

**STRATEGIC CAPABILITY AND PERFORMANCE OF NON  
GOVERNMENTAL ORGANIZATIONS IN NAIROBI COUNTY,  
KENYA**

**BENSON SHIMOLI MASERO**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT OF  
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF  
MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF  
BUSINESS, UNIVERSITY OF NAIROBI**

**NOVEMBER, 2016**

## DECLARATION

This research project is my original work and has not been presented for examination purpose to any other university, college or institution of higher learning.

Signed..... Date.....

**BENSON SHIMOLI MASERO**

**D61/60307/2011**

This project report has been presented for examination with my approval as the appointed University Supervisor.

Signed..... Date.....

**PROF: EVANS AOSA**

**Department of Business Administration**

**School of Business**

**University of Nairobi**

## **DEDICATION**

My Dedication goes to my Father who devoted himself tirelessly to ensure that I acquired quality education and good upbringing and to my family members for their close association and fellow colleagues for the key role they played in building a foundation for me which has propelled me this far. For the sacrifices they made and the mark they left.

For my beloved children; Damien, Sonya and Shawn, who constantly encourage me and challenge me to be a better role model and to my wife, Florence for her counsel, unending support and wisdom.

I honour you all for believing in me and giving me the inspiration to aim higher.

## **ACKNOWLEDGEMENTS**

I would like to give thanks to the Almighty God for blessing me with an opportunity to study for this degree programme and for availing all that I required to complete this course. I extend my sincere gratitude to all the lecturers and colleagues at the University of Nairobi for the academic resources at different levels to the contribution of the program. I like to thank my classmates and workmates for their valuable contribution towards my studies and the educative and enriching collaboration we shared. Not forgetting the administrative and support staff for their assistance during the study.

My special thanks also go to Prof. Evans Aosa, whose expert counsel and guidance enabled me complete the project on time while enhancing my understanding of this particular subject. His supervisory prowess is unquestionable. I pray to God Almighty to bless him abundantly.

I would also like to take this opportunity to acknowledge my colleagues in the NGO world for helping me to identify the research problem that faces strategic capability of NGOs not only in Nairobi County but the entire globe. Indeed they are of immense value to me. I acknowledge the heads of department, thematic advisors and all staff at the target NGOs during this study for sharing and skillfully guiding the study and for participating in this study.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iv</b>
<b>LIST OF FIGURES</b> .....	<b>vii</b>
<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>viii</b>
<b>ABSTRACT</b> .....	<b>ix</b>
<b>CHAPTER ONE: INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Concept of Strategic Capability .....	2
1.1.2 Organizational Performance.....	3
1.1.3 Strategic Capability and Organizational Performance .....	4
1.1.4 NGO Sector in Kenya .....	5
1.1.5 NGO Sector in Nairobi County.....	6
1.2 Research Problem .....	7
1.3 Research Objective .....	8
1.4 Value of the Study .....	9
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	<b>10</b>
2.1 Introduction .....	10
2.2 Theoretical Foundation.....	10
2.2.1 The Open Systems Theory .....	10
2.2.2 The Contingency Theory.....	11
2.3 Strategic management in organizations.....	13
2.4 Strategic Capability and Performance .....	15
2.5 NGOs and strategic Management.....	16
<b>CHAPTER THREE: RESEARCH METHODOLOGY</b> .....	<b>18</b>
3.1 Introduction .....	18
3.2 Research Design .....	18
3.3 Population of the study .....	18
3.4 Sample Design.....	19
3.5 Data Collection .....	19
3.6 Data Analysis.....	20
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION</b> .....	<b>21</b>
4.1 Introduction .....	21
4.2 Background information.....	21

4.2.1 Gender of the respondents .....	21
4.2.2 Departments .....	22
4.2.3 Number of years worked in the NGO .....	23
4.3 Elements of strategic capability.....	23
4.3.1 Technology.....	24
4.3.2 Intangible resources.....	25
4.3.3 Intellectual Capacity.....	26
4.3.4 Human resources .....	27
4.3.5 Ability to fundraise.....	28
4.3.6 Financial resources .....	29
4.4 Key performance indicators and measures of success for NGOs in Nairobi	
County .....	30
4.4.1 Strategic plan with specific goals and administrative functions .....	32
4.4.2 Established monitoring and evaluation department .....	33
4.4.3 Use of the Balanced Score Card.....	34
4.4.4 Use of capacity assessment plan to measure and improve performance.....	35
4.4.5 Reward system for good performance .....	36
4.4.6 Integrated feedback mechanism .....	37
4.5 Correlation between strategic capabilities and performance .....	41
4.6 Discussion of the findings .....	44
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS .....</b>	<b>45</b>
5.1 Introduction .....	45
5.2 Summary of findings .....	45
5.2.1 Elements of strategic capability .....	45
5.2.2 Performance indicators and measurement.....	47
5.3 Conclusion .....	48
5.4 Implications of the study .....	50
5.5 Limitations of the study .....	51
5.6 Suggestions for further research .....	52
<b>REFERENCES .....</b>	<b>53</b>
<b>APPENDICES.....</b>	<b>56</b>
APPENDIX I: COVER LETTER.....	56
APPENDIX II: QUESTIONNAIRE .....	57
APPENDIX III: DATA COLLECTION FORM.....	61

## LIST OF FIGURES

Figure 4.1: Gender of the respondents .....	22
Figure 4.2: Department of staff.....	22
Figure 4.3: Number of years worked in NGO .....	23
Figure 4.4: Elements of strategic capability .....	24
Figure 4.5: Existence and or use of good practices to manage performance.....	30
Figure 4.6: Existence and or use of performance indicators and measures .....	31
Figure 4.7: Does the organization have adequate knowledge and skills to manage performance relevant processes?.....	38
Figure 4.8: Explaining why NGO has adequate knowledge and skills.....	39
Figure 4.9: Does the environment support good performance?.....	39
Figure 4.10: Explaining why the environment does not support good performance ...	40
Figure 4.11: Performance measure on projects.....	41
Figure 4.12: Does this NGO have a strategic management plan? .....	41
Figure 4.13: Managing organization performance by relevant department.....	42
Figure 4.14: Correlation between strategic capabilities and performance.....	43

## **ABBREVIATIONS AND ACRONYMS**

<b>BSC</b>	Balanced Score Card
<b>CBO</b>	Community Based Organization
<b>FGD</b>	Focus Group Discussion
<b>FHI360</b>	Family Health International
<b>GDP</b>	Gross Domestic Product
<b>IT</b>	Information Technology
<b>M&amp;E</b>	Monitoring and Evaluation
<b>NGO</b>	Non-Governmental Organizations
<b>NFP</b>	Not for Profit
<b>OCA</b>	Organizational Capacity Assessment
<b>SPSS</b>	Statistical Package for Social Sciences

## ABSTRACT

The study identified and studied the elements of strategic capability of NGOs within Nairobi County and how these can be adopted and used to enhance performance. The main objectives were to identify the major elements of strategic capability of NGOs in Nairobi County, to establish the key performance indicators of success in these organizations and establish the correlation between the strategic capabilities and performance of NGOs in Nairobi County. The survey was administered to 107 respondents out of the target of 157 who were sampled from various NGOs across Nairobi County. Both primary and secondary data was collected through a survey questionnaire and a Focus Group Discussion (FGD). All collected data was checked for accuracy, consistency and completeness for analysis. Descriptive statistics (frequencies and percentages) were used to describe the study findings on the project indicators and the results presented in form of bar graphs and pie charts. The researcher employed simple correlation analysis. This enabled the researcher to understand the relation between strategic capabilities and performance on the NGOs under study. Content analysis was used to analyze the interviewees' views on what they understood to be the key elements of strategic capability in their organizations. It was noted that, despite the financial sustainability which apparently seems to be the hallmark of the NGOs in Nairobi County, there were also other capabilities which must be keenly taken into consideration by any NGO that wants to prosper. Among these elements were information technology, ability to fundraise, intellectual capital, human resources, property, intangible resources, core competences, research and development, strategic planning among many others. As the results revealed, this study concludes that there is indeed a positive correlation between strategic capabilities and performance of NGOs in Nairobi County. All organizations irrespective of their status and area of operation have the desire to be effective in their operations and attain a level of sustainability including all NGOs not only in Nairobi County but across the world. The study therefore recommends that all NGOs must adopt and cultivate various strategic capabilities that would enable them to be sustainable. This must be done through a structured strategic planning process that involves all the relevant stakeholders so that they all understand the intended goals and avoid a reactive approach to various environmental challenges. The study also emphasizes the need to have a clear performance tracking and management system in order to enable the management to establish the general performance of the NGOs at any given point in time and be in a pole position to adjust accordingly should it be necessary. Finally the study recommends further research on the effectiveness of the strategic capabilities particularly along NGO thematic areas of focus as there was a wider and varied scope of these elements, with some being specific to specific areas of focus. This will provide important information on the benefits achieved in strategic management within the NGOs in the County.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

In order for every organization to thrive and excel in a complex business environment, the organization must have a satisfactory threshold of unique capabilities. The uniqueness of these capabilities to a particular organization is influenced by permissible factors alongside environmental threats or opportunities in the foreseeable future (Ansoff, 1984). Strategic capability can be defined as the resources and competences needed by an organization for it to survive and succeed in the long run (Pearson, 2002). It is anchored by the competences and resources of the organization. Once an organization has a common and accurate definition of capabilities, it can begin determining which capabilities will be needed to execute a given strategy. This necessarily requires distinguishing among different types of capabilities according to their role in the organization (Clark, 2015).

This study is guided by the open systems and contingency theories. The theory of open systems postulate that environmental factors emanating from and without the organization do play a crucial role in their activities since the organizations have to interact with all the factors, (Mital, Pearce & Robinson, 2011). The contingency theory focuses on the fact that performance can be achieved through various methods as long as the goal is well understood. According to Lawrence and Lorsch (1967) decision making procedure effectiveness is dependent on various aspects of a given situation, the decision quality merit and adoption of the amount of important information in the custody of the leader and the subjects.

The Kenya government recognizes that besides its primary role of provision of basic service, NGOs have risen to the occasion to complement the government efforts (Sessional paper, 2006). The NGOs are exponentially being viewed by states globally as crucial forces for social and economic development, key players in state development, and valuable partners in enhancing the quantitative and qualitative growth of the GDP. The operations of NGOs in Kenya therefore play an important role as partners in development by working to engage in various thematic areas such as disaster management, food security, emergencies and conflict response, water and sanitation, health and nutrition, diseases prevention and control of epidemics within the country. Success which is the survival and prosperity for these NGOs depends on how they relate to the environment. Strategic management is therefore critical in building the NGOs internal stability and attaining both near term profit making and long term strategic relationships alongside enhancing their performance.

### **1.1.1 Concept of Strategic Capability**

According to Johnson (2009), the strategic capabilities of an organization normally direct and evaluate the organizations plan and objectives over a long period of time. This potentially enhances the organization to achieve competitive advantage through use of collective capabilities to meet client's aspirations notwithstanding the prevailing economic situation. According to Aaker (1998), the strategic capabilities of an organization will lay a foundation for a carefully structured plan of operation that can be key to achieving organizational goals over a long period of time, thus providing a problem solving mechanism especially when dealing with pertinent issues that are important to the organization. Doyle and Stern (2006) emphasize that strategic

capabilities of an organization have the capacity to yield managerial guidelines and proposition on how to develop and sustain organizations with a goal of achieving competitive advantage. In the opinion of Cravens & Percy (2009), strategic capabilities would generate plans that can be utilized in taking care of market environment changes besides trying to enhance customer satisfaction.

According to Kotler and Keller (2006), strategic capabilities of an organization will strive to unearth, generate, highlight, present and sustain the organization's customer dignity. In his landmark article; what is strategy Porter (1996) observed that 'strategic position is a composition of a set of specific activities meant to deliver it, and competitive strategy means deliberately selecting a different set of activities to attain unique value'. It is this unique set of tailored activities that enables a firm to perform in ways different from its competitors. This is where strategic capabilities come into play.

### **1.1.2 Organizational Performance**

Organizational performance can be defined as an organization's ability to gain and diligently put to use its limited resources and valuables in order to achieve its goals (Griffins, 2006). It involves all the possible results that are produced within an organization compared to the general intended goal.

The topic of performance and effectiveness within the NGO sector has been sly and ideally not been thoroughly examined over the years. However, the concept of effectiveness in NGOs as a measure of their respective performance in this sector has generated a considerable scholarly attention for some time. In his scholarly works, Wadongo (2011) observes that there exists minimal consensus on how to define and

measure what exactly comprises performance in NGOs. Presumably, NGO performance implies the output of the organization's activities and or programs. Recently, the NGO world has witnessed the enormous use of the balanced score card (BSC) as a common measure of performance that tracks and measures this performance in multiple dimensions.

### **1.1.3 Strategic Capability and Organizational Performance**

The issue of performance has dominated significantly within strategic management studies with numerous strategic management theories either implicitly or explicitly under-scoring implications of performance (Venkatraman & Ramanujam, 1986). The major objective of embracing effective management process is to improve performance in organizations. There is therefore an urgent need to develop a method of measuring performance in organizations in order establish how well an organization is operating as a result of embracing the strategic management process. Montanari, Morgan and Bracker (1990) agreed that effectiveness in organizations may be determined in terms of behavioral measures, financial measures, measures as well as operational measures.

The ability of an organization to optimally perform can be determined by various factors, some of which can and some which can't be controlled. This therefore makes the performance of an organization a product of these variables (Kim & Lim, 1988).

#### **1.1.4 NGO Sector in Kenya**

The NGOs Co-ordination Act (1990) defines a Non-Governmental Organization (NGO) as ‘a private social group or association not operated for profit making activities but which have organized themselves nationally or internationally to serve the general public and promote social welfare, nation building, charity or research in the areas inclusive of, but not restricted to health, agriculture, education, industry and supply of amenities and services’.

The Non-Governmental Organizations Co-ordination Board (NGO Coordination Board) is a State body created by the NGO Co-ordination Act No. 19 of 1990. The responsibility of the board is to enable and regulate the NGO sector in Kenya. It is estimated that there are over 8,569 NGOs registered which work across and various sectors of the economy and in every part of the country.

Most of these NGOs in Kenya is championed and financed by eminent international organizations and as a result, some of the local NGOs are involved in a more structured strategic management due to the influence of their international parent networks. The strict requirements by these financing networks for the scarce funding available and the ever turbulent environment of operation mostly brought about by the government requirements, requires a clear strategic management process (Ochieng’ 2013). Therefore, since NGOs play a crucial role across the economic sectors, it is important to involve the management in the strategic management process right from the formulation ,implementation and evaluation stage in order to succeed, deliver quality services and to remain relevant and competitive in the ever increasing NGO world but shrinking funding.

### **1.1.5 NGO Sector in Nairobi County**

Nairobi County has a population of 3,138,369 covering 684 km<sup>2</sup> according to the 2009 census report. It is the capital city of Kenya and by far the largest city in the country, serving as the headquarters of the state and other multinational and local organizations. NGOs within the country can be categorized into two major groups distinguished by their roots or where they were founded. These are national NGOs sometimes referred to as local NGOs and the International NGOs. The national NGOs were founded and operate locally within the boundaries of the country and employ mostly local staff. It is also worth to note that, whereas the organizations are categorized as local, in most cases they do greatly rely on grants and aid from the international community. The International NGOs within the countries exist as subsidiaries of major organizations whose origin and operational level is beyond the country, though we also do have International NGOs origination and or headquartered in the country with the operational sphere going beyond Kenya.

In terms of the locally registered organizations within the country, the sector grew by about 58% in the period between 1997 and 2005. Since 2001, it is estimated that the sector has grown at the rate of 400 organizations per year. By August 2009, the NGO coordination Board had cumulatively registered 6,075 organizations in Kenya. By 2009 NGOs in Nairobi County were 1425 and by 2013, the NGO Coordination Board identified 1574 NGOs with offices in Nairobi County under the sectors of emergency relief, youth empowerment, economic empowerment, agriculture, social welfare, health among other thematic areas.

## **1.2 Research Problem**

For successful strategic capability and optimal performance, an organization should understand the impact of internal resources, external environment and competences on its strategy alongside the expectations and influence of stakeholders (Johnson & Scholes, 2002). Strategic management is a systematic and deliberate application of action and decisions that shape and guide the organization's vision, operations, and the reasons/objectives behind its operations, (Bryson, 1995). Due to strategic management practices, organizations tend to have clearer ideas of who they are, what they do, and what challenges they regularly encounter. If the plan is professionally followed, the organizations enjoy enhanced performance and immediate environmental responsiveness, (Bryson, 1995).

NGOs in Kenya face specific managerial issues, for instance queries around strategic planning, staffing, budgeting and the general operating structure of the organization, change and growth within the organization. These organizations also face the management of external partnerships; relations with state agencies, the private sector, other organizations and with their target communities. All these have an influence on the how these NGOs could manage development. In most cases, poor leadership and lack of focus on strategic management has paralyzed many organizations making them unable to compete and fulfill their mandate. Strategic plans remain blue prints with less impact in their realization.

While strategic management is widely practiced especially in commercial and manufacturing companies due to their competitive environment in the market, there is little documented proof of strategic management processes of NGO like organizations. Various studies have been carried out within strategic management

with the majority in the corporate organizations and public sectors while a few in the NGO sector. In her research Osano (2013) focused on stakeholder involvement in strategic management process in health based, non-governmental organizations in Nairobi County, Kenya. Kathama (2012) conducted a research study on performance, his basis being strategic planning practices incorporated of the state corporations. Ochieng (2013) also focused on practices within change management and their impact on strategy and performances in non-governmental organizations in Nairobi, Kenya.

As a result of differences within the contexts and management of the aforementioned studies and others carried out in the various organizations, the studies enlighten that strategic management is clearly influenced by the context in which the organization thrives. Furthermore, issues of strategic management practices gained from these studies could not be assumed to satisfactorily explain the strategic capability and performance in the NGOs in Nairobi County. What are the strategic capabilities of NGOs in Nairobi County and how do they affect the performance of these organizations?

### **1.3 Research Objective**

The objectives of this study are;

- a) To identify the major elements of strategic capability among NGOs in Nairobi County
- b) To establish the key performance indicators of success in NGOs in Nairobi County
- c) To identify and explain the correlation between strategic capabilities of NGOs in Nairobi County and the performance of these NGOs.

## **1.4 Value of the Study**

This study is of value in a number of ways. Firstly it is expected to aid academicians and scholars interested in issues pertaining to strategic capabilities and its relationship to organization's performance in non-governmental organizations, especially in the developing countries. The study will also assist the NGOs and Community Based Organizations (CBOs) management in formulation of policies, standards, guidance and procedures for cultivating essential strategic capabilities that positively relates to organization performance in their undertakings. The study will act as a useful resource for relevant state agencies in understanding the need and usefulness of appropriate strategic capabilities that ensures improved organization performance and subsequently encouraging their adoption amongst the NGOs not only in Nairobi County, but in the country at large.

The research findings are expected create and enforce professional awareness among top managers in NGOs on the need to invest in the concept of strategic management to attaining key strategic capabilities in order to improve on their performance. This is of importance in the sense that it is a powerful tool for the managers who believe in change by adapting to strategic management practices from the traditional approach.

This study also brings out critical issues practiced by the some of the high performing NGOs which may as well serve as a good practice for the industry by offering a benchmark and evidence-based knowledge regarding their strategic capabilities. To the donors and beneficiaries, the findings will be useful in evaluating the strategic capabilities carried out their grantees and the need for improvement.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter focuses on reviewing the theoretical, conceptual and empirical literature alongside the study's conceptualization. First, the chapter presents literature on theoretical underpinnings of the study anchored mainly through the strategic capability theories. This is followed by putting the strategic management and empirical literature on the strategic capabilities on how they impact on the performance of not-for profit organizations.

### **2.2 Theoretical Foundation**

The theoretical foundation of this study is based on two theories. The theories herein include; the open systems theory and the contingency theory.

#### **2.2.1 The Open Systems Theory**

This theory highlights relationship between organizations and the environment in which they operate. It focuses its reflection on the ability of the organization adapt to environmental changes without necessarily having to depend on the processing of information (Katz & Kahn, 1978). The open systems theory presumes that organizations that are in a pole position to process specific environmental information in their spheres have sufficient skills to adapt and enable them to shift in the contextual realms. It is in the view of this that the interaction of organizations with the external environment is important for the survival of the organization and subsequent prosperity within the open systems, since whenever there is a change in the some of the system's elements, it has a ripple effect on other elements thus necessitating a major change, (Wang, 2004).

Survival and performance of businesses in competitive business environments is highly dependent on the possession of a significant strategic capability threshold. The nature of the required strategic capabilities that are needed by these organizations at specific times are dictated by the prevailing forces alongside the foreseeable threats and opportunities within the environment, (Ansoff, 1984). The evolution of the threats and opportunities in the surrounding environment of the NGOs affect them in both positive and negative ways their sources within the NGO sector vary tremendously ranging from government, competitors, donors, communities and many other sources.

Due to managerial limitations, the turbulence within these opportunities and threats bring with them uncertainties that managers not necessarily adjust to adequately. The limitations could be due to the inability to sufficiently identify the new opportunities, detect and understand the imminent threats and the general implementation of strategic responses. Strategic response effectiveness in such scenarios is a function of not only appropriate but also a competent strategic capability possessed by the organization, (Hambrick, 1982).

### **2.2.2 The Contingency Theory**

This theory is classified as a behavioral theory and suggests that performance of corporations, leadership and or decision making has no one best way. The external and internal environment dictates or is a contingent for any optimal course of action in organizations. A leader who is considered contingent enough would effectively apply his own style depending on the situation at hand (Fielder, 1964).

There is an argument by Burns and Stalker (1961) on criticizing and debating about this theory even though it can be confidently viewed that this perspective of the theory fitting among the strategic capability, business environment and general strategy has been sufficiently accepted within the strategic management literature. According to Chandler (1962), there is evidence showing changes in marketing environment of a business subsequently affect or lead to the initiation of a new strategic change within the organization which must be internally configured with respect to the new strategy as the organization's capability.

Traditionally, a relatively stable world is assumed by strategic approaches. The major goal of these approaches is to make the organization prosperous by exploitation of certain capabilities and resources, attaining a dominant scale and positioning themselves in enviable niches. However, the new world orders alongside emergent technologies and efficient business operations have collaborated to define the business environment, (Girneata, 2014). Competitive advantage sustainability hitherto emanates from the four strategic capabilities that enhance faster adaptation unlike resources or positioning of the firm, (Reeves & Deimler, 2011). The capability to identify and work of agents of change; the capability to perform rapid tests and regularly with business models as well as service and products, processes and strategies, the managerial capability to coordinate interconnected systems of multiple stakeholders that are complex; and employee and partner motivation capability.

In his earlier contribution to the concept of strategic management Ansoff (1979), made an analysis based on logistical competence, general management ability, logistical competence and elaborated on their fluidity. Whereas this contribution yielded new background on the concept, there were many unanswered questions. A

notable one was the difference between organizational competence and individual competence which was seen to be blurred; the process of transformation from individual to organizational competence was not clear as well as there being a need for further development of concepts.

Other academicians like Prahalad and Hamel (1990) were of the opinion that core competencies were important and could not be ignored thus they should be managed like product and asset portfolios. According to them, core competencies comprised the organizational collective learning and the two scholars did not highlight any difference between the core competencies and capabilities limiting their understanding and comparisons to IT products.

### **2.3 Strategic Management in Organizations**

The initial step in strategic management involves with a vision which is a foundation that is interpreted into a mission. The mission reflects the understanding of where the organization wants to head and how to get there which is generally accompanied by the strategic objectives of the firm. Bryson (1989) observed that in the absence of strategic management practices and or other practices focusing on planning, organizations do not have any other choice other than to practice reactive management styles.

For successful strategic management, an organization should understand the possible influence of the external environment, competencies, internal resources and stakeholder expectations and influence on the firm's strategy, (Johnson & Scholes, 2002). The complexities in the legal, political, social, economic, environmental, commercial and technological world define the environment in which an organization

exists. This environmental turbulence keeps shifting and at different magnitudes thus it is not constant and it is different from one organization to another, (Thompson, 1997).

The attainment of a good fit between the organization's internal resource capabilities and the existing environmental forces is the hall mark of a competitive strategy, (Aosa, 1992). The concept of strategy is indeed the core foundation of strategic management, (Ansoff & McDonnell, 1991). In general, no universal definition of strategy has been adopted yet, (Mintzberg, Guinn & Ghoshal, 1999). As in the case of military, we see the concept of strategy being associated with war. Generally, strategy application can be seen as a defined plan towards the attainment of a specific goal. Mintzberg and Quinn (1991) attempted to define strategy using the 5Ps or dimensions which view strategy as a plan, ploy, pattern and a perspective. Basically, strategy can be defined as the long term direction of an organization,(Johnson & Scholes, 2004).

Ansoff and McDonnells (1990) typify the view that the strategic formulation of an organization's strategy is either deliberate or emergent. Consequently, the practice involves the formulation of an independent strategy into emergent and deliberate categories. According to Grant (2003), successful performance in organizations is attained by those managers that display substantial autonomy and flexibility in strategy development.

## **2.4 Strategic Capability and Performance**

According to Rumelt (1991), strategic capability focuses on theoretical underpinnings around is primarily concerned with theory building around diversity, suggesting that some organizations perform better compared to others. In regards to the concept of competitive advantage, superiority is central. To explain the superior performance of firms, the discipline of strategic management seeks to identify superior differences among organizations, since the crucial interest of strategic theory according to Stacey (2003), 'is to identify, secure and sustain an advantage over competitors such that superior performance will be achieved Superiority is central in the notion of competitive advantage'.

For an organization to be considered as having a relative competitive advantage, it must be in the process of implementing a strategy that creates value that is unique and not being implemented by any existing or foreseeable partner or competitor. The rivals should find it almost impossible to replicate the yields of the strategy in question, (Barney, 1991). For sustainability to be achieved in this context, Hall (1993) suggests that the products and systems harboring characteristics that hugely satisfy the customers within the target market must be enough to the customers and be adopted and nurtured as it must be a result of the differential capability that must thrive in the long run.

Hamel and Prahalad (1995) argued that the basis of a firm outshining the competitors lies in its capability to design and generate, actualize and protect resources and core competences and these form the firm's unique strategic capability for creating the future. Initially, scholars like Chamberlin (1933) did

postulate that there exist galaxies of firm unique characteristic that differentiate them from their peers.

The concept of performance in itself is a constant and central theme of focus in most managerial disciplines based on the interest of both practicing managers and academic scholars. The issue has hitherto dominated within scholarly research particularly within theoretical strategic management which to a great extent underscores performance implications, (Prescott, 1986).

According to Schendel and Hofer (1979), performance is a measure of relevance for any strategy and it offers the time test for any strategy, (Jacobs, 1999). In general, performance can be viewed as the organizational central theme in regards to strategic management, notwithstanding the influence on overall performance by the various roles of the general managers, Rumelt (1991).

## **2.5 NGOs and strategic Management**

According to Analoui and Samour (2012), the success of non-governmental organizations often depends on formulation of suitable strategies meant to confront the realities within the competitive environment in which the organization exists. This belief is also supported by an earlier study by Estallo (2006) which stated that though these organizations do have a mission, strategy, and goals different from their corporate counterparts, surviving and flourishing in the current environment requires adjusting and responding to the existing social, economic and political factors and the changes. Hence the conclusion that strategic capability is important for all the organizational entities whether NGOs, government, CBOs, political, business or academic institutions since the objective of the strategic planning processes is to

develop core competencies that enable the organizations to find an advantageous position in their current environment and to go beyond perceptions of the current situation to continue to differentiate the organization into the future (Porter, 1998). In the context of a dynamic environment, plans are always consistently being modified, refined and revised mostly in top managements' minds as Mintzberg (1978) asserts that emergent or actual strategy can diverge from initially planned strategy.

The research done by Analoui and Samour (2007), suggested that there exists a profiling of strategic managements processes in the NGOs by a dynamic series of operations that include; the scrutiny of the current situation of the NGOs in relation to the services, needs, clients, their unique core competencies, the personal objectives of the stakeholders followed by defining the services and the activities in terms of mission and values for meeting specified client needs which means the organization continues to meet its missions objectives.

The external environment plays a key role in the process of strategic management in NGOs. To emphasize the impact the environment has in strategic management, Mufudza, Jengeta, and Hove (2013) found it crucial that organizations should clearly strategize in times of great economic turbulence, it is however difficult to formulate and implement the plan in such times. Considering that strategy formulation and implementation are time and resource consuming, there is the risk that most strategies formulated may become obsolete before being implemented.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter focuses on research design and methodology. It highlights the research design which will be carried out through the study.

### **3.2 Research Design**

This research is a survey that was administered to a selected sample from a specific population identified. McClosky (1969) defined a survey as any procedure involving systematic collection of data from a population or a sample from a population using some form or through direct interaction like face to face interviews, telephone interviews or mail questionnaires. A survey aims at calculation of diverse statistics, characterization of the diverse statistics, collection of multiple variables, multi-subject surveys, continuation of survey operations and master frames. All these are focused on describing the population as accurately as possible regarding features of interest.

This research design was applicable for this study since the researcher aimed at using a sample to define the situation as it is in NGOs in the country. The research collected primary data by use of self-administered interviews. In effect, the study fits the description of a survey.

### **3.3 Population of the study**

Target population is depicted as the whole set of all the members of either real or hypothetical, be they people, events, or subjects to which the researcher desires to generate the result from (Mugenda & Mugenda, 2003). The target population of this

study was NGOs managers who manage different sizes of NGOs (small, medium, and large) in Nairobi County, in Kenya.

The study also targeted project implementation staff besides the managers. This was because the implementation team is constantly in touch with the organization's clientele. The administrative staffs was also targeted since they deal with the day to day running of the organizations and were in a better position to highlight some major indicators including the financial capability of the organizations.

### **3.4 Sample Design**

Sampling is a process used by a researcher to identify people, places or things to study (Kombo & Tromp, 2006). The sampling frame describes the list of all population units from which the sample is collected (Cooper & Schindler, 2003).

The study used 10% of the NGOs in Nairobi County out of the target population of 1574 registered NGOs in Nairobi County. The researcher used stratified random sampling where the respondents were divided into various departments such as senior management, project implementation staff and administrative staff.

### **3.5 Data Collection**

Both primary and secondary data sources were used. In general, fieldwork was based on survey questionnaire and sample interviews. The researcher conducted semi-structured interviews with number of NGOs managers who manage different sizes of NGOs (small, medium, and large) in Nairobi County.

A questionnaire was specifically designed for this research. This questionnaire was administered to a selected sample from the specific population identified which

involved both managers and program implementation staff from the selected NGOs across the County.

### **3.6 Data Analysis**

All collected data was checked for accuracy, consistency and completeness and thereafter exported into The Statistical Package for the Social Sciences (SPSS) for analysis. Descriptive statistics (frequencies and percentages) were used to describe the study findings on the project indicators.

The researcher employed simple correlation analysis. This enabled the researcher to understand the relation between strategic capabilities and performance on the NGOs under study. Content analysis was used to analyze the interviewees' views on what they understood to be the key elements of strategic capability in their organizations.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

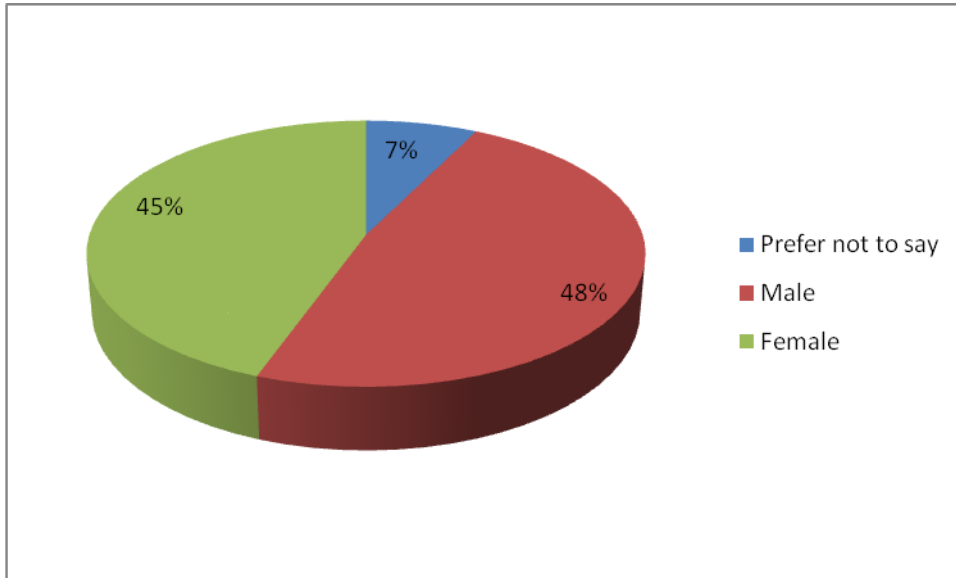
This chapter presents data analysis, results and discussion. The study sort to examine the strategic capabilities of NGOs in Nairobi County and how these capabilities affect the performance of these organizations. Of the targeted 157 respondents, only 137 were reached with a total population 107 individual respondents being able to participate in the survey. Primary data was collected through in-depth interviews of senior staff from management, project implementation and administration departments. The data was thereafter analyzed based on the objective of the study and the findings are as presented as per the different classes underlined below.

### **4.2 Background Information**

This section provides the background information with regards to the respondents' gender, department and number of working years as well as number of years in the NGO sector. These aspects were put into consideration because of the meaningful contribution they offer to the study as the variables help in the understanding of the responses given by the respective respondents.

#### **4.2.1 Gender of the Respondents**

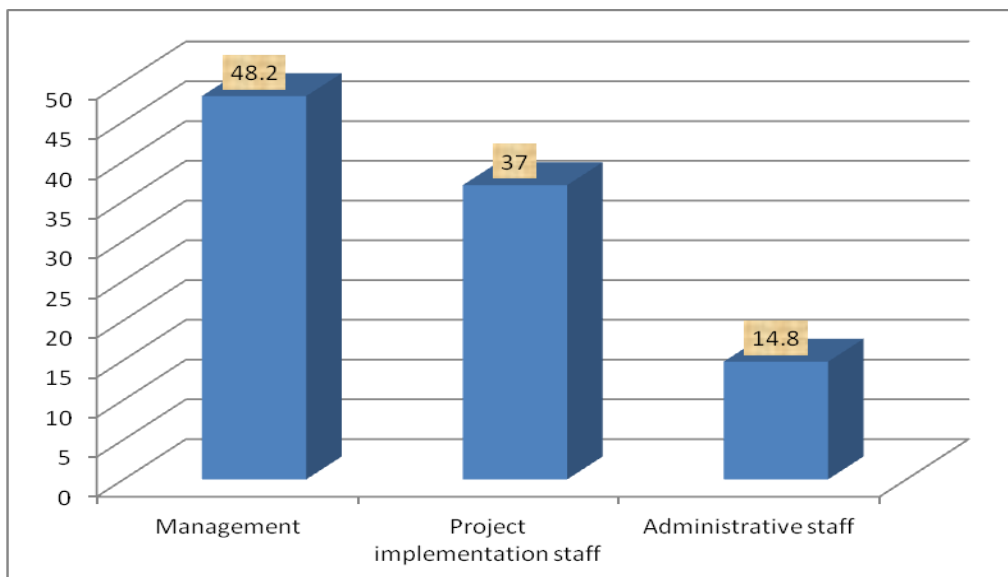
Figure 4.1 provides a summary of the respondents who were engaged in the survey on the basis of their gender. The results of the study show that 48 percent of the total respondents were of the male gender, while the remaining 45 percent were of the female gender and 7 percent preferred not to disclose their gender. This shows that indeed the research had little consideration for gender distribution.



**Figure 4.1: Gender of the Respondents**

#### 4.2.2 Departments

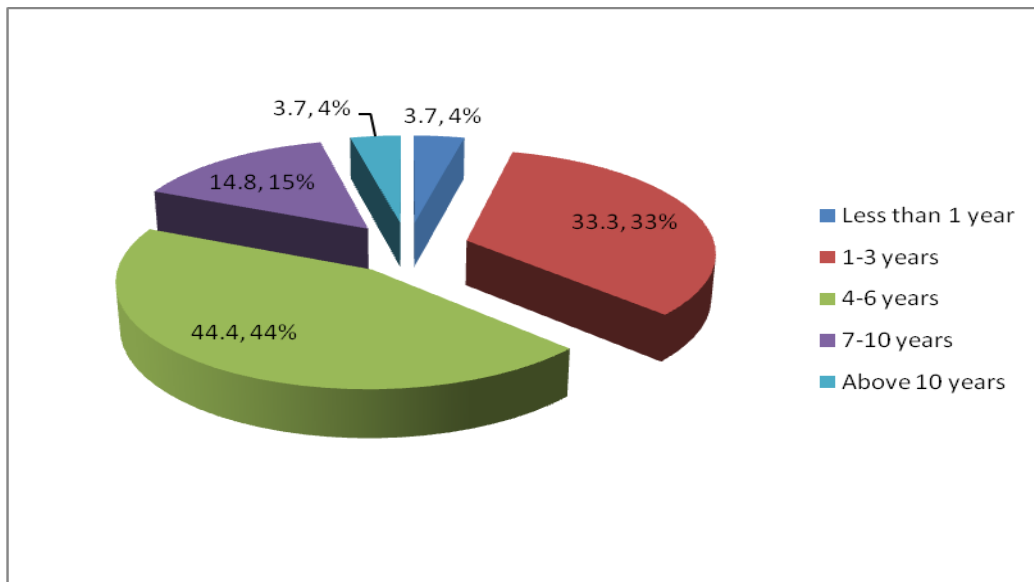
The study findings show that the majority of the respondents were in the management department. Specifically, 48.2 percent of the respondents were in management, 37 percent of the respondents were in project implementation department and 14.8 percent were in finance.



**Figure 4.2: Department of staff**

### 4.2.3 Number of years worked in the NGO

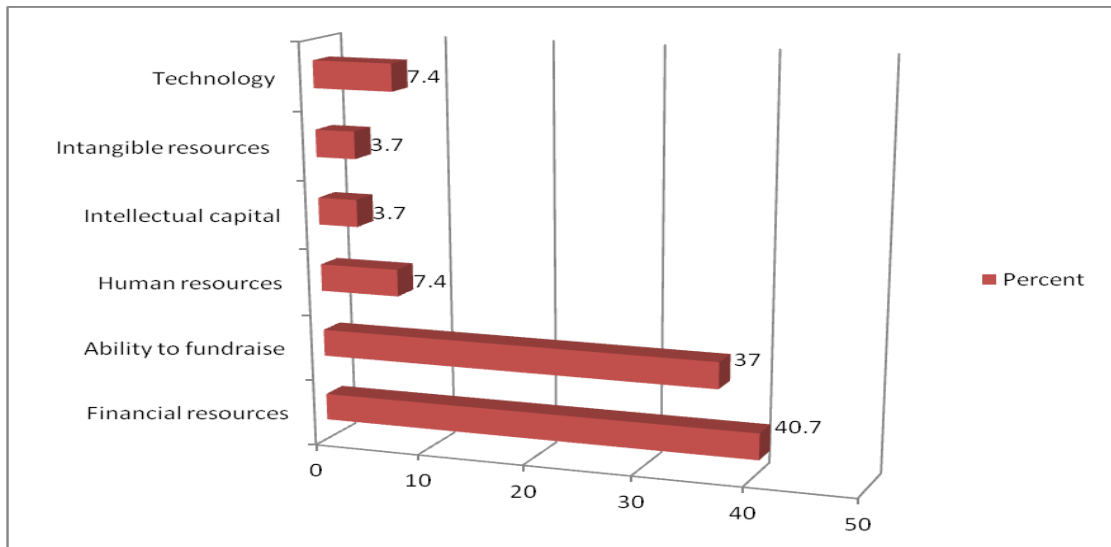
Fig 4.3 provides the results of the study findings with regards to the years in the respective NGOs by the respondents. The study findings show that the majority of the respondents (44 percent) had worked for a period of between 4-6 years. 33 percent of the respondents were in employment between 1 -3 years. 15 percent of the respondents were in employment between 7-10 years, 4 percent of the respondents had worked with their respective NGOs for over 10 years a similar percentage to those that had worked with the NGOs for less than 1 year.



**Figure 4.3: Number of years worked in NGO**

### 4.3 Elements of Strategic Capability

In this part, the study sort to identify the key elements that the organizations under study considered to be of major strategic capability. According to the results, the most notable elements included; technology, financial resources, ability to fundraise, infrastructure, human resources, intangible resources and property.



**Figure 4.4: Elements of Strategic Capability**

### 4.3.1 Technology

Information technology is important to NGOs due to different reasons; it has the capability to enhance delivery, enhances collaboration and networking and thus increasing affectivity and reaches out to the needy unreached communities. At the same time, technology is a very resourceful tool that can be embraced to open new opportunities aimed at helping NGOs to achieve their program goals. Indeed, the impact of technology on NGOs as a strategic capability has been examined by many studies.

According to the findings, the use of IT in the sampled organizations majorly assisted the NGOs in achieving crucial program goals and objectives, it improved the communication system of the organizations, it improved efficiency in terms of the general organization within the NGOs and strengthened their networks not only with peers but also clients and donor partners. Therefore, the skillful adoption of competent and new technological tools by NGOs has the capacity of enhancing their performance and encouraging citizen participation in the NGO activities.

### **4.3.2 Intangible Resources**

According to Freeman (1972), the primary intangible resources of any movement are people and the movements rely very heavily on them. As the new knowledge era of knowledge emerges, it is becoming increasingly accepted that the intangible assets are not only key to creating an organization's competitive ability but also to growing the organization's accelerated pace. For this reason, many organizations are displaying a proclivity towards creating value by leveraging on knowledge. From the study findings, some organizations view intangible resources as a very important and fundamental strategic capability that gives them an edge above their peers. These intangible resources are mostly related to the people within the organization notably through unparalleled expertise that they possess. Other organizations consider their reputation as a major intangible resource that cannot be taken away from them. A number of respondents agreed to a large extent that their networks are a major strategic capability that makes them achieve their strategic goals through collaborative partnerships and alliances.

In general, a significant number of organizations work towards attaining this unique strategic capability even though it takes a lot of time and commitment to be realized. It can confidently be asserted the large NGOs do have a better and diverse funding portfolio compared to the smaller NGOs. They can take advantage of their trade mark which is widely recognized. They also do boast of a profound set of expertise and personnel capable of raising the organizations commercial venture. These organizations have more and beneficial networks with global entities from which they enjoy partnerships despite having an internally experienced management platform that adopts new programs and is able to adapt to any changes within the organization.

### **4.3.3 Intellectual Capacity**

A keen knowledge and skills is a necessary recipe if not most valuable and required by the management and field teams to successfully implement successful strategies aimed at addressing critical aspects and affecting organizational change. The acquisition and utilization of techniques in optimizing core competencies by organizations is the notable key in sustaining competitive advantage. This requires that all managers at all levels must be collectively involved in the strategic implementation process in order to strengthen their organizational capability. From the respondents' point of view, most organizations are now taking knowledge as one of their valuable and strategic assets thus the need to jealously guard and manage their intellectual capabilities and resources.

The possession of superior intellectual resources has greatly enabled some organizations to be able to understand the act of exploiting and developing their long-term resources better compared to their peers. This implies that it is possible to institutionalize, as part of the NGOs' structures and systems, the existing value of the intellectual knowledge of the individuals within the organization. For instance, Family Health International (FHI360) concentrates its focus mainly on the development of sufficient skills for creativity for their health professional staff as well as enhancing their managerial competences so as to attain their strategic interventions on community health.

#### **4.3.4 Human resources**

People management has been proved to be a key source of sustainable competitive advantage, a view that stresses the distinct sense and importance of human resources, (Mabey, 1998). According to the study, it was found that the strategic management process in the sampled NGOs relied heavily on human resources a fact that was in most cases was seen as an initiative of the managers who categorically perceived them as a key competitive advantage determinant. The findings of the study show that, a significant number of NGO staff rated human resource capabilities as the key resources (7.4%) within the studied organizations. From the findings, it can be asserted that if managers perceive human resource as an important resource they would diligently emphasis on increasing the human resource capabilities of their organizations.

This therefore implies and reaffirms that fact that the organization's competitive advantage is considerably determined by its human resource capability. From the results, effective utilization of the human resources in the studied organizations is definitely related to the top management opinion of the human resources as potential factors of performance. Most of the interviewed managers preferred having staff on fixed contract terms as opposed to temporary or outsourced consultants since they perceived those on fixed term contracts as more resourceful in the long run due to the continuous learning they are exposed to in the current turbulent environment. Majority of the respondents were of the view that such an engagement was crucial in retaining the institutional memory in the event of a change in strategy due to unforeseen environmental factors.

### **4.3.5 Ability to fundraise**

From the focus discussion group with the NGO managers, it was noted that it was impossible for organizations to discuss about their future plans in the absence of the monetary aid to actualize the plans, since the NGOs in the study were exclusively donor dependent. It is also impossible to get the monetary aid for the programs without demonstrating these programs to the donors. This complicates the NGO survival tactics even though it outlines the foundation for a well thought out resource mobilization strategy. As a general concern, it could be concluded that the current global economic meltdown does not help things out and the organization that cannot be able to survive.

It was therefore noted that an organizations' ability to fundraise was a key strategic capability for the sampled NGOs in the study at 37% compared to other capabilities, with only financial resource capability surpassing the ability to fundraise. Furthermore, it was realized that successful resource mobilization initiatives were a product of well researched and studied fundraising strategies that involved adequate feasibility studies and program planning with a vivid dig at the potential donors and their availability.

Generally most of the interviewed organizations do well understand the funding challenge prompting a significant number to respond with specific business models, effective strategizing and modern skillful income generating efforts which yielded successful performance across their core competencies. They have reviewed their resource mobilization efforts and looked beyond the traditional donors in the West and approached the general public, individuals with a high net worth, approached new corporate entities for both in kind and monetary support and invested in specific

fundraising programs unique to various situations. They have designed some cost sharing and or recovery programs that involve beneficiaries paying part of the program costs or contributing towards several initiatives after their successful graduation and transitioning from the empowerment programs. Some of the NGOs do own and or manage various enterprises in order to raise funds for operational costs. For instance, it was found out that some organizations have for a long period of time operated business enterprises in order to subsidize their initiatives while at the same time selling unique merchandise through customized partnerships with commercial entities, the internet and many other channels.

#### **4.3.6 Financial Resources**

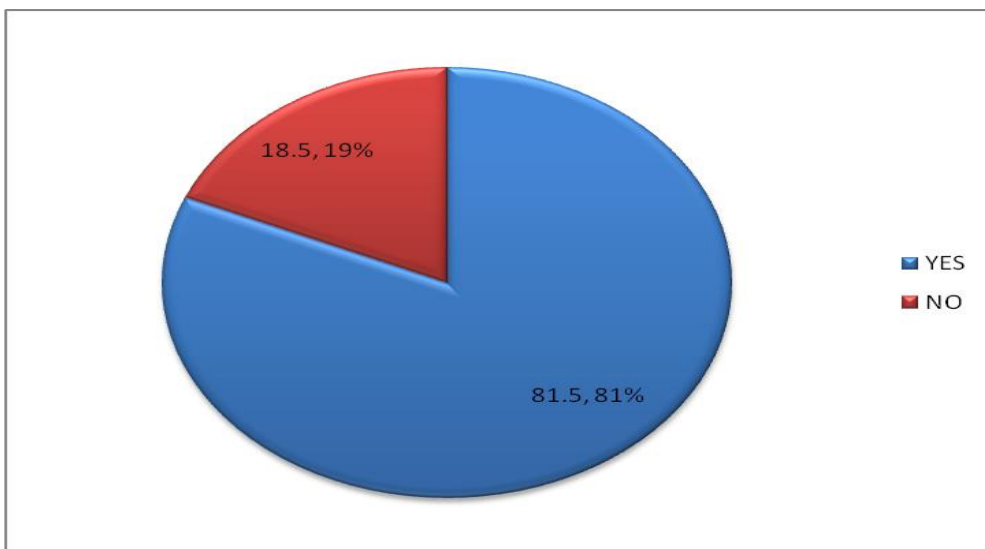
Reaching a satisfactory level of financial capability on a sustainable front requires more than just securing funds from donors for NGOs in Nairobi County. It was realized that it requires as much strengthening NGO organizational and operational capacities. According to the respondents, there is a casual correlation between the organization's financial resources and the general organization leadership, management public image and service delivery. Notably, existing financial resources was rated as the most essential element of strategic capability at 40% in NGOs in Nairobi County. The current donor world lays emphasis on the current and past organization information provision in relation to the respective operations and financial management as a way of assessing their confidence intervals before engaging in any major granting contracts, (Bray, 2010).

Majority of the respondents were of the view that attaining financial stability and sustainability is the key driver to the organizations being able to accomplish their strategic goals. In order for this to be achieved, the respondents had various

approaches ranging from the traditional proposal writing to seek for funds to engaging in other business related activities to be able to generate income. Indeed, many managers did attribute their financial capability to generating funds from research activities contracted to them by other corporate entities.

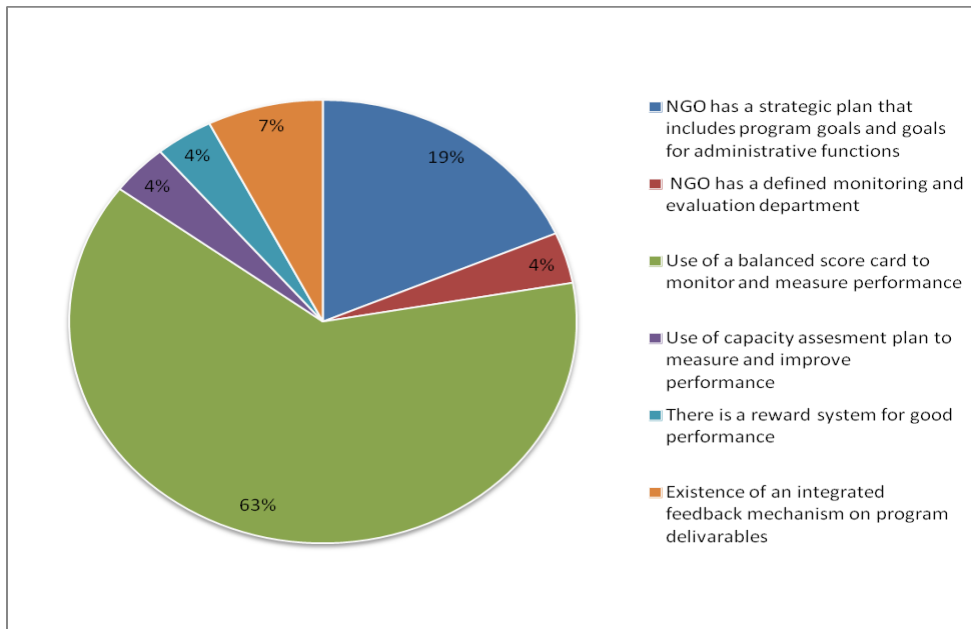
#### **4.4 Key performance indicators and measures of success for NGOs in Nairobi County**

In this section, the study sort to establish the key performance indicators of success in NGOs within Nairobi County. In this section, respondents were asked about the existence and or use of good practices to manage their performance and key processes. This was to enable the researcher to establish if indeed the NGOs do understand the idea of performance and how to actually measure it. From the analysis, 18.5% of the respondents responded negatively to the question implying that they did not have specific measures and or performance indicators to monitor their strategic goals. This could be interpreted to mean that there is no specific method to track key milestones in the NGO activities and thus they seem to be working devoid of any monitoring and evaluation mechanism.



**Figure 4.5: Existence and or use of good practices to manage performance**

Of the respondents in the same question, 81.5% responded in the affirmative, indicating that they do have the performance measures in place. The respondents had various parameters and or ways of measuring their performance which could clearly be deduced by the researcher as the key indicators of performance within the targeted NGOs. Some of the parameters and measures allude to included; a strategic plan with specific program goals and administrative functions, the existence of a monitoring and evaluation department, use of a balanced score card to measure performance, the existence and use of a capacity assessment plan/tool, a performance reward system for good performance and the use of an integrated feedback system with key stakeholders including donors and the community clientele to improve internal processes and general program deliverables. The pie chart below shows the extent to which various NGOs in Nairobi County view and use the various aspects as key performance indicators.



**Figure 4.6: Existence and or use of performance indicators and measures**

#### **4.4.1 Strategic Plan with Specific Goals and Administrative Functions**

In the development of every strategic plan, the getting a well written plan is the main focus during the strategic planning phase. This aims at not only developing goals but also to having them accomplished. Accomplishment of the goals can be determined through various ways including the measurement of performance. It therefore can be inferred that, organizations that do not have a strategic plan with clear program goals and functions would be limited in establishing whether they are making progress or failing in their mandate. With a clear strategic plan, one can simply use basic tools to know if the organization is performing as to the planned goals or not. From this study, it was found out that 19% of the sampled organizations had a well drafted strategic plan that they used to track their performance periodically. When probed further on how the use of a strategic plan could aid them on this, they identified the following aspects in reference to this; identifying your starting point, monitoring and measuring progress, knowing whether the organization is moving in the expected direction and helping them establish whether the organization is achieving the targeted goals or is narrowing the gap between where it is and where it wants to be in future.

For a successful planning model, it is important to have clear indicators and measures which are key components. In the process of strategic development, the values, mission and vision of the organization do form the core of the process. The path to that future vision is highlighted by the goals. There is need to incorporate the specific strategies, actions and improvement initiatives into the operational activities of the organization to reach the goals. Strategic indicators and measures of performance and will indicate the progress the NGO is making.

According to the NGO program implementation staff and managers, the key to selecting the measures and indicators in regards to this component lies in asking on the best way to measure key milestones in a manner that is understandable by use of basic data that can be readily available within the organizations limited resources.

#### **4.4.2 Established Monitoring and Evaluation Department**

About 4% of the sampled NGOs in Nairobi County admitted to having fully fledged monitoring and evaluation departments that are adequately funded in order to track their overall performance within the organization. According to the respondents, their NGOs overall performance assessment was a function of a separate and dedicated monitoring and evaluation department. Monitoring involves gathering program progress information in a long term process which is systematic. On the other hand, evaluation is concerned with actual deliveries of the project plan alongside achievement of the outlined goals.

In assessing the achievement of project goals, the study found out that Monitoring and Evaluation (M&E) were critically essential for NGOs in Nairobi County. At the onset, it is easier for the projects staff to understand and make necessary adjustments guided by the periodic results of assessing the project development cycle. Donors on their part do use the M&E trackers as a measure of NGO reliability and efficiency, a fact that comes in handy when making granting decisions. A review of the final project outcomes and milestones gives a measure of accountability to the grant makers.

Overall, it was noted that some NGOs viewed M&E as a simple and basic tool of accountability that enhances transparency among their programs. According to Plan International, for instance, in a donor's perspective, it is extremely gross for the organization not to make them understand how the organization is utilizing budgetary

allocations and the associated resources in program implementation. For this reason, visibility of all aspects of program management and implementation including all the challenges and the respective mitigation measures are paramount and must be clearly documented and presented to all the relevant and interested bodies. It can therefore be concluded that monitoring has the ability to enhance project communication between donors and NGOs by providing the necessary tools and instruments throughout the project implementation period, a capability that cannot be overlooked.

#### **4.4.3 Use of the Balanced Score Card**

The balanced score card (BSC) is the most common measure of performance based on the study findings at 63% among all the indicators and measures that were reported. It is also worth to note that, Kaplan (2001) argues that the balanced scorecard is suitable for and can be used by the NGOs since there are numerous successes that have been reported in the non-profit world who have implemented the BSC in the developed world.

According to the respondents, one of the major advantages of the BSC as a measure of performance tool is its ability to link the major perspectives; financial, customer, internal processes and learning and growth, in a casual chain through an even presentation of monetary and non-monetary terms. It was however noted that the perspective focusing on finance, in this case of NGOs, being of less interest to the respondents' overall goals which revolve around resolution of social problems.

From the discussion with a cross section of the NGO managers in Nairobi County, it was discovered that in order to sustain a sense of equilibrium between the organization's competence and the environment including the measurement of sufficient resource allocation, a complex performance management tool that takes into

account the several dimensions and the process of strategic management was the key element. The environment and core competence interactions were reported to be the key drivers towards endearing the organizations in pursuing the achievement of their visions.

#### **4.4.4 Use of Capacity Assessment Plan to Measure and Improve Performance**

Of the total respondents, 4% did acknowledge that they measure their performance by means of developing and tracking a capacity development plan. It was noted that measuring NGO development over time requires establishing a starting point. As with any development initiative, you can only measure progress if you know where you started. The best place to begin is with an assessment of the organization's current status, identifying its major strengths and weaknesses.

According to the respondents, the results of an organizational capacity assessment (OCA) produce a baseline against which future performance may be tracked. An OCA helps identify areas for improvement against recognized management standards. Moreover, based on its analysis, the organization can develop an action plan to plot the way forward and identify areas where outside technical assistance may be needed. The organizations would therefore define specific improvement measures towards strengthening the staff capacity based on the OCA results as a way not only to measure performance, but also to build the capacity on the NGOs. This concept was seen as more economic and efficient given the amount of resources that would be invested in a monitoring and evaluation department for those NGOs that did not have major financial capabilities.

#### **4.4.5 Reward System for Good Performance**

This approach was polled at 4% of the respondents. With the global village environment the needs of the workforce are highly articulate with close monitoring by not only them but also by relevant agencies. As such, the desire by workers to attain the most enviable returns like comfortable lifestyles, competitive salaries, and work life balance among other benefits is at its peak. There is high competition among NGOs and other entities including governments and corporate players which proliferates the need to acquire top talent and this requires definite philosophies geared towards development of innovation to tap the intrinsic motivation of staff by fully engaging their persona. This was seen as a difficult task to achieve, but the major NGOs appeared to have robust practices institutionalized alongside processes that were satisfactorily effective to enhance the acquisition of top talent and keep them highly motivated.

The measure and improvement of employees' motivation and associated practices is of immense benefit to the employers in the current era, and indeed there exists evidence to support this claim, (Combs 2006). While studying IT companies, Thompson (2000) realized the value of various motivational elements on organizational performance. Among these elements were capacity building, salaries based on employee competence, rewards for teams within the organization among others.

When probed to contextualize this assertion, the NGOs gave examples of resource mobilization managers and or grant managers whose core mandate is to assess the social needs and come out with donor friendly concepts to attract grants. As a result, their respective pay is competence based as it reflects donor satisfaction with the

project deliverables for some NGOs. In essence, the higher the rewards to these key staff, the better the organization is perceived to perform and vice versa. In most cases, it was argued that financial sustainability and performance for donor dependent NGOs in Nairobi County was directly associated with consistent positive performance and hence a prolonged reward system from a particular donor would reflect a better performance.

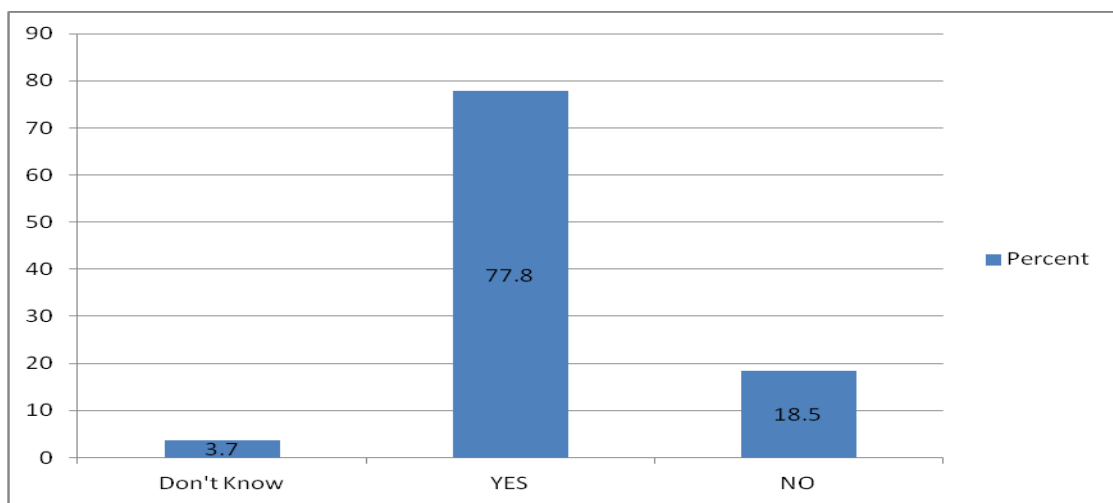
#### **4.4.6 Integrated Feedback Mechanism**

7% of the respondents cited the integrated feedback mechanism on project deliverables targeting donors and community clientele as their major measure of performance. This is mainly done through periodic reports which are integrated in technological tools like *Salesforce*. The managers are able to access their dash boards and key in specific daily, weekly and or even monthly deliverables as well as monitor the field program implementation staff. In most cases, the system is integrated alongside the donor platform and thus easily tracked and can reveal donor approvals and satisfaction indices revealing the overall organization performance.

Communities on the other hand are able to access key milestone trackers on their project involvement and have the opportunity to recommend ways of improving program delivery. In the end, this system acts as a self-regulating conveyor belt that eases the time consuming traditional monitoring and evaluation processes according to some of the interviewed NGO managers in Nairobi County.

## Performance Management

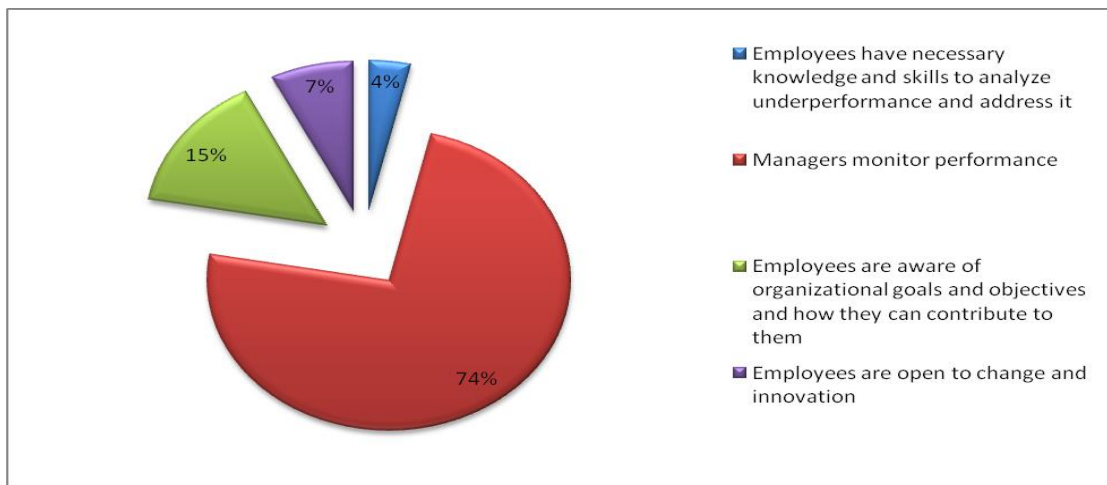
After highlighting the possible performance measures and indicators, the study sort to establish the level to which the NGOs in Nairobi County were adequately equipped with knowledge and skills to manage the relevant performance processes. As it can be seen from the figure 7 below, 77.8% of the respondents answered in the affirmative, 18.5% said know while 3.7% did not know if their NGOs had sufficient knowledge and skills to manage performance relevant processes.



**Figure 4.7: Does the organization have adequate knowledge and skills to manage performance relevant processes?**

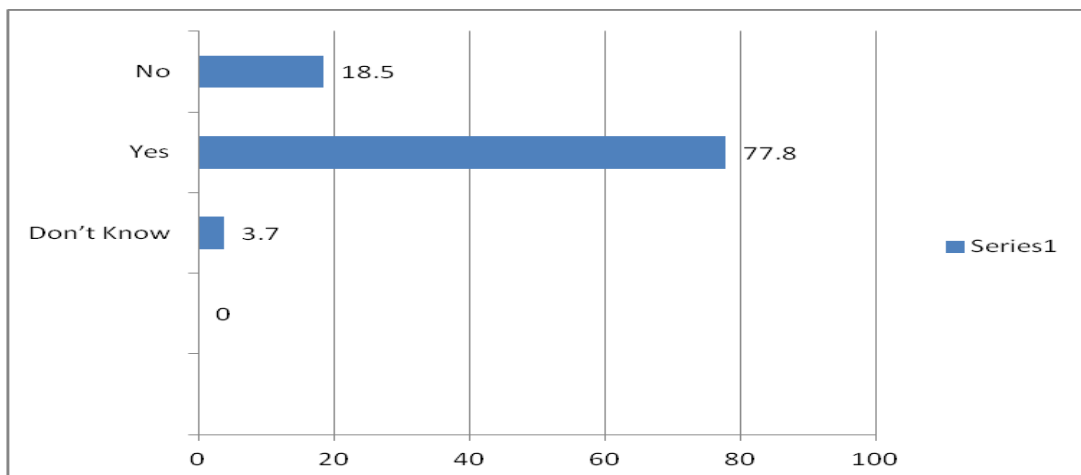
When probed further; for those who answered in the affirmative, the researcher wanted to ascertain why they were of the opinion that their organizations had adequate knowledge and skills on performance management. The reasons for this opinion were listed as managers in their organizations frequently monitored performance, employees could address underperformance and address it since they were competent enough, employees were aware of the organizational goals and objectives and how they could contribute to them alongside the fact that employees were open to change and innovation. These results are highlighted in the figure below.

The results show that most of the NGO do rely heavily on their managers being able to monitor performance at 74% against other parameters as in the pie chart.



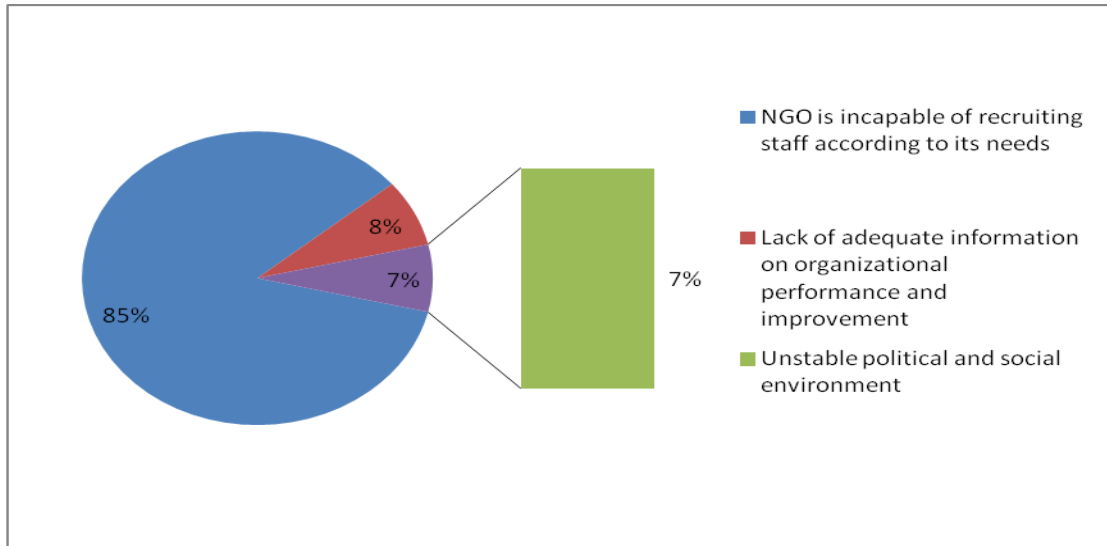
**Figure 4.8: Explaining why NGO has adequate knowledge and skills Internal and external environment effect on performance**

In the process of seeking to understand dynamics that influence the positive performance of NGOs in Nairobi County in terms of the influence brought about by environmental factors, the study asked the respondents to rate their environment as good to enhance organizational support or not. The results showed that 77.8% of the respondents said yes, 18.5% said no while 3.7% did not know the influence of the environment on their organizational performance.



**Figure 4.9: Does the environment support good performance?**

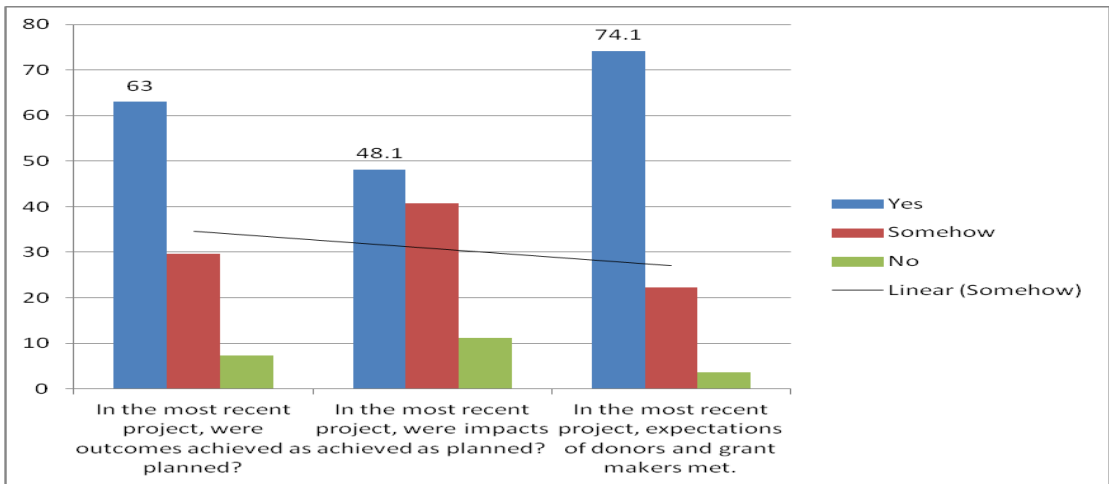
The researcher further sort to know from those who said no, the reason why they believed that both the external and internal environment did not support good performance in their NGOs. The results revealed various reasons with various degrees of variance below.



**Figure 4.10: Explaining why the environment does not support good performance**

#### **Performance measure on projects**

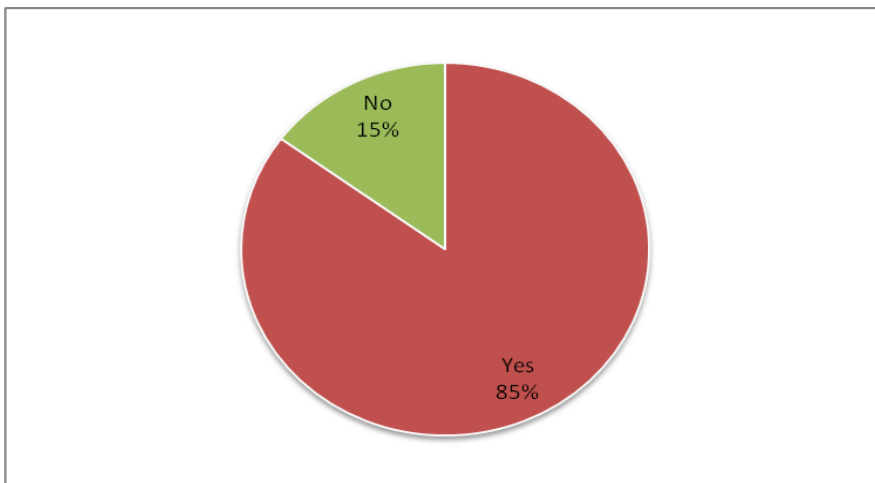
As a final evaluation on the concept of performance, the researcher sort to establish the extent to which the respondents rate their NGO performance based on three factors i.e. achievement of project impacts, achievement of project outcomes and meeting donor and grant maker expectations. The results show that most NGOs do perceive that they have indeed positively performed above average on the three aspects even though there is a linear decline across the three respectively.



**Figure 4.11: Performance measure on projects**

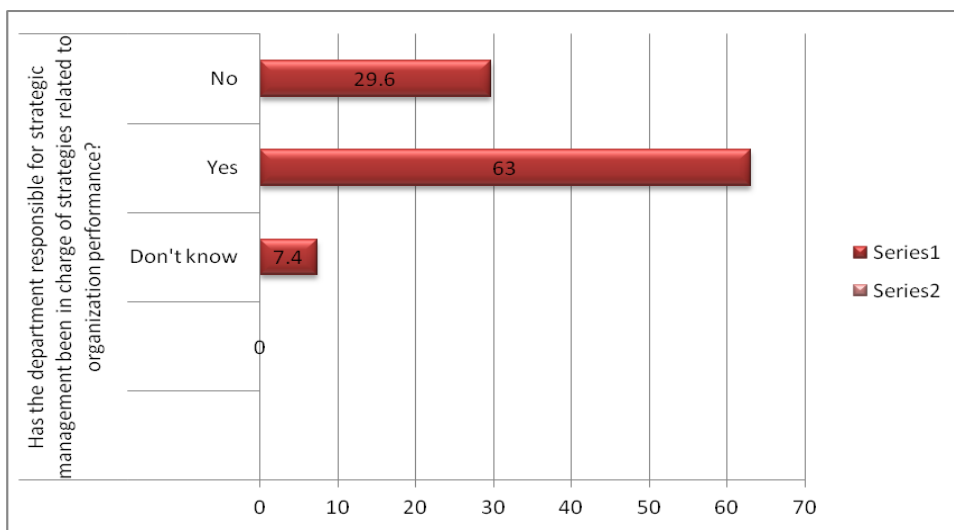
#### 4.5 Correlation between Strategic Capabilities and Performance

In this section, the researcher sort to establish if there exists a correlation between the strategic capabilities and performance of NGOs in Nairobi County. To be able understand this correlation, the respondents were asked if their respective NGOs indeed had a strategic plan. The results showed that 15% of the organizations did not have the strategic plan while a significant 85% had a strategic document within their organization.



**Figure 4.12: Does this NGO have a strategic management plan?**

After establishing that 85% of the respondents had strategic plans in their NGOs, the researcher then sort to know what percentage of the NGOs in this category had established strategic management departments who have been in charge of the strategies related to organization performance. The results showed that 29.6% of the respondents said no while 7.4% did not know. A significant 63% answered in the affirmative and when probed further on why they thought so, they gave various reasons.



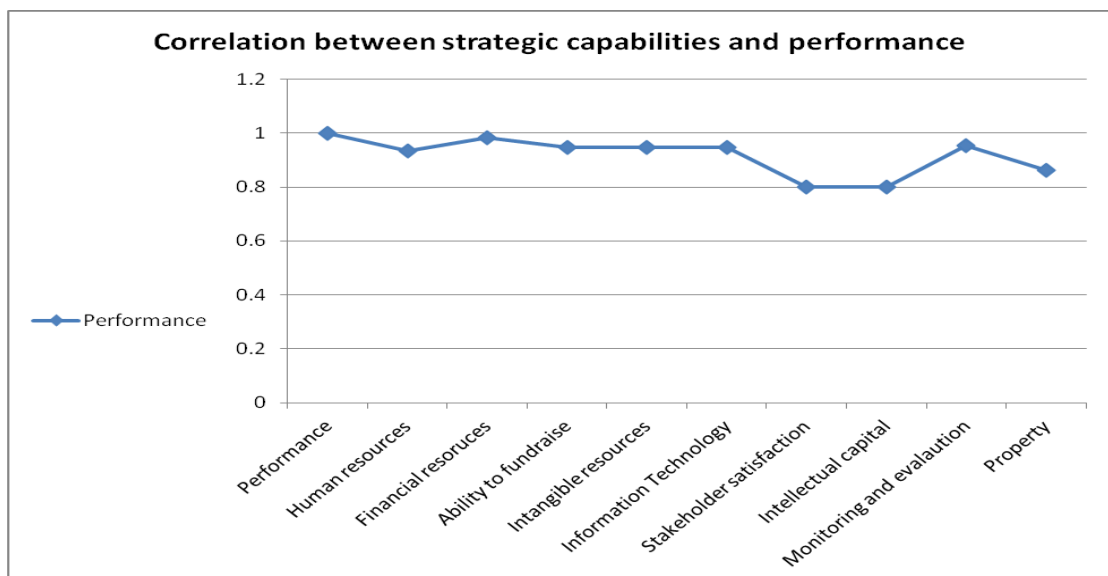
**Figure 4.13: Managing Organization Performance by Relevant Department**

Among the reasons that were highlighted included the explanation that the department had set a period for the evaluation of its strategies and prepared various plans for future strategies, some had designed performance indicators to monitor the inputs and outputs of any activity that was in the organization. Additionally, they had come up with a motivation, appraisal and reward schemes to monitor performance and encourage poor staff to step up their efforts in achieving the organizational goals. It was also reported that organizational behavior had been key in ensuring that all departments in the organization are in synergy and in line with the strategic plan for the organization by doing frequent evaluations of strategies on organization's performance by these departments. In some organizations it was noted that the

department was constituted by the staff in-charge of human resources whether within the project and outside the project thus follow ups were frequently made to ensure that the organizations have support to deliver quality projects.

### Strategic capabilities enhancing performance

In order to establish if indeed the strategic capability of NGOs enhance performance, the study sort to correlate the two variables by asking respondents to rate each of the possible strategic capability against a performance enhancement scale of; to a greater extent, to some extent and to a lower extent. All the responses were correlated in Microsoft excel and it was discovered that there was a high correlation between strategic capability and performance of NGOs in Nairobi County. The correlation coefficients for each strategic capability against organizational performance ranged between the values 0.80 to 0.93 as can be illustrated in the table below.



**Figure 4.14: Correlation between strategic capabilities and performance**

## **4.6 Discussion of the Findings**

The study sort to establish the strategic capabilities of NGOs in Nairobi County and their effect on the organizations' performance. The research was anchored on two theories i.e. the open systems theory and the contingency theory. The research findings on the examination of the strategic capability of NGOs in Nairobi County and their effect on performance revealed that there are numerous capabilities among various organizations based on their area of focus, type of management, organization size among other variables. There were various differences based on the aforementioned factors but this did not limit the application of the strategic management concept in the sampled oorganizations. Specifically, the researcher singled out six major elements of strategic capability among the respondents. This finding is in line with the contingency theory that states that optimal performance of corporations, leadership and or decision making has no one best way. The external and internal environment dictates or is a contingent for any optimal course of action in organizations.

The capabilities are myriad and vary in nature and complexities; there are those that can be seen as core while at the same time we have those that can be seen as complementary ones to the core capabilities. The key challenge is the establishment of the correlation among these capabilities and also with the performance given the ever changing factors of production, social needs, internal complexities and the general external environment, a fact that tend to legitimize the open systems theory. It is for this reason, perhaps, that we have various organizations ranking the capabilities differently.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter documents the summary of the study findings whose main objective was to examine the strategic capability of NGOs in Nairobi County and how this affects their performance. It also presents the conclusions that were made from the study; the recommendations as well as the suggestions on areas where further research may be required in order to provide more knowledge that can bridge the research gaps that may have been left by this study.

### **5.2 Summary of Findings**

Based on the study objectives, the researcher systematically analyzed the findings with respect to each objective. The researcher therefore summarizes the respective findings in this section as per the study objectives in two major headlines of elements of strategic capability and performance measurement alongside a brief summary on the correlation of the two aspects as outlined earlier in the study.

#### **5.2.1 Elements of Strategic Capability**

From the study findings, the capacity for survival and positive performance is come across as a major capability that compares the NGOs in Nairobi. Organizations that live within the worries of fulfilling their monetary obligations within the months whether they are wages and or general overheads cannot effectively fulfill their visions. From this study, it was noted that the ramifications for strategic capability are straight forward. It is the responsibility of the organizational responsibility not only to foster short term survival, but also the long term sustainability of the

organizations. As a result, it is important for the management to strive and obtain predictable and sustainable funding sources that would enable the organization execute the planned programs and enhance institutional strengthening through hiring of competent staff and generally deploy the necessary systems. As explained earlier, the major capability to basically keep the organization at a break-even threshold is therefore the financial capability that any NGO worth sustaining itself must strive to achieve.

The focus group discussions with NGO managers in this study revealed that attaining financial stability was as a result of various multiple factors ranging from the actual monetary sources that is needed for diversity to the ability of the organization to acquire and retain competent personnel. The personnel staffs herein need to be competent enough with sound financial skills and techniques to be able to understand and regulate the financial overflow so that the project indirect expenditure does not supersede the actual direct cost on any given project as this would technically save the NGO some crucial funds. This should be a general and basic knowledge and skill for all the staff notwithstanding their specific areas of expertise. A significant number of the sampled NGOs in Nairobi County do have independent and quite professional finance departments well equipped with the right staff. As a matter of fact, it is worth to note that most donors do rely heavily on an organization's financial reports and this implies that these organizations have no choice but to efficiently monitor and control their financial activities as a procedure towards monitoring their performance progress. To achieve this, some NGOs have engaged both the services of internal and external auditors with some even going to the extent of using IT as a measure of financial control.

Despite the enormous opportunities that do come with information technology as seen in some organizations, only a few NGOs from the sample did understand and appreciate this fact with some not having sufficient investments in the IT infrastructures and staff capacity building, overlooking this capability as a basic function that adds no greater value to their operations. This technological isolation of some of the organizations has led them to be at crossroads and are unable to identify and acquire suitable IT tools that can enhance their performance. Another issue that was noted amongst some of those with average IT infrastructure was the disconnection between the IT department and the general organization strategy; hence major gaps were seen in terms of alignment of the departmental goals towards achieving the long term objectives of the organization. Organizations that have invested in this sector generally showed greater performance and efficiency unlike their counterparts that were lagging behind as this was a major enabler of success. There is therefore need for the NGO leadership to keep abreast with the current technological advancements in order to make sound decisions regarding the adoption of the best products that will enable them achieve their vision.

### **5.2.2 Performance Indicators and Measurement**

The indicators and measures of performance offer immense benefits to the organizations as they serve as communication tools, change management tools, vehicles for organizational learning and drivers of improvement. However, the identification of these measures are time consuming and the leadership should therefore adequately invest in both resources and time in order to reap off the maximum benefits. The best approach is to incorporate the process early enough in the planning process so as to have a baseline report against which subsequent

measurement on whether progress is being made can be benchmarked. Some of the NGOs that were interviewed reported that specific performance structures were costly since they did not have budgetary allocations for such crucial exercises.

Simple tools can be developed to enable NGO managers and program implantation staff to be able to track their progress. This cannot be overemphasized since it can be easily achieved as long as the program the relevant teams do understand the various program goals. It is also imperative to note that constant evaluation is done in order to reveal the existing capabilities and any opportunities that may arise. As noted within the study, the environment is a key player in shaping the performance of any organization and with it comes unstable or less static scenarios hence calling on not only NGOs, but all organizations to be able to adapt accordingly. The social context in which the NGOs operate is also subject to change and thus need for consistent evaluation in order to design programs that address the current social issues and also appeal to the donor community. Through performance evaluation, NGOs are able to keep the donors and communities well informed on their day to day operations and therefore increasing and opening new doors for support and collaboration.

### **5.3 Conclusion**

All organizations irrespective of their status and area of operation have the desire to be effective in their operations and attain a level of sustainability including all NGOs not only in Nairobi County but across the world. To achieve this ultimate goal, an organization must adopt and cultivate various strategic capabilities. The issue of capability must therefore be of a central focus for any organization and should be continually assessed and addressed rather than being assumed to a one off process that is only tackled during the launching of a new entity. In the NGO world for

instance, the achievement of specific project goals lays the foundation of newer program development that would need better innovative approaches in order to deliver on the underlying social issue that could be a metamorphosis of the previous status which may not be addressed with the same approach as before. This approach enables the organizations to gain trust from both donors and the community at large. Trial of new ideas has the possibility of generating unexpected breakthroughs in solving the ever dynamic social issues. The adoption of new and innovative ways of operations leads to a greater interest from various stakeholders and thus sufficient funding and this increases the scalability of the NGO operations making it more sustainable despite exposing the organization to newer capabilities. It is therefore not a linear model when it comes to attaining and sustaining the capabilities but rather a multiple factors that coalesce and brew up to generate the best fit of what an NGO needs based on their context.

Finally, despite the financial sustainability which apparently seems to be the hallmark of the NGOs in Nairobi County, there were also other capabilities that were noted and must be keenly taken into consideration by any NGO that wants to prosper. Among these elements were information technology, ability to fundraise, intellectual capital, human resources, property, intangible resources, core competences, research and development, strategic planning among others. As the results revealed, this study concludes that there is indeed a strong correlation between strategic capabilities and performance of NGOs in Nairobi County.

## **5.4 Implications of the Study**

The results of the study in regard to the objective reveal that most NGOs in Nairobi County do understand and value their strategic capabilities. A considerable proportion of the managers do not communicate policies and decisions to their staff and partners. Some senior NGO managers have a lot of power and influence and therefore can easily overturn some decisions made if they are not supportive of them. It will be important for these managers to consider communicating to staff and partners about the policies and decisions they make in their strategic management process. This will enable the organization to achieve the outlined objectives as originally envisioned in the strategic plan and therefore the change in strategy will have a buy in from the employees and hence improve synergy and output. This will also bring about innovative ideas even as the wind of change moves across the social fabric across which the NGO work is anchored.

While the staffing issue in itself a challenge given the lack of adequate staff, it was noted that even the few in existence are in urgent need of being given the capacity to understand strategic management issues, particularly the middle level staff. This brings to question some of the hiring procedures in the NGOs and there is need to address the issue. The general leadership style should be democratic with a view of delegating responsibilities to middle level staff a procedure that is aimed at improving the decision making process within the organizations and harnessing the employee potentials. Performance monitoring should highly be regarded as part and parcel of the general process of strategy implementation and the leadership in this case needs to put measures in place to ensure that there is due diligence in consistent monitoring and evaluation of key indicators and parameters not only on project deliverables but also on staff functions so as to attain a holistic positive performance

devoid of basic avoidable gaps that can jeopardize the general NGO performance in face of donors and or communities. Strategic implementation failures arise from poor planning and communication of the organizational direction to all stakeholders. NGOs in Nairobi County therefore need to accord the strategic management process ample resources and involve all the stakeholders in the planning process as a way of forging a common understanding making it easier to deliver on the agreed tasks.

### **5.5 Limitations of the Study**

The limitation in the study emanated from the fact that most studies in literature reviews have different view of what exactly are the major elements of capability for NGOs. In summary it apparently appeared that there were no clear and strategic capabilities since the whole notion of strategic capability is highly fluid and depends heavily on various contextual variables. However, they all tend to stress that for an organization to survive and remain competitive they need to respond to the ever changing environment by formulating goals and objectives to propel the organization forward. As observed by Aosa (1992) management is sensitive to the context in which it is practiced. This means that organizations that are in similar business do have distinct internal environment to the other organizations and as such do respond distinctively to the external environment. Such limitations should be addressed in the organizational strategic management that will streamline overall organizational processes.

The study searched for contradictions on the information given by respondents and minimal discrepancies were discovered. Some sections or questions were not filled and it was noted in the data analysis. It is known that an organization exists for stakeholders and partners but the way to achieve this may not necessarily be same for

all. Some of the respondents, particularly from the administrative departments didn't seem to have strategy focus idea on their minds. They either have not been inducted to strategy management classes or they have different field carrier other than strategy management or they lack the experience needed. There was also the constraint of time and availability of the respondents within the short period the questionnaires were to be filled. The researcher therefore converted the questionnaire document to Google forms and shared the survey link online to the relevant respondents.

### **5.6 Suggestions for Further Research**

Further research is recommended in in-depth analysis into the strategic capabilities for NGOs and their effect on organizational performance effectiveness of evaluations and feedback. The NGO management should study more theories and literature on many strategic management practices in order to seize the otherwise untapped opportunities that would offer them profound and unique capabilities that would aid their organization's competitive advantage in this era of limited resources and dwindling donor support.

As a matter of concern, there is need for a research to understand the human resource capability for the NGOs in Nairobi. As found out within the study, a major disconnect was noted with middle level staff not having a basic understanding of the NGO vision. This could be due to a number of factors ranging from to the general human resource management styles of the NGO leadership to unstructured recruitment procedures not forgetting the lack of managerial will to adopt the concept of strategic management in these organizations.

## REFERENCES

- Aaker, A. D. (1998), *Strategic Market Management*. New York: Willey
- Analoui, F., & Samour, A. (2012). Strategic management: the case of NGOs in Palestine. *Management Research Review*, Vol. 35 Iss: 6, 473 - 489.
- Ansoff, H. I. (1979). *Strategic management*. London: The MacMillan Press Ltd
- Ansoff, H. I., & McDonnell, E. J. (1984). *Implanting Strategic Management*. New York: Prentice Hall.
- Ansoff, H. I., & McDonnell, E. J. (1990). *Implanting Strategic Management*. Englewood Cliffs, NJ: Prentice-Hall International.
- Aosa, E. (1992). An empirical investigation of aspects of strategy formulation and implementation with large, private manufacturing companies in Kenya. *Unpublished thesis*. Nairobi: University of Nairobi.
- Barney, J.B., (1991). Firm resources and sustained competitive advantage. *Journal of Management*, Vol. 17, 27-9.
- Bryson, J. M. (1989). *Strategic planning for public and non profit organizations*. New York Jossey Bass.
- Bryson, J. M. (1995). *Strategic planning for public and non profit organizations*. San Francisco: Jossey-Bass Publishers.
- Burns, T. & Stalker, G.M. (1961). *The management of innovation*. London: Tavistock.
- Chamberlin, E.H. (1933). *The theory of monopolistic competition*. Cambridge, Harvard University Press.
- Chandler, A.D., (1962). Strategy and structure. Chapters in the history of the industrial Enterprise. Cambridge, MIT Press.
- Drucker, P. (1974). *Management: Tasks, Responsibilities, and Performance*. New York, NY: HarperCollins.

- Hambrick, D. C. (1982). Environmental scanning and organizational strategy. *Strategic Management Journal*, 3, 159-17
- Hamel, G. and Prahalad, C. K. (1993, March-April). Strategy as stretch and leverage. *Harvard Business Review*, 75-84.
- Grant, R. M. (2003). Strategic planning in a turbulent environment: evidence from the oil majors. *Strategic Management Journal*, 24(5), 491-517.
- Jacobs, D. (1999). *Strategie als spel, wanneer draagt strategie bij? [Strategy as a game, when does strategy contribute?]*, Lannoo, Scriptum Management, Schiedam
- Johnson, G., & Scholes, E. (1997). *Exploring Corporate Strategy*, (4th Edition). New Delhi: Prentice Hall, India.
- Johnson, G., Scholes, K., & Whittington, R. (2008). *Exploring Corporate Strategy*, (8<sup>th</sup> Ed). New York: Prentice Hall.
- Kathama, L. K. (2012). Strategic planning practices and performance of state corporations in Kenya. *Unpublished MBA thesis*. Nairobi: University of Nairobi.
- Mintzberg, H. (1994). *The Rise and Fall of Strategic Planning*. Harvard Business Press.
- Mintzberg, H. and Quinn, J. B. (1991). *The strategy process: Concepts, contexts and cases*. New Jersey: Prentice-Hall.
- Mufudza, T., Jengeta, M., & Hove, P. (2013). The usefulness of strategic planning in a turbulent economic environment: a case of Zimbabwe during the period 2007-2009. *Business Strategy Series, Vol. 14 Iss: 1*, 24-29.
- Mutindi, M. (2013). Strategic change management practices of international non-governmental (*unpublished MBA Project*). University of Nairobi, Kenya
- Ochieng, D. (2013). Strategic change management practices and performance of non-governmental organization in Nairobi, Kenya (*unpublished MBA Project*). University of Nairobi, Kenya.

- Osano, Mary. (2013). Stakeholder Involvement in Strategic Management Process in Health based, on Governmental Organization in Nairobi County, Kenya (*unpublished MBA Project*). University of Nairobi, Kenya.
- Saunders, M., Lewis, P., & Thornbill, A. (2003). *Research Methods for Business Students*. New York: Prentice Hall.
- Pearce, J. A. (2011). *Strategic Management Formulation, Implementation, and Control*, (2nd Ed). Boston: McGraw Hill.
- Prahalad, C. K. and Hamel, G. (1990, May-June). The core competence of the corporation. *Harvard Business Review*, 79-91.
- Prescott, J.E., (1986) Environments as moderators of the relationship between strategy and performance', *Academy of Management Journal*, Vol. 29, 45-9.
- Reeves, M., & Deimler, M. (2011). Adaptability: The New Competitive Advantage. *Harvard Business Review*, 89 (7), 135-141.
- Rumelt, R.P., D. Schendel & D. Teece, (1991). Strategic management and Economics. *Strategic Management Journal*, Vol. 12.
- Schendel, D. & C. Hofer, (1979). *Strategic management: A new view of business policy and planning*. Boston, Little, Brown & Co.
- Stalk, G., Evans, P. and Shulman, L. (1992, March-April). Competition on capabilities the new rules of the corporate strategy. *Harvard Business Review*, 57-69.
- The NGO Co-ordination Board. (2009). National Survey of NGOs Report. Nairobi: *The NGO Co-ordination Board*
- Venkatraman, N. & V. Ramanujam, (1986). Measurement of business performance in strategy research: A comparison of approaches. *Academy of Management Review*, Vol. 11.
- Weerawardena, J., McDonald, R. E., & Mort, G. S. (2009). Sustainability of non profit organizations: An empirical investigation. *Journal of World Business*, 348 – 355.

## APPENDICES

### APPENDIX I: COVER LETTER

Benson Masero,  
University of Nairobi, MBA Programme,  
P.O Box 30197,  
Nairobi, Kenya  
Email: [bsmasero@gmail.com](mailto:bsmasero@gmail.com).  
Tel: 0720341037

Dear Respondent,

**REF: Request for collection of data from your organization**

This is to request for your support in collecting data on strategic capability and performance of NGOs in Nairobi County. This is in partial fulfillment of the requirement of the Master in Business Administration degree program at The University of Nairobi.

The purpose of this study is to examine the strategic capability of NGOs in Nairobi County and how this affects their performance. The results of this study will contribute to the broad understanding of how strategic management shapes the strategic capability of NGOs in Kenya and subsequently improve the organization performance, therefore, giving insights on what needs to be done for NGOs to continue advancing their mission and continue addressing the various public needs they address.

This is an academic research and confidentiality is strictly emphasized, your name or that of your organization will not appear anywhere in the report. Kindly spare some time to complete the questionnaire attached.

Thank you.

Yours Sincerely,

**Benson Masero**

## APPENDIX II: QUESTIONNAIRE

The purpose of this study is to examine the “**To examine the strategic capability of NGOs in Nairobi County and how this affects their performance.**” The findings of this study will provide the management of NGOs as well as other stakeholders with information that can be used to increase their strategic capability and continue to meet their missions’ objectives into the future. This is an academic exercise and all information collected from respondents will be treated with strict confidentiality.

<b>PART A: GENERAL INFORMATION</b>			
1	Name (optional)		
2	Sex	Male	1
		Female	2
3	Age in completed years		
4	Level of education completed	No education	1
		Primary	2
		Secondary	3
		Post Secondary college	4
		University	5
		Postgraduate	6
5	Position held	Management	1
		Project implementation staff	2
		Administrative staff	3
6	Number of years worked in the NGO	Less than 1 year	1
		1-3 years	2
		4-6 years	3
		7-10 years	4
		Above 10 years	5
<b>PART B: ELEMENTS OF STRATEGIC CAPABILITY OF NGOs</b>			
7	What elements of strategic capability does your organization have? ( <i>Allow multiple answers</i> )	Financial resources	1
		Ability to fundraise	2
		Human resources	3
		Intellectual capital	4
		Property (Land, buildings)	5
		Intangible resources (Patents, know-how, relationships, networks, social, and cultural resources )	6
		Technology	7
		Infrastructure	8
		Others (specify)	9

8	How would you rate your individual strategic competence?	High	1
		Average	2
		Low	3
9	Does the organization provide strategic training to all of its employees?	Yes	1
		No	2
10	How would you rate your organization's strategic capability?	High	1
		Average	2
		Low	3
		Don't know	
11	To what extent do the aspirations of your organization's staff influence your organization's effectiveness positively?	To a greater extent	1
		To some extent	2
		To a lower extent	3
		Don't Know	4
<b>PART C: KEY PERFORMANCE INDICATORS OF SUCCESS IN NGOs</b>			
12	Does your organization have/use good practices to manage performance and other key processes?	Yes	1
		No	2
	If YES above, explain how? (Allow multiple answers)	NGO has a strategic plan that includes program goals and goals for administrative functions	1
		NGO has defined performance indicators for key processes; these are monitored regularly	2
		NGO uses a balance score card to track performance of various projects	3
		NGO has a capacity development plan in place	4
		There is a reward system for good performance	5
		Frequent communication with stakeholders; feedback is used to improve internal processes	6
Other (specify)			
13	Does the organization have adequate knowledge and skills to manage performance relevant processes?	Yes	1
		No	2
	If YES above, explain why?	Managers monitor performance	1

	<i>(Allow multiple answers)</i>	Employees have necessary knowledge and skills to analyze underperformance and address it	2
		Employees are aware of organizational goals and objectives and how they can contribute to them	3
		Employees are open to change and innovation	4
		Other (specify)	5
14	Does the environment support good performance?	Yes	1
		No	2
	If NO above, explain why? <i>(Allow multiple answers)</i>	NGO is incapable of recruiting staff according to its needs	1
		There is no access to information (e.g. through internet, library) that can help to improve organizational performance	2
		Unstable political and social environment	3
		Delivery delays and supply problems due to poor infrastructure	4
		Other (specify)	5
15	In the most recent project, were outcomes achieved as planned?	Yes	1
		Somehow	2
		No	3
16	In the most recent project, were impacts achieved as planned?	Yes	1
		Somehow	2
		No	3
17	In the most recent project, expectations of donors and grant makers met.	Yes	1
		Somehow	2
		No	3
<b>SECTION D: CORRELATION BETWEEN STRATEGIC CAPABILITIES AND PERFORMANCE OF NGOs</b>			
18	Does this NGO have a strategic management plan?	Yes	1
		No	2
19	Has the department responsible for strategic management been in charge of strategies related to organization performance?	Yes	1
		No	2
	If YES above, explain how?		
20	To what extent has the use of the following strategic capabilities by your NGO enhanced its organizational performance?		

		To greater extent	To some extent	To lower extent	
	Human resources				
	Ability to fundraise				
	Monitoring and development				
	Financial resources				
	Intellectual capital				
	Stakeholder satisfaction				
	Property (land, buildings)				
	Information technology				
	Intangible resources				
21	Recommend the various ways to strengthen the relationship between strategic capabilities and performance in your organization				

## APPENDIX III: DATA COLLECTION FORM



### UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE 18/10/2016

#### TO WHOM IT MAY CONCERN

The bearer of this letter BENSON SHIMOLI MASONO

Registration No. D61/60307/2011

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



PATRICK NYABUTO  
SENIOR ADMINISTRATIVE ASSISTANT  
SCHOOL OF BUSINESS