AN ASSESSMENT OF STRATEGIC RESPONSES BY NGOs IN THE KENYAN WATER SECTOR:
A CASE OF KENYA WATER AND SANITATION CIVIL SOCIETY NETWORK (KEWASNET)

BY

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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JENNIFER MUSYOKI

A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2016
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other that the United States International University in Nairobi for academic credit.

Signed: ___________________________ Date: ________________
Musyoki, Jennifer Kanini (ID 639447)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________ Date: ________________
Prof. Paul Katushe

Signed: ___________________________ Date: ________________
Dean, School of Business
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ABSTRACT

The purpose of this study was to assess the strategic responses of NGOs in the water sector using the case of KEWASNET. As a key player in advocacy for positive change in the water sector, KEWASNET has strategically positioned itself to deliver appropriate engagement framework for its members through the launch of the current strategic plan (2015-2019). In order for KEWASNET to succeed in fulfilling their vision and mission in the sector, they must develop strategies that appreciate the influence of forces in their turbulent environment. There is adequate literature on private sector responses to challenges in the environment, however the body of knowledge for strategic responses for NGOs in Kenya still needs to be developed.

This study therefore sought to establish the strategic responses taken by KEWASNET, the challenges faced by the Network in the water sector and the mitigating factors to the challenges faced. The target population for this study were members of the governing council, senior management and staff of the secretariat, as well as representatives of the member/affiliate organizations. A descriptive research design was adopted to sample 51 respondents out of the target population. The sample size was be determined based on judgement sampling method where respondents suitable to provide the required information will be interviewed. A questionnaire was developed, tested and circulated to respondents to answer the research questions.

The study revealed that majority of the respondents agreed that partnerships are being formed among NGOs to fulfil common goals, partnerships with various national and county governments are being formed, partnerships with the private sector are formed to fulfil common goals and the partnership formed through KEWASNET as a network organization offers added value to NGO sector. The study demonstrated that diversification was the highest adopted strategic response, followed by strategic alliances then outsourcing and finally generic strategies.

The study further demonstrated that operational related challenges was the biggest challenge faced by NGOs in the water sector, followed by industry related challenges, then external related challenges and finally internal related challenges. Lastly, the study revealed that developing a resource mobilization strategy, developing a sustainable
competitive advantage, improving stakeholder engagement as well as capacity building of staff and partner organizations would mitigate the challenges faced by the organization. In addition, improving stakeholder engagement was rated the highest in terms of mitigating operational challenges.

The study concludes that strategic alliances, diversification, outsourcing and generic strategies are strategic responses taken by NGOs in the water sector. Furthermore, diversification is concluded to be the strategic response adopted by most NGOs in the water sector. The challenges faced by NGOs in the water sector were established to be external-related, industry-related, operational-related and internal related. Operational related challenges were rated to be the most common challenges faced by NGOs in the water sector. Finally, the study concluded that developing a resourcing mobilization strategy, developing a sustainable competitive advantage, improving stakeholder engagement and capacity building of staff and partner organizations would mitigate external-related, industry-related, operational-related and internal related challenges respectively.

The study recommends the need for NGOs in the water sector capitalize on the strategies so as to be able to develop competitive advantage from developing their competencies from their resources. The study acknowledges that NGOs face a number of challenges when developing and implementing their respective strategies. Consequently, that strategies should be devised by organizations to deal with changes in the environment in order to develop and sustain competitive advantage. NGOs which marshal and allocate their resources based on its internal competencies and limitations, anticipated changes in the environment, and contingent moves by intelligent opponents have a well-formulated strategy.
ACKNOWLEDGEMENT

I wish to acknowledge my lecturer, Prof. Paul Katuse for his guidance in preparing this project. I acknowledge my classmates and peers who assisted me in one way or another in fulfilling my MBA dream. Special thanks to my family and friends for their prayer and support without which I may not have reached so far in my academic journey.

May God’s face shine always upon you and bless you all abundantly!
DEDICATION

I dedicate this project to my family and friends who supported me through this journey.
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<tr>
<td>BSC</td>
<td>Balanced Scorecard</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>CIM</td>
<td>Chartered Institute of Management</td>
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<td>CSOs</td>
<td>Civil Society Organizations</td>
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<td>EC</td>
<td>Executive Committee</td>
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<tr>
<td>GoK</td>
<td>Government of Kenya</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>INGOs</td>
<td>International Non-Governmental Organizations</td>
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<td>KEWASNET</td>
<td>Kenya Water and Sanitation Civil Society Network</td>
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<tr>
<td>MS</td>
<td>Management Systems</td>
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<tr>
<td>MWI</td>
<td>Ministry of Water and Irrigation</td>
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<tr>
<td>NCC</td>
<td>Nairobi City County</td>
</tr>
<tr>
<td>NCWSC</td>
<td>Nairobi City Water and Sewerage Company</td>
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<tr>
<td>NGOs</td>
<td>Non-Governmental Organizations</td>
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<td>NWP</td>
<td>National Water Policy</td>
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<td>PBOs</td>
<td>Public Benefits Organizations</td>
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<td>PFFF</td>
<td>Porter’s Five Forces Framework</td>
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<tr>
<td>RBV</td>
<td>Resource Based View</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<tr>
<td>SWAP</td>
<td>Sector Wide Approach</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
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<tr>
<td>WASH</td>
<td>Water, Sanitation and Hygiene</td>
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<tr>
<td>WASREB</td>
<td>Water Services Regulatory Board</td>
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<tr>
<td>WRM</td>
<td>Water Resources Management</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Strategic management involves top-level managers and decision makers to set objectives and actions that result in the formulation of plans designed to achieve an organization’s objectives having taken into account its vision and mission, internal conditions and capabilities as well as matching the organization’s resources with the external environment (Pearce and Robinson, 2007). Lynch (2009) views strategic management as the identification of the purpose of the organization and the plans and actions to achieve that purpose. A strategy is an organization’s game plan that does not detail a future deployments of a firm’s resources rather it provides a framework for managerial decisions.

Organizations need to develop strategies in three main areas which include the organization’s resources, environment and ability to add value to what it does (Lynch, 2009). Mintzberg (2003) defined strategy as the pattern or plan that incorporates a firm’s major goals, policies, and action sequences into a cohesive whole. Organizations which marshal and allocate their resources based on its internal competencies and limitations, anticipated changes in the environment, and contingent moves by intelligent opponents have a well-formulated strategy. In light of strategy determining the overall direction of the organization and action focus the organization, it is important for managers to value the importance of its formulation which should not be merely a generation and alignment of programs to meet predetermined goals, rather development of strategic goals should be emphasized (Mintzberg, 2003).

Lynch (2009) defined the environment as everything and everyone outside the firm which includes customers, suppliers, competitors, and other influential stakeholders such as the local authority and national government. There are a number of environmental factors which influence an organization’s strategic direction and actions which ultimately affects its structure and practices. Johnson, Scholes and Whittington (2008) stated that since environments change, an organization’s internal capabilities and resources should also be adjusted to fit the change. According to Ansoff and Sullivan (1993), strategic success is achieved by an organization when its profitability is optimized by aligning its strategic behaviour to the environment.
Environments provide conditions for firm’s survival. It is important for organizations to assess their competitive position as it improves its abilities to design strategies that optimize its environmental opportunities. Liu (2012) stated that future competitiveness of business operations under turbulent business environment depended upon forward-thinking. Therefore it is necessary for organizations to begin environmental analysis with a general consideration of the degree of turbulence in that environment. According to Johnson et al (2008) the turbulent business environment may directly or indirectly impact the goals, structure and the corporate culture. Changes in the socio-economic, legal, political and external variables may affect a firm’s strategy which poses a challenge to firm.

Organizations are most likely to use their resources to implement responses to challenges they face (Lee & Greewal, 2004). Strategic responses are necessary for organizations to respond to competitive and market changes. They are basically the approaches firms develop to deal with the identified risks, changes and challenges in their operating environment (Ansoff and McDonnell, 1984). Organizations have different strategic responses to the opportunities and threats posed by their environment. The success of a response is dependent upon the preparedness of the organization. According to Mintzberg, Lampel, Quinn and Ghoshal (2003) strategies are effective if sufficient resources are allocated appropriately to support the strategy, organizational units are well-coordinated and actions controlled to support the intended strategy.

Lynch (2008) referred to strategies applied by government, public and not-for-profit (also known as non-governmental) organizations, as public strategies. In his view, the public sector is more complicated and involves factors that are not applicable to the private sector. Therefore, principles that have been explored for developing business strategies may not apply for public sector strategy. The role NGOs are seen as critical in any society for serving vulnerable groups by delivering human services to them as well as voicing out the concerns of the minority and marginalized groups. According to Murtaza and Austin (2011), there has been a growth in the number, size, reach, scope and focus of Non-Governmental Organizations (NGOs) in developing countries. As a result, there is a greater need for NGOs to apply strategic management at country and international levels for survival and growth.
Lynch (2008) argues that analysis of the strategic environment of NGOs and generally public sector institutions are more complex than private sector since it involves the extensive and unclear subject of the public interest. Murtaza and Austin (2011) concurs that analysis of the trends in the NGOs’ external environments and developing strategies for positioning the NGOs accordingly is a highly complex task with enormous consequences for these organizations’ growth and survival. Lynch (2008) therefore summarises the steps for developing strategy for NGOs to include analysing the public environment, analysing organization’s resources, defining the organization’s purpose, developing the strategy development with due consideration of the context, content and process relevant to the NGOs and strategy implementation.

Unlike public sector government institutions who derive their income from taxes paid by their citizens, NGOs need to raise their income. An NGO should therefore explore its precise role and purpose as well as its fund raising mechanism as it undertakes an environmental analysis of the organization. Studies carried out in the past demonstrate trends of reduced funding for NGOs by some donors (Smillie and Helmich, 1999). Murtaza and Austin (2011) also remarked that funding from bilateral donors is being reduced and there is greater demand for NGOs to be more accountable. Given the foregoing, an environmental analysis that critically examines the current and future sources of funds of the NGO and the implication cannot be over-emphasized for the survival of the organization.

Public Benefits Organizations (PBOs) which includes NGOs play an important role in the water sector in Kenya. The responsibility for water affairs in Kenya falls under the Ministry of Water and Irrigation (MWI). Under Section 43(1) (d) of the Constitution of Kenya (2010), every person has a right to clean and safe water in adequate quantities: sufficient, safe, acceptable, physically accessible and affordable. The mandate to provide water services to the people is bestowed to the county governments under the Fourth Schedule Part 2, Section 11(b) of the constitution. The enactment of the Water Act 2002 brought about a number of changes in the water sector which resulted in the separation of management of water resources, development of water infrastructure, provision of services, regulation and policy formulation.
In 2006, the Kenyan water sector launched the Sector Wide Approach (SWAP) to planning, which ensures significant sector investments are channelled towards the same objectives guided by a consolidated plan. This was done in a bid to enhance alignment of stakeholders, mutual accountability as well as joint planning, financing, monitoring and evaluation (Kenya Water and Sanitation Civil Society Network (KEWASNET), 2015). Under the Water Sector Strategic Plan (2010-2015), PBOs such as NGOs, are recognized by MWI as key sector actors who enable them to fulfil the objectives of the sector. NGOs are recognized for their advocacy efforts in pushing forward policy reforms. NGOs play the role of disseminating information, development of interventions, implementation of sector policies and strategies and providing feedback for adjustment if required (GoK, 2010).

Founded in August 2007, the Kenya Water and Sanitation Civil Society Network (KEWASNET) is a well-established network, recognized in the water sector by CSOs, national and county administration and private sector players for its role in the sector. It was established as a legal entity under the Societies Act in 2010. KEWASNET’s membership is drawn from organizations that are working to enhance sustainable water resources management and delivery of water services. KEWASNET is guided by its constitution which has established governance structures which include: the Annual General Meeting (AGM), governing council (GC) and the executive committee (EC). The secretariat is the management arm of the network which is led by the Chief Executive Officer(CEO) (KEWANET, 2015).

KEWASNET seeks to provide linkages between utilities and users in the sector by facilitating partnerships between policymakers and stakeholders, and promoting equitable participation by all parties in governance and decision making mechanisms. In March 2015, KEWASNET launched their strategic plan 2015-2016 which defined their new direction as an organization. KEWASNET’s vision is aligned to the global vision which is “A society with sustainable universal access to safe water, sanitation and hygiene” and the mission is “To promote good governance in the water, sanitation and hygiene sector”. KEWASNET’s are guide by core values in fulfilling their mission which include partnerships (collaboration, participatory and teamwork), innovation, integrity, professionalism, respect and accountability.
1.2 Problem Statement

The modern day management is faced with a fundamental question concerning how to address the challenges brought about by environmental turbulence. The environment surrounding the public and private sectors is experiencing rapid and unexpected changes in technology, customer preferences and tastes, political, economic, environmental and other changes causing them to need to develop effective strategies which will bring both short-term and long-term benefits to the organizations. For this to be possible, managers must determine the right direction and appropriate scope for the firm over the long term which will achieve advantage in a turbulent environment by configuring their resources and competencies in order to fulfil the stakeholder’s expectations (Johnson et al, 2008).

The promulgation the Constitution 2010 triggered a set of political, institutional and governance changes in the water sector. As a key player in advocacy for positive change in the water sector, KEWASNET has since then strategically positioned itself to deliver appropriate engagement framework for its members through the launch of the current strategic plan (2015-2019) which took into consideration of the changes in the sector, lessons learnt over the previous implementation period of the strategic plan (2009-2014) as well as lessons of peer networks in the region and globally. In order for KEWASNET to succeed in fulfilling their vision and mission in the sector, they must develop strategies that appreciate the influence of forces in their turbulent environment.

There is adequate literature on private companies’ responses to the environment, however the body of knowledge for strategic responses for NGOs in Kenya still needs to be developed. Murtaza and Austin (2011), explored strategic management of international NGOs in developing countries. Arik, Clark and Leigh (2011) examined strategic responses for NGOs in the United States of America (USA) to the 2008 economic crisis using the resource dependency and resource based view (RBV) theories. Cannon (1999) explored strategies to enable NGOs be more sustainable. Githinji (2012) studied the strategic responses by international NGOs (INGOs) to changes in the external environment. Given the recent changes in the water sector, this study focusses on responses that NGOs in the Kenyan water sector have made using KEWASNET and its members as a case study.
1.3 Purpose of the Study
The purpose of this study was to assess the strategic responses of NGOs in the water sector using the case of KEWASNET.

1.4 Research Questions
This study sought to answer the following research questions;

1.4.1 What are the strategic responses taken by KEWASNET?
1.4.2 What are the challenges faced by KEWASNET?
1.4.3 What are the mitigating factors for the challenges faced by KEWASNET?

1.5 Importance of the Study
It is desired that the findings of this study will be beneficial and applicable as follows;

1.5.1 KEWASNET
An assessment of strategic responses taken by KEWASNET will enable the organization to evaluate the effectiveness of their adopted strategies. By taking an independent analysis of the challenges faced by KEWASNET and their mitigating factors will also enlighten the organization on challenges that they may have overlooked as well as strategies that they are currently not employing. Strategic decisions are often complex and uncertain depending on the geographic scope of the organization, and therefore must be well-monitored.

1.5.2 Strategic Management of NGOs in Kenya
Given the complexity of assessing the external environment for NGOs due to the nature of their operations, and the challenges posed by their environment, this study will be useful in for senior management in developing strategies that respond effectively to public sector challenges. Many NGOs are donor-dependent organizations with limited internally generated funding. With the current trends of reduced funding to NGOs by donors in various sectors, NGOs must demonstrate their relevance to for their growth and survival. This study will provide insight to NGOs operating in the Kenya context on strategic responses of NGOs in the water sector which is also a good reflection for NGOs operating in other sectors.
1.5.3 Research and Academia

This study will make a noteworthy contribution to the body of knowledge on the strategic responses organizations, specifically NGOs in the public sector, in responding to the opportunities and threats posed in their environment. The research findings can form a basis for further research as well as act as a source for future research in development of management theory for strategic management in NGOs.

1.6 Scope of the Study

The target population comprised the members of the governing council and senior management of the secretariat as well as representatives of the member organizations. According to the constitution, membership is attained through application and payment of membership as prescribed by the governing council. Organizations eligible for membership include any non-political NGOs, CSOs, Faith Based Organizations (FBOs), Professional Associations, Academic Research Institution and persons or companies dealing the water, sanitation and hygiene (WASH) issues under Kenyan law. Currently there are 35 members in the Network scattered across various counties in Kenya. Data was obtained from key representatives of the secretariat and member organizations. The study was conducted from May 2016 to July 2016.

1.7 Definition of Terms

1.7.1 Strategy

Strategic responses is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. (Johnson et al, p3, 2008).

1.7.2 Strategic response

Strategic responses are the actions firms make which involve a substantial commitment of organizational resources and the implementation or reversal of the action is also difficult (Hitt, Ireland and Hoskisson, 2008).

1.7.3 Strategic Fit

Strategic fit with the business environment is achieved when organizations position themselves appropriately in the environment (Johnson et al, 2008).
1.7.4 Strategic Capability
Strategic capability is concerned with the resources and competences that an organization can use to provide value to customers or clients (Johnson et al, p10. 2008).

1.7.5 Public Benefits Organization
Under the Public Benefits Act 2013, a public benefit organization is defined as a voluntary membership or non-membership grouping of individuals or organizations, which is autonomous, non-partisan, non-profit making and which is organized and operated locally, nationally or internationally; engages in public benefit activities in any of the ‘Areas set out in the Sixth Schedule; and is registered as such by the Authority (GoK, p17-18, 2013)

1.7.6 Non-Governmental Organizations
Riddell (2007) categorises NGOs working in industrialized donor countries as Northern NGOs while those working in developing countries as Southern NGOs. NGOs operate differently where some implement projects directly with grassroots communities, others operate as intermediary support organizations while others are umbrella organizations. In principle, NGOs are involved directly or indirectly with humanitarian and development work which is not-for-profit in nature and are distinct from government or private institutions.

1.8 Chapter Summary
This chapter provided background information on the need for strategic management for organizations operating in turbulent environment. It presented an overview of how organization should respond to challenges posed in their environment. The problem statement highlighted the rationale for undertaking the study on KEWASNET. KEWASNET operates in a turbulent environment, there is therefore need to evaluate whether the strategic responses adopted by the organization are effective and actually deal with the challenges they face. The established research questions will seek to find ultimately find out the mitigating factors to the challenges faced by KEWASNET n view of their current strategic responses. The justifications and benefit of this study was also discussed. Key terminologies were defined to give a better understanding on the subject matter.
In Chapter 2, a detailed summary providing a theoretical background of the strategic responses organizations take in response to the changes in their environment was discussed, while highlighting the challenges and corresponding mitigating factors to their challenges. Chapter 3 presents a discussion about the research design and methodology used for collecting and analyzing data. Chapter 4 presents the results and findings from the analysis based on the research questions. Finally, Chapter 5 discusses the findings of the analysis, draws conclusions and presents recommendations for KEWASNET.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter provides a background literature review for the study and is defined according to the research questions. It captures a review of diver literature on the strategic responses employed by NGOs in the water sector to fulfil their vision and mission. It also presents literature on the current challenges faced by these NGOs. The chapter concludes with a discussion on the mitigating factors for these challenges.

2.2 Strategic Responses adopted by NGOs in the Water Sector
Mintzberg et al (2003) defined strategy as the pattern or plan that incorporates an organization’s major goals, policies, and action sequences into a cohesive whole. Quinn (1996) viewed strategy as a pattern which brings together the organization’s policies, undertakings, goals and objectives to holistically reconfigure its resources to address environmental opportunities and threats. A strategy is therefore an organization’s game plan which does not accurately detail all future deployments of a firm’s resources, instead it provides a framework for managerial decisions.

Murtaza & Austin (2011) note that there is an increase in the number, size, scope and reach and focus of NGOs which demands for a comprehensive analysis of stakeholders and strategic management at local and international level. NGOs in Kenya operate in a turbulent environment with multiple opportunities to capitalize on in order to have an impact on their target groups as well as threats that can impede their progress in fulfilling their mission or even phase them out. According to Johnson et al (2008), environmental turbulence may impact the goals, structure and culture of an organization. Changes in the socio-economic, legal, political and external variables may affect a firm’s strategy which poses a challenge to firm. Mintzberg (2003) stated that in order for a strategy to be distinctive and effective there must be a fit among an organization’s activities. This section reviews relevant literature on the strategic responses applied by KEWASNET as they fulfil their mission and vision.
2.2.1 Strategic Alliances

Pearce and Robinson (2007) states that organizations adopt grand strategies to provide long-term direction for critical actions taken by the organization toward fulfilment of long-term objectives. Forming strategic alliances is a grand strategy that is employed by both for-profit and non-profit organizations. Johnson et al (2008) described strategic alliances as a scenario where two or more organizations share resources and activities to pursue strategy. Lynch (2009) categorised strategic alliances as a cooperation strategy that involves partnering with competitors or other related organizations for mutual benefit. He defined a cooperation strategy as a strategy where at least two organizations work together to achieve an agreed objective.

NGOs have adopted different types of strategic alliances as a part of their engagement in the water sector. The common type of strategic alliance employed is the formation of Network organizations which are less formal and member mutually benefit by working in collaboration without formal cross-ownership arrangements and contracts (Johnson et al, 2008). Murtaza and Austin (2011) observed that the relationship among NGOs and host governments were becoming more adversarial as the magnitude of the NGO programs and related advocacy grows. At the same time, some NGOs have managed to work collaboratively with certain government. They concluded that NGOs have had to different strategies in dealing with governments, which include co-optation, complementarity, cooperation and confrontation.

Advantages of forming strategic alliances for NGOs may include availability of joint funding, access to new markets/areas of operation, gaining competitive advantage, cost reduction and sharing of knowledge. Like any other private firm, NGOs are also faced with the challenge to analyse and identify its strategic advantages based on examining its distinct combination of assets which comprise of its skills and capabilities (Lynch, 2009). Successful organizations have developed competitive advantage from developing their competencies from their resources. Johnson et al (2008) acknowledged that organizations cannot always cope with increasing complex environments or strategies by depending on internal resources and competencies only. They may need to obtain and leverage other resources and competences through cooperation as opposed to ownership.
Notwithstanding, prior to forming alliances there needs to be clarity in the objectives of the cooperation as well as mutual trust. Kale & Singh (2009) acknowledges a low success rate on alliances where organizations do not achieve the mutual benefit they had anticipated at formation. They argue that in order for an alliance to be successful, the selected partner must be complementary, compatible, and committed when the alliance is forming. Once the alliance is formed, there is need to employ the relevant coordination mechanisms effectively and continue to develop trust between the partners to ensure success of the alliance. Johnson et al (2008) stated that the success of the alliances is reliant on how they are managed and the method in which the partners nurture the evolving nature of the partnership.

2.2.2 Diversification

According to Johnson et al (2008) diversification is a strategy adopted by firms that increases its scope by extending existing market and products/services through building on existing relationships. David (2009) categorises diversification strategies as related or unrelated. Firms are said to be related when their value chains possess competitively valuable cross-business strategic fit while a firm is unrelated when their value chains are similar. Related diversification strategies are preferred as they capitalize on synergies in terms of transferring competitively valuable expertise, combining related activities of separate firms into one single operation which lowers costs, exploiting the brand name as well as creating competitively valuable resource-strengths and capabilities through cross-business collaboration.

Organizations diversify for various reasons which may include efficiency gains, increasing market power, responding to decline in the market, spreading risk or meeting stakeholder’s expectations (Johnson et al, 2008). David (2009) points out that diversification is justifiable if the returns on investments are high and sustainable. Similarly, NGOs also employ diversification as a strategic response to the opportunities and challenges in their environment. While companies face the challenge of identifying new products to invest, not-for-profit organizations such as NGOs may have a number of social demands that pose as opportunities to launch new development interventions (Drayton, 2005). This is evidenced by many NGOs who start off with a single mission organisations, and later extends their scope of services over time. Hodge and Piccolo (2005) assert that NGOs who
have not diversified their activities suffer the risk of struggling to adapt to changes in donor preferences and funding criteria if their single mission is not targeted by funding. The decision on the option organizations select with regard to diversification and the degree of diversification depends on its strategic context, leadership and management style and the available opportunities and resources (Lynch, 2009). According to Johnson et al (2008), related diversification can take different forms which includes vertical integration which can either be backward or forward integration into adjacent activities in the value network, as well as horizontal integration where complementary activities are enhanced. The World Bank (1995) categorised NGOs into two groups i.e. operational and advocacy. Operational NGOs are considered as organizations involved in the designing and implementation of projects while advocacy NGOs defend or promote a specific cause and seek to influence policies and practices; while there are NGOs have integrated their activities horizontally and carry out both activities.

Diversification has numerous benefits for non-profit organizations. Frumkin and Keating (2011) demonstrate that NGOs should avoid dependence on a single revenue source to enable them stabilize their financial positions and reduce interruptions from funding. NGOs may choose to extend their work by engaging in economic projects and commercial activities in areas where governments hardly support charitable work and citizen rarely contribute. NGOs with a diversified portfolio may increase the funding market’s perception of its ability (Moscarini, (2007). According to Olson (2009), there are egoistic gains made by NGOs derived from expanding their portfolios where they can gain prestige and recognition through their philanthropic efforts. NGOs that manages a wide range of mission is highly regarded by their peers.

2.2.3 Generic Strategies
Any organization whether a for-profit or non-profit organization positions itself by leveraging its strengths. Porter (1980) asserted that an organization’s strength will fall into either cost advantage or differentiation. He therefore identified generic strategies as key competitive strategies that should be adopted by firms which include low-cost leadership, differentiation and focus strategies. Pearce and Robinson (2007) describes low-cost leaders as firms who depend on a fairly unique capabilities to achieve and sustain their low-cost position while strategies dependent on differentiation are designed to appeal to customers with a special sensitivity for a particular product attribute. The focus strategy is
anchored in a low-cost or differentiation base. Focus strategies attempt to meet the needs of a particular market segment.

Thompson and Strickland (2008) later expanded Porter’s generic strategies into overall low-cost provider strategy, best-cost provider strategy, focused low-cost strategy, broad differentiation strategy, and focused differentiation strategy. Miller (1988) states that Porter’s generic strategies can directly influence the external environments by changing the competitive conditions as well as influencing the selection of target niches. Mintzberg (1990) criticized Porter’s generic strategy work in that its framework is static and relevant to stable conditions, yet the business environment is dynamic. Porter’s (1990) views also seem to have changed to advocate that competitive advantage grows mainly out of improvement, innovation, and change. His views acknowledge the need for firm’s innovation in creating and sustaining competitive advantage.

NGOs have created their reason for existence by targeting the marginalized people in the society (World Bank 1995). According to a report prepared by CARE and Action Aid International (2006), the NGO sector has experienced change over the years due to a number of variables. Some of these changes include a shift of donors’ focus to strengthen governments in fulfilling their roles, promoting ownership of the development process by including the poor’s participation as well as underpinning the principles of ‘accountability’ and ‘partnership’ in their policies. This has led NGOs to refocus their interventions to selecting the poor as their target group by building their capacity in advocating for their rights and holding the government into account. Though declining, NGOs have in the past received funding from governments to implement projects. The Global Environment Management Initiative and Environment Defence Fund (GEMI) (2008) recognizes business-NGO partnerships as a means to achieve goals of an organization, making them another target group by NGOs.

2.2.4 Outsourcing

Dess, Lumpkin & Eisner (2008) view outsourcing as a strategy employed where firms obtain expertise outside the firm to undertake value-creating activities which were previously carried out by the firm. Contrary to the value chain approach where managers seek to control all the primary and support activities associated by the firm, outsourcing advocates for executing some functions to individuals or organizations to support key support or primary activities (Pearce and Robinson, 2007). Sonfield (2014) posits there is a
growing trend of firms towards outsourcing certain activities which are not central to their mission or is beyond staff’s areas of expertise. The growing trend is suggested to be due to practical and economic reasons.

According to Sonfield (2014) managers often experience time-pressures to meet project-related deliverables and the need to obtain specialist to carry out certain tasks. In order to attain cost efficiency, managers appreciate that certain tasks are better carried out by external specialist. Iqbal and Munir (2013) argues that organizations can concentrate on core competencies by outsourcing non-core, non-strategic operations to an outside provider. Mehta, A., Armenakis, A., Mehta, N & Irani, F (2006) assert that the trend of organizations outsourcing only non-core business activities is changing to outsourcing core business activities to gain and maintain competitive advantage. Nevertheless, in order for the outsourcing strategy to work, the client-vendor relationship and the terms of contract needs to be mutually understood and accepted by both parties (Webb and Laborde, 2005).

According to Digital Marketing Beti (October 2011) INGOs should outsource certain tasks to local NGOs instead of bringing in expensive expertise from developed countries for assignments that be sourced locally. Financial management, human resources (HR), information technology (IT), consultancy services and communication are some of the services that can be outsourced by NGOs. NGOs should outsource in order to increase their efficiency of service delivery. Sporar (2008) accuses NGOs of not developing new approaches in the new era of IT and globalization, therefore outsourcing can enable NGOs to benefit from specialized service providers. The global economic and financial crisis which occurred in 2008 resulted in a decline of NGOs funding (Githinji, 2012). In order to cope, outsourcing can enable NGOS expand and shrink depending on the availability of funding. Outsourcing also enables organizations to focus on their core mission by relieving staff from activities not part of core mandate. Further, NGOs can utilize and develop local resources within their area of operation (Digital Marketing Beti, October 2011)
2.3 Challenges faced by NGOS in the Water Sector

Johnson et al (2008) state that the environment provides for the organization’s survival. Haberg and Rieple (2008) reiterate that it is important for managers to understand the environments in which they operate as they influence their survival. Certo and Peter (1995) depict an organization as an open system which is subject to outside inputs and influences, and therefore depend in effective evaluation of the environment for its survival. Mintzberg, Ahlstrand and Lampel (1998) also state that an analysis of the environmental is necessary to develop sustainable competitive advantage, identify opportunities and threats and provide opportunities for productive co-operation with other organizations. This section reviews relevant literature on the challenges faced by NGOs in the water sector.

Pearce and Robinson (2007) state that these factors influence an organization’s choice of direction and action, which eventually will affect its structure and internal processes. These environmental forces are dynamic and interactive and the impact of any single element cannot be ignored. Mintzberg et al (1998) emphasize on the importance of undertaking an environmental analysis with a general consideration of the degree of turbulence in that environment. Ansoff and McDonnell (1984) defined environmental turbulence as the amount of change and complexity in the environment of an organization. The turbulent business environment may directly or indirectly impact the goals, structure and the corporate culture. Firms which succeed in turbulent environments have a management team who appreciate the influence of the environmental forces (Pearce and Robinson, 2007).

2.3.1 External Related Challenges

The external business environment comprises of factors in the wider environment affecting the entire population and organizations which are not firm or industry specific (Certo and Peter, 1995). The PESTEL framework is useful in identifying future trends which may impact the organization by identifying key drivers of change (Pearce and Robinson, 2007). Haberg and Rieple (2008) explains how changes in economic and political factors can open up new markets, technological development can alter consumer and political instability may affect cost of production and pricing structure. Legal factors such as new regulations which liberalize international trade, government regulation of particular markets or enactment of new labour laws may also impact a firm’s strategy (Ansoff and McDonnell, 1984).
Agg (2006) acknowledges the important role that NGOs, especially large INGOs, play in the policy development. While previously, donor governments have used INGOs in the implementation of policy the new trend stresses upon working together with recipient governments to reduce poverty and the use of new aid instruments such as the sector wide approach (SWAP). These policy developments have affected the standing of the NGOs in the sector both financially and in the role they will play in future. Therefore according to Mintzberg et al (2003), NGOs need to re strategize by marshalling and allocate their resources based on their internal competencies and limitations due to these changes for their survival. He argues that an organization’s strategy positions it within the environment and is the defining force between the firm’s internal and external context.

Nottingham University’s Centre for Research in Economic Development and International Trade (2011) conducted using NGOs in Uganda and found out that foreign funding is the biggest factor for an NGO’s survival. CARE and Action Aid International (2006) acknowledge that funding from donor governments has declined with the new approach taken to fund recipient governments directly. With the SWAP approach being put in place, NGOs are expected to align service delivery with national plans and strategies which may impact NGOs independence and identity. Since the environment influences an organization’s strategies (Johnson et al, 2008), NGOs operating in the water sector must take due consideration of the political and economic factors to take advantage of the opportunities as well as manage the threats.

NGOs such as the Red Cross, OxfAM, Care International among others employ the strategic management process as a tool of management. Unlike for-profit firm, non-profit and NGOs are dependent on funding from well-wishers or development agencies and therefore a strategic plan becomes a tool for resource mobilization (David, 2009). Due to reliance on foreign funding from donors, NGOs are accused that they do not represent the interests of people. Sporar (2008) suggests that the goals and objectives of the organizations are more or less donor-driven and is less focussed on the potential benefits for the target group. He also argues that NGOs, compared to the private sector and some public institutions, are not proactive in developing new approaches, and further suggests that few NGOs have evolved over the years in accordance to their target group’s changing needs (Sporar, 2008).
The enactment of the Water Act 2002 activated reforms in the water sector which set up new institutions with new mandates. According to a report published by GIZ (2012) the reforms resulted in higher levels in water resources management (WRM) and in water supply and sanitation (WSS) services provision. With the promulgation of the new constitution in 2010, the sector faced yet another change with the introduction of counties where certain services were devolved to the counties (GoK, 2010). According to the Fourth Schedule of the Constitution (2010), the mandates of county governments includes that of implementation of specific national government policies on natural resources and environmental conservation, including soil and water conservation. In response to the foregoing, MWI formulated a new water bill 2016 in line with the new constitution which still awaits enactment.

### 2.3.2 Industry Related Challenges

Thomas & Strickland (2001) defined industry as a collection of firms whose products or services have similar attributes leading them to compete for the same buyers. Porter (1980) developed the Porter’s Five Forces Framework for industry environment analysis which comprises the following factors: threat of new entry; threat of substitutes, bargaining power of the buyers, bargaining power of suppliers and competitive rivalry. According to Johnson et al (2008) the impact of the factors affecting the macro-environment tends to influence the competitive forces within the industry surrounding organization. The competitive forces determine the attractiveness and likely success or failure of a particular industry.

Thomas & Strickland (2001) state that rivalry among competing sellers is the strongest competitive force in the Five-Forces Model where there is jockeying for position and favour from the buyer. The competitive rivalry between firms in an industry can be based on price, product, product design, promotional spending and advertising, after-sales service and support, and direct selling efforts (Hill, 2013). Johnson et al (2008) identified competitor balance, industry growth rate, high fixed costs, high exit barriers and low differentiation as factors that affect the degree of competitive rivalry in an industry or sector. Since rivalry results in lower prices and increased costs, it is therefore a threat to profitability (Hill, 2013).
Batti (2014) states that many NGOs depend on grants and donations from donors. These NGOs realize that their funding sources are not able to cater for their needs and the rising implementation costs. At the same time, an article done by the Economist (2000) accused NGOs of diverting their attention to helping the needy in the community and spending nearly 10% of their funds on marketing and fundraising as a result of the crowded relief market. According to Aldashev & Verdier (2010), NGOs compete amongst themselves for donations which may lead to inefficiency in their work. According to Batti (2014), NGOs face competition from NGOs that are directly or indirectly linked with political parties and therefore access funds easily. Instead of cooperation amongst NGOs in the same sector NGOs, there are reported cases of duplication of activities in NGOs located in the same geographical area. Competition for funding is common against existing and new NGOs.

2.3.3 Operational Challenges

Pearce and Robinson (2007) describe the operating environment in an organization as comprising of factors in the immediate competitive situation that affect a firm’s goals, activities and profitability. The operating environment components which include customers, competitors, labor, suppliers and other global issues; have relatively specific and immediate implications of managing the organizations (Certo and Peter, 1995). Understanding these components of the competitive environment is recognition of what the customer values and the critical success factors for the firm (Johnson et al, 2008). The unique operating environment for NGOs comprises of donors, governments and project beneficiaries.

Donors experienced a change of attitudes towards government in the late 90s which also affected their attitudes and engagements with NGOs. Previously, the concept of privatisation of aid was prevalent where the private sector and NGOs were perceived as efficient channels for service delivery which led to significant growth in the NGO sector, Donors realized that NGOs did not have the coverage, capacity and coordination to fight poverty, and hence led to a redefinition of their roles. Donors began to emphasise their role in holding governments to account for the implementation of the poverty reduction strategies supported by the donor governments. (CARE and Action Aid International, 2006). DFID shifted from engaging with NGOs at project level to more strategic levels. They categorised NGOs contributions as empowering the poor, global advocacy, developing a base for development and service delivery (DFID, 2006).
Jelinek (2006) posits there has been tension in NGO-State relationships across world as certain governments have been fearful of being substituted by NGOs or exposed due to lack of accountability and transparency. Governments are mandated with the role of regulating NGO activities. However, governments can either facilitate or obstruct NGO operations. In Kenya, the Ministry of Water and Irrigation consider NGOs as a key sector player whose role is to propagate advocacy and pressure for policy reforms (GoK, 2010). MWI perceived NGOs as agents of providing feedback to sector policies for adjustment. The World Bank (2006) recognizes NGOs critical role in working with the local community. According to Gebrehiwot (2006), large amounts of money are invested in the implementation of diverse community projects that fail after a while. This is due to lack of ownership, expertise and limited demand for the services.

2.3.4 Internal-Related Challenges

Certo and Peter (1995) describe the internal environment as the forces operating within the firm which has specific implications for managing organization’s performance. The internal environment includes the organizational, personnel, marketing, production and financial components. According to Lynch (2009) organizations are faced with the challenge to analyze and identifying its strategic advantages based on examining its distinct combination of assets which comprise of its skills, capabilities. Organizations should identify the critical strengths and weaknesses that are likely to determine whether the organization will be able to take advantage of opportunities while minimizing the threats (Wheelen and Hunger, 2000).

Aldag and Stearns (1999) emphasize the necessity for organizations to plan for their future needs including their human resource needs. They define human resources planning as the process of analyzing the organization’s human resource needs under fluctuating conditions and developing the activities necessary to satisfy those needs. According to Snell (1999), organization’s success depends on the knowledge and skill of their staff, He defines human capital as the strategic value of an employee’s skills and knowledge. Organizations face a challenge to recruit the right staff. In order to remain competitive, the skills and performance of the employees must be developed continually. Jones and Hill (2013) argue that employee productivity are key determinants’s in a firm’s efficiency, cost structure and profitability. Therefore an organization needs to devise ways in increasing their productivity.
Apart from challenges without, NGOs face challenges within the organization. The most common problem found in NGOs is in the governance of the organization and the internal relationships between the staffs and the members (Mukasa, 2002). Vilain (2002) posits there is poor career development in NGOs. Mukasa (2002) suggests that paid staff working in NGOs are paid lower than their counter-parts in the commercial private sector. Apparently, staff working in NGOs are perceived to be less qualified. The quality of human resources plays an critical role in the success of an organization. Aspects of commitment, attitude, motivation and competence cannot be over-emphasized during staff recruitments and development.

2.4 Mitigating factors to the Challenges faced by NGOs in the Water Sector
In order to mitigate the challenges posed by the environment, organizations need to devise an effective game plan. According to Pearce and Robinson (2007), strategic responses should be devised by organizations to deal with changes in the environment and maintain competitive advantage. Organizations which marshal and allocate their resources based on its internal competencies and limitations, anticipated changes in the environment, and contingent moves by intelligent opponents have a well-formulated strategy (Mintzberg et al, 2003). Liu (2012) stated that future competitiveness of business operations under turbulent environment depended upon forward-thinking. The success of a response is dependent upon the preparedness of the organization. This section tackles the mitigating factors NGO in the water sector can employ to deal with the challenges highlighted in the previous section.

2.4.1 Developing a Resourcing Mobilization Strategy
Grants and donations are often insufficient to meet NGO’s current and future program needs and activities. Thus the unavailability of funds inhibits the quantity and quality of work NGOs do (UNAIDs and PDA, 2001). Riddell (2007) states that the majority of NGOs are involved in the support or implementation of specific projects and programmes targeted for the vulnerable in the community, these includes the poor. A majority of NGO development projects is funded by aid money and very little from income generating activities. The main sources of funds NGO aid includes private donations, governments, and private foundations. Unfortunately, these sources are insufficient to cater for the growing needs and increasing costs, and also are uncertain (UNAIDs and PDA, 2001).
NGOs are encouraged NGOs to become self-reliant by developing commercial components in their projects though many donors still have rules and political concerns about establishing business enterprises for NGOs, with hardly any having major programs directed specifically at this (UNAIDS, 2001). On the flip-side, Riddle (2007) shows that despite talks of ‘aid fatigue’, NGO private funding has increased steadily over the past 15 years, and interestingly in donor countries such as UK, private donations were not negatively affected by the short-run economic crisis. NGOs should also seek funding from available government sources. Riddle (2007) states that over time some poor-country governments have been able to fund NGO activities which was boosted by the donor funds channelled to budget support and SWAPs. Governments are increasingly providing grants to NGOs to undertake activities that the governments support but cannot provide as effectively by themselves.

UNAIDS and PDA (2001) states that the key to NGO’s financial security is diversification. This entails having a mixed portfolio of investments rather than depending on a single investment to meet current and future income demands. The diversified portfolio includes obtaining funds from interested parties through grants and donations, from beneficiaries through cost-recovery measures, and from unrelated parties by engaging in commercial ventures. Srinivas (2015) agrees that NGOs need to develop a funding-raising strategies revolving of different funding and income for continued long-term survival. NGOs need to scout for opportunities to generate additional resources as well as in-kind contributions while undertaking project activities. This could be through offering training/seminars to paying clients, development of publications that can be sold, organizing public events that can be opportunities for fund raising or contributions from private sector organizations. Additional generated income and endowment funds can be invested in the market, put in fixed deposits or other financial mechanism to generate more income for the NGO.

NGOs planning to set up commercial entities should focus on businesses related to their core mission and utilize their existing skills, staff and facilities to overcome entry barriers and reducing business-related risks. NGOs can engage in offering services on their core activities to paying clients. They can also contract out support services to the private sector. Alternative resources can also be developed through marketing products made by NGO’s beneficiaries. NGOs can utilize its assets and facilities to generate revenue. The
wealth of knowledge acquired by NGOs can be turned into production of promotional items that can generate revenue for the organization. Notwithstanding, NGOs can be involved in commercial ventures unrelated to their core activities as long as it is not opposing its mission (UNAIDs and PDA, 2001).

2.4.2 Developing Sustainable Competitive Advantage

The VRIO framework suggests that organizations should evaluate whether their resources possess the following attributes: value, rareness, imitability and organization (Wheelen and Hunger, 2000). A resource has value if it provides an organization with competitive advantage. If no competitors possess it, then a resource is said to be rare and is imitable if it is costly to imitate. The organization structure should also be adjusted to exploit the resource. A resource that meets the VRIO framework criteria is said to be a firm’s distinctive competence. Furthermore, Johnson et al (2008) state that organizations must seek to have capabilities that are of value to their customers. He also argues that having distinctive competences is not sufficient basis for competitive advantage, and that managers should identify the critical organization’s activities.

The importance of organization’s resources are evaluated by comparing these resources with the organization’s historical performance, the key’s competitors and the industry as a whole. The sustainability of an organization’s distinctive competence is determined the rate at which the underlying resources and capabilities depreciate as well as how it can be duplicated by others, basically its durability and imitability (Wheelen & Hunger, 2000). Jones & Hill (2010) argue that an organization has sustained competitive advantage if it is able to maintain above-average profitability for a number of years. For non-profit organizations, this may be equated to if the organization is able to deliver above-average results on its mission over a number of years by employing its strategies.

Johnson et al (2008) agrees that sustainable competitive advantage could be based on rare competence. In his paper on ‘Comparative Advantages of NGOs in Delivering Services’, Philip (2007) alludes that NGOs need to understand how to develop sustainability in service delivery. This is done by realizing the best in the status quo in order to keep and expand it as well as the best in the changes in their environment in order to adopt and expand. Similarly what is the worst in their current situation should be changed and avoided. NGO’s strengths which includes legitimacy, distinct networks, awareness of
social forces and specialized expertise can attracts partnerships from both government and private institutions (Yaziji, 2005). Therefore NGOs should invest in developing a sustainable competitive advantage which is a time consuming and expensive process requiring.

Philip (2007) explains the steps for NGOs development gained through developing competitive advantage. The first step is where NGOs are weak and meet the basic conditions of being an NGO. The second step is where NGOs deliver a good program. The third step, is where NGOs take control and are seen to be visionary and think strategically. The final step is where NGOs scale up their programs and set up national and regional offices for advocacy and support. Ouma and Munyoki (2010) explores common strategies employed by NGOs to gain competitive advantage. One of the strategies is the niche strategy which is sub-divided into the issue or emotional niche and the geographical niche. Differentiation can be attained by by target group, product/service or belief.

### 2.4.3 Improving Stakeholder Engagement

The contribution of NGOs, private sector and other stakeholders in national development efforts is considered essential. Damlamian (2006) notes an increase in collaboration between NGOs and the private sector in development work. In his research, Yaziji (2005) found out that partnerships between NGOs and private sector institutions had the potential benefits for both of them than using antogonistic approaches in dealing with issues. NGOs can leverage resources from private companies in fulfilling their mission while private sector players can avert costly attacks by NGOs and instead use NGO’s strengths to gain competitive advantage. Damlamian (2006) concurs that NGOs have expertise in development work which companies who desire to be socially responsible do not have, and therefore can leverage each other’s strengths.

The need to improve interactions between NGOs and the donor community cannot be over-emphasised. NGOs need to develop a mutually-beneficial relationship with the donor community by seeking to understand the their goals and objectives. Srinivas (2015) explains that donors are attracted to NGOs in developing countries due to their proximity, flexibility and accountability in working with the local community and their ability to develop localized viable solutions that can be replicated and scaled-up. He adds that donors rely on NGOs feedback mechanism in reporting to their own constituents. Therefore NGOs
should realize the importance of showing proof of the outputs of their activities, work on building trust to their donors by providing third-party evidence to their activities as well as providing donors with ways to justify their funding to their sources. In addition, NGOs should invest in their accountability frameworks by establishing sound governance structures, strong managerial and staff capacities as well as transparent auditing systems.

An unhealthy relationship between NGOs and the state can impede development work. According to Jelink (2006), NGOs operating in Afghanistan feel frustrated by government’s lack of trust and limited skills to carry out their work. On the other hand, the Afghanistan government officials feel sidelined and undermined and accused the NGOs for not engaging them in their activities. In a study conducted by CARE and Action Aid International (2006), they established that governments in Tanzania, Uganda and Malawi and are seeking to try to control and regulate NGOs’ activities. The three countries passed laws to that will give government control over the registration of NGOs. Nevertheless, the introduction of poverty reduction strategies that recognizes the role of both the state and NGOs is said to suggest a more collaborative approach in development work.

### 2.4.4 Capacity Building of Staff and Partner Organizations

Batemen and Snell (2004) suggests that people are a source of competitive advantage when their knowledge, skills and abilities are not readily available to competitors. They can also be a source of competitive advantage if their capabilities and contributions is imitable and organized in a way that combines their talents that fosters teamwork and cooperation. Black and Porter (2000) agrees that people are at the heart of any organization’s competitive advantage since all activities can be traced to human involvement and capabilities. Therefore poor selection and placing of human resources can weaken an organization’s performance. However, efforts to maximize performance of the available human resources must by employing various human resources strategies.

Black and Porter (2000) provide some human resources strategies to ensure employees maximize their performance and potential include early socialization and training to their roles clear job design and enforcing a relevant performance appraisal system. Formulating a reward system linked to the firm’s strategy is also critical in maximizing staff’s performance. Employees can also be motivated by offering opportunities for growth and development. Hill and Jones (2013) states that employee productivity determine an
organization’s efficiency, cost structure and profitability. Strategies to improve employee productivity include using relevant hiring strategies, training employees, organizing employees in self-managing teams, and linking pay to performance.

Bateman and Snell (2004) agrees that the skills and performance of managers and employees must be enhanced constantly through training and development activities and conducting performance appraisals for the purpose of giving feedback and motivating staff to perform their best. Hill and Jones (2013) also suggests that organizations should make use of self-managing teams. These are team members who undertake an entire task and where team members learn all assignments. This is important as it creates a flexible workforce that can fill in for absent colleagues and take over their tasks if need be. He also states that linking pay to performance is not simply introducing an incentive pay systems, but it also defines what kind of job performance is rewarded and how. Batemen and Snell (2004) concurs that reward systems can enable organizations to attract, motivate and retain people.

2.5 Chapter Summary
This chapter provided a background literature review for the study. A summary of previous studies undertaken by different scholars was presented to map and define the research topic. The first research question review relevant literature on strategic alliances, generic strategies, and diversification and outsources as the strategic responses employed by NGOs in the water sector. The second research question explored external-related, industry-related, operational and internal challenges faced by NGOs in the water sector; whereas the third research question presented developing a resource mobilization strategy and sustainable competitive advantage, improving stakeholder engagement and human resources development as the mitigating factors for the challenges.

In Chapter Three, the research design methodology for collecting and analyzing data is discussed. The chapter tackles the research design, population and sample design, data collection techniques, research procedures and data analysis methodologies adopted in the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides an overview of the methods and procedures that were used to conduct the study. It includes a discussion of the research design, target population, sampling design which includes the sampling frame, sampling technique, and finally the data analysis methods employed in the study.

3.2 Research Design

Cooper and Schindler (2008) defined research design as the determination and account of the broad research methodology or approach adopted for the particular study. It is the blueprint for achieving objectives and answering questions. Due to the wide variety of methods, procedures, techniques, protocols and sampling plan, selecting a research design is not usually a simple process. It assists researchers in determining the type of research to employ including whether to use low or highly structured data collection methods, low or highly structured research situation and, quantitative or qualitative methods.

In this study, a descriptive research design was adopted. Saunders, Lewis and Thornhill (2003) state that descriptive studies give a clear picture of the phenomenon a researcher wishes to collect data. However data collected in descriptive studies requires researchers to draw conclusions from the data collected through data evaluation and synthesis skills. According to Cooper and Schindler (2008) descriptive studies seek to answer the questions who, what, when and occasionally, how. Questions posed by exploratory research can also be answered through descriptive studies (Shajahan, 2008).

Descriptive study was appropriate for this study as it seeks to identify and explain variables that exist in a give scenario. It allows the collection of data and formation of a distribution of the occurrence of a specific phenomenon or involve interaction of two or more variables, and is a versatile method across various disciplines (Cooper and Schindler, 2008). Britt (2006) observed that descriptive research results in collection of accurate and dependable data as the subjects are usually observed in their natural set-up. This method was therefore considered appropriate as it provided information that responded to the research questions.
3.3 Population and Sampling Design

3.3.1 Population

Cooper and Schindler (2008) defined a population as the total collection of elements about which one seeks to make inference. According to Mugenda and Mugenda (1999), a population is the total collection of elements which have common observable characteristics about which some inferences can be made. KEWASNET is a membership organization comprising of 35 members and affiliate organizations, with a governing council and a Secretariat as the management arm of the Network.

The target population for the study were members of the governing council, senior management and staff of the secretariat, as well as key representatives of the member/affiliate organizations. The selection of the target population was determined as they are aware of challenges faced by NGOs in the water sector and are involved in the development and implementation of strategic responses. This categorization was necessary due to the nature of KEWASNET’s organization structure. KEWASNET comprises of various NGOs and therefore, it was deemed important to obtain information from representatives of each organization.

Table 3-1: Population Distribution

<table>
<thead>
<tr>
<th>Population</th>
<th>Total</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing Council</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Secretariat</td>
<td>13</td>
<td>23</td>
</tr>
<tr>
<td>Members/Affiliate</td>
<td>35</td>
<td>63</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: KEWASNET 2016

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

Cooper and Schindler (2008) defined a sampling frame comprises of the list of elements from which the sample is essentially drawn and is closely connected to the population. They further stated that a sampling frame should be a complete and correct list of the members of the population. The list may be of geographical areas, institutions, individuals or other elements (Gill and Johnson, 2002). The sampling frame for this study was the list of members of the governing council, staff of the secretariat and members/affiliate
organizations. The sampling frame was obtained from KEWASET Finance and Administration Department.

**3.3.2.2 Sampling Technique**

The main sampling techniques adopted for this study was stratified sampling. Non-probability sampling technique was further employed for the strata. Wolcott (1997) defined a sampling technique as the name or other identification of the definite process where entities of the sample have been selected. According to Cooper and Schindler (2008) sampling is involves selecting some of the elements in a population where conclusions about the entire population can be drawn from them.

Stratified sampling involves constraining the sample by segregating elements into mutually exclusive subpopulations (Cooper and Schindler, 2008). Stratified sampling is a modification of random sampling (Saunders et al, 2003). Cooper and Shindler (2008) explain that stratified sampling increases the statistical efficiency of a sample, provided adequate data for analyzing various subpopulations and enabled different reasearch methodologies to be employed on different strata. Non-probability sampling is a type of sampling technique where specific situations, individuals, or events are deliberately selected since the important information they can provide that cannot be obtained from other sources.

Using the stratified sampling technique, three different strata are identifies which includes governing council, secretariat and members/affiliate organizations. Purposive sampling, specifically judgemental sampling technique will be employed in determining the most suitable respondent to answer the research questions. Probability samples aims to achieve representativeness in the populations, however under this study the information required requires input from respondent who are involved in the strategic process of the organization.

**3.3.2.3 Sample Size**

Cooper and Schindler (2008) define a sample as a portion of the target population carefully selected to exemplify that population. Thus the size of the sample should be a function of the variation in the population parameters under study and researchers must precisely estimate it. A good sample size doesn’t imply that it is large, however it should
be representative and doesn’t necessarily have some proportional relationship to the size of the population from which it is drawn. Jackson, Thorpe and Smith (2008) asserted that survey of the entire population is not necessary as the cost may be too high and the population is dynamic.

The sample size was determined based on judgement sampling method where respondents suitable to provide the required information will be interviewed. Given the nature of KEWASNET’s organization, a census of the members of the governing council and member organizations was deemed necessary, as well as senior staff from the network. The sample size is tabulated in the table below.

**Table 3-2: Sample Size Distribution**

<table>
<thead>
<tr>
<th>Population</th>
<th>Sampling Frame</th>
<th>Percentage</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing Council</td>
<td>8</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Secretariat</td>
<td>13</td>
<td>23</td>
<td>8</td>
</tr>
<tr>
<td>Members/Affiliate NGOs</td>
<td>35</td>
<td>63</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>100</td>
<td>51</td>
</tr>
</tbody>
</table>

*Source: KEWASNET 2016*

### 3.4 Data Collection Methods

Data comprises of primary and secondary data. Primary data are obtained from primary sources where raw data without interpretation is used to represent official opinion or position, while secondary data is interpretations of primary data (Cooper and Schindler, 2008). A questionnaire was selected as the data collection technique as the most suited for this study as it minimizes potential sources of bias and gives appropriate data which answers the research questions (Cooper and Schindler, 2008).

Primary data was collected through a questionnaire with both closed and open ended questions. According to Burns and Grove (2005), a questionnaire which has both closed and open ended questions allow every possible answer to have an answer. Saunders, Lewis and Thornhill (2003) state that questionnaires are used for descriptive or explanatory research. The questionnaire was structured in four parts. Part 1 provided general demographic characteristics and information of the responded. The following three Parts 2,
3 and 4 sought to answer the three research questions. A sample of the questionnaire is enclosed in the appendix.

### 3.5 Research Procedure

The research instruments designed were pre-tested to assess the effectiveness and validity of the tool. Cooper and Schindler (2008) holds the view that pre-testing allows inaccuracies to be discovered and can be a tool for training a research group prior to the actual collection of data. A pilot test was undertaken to detect the weaknesses in the design and instrumentation, and to give proxy data for selection of a probability sample. The pre-test included participants responding to the questions in the questioning while noting down the time it took them to complete it. The questionnaire was refined based upon the comments received and will be used in the study. Collins and Hussey (2003) state that pretesting provides a useful feedback mechanism on the phrasing, clarity, focus and intelligence of the questions administered to the respondents.

A cover letter enclosed in the annex was attached to the questionnaire stating the purpose of the study as well as meeting other guidelines stipulated by the organization. The questionnaire was a self administered questionnaire that was given to the respondents in hard copy to complete. An online survey was also developed and respondents who were not easily accessible were emailed the online tool powered by survey monkey.

### 3.6 Data Analysis Methods

Data was analysed after its collection to generate information. Prior to undertaking data analysis, the type of data, data input format, impact of data coding on subsequent analysis, requirements to weight cases and techniques used to check integrity of the data need to be considered (Saunders, Lewis and Thornhill, 2003). According to Cooper and Schindler (2008) data analysis involves decreasing amassed data to a practicable size, drawing summaries, determining patterns from the analysed data and applying statistical procedures. Recommendations can be drawn from the interpretations of the data.

A quantitative analysis was undertaken in this study using descriptive and inferential statistics techniques. Descriptive statistics uses numerical information to summarise, simplify and display masses of data while inferential statistics is used to draw inferences from the population sample (Cooper and Schindler, 2008). Data was analysed using
Statistical Package for Social Sciences (SPSS) and presented in tables, figures and inferential statistics data outputs.

3.7 Chapter Summary
This chapter provides a summary of how the research study was conducted. An overview of the research design adopted in the study, target population, sampling design which includes the sampling frame and sampling technique, data collection, research procedures and finally the data analysis methods to be employed in the study have been discussed.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter presents the results and findings of the study on the research questions with regards to the data collected from the respondents. The first section covers the general information with regards to the respondents. The second, third and fourth section covers the aspects with respect to the research objectives of the study.

4.2 Response Rate
Given the nature of KEWASNET’s organization, a sample size of 51 respondents was selected which comprised of members of the governing council, a key representative of each member/affiliate organizations, as well as senior staff from the secretariat. 40 out of 51 respondents completed the questionnaire, leading to a response rate of 78% as shown in Table 4-1 below.

Table 4-1: Response Rate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Distributed Questionnaires</th>
<th>Completed Questionnaires</th>
<th>Percentage of Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing Council</td>
<td>8</td>
<td>4</td>
<td>50.0</td>
</tr>
<tr>
<td>Staff of the Secretariat</td>
<td>8</td>
<td>6</td>
<td>75.0</td>
</tr>
<tr>
<td>Member/Affiliate NGO</td>
<td>35</td>
<td>28</td>
<td>80.0</td>
</tr>
<tr>
<td>Total</td>
<td>51</td>
<td>40</td>
<td>78.4</td>
</tr>
</tbody>
</table>

4.3 Demographic Information

4.3.1 Association with KEWASNET
Table 4.2 below presents findings with regards to the respondents association with KEWASNET. As seen in the table below, majority of the respondents were member NGOs (40%) followed by affiliate NGOs (32.5%), the staff of the secretariat (15%) and lastly the members of the governing council (10%).
Table 4.2: Association with KEWASNET

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing Council</td>
<td>4</td>
<td>10.0</td>
</tr>
<tr>
<td>Staff of the Secretariat</td>
<td>6</td>
<td>15.0</td>
</tr>
<tr>
<td>Member NGO</td>
<td>16</td>
<td>40.0</td>
</tr>
<tr>
<td>Affiliate NGO</td>
<td>13</td>
<td>32.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3.2 Number of Years in Association with KEWASNET

Table 4.3 further reveals that 27.5% of the respondents had associated with KEWASNET for less than 1 year, 40% for 1-3 years, 7.5% for 4-6 years, and 10% for 7-9 years and finally 15% had associated with KEWASNET since 2007.

Table 4.3: Number of Years in Association with KEWASNET

<table>
<thead>
<tr>
<th>Number of Years</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than I Year</td>
<td>11</td>
<td>27.5</td>
</tr>
<tr>
<td>1-3 Years</td>
<td>16</td>
<td>40</td>
</tr>
<tr>
<td>4-6 Years</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>7-9 Years</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Since 2007</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.3.3 Gender of the Respondents

Table 4.4 reveals that 57.5% were male while 42.5% were females. This shows that the women were well-represented in KEWASNET.

Table 4.4: Gender of the Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>23</td>
<td>57.5</td>
</tr>
<tr>
<td>Female</td>
<td>17</td>
<td>42.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.3.4 Age of the Respondents

Table 4.5 reveals that 42.5% of the respondents were of the age 23-35 years, 30% were aged 36-45 years, 20% were 46-55 years and finally 7.5% were over 55 years.

Table 4.5: Age of the Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>23-35</td>
<td>17</td>
<td>42.5</td>
</tr>
<tr>
<td>36-45</td>
<td>12</td>
<td>30</td>
</tr>
<tr>
<td>46-55</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Over 55</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3.5 Highest Level of Education

Table 4.6 indicates that 10% of the respondents had diploma as their highest level of education, 72.5% had undergraduate while 15.5% were graduates as 15% were in the other category that include certificates, post graduates and Doctorates.

Table 4.6: Highest Level of Education

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>29</td>
<td>72.5</td>
</tr>
<tr>
<td>Graduate (Masters)</td>
<td>6</td>
<td>15.5</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

4.4 Strategic Responses adopted by NGOs in the Water Sector

The first research question of the study was to examine the strategic responses taken by NGOs in the water sector to changes in the environment. Table 4.7 presents descriptive statistics with regards to the strategic responses taken by NGOs in the water sector. As seen in the table, diversification had the highest mean of 4.75, followed by strategic alliances with a mean of 3.875 and then outsourcing which had a mean of 3.3675 and finally generic strategies had a mean of 3.3. This implies that the most adopted strategic response was diversification.
Table 4.7: Descriptive Table for Strategic Response

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Alliances</td>
<td>40</td>
<td>2.25</td>
<td>3.50</td>
<td>3.875</td>
<td>.29957</td>
</tr>
<tr>
<td>Diversification</td>
<td>40</td>
<td>4.00</td>
<td>5.00</td>
<td>4.725</td>
<td>.43942</td>
</tr>
<tr>
<td>Generic</td>
<td>40</td>
<td>2.67</td>
<td>4.00</td>
<td>3.300</td>
<td>.33589</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>40</td>
<td>2.50</td>
<td>5.00</td>
<td>3.637</td>
<td>.48022</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following sub-section presents detailed description of the strategic responses.

4.4.1 Strategic Alliances

4.4.1.1 Partnerships to Fulfil Common Goals

Figure 4.1 reveals that 23% of the respondents strongly agree 65% agree, 10% were neutral as 3% disagree that partnerships are being formed among NGOs to fulfil common goals.

![Figure 4.1: Partnerships to Fulfil Common Goals](image)

4.4.1.2 Partnerships with National and County Governments

Figure 4.2 reveals that 21 percent of the respondents strongly agreed, 55 percent agreed, 3 percent were neutral, 9 percent disagreed and 12 percent strongly disagreed that partnerships are being formed with various national and county governments.
4.4.1.3 Partnerships with Private Sector

Figure 4.3 reveals that 29 percent of the respondents strongly agreed, 58 percent agreed, 5 percent were neutral, 3 percent disagreed and 5 percent strongly disagreed that partnerships are being formed with private sector to fulfil common goals.

4.4.1.4 Partnership through KEWASNET

Figure 4.4 reveals that 33 percent of the respondents strongly agreed, 57 percent agreed, 2 percent were neutral, 6 percent disagreed and 2 percent strongly disagreed that the partnerships formed through KEWASNET as a network organization offers added value to NGO sector.
4.4.2 Diversification

4.4.2.1 Diversified Portfolio

Figure 4.5 reveals that 29 percent of the respondents strongly agreed, 62 percent agreed, 4 percent were neutral, 2 percent disagreed and 3 percent strongly disagreed that their organizations had diversified their portfolio.

4.4.2.2 Diversified to other Geographical Areas

Figure 4.6 reveals that 25 percent of the respondents strongly agreed, 49 percent agreed, 5 percent were neutral, 9 percent disagreed and 12 percent strongly disagreed that they have diversified to other geographical areas.
4.4.2.3 Changing Role from Service Delivery to Advocacy

Figure 4.7 reveals that 33 percent of the respondents strongly agreed, 47 percent agreed, 12 percent were neutral, 0 percent disagreed and 3 percent strongly disagreed that their organization changed their role from service delivery to advocacy and lobbying.

4.4.3 Generic Strategies

4.4.3.1 Program Targets Specific Groups

Figure 4.8 reveals that 15 percent of the respondents strongly agreed, 62 percent agreed, 3 percent were neutral, 14 percent disagreed and 6 percent strongly disagreed that programs target specific groups in the society.
4.4.3.2 Focus on Donors’ Requirements

Figure 4.9 reveals that 18 percent of the respondents strongly agreed, 65 percent agreed, 4 percent were neutral, 11 percent disagreed and 2 percent strongly disagreed that their organization focuses on meeting donors’ requirements when fundraising for programs and activities.

4.4.3.3 Focusing on the Needs of the Target Group

Figure 4.10 reveals that 27 percent of the respondents strongly agreed, 55 percent agreed, 4 percent were neutral, 4 percent disagreed and 10 percent strongly disagreed that their organization focuses on the needs of the target group when fundraising for programs and activities.
4.4.4 Outsourcing

4.4.4.1 External Experts

Figure 4.11 reveals that 31 percent of the respondents strongly agreed, 62 percent agreed, 3 percent were neutral, 4 percent disagreed and 2 percent strongly disagreed that their organization majorly uses external experts to implement programs and activities.

4.4.4.2 External Experts and Program Efficiency

Figure 4.12 reveals that 66 percent of the respondents strongly agreed, 12 percent agreed, 4 percent were neutral, 9 percent disagreed and 9 percent strongly disagreed that the organization external experts are a major contributors to the efficiency of the programs and activities carried out by the organization.
Figure 4.12: External Experts and Program Efficiency

4.4.5 Correlation Analysis for Strategic Responses and Nature of Association

Table 4.8 overleaf presents correlation analysis of the strategic responses and nature of association. As seen in the table there was a positive correlation between nature of association and strategic responses. Respectively the Pearson Correlation was 0.089 for nature of association and strategic alliance, diversification (0.0904), generic strategies (0.085) and outsourcing (0.179).
Table 4.8: Correlation Analysis for Strategic Response and Nature of Association

<table>
<thead>
<tr>
<th></th>
<th>Strategic Alliances</th>
<th>Diversification</th>
<th>Generic</th>
<th>Outsourcing</th>
<th>Association</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Alliances</strong></td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.203</td>
<td>.234</td>
<td>.189</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.209</td>
<td>.147</td>
<td>.242</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td>.203</td>
<td>1</td>
<td>.226</td>
</tr>
<tr>
<td><strong>Diversification</strong></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.209</td>
<td>.161</td>
<td>.894</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td>.234</td>
<td>.226</td>
<td>1</td>
</tr>
<tr>
<td><strong>Generic</strong></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.147</td>
<td>.161</td>
<td>.184</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td>.189</td>
<td>.022</td>
<td>.215</td>
</tr>
<tr>
<td><strong>Outsourcing</strong></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.242</td>
<td>.894</td>
<td>.184</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
<td>.089</td>
<td>-.094</td>
<td>-.085</td>
</tr>
<tr>
<td><strong>Association</strong></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.584</td>
<td>.563</td>
<td>.603</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

4.5 Challenges faced by NGOs in the Water Sector

The second research question of the study was to examine the challenges faced by the NGOs in the water sector. Table 4.8 presents results of the descriptive statistics with regards to the challenges that face NGOs in the water sector. As seen in Table 4.9, operational-related challenges has the highest mean of 4.7875, followed by industry related challenges with a mean of 4.2375, then external related challenges with a mean of 3.5125 and finally internal related challenges with a mean of 2.6250. This implies that the highest challenge to NGOs are the operational challenges.
Table 4.9: Challenges faced by NGOs in the Water Sector

<table>
<thead>
<tr>
<th>Challenges</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>40</td>
<td>2.00</td>
<td>5.00</td>
<td>3.5125</td>
<td>.54875</td>
</tr>
<tr>
<td>Industry</td>
<td>40</td>
<td>2.50</td>
<td>5.00</td>
<td>4.2375</td>
<td>.45273</td>
</tr>
<tr>
<td>Operational</td>
<td>40</td>
<td>4.00</td>
<td>5.00</td>
<td>4.7875</td>
<td>.40648</td>
</tr>
<tr>
<td>Internal</td>
<td>40</td>
<td>2.00</td>
<td>4.00</td>
<td>2.6250</td>
<td>.70484</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following sub-section presents detailed description of the challenges faced by NGOs in the water sector.

4.5.1 External-related Challenges

4.5.1.1 Decline of Funding

Figure 4.13 reveals that 54 percent of the respondents strongly agreed, 32 percent agreed, 3 percent were neutral, 6 percent disagreed and 5 percent strongly disagreed that there is a challenge of decline of funding in the water sector.

![Figure 4.13: Decline of Funding](image)

4.5.1.2 Delay in Enactment of the Water Bill

Figure 4.14 reveals that 51 percent of the respondents strongly agreed, 40 percent agreed, 4 percent were neutral, 2 percent disagreed and 3 percent strongly disagreed that there is a challenge of delay in the enactment of the water bill.
4.5.2 Industry-related Challenges

4.5.2.1 Competition amongst NGOs

Figure 4.15 reveals that 60 percent of the respondents strongly agreed, 26 percent agreed, 1 percent were neutral, 8 percent disagreed and 5 percent strongly disagreed that there is a challenge of competition amongst NGOs with similar mission.

4.5.2.2 Developing Competitive Advantage

Figure 4.16 reveals that 57 percent of the respondents strongly agreed, 31 percent agreed, 2 percent were neutral, 6 percent disagreed and 4 percent strongly disagreed that they have a challenge in developing competitive advantage that ensures sustainability in funding and programs.
4.5.3 Operational Challenges

4.5.3.1 Donor Policies Perception of NGOs

Figure 4.17 reveals that 69 percent of the respondents strongly agreed, 15 percent agreed, 5 percent were neutral, 7 percent disagreed and 4 percent strongly disagreed that NGOs face a challenge of donor policies perception of NGOs.

4.5.3.2 Relationships with County and National Governments

Figure 4.18 reveals that 46 percent of the respondents strongly agreed, 41 percent agreed, 6 percent were neutral, 5 percent disagreed and 2 percent strongly disagreed that NGOs face a challenge in developing good working relationships with county and national governments.
4.5.3.3 Reception and Ownership by Target Groups

Figure 4.19 reveals that 42 percent of the respondents strongly agreed, 37 percent agreed, 9 percent were neutral, 6 percent disagreed and 6 percent strongly disagreed that NGOs face a challenge of reception and ownership by target group of projects implemented by the network.

4.5.4 Internal-related Challenges

4.5.4.1 Employees’ Skills and Knowledge

Figure 4.20 reveals that 35 percent of the respondents strongly agreed, 26 percent agreed, 11 percent were neutral, 23 percent disagreed and 5 percent strongly disagreed that employees have the technical know-how and knowledge to fulfil the mission of the organization.
4.5.4.2 Employees’ Commitment

Figure 4.21 reveals that 57 percent of the respondents strongly agreed, 31 percent agreed, 2 percent were neutral, 6 percent disagreed and 4 percent strongly disagreed that they have a challenge of employee commitment.

4.5.5 Correlation Analysis for Challenges Faced and Nature of Association

Table 4.10 presents correlation analysis with regards to the challenges faced by NGOs and their nature of association. There was a positive correlation between the nature of association and internal external related challenges with a Pearson correlation of 0.096, industry related challenge (0.117), and operation related challenges (0.202) and finally internal related challenges (0.142).
### Table 4.10: Correlation Analysis for Challenges Faced and Nature of Association

<table>
<thead>
<tr>
<th></th>
<th>Association</th>
<th>External</th>
<th>Industry</th>
<th>Operational</th>
<th>Internal</th>
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<td>.117</td>
<td>.202</td>
<td>.142</td>
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<td>Sig. (2-tailed)</td>
<td>.555</td>
<td>.474</td>
<td>.211</td>
<td>.381</td>
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<tr>
<td>Pearson Correlation</td>
<td>.096</td>
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<td>.297</td>
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<td>External Sig. (2-tailed)</td>
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<td>.062</td>
<td>.782</td>
<td>.000</td>
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<td>Pearson Correlation</td>
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<td>.664**</td>
<td>.105</td>
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<td>.062</td>
<td>1</td>
<td>.000</td>
<td>.517</td>
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<td>Pearson Correlation</td>
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<td>Operational Sig. (2-tailed)</td>
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<td>.782</td>
<td>.000</td>
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<td>Pearson Correlation</td>
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<td>Internal Sig. (2-tailed)</td>
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</table>

**. Correlation is significant at the 0.01 level (2-tailed).

### 4.6 Mitigating Factors to the Challenges faced by the NGOs

The final research question examined the mitigating factors to the challenges faced by NGOs. Table 4.10 further reveals that mitigating operational challenges had the highest mean of 4.4125, while mitigating external challenges had a mean of 3.8167, while mitigating industry challenges had a mean of 3.5625 and finally mitigating internal challenges had a mean of 3.25.

### Table 4.11: Descriptive Statistics for Mitigating Factors

<table>
<thead>
<tr>
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<td>Valid N (list wise)</td>
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</tr>
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</table>

The following sub-sections present detailed description of the mitigating factors to the challenges faced by NGOs in the water sector.
4.6.1 Mitigating factor: External-related challenges

4.6.1.1 Developing a Resource Mobilization Strategy

The results of the study findings indicate that 34 percent of the respondents strongly agree, 39 agree, 7 percent strongly disagree, 8 percent disagree, while 12 percent are neutral that NGOs should develop a resource mobilization strategy.

Figure 4.22: Resource Mobilization Strategy

4.6.1.2 Commercial Publicity Material

The results of the study findings indicate that 41 percent of the respondents strongly agree, 31 agree, 9 percent strongly disagree, 9 percent disagree, while 10 percent are neutral NGOs need to develop publicity material that can be commercialised.

Figure 4.23: Commercial Publicity Material

4.6.1.3 Commercial Entity

The results of the study findings indicate that 35 percent of the respondents strongly agree, 35 agree, 10 percent strongly disagree, 12 percent disagree, while 8 percent are neutral NGOs need to set up a commercial entity utilizing existing staff and skills.
4.6.2 Mitigating factor: Industry-related challenges

4.6.2.1 Aligning Organization Resources

The results of the study findings as seen in the figure 4.25 below, indicates that 51 percent of the respondents strongly agree, 28 agree, 10 percent strongly disagree, 7 percent disagree, while 4 percent are neutral that NGOs need to align the organization resources to develop competence in thematic areas.

4.6.2.2 Diversifying Portfolio into Emerging Thematic Areas

The results of the study findings indicate that 49 percent of the respondents strongly agree, 31 agree, 8 percent strongly disagree, 6 percent disagree, while 2 percent are neutral that NGOs can diversify portfolio into emerging thematic areas in their sector.
4.6.3 Mitigating factor: Operational Challenges

4.6.3.1 Developing Mutual Beneficial Programs with Donors

As seen in figure 4.27, it is evident that 54 percent of the respondents strongly agree, 36 agree, 4 percent strongly disagree, 3 percent disagree, while 3 percent are neutral that NGOs can develop mutual beneficial programs with donors.

4.6.3.2 Setting up Platforms for Knowledge and Information Sharing

The results of the study as seen in the figure 4.28, reveals that indeed 41 percent of the respondents strongly agree, 39 agree, 5 percent strongly disagree, 9 percent disagree, while 6 percent are neutral that NGOs set up platforms for knowledge and information sharing between NGO and government.
4.6.3.3 Beneficiaries Response to Projects/Programs

As seen in the figure 4.29, the results of the study findings indicate that 52 percent of the respondents strongly agree, 31 agree, 10 percent strongly disagree, 4 percent disagree, while 3 percent are neutral that NGOs need to ensure beneficiaries of programs participate and contribute to the projects/programs.

Figure 4.29: Beneficiaries Response to Projects/Programs

4.6.4 Mitigating factor: Internal-related Challenges

4.6.4.1 Allocating Budgets for Training

Figure 4.30 shows that 34 percent of the respondents strongly agree, 39 agree, 7 percent strongly disagree, 8 percent disagree, while 12 percent are neutral that NGOs should allocate budgets for training and developing of staff.
4.6.4.2 Organizing Employees in Self-Management Teams

Figure 4.31 shows that 28 percent of the respondents strongly agree, 38 agree, 3 percent strongly disagree, 2 percent disagree, while 28 percent are neutral that NGOs need to organize employees in self-management teams.

4.6.4.3 Linking Pay to Performance

Figure 4.32 shows that 45 percent of the respondents strongly agree, 37 agree, 6 percent strongly disagree, 2 percent disagree, while 11 percent are neutral that NGOs need to link pay to performance.
4.6.5 Correlation Analysis for Mitigating Factors and Nature of Association

Table 4.11 presents correlation analysis for the nature of association and the mitigating factors. The Pearson correlation coefficient for mitigating external challenges was 0.184, while that for industry challenges was 0.071, operation challenges was 0.235, and finally for internal challenges was 0.134.
Table 4.12: Correlation Analysis for Mitigating Factors and Nature of Association

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<td>.410</td>
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<td>.431</td>
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</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.7 Chapter Summary

This chapter presented the results and findings of the study based on the research questions. The research focussed on the strategic responses taken by NGOs in the water sector, the challenges faced and finally the mitigating factors to the challenges faced. The study revealed that diversification had the highest mean of 4.75, followed by strategic alliances with a mean of 3.875 and then outsourcing which had a mean of 3.3675 and finally generic strategies had a mean of 3.3. This implies that the most adopted strategic response was diversification. The findings affirm that NGOs have adopted different types of strategic alliances as a part of their engagement in the water sector.

The study further revealed operational related challenges had the highest mean of 4.7875, followed by industry related challenges with a mean of 4.2375, then external related challenges with a mean of 3.5125 and finally internal related challenges with a mean of
2.6250. This implies that the highest challenge to NGOs are the operational challenges. Finally the study revealed that mitigating operational challenges had the highest mean of 4.4125, while mitigating external challenges had a mean of 3.8167, while mitigating industry challenges had a mean of 3.5625 and finally mitigating internal challenges had a mean of 3.25.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter is divided into four sections. The first section presents a summary of the study which includes the purpose of the study, research questions, the methodology adopted and the findings. The second section presents a discussion on the major findings based on the research questions. The third section presents the conclusions that have been drawn from the study whilst the last section presents the recommendations for practice improvement and further studies.

5.2 Summary of the Findings
The purpose of this study was to assess the strategic responses of NGOs in the water sector using the case of KEWASNET. As a key player in advocacy for positive change in the water sector, KEWASNET has strategically positioned itself to deliver appropriate engagement framework for its members through the launch of the current strategic plan (2015-2019). In order for KEWASNET to succeed in fulfilling their vision and mission in the sector, they must develop strategies that appreciate the influence of forces in their turbulent environment. There is adequate literature on private sector responses to challenges in the environment, however the body of knowledge for strategic responses for NGOs in Kenya still needs to be developed.

This study therefore sought to establish the strategic responses taken by KEWASNET, the challenges faced by the Network in the water sector and the mitigating factors to the challenges faced. The target population for this study were members of the governing council, senior management and staff of the secretariat, as well as representatives of the member/affiliate organizations. A descriptive research design was adopted to sample 51 respondents out of the target population. The sample size was be determined based on judgement sampling method where respondents suitable to provide the required information will be interviewed. A questionnaire was developed, tested and circulated to respondents to answer the research questions.
The study revealed that majority of the respondents agreed that partnerships are being formed among NGOs to fulfil common goals, partnerships with various national and county governments are being formed, partnerships with the private sector are formed to fulfil common goals, the partnership formed through KEWASNET as a network organization offers added value to NGO sector, diversified the portfolio of the organization, changed their role from service delivery to advocacy and lobbying, programs target specific groups in the society, focuses on meeting donor’s requirements when fundraising for programs and activities, focuses on the needs of the target group when fundraising for programs and activities, majorly utilizes external experts to implement programs and activities, external experts are a major contributor to the efficiency of the programs and activities carried out by the organization.

The study further revealed that the following are the challenges faced by NGOs in the water sector: Decline of funding to implement activities, programs of the organization are negatively affected by the delay of the enactment of the new water bill, competition amongst NGOs with similar mission, developing competitive advantage within organization that ensures sustainability in funding and programs, donor policies and perception of NGOs, developing good working relationship with key national and county governments, reception and ownership by target group of projects implemented by the Networks, employees have the technical know-how and knowledge to fulfil mission of the organization, employees are committed and motivated to fulfill the mission of the organization.

Finally the study revealed that the following are the mitigating factors to challenges faced by NGOs in the water sector: developing a resource mobilization strategy, developing publicity material that can be commercialized, setting up a commercial entity within the NGO utilizing existing staff and skills, aligning the organization resources to develop competence in thematic areas, diversifying portfolio into emerging thematic areas in the sector e.g. climate change, developing mutual beneficial programs with donors, setting up platforms for knowledge and information sharing between NGOs and government, ensuring beneficiaries of programs participate and contribute to the projects/programs, allocating budgets for training and developing of staff, organizing employees in self-management teams and linking pay to performance.
5.3 Discussions

5.3.1 Strategic Responses taken by NGOs in the Water Sector

The study revealed that diversification had the highest mean of 4.75, followed by strategic alliances with a mean of 3.875 and then outsourcing which had a mean of 3.3675 and finally generic strategies had a mean of 3.3. This implies that the most adopted strategic response was diversification. The findings affirm that NGOs have adopted different types of strategic alliances as a part of their engagement in the water sector.

The study revealed that majority of the respondents agreed that partnerships are being formed among NGOs to fulfil common goals, partnerships with various national and county governments are being formed, partnerships with the private sector are formed to fulfil common goals, the partnership formed through KEWASNET as a network organization offers added value to NGO sector, diversified the portfolio of the organization, changed their role from service delivery to advocacy and lobbying, programs target specific groups in the society, focusses on meeting donor’s requirements when fundraising for programs and activities, focusses on the needs of the target group when fundraising for programs and activities, majorly utilizes external experts to implement programs and activities, external experts are a major contributor to the efficiency of the programs and activities carried out by the organization.

The findings affirm that NGOs have adopted different types of strategic alliances as a part of their engagement in the water sector. The common type of strategic alliance employed is the formation of Network organizations which are less formal and member mutually benefit by working in collaboration without formal cross-ownership arrangements and contracts (Johnson et al, 2008). Murtaza and Austin (2011) observed that the relationship among NGOs and host governments were becoming more adversarial as the magnitude of the NGO programs and related advocacy grows. At the same time, some NGOs have managed to work collaboratively with certain government. They concluded that NGOs have had to different strategies in dealing with governments, which include co-optation, complementarity, cooperation and confrontation.

The findings also agrees with Frumkin and Keating (2011) who established that NGOs should avoid dependence on a single revenue source to enable them stabilize their financial positions and reduce interruptions from funding. NGOs may choose to extend their work
by engaging in economic projects and commercial activities in areas where governments hardly support charitable work and citizen rarely contribute. NGOs with a diversified portfolio may increase the funding market’s perception of its ability (Moscarini, 2007). According to Olson (2009), there are egoistic gains made by NGOs derived from expanding their portfolios where they can gain prestige and recognition through their philanthropic efforts. NGOs that manages a wide range of mission is highly regarded by their peers.

The findings also agree with Digital Marketing Beti (October 2011), who established that NGOs should outsource certain tasks to local NGOs instead of bringing in expensive expertise from developed countries for assignments that be sourced locally. Financial management, human resources (HR), information technology (IT), consultancy services and communication are some of the services that can be outsourced by NGOs. NGOs should outsource in order to increase their efficiency of service delivery. Sporar (2008) accuses NGOs of not developing new approaches in the new era of IT and globalization, therefore outsourcing can enable NGOs to benefit from specialized service providers. The global economic and financial crisis which occurred in 2008 resulted in a decline of NGOs funding (Githinji, 2012). In order to cope, outsourcing can enable NGOs expand and shrink depending on the availability of funding. Outsourcing also enables organizations to focus on their core mission by relieving staff from activities not part of core mandate. Further, NGOs can utilize and develop local resources within their area of operation (Digital Marketing Beti, October 2011)

5.3.2 Challenges faced by NGOs in the Water Sector
The study further revealed operational related challenges had the highest mean of 4.7875, followed by industry related challenges with a mean of 4.2375, then external related challenges with a mean of 3.5125 and finally internal related challenges with a mean of 2.6250. This implies that the highest challenge to NGOs are the operational challenges.

The study further revealed that the following are the challenges faced by NGOs in the water sector: decline of funding to implement activities, programs of the organization are negatively affected by the delay of the enactment of the new water bill, competition amongst NGOs with similar mission, developing competitive advantage within organization that ensures sustainability in funding and programs, donor policies and
perception of NGOs, developing good working relationship with key national and county governments, reception and ownership by target group of projects implemented by the Networks, employees have the technical know-how and knowledge to fulfill mission of the organization, employees are committed and motivated to fulfill the mission of the organization.

The findings agree with Nottingham University’s Centre for Research in Economic Development and International Trade (2011) who conducted using NGOs in Uganda and found out that foreign funding is the biggest factor for an NGO’s survival. CARE and Action Aid International (2006) acknowledge that funding from donor governments has declined with the new approach taken to fund recipient governments directly. With the SWAP approach being put in place, NGOs are expected to align service delivery with national plans and strategies which may impact NGOs independence and identity. Since the environment influences an organization’s strategies (Johnson et al, 2008), NGOs operating in the water sector must take due consideration of the political and economic factors to take advantage of the opportunities as well as manage the threats.

The findings also agree with Batti (2014) who states that many NGOs depend on grants and donations from donors. These NGOs realize that their funding sources are not able to cater for their needs and the rising implementation costs. At the same time, an article done by the Economist (2000) accused NGOs of diverting their attention to helping the needy in the community and spending nearly 10% of their funds on marketing and fundraising as a result of the crowded relief market. According to Aldashev & Verdier (2010), NGOs compete amongst themselves for donations which may lead to ineffecicency in their work. According to Batti (2014), NGOs face competition from NGOs that are directly or indirectly linked with political parties and therefore access funds easily. Instead of cooperation amongst NGOs in the same sector NGOs, there are reported cases of duplication of activities in NGOs located in the same geographical area. Competition for funding is common against existing and new NGOs.

Finally the findings Jelinek (2006) who posits that there has been tension in NGO-State relationships across world as certain governments have been fearful of being substituted by NGOs or exposed due to lack of accountability and transparency. Governments are mandated with the role of regulating NGO activities. However, governments can either
facilitate or obstruct NGO operations. In Kenya, the Ministry of Water and Irrigation consider NGOs as a key sector player whose role is to propagate advocacy and pressure for policy reforms (GoK, 2010). MWI perceived NGOs as agents of providing feedback to sector policies for adjustment. The World Bank (2006) recognizes NGOs critical role in working with the local community. According to Gebrehiwot (2006), large amounts of money are invested in the implementation of divers community projects that fail after a while. This is due to lack of ownership, expertise and limited demand for the services.

5.3.3 Mitigating Factors to Challenges faced by NGOs in the Water Sector

Finally the study revealed that that mitigating operational challenges had the highest mean of 4.4125, while mitigating external challenges had a mean of 3.8167, while mitigating industry challenges had a mean of 3.5625 and finally mitigating internal challenges had a mean of 3.25.

Finally the study revealed that the following are the mitigating factors to challenges faced by NGOs in the water sector: developing a resource mobilization strategy, developing publicity material that can be commercialized, setting up a commercial entity within the NGO utilizing existing staff and skills, aligning the organization resources to develop competence in thematic areas, diversifying portfolio into emerging thematic areas in the sector e.g. climate change, developing mutual beneficial programs with donors, setting up platforms for knowledge and information sharing between NGOs and government, ensuring beneficiaries of programs participate and contribute to the projects/programs, allocating budgets for training and developing of staff, organizing employees in self-management teams and linking pay to performance.

The findings affirm that the key to NGO’s financial security is diversification. This entails having a mixed portfolio of investments rather than depending on a single investment to meet current and future income demands. The diversified portfolio includes obtaining funds from interested parties through grants and donations, from beneficiaries through cost-recovery measures, and from unrelated parties by engaging in commercial ventures. Srinivas (2015) agrees that NGOs need to develop a funding-raising strategies revolving of different funding and income for continued long-term survival. NGOs need to scout for opportunities to generate additional resources as well as in-kind contributions while
undertaking project activities. This could be through offering training/seminars to paying clients, development of publications that can be sold, organizing public events that can be opportunities for fund raising or contributions from private sector organizations. Additional generated income and endowment funds can be invested in the market, put in fixed deposits or other financial mechanism to generate more income for the NGO.

The findings also agree with Philip (2007) who alludes that NGOs need to understand how to develop sustainability in service delivery. This is done by realizing the best in the status quo in order to keep and expand it as well as the best in the changes in their environment in order to adopt and expand. Similarly what is the worst in their current situation should be changed and avoided. NGO’s strengths which includes legitimacy, distinct networks, awareness of social forces and specialized expertise can attracts partnerships from both government and private institutions (Yaziji, 2005). Therefore NGOs should invest in developing a sustainable competitive advantage which is a time consuming and expensive process requiring.

Finally the findings agree with Bateman and Snell (2004) who states that the skills and performance of managers and employees must be enhanced constantly through training and development activities and conducting performance appraisals for the purpose of giving feedback and motivating staff to perform their best. Hill and Jones (2013) also suggests that organizations should make use of self-managing teams. These are team members who undertake an entire task and where team members learn all assignments. This is important as it creates a flexible workforce that can fill in for absent colleagues and take over their tasks if need be. He also states that linking pay to performance is not simply introducing an incentive pay systems, but it also defines what kind of job performance is rewarded and how. Batemen and Snell (2004) concurs that reward systems can enable organizations to attract, motivate and retain people.

5.4 Conclusions
5.4.1 Strategic Responses taken by NGOs in the Water Sector
The study concludes that NGOs in water sector make use of the following strategic response: strategic alliances, diversification, outsourcing as well as generic strategies.
Additionally the study concludes that diversification was the most used strategy by NGOs in the water sector.

5.4.2 Challenges faced by NGOs in the Water Sector

The study concludes that the following are the challenges faced by NGOs in the water sector: operational related challenges, industry related challenges, external related challenges as well as internal related challenges. It can also be concluded that the biggest challenge faced by NGOs in the water sector was the operational related challenges while the least challenge are the internal challenges.

5.4.3 Mitigating Factors to Challenges faced by NGOs in the Water Sector

Finally the study concludes that the following are the mitigating factors to challenges faced by NGOs in the water sector: developing a resource mobilization strategy, developing publicity material that can be commercialized, setting up a commercial entity within the NGO utilizing existing staff and skills, aligning the organization resources to develop competence in thematic areas, diversifying portfolio into emerging thematic areas in the sector e.g. climate change, developing mutual beneficial programs with donors, setting up platforms for knowledge and information sharing between NGOs and government, ensuring beneficiaries of programs participate and contribute to the projects/programs, allocating budgets for training and developing of staff, organizing employees in self-management teams and linking pay to performance.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Strategic Responses taken by NGOs in the Water Sector

The study recommends the need for NGOs in the water sector capitalize on the strategies so as to be able to develop competitive advantage from developing their competencies from their resources. This is because organizations cannot always cope with increasing complex environments or strategies by depending on internal resources and competencies only. NGOs need to obtain and leverage other resources and competencies through cooperation as opposed to ownership.
5.5.1.2 Challenges faced by NGOs in the Water Sector
The study acknowledges that NGOs face a number of challenges when developing and implementing their respective strategies. In this regard therefore the study recommends the need for NGOs in the water sector to develop mechanisms that will enable them to quickly identify the challenges that fall upon them so as to be able to formulate ways of dealing with these challenges. This is because NGOs which succeed in turbulent environments have a management team who appreciate the influence of the environmental forces.

5.5.1.3 Mitigating Factors to Challenges faced by NGOs in the Water Sector
The study recommends the need for NGOs to develop ways of dealing with challenges they face in the water sector. Such mechanisms should be devised by organizations to deal with changes in the environment and maintain competitive advantage. NGOs which marshal and allocate their resources based on its internal competencies and limitations, anticipated changes in the environment, and contingent moves by intelligent opponents have a well-formulated strategy.

5.5.2 Recommendations for Further Study
While this study successfully examined the strategic responses, challenges and mitigating factors to the challenges faced by NGOs in the water sector, the impact of the strategic responses is an area that can be explored for further study. The study was also confined to the water sector, it therefore presents an opportunity to research on other sectors for example health and education sector.
REFERENCES


Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), (2012). Good governance in the Kenyan water sector: Policies, pipes and the participation of the people – water governance practices on the ground. GIZ.


http://www.issa.nl/members/member_docs/QEEI_files/NGO_Deliver_Ser_Eng.pdf


APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

16th June 2016

Dear Respondent,

RE: REQUEST FOR DATA TO UNDERTAKE RESEARCH STUDY
I am a student at the United States International University (USIU) – Africa undertaking my Master of Business administration (MBA). I am undertaking a research study on Non-Governmental Organization in the water sector using Kenya Water and Sanitation Civil Society Network as a case study.

The research project is titled “AN ASSESSMENT OF STRATEGIC RESPONSES BY NGOs IN THE KENYAN WATER SECTOR: A CASE OF KENYA WATER AND SANITATION CIVIL SOCIETY NETWORK (KEWASNET)”.

This data collected and the results of this assessment will be used purely for academic purpose. A copy of the project report will be availed to your company on request.

Your support and cooperation is highly appreciated.

Thank you in advance.

JENNIFER KANINI MUSYOKI
MBA STUDENT – RESEARCHER
UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA
APPENDIX 2: QUESTIONNAIRE

This questionnaire contains four sections. Kindly complete all the sections of this questionnaire. The data collected in this survey is intended for academic purpose only to examine the strategic responses employed by NGOs in the water sector. The final report will be availed to the participating NGOs to provide information that will be useful for evaluating and designing their strategies. The data collected will be handled with strict confidentiality.

Section One: General Information

Kindly respond to the questions by tick the most appropriate answer

1. Please indicate your association with KEWASNET?
   - [ ] Member of Governing Council
   - [ ] Member NGO
   - [ ] Staff of the Secretariat
   - [ ] Affiliate NGO

2. Designation/title: ______________________________________________________________

3. How long have you been associated with KEWASNET?
   - [ ] Less than year
   - [ ] 1-3 years
   - [ ] 4-6 years
   - [ ] 7-9 years
   - [ ] Since 2007

4. Your gender:
   - [ ] Male
   - [ ] Female

5. Your age bracket:
   - [ ] 25-35
   - [ ] 36-45
   - [ ] 46-55
   - [ ] Over 55

6. Highest level of Education (please tick one)
   - [ ] Diploma
   - [ ] Undergraduate
   - [ ] Graduate
   - [ ] Other (please state) ________________________________
SECTION II: STRATEGIC RESPONSES TO CHANGES IN ENVIRONMENT

To what extent has your NGO adopted the following strategies to respond to the changes in the water sector? Using the scale 1-5 tick the most appropriate response from the options provided.

1. **Strongly Disagree**  2. **Disagree**  3. **Neutral**  4. **Agree**  5. **Strongly Agree**

<table>
<thead>
<tr>
<th>STRATEGIES EMPLOYED BY NGOS IN THE WATER SECTOR</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree (1)</td>
</tr>
<tr>
<td><strong>Strategic Alliances</strong></td>
<td></td>
</tr>
<tr>
<td>1. Partnerships are being formed among NGOs to fulfil common goals</td>
<td></td>
</tr>
<tr>
<td>2. Partnerships with various national and county governments are being formed</td>
<td></td>
</tr>
<tr>
<td>3. Partnerships with the private sector are formed to fulfil common goals</td>
<td></td>
</tr>
<tr>
<td>4. The partnership formed through KEWASNET as a network organization offers added value to NGO sector</td>
<td></td>
</tr>
<tr>
<td><strong>Diversification</strong></td>
<td></td>
</tr>
<tr>
<td>5. Diversified the portfolio of the organization i.e. expanding the scope of activities undertaken</td>
<td></td>
</tr>
<tr>
<td>6. Diversified to other geographical area i.e. counties to have a greater reach</td>
<td></td>
</tr>
<tr>
<td>7. Changed their role from service delivery to advocacy and lobbying</td>
<td></td>
</tr>
<tr>
<td><strong>Generic strategies</strong></td>
<td></td>
</tr>
<tr>
<td>8. Programs target specific groups in the society</td>
<td></td>
</tr>
<tr>
<td>9. Focusses on meeting donor’s requirements when fundraising for programs and activities</td>
<td></td>
</tr>
<tr>
<td>10. Focusses on the needs of the target group when fundraising for programs and activities</td>
<td></td>
</tr>
<tr>
<td><strong>Outsourcing</strong></td>
<td></td>
</tr>
<tr>
<td>11. Majorly utilizes external experts to implement programs and activities</td>
<td></td>
</tr>
<tr>
<td>12. External experts are a major contributor to the efficiency of the programs and activities carried out by the organization</td>
<td></td>
</tr>
</tbody>
</table>

Please state any other key strategic response employed by your NGO not included above.

_________________________________________________________________________

_________________________________________________________________________
SECTION II: CHALLENGES FACED BY YOUR ORGANIZATION

To what extent does your NGO face the following challenges in the Kenya water sector?
Using the scale 1-5 tick the most appropriate response from the options provided.


<table>
<thead>
<tr>
<th>CHALLENGES IN THE WATER SECTOR</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Disagree (1)</td>
</tr>
<tr>
<td><strong>External-Related Challenges</strong></td>
<td></td>
</tr>
<tr>
<td>1. Decline of funding to implement activities</td>
<td></td>
</tr>
<tr>
<td>2. The programs of the organization are negatively affected by the delay of the enactment of the new water bill</td>
<td></td>
</tr>
<tr>
<td><strong>Industry-related Challenges</strong></td>
<td></td>
</tr>
<tr>
<td>3. Competition amongst NGOs with similar mission</td>
<td></td>
</tr>
<tr>
<td>4. Developing competitive advantage within organization that ensures sustainability in funding and programs</td>
<td></td>
</tr>
<tr>
<td><strong>Operational Challenges</strong></td>
<td></td>
</tr>
<tr>
<td>5. Donor policies and perception of NGOs</td>
<td></td>
</tr>
<tr>
<td>6. Developing good working relationship with key national and county governments</td>
<td></td>
</tr>
<tr>
<td>7. Reception and ownership by target group of projects implemented by the Network</td>
<td></td>
</tr>
<tr>
<td><strong>Internal-related Challenges</strong></td>
<td></td>
</tr>
<tr>
<td>8. Employees have the technical know-how and knowledge to fulfil mission of the organization</td>
<td></td>
</tr>
<tr>
<td>9. Employees are committed and motivated to fulfill the mission of the organization</td>
<td></td>
</tr>
</tbody>
</table>

Please state any other major you challenge your NGO faces while operating in the Kenya water sector.

________________________________________________________________________

________________________________________________________________________

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SECTION II: MITIGATING FACTORS TO THE CHALLENGES FACED BY YOUR ORGANIZATION

In your opinion, to what extent will the mitigating factors proposed below deal with challenges faced by NGOs in the water sector? Using the scale 1-5 tick the most appropriate response from the options provided.


<table>
<thead>
<tr>
<th>MITIGATING FACTORS TO CHALLENGES IN THE WATER SECTOR</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strongly Disagree (1)</strong></td>
<td>Disagree (2)</td>
</tr>
</tbody>
</table>

Mitigating factor to: External-related challenges

1. Develop a resource mobilization strategy
2. Develop publicity material that can be commercialized
3. Set up a commercial entity within the NGO utilizing existing staff and skills

Mitigating factor: Industry-related challenges

4. Aligning the organization resources to develop competence in thematic areas
5. Diversifying portfolio into emerging thematic areas in the sector e.g. climate change

Mitigating factor: Operational Challenges

6. Developing mutual beneficial programs with donors
7. Setting up platforms for knowledge and information sharing between NGOs and government
8. Ensuring beneficiaries of programs participate and contribute to the projects/programs

Mitigating factor: Internal-related Challenges

9. Allocating budgets for training and developing of staff
10. Organizing employees in self-management teams
11. Linking pay to performance

Please state any other mitigating factor for the challenges stated above or from the additional challenge stated in the previous section.