Successfully applied, this will result in a better understanding of the issues and their complexity on the part of the various stakeholder groups, as well as a shared commitment to address priority issues in a cross-sectional manner, which will in turn lead to the negotiation of agreed strategies and action plans to be implemented through broad-based partnership using local resources and implementation instruments (Begun and Heatwole, 2001).

Whilst the initial focus would be or key lead stakeholders, more diverse groups of stakeholders need to be identified and engaged. Ultimately, all of the relevant stakeholders should be involved, including: those who are affected by, or significantly affect, a priority issue; those who possess information, resources, and expertise needed for strategy formulation and implementation; and those who control implementation instruments. The engagement of stakeholder groups in the profiling stage not only better informs them of the issues to be addressed, but also builds their consensus on key issues

(Andriof et al., 2002). In an organization's mission, stakeholders need to be prioritized. There may be now a long list of people and organizations that are affected by the organization's activities. Some of these may have the power either to block or advance. Some may be interested in what the organization is doing while others may not care.

2.6 Meaning, Role, and Process of Stakeholder Analysis

Stakeholder analysis is not a science, and does not involve excitingly challenging branches of control theory. Yet the issues that it addresses have to be faced by every organization, and on current evidence, it would be a good thing if many managers took it far more seriously. In a nutshell, people matter; and people play many different roles, all crucial to an organization's success. An organization's management needs to know the roles involved, and the viewpoints of the stakeholders playing those roles (Ian, 2003).

Stakeholder analysis looks at how groups of people might affect the outcomes of a proposal by the way they react (Mason and Mitroff, 1981). To identify stakeholders, the following checklist may prove useful: who are the sources of reaction or discontent to what is going on: who have relevant positional responsibility; who do others regard 'important' actors; who participate in activities; who shape or influence opinions bout the issues involved; who fall in demographic groups affected by the problem; who have clea roles in the situation (e.g. customer, friend, adviser); an who are in areas adjacent to the situation?

According to Mankelow (1995), stakeholder analysis is often considered the first step in strategic planning activities at an organizational level. Here managers allow (or force) their minds to layout a future business concept considering all parties' needs in addition to their own. Stakeholder analysis typically refers to the range of techniques or tools used to identify and understand the needs and expectations of major interests inside and outside the organization.

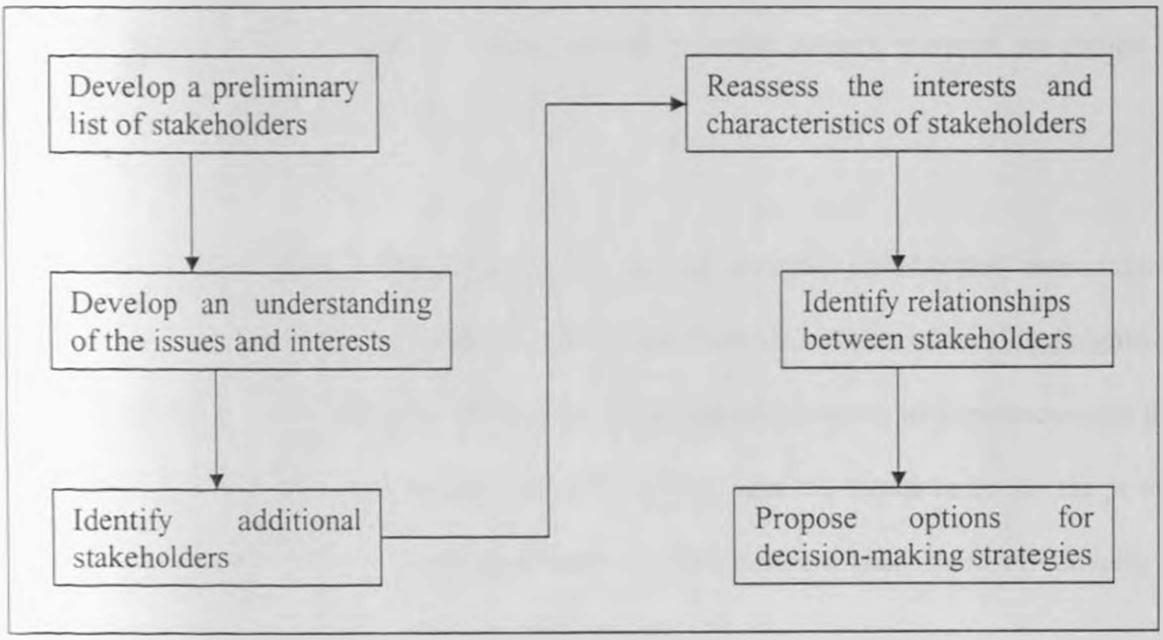
Understanding the attributes, interrelationships, and interfaces among and between strategic plan advocates and opponents is essential to assure success. Herein lies a large portion of a plan's risk, viability, and ultimately the support that must be effectively obtained and retained. According to Rowe et al. (1994), stakeholder analysis is based on two premises: that the current state of the organization is the result of the supporting and the resisting forces brought to bear on the organization by stakeholders; and the second, that the outcome of an organization's strategy is the collective result of all the forces to bear on it by its stakeholders during implementation of that strategy. The two premises lead to the conclusion that the validity of a strategic plan always depends on the assumption that are made about the stakeholders and about the actions they will take during the planning and implementation period (Boutelle, 2004).

Stakeholder analysis aims to: identify and define the characteristics of key stakeholders; assess the manner in which they might affect or be affected by the programme/project outcome; understand the relations between stakeholders, including an assessment of the real or potential conflicts of interest and expectation between stakeholders; and assess capacity of different stakeholders to participate (Scholl, 2001).

Stakeholder analysis, in practice, is relatively complex process, aimed at "identifying and understanding multiple and often competing political, social, legal, economic, and moral claims of many constituencies. The first, descriptive phase of the analysis would begin with listing the range of parties having a stake in the issue. These might include: employees, stockholders (if these exist), local communities, competing firms in related fields, and government agencies. All of these parties, and perhaps others, can be said to have a stake in the benefit sharing practices of a particular corporation. The next step in this descriptive process would be to assess the nature of each stake holder's interest in this issue, perhaps categorizing such interests as ethical, political, economic, legal, and so on (Johnson and Scholes, 2002).

The second, normative phase of stakeholder analysis would include an assessment of the kind and degrees of obligation that the organization has to each stakeholder. With regard to some stakeholders, for example, the obligation will be written, contractual obligations. With regard to other stakeholders, they will be what are known as "fiduciary" or trust-based obligations. Other stakeholder obligations might be grounded in theories of what good neighbours owe each other. In other cases, the conclusion may be that a particular stakeholder is owed no obligations at all. There is no straightforward, uncontroversial algorithm for determining the nature and extent of obligations to various stakeholders (McLarney, 2002). The point here, however, is not to settle upon a canonical rank-ordering of the organization's obligations to various stakeholders, but rather to accurately situate the organization as enmeshed in a range of ethically significant relationships, and to begin the complex task of meeting the demands of those various relations. This complicated process of identifying and including these parties is summarized in the flow chart (Fig. 1) below.

Figure 1: Steps in Stakeholder Analysis



Source: Adapted from Grimble et al., 1995.

Initially, a preliminary list of stakeholders has to be created and an understanding developed of their issues and interests developed. They may have multiple and overlapping interests, so not all stakeholders will be obvious at first. To accommodate this situation, the initial group of stakeholders is asked to identify other groups who they think should be included. After additional stakeholders have been included, their interests can be reassessed (Grimble et al., 1995). This will provide ideas of how different groups interact and what role they will play in decision-making. Once all their positions on the issue are known, management can begin to negotiate options for decision-making strategies.

2.7 Stakeholder Mapping

Stakeholder mapping is a way of understanding the political contexts and prioritizing the political agenda for an organization. It identifies stakeholder expectations and power and helps in understanding political priorities in terms of the interest and power of each stakeholder groups to impress its expectation on organizations' purpose an choice of strategies (Andriof et al., 2002).

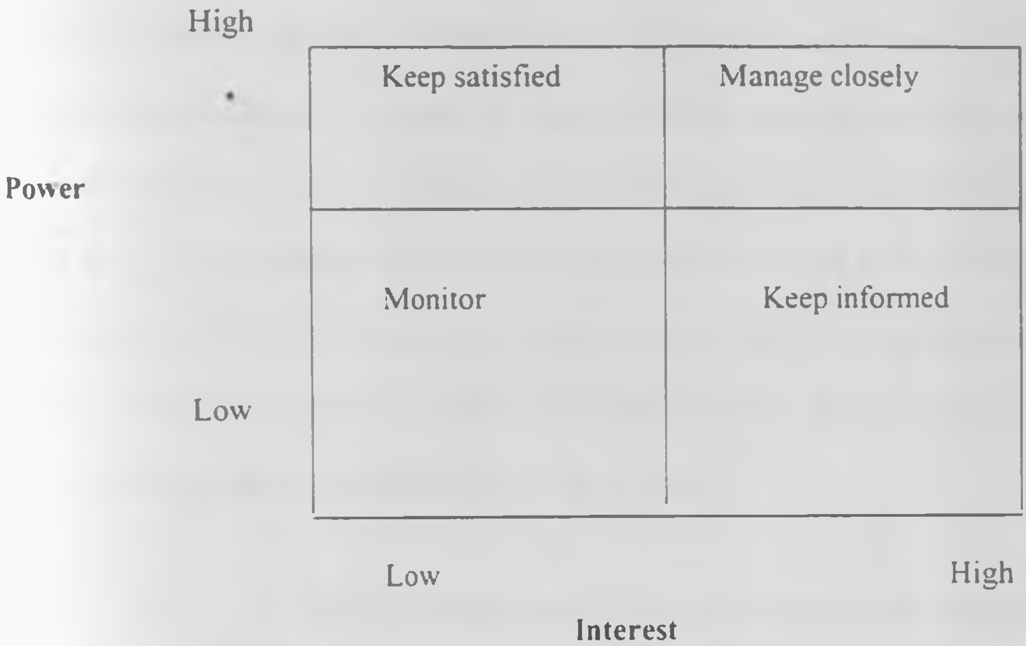
According to Clarkson (1995), stakeholder mapping identifies stakeholders' expectations and power and helps in establishing political priorities. It consists of making judgments on two issues: how interested each stakeholder group is to impress its expectations on the organization's choice of strategies; and whether they have the means to do so- the power of stakeholders groups. It helps organizations reach business goals more effectively, to increase returns to shareholders and stakeholders.

A stakeholder map inventories an organization's stakeholders, categorizes them, shows their relationships, and diagrams paths the organization can follow to achieve its business objectives while winning the support of its stakeholders as well. It is an indispensable strategic planning tool (Subrahmanyam and Titman, 2001). According to Blair and Fottler (1990), information about key stakeholders is very important since one needs to know how they are likely to feel about and react to a project. He/she also needs to how best to engage them in the project and how best to communicate with them. He/she can summarize the understanding he/she has gained on the stakeholder map, so that he/she can easily see which stakeholders are expected to be blockers or critics, an which stakeholders are likely to be advocates and supporters of the project.

The first phase of stakeholder mapping is to identify the stakeholders. All stakeholders should be initially considered and possibly dropped in later stages of the analysis. It is often difficult to force classifications into groups and determine who is considered truly inside and outside the project context (Subrahmanyam and Titman, 2001). To gain a more powerful understanding of needs and expectations, it is usually helpful to identify these stakeholders by name rather than generic terms such as customer, owner, and sponsor.

The second phase is to identify stakeholders' interests, impact level, and relative priority. To refine the previous stage, stakeholders should be listed in a table or spreadsheet with their key interests, potential level of project impact, and priority in relation to other stakeholders. One ought to be careful to outline multiple interests, particularly those that are overt and hidden in relation to project objectives. According to Donaldson and Preston (1995), the key is to keep in mind that identifying interests is done with stakeholders' perspective in mind, not one's own. This is difficult as interests are usually hidden and may contradict openly stated aims. Each interest should be related to the appropriate project phase because interests change as the project moves from beginning to ending phase. This can be summarized in the figure below.

Figure 2: Stakeholder Power Interest Grid

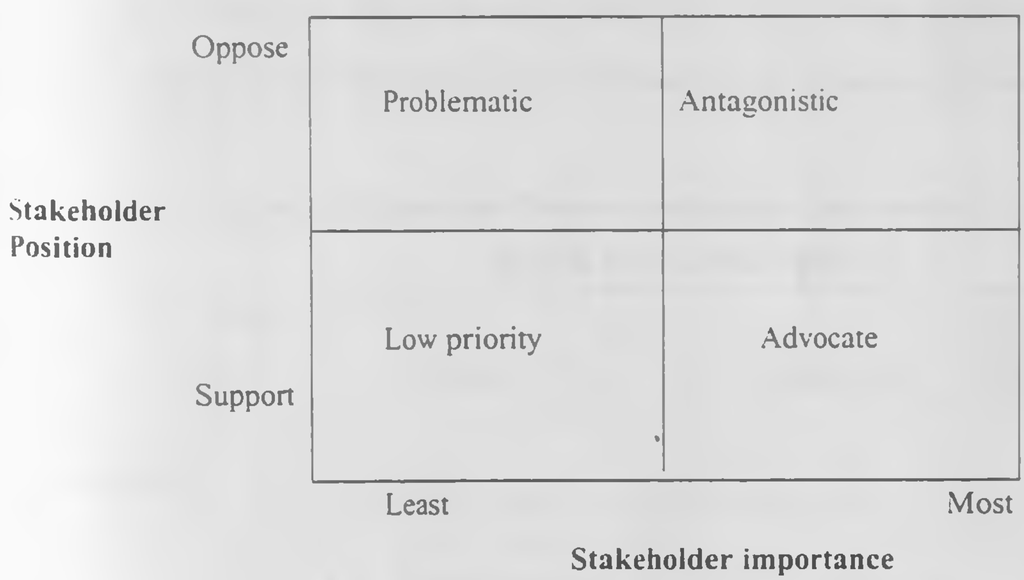


Source: Donaldson and Preston (1995)

Stakeholders' positions on the grid show an organization's management the actions to be taken respectively. For the high power, interested stakeholders, the management must fully engage and make greatest effort to keep them satisfied. For the high power, less interested stakeholders, the management has to put enough communication to keep them satisfied, but not so much that they become bored with the management's communication. With the low power, interested stakeholders, the management has to keep them adequately informed, and talk to them to ensure that no major issues are arising. This group can often be very helpful with the detail of an organization's project. Lastly, for the low power, less interested stakeholders, the management has to monitor them but do not bore them with excessive communication. Stakeholder power is indicated by the status of individual or group, their claim on resources, and their representation in powerful positions (Donaldson and Preston, 1995).

The third phase is to assess stakeholders for importance and influence. Determining whether stakeholders in a position of strong influence hold negative interests may be critical to project success is also essential in incorporating into an organization's mission. This level of understanding can best be reached at by conducting a formal assessment of each stakeholder's level of importance and influence to the project (Subrahmanyam and Titman, 2001). Stakeholder importance and influence over an organization's decision-making process can be summarized in the figure below.

Figure 3: Stakeholder Importance-Stakeholder Position Grid

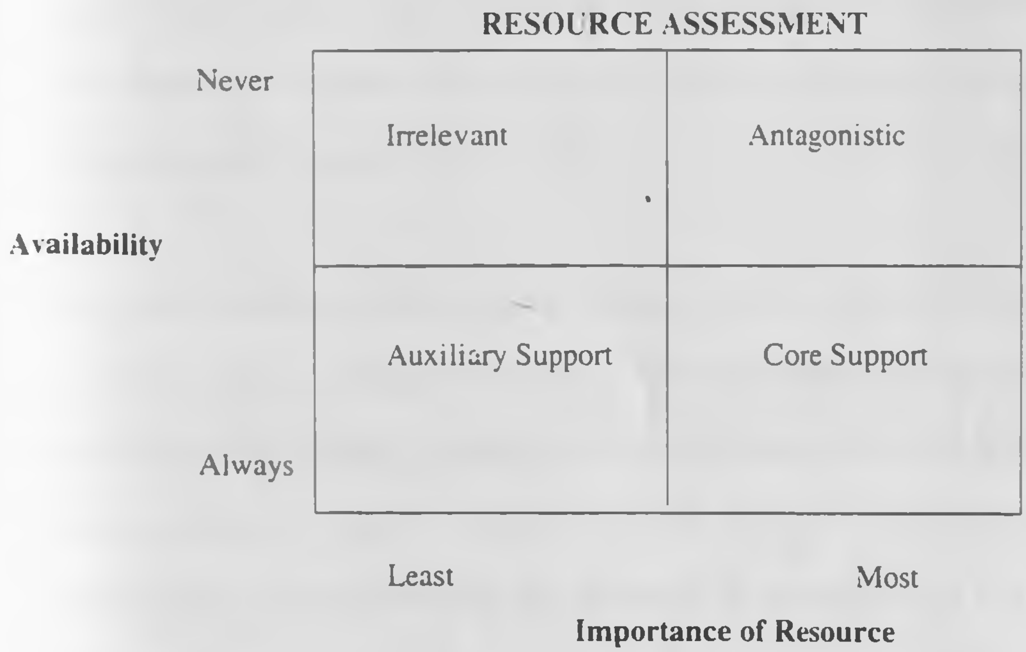


Source: Subrahmanyam and Titman (2001)

Influence indicates a stakeholder's relative power over and within a project. A stakeholder with high influence would control key decisions within the project and have strong ability to facilitate implementation of project tasks and cause others to take action. Usually, such influence is derived from the individual's hierarchical, economic, social, or political position, though often someone with personal connections to other persons of influence also qualifies (Mitchell et al., 1997).

Importance indicates the degree to which the project cannot be considered successful if needs, expectations, and issues are not addressed. This measure is often derived based on the relation of the stakeholder need to the project's goals and purposes. The users of the project's service or product typically are considered of high importance. The combination of the two measures provides insight not only into how stakeholders interact, but also help identify additional assumptions and risks (Mitchell et al., 1997). Closely related to the importance-position mapping is the identification of stakeholders in relation to the amount of resources in their possession. From such, the following grid provides the various categories of the stakeholder quadrants emanating from such an approach.

Figure 4: Stakeholder Resource availability-Importance Grid



Source: Mitchell et al. "*Towards a Theory of Stakehoder Identification and Salience*" (1997), vol. 22, Pp. 862.

The resource assessment grid indicates to the management how it has to deal with the diverse stakeholder categories in relation to how interested each stakeholder group is to impress its expectations to organization's choice of strategies; and whether they have the means to do so (the power of stakeholder groups). The amount of resources of each stakeholder can be applied to bring about his or her preferred outcome. Certain stakeholders may be able to apply resources to help their preferred outcomes occur.

The fourth phase is to define stakeholder participation. Now an effort has been made to understand the stakeholders, there is need to assess their level of participation and information needs. A well-designed project will not only clarify key stakeholder roles, but will define as much as possible who participates and when (Subrahmanyam and Titman, 2001). Not all stakeholders need to be involved in all aspects of the project in all life cycle phases. The management has to identify potential groupings of stakeholders. Similar individuals my have similar project information needs. The management has to use this information to reduce project report development costs and accompanying communication costs (Freeman, 1984).

Other indicators identified include: expert knowledge, negotiation and consensus building skills, charisma, holder of strategic resources, etc. The value of stakeholder mapping is to assess the following: whether levels of interest and power of stakeholders reflect governance framework; whether strategies need to be pursued to reposition key stakeholders; who are the key blockers and facilitators of change and how this will be responded to; and the extent o which stakeholders will need to be assisted or encouraged to maintain their level of interest or power to ensure successful implementation of strategies (Clarkson, 1995).

2.8 Benefits of Stakeholder Analysis

Policymakers and managers can use a stake holder analysis to identify the key actors and to assess their knowledge, interests, positions, alliances, and importance related to the policy. This allows them to interact more effectively with key stakeholders and to increase support for a given policy or program. When this analysis is conducted before a policy or program is implemented, policymakers and managers can detect and act to prevent potential misunderstandings about and/or opposition to the policy or program. When a stakeholder analysis and other key tools are used to guide the formulation and implementation, the strategy/policy or program is more likely to succeed (Dick, 1997)

According to Adriof et al. (2002), one of the main goals of stakeholder analysis is to reveal, and therefore potentially assist in reducing the power imbalance among weaker groups, which is often revealed during strategy formulation process. Depending on the attributes of the stakeholder (e.g. their level of influence vs. their salience on the issue), strategies may be tailored to address their concerns. Stakeholder analysis is useful as a management and strategic tool. As Varvasovzky and Brugha (2000) note, best strategies for dealing with stakeholders can be identified and current future opportunities or threats can be revealed, planned for or dealt with. Successful stakeholder analysis identifies the "optimal fit" of the ideal level of attention and importance to stakeholders.

Stakeholder analysis helps administrators and advisors to assess a project environment. More specifically, doing a stakeholder analysis can: draw out the interests of stakeholders in relation to the problems which the project is seeking to address (at the identification stage) or the purpose of the project (once it has started); identify conflicts of interests between stakeholders, which will influence management's assessment of a project's riskiness before funds are committed (which is particularly important for proposed process projects); help to identify relations between stakeholders which can be built upon, and may enable "coalitions" of project sponsorship, ownership and cooperation; and help to assess the appropriate type of participation by different stakeholders, at successive stages of the project cycle (McLrney, 2002). Harmsworth (2001) notes that it provides a starting point, by establishing which groups to work with and setting out an approach so this can be achieved. In this way a stakeholder analysis also helps project initiators to assess the social environment in which they will operate.

Experience has shown that inclusion of the full range of stakeholders is not only an essential pre-condition for successful participatory decision-making but also for promoting equity and social justice in urban governance. For example, when decisions are made, priorities are set, and actions are taken without involving those relevant stakeholders, the result is usually misguided strategies and inappropriate action plans which are badly (if at all) implemented and which have negative effects on the organization (Pearce and Robinson, 1997).

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Stakeholder analysis ensures the inclusion of all stakeholders and maximization of their roles and contributions. It is well recognized that broad-based stakeholder involvement and commitment is crucial o successful strategy and action plan formulation and implementation. The stakeholder analysis facilitates mapping of potential stakeholder roles and inputs and access to implementation instruments. This will indicate how best to maximize the constructive potential of each stakeholder whilst also revealing bottlenecks or obstacles that could obstruct realization of their potential/contributions. Furthermore, stakeholder analysis ensures that no important stakeholder is missed out. It also provides the framework for optimizing the roles and contributions of stakeholders. Where participation is generated through careful analysis of the key players, their roles and contributions, the process becomes more effective and efficient as well as equity gains will be maximized in their governance (Kajumulo, 2000).

For employees and prospective employees, inclusive practices enhance recruitment and improve retention of diverse talent. For clients/customer, diversity awareness improves the ability to understand and respond to diverse client/customer needs- thus building their confidence in organizations and their services/products. For other stakeholders, focus on diversity enables organizations to collaborate with the increasingly diverse communities where they live and work, including the small, diverse suppliers (Rowely, 1997). Understanding the attributes, interrelationships, and interfaces among and between project advocates and opponents assists in strategically planning the project. Herein lies a large portion of project risk and viability, and ultimately the support that must be effectively obtained and retained. Ultimately, stakeholder analysis is a critical tool in clarifying the micro political economy of a policy area and can help identify interested parties that should be incorporated in the decision-making process, in addition to understanding the basis for their inclusion (Grundy, 1997).

The principal justifications for dedicating resources for advocating multi-stakeholder involvement include: decisions will benefit from a wider field of expertise and creativity; all are allowed to focus on their core competence; relationships will be based upon mutual trust and recognition: a wider choice of options will lead to more sustainable outcomes: the short-term costs of involvement will be outweighed by the long-term benefits of fair and lasting solutions; less monitoring cost and risk of failure; and more cost-effective solutions and predictable outcomes. However, regardless of these justifications, many NGO projects have remained to be 'white elephants' referred to as 'their' instead of 'our' project by even the beneficiaries. Though many NGOs claim to embrace participatory methodologies in strategy formulation, the extent to which they do and the levels at which they involve the various stakeholders remain, to a greater degree, elusive to many (Mitullah and Ngunyi, 1990).

The NGO sector in Kenya has taken a vast role in reaching the marginalized societies in the race to improve the living standards of the communities in the country. As a result, a lot of donor funds have been channeled through the NGO sector to facilitate a meaningful transformation of the marginalized communities in developing countries, Kenya inclusive. It however, seems regrettable that the millions of shillings channeled to the communities to translate the noble ideas into beneficial action achieve very little and at times bring about negative impact to some stakeholders more so the target communities (Masilela, 1991).

Stakeholder involvement is a facilitating process designed to integrate the views of all stakeholders into a decision-making process. Involving stakeholders is perceived to be an effective tool in addressing sustainability issues related to strategy and policy formulation and implementation of related programs and projects. Benefits include a higher level of ownership and enhanced transparency and accountability (Proposed NGO Policy, NGO Council, 2004). This study focuses on the extent to which the various stakeholders (donors, volunteers, beneficiaries, employees, collaborators etc) among NGOs operating in Kenya, are involved in strategy formulation. The NGO sector plays a pivotal role in Kenya's socio-economic development initiatives with most of them operating in many of the same areas as the public sector, and act as partial substitutes for public provision.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study was carried out through a descriptive survey design. This research design was appropriate due to the fact only a proportion of the population will be studied and the findings thereof generalized and deemed to apply for the entire population. It is also appropriate due to the cross-sectional nature of data that were collected.

3.2 Population of Study

The population of study constituted all Non-Governmental Organizations (NGOs), both local and international, based in Nairobi as at June 2007. According to the NGO Directory (2007), there are up to 3200 registered NGOs operating in Kenya. Of these NGOs, 736 are based in Nairobi. These organizations carry out their various activities in various parts of the country targeting different groups of people and communities. They mostly deliver their services to their clientele through projects/programs.

3.3 Sample Design and Size

A sample of 100 Non-Governmental Organizations (NGOs) was randomly drawn from the NGOs based in Nairobi. The sampled NGOs engage in a number of programs/projects across the country, both local and international. The sampled NGOs were deemed to be representative of the population and their activities characterize those carried out by a typical NGO.

3.4 Data Collection Method

The study collected data which was largely descriptive and quantitative in nature. A structured questionnaire was thus used to collect the various sets of data about the nature of projects that the NGOs are undertaking, the different stakeholders that matter in decision making, and the extent to which the various stakeholders are involved in strategy formulation. The targeted respondents in this study were program managers and coordinators because these were considered to be the ones involved in the development, planning, managing, and monitoring the implementation of the various projects/programs through which the organizations deliver services to the clients/users. The questionnaire was administered through mail "drop and pick" and through electronic mail (E-mail) for those respondents whose E-mails were obtainable. The respondents were presented with descriptive statements about stakeholder involvement in strategy formulation in a likert scale and were required to score in the likert scale the extent to which their organization involve stakeholders in strategy formulation.

3.5 Data Analysis

Because of the nature of data that were collected, that is, largely quantitative, the study made use of descriptive statistical tools of analysis (mean scores, percentages, and frequencies) to analyze the data. Mean scores were appropriately used to rate the extent to which stakeholders are involved in strategy formulation as indicated by scores put against each descriptive statement. Percentages and frequencies showed the proportion of respondents who scored against the different extents of stakeholder involvement in strategy formulation, the sum of which determined the mean scores. The findings of the study were presented in tabular form for ease of interpretation and reporting.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

The study intended to achieve two objectives: to determine the extent to which various stakeholders are involved in strategy formulation among Non-Governmental organizations in Kenya; and to establish the factors influencing the extent to which the stakeholders are involved. This chapter presents the findings of the study with regard to these objectives and discussions of the same. To achieve these objectives, a total of 100 respondent organizations were sampled, all of which were served with questionnaires. Out of these, only 51 respondents filled and returned the questionnaires. The remaining 49 questionnaires from the rest of the respondents were not obtained because targeted respondents (project) could not be traced or for those who could be traced, decided deliberately not to participate in the study. The received questionnaires represent a response rate of 51% (percent), which the study considered adequate for analysis.

4.2 Profile of Respondent Organizations

The study sought to collect data from 100 Non-Governmental Organizations (NGOs) operating within Nairobi. Limiting the study within this scope, it was the intention of the study to first of all establish the respondent organization's profiles. Considered in this aspect were the age of the organization (years in operation); place of establishment (local or foreign); major areas of operation (core services offered); the geographic area where the services are offered (urban and/or rural); scope of operations (countrywide, regional, or international); and the major mode through the organizations offer their service (projects, programs, or forums).

4.2.1 Age and Place of Establishment of NGOs

The findings of the study established that organizations which participated in the study have been in operation for a period ranging from four years to several decades. It was also established that majority of the NGOs (54.9%) were established outside the Kenyan borders, that is, they are international NGOs as shown in Table 1 below.

Table 1: Place of establishment

	Frequency	Percent	Cumulative Percent
Local NGO	23	45.1	45.1
International NGO	28	54.9	100.0
Total	51	100.0	

Source: Research Data

From the findings in Table 1 above, it can be revealed Kenya provides homage for a number of international NGOs making the NGO sector in Kenya one of the fastest growing sectors of the economy. This is because the number of NGOs registered with the NGO Council as at June, 2007 stands at 3200. The findings of the study established these NGOs engage themselves in various activities all of which are geared towards enhancing the socio-economic and political development of the people of Kenya. This therefore directly imply that the organizations carry out their activities that touch on different sectors of the economy including education, health, environment, human rights, financing and entrepreneurial empowerment, research, agriculture, gender issues, child abuse and neglect, religious, water resources, forests, land, housing, governance, anti-corruption, food security, relief, emergency operations, and so on.

Of the 51 NGOs that participated in the study, 74.5 % of them were found to offer more than two services mostly food security, relief, education, health, human rights, gender issues, and child abuse and neglect; 5.9% of them focus on governance and anti-corruption; 7.8% focus on environmental and resources conservation; 5.9% focus on microfinance services and entrepreneurial empowerment; while the remaining 4.9% and 1% focus on agriculture and productive health-related research and housing respectively. All these services were established to be offered to clients (communities, community based organizations, churches, children homes, farmers, desolate families, etc) scattered in both urban and rural areas, mostly in arid and semi-arid (ASA) areas up to and including neighboring countries of Sudan and Somalia.

4.2.2 Scope of Operations

Among the respondent organizations, the study established that majority of the organizations (45.1%) offer their services internationally. This is reflective of the fact that most of the organizations are internationally based. The findings of the study with respect to this aspect are presented in Table 2 below.

Table 2: Scope of operations

	Frequency	Percent	Cumulative Percent
Countrywide	22	43.1	43.1
Regional	6	11.8	54.9
International	23	45.1	100.0
Total	51	100.0	

Source: Research Data

The findings in Table 3 above however indicate that a considerable number of NGOs (43.1%) offer their services within Kenya while a few (11.8%) serve Kenya and neighboring countries in the East Africa region.

4.2.3 Mode of Service Delivery

NGOs deliver their services to their various clients through any of the three principal modes: projects, programs, or forums. The mode chosen depends on the nature of service to that is being offered by a particular NGO. For example organizations that offer training and sensitization services would do so mostly through forums. The study established that most NGOs (47.1%) use all modes of service delivery (projects, programs, and forums) in delivering their services to designated clients. On a single mode, 33.3% of the respondents offer deliver their services through projects; 17.6% deliver theirs through programs while 2% through forums. The findings are summarized and presented in Table 3 below.

Table 3: Mode of service delivery

	Frequency	Percent	Cumulative Percent
Projects	17	33.3	33.3
Programs	9	17.6	51.0
Forums	1	2.0	52.9
All	24	47.1	100.0
Total	51	100.0	

Source: Research Data

The research results in Table 3 above are indicative of the various types of services that the NGOs offer and/or the various activities that are undertaken to deliver these services. This is in congruency with the diverse needs of the various stakeholder groups, which would be met through by different approaches in service delivery. The results also indicate that most organizations prefer to offer their services through projects because the nature of the deliverables (water, healthcare, economic empowerment etc) involve a series of activities that will require to be sustainable for a long time to be able to have a long-term impact on the key stakeholders (communities, children, youths etc).

4.3 Organizational Strategy Formulation

The strategy formulation process in the NGO sector takes the form of project and/or program formulation. The approach follows the strategic project/program planning process in which project/program goals and objectives are identified; and strategies to achieve them crafted followed by strategic actions to be put in place in order to implement these strategies to achieve the stated project/program goals and objectives. It is on this platform that this study sought to establish whether the targeted NGOs practice strategic planning. The respondents were asked to indicate whether the NGOs carry out various strategic planning activities and/or practices. Those considered in the study include formulation of vision and mission statements; the most prevalent approach/mode used in formulating the projects/programs; the different stakeholders that are affected by the formulated/programs; whether the organizations carry out stakeholder analysis to determine the interests of each stakeholder group in the project/program; and whether each of the identified stakeholder groups (if any) is involved during the project/program formulation process. The findings of the study are presented in Tables 4 and 5 below.

Table 4: Strategy Formulation in the NGOs

Aspect of Strategy Formulation	Frequency	Percent
Organizations engage in strategic planning	Yes 50 No 1	98.0 2.0
Organizations have vision statements	Yes 50 No 1	98.0 2.0
Organizations have mission statements	Yes 48 No 3	94.1 5.9
Organizations carry out a stakeholder analysis.	Yes 44 No 7	86.3 13.7
Organizations involve each of the stakeholder group during project/program formulation.	Yes 42 No 9	82.4 17.6

Source: Research Data **N= 51**

The research findings in Table 4 above show that 98% of the organizations both engage in strategic planning and have vision statements; 94.1% of them have mission statements (3.9% of them never answered to this question); 86.3% carry out stakeholder analysis; while 82.4% involve each of the stakeholder group during project/program formulation.

The study established that there exist a myriad of stakeholder groups who are affected and/or who affect the various NGOs' operations, and hence matter during project/program formulation. These clients range from international organizations like the to local stakeholders groups including the government. Of the various types of stakeholders that were listed by respondents, most of them (38%) are donors and/or advisors/parners (European Commission, Italian Cooperation, UNICEF, FAO, UNDP, IFC, and missionaries); 53.5% are clients (client communities and target groups, community business organizations, churches, farmers); while the rest (8.5%) are internal stakeholders. It was evident from the study that these each of these stakeholder group's influence on the organizations' strategies was dependent upon the power of influence wield by a particular stakeholder, which is itself dependent upon other factors exposed in the subsequent sections of this report.

4.4 Stakeholder Involvement in Strategy Formulation

Strategy formulation sets the impetus in the entire strategic management process in any organization. Stakeholders within organizations influence strategy and consequently end up influencing the organization's purposes that result in formal expectations in terms of achievement. Clear understanding of the potential roles and contributions of the many different stakeholders is a fundamental pre-requisite for a successful participatory strategy formulation process. Stakeholder involvement is critical for any given course of action the strategic planning team determines (Johnson and Scholes, 2002; Friedman, 2002; Bett and Tepper, 2002). It is on the basis of this background that this study sought to establish the level of stakeholder involvement in strategy formulation in the context of the NGO sector.

Respondents were presented with statements describing the different levels of stakeholder involvement during strategy formulation and they were required to rate the statements with respect to the extent to which the NGOs involve stakeholders in strategy formulation. This extent is measured using the mean scores and standard deviations. A mean score of 3.0 and above will indicate stakeholders are involved to large extents in strategy formulation among the respondent NGOs, while a standard deviation of 1 and above would indicate that there was high variation among the responses. Table 6 below shows the summary of the research findings.

Table 6: Extent of Stakeholder Involvement in Strategy Formulation

	Mean Score	Standard Deviation
Stakeholders are only informed about policies and decisions that have been made.	2.3	1.59
Stakeholders are only heard before policies and decisions are made but their say may or may not be considered.	2.1	1.39
Stakeholders have controlled influence on the strategies and projects of the organization.	3.4	1.31
Stakeholders have a chance to assess the strategy formulation process.	3.8	1.20
Stakeholders assess and review the ideas during strategy formulation.	3.9	1.24
Stakeholders are given the opportunity to contribute their own ideas during the strategy formulation process.	4.0	1.04
Stakeholders act as originators of most alternative courses of action during the strategy formulation process.	3.3	1.23
There is joint decision making with stakeholders during all stages of the project.	3.9	1.19
The stakeholders have a vast control over the organization's strategies	3.2	1.45

Source: Research Data

From research findings in Table 6 above, it can be observed that out of nine (9) statements describing the levels of involvement, only two of them had mean rankings below 3. These two statements describe instances where the level of involvement is low and their low ratings (mean scores of 2.3 and 2.1 respectively) indicate that most organizations do not sideline their stakeholders during strategy formulation. However, there was a high degree of variation among respondents, an indication that some organizations sideline their stakeholders during strategy formulation. This is indicated by 1.59 and 1.39 standard deviations respectively. This implies that in some NGOs, stakeholders are only informed about policies and decisions that have been made and that they are only heard before policies and decisions are made but their say may or may not be considered.

On the contrary though, the results indicate that the NGOs involve their various sake holders to various degrees in strategy formulation. The findings show that stakeholders are given the opportunity to contribute their own ideas during the strategy formulation process, with a mean ranking of 4.0 and standard deviation of 1.04; they are allowed to assess and review the ideas during strategy formulation; and there is joint decision making with stakeholders during all stages of the project both with a mean ranking of 3.9, standard deviations of 1.24 and 1.19 respectively. These are closely followed by stakeholders being given a chance to assess the whole strategy formulation process, with a mean ranking of 3.8, standard deviation of 1.20. The results also indicate that even though stakeholders' controlled influence on the strategies and projects of the organizations had a mean ranking of 3.4, its standard deviation of 1.34 shows that there is a great variation with respect to the extent to which they do so. The same applies to stakeholders acting as originators of most alternative courses of action during the strategy formulation process and having a vast control over the organization's strategies, both with mean rankings of 3.3 and 3.2 respectively and standard deviations of 1.23 and 1.45 respectively.

It is, however, worthy noting that the research findings in Table 6 above show that a considerable proportion of respondent organizations do not involve their stakeholders in strategy formulation to considerable extents because of the large degrees of variations as indicated by the magnitude of standard deviations of the various levels of involvement. It is therefore evident that in as much as the findings are indicative of great extents of stakeholder involvement in strategy formulation, this is not applicable to all the organizations.

The research findings reaffirm the position taken by (Bloom, 2000) organization will seek to involve stakeholders in strategy formulation depending upon the level of involvement that is sought by the various stakeholders. On the basis of this, he defines different categories of stakeholders: listeners, observers, reviewers, advisors, originators, and decision makers

It is clear from the study that among the various NGOs, the resultant extents of involvement in strategy formulation indicate that there are those stakeholders who are listeners- those who need to be informed but do not feel a need to be actively involved in strategy formulation; and observers- those who are not actively involved but watch the program/strategy/project assessment process and may become active if access to information is cut off or if they are surprised by events in the assessment. This is indicated by the 2.3 and 2.1 mean rankings of the fact that some stakeholders are only informed about policies and decisions that have been made and only heard before policies and decisions are made but their say may or may not be considered. The standard deviations of 1.59 and 1.39 give a clear indication of high degree of variation among respondents' ratings.

The study findings also show that there those stakeholders who are reviewers- those who actively watch the assessment process and will review ideas and materials; advisors- those who contribute their own time and energy and are willing to be actively involved and their high level of interest and concern must be matched by equally high commitment and efforts by the organization strategy/project/program team; originators- those who are so involved that they help create options, a level of high involvement which may be difficult to sustain: and decision makers- those who seek a level of involvement where they have a vote in or some control over the decisions made. This is supported by the fact that stakeholders have controlled influence on the strategies and projects of the organization: have a chance to assess the strategy formulation process; assess and review the ideas during strategy formulation: contribute their own ideas during the strategy formulation process; act as originators of most alternative courses of action during the strategy formulation process; and there being joint decision making with stakeholders during all stages of the project with mean rankings of 3.4, 3.8, 3.9, 4.0, 3.3, and 3.9 respectively.

It can be generally observed that the research findings, by implication, are reflective of the aspects of corporate governance and corporate social responsibility as fronted by Grundy (1997) where there is a major debate about whether the organization should be managed for stakeholders, stockholders or customers. This is evident in the sense that stakeholders among respondent organizations are varied and the organizations involve each stakeholder in strategy formulation to different degrees. It is therefore not easy to make an absolute claim that the organizations involve their various stakeholders in strategy formulation to a great or less extent without first making a thorough scrutiny of the nature of services each of the organizations offers and who among the various stakeholders would seek involvement to what extent.

4.5 Factors Influencing the Extent of Stakeholder Involvement in Strategy Formulation

Revelations in the preceding section indicate that organizations involve stakeholders in strategy formulation to various extents. It was also noted that different stakeholders get involved to different extents depending on the role they play, their interests and extent to which they seek to be involved. As McLarney (2002), observes, there is no straightforward, uncontroversial algorithm for determining the nature and extent of obligations to various stakeholders. He, however, argues that the point here is not to settle upon a canonical rank-ordering of the organization's obligations to various stakeholders, but rather to accurately situate the organization as ensnared in a range of ethically significant relationships, and to begin the complex task of meeting the demands of those various relations. This study sought to establish whether there could be factors that influence the extent of stakeholder involvement in strategy formulation among NGOs. A summary of study findings are presented in Table 7 below.

Table 7: Factors influencing extent of involvement

Factor	Mean Score	Standard Deviation
It offers important insight into project planning	4.1	.97
Facilitates their "buy in" and support for the strategy,	4.0	.99
Allows greater ownership,	3.9	1.26
Facilitates better decisions and may identify issues not addressed by the executive team.	4.0	.97
Their involvement is a valuable prelude to the formulation of mission statements for effectiveness of strategies and critical to implementation success.	4.2	.88
Vital for promoting equity and social justice in organizations and within their environs.	4.2	1.13
Legal requirements	3.4	1.43
The degree and position of influence held by a stakeholder group.	3.4	1.19
The degree to which a stakeholder group is interested in a particular project.	3.7	1.29
The extent to which a stakeholder group has power to determine the nature of projects.	3.2	1.13
The nature of goals of various stakeholder groups.	3.4	1.21
The priority attached by a stakeholder group to the success of a project.	3.7	1.21
The nature of relationships among various stakeholder groups.	3.6	1.28
Potential level of project impact to various stakeholder groups.	3.9	1.00
Level of importance of a stakeholder group in relation to other stakeholders.	3.5	1.32
Amount of resources in a stakeholder group's possession, importance of the resource, and availability.	3.4	1.29
Expert knowledge of a stakeholder group.	3.6	1.26
Negotiation and consensus building skills possessed by a stakeholder group.	3.6	1.22
Strategic resources held by a stakeholder group.	3.6	1.24
A particular phase of the project life cycle.	3.6	1.26

Source: Research Data

The findings in Table 7 above indicate that according to the respondents, all factors contributed to influence the extent to which the NGOs involve different stakeholders in strategy formulation. The respondents who indicated that a factor influences the extent of involvement to great extent will have a mean score rating of more than three (3). As earlier noted, a standard deviation of 1 and above will also indicate high variability among respondents with respect to a particular factor. This, as mentioned earlier, is a phenomenon which is greatly dependent upon the specificity of the services and stakeholder types and/or interests.

The findings are in congruency to observations by Bett and Tepper (2002) that stakeholder involvement in strategy formulation offers important insight into planning, facilitates their "buy in" and support for the strategy, allows greater ownership, facilitates better decisions and may identify issues not addressed by the executive team. They also support Friedman's (2002) argument, which is based on experience that inclusion of the full range of stakeholders is not only an essential pre-condition for successful participatory decision making but also vital for promoting equity and social justice in organizations and within their environs.

The study findings are also reflective of Clarkson's (1995) assertion that the stakeholder approach to policy making, planning and management is expected to yield two positive outcomes: realistic and more effective policies and plans and improved implementation. The findings are a demonstration of Clarkson's view that these outcomes are achieved because the stakeholder approach improves decision-making processes by making it easier to develop more realistic and effective policies, laws, regulations and projects by bringing greater information and broader experiences into the decision-making process;

by embedding new initiatives into existing legitimate local institutions and cultural values; and by building political support from, and reducing opposition to, policy proposals, through incorporation of stakeholder concerns.

It is also evident from the findings that not all stakeholder groups will be involved in all phases of a project. They are in agreement with Subrahmanyam and Titman's (2001) assertion that a well-designed project will not only clarify key stakeholder roles, but will define as much as possible who participates and when. Not all stakeholders need to be involved in all aspects of the project in all life cycle phases. Also, observations by Mitullah and Ngunyi (1990) are confirmed by the findings that the extent of involvement will be dependent upon what particular decisions will stand to benefit from a wider field of expertise and creativity possessed by a particular stakeholder group.

CHAPTER FIVE: SUMMARY AND CONCLUSIONS

5.1 Introduction

As organizations strive to position themselves within turbulent environments, their strategy formulation efforts would be fruitless, more so in their implementation if pertinent stakeholders are not involved in the process. Clear understanding of the potential roles and contributions of the many different stakeholders is a fundamental pre-requisite for a successful participatory strategy formulation process. The objectives of this study were to determine the extent to which various stakeholders are involved in strategy formulation among Non-Governmental organizations in Kenya; and to establish the factors influencing the extent to which the stakeholders are involved. The study first looked at the respondent organizational profiles with respect to place of establishment (local or foreign); major areas of operation (core services offered); the geographic area where the services are offered (urban and/or rural); scope of operations (countrywide, regional, or international); and the major mode through the organizations offer their service (projects, programs, or forums) and key stakeholders. These aspects laid ground for the study of the extent to which various stakeholders are involved in strategy formulation the factors influencing the extent to which the stakeholders are involved. This chapter presents a summary of the research findings, the conclusions, limitations of the study and suggestions for further research.

5.2. Summary

To achieve the study objectives adequately, it was considered necessary for the study to look at general aspects of strategy formulation among NGOs in order to form the basis of seeking information to achieve the study objectives. Aspects of strategy formulation that were considered include whether the NGOs carry out strategic planning; existence of vision and mission statements; the most prevalent approach/mode used in formulating the projects/programs; the different stakeholders that are affected by the formulated/programs; whether the organizations carry out stakeholder analysis to determine the interests of each stakeholder group in the project/program; and whether each of the identified stakeholder groups (if any) is involved during the project/program formulation process. These aspects then set precedent for the study to lay focus on determining the extent to which various stakeholders are involved in strategy formulation the factors influencing the extent to which the stakeholders are involved.

With respect to the study objectives, it was established that in general, the organizations involve their stakeholders in strategy/project/program formulation and that a number of factors influence the extent to which the stakeholders are involved. It was established that stakeholders are given the opportunity to contribute their own ideas during the strategy formulation process; they are allowed to assess and review the ideas during strategy formulation; there is joint decision making with stakeholders during all stages of the project; and stakeholders are given a chance to assess the whole strategy formulation process. It was, however, observed that a considerable proportion of respondent organizations do not involve their stakeholders in strategy formulation to considerable extents. The research findings showed that there are proportions of respondent organizations which involve stakeholders to no extent at all, to a less extent, and to a fairly great extent. It was therefore evident that in as much as the findings were indicative of great extents of stakeholder involvement in strategy formulation, this was not applicable to all the organizations.

Further revelations indicated that organizations involve stakeholders in strategy formulation to various extents depending on various factors. The research findings showed that all factors that were presented to respondents influenced the extent of stakeholder involvement in strategy formulation. These range from the important insights offered into project planning to amount of resources in a stakeholder group's possession, importance of the resource, and availability and expert knowledge of a stakeholder group, up to and including a particular phase of the project life cycle. The findings were found to be congruency with most authors' assertion (Bett and Tepper, 2002; Clarkson, 1995; Subrahmanyam and Titman, 2001; Mitullah and Ngunyi, 1990).

5.3 Conclusions

The findings of this research have unearthed a number of issues regarding stakeholder involvement in strategy formulation and the factors that influence the extent of involvement among NGOs within Nairobi. The overall results show that most NGOs practice strategic planning and that they carry out stakeholder analysis to determine the various stakeholders' interests which may affect their strategy formulation process. The findings indicate that a number of NGOs recognize the need to involve stakeholders in strategy/project/program formulation and that different factors influence the extent to which various stakeholders get involved in strategy formulation. Although most NGOs indicated that they involve stakeholders to a great extent, it should be noted not all NGOs have embraced this concept.

It is evident from the study that a wide range of factors come into play to influence the extent of stakeholder involvement in strategy formulation. It is also apparent that even though all the factors presented to respondents influence the extent of stakeholder involvement to a great extent, not all organizations indicated this fact. This implies not all factors will have the same influence on the extent of stakeholder involvement in all the organizations. It may not be therefore realistic to make an absolute conclusion to the effect that the factors have the same magnitude of effect. Differences in the NGOs' activities and stakeholder groups' characteristics have much bearing on the factors that influence the extent of their involvement.

5.4 Limitations of the Study

The findings of this study should be interpreted with the following limitations in mind.

First, it was not possible to get 100% response rate due to the busy schedule for some of the respondents who never found time to fill and mail back the questionnaires.

Secondly, there is a limitation of authenticity of the data received. It was not easy to establish whether or not the targeted respondents are the ones who participated in offering the data that was analyzed. Given that the questionnaires were mailed to respective NGOs, it was not possible to be present to ensure that the right respondents participate in the study.

Thirdly, the study was limited to Non-Governmental Organizations and may not apply to the entire Not-for-Profit sector given that NGOs offer unique services in which case stakeholder groups will be varied and the factors influencing their involvement in strategy formulation different depending on a stakeholder group.

5.5 Suggestions for Further Research

In connection with further research, the researcher suggests that since this study adopted a descriptive survey research design yet it was not possible for all the targeted NGOs to participate in the research, a case by case study would help bring out some of the unique findings about specific NGOs because such studies are in-depth and hence very detailed. This will also increase the chances of getting qualitative data which was not captured during this study.

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APPENDICES

Appendix I: Questionnaire

Part A: Organizational Profile

1. Name of NGO ____
____
2. Year of establishment ____________
3. Place of establishment (Tick):
   a.) Local NGO [ ]
   b.) International NGO [ ]
4. Major areas of operation/nature of services offered by the NGO______________
____
____
____
____

5. Geographic areas in which the NGO offers its services (Tick):
   a.) Urban areas [ ] (Specify where______________________________
   ____)
   b.) Rural areas [ ] (Specify where______________________________
   ____)
6. Scope of the NGO's operations (Tick):
   a.) Country wide (within Kenya) [ ]
   b.) Regional (within East Africa) [ ]
   c.) International (beyond East Africa) [ ]

7. Major mode of service/product delivery (Tick):
   a.) Projects [ ]
   b.) Programs [ ]
   c.) Forums [ ]

Part B: Organizational Strategy Formulation

8. Does your organization engage in strategic planning?

Yes [ ] No [ ]

9. Does your organization have vision and mission statements?

a.) Vision Statement Yes [ ] No [ ]

b.) Mission Statement Yes [ ] No [ ]

10. How are the organization's strategies formulated? (Tick)

a.) Through a formal process [ ]

b.) Through an informal process [ ]

c.) Through both formal and informal processes [ ]

11. Please list below different stakeholders that affect or are affected by your organization's activities.

i.)

ii.)

iii.)

iv.)

v.)

vi.)

12. Does your organization carry out a stakeholder analysis to determine the interests of each of the above group of stakeholders in the organization's activities?

Yes [ ] No [ ]

13. Rank the above stakeholders in terms of the amount of power to influence your organization's strategy.

i.)

ii.)

iii.)

iv.)

v.)

vi.)

14. Does your organization involve each of the stakeholder group during strategy formulation?

Yes [ ] No [ ]

15. The following are the stages/levels of stakeholder involvement during your organization's strategy formulation. In a scale of 1-5, indicate (by ticking as appropriate) indicate the extent to which your organization involves stakeholders in strategy formulation. Use the key below.

1-Not at all, 3-To a fairly great extent, 5-To a very great extent

2-To a less extent, 4-To a great extent,

#	Level/stage of Involvement	1	2	3	4	5
1	Stakeholders are only informed about policies and decisions that have been made.					
2	Stakeholders are only heard before policies and decisions are made but their say may or may not be considered.					
3	Stakeholders have controlled influence on the strategies and projects of the organization.					
4	Stakeholders have a chance to assess the strategy formulation process.					
5	Stakeholders assess and review the ideas during strategy formulation.					
6	Stakeholders are given to contribute their own ideas during the strategy formulation process.					
7	Stakeholders act as originators of most alternative courses of action during the strategy formulation process.					
8	There is joint decision making with stakeholders during all stages of the project.					
9	The stakeholders have a vast control over the organization's strategies					

5. The following are the factors that influence the extent of stakeholder involvement during your organization's strategy formulation. In a scale of 1-5, indicate (by ticking as appropriate) indicate the extent to which each of the factors influences the extent to which your organization involves stakeholders in strategy formulation. Use the key below.

1-Not at all, 3-To a fairly great extent, 5-To a very great extent

2-To a less extent, 4-To a great extent,

#	Factor	1	2	3	4	5
1	It offers important insight into project planning					
2	facilitates their "buy in" and support for the strategy,					
3	allows greater ownership.					
4	Facilitates better decisions and may identify issues not addressed by the executive team.					
5	Their involvement is a valuable prelude to the formulation of mission statements for effectiveness of strategies and critical to implementation success.					
6	Vital for promoting equity and social justice in organizations and within their environs.					
7	Legal requirements					
8	The degree and position of influence held by a stakeholder group.					
9	The degree to which a stakeholder group is interested in a particular project.					
10	The extent to which a stakeholder group has power to determine the nature of projects.					
11	The nature of goals of various stakeholder groups.					
12	The priority attached by a stakeholder group to the success of a project.					
13	The nature of relationships among various stakeholder groups.					
14	Potential level of project impact to various stakeholder groups.					
15	Level of importance of a stakeholder group in relation to other stakeholders.					
16	Amount of resources in a stakeholder group's possession, importance of the resource, and availability.					
17	Expert knowledge of a stakeholder group.					
18	Negotiation and consensus building skills possessed by a stakeholder group.					
19	Strategic resources held by a stakeholder group.					
20	A particular phase of the project life cycle.					

Thank you for your cooperation.