STRATEGIC RESPONSES BY NGOs IN THE HEALTH SECTOR IN NAIROBI TO CHALLENGES IN THE EXTERNAL ENVIRONMENT

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Abstract

Purpose: The purpose of the study was to determine the environmental challenges facing health sector NGOs in Kenya and the strategic responses that health sector NGOs adopt to come with challenges posed by the external environment.

Methodology: The research design was descriptive survey study in nature since it focused on all NGOs working in health sector in Nairobi. The target population was 1065 NGOs. A sample of 41 NGOs was selected using the recommended formula for calculating sample size given proportions as recommended by Israel. The respondents were the managing directors of the NGOs. Both qualitative and quantitative data was collected using a questionnaire that consisted of both open ended and close ended questions. The data was analyzed in terms of descriptive statistics like frequencies, means and percentages. The findings were presented in form of tables.

Results: The study found that competitive rivalry, threats of new entrants, bargaining power of suppliers, bargaining power of clients, threat of substitutes, changes in law and advancement in information technology contribute to environmental challenges of the organization.

Unique contribution to theory, practice and policy: It is recommended that the NGOs train their employees on strategic management and the identification of the environmental factors that challenge NGOs. Specifically, the management of NGOs should be trained on PESTEL and SWOT analysis to facilitate proper environmental scanning.

Keywords: environmental challenges, health Sector, NGOs, strategic responses, challenges, external environment
1.0 INTRODUCTION

1.1 Background of the Study

To succeed in an industry, an organization must select a mode of strategic behaviour which matches the levels of environmental turbulence, and develop a resource capability which complements the chosen mode (Acur and Englyst, 2006). Manimala (2011) and Aboagye-Debrah (2007) identify three distinct modes of strategic behaviour. The first group of strategic behavior consists of organizations that are reactive and driven by their environment. A second group is pre-emptive and seeks to anticipate future events and prepare for them while the third group exhibits the most aggressive stance; not only do they seek to identify future scenarios, they actually work to bring these about. The classification of strategic behavior is supported by several theories which include the resource dependence theory, the institutional theory and a continuum of theories that border between resource dependency and institutional theories. In line with these theories, one can identify the context and content in which certain strategic responses and behaviours are appropriate.

Kim and McIntoch (2002) assert that rapid technological change, easier entry by foreign competitors, and the accelerating breakdown of traditional industry boundaries subject firms to new, unpredictable competitive forces. Contemporary firms, operating in dynamic market contexts, often deal with these contingencies by implementing strategies that permit quick reconfiguration and redeployment of assets to deal with environmental change. Manimala (2011) asserted that strategic responses to environmental changes were mainly around improving quality and productivity, reducing costs, restructuring and culture-building, rather than finding partnerships and assistance from across the newly opened boundaries. The findings suggest that competition does have an impact on self-improvements and that the primary impetus for strategy making is from ones own internal strengths than from the environment.

Steger (1990) has developed a conceptual model of business responses to environmental change. He places business in one of four categories, depending on their response to environmental risk and environmentally related market opportunities. These positions are characterised as indifferent, offensive, defensive, and innovative. Indifference arises in businesses which face low environmental risks and where there is little opportunity for environmentally related market opportunities. Offensive positions are characteristic of businesses for which the environment represents an opportunity for market growth, especially in the field of pollution, waste control and monitoring equipment, markets which are linked to the tightening band of environmental regulation, especially in America, Europe and Britain. A defensive stance is adopted by businesses in the front line of environmental risks, such as the organic chemicals industry, where there is little opportunity for substantial market development through environmentally benign products and processes. Innovative positions, in contrast, are associated with companies which face high environmental risks and yet see considerable potential for market growth.

Inefficiency in the Kenyan health system is one of the major concerns in promoting coverage and access to healthcare. Inefficiency in the public health sector results from a combination of macro and industrial environment challenges. Obonyo and Owino (1997) identify the causes of inefficiencies as imbalances in staffing; limited input hours by health staff as they spend more time at private facilities; malfunctioning machines and equipment; and poor
transport, which often leads to delays in patient transfer to referral facilities and in turn causes high mortality rates. Owino and Korir (1997) have estimated efficiency in the public health sector at around 70 percent, indicating a 30 percent inefficiency rate.

Training of healthcare personnel has also not kept pace with population growth (Owino and Korir, 1997: Obonyo and Owino, 1997). For example, the population-doctor ratio has increased from 5,600:1 in 1994 to 6,800:1 in 1996. This increase has affected the quality of healthcare in the sense that a doctor will need to cater for more patients. There is also the problem of imbalance in staffing. Non-professional staff is usually over-staffed whereas professional staff is under-staffed. The 1994/96 National Development Plan indicates that there is overconcentration of key personnel in urban areas with over 80 percent of doctors based in urban areas, which account for less than 20 percent of the total population. Many experienced health personnel employed in the public sector are also operating own clinics and hospitals, or are employed in the private sector, a situation which limits hours the staff can work in public health facilities (Owino and Korir, 1997).

The proliferation of NGOs in the 1990s has mediated a transformation in social policy thinking (Mwabu, Uga and White (Eds.), 2001). Throughout the decade, over 100 NGOs were established annually in Kenya. In spite of the availability of these numbers, the growth and organization of health NGOs is largely undocumented (Wamai, 2004). Wamai (2004) asserts that in the first instance, health NGOs already operate 20% of all health care facilities and receive the largest share of health insurance payments from the statutory health insurance schemes in Kenya. Second, the NGO system utilizes the largest single share of health promotion budgetary appropriations in Kenya. And third, health NGOs are indispensable constituents of health policy-making in relevant governmental bodies. Wamai (2004) further asserts that out of a total of 4,214 health institutions, 845 were run by NGOs. In Kenya, the government operates 51% of the country’s health facilities while NGOs and private businesses operate 20% and 29%, respectively. In Kenya, the government operates most health centres and dispensaries as well as hospitals with 80%, 60.9% and 50%, respectively seconded by NGOs in these types of facilities with 17.4%, 23.6% and 30.7%, respectively. On the other hand, the private sector has a commanding domination in nursing and maternity homes and health clinics and medical centres with 94.2% and 83.7%, respectively.

In general, the NGOs focus on different components needed to achieve their objectives. Health based NGOs provide the communities with the ability, knowledge and confidence to demand the health services they need. The NGOs also partner with national, regional and local health authorities to ensure health benefits to Kenyan citizens. They work together in taking care of infected persons through providing medication and advising on proper nutrition to ensure longevity (Waweru, 2010). This study recognizes the important role played by health NGOs in meeting both the objectives of vision 2030 and the MDGs.

1.2 Problem Statement

In an environment that is very competitive, organisations in the profit making and not for profit have to position themselves strategically over other players in the industry that they compete with. To succeed in an industry, an organization must select a mode of strategic behaviour which matches the levels of environmental turbulence, and develop a resource capability which complements the chosen mode (Acur and Englyst, 2006). Various authors have identified the modes of strategic behavior that may be adopted by organizations. These
include Manimala (2011) and Aboagye-Debrah (2007) who identify three modes of strategic behavior namely; reactive, preemptive and aggressive. In addition, Steger (1990) has developed a conceptual model of business responses to environmental change. He places business in one of four categories, depending on their response to environmental risk and environmentally related market opportunities. These positions are characterised as indifferent, offensive, defensive, and innovative. Oliver (1991) also suggests that NGO can adopt an array of strategic responses that include but are not limited to Acquiescence, Compromise, Avoidance, Defiance and Manipulation.

Over the past years, some NGOs had to wind up due to financial constraints or lack of additional funding from donors. Others have fallen by the wayside or having dismal performance due to the change in the business environment that they operate in from one that is stable to one that is turbulent (NGO Coordination Board, 2011). This may have led NGOs to adopt strategic responses to the environmental turbulence.

Several studies on strategic responses of NGOs have been conducted. These studies include, Pfeffer and Salancik (2003), who focused on the external control of organizations, and used a resource dependence perspective. However, this study did not focus on health NGOs in developing economies. On the other hand, Oliver (1991) offered a typology of strategic responses that vary in active organizations: from resistance, passive, conformity to proactive manipulation. However, the study did not address the strategic responses that are adopted by Health Sector NGOs in Kenya. Wamai (2004) conducted a study on the comparative trends in transforming health care systems in Kenya and Finland by focusing on NGO and public health care systems. However, the study failed to address the concept of strategy and how NGO in the health sector react to environmental turbulence. Kameri-Mbote (2000) conducted a study on the operational environmental and constraints for NGOs in Kenya. However, the study mainly concentrated on the regulatory regime and failed to discuss how NGOs employ strategic responses to cope with external environment. Munir, Baird and Perera (2011) study of the banking sector drew on institutional theory, more specifically DiMaggio and Powell’s (1983) notion of institutional isomorphism, and Oliver’s (1991) typology of strategic responses to institutional pressures. Other studies that addressed strategic responses are Marete (2007), Mudanya (2007), Odongo (2008), Wairimu (2008), Ombok (2009), Njihia (2009), Keziah (2010), Mutua (2010). Nonetheless, the papers failed to address strategic responses of NGOs in the Kenyan health sector.

Although the above reviewed studies made important contributions on various aspects on NGOs, they suffer from conceptual and contextual gaps since they did not address the strategic responses adopted by Health Sector NGOs in Kenya. There seems not to be any study that has focused on the concept of strategic responses for health sector NGOs in Nairobi, Kenya. The study sought to determine answers to the following questions; what are the environmental challenges facing Heath Sector NGOs in Kenya? What are the strategic responses that Health Sector NGOs adopt to cope with challenges posed by the external environment?

1.3 Research Objectives
To determine the environmental challenges facing Health Sector NGOs in Kenya.
To determine the strategic responses that Health Sector NGOs adopt to cope with challenges posed by the external environment.
2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Institutional Theory

The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on the social rules, expectations, norms, and values as the sources of pressure on organizations. This theory is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (Doug and Scott, 2004). The environment is conceptualized as the —organizational field, represented by institutions that may include regulatory structures, governmental agencies, courts, professionals, professional norms, interest groups, public opinion, laws, rules, and social values. Institutional theory assumes that an organization conforms to its environment. There are, however, some fundamental aspects of organizational environments and activities not fully addressed by institutional theory that make the approach problematic for fully understanding NGOs and their environment: the organization being dependent on external resources and the organization’s ability to adapt to or even change its environment (Doug and Scott, 2004).

Researchers such as Meyer and Rowan (1991), DiMaggio and Powell (1983) are some of the institutional theorists who assert that the institutional environment can strongly influence the development of formal structures in an organization, often more profoundly than market pressures. Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. Ultimately these innovations reach a level of legitimization where failure to adopt them is seen as "irrational and negligent" (or they become legal mandates). At this point new and existing organizations will adopt the structural form even if the form doesn't improve efficiency.

2.1.2 Resource Dependency Theory

The failure of the institutional theory to fully explain the dependency of organization on external resources and the organization’s ability to adapt to or even change its environment leaves rooms for a better theory, the resource dependency theory. Resource dependence theory has dealt more aggressively with these two issues. It proceeds from the indisputable open-systems proposition that organizations are not able to internally generate all the resources and/or functions required to maintain themselves and therefore must enter into exchange transactions and relations with elements in the environment to ensure a stable flow of resources and services. Further, resource dependence theory provides a wide range of possible adaptation strategies. However, resource dependence theory does not consider the issue of social and cultural mood in the organizational environment, which is an issue that is addressed by institutional theory.

Additionally, the environment in resource dependence theory is exclusive to the technical (task) environment represented by resources, suppliers, and customers. Meyer and Rowan (1991) and Scott (1998) pointed out that the distinction between the technical and institutional can be misleading because, in reality, all organizations operate in both technical and institutional environments. Further, the NGO sector, unlike other organizational fields (i.e., the market), is not about perfect competition or profit margins. The NGOs are culturally loaded, often evoke ideological reactions, and are seen as the locus of values
(DiMaggio and Anheier, 1990). The main challenge for NGOs is to meet certain social and cultural expectations. As such, NGOs have to ensure both a continued supply of resources and the satisfaction of many groups and structures that can provide political influence and societal legitimation in their environment.

2.1.3 Integrated Approach

The complementary relationship of the two perspectives has been acknowledged by several researchers. Oliver's (1991) framework provides a high degree of sensitivity for examining how NGOs interact with their external environments in light of the premises of institutional theory and resource dependence theory. Oliver integrated the two perspectives into a single framework that, on the one hand, considers the institutional predictors of the individual organizational environment and, on the other hand, suggests a range of organizational strategic responses that vary from passivity to positivity. The environmental dimensions (also referred to as institutional factors and institutional antecedents) that Oliver (1991) suggested are of special importance when conceptualizing the features of the environment, especially in identifying the status of institutionalization. The indicators of institutionalization are more indirect than the measures of resources dependency. The institutional antecedents suggested by Oliver and used in this research are cause, constituents, content, control, and context. The organizational predicted strategic responses are acquiesce, compromise, avoid, defy, and manipulate.

Oliver (1991, p. 159) argues that the organizational environment can be identified by five research questions: why these pressures are being exerted; who is exerting them; what these pressures are; how or by what means they are exerted; and where they occur. Each question represents an institutional factor that explains the rational underlying an organization's conformity or resistance to institutionalization. Oliver used two dimensions, also called antecedent conditions, to explain each institutional factor. The institutional factors and their dimensions are: cause (legitimacy, efficiency), constituents (multiplicity, dependence), content (consistency, constraint), control (coercion, diffusion), and context (uncertainty, interconnectedness). Cause refers to the rationale behind the institutional pressure over the organization. Accordingly, organizations are pressured to conform to the external actors (constituents) in their environment in order to gain legitimation and economic resources. Constituents refer to the actors in the organization environment that impose pressure on the organization. Oliver suggested two dimensions of the factor — constituents: multiplicity and dependence. Both resource dependence and institutional theorists agreed that conformity to the environment with multiple constituents is difficult (Pfeffer and Salancik, 2003). DiMaggio and Powell (1983) argued that organizations resist the demands of the constituents on whom they are less dependent.

Content has two dimensions, as suggested by Oliver: consistency and constrain. She argued that organizational resistance to institutional pressure increases with a lack of consistency between organizational goals and institutional pressure. For nonprofit organizations, Oliver explained that resistance to pressure for economic rationality prevails because compliance may result in inconsistencies in the quality of social service delivery. Control refers to the means by which pressures are imposed on the organizations. Organizations are subject to institutional pressure by two means: legal coercion and voluntary diffusion. According to Oliver (1991) if the legal coercion is high and culturally approved, then acquiescence would
best serve the organization. Otherwise, an organization may choose to avoid, defy, or even manipulate the institutional pressure if the legal coercion is low. Context (in the environmental sense), as considered by Oliver (1991), have two significant dimensions: uncertainty and interconnectedness. Organizations tend to acquiesce, compromise, and avoid when environmental uncertainty is high.

Oliver (1991) identified various modes of strategic response namely acquiescence, compromise, avoidance, defiance and manipulation. Acquiescence may take several forms including habit, imitation and compliance. Habit refers to unconscious consistency with respect to following accepted norms and values. Imitation is where organizations choose to mimic the behaviors of trusted actors within their environment. Compliance is a strategic and conscious obedience to institutional requirements that aims to elevate organizational legitimacy and avoid criticism or financial penalties for noncompliance.

Compromise is adopted when organizations face conflicting institutional demands or inconsistency between organizational goals and institutional expectations. Compromise is a sign of partial compliance. Under such conditions, organizations may balance, pacify, or bargain with their constituents. Balancing requires organizations to achieve an acceptable compromise between conflicting interests or choose one over the other. In pacifying tactics, organizations may choose conformity only to the minimum standards accepted by powerful constituents. Bargaining tactics emphasized by Pfeffer and Salancik (2003) are an expression of exchanging concession between an organization and its constituents.

Avoidance is adopted when organizations avoid institutional pressures by concealing, buffering, or escaping tactics. Concealing is best described as symbolic, in contrast to real, compliance to institutional norms or procedures. Buffering refers to reducing institutional inspections or hiding reality from outsiders. An organization may further escape conformity altogether by changing its goals, activities, or even changing its physical location to a less constraining environment (DiMaggio and Powell, 1983).

Defiance may take the forms of dismissing, challenging, or attacking institutional pressure. Organizations dismiss institutional norms when they perceive a low cost of such active departure or when these norms diverge dramatically from organizational values. Organizations may also challenge the rules of the institutional environment to enforce their own vision, especially if these rules are not widely shared. Furthermore, organizations may even attack institutional values and those who represent them if those values are explicitly negative or the organization feels its position will be more privileged to the public (Oliver, 1991).

Manipulation is the most active response to institutional pressures that organizations may adopt in an attempt to actively changes or exert power over the source of pressure. It involves co-opting by putting institutional elites on the board of directors, influencing, or controlling institutional pressures and evaluations. Influencing tactics include lobbying the government or attempting to change the performance standards. Controlling tactics aim to exert control over the source, allocation, or expression of social approval and legitimation (Pfeffer and Salancik, 2003).
2.2 Empirical Review

The policy of the Government of Kenya at independence was to provide “free” medical care. In pursuit of that policy, the government embarked on an expansion of health facilities countrywide, including extensive training of health personnel. In response to the health crises in the country, the new government elected in December 2002 slightly modified the independence-era manifesto of “free” healthcare for all to a policy of ‘affordable’ healthcare for all. Provision of health services countrywide is still grossly inadequate. In addition, the health system suffers from inequitable spatial distribution of health services; shortages of health personnel; poor management of health services; inadequate funding; lack of medical supplies; low level of hospital operational efficiency; and lack of proper public health information and education (Government of Kenya, 1994; 2003).

Some of the hospitals such as Kenyatta Hospital have been quoted to be cash strapped leading to poor health service delivery. While some of the problems facing hospitals may arise out of scarce resources, corruption and mismanagement of resources also has a role to play in the current state of Kenyan hospitals. This argument is in line with Anticorruption Resource Center (2010) that poor budgetary process, lack of financial accountability, budget leakages. Other problems affecting hospitals may include low staff morale which results out of poor human resource practices. This is evidenced by the numerous go slows and strikes by nurses in various hospitals. For instance, Wekesa (2011) reported that Nurses at the Pumwani Maternity Hospital in Nairobi staged a protest and ejected the hospital's CEO and matron on April 28, 2011. The nurses said that they had downed their tools because of poor working conditions. In another incident, Lancet (1997) reported that on December 3, 1997, a strike by 40,000 nurses pressing for higher wages and better terms of service has paralysed health services in public hospitals, health centres, and dispensaries in Kenya. Cheserek (2011) reported that on October 19, 2011 doctors and nurses at the troubled Moi Teaching and Referral Hospital (MTRH) had downed their tools. The doctors singled out the hospital board, accusing it of being unable to manage the institution and demanded its disbandment.

There are many factors in the external environment that will affect the decisions of the managers of organizations in general and hospitals in particular. Tax changes, new laws, trade barriers, demographic change and government policy changes are all examples of macro change. To help analyze these factors managers can categorize them in various categories such as the macro-environment and the industrial environment.

Strategic management views the environment as an important contextual factor that has a strong impact on a firm’s strategic direction (Hamel and Prahalad, 1994; Chaharbaghi and Nugent, 1994). Strategy literature supports the view that both owners and top managers need to deal with the impact of the environment (Chaganti and Damanpour, 1991; Hamel and Prahalad, 1994; Hough and White, 2004; Chung, 2008; Aapo and Tomas, 2008). The information uncertainty perspective (Chaharbaghi and Nugent, 1994, 1996; Hough and White, 2004; Chung, 2008; Aapo and Tomas, 2008) maintains that greater environmental dynamism will lead to greater environmental uncertainty and increased difficulty in decision-making (Sanders and Ritzman, 2004). Bourgeois (1985) and Lumpkin and Dess (1995) argue that organizations that are able to respond appropriately to varying levels of environmental uncertainty will be more effective. Porter (1986) is of the view that globalization potential
depends on industry characteristics and particularly on specific industry drivers - such as market forces, cost factors, technology, government policies and competitive factors.

The macro-environment is best discussed under the acronym PESTEL. Pestel represents political, economic, social, technological, environmental and legal factors. Political factors refer to government policy such as the degree of intervention in the economy. They concern questions such as the goods and services that a government wants to provide, the extent the government believe in subsidising firms, its priorities in terms of business support and so on (Awino, 2001; Machuki, 2005). A Political/legal environment consists of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society (Armstrong and Kotler, 2011). The of political/legal environment consists of factors that may influence the health service are government objectives, policies, decisions, legal restrictions, various governmental units sharing legislative authority, laws concerning taxation, and privatization decisions (Sameer and Jasmine, 2003).

Economic factors include interest rates, taxation changes, economic growth, inflation and exchange rates. Higher interest rates may deter investment because it costs more to borrow, a strong currency may make exporting more difficult because it may raise the price in terms of foreign currency, inflation may provoke higher wage demands from employees and raise costs, higher national income growth may boost demand for a firm's products (Aosa, 1992, Machuki and Aosa, 2011).

Social factors such as changes in social trends can impact on the demand for a firm's products and the availability and willingness of individuals to work. In the UK, for example, the population has been ageing. This has increased the costs for firms who are committed to pension payments for their employees because their staffs are living longer. Social/cultural environment is made up of institutions and other forces that affect a society’s basic values, perceptions, preferences, and behaviors (Kotler et al., 2011; Armstrong and Kotler, 2011).

Technological factors contribute to environmental dynamism. New technologies create new products and new processes. MP3 players, computer games, online gambling and high definition TVs are all new markets created by technological advances. The technology is perhaps the most dramatic force now shaping, our destiny (Kotler et al., 2011). Technology in health services organizations has released such good things antibiotics, robotic surgery, MRI. The technologies environment change rapidly. In the past most of hospital managers do not know about the updating technologies we knowing nowadays. New technologies create new markets and opportunities. Therefore, the hospital managers should study these updating technologies around the world to adopt them in their hospitals. Dramatic advancements in updating technology affect not only the products and services offered by organizations to customers but also the work processes needed. They can offer opportunities to those who can take benefit of such advancements. Otherwise, expecting and responding to technological trends can prove to be costly (Kotler et al, 2008).

Porter (1980) presented the five forces that shape competition in the industry for any business organization as, rivalry among existing competitors, threats of new entrants, bargaining power of suppliers, bargaining power of buyers, and threat of substitute products or services. All five competitive forces jointly determine the intensity of industry competition and profitability. Barriers to entry are one of the principal forces of competition that shape the performance of firms and industries in any economy (Porter, 1980).
If one industry’s return on capital is in excess of the cost of capital, this industry will attract the outside firms to go inside of the industry (Porter, 2004). If the entry of new firms is unrestricted, the threat of entry rather than actual entry will decrease the profitability of the industry, and make the established firms constraining their price to the competitive level (David Harris, 2006). The reason why the new entrants may constitute a threat is that they bring new capacity and substantial resources to an industry with the desire of gaining market share (Porter, 2004).

The rivalry between established competitors defines how the competition between the players is in the industry. For most industries, the intensity of the rivalry and on which basis the industry participants compete determines the overall state of competition and the general level of profitability (Porter, 2004). In such circumstances, the industry-wide losses happen (Porter, 2004). However, in other industries, the competition is in the form of focusing in advertising, innovation, and other non-price dimensions. In such circumstances, the price competition is muted (Porter, 2004).

3.0 RESEARCH METHODOLOGY

This study was conducted through a cross sectional descriptive survey study. The target populations of this study were NGOs working in the health sector in Nairobi. The study focused on 1065 NGOs. The sample size was 41 NGOs. The study used a questionnaire as the preferred data collection tool. Quantitative data were obtained from the questionnaire. Quantitative methods of data analysis were used. Specifically, descriptive statistics were used to analyze the quantitative data. The findings were presented using charts and tables. The statistical techniques include frequencies and measures of central tendency mainly means and frequencies. Analysis of variance (Anova) was also used to show whether the strategic responses differed significantly across period of operation, level of cooperation, largest source of income and NGO Orientation. Each questionnaire was edited and coded for the purpose of matching returned, completed questionnaires with those delivered to NGOs.

4.0 RESULTS AND DISCUSSIONS

4.1 Demographic Characteristics of Respondents

The respondents were asked to indicate their level of education. The results are shown in table 1.

Table 1: Education Level

<table>
<thead>
<tr>
<th>Level</th>
<th>Frequency</th>
<th>Percent</th>
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</thead>
<tbody>
<tr>
<td>College level</td>
<td>10</td>
<td>29.4%</td>
</tr>
<tr>
<td>University level</td>
<td>18</td>
<td>52.9%</td>
</tr>
<tr>
<td>Post graduate level</td>
<td>6</td>
<td>17.6%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Results in table 1 indicated that majority 53% of the respondents had reached university level, while 29% respondents had reached college level and 18% of the respondents indicated they had reached post graduate level. The findings imply all the respondents were well educated and had knowledge about the organization and issues of the study.

The respondents were asked to indicate the number of years in current employment. The results are indicated in table 2.

### Table 1: Number of Years in Current Employment

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than one year</td>
<td>4</td>
</tr>
<tr>
<td>1 to 2 year</td>
<td>9</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>8</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
</tr>
</tbody>
</table>

As illustrated in table 2, the findings revealed that majority 38% of the respondents had been in their current employment for a period of more than 5 years, while 24% respondents had been in the employment for 3 to 5 years and 26% of the respondents indicated they had been in the employment for a period of 1 to 2 years and finally 12% respondents had been in the employment for less than one year. The findings imply that the respondents were well equipped for the study as they had knowledge about the organizations.

The respondents were asked to indicate the period of operation in Kenya. The results are shown in table 3.

### Table 2: Period of Operation in Kenya

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than one year</td>
<td>2</td>
</tr>
<tr>
<td>1 to 2 year</td>
<td>7</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>4</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
</tr>
</tbody>
</table>

Results in table 3 revealed that majority 62% of the respondents indicated their organizations had been in operation for more than 5 years, while 20% respondents indicated their organizations have been operational for a period of 1 to 2 years and 12% respondents indicated 3 to 5 years. Finally, the study findings indicated 6% of the NGOs have been in operation for less than one year.
The respondents were asked to indicate the level of cooperation. Table 4 indicates the results.

**Table 3: Level of Cooperation**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community- Based Organization</td>
<td>3</td>
<td>8.8%</td>
</tr>
<tr>
<td>City Wide Organization</td>
<td>4</td>
<td>11.8%</td>
</tr>
<tr>
<td>National NGOs</td>
<td>9</td>
<td>26.5%</td>
</tr>
<tr>
<td>International NGO</td>
<td>18</td>
<td>52.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34</td>
<td>100%</td>
</tr>
</tbody>
</table>

Results in table 4, revealed that majority 53% of the respondents were in International NGOs, while 26% were in national NGOs, 12% were in city wide organization and 9% respondents were in community based organization.

The respondents were asked to indicate their source of income. Table 5 indicates the results.

**Table 4: Source of Income**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor Funds</td>
<td>23</td>
<td>67.6%</td>
</tr>
<tr>
<td>Government</td>
<td>8</td>
<td>23.5%</td>
</tr>
<tr>
<td>Community</td>
<td>3</td>
<td>8.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34</td>
<td>100%</td>
</tr>
</tbody>
</table>

As illustrated in table 5, majority 68% of the respondents indicated their organizations source of income is from donors, while 23% indicated government and 9% indicated community as their source of income.

The respondents were asked to indicate the NGOs orientation. The results are presented in table 6.
Table 5: NGO Orientation

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable orientation</td>
<td>15</td>
<td>44.1%</td>
</tr>
<tr>
<td>Service orientation</td>
<td>10</td>
<td>29.4%</td>
</tr>
<tr>
<td>Participatory</td>
<td>4</td>
<td>11.8%</td>
</tr>
<tr>
<td>Empowering orientation</td>
<td>5</td>
<td>14.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Results in table 6 indicated that majority 44% of the respondents indicated that their organizations were charitable, while 29% respondents indicated their NGOs were service oriented, 15% indicated empowering oriented and finally 12% respondents indicated participatory.

4.2 Descriptive Statistics

4.2.1 Environmental Challenges

The study sought to determine the causes of environmental challenges. Table 7 indicates the results.
Table 6: Environmental Challenges

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither agree nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive rivalry contributes to the Environmental challenges of our organization</td>
<td>0 (0%)</td>
<td>2(6%)</td>
<td>6 (18%)</td>
<td>12(35%)</td>
<td>14(41%)</td>
</tr>
<tr>
<td>Our organization responds to the Threat of new entrants contributes to the Environmental challenges of our organization</td>
<td>1(3%)</td>
<td>1(3%)</td>
<td>2(6%)</td>
<td>12(35%)</td>
<td>18(53%)</td>
</tr>
<tr>
<td>Bargaining power of suppliers contributes to the Environmental turbulence of our organization</td>
<td>1(3%)</td>
<td>0(0%)</td>
<td>2(6%)</td>
<td>15(44%)</td>
<td>16(47%)</td>
</tr>
<tr>
<td>Bargaining power of clients contributes to the Environmental challenges of our organization</td>
<td>1(3%)</td>
<td>0(0%)</td>
<td>2(6%)</td>
<td>15(44%)</td>
<td>16(47%)</td>
</tr>
<tr>
<td>Threat of substitutes contributes to the Environmental challenges of our organization</td>
<td>1(3%)</td>
<td>1(3%)</td>
<td>1(3%)</td>
<td>24(71%)</td>
<td>7(21%)</td>
</tr>
<tr>
<td>Changes in law contributes to the Environmental challenges of our organization</td>
<td>3(9%)</td>
<td>0(0%)</td>
<td>3(9%)</td>
<td>15(44%)</td>
<td>13(38%)</td>
</tr>
<tr>
<td>Advancement in Information technology contributes to Environmental challenges of our organization</td>
<td>1(3%)</td>
<td>3(9%)</td>
<td>0(0%)</td>
<td>19(56%)</td>
<td>11(32%)</td>
</tr>
<tr>
<td>Global profile of firms contributes to Environmental challenges of our organization</td>
<td>2(6%)</td>
<td>2(6%)</td>
<td>3(9%)</td>
<td>20(59%)</td>
<td>7(21%)</td>
</tr>
</tbody>
</table>

Results in Table 7 revealed that 34% of the respondents strongly agreed with the statement that competitive rivalry contributes to the environmental challenges of our organization, while 44% respondents strongly agreed with the statement that threat of new entrants contributes to the environmental challenges of our organization and 39% respondents strongly agreed with the statement that bargaining power of suppliers contributes to the environmental turbulence of our organization. The study findings further revealed that 39% of the respondents strongly agreed with the statement that bargaining power of clients contributes to the environmental challenges of our organization. A majority (59%) of the respondents agreed with the statement threat of substitutes contributes to the environmental challenges of our organization, while 37% respondents agreed with the statement that
changes in law contributes to the environmental challenges of our organization and finally 46% of the respondents agreed with the statement advancement in Information Technology contributes to environmental challenges of our organization.

4.2.2 Strategic Responses to Environmental Challenges

The study sought to establish the strategic responses that were adopted by NGOs in the Health sector. The results are presented in Table 8.

Table 7: Strategic Responses to Environmental Challenges

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither agree nor Disagree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our organization responds to the environment by choosing to mimic the behaviors of trusted actors within their environment</td>
<td>0 (0%)</td>
<td>1 (2%)</td>
<td>4 (10%)</td>
<td>26 (63%)</td>
<td>3 (7%)</td>
</tr>
<tr>
<td>Our organization responds to the environment by strategic and conscious obedience to institutional requirements that aims to elevate organizational legitimacy and avoid criticism or financial penalties for noncompliance</td>
<td>2 (5%)</td>
<td>0 (0%)</td>
<td>10 (24%)</td>
<td>10 (24%)</td>
<td>12 (29%)</td>
</tr>
<tr>
<td>Our organization responds to the environment by balancing, pacifying, or bargaining with their constituents</td>
<td>1 (2%)</td>
<td>2 (5%)</td>
<td>0 (0%)</td>
<td>20 (49%)</td>
<td>11 (27%)</td>
</tr>
<tr>
<td>Our organization responds to the environment by compromising with their constituents over acceptable standards of outputs, reporting conditions, or any other expectation by the constituents</td>
<td>0 (0%)</td>
<td>2 (5%)</td>
<td>2 (5%)</td>
<td>24 (59%)</td>
<td>6 (15%)</td>
</tr>
<tr>
<td>Our organization may avoid institutional pressures by concealing, buffering, or escaping tactics</td>
<td>0 (0%)</td>
<td>1 (2%)</td>
<td>5 (12%)</td>
<td>16 (39%)</td>
<td>12 (29%)</td>
</tr>
<tr>
<td>Our organization responds to the environment by escaping conformity altogether by changing its goals, activities, or even changing its physical location to a less constraining environment.</td>
<td>1 (2%)</td>
<td>1 (2%)</td>
<td>3 (7%)</td>
<td>22 (54%)</td>
<td>7 (17%)</td>
</tr>
<tr>
<td></td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>Neither agree nor Disagree</td>
<td>Agree</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>-----------------------------------------------------------------</td>
<td>-------------------</td>
<td>----------</td>
<td>-----------------------------</td>
<td>-----------</td>
<td>----------------</td>
</tr>
<tr>
<td>Our organization responds to the environment by being defiant, that is, through dismissing, challenging, or attacking institutional pressure</td>
<td>1 (2%)</td>
<td>1 (2%)</td>
<td>4 (10%)</td>
<td>15 (37%)</td>
<td>13 (32%)</td>
</tr>
<tr>
<td>Our organization responds to the environment through challenging the rules of the institutional environment to enforce their own vision, especially if these rules are not widely shared</td>
<td>1 (2%)</td>
<td>0 (0%)</td>
<td>4 (10%)</td>
<td>17 (41%)</td>
<td>12 (29%)</td>
</tr>
<tr>
<td>Our organization practices cooption by trying to influence institutional elites by putting them on the board of directors</td>
<td>0 (0%)</td>
<td>4 (10%)</td>
<td>2 (5%)</td>
<td>15 (37%)</td>
<td>13 (32%)</td>
</tr>
<tr>
<td>Our organization uses influencing tactics by lobbying the government or attempting to change the performance standards</td>
<td>0 (0%)</td>
<td>6 (15%)</td>
<td>3 (7%)</td>
<td>14 (34%)</td>
<td>11 (27%)</td>
</tr>
<tr>
<td>Our organization manipulates the environment by co-opting, influencing, or controlling institutional pressures and evaluations</td>
<td>2 (5%)</td>
<td>2 (5%)</td>
<td>1 (2%)</td>
<td>16 (39%)</td>
<td>13 (32%)</td>
</tr>
</tbody>
</table>

Results in Table 8 revealed that majority 63% agreed with the statement that their organization responds to the environment by choosing to mimic the behaviors of trusted actors within their environment, while 29% respondents strongly agreed with the statement that their organization responds to the environment by strategic and conscious obedience to institutional requirements that aims to elevate organizational legitimacy and avoid criticism or financial penalties for noncompliance and 49% of the respondents strongly agreed with the statement that our organization responds to the environment by balancing, pacifying, or bargaining with their constituents.

Fifty nine percent of the respondents strongly agreed with the statement that their organization responds to the environment by compromising with their constituents over acceptable standards of outputs, reporting conditions, or any other expectation by the constituents, 39% of the respondents agreed with the statement their organization may avoid institutional pressures by concealing, buffering, or escaping tactics and 54% respondents agreed with the statement that their organization responds to the environment by escaping
conformity altogether by changing its goals, activities, or even changing its physical location to a less constraining environment.

The study findings further revealed that majority 37% of the respondents agreed with the statement that their organization responds to the environment by being defiant, that is, through dismissing, challenging, or attacking institutional pressure, while 41% respondents agreed with the statement that their organization responds to the environment through challenging the rules of the institutional environment to enforce their own vision, especially if these rules are not widely shared and 37% respondents agreed with the statement that their organization practices cooption by trying to influence institutional elites by putting them on the board of directors.

Furthermore, the findings indicated that 34% of the respondents agreed with the statement that their organization uses influencing tactics by lobbying the government or attempting to change the performance standards and 39% respondents agreed with the statement that their organization manipulates the environment by co-opting, influencing, or controlling institutional pressures and evaluations.

5.1 Discussion

One of the objectives of the study was to determine the environmental challenges facing Health sector NGOs in Kenya. The findings indicated that majority of the respondents strongly agreed with the statements that competitive rivalry, threat of new entrants, bargaining power of suppliers, bargaining power of clients and threat of substitutes contributes to the environmental challenges of our organization. The findings further revealed that changes in law and advancement in Information technology contributes to environmental challenges of our organization.

The other objective of the study was to determine the strategic responses that Health sector NGOs adopt to cope with challenges posed by the external environment. Results revealed that the organization responds to the environment in different ways such as by choosing to mimic the behaviors of trusted actors within their environment, by strategic and conscious obedience to institutional requirements that aims to elevate organizational legitimacy and avoid criticism or financial penalties for noncompliance and by balancing, pacifying, or bargaining with their constituents. Furthermore the organization also responds to environment challenges by compromising with their constituents over acceptable standards of outputs, reporting conditions, or any other expectation by the constituents. The organization may avoid institutional pressures by concealing, buffering, or escaping tactics and by escaping conformity altogether by changing its goals, activities, or even changing its physical location to a less constraining environment.

The study findings further revealed that organizations respond to the environment by being defiant, that is, through dismissing, challenging, or attacking institutional pressure. Finally, the organization responds to the environment through challenging the rules of the institutional environment to enforce their own vision, especially if these rules are not widely shared and by trying to influence institutional elites by putting them on the board of directors.

Furthermore, the findings indicated that organization uses influencing tactics by lobbying the government or attempting to change the performance standards and also our organization
manipulates the environment by co-opting, influencing, or controlling institutional pressures and evaluations.

5.2 Conclusions
The findings of this study were crucial in the formulating study conclusions. It was possible to conclude from the study findings that the NGOs in Kenya face environmental challenges.

It was possible to conclude that NGOs use various strategic responses to cope with their environment. However, the use of a particular strategic response depended on the characteristics of the NGO.

The study concludes that younger NGOs were more likely to use acquiescence strategy compared to older NGOs. This is because NGOs who had operated for a longer period of time scored less on the statements that their organization responds to the environment by choosing to mimic the behaviors of trusted actors within their environment, and their organization responds to the environment by strategic and conscious obedience to institutional requirements that aims to elevate organizational legitimacy and avoid criticism or financial penalties for noncompliance. However, older NGOs were found to prefer the use of aggressive responses such as defiance and manipulation strategies.

The study concludes that community based NGOs were more likely to use acquiescence strategy compared to international NGOs. This conclusion was arrived at since international NGOs scored lowly on the statement that their organization responds to the environment by choosing to mimic the behaviors of trusted actors within their environment, and on the statement that their organization responds to the environment by strategic and conscious obedience to institutional requirements that aims to elevate organizational legitimacy and avoid criticism or financial penalties for noncompliance. However, International NGOs were found to prefer the use of aggressive responses such as defiance and manipulation strategies.

The study concludes that NGOs funded by donors were more likely to use manipulation strategy and defiance strategy compared to NGOs funded by the community. This is because NGOs which were funded by donors scored highly on the statement that their organization practices cooption by trying to influence institutional elites by putting them on the board of directors, and on the statement that their organization uses influencing tactics by lobbying the government or attempting to change the performance standards, and on the statement their organization manipulates the environment by co-opting, influencing, or controlling institutional pressures and evaluations.

The study concludes that NGOs characteristics such as Period of Operation in Kenya, Level of Cooperation, Source of Income and NGO Orientation influence the choice of a particular strategic response.

5.3 Recommendations
It is recommended that the NGOs train their employees on strategic management and the identification of the environmental factors that challenge NGOs. Specifically, the management of NGOs should be trained on PESTEL and SWOT analysis to facilitate proper environmental scanning. This is because proper environmental scanning is crucial for the crafting of sustainable strategic plans and for the identification of environmental challenges.
Secondly, the study found that the adoption of strategic responses to environmental challenges was influenced by various NGO characteristics. It is therefore recommended that the NGOs should adopt strategic responses such as acquiescence, compromise, avoidance, defiance, and manipulation to overcome the environmental challenge that affect the NGO sector. However, the choice of particular strategic response need be evaluated in line with NGO characteristics.

5.4 Areas for Further Research

It is therefore recommended that further studies on the relationship between the choice of strategy and the achievement of strategic objectives may be conducted so as to reduce the inconclusiveness of the discourse of the value and impact of particular strategic responses to the performance of NGOs in the health sector. In addition, comparative studies should be done for NGOs in other sector such as education, energy, agriculture, finance and empowerment. Such studies would validate whether NGOs in other sectors choose strategic responses in the same manner.

REFERENCES


