

**DIFFERENTIATION STRATEGY AND SUSTAINABILITY OF  
NON-GOVERNMENTAL ORGANIZATIONS IN KIAMBU COUNTY, KENYA.**

**BY**

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UNIVERSITY**

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## **DECLARATION**

This research study is wholly original with no prior presentations made at any other academic institution.

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I confirm that this research was carried out under my guidance and give it the go-ahead for evaluation.

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## **DEDICATION**

I dedicate this work to my wife for her continuous support and encouragement. You motivated and inspired me to carry on despite the challenges and difficulties in my quest for knowledge.

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I give God praise for the opportunity He has given me to pursue and finish my MBA study. Many start but few live to see the end. My appreciation goes out to my spouse and the rest of my loved ones for their immense support, my supervisor Dr. Joyce Gakobo whose wealth of knowledge and experience sharpened my project skills and profession, thanks to all my colleagues at work, Kenyatta University Library staff, fellow students, NGO Coordination Board, County Government of Kiambu and all the NGOs in Kiambu County who supported me for the execution of the study project, either directly or indirectly.

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## OPERATIONAL DEFINITION OF TERMS

- Differentiation Strategy:** Differentiation is the distinctive and perceived high value of NGO services to the beneficiaries that increases trust to the donors thus sustained funding.
- Image Differentiation:** The creation of favorable and strong reputation by differentiating NGOs from competitors through the building of ethics, history, morality and efficiency.
- Non-Governmental Organization:** It is a private, self-governing, non-profit organization committed to reducing human suffering through advancing human rights, health care, economic development, and environmental protection.
- Personnel Differentiation:** The ability of NGOs to possess well trained personnel through the hiring and retention policies that can add value by increasing funds mobilization and donor satisfaction.
- Service Differentiation:** This includes the quality of service provided to beneficiaries and the superior experience and satisfaction donors have when their objectives are met by NGOs.
- Sustainability:** The ability of NGOs to improve institutional capacity that can guarantee continued activities within its target beneficiary in the long term.
- Technology Differentiation:** Technological capability of an NGO to support financial capability, the capacity to carry out monitoring and evaluation, marketing and resource mobilization which are key to donor acquisition and retention for sustainability.

## **ABBREVIATIONS AND ACRONYMS**

<b>CEO:</b>	Chief Executive Officer
<b>CSR:</b>	Corporate Social Responsibility
<b>DT:</b>	Deposit Taking
<b>GRI:</b>	Global Reporting Initiative
<b>HDI:</b>	Human Development Index
<b>KCIDP:</b>	Kiambu County Integrated Development Plan
<b>MFI:</b>	Microfinance Institution
<b>NACOSTI:</b>	National Commission for Science, Technology and Innovation.
<b>NGO:</b>	Non-Governmental Organizations
<b>RDT:</b>	Resource Dependence Theory
<b>SCI:</b>	Sustainable Consumption Indicators
<b>SPSS:</b>	Statistical Package for Social Sciences
<b>USA:</b>	United States of America
<b>VSD:</b>	Variable of Sustainable Development

## ABSTRACT

NGO Co-ordination Board appreciates the role of non-governmental organizations in supporting the government realization of its Big 4 Agenda and the Vision 2030. It is no doubt that NGOs have supported humanitarian activities across diverse projects touching many citizens who fall short of accessing government services. However, NGOs in Kiambu have experienced sustainability challenges where many have ceased operation as they are at the evolving stage hence difficulty in recruiting competent employees to support resource mobilization. The purpose of this study was to assess the effect of differentiation strategy on the sustainability of NGOs in Kiambu County, Kenya with specific objectives being; to determine the effect of service differentiation, to establish the effect of technology differentiation, to determine the effect of personnel differentiation and to identify the effect of image differentiation on the sustainability of NGOs in Kiambu County, Kenya. Three theories guided the study: Porters five forces framework, generic strategy and resource dependency theory. The study adopted descriptive research design targeting a population of 115 employees from 20 NGOs where a sample of 88 respondents was selected. Systematic random sampling was used to identify the respondents. Questionnaire was used in primary data collection. Expert opinion and pilot study were used to improve accuracy of the study instrument. Reliability was tested using Cronbach alpha. Data was analysed via descriptive, correlation and multiple regression using SPSS. Presentation was done through tables, charts and graphs. The study found out a favorable and substantial correlation between differentiation strategy and sustainability of NGOs. It was also found that differentiation strategy affected sustainability of NGOs in Kiambu County. On the specific objectives, the study established that service differentiation had the highest significant and positive contribution to sustainability of NGOs. Technology differentiation had positive and significant contribution to sustainability while image differentiation had positive and significant contribution to sustainability. However, the study established that personnel differentiation had negative and significant contribution to sustainability of NGOs. The study concluded that service differentiation, technology, image and personnel differentiation significantly affected sustainability of NGOs in Kiambu County. It was recommended that NGOs should put in place mechanisms that will ensure implementation and monitoring of feedback generated from stakeholders. The study also recommended the acquisition of new technologies that are compatible with NGO systems and processes, engage with partnership with technology firms to enable the deployment of distinctive technologies that offer reduced costs and value to the stakeholders and NGOs. Future research was recommended to be done targeting other factors outside differentiation strategy that affect sustainability. It was also recommended that research be undertaken in other geographical locations.

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

Non-governmental organizations (NGO) have been instrumental in bridging the gap left by the government and private businesses through the provision of essential services such as health, food security, rescue operations and education. Globally, NGO works have been recognized in the provision of essential services to their target communities supporting information development, communication, education and encouraging healthy behavior especially NGOs operating within the health sector. However, many of NGOs are struggling in their operations as a result of depleting donations. Based on diminishing donor funding, the need for financial independence is imperative for NGOs to enable continued operation (Ntimama, 2018).

Sustainability concept began in the 1970s in recognition that uncontrolled growth may lead to unsustainable work especially within the NGO sector. Sustainability refers to an organization capacity to realize its mission in the long-term in the most cost-effective way. For NGOs, sustainability means continuous operation in meeting beneficiary needs and economic issues related with NGO funding. This is influenced by donations which may fail to support administrative expenses, different time availability of donations as well as having short-term frame hence difficulty in building a long-term strategy (Suidronova, 2013).

NGO sustainability is therefore significant in determining the ability to improve institutional capacity that may allow the sector to continue providing services to its target market in an extended period of time, enhancing impact through quality service and products, reducing financial vulnerability as well as developing diversified financial

portfolio. This means that NGOs should be able to define their mission, determine sound management practices and come up with different sources of income that will generate continued performance in the long-term (Commercial Markets Strategies, 2001).

Sustainability of organizations have been analysed in different frameworks; Human Development Index (HDI), Global Reporting Initiative (GRI), Variables of Sustainable Development (VSD), Sustainable Consumption Indicators (SCI) and USAID NGO Sustainable Index. The framework that analyses NGO sustainability focuses on three areas; financial performance, that allows steady flow of funds for continued operation, organizational practices to guarantee proper management and community interest that ensures effective delivery of products and services to meet community needs. From the NGO framework of sustainability, financial performance has been considered a major contributor in sustainability especially in the developing world context where funding sources, income diversification and strategic financial management are significant to sustainability (Gul & Morande, 2023).

Renz and Associates (2016) observe how sustainability is vital for non-governmental organizations with the desire to continue their operations in the long term. It is in this respect that many studies have been taken with results indicating how many NGOs have stopped their operations due to sustainability issues. The Guardian (2011), for example, reported how some of the UK NGOs have been closed with more than 2000 UK charities stopping their operations due to funding cut. Rhoden (2014) further, noted that in the year 2017/2018, there was reduced funding to NGOs by 12%. This is likely caused by reliance on a single donor and not having effective strategies that can support NGOs' long-term operations as noted by Beam, (2011) where an international NGO-Academy of Educational Development (AED), stopped its operations as a result of reduced donor funding.

An evaluation of Slovakian NGOs sustainability by Suidronova (2013) used USAID methodology with findings that NGOs were failing in their operations hence were ranked as enhanced, evolving and impeded sustainability where financial sustainability was in the evolving stage with recommendations that NGOs should differentiate themselves by considering proactive mindset and quality provision of services (Suidronova, 2013).

An observation of the NGO sector in Indonesia indicates how the sector has supported the government's environmental laws pursuing organizations that violate laws governing environment. This has seen Indonesian NGOs earn trust from the public where 62% of the public believe in NGO activities. Indonesian NGOs have however been affected by regulations, inflation, unemployment and weather conditions which have affected their sustainability where limited financial capacity and business experience were identified as some of the reasons for poor sustainability (Agussani & Akrim, 2020).

In Kazakhstan, NGOs have been in the frontline in supporting socio-economic development of the country where over 42% of NGOs provide services in health, culture, education, vulnerable communities, human rights, gender policies and environment. The sector has supported employment creation with over 200, 000 people in employment while about two million enjoying NGO services. However, the growth of the sector is reducing in some areas evidenced in decreased number. Additionally, many of newly registered NGOs do not receive training to support their strategic planning and fundraising. To add on to that, some NGOs have short-term vision with short-life span where 48.7% are operating below five years, a quarter have been in operation for six years while 21.8% have worked since 1990. From this, only a few enjoy strong support from their stakeholders with notable reasons for unsustainable operations being low level of awareness, lack of skilled staff, and stakeholder need identification (Kabdiyeva, 2013).

In Kenya, an analysis on the status of NGOs showed how the organizations have supported economic development of the country evidenced in their yearly budget amounting to Kshs 172.1 billion. From the budget, high percentage is drawn from external sources which has negative impact based on over-reliance on donations. This has shifted NGO focus on programs that match donor requirements hence limiting their financial capacity which further makes many NGOs die in their early years as a result of funding obstacles (Oluoch, K'Aol, & Koshal, 2021). An observation by Linda and Were noted how Kiambu County NGOs have not been able to fulfil their objectives due to stakeholder participation and funds allocation with recommendation of the need to increase their sustainability (Linda & Were, 2017).

### **1.1.1. Sustainability**

Sustainability is the ability to develop various sources of funds that can provide continuity of production of benefits for the targeted population even after the cessation of donation (Omeri, 2015). This analyses the diversity of NGO funds by way of incorporating other income generating activities, partnership with corporate bodies and having individual donors to support NGO mission. According to Hailey (2014) sustainability is the fulfillment of the NGO's mission and meeting stakeholder needs in the long-term thus making it a continuous process rather than a one-time activity, incorporating interactions from different elements; organizational, strategic, financial and social elements to guarantee continued operation (Ntimama, 2018).

Sustainability studies have focused on problems experienced by NGOs particularly in decision making process due to systems put in place. For example, staff expect to be included in decision making by senior management failure to which strained relationship is witnessed that creates unfriendly working environment. Notable area that is also

problematic is at the board and senior management level where the board members are not able to discharge their duties either because of lack of knowledge or dedication leaving the management to carry out policy formulation and implementation without board support. This creates a leadership gap hence interfere with NGO growth in the long-term (Mukasa, 2006).

NGOs have also experienced sustainability problems related with human resource needs based on their reliance on volunteers who are either not paid or given low payment as compared to the for-profit employees. This is due to the NGOs limited resources hence are not able to afford training their staff to possess key skills particularly in fundraising and project management (Ntimama, 2018). Similar findings by Hassan (2020) indicated that NGOs in Somalia had challenges with hiring staff with advanced skills and improving staff to match with changing beneficiary needs. These NGOs were also not able to streamline their existing systems for accountability purposes in a way that could help generate trust from their donors. The study recommended that NGOs in Somalia should work with HR institutions to build their skills and competencies for more sustainable operations.

Sustainability is a major challenge to Kenyan NGOs due to the fact that some are relatively new and without guaranteed future. Many of these NGOs have not put in place effective and efficient management systems and largely depend on donations (Njoroge, 2013). This is confirmed by the NGO sector report (2019) indicating that despite the many achievements that have been made, many NGOs in Kenya are still in the start-up stage hence becoming sustainable will require more effort. These NGOs depend on foreign donations, have poor governing structures and inadequate management skills that heightens their vulnerability (NGO Coordination Board, 2019).

A study by Shivaro (2017) on factors affecting sustainability of NGOs in Nairobi found that funding challenges delayed service delivery. There were also less skilled staff due to the inability of NGOs to outsource competent staff which affected their understanding of different strategies of funds diversification to increase their capacity.

Dharmapata and Khanna (2016) note that many NGOs in Kiambu County struggle to raise funds to support their objectives hence limiting these NGOs from achieving their long-term plans. Other factors such as poor economic conditions have led to reduced individual donations, reduced philanthropy at the local level, intense competition as well as lack of key skilled workforce that limit NGO sustainability (Creative Commons, 2018).

NGOs with effective sustainability strategies have the potential of becoming competitive compared to their peers in a similar geographical location hence long-term operations despite environmental shocks (USAID, 2018). It is for this reason that Ogre and Gitomo (2005) note that organizations that are geared towards improving their sustainability do have a clear vision and mission that is capable of attracting resources (Njoroge, 2013). Effective managerial approach, human resource capacity and donor relationship management can contribute to NGO sustainability to a great extent (Njoroge, 2013). Sustainability has been measured in terms of; funds availability, diversification of donations, quality materials, supportive leadership and demand driven programs (Okorley & Nkrumah, 2012).

### **1.1.2. Differentiation Strategy**

The competitive environment, changing trends in donations, government regulations, population increase and the rise in poverty level are weighing heavily on non-governmental organizations' managers prompting a re-thinking of innovative strategic

responses to support survival and provision of services in the long term (Boynton, Victor, & Pine, 1993).

Strategic evaluation supports an understanding of different competitive forces that determine the degree of competition and opportunities for effective and distinctive strategies. Porter (1980) suggests that NGOs can choose to compete by differentiating themselves from their peers based on the perceived high value of their services (Mwasi, 2014).

Differentiation is the production of services that are perceived to be unique based on the NGO image, technology used, networks and funding sources (Tanwar, 2013). Differentiation is based on the premise that NGOs are providing unique services that separate them from the rest of the competitors. This means that donors are able to fund their programs according to the superiority of their services to the beneficiaries which builds a competitive advantage thus increased funding in the long-term. This is characterized by service innovation and the quality of service delivered (Bordes, 2009). Studies by Walters and Knee (2011), Johnson and Scholes (2012) found that differentiation capabilities such as skills can increase distinctive capabilities of NGOs through improved funds mobilization, branding, technology and personnel skills (Chege, 2018). Additionally, differentiation enhances beneficiary satisfaction that has the potential of improving donation through the creation of donor loyalty (Mitroulis & Kitsios, 2016). The study analysed service differentiation, technology, personnel and image differentiation as predictors of NGO sustainability.

Service differentiation: this involves the quality of service offered to beneficiaries and the experience and satisfaction donors have when their objectives are met by NGOs. This is based on the fact that donors give with motives to provide service to a certain segment of

people in need of social services upon which, the attainment of the motives creates satisfaction as the service given is considered of high quality by the donor, hence the urge to donate more thus more funding in the long term (Omondi, 2018).

Technology differentiation: non-governmental organizations can gain competitive advantage by having a differentiated technology that disrupts the market thereby providing a competitive position. Technology can be used to improve processes, service delivery channels and provide tools to personnel for improved productivity. The application of differentiation technology requires an understanding of the impact of technology in the current market structure and how this can drive competitive advantage through improved service between NGO and its stakeholders (Padgett & Mulvey, 2007).

Personnel differentiation: Kotler (2004) notes that non-governmental organizations differentiate by having well trained personnel through the hiring and retention policies that can add value through increased funds mobilization. Many world-class organizations are investing in sophisticated infrastructure to support employee productivity that is geared towards increased resource mobilization (Matanda, 2005). NGOs are able to respond to beneficiaries through their distinctive employee skills, knowledge, friendly behavior, time management, consistency, attitude, honesty and communication skills.

Image differentiation: Image provides NGOs with marketing identity that helps in differentiating services through the building of trust among its stakeholders (Chege, 2018). Image may also create favorable reputation by differentiating NGOs from competitors through the building of ethics, history, morality, efficiency and service which form an organization's identity. Marconi (1996) advises NGOs to align their image with their key stakeholders as positive image strengthens organization's competitive position (Hekkurinen, 2010).

### **1.1.3 Non-Governmental Organizations in Kiambu County, Kenya**

The first activities of NGO can be dated to the period of 1807, following the end of the slave trade by British government which was followed by several coordinated non-profit movements to address the concerns with slavery. This led to the emergence of the first NGOs to support humanitarian activities of post colonialism and slavery across the globe (Potapkina, 2009). In the last 25 years, Hearn (2007, 1095) observes that Africa has had an increasing growth in the number and influence of NGOs (Radley, 2008).

According to Brass (2010), NGO activities in Kenya began in 1963 during independence when the government of Kenya encouraged development within communities through ‘*harambee*’ spirit where individuals would pull their resources together to build schools, clinics and the government would step in to provide teachers, administrators, nurses and clinicians. After the colonialism, the European missionaries came to give support to the Kenyan people where organized groups at community levels and emerging NGOs would support charity works to improve development.

In Kenya, NGOs are regulated by the NGO Coordination Board whose mandate is to register NGOs with precise sectors, affiliates, receives and prepares annual reports used in advising the government on NGO activities (Laws of Kenya, 1990). The number of registered NGOs reached 11,262 with active being 8,893 by 2019 contributing to development averaging to Kshs 78.8 billion (NGO Coordination Board, 2019).

Kiambu County is amongst the 47 counties within the republic of Kenya situated in central region. It has 12 sub-counties with 60 wards having a population of 1.6 million. The major economic activity of Kiambu County is agriculture which accounts for 80% of the population involved in the activity thus making it a leading sector in employment, income generation, food security and immense contribution to the social well-being of the

residents (Kiambu County, 2018). As per the Kiambu County Integrated Plan, (2018) there are 20 NGOs in Kiambu County which are engaged in various projects ranging from health, education, water and sanitation, drug and alcohol addiction, agriculture, environment, human rights, trade among others. These NGOs are working together with the County Government to support the realization of the government's Big 4 Agenda.

Kiambu County is one of the urban centres where many NGO activities are felt including other urban towns such as Nairobi, Kisumu and Mombasa. It is ranked as number 4 after Nairobi County, receiving 4% newly registered NGOs in the year 2019. Many of these NGOs depend more on external donation due to harsh economic environment and competitive pressure. As well reduced local philanthropy has continued to drive Kiambu County NGOs to seek for foreign donations. With less resources to support their mission, these NGOs are not able to hire competent staff as well as key management expertise needed for long-term operation hence surviving requires extra effort (NGO Co-ordination Board, 2019).

## **1.2. Statement of the Problem**

NGO Co-ordination Board (2019) recognizes the role played by non-governmental organizations in supporting the national agendas such as Vision 2030 through the provision of services in agriculture, health, education, finance, environment, gender and human right programs. Kenyan NGOs had a budget of Kshs 172.1 billion with high percentage drawn from external sources (Oluoch, K'Aol, & Koshal, 2021). With depleting donations and changing donor preference, NGOs are faced with obstacles of remaining sustainable due to overdependency (Ntimama, 2018). This makes many NGOs die in their first years of operations (Oluoch, K'Aol, & Koshal, 2021). Further observation on Kenyan NGOs indicated that Kiambu County NGOs were struggling to fulfill their mission due to inadequate funds that affected their sustainability (Linda & Were, 2017).

Sustainability of NGOs is evidenced in the extent of generating funds in the long term, having institutional capacity to deliver services to beneficiaries as well as providing quality services that meet beneficiary needs in the long-term. It is therefore measured in terms of financial performance, meeting community needs and having sound management practices to guarantee continued performance. Kiambu County NGOs are struggling to realize their mission, these NGOs do not have scarce resources to support their mission and they are also dependent on foreign donations which further makes them vulnerable hence with withdrawal of donations, they may not be able to continue with their operations.

Hassan (2020) indicated that many NGOs in Somalia experienced problems in maintaining sustainability due to lack of key employees needed in resource mobilization. Additionally, these NGOs did not have seamless processes due to challenges with their systems and functions hence affected their donor trust. Farhiya (2015) on the other hand, noted how Norwegian Refugee Council in Ethiopia had achieved sustainability due to differentiation strategy they had put in place. The study noted that strategic positioning as a resource for long-term competitive advantage was achieved by recruiting the best trained personnel with competency needed in funds mobilization and product marketing thereby facilitating sourcing of funds to undertake projects in the long term.

Mukanga (2011) sought to find out sustainability strategies embraced by international NGOs in Nairobi where the report indicated that international NGOs built stronger partnerships with the public and private sectors, had clearly defined strategies and policies with a strong management team that supported program activities for an extended period of time. Shivaro (2017) on the other hand, reported that NGOs in Nairobi County were not able to deliver services in time due to delay in acquiring resources needed for their operation. Their funds diversification strategies were also affected due to inadequate competencies within their employees. This in effect resulted to halting of service provision,

delayed or permanent closure due to cessation of donations. This was in line with Gitonga, (2018) study on the factors hindering the viability of NGOs in Nairobi County which found that human resource significantly affected NGO sustainability.

Kiambu County NGOs continue to struggle in fund raising due to poor economic conditions, reduced individual donations, reduced philanthropy at the local level, intense competition as well as lack of key skilled workforce which limits NGOs sustainability (Creative Commons, 2018). This study sought to investigate the effect of differentiation strategy on sustainability of NGOs in Kiambu County, Kenya.

### **1.3. Research Objectives**

#### **1.3.1. General Objectives**

The study sought to investigate the effect of differentiation strategy on the sustainability of NGOs in Kiambu County, Kenya.

#### **1.3.2. Specific Objectives**

- i. To determine the effect of service differentiation on the sustainability of NGOs in Kiambu County, Kenya.
- ii. To establish the effect of technology differentiation on the sustainability of NGOs in Kiambu County, Kenya.
- iii. To determine the effect of personnel differentiation on the sustainability of NGOs in Kiambu County, Kenya.
- iv. To identify the effect of image differentiation on the sustainability of NGOs in Kiambu County, Kenya.

#### **1.4. Research Questions**

- i. What is the effect of service differentiation on the sustainability of NGOs in Kiambu County, Kenya?
- ii. What is the effect of technology differentiation on the sustainability of NGOs in Kiambu County, Kenya?
- iii. How does personnel differentiation affect sustainability of NGOs in Kiambu County, Kenya?
- iv. How does image differentiation affect sustainability of NGOs in Kiambu County, Kenya?

#### **1.5. Significance of the Study**

The study investigated the effect of differentiation strategy on sustainability of NGOs in Kiambu County. NGOs play critical role in supporting the government realization of its vision 2030. This is evidenced in socio-economic activities with positive impact on the Kenyan population. Sustainability of the sector is therefore important to the success of government long-term vision. The findings will be of benefit to the policy makers who will identify possible areas of improvement to the sector's regulation necessary for enhancing sustainability. For instance, favourable frameworks that encourages the sector's growth will help NGOs connect more with potential donors and volunteers thus increase their sustainability. The findings may also be used by the policy makers to enhance NGO capacity building, advocacy and awareness creation to promote their sustainability.

The study may be of benefit to the NGO management who may use differentiation strategies to position themselves distinctively in strategic recruitment, service provision and technological adoption. The management may also find insight on improving image differentiation to build long-term reputation necessary for influencing donor and volunteer support. This may enable continued provision of resources for sustained operations.

The sector supports the provision of socio-economic activities to the Kenyan population such as water and sanitation, health, education, agriculture, finance, environment among others. Long-term provision of essential services is welcomed by the beneficiaries. The findings may benefit the Kenyan population based on the adoption of differentiation strategies by NGOs which may influence more donations and volunteer support. This will enable continued provision of services in the long-term thus be able to meet socio-economic needs to the Kenya population.

The study acts as a source of reference, knowledge building, benchmarking and building of cases. The study may be used by future academic researchers and scholars to build their cases, identification of topics, citations and references. The study may further reinforce differentiation strategy approaches that are best suited to improve NGO sustainability.

#### **1.6. Scope of the Study**

The study centered on differentiation strategy and sustainability of NGOs in Kiambu County, Kenya. Specific objectives were; to determine the effect of service differentiation, to establish the effect of technological differentiation, to determine the effect of personnel differentiation, and to identify how image differentiation affects sustainability of NGOs in Kiambu County, Kenya. the study used descriptive research design with a population of 115 management staff of 20 NGOs within the Kiambu County Integrated Development Plan (2018) from where 88 management employees responded to the survey. Systematic random sampling was used to select respondents. Mugenda and Mugenda sampling formula enabled the determination of sample size from the population. Questionnaire was used in the study to collect primary data. Pilot study was done in Nairobi City County, which was considered convenient and preferred by many NGOs as compared to Kiambu County. Expert opinion, content validity and internal consistency using Cronbach alpha

enabled the improvement of the instrument. analysis was done through descriptive statistics. The study was conducted in September-October 2022.

### **1.7. Limitations of the Study**

The study was restricted to differentiation strategy and sustainability of NGOs in Kiambu County, Kenya with four variables; service differentiation, technological differentiation, personnel differentiation and image differentiation. The study was also limited to 115 employees of 20 NGOs in Kiambu County. data was collected during office hours that affected the response rate as some questionnaires were not returned. However, the researcher provided more time to the respondents that enhanced the rate of response.

The study was also done in the last quarter of the year where many NGOs were busy with final year preparations and reports to the regulator. This proved challenging to obtaining some of the right respondents to participate in the study. The researcher sought for permission and appropriate time to meet with the key people who participated in the study hence provided reliable and accurate responses. Kiambu County has a wide geographical area that proved challenging in meeting transportation costs when visiting the NGOs as they are widely dispersed. The study worked with Research Assistant who was well trained by the Researcher to collect data from other areas within the study location. This improved data collection and reduced the time taken to cover the study location.

### **1.8. Organization of the Study**

The study was organized in five chapters beginning with first chapter that provided the background of the research study by way of discussing variables of the study that included; study concepts – differentiation strategy, sustainability and the study context. The chapter also identified the research objectives and the research questions. It also covered the scope, significance and limitations of the study. Second chapter provided an analysis of literature

review giving relevant theories, models and empirical literature review of the study while articulating the research gaps. It illustrated a conceptual framework describing the dependent and independent variables. Third chapter provided the research methodology that was used in the study, research design, target population, sampling design and techniques, data collection procedure, validity and reliability, data analysis and ethical issues of the study. Fourth chapter consisted of data analysis, interpretation and discussion from primary data collected. Fifth chapter gave the summary of the research findings, the conclusions, and recommendations for policy and practice as well as for further research.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1. Introduction

This chapter analysed theories and models that were utilized in the study in relation with the study context. Empirical studies in the field were examined to identify gaps and to show how they were to be addressed in the study. The research conceptual framework was then generated.

#### 2.2. Theoretical Review

##### 2.2.1. Michael Porters' Five Forces Framework

Porter (1980) proposed five forces framework with an aim to help businesses analyse their environment and develop strategies in order to outdo their competitors. The concept has been widely accepted by profit making organizations. Different authors argue that non-governmental organizations have not been able to apply the framework due to their non-economic and non-market quality. The framework has been used within the non-governmental organizations to overcome competition (Cafferky, 2005).

Henry (1999), notes that the operating environment for the non-governmental organizations is characterized by intense competition where there is reduced funding from both the government and the private sector as well as increased competition (Kong, 2007). This has reinforced the pressure to develop competitive strategies that can counteract the threats and overcome challenges for sustained operations (Schwenger, Straub & Borzillo, 2013).

Porters (1980) five forces model presents certain powers within NGO environment that determines competition and creates an understanding on how competitive environment denies NGOs opportunities to attain higher donations (Bruijl, 2018). The rivalry among

existing NGOs is examined as the need to reduce switching by the donors who may switch to new NGOs due to change in preference or lack of trust from existing NGOs. However, NGOs may reduce new entrants through building on legitimacy with the public, strictness to adherence of donor requirements, having charismatic leadership that aims to transform the lives of their beneficiaries and having knowledgeable and skilled staff who can provide unique services, mobilize for funds and maintain good relationship with their donors for sustained funding (Cafferky, 2005).

Bargaining power of suppliers is seen from the NGO perspective as the process of gaining public trust and legitimacy as this helps in public identification hence can work as a strategy to attract financial resources. On the other hand, donors are seen as the buyers who buy NGO ideas to provide needed services to the beneficiaries. The donors bargaining power will aim to increase or reduce the price (donations) that will affect the quality of service rendered to the beneficiaries. Further, threat of substitutes offers alternatives to the donors and the beneficiaries through switching to another provider outside immediate industry. From an NGO perspective, this is seen through activities that deny NGOs corporate donations. Other organizations have recently embarked on CSR activities that are likely to reduce and or replace traditional NGO services (Schwenger, Straub, & Borzillo, 2013). The theory will create an understanding on the NGO sector challenges, the forces within the industry and how NGOs develop unique strategies that can support their operations in the long term.

### **2.2.2. Porter's Generic Strategy Theory**

Generic strategy theory was developed by Porter (1980), to support businesses in achieving competitive advantage for long-term profitability (Tanwar, 2013). The three generic strategies are; cost leadership, differentiation and focus that emphasize. For cost leadership, the theory is focused on efficiency and standardization to achieve competitive

edge, differentiation strategy of the theory focuses on quality production to attain high premium and more value to the customers, which is more superior than the competitors. The focus strategy considers niche marketing or targeting small geographical groups that have been neglected by cost leaders and those pursuing differentiation. Focus strategy can either be cost leadership or differentiation in serving small market segments. The three strategies are structured into two dimensions; strategic scope and strategic strength from which non-governmental organizations are able to choose which audience they intend to serve and which competencies and capabilities they possess to enable the realization of the mission (Tanwar, 2013).

Gregory and Davis (1984) note that organizations that do not choose any of the three strategic groups considered do not have any guarantee of donations. To achieve funding in a competitive environment, NGO's management needs to adopt unique strategies that reward through sustained donations. Mahnken (2012), notes that competitive strategies are those strategies that make competitors play 'our game' where some are likely to win through their unique strategies. The strategies chosen are then able to position the NGO in a winning situation by defending itself against the competitive forces that tend to influence its sustainability. Non-governmental organizations are not profit making and as such only focus on how they can realize their mission using the best and appropriate strategy that will facilitate an achievement of sustainability (Arasa & Kioko, 2014).

With increased challenges that NGOs face ranging from unsustainable funding, demand for high quality volunteer management consultants and technology, the need to source new ideas, opportunities and approaches is imperative (Lipsett, 2003). Differentiation provides NGOs an opportunity to set themselves apart through their service provision and in return attract high donations in the long term (Auka, 2014). The theory informed the development

of conceptual framework through the formulation of differentiation strategy sub-objectives that guided data collection.

### **2.2.3. Resource Dependency Theory (RDT)**

Pfeffer and Salancik (1973), proposed resource dependency theory to describe how organizations depend on each other within the environment where they are (McDowl, 2018). The theory was developed to provide an alternative view to economic theories of mergers and to understand organizations relations that play roles in market failures (Davis & Cobb 2009). Organization's external environment provides a network of interdependencies and social relationship that cause dependence on external resources hence the theory of RDT (Pfeffer & Salancik, 2003).

RDT examines organizations and the resources they need to become more sustainable hence powerful while those that are not able to acquire more resources become less powerful thus depend on the powerful organizations. This creates uncertainty that causes organizations to formulate strategies to enable them reduce dependency and cope with external environment (Nienhuser 2008). RDT posits that NGOs are resource-scarce hence the need to rely on donors who control resources where they make certain demands on the recipient NGOs.

The increasing demand for humanitarian aid, high competition amongst NGOs and the scarcity of donors require a new approach on the utilization of resources and how to engage with the stakeholders as they are the major sources of NGO funding to increase sustainability (Abouassi 2012). The theory will inform the study in understanding the the relationship between NGOs and their external stakeholders and how they nurture relationship for sustained NGO donations.

## **2.3. Empirical Literature Review**

### **2.3.1. Service Differentiation and Sustainability**

Githumbi (2017) did a study on differentiation strategy and performance of rice milling facilities in Kirinyaga County, Kenya using descriptive design with all the 40 rice milling factories. The study used stratified random sampling to categorize the respondents into managers, technical officers and employees. Primary data was collected through the development of both qualitative and quantitative questionnaire which was self-administered. Pilot study was done for validity check where 1% of the population was targeted in the study. Cronbach's alpha was enabled reliability test. Descriptive and inferential statistics were applied in data analysis.

The study revealed that service differentiation was a key player where it had a substantial and favorable impact on the performance of prominent rice milling facilities. The study recommended increased service differentiation through online shopping services, branding and other sales incentives to increase market share thus more performance. The study categorized its population into 3 stratus. This could have provided a different response based on management skills and expertise in strategy formulation as compared to non-management hence reduced accuracy and validity. This study worked with all employees including management and non-management which generated diversity of responses.

Nuru (2015) determined the influence of differentiation strategy on performance of water bottling companies in Mombasa County, Kenya using descriptive cross-sectional survey design. The study adopted a census survey of all the 34 water bottling companies in Mombasa. Primary data was collected through open and closed ended questionnaire. Pre-testing was done and expert opinion was sought to improve validity and accuracy of the study tool. Data analysis was done using descriptive statistics and regression analysis.

SPSS was used in analysis. Presentation was achieved using frequency tables, prose form, mean, standard deviation and percentages.

The study came to a conclusion that service differentiation contributed to organizational performance and was positively significant. The study also noted increased sales, profit and clients due to differentiation strategy. The study adopted a census survey which might have had chances of errors due to large number of populations under study. The current study used a census survey involving all 20 NGOs who had partnered with Kiambu County.

A study by Gebauer, Gustafsson and Witell (2011) sought to determine how service differentiation resulted to competitive advantage of European manufacturing companies. The study adopted cross-sectional survey design targeting 1712 senior managers who included CEOs, service managers and marketing managers of manufacturing industries. Random sampling was utilized to distribute the survey forms where the study achieved 21% response rate. Confirmatory factor analysis was utilized to validate the study while pre-testing was used to improve the questionnaire.

The study found that service differentiation not only handled the intricacy of the requirements of the client but also served as a precursor to innovation hence valuable resource that could make manufacturing companies' offering harder to imitate. The study also found that service differentiation improved payoffs and better understanding of customer –value creation processes hence increased performance leading to sustainability. The study concentrated on competitive advantage as a dependent variable whereas this study focused on sustainability as a dependent variable. It also targeted European manufacturing firms whereas, this study focused on Kenyan NGOs.

Spencer, Joiner and Salmon (2009) did a study on measurement systems and organizational performance in Australia using survey method targeting 200 senior

managers of largest manufacturing firms. The sample was derived from Business Review Weekly Magazine. Mailed Likert scale questionnaire was utilized in data collection with self-addressed letter envelope to increase response rate. Cronbach's alpha was utilized to test reliability while descriptive analysis and inferential statistics were utilized to analyze data. The study suggested that there was a direct effect between service differentiation and organizational performance leading to sustainability. The study also found that organizations were applying both financial and non-financial measures to increase organizational performance even though non-financial measures were more future-oriented. The study did not use a true sample hence could not be used as a generalization. The return rate was also low at 42%. The current study achieved 67% response rate.

### **2.3.2. Technology Differentiation and Sustainability**

Nwosu, Awurum and Okoli (2015) did an evaluation study on the effect of technological innovation on corporate performance: A study of selected manufacturing firms in Nigeria. The study incorporated descriptive survey design with a target population of 8725 executive and non-executive staff of ten firms quoted in Nigerian Stock Exchange. The sample size was determined through Yamane (1964) sample size formula to generate a sample of 383. Expert opinion was sought by handpicking five experts from operations management to review the instrument where modification was made. Cronbach's alpha was utilized to test reliability. Descriptive statistics was used in analysis. Correlation and regression were utilized to determine the relationship between variables.

The study found that technological innovation leading to differentiation was a critical success factor behind their success hence had a substantial and favorable impact on the performance of Nigerian manufacturing firms. The study recommended that Nigerian organizations should seriously consider technological differentiation. The study focused on

technological innovation as the independent variable targeting Nigerian firms. This study focused on technological differentiation targeting Kenyan NGOs.

Singhal (2015) explored the information technology for competitive advantage through innovation and differentiation targeting small and medium organizations of National Capital region of India. The study used a sample of 212 to collect primary data through purposive sampling technique. Questionnaire was developed using five-point Likert scale with closed ended questions. Reliability was tested using Cronbach's alpha and Brown Prophecy Score. The study concluded that technology significantly affected innovation leading to differentiation from competitors. The study was conducted in India whereas, this study was done in Kenya employing random sampling.

Azubuike (2013) did a study on technological innovation capability and firm's performance in new product development. Random selection of firms from Nigerian Chamber of Commerce database was done where ten firms from manufacturing sector were selected. Questionnaire and face to face interview was utilized in data collection. Pilot study was applied to test the accuracy and appropriateness of the survey instrument. Cronbach's alpha was utilized to assess the study's dependability. Descriptive and correlation were utilized in data analysis.

The study concluded that technological innovation was a key factor in growth and a source of competitive advantage. The study recommended technology innovation leading to differentiation thereby achieving sustainable competitive position. Technology differentiation was also found to drive growth into new markets hence more competitive edge. The study analysed how technology innovation could be used as a strategy for differentiation in new product development leading to increased performance. This study analysed how technology could be used to differentiate NGOs for sustainable funding.

### **2.3.3. Personnel Differentiation and Sustainability**

Mbugu and Kinyua (2019) did a study on personnel differentiation and organizational performance: An empirical analysis of deposit taking micro-finance institutions in Nairobi City County, Kenya, using descriptive research methodology to do the study. The study targeted 410 Micro Finance Institutions management employees of 41 identified Deposit Taking Saccos where 123 respondents were selected using stratified random sampling. Systematic random sampling was utilized to identify respondents. The study used descriptive statistics, simple linear regression and correlation analysis.

The study discovered a strong and favorable significant correlation between personnel differentiation and organizational performance. The study also concluded that personnel learning increased employees skills, professionalism and competence that offered differential advantage thus increased organizational performance in the long term as staff had the knowledge and skills needed in offering top notch service better than the competitors. The study used simple linear regression focusing on the financial industry within Nairobi City County. This study used multiple linear regression targeting non-governmental organizations in Kiambu County.

An analysis on the role of differentiation strategy on human resource management practices and competitive advantage of firms listed in the NSE, Kenya using descriptive cross-sectional study. The target population consisted of all 62 firms listed in the NSE. Primary data was acquired via a five-point Likert scale questionnaire. Cronbach's alpha was used to determine internal consistency. Inferential statistics was used to establish the relationship between variables (Kariuki, K'obonyo & Ogutu, 2018).

The study found that differentiation by human resource management practices increased competitive advantage hence high performance. The study recommended further study

using different population and contexts, introduction of different variables and diversity of respondents as data was collected from human resource managers only. This study was done in a different context and population, being Kiambu County NGOs and incorporated diverse respondents from management and non-management level for more insight.

Farhiya (2015) did a study on strategic positioning as a source of sustainable competitive advantage at the Norwegian Refugee Council, Dolo-Ado, Ethiopia. The study adopted a case study of one NGO. Primary data was acquired via face-to-face interview from senior managers, human resources, finance, advocacy and program development officers. Qualitative data analysis was adopted using content analysis to observe and provide detailed description. The study found that the NGO had differentiated itself by recruiting the best trained human resource with adequate remuneration hence was a core competence in product marketing thereby facilitating sourcing of funds to undertake projects in the long term. The study concluded that NGOs should have unique personnel strategies that will increase its growth. The study was a case study of one NGO in Ethiopia using face to face interview in primary data collection. This study consisted of 20 NGOs hence was used for generalization.

Onuong'a (2009) did a study on gaining a lasting competitive edge through the utilization of service differentiation tactics by Nairobi courier service operations: A case study of G4S Courier Service Company. The study adopted a case study design targeting individuals who work in corporate purchasing, heads of families, salespeople, marketers, and managers. The study used a sample size of 40 where questionnaires were distributed. Follow-up was done via telephone calls, personal visits and email. Secondary data was obtained from ministry of transport, communication commission of Kenya, ministry of information and communication, journals and other relevant materials. Descriptive

statistics was used in analysis. Presentation was done using frequencies, mean scores, standard deviation and percentages. The study achieved 100% response rate.

The findings indicated that personnel differentiation was highly regarded by G4S where staff quality had a tremendous impact on the growth of the company. The study reported that G4S staff were always committed, alert, competent, motivated, qualified and knowledgeable thus increased their distinctive capability. The study focused on G4S clients from different corporate organizations as the target population. This study focused on NGO management and non-management as the target population. It was also a case study that could not be generalized whereas, this study incorporated 20 NGOs in Kiambu County which allowed generalization.

#### **2.3.4. Image Differentiation and Sustainability**

A study on corporate image management and firm's competitive advantage; focused on telecommunication industry in Port Harcourt, Nigeria using cross-sectional survey design with 32 managers. Due to the small size of the sample group, a census study was utilized. Questionnaire was used in data collection where it was administered in person through random selection of managers. Descriptive and inferential analysis were used. Presentation was done through frequency tables, percentages, mean scores, standard deviation and charts. The study findings indicated a significant level of association between image differentiation and organizational performance leading to sustainability. The study implied that for sustenance of growth and achieving competitiveness, image differentiation should be encouraged through enhancing policies thus more differentiation that would lead to increased performance. The study focused on image differentiation and performance within telecommunication industry, this study will focus on image and sustainability within NGOs in Kenya (Okoisama, Best and Anyanwa, 2017).

The impact of corporate branding dimensions of firm performance was analysed by Sandada and Finch (2015) focusing on Zimbabwean petroleum industry using quantitative research which targeted senior management. The study used a sample size of 250 generated from five firms with equal number of Likert scale questionnaires. Self-administered questionnaire was used both physically and electronically. Validity check was done through consultation with two practitioners and experts within main area of study that helped in checking for relevancy and ambiguity in the questionnaire. Pilot study was done to edit the instrument. Cronbach's alpha was utilized to determine reliability. Descriptive statistics and inferential was used in data analysis. SPSS assisted in analysis. The study concluded that image differentiation was strongly and favorably correlated with performance leading to sustainability. The study recommended future studies in other sectors to enable comparison of results.

Muriithi (2014) studied the factors that ascertain sustainability of non-profit organizations in Kenya using descriptive design with a target population of 1426 NGOs in Nairobi. The study obtained a sampling frame from the NGO Coordination Board of Kenya. Sample size was achieved using Saunders, Lewis and Thornbill (2003). Non probability sampling was utilized to derive the sample depending on personal judgement where purposive sampling technique was used to identify the respondents. Primary data was collected using questionnaire with open and closed-ended questions. Pilot study was done to ensure appropriateness of the questionnaire. Research assistants helped in data collection. Descriptive analysis and correlations were utilized in data analysis.

The study found that NGOs with strong brands had an advantage as the brand promoted the NGOs hence increased trust in the donors that donated more funds. The study was done in Nairobi with improved infrastructure, communication and a favorable business environment that were likely to support NGOs branding decisions.

## 2.4. Summary of Literature Review and Identification of Research Gaps

This section provided a summary of previous research studies, identified the gaps and explained how the study intended to address the gaps.

**Table 2.1. Summary of Research Gaps**

<b>Previous studies</b>	<b>Focus</b>	<b>Key findings</b>	<b>Knowledge gaps</b>	<b>Addressing knowledge gaps in current study</b>
Mbugu and Kinyua (2019)	Personnel differentiation and organizational performance: An empirical analysis of deposit taking micro-finance institutions in Nairobi City County, Kenya	The study found that personnel differentiation had a substantial and favorable relationship with performance. The study also discovered that employee learning boosted their knowledge, professionalism, and expertise, which provided a distinct advantage and ultimately improved organizational performance.	The study utilized simple linear regression focusing on the financial industry within Nairobi City County.	This study utilized multiple linear regression targeting non-governmental organizations in Kiambu County.
Kariuki, K'obonyo and Ogutu (2018)	The role of differentiation strategy on human resource management practices and competitive advantage of firms listed in the NSE, Kenya.	The study found that differentiation by human resource management practices increased competitive advantage hence high performance	The study suggested further research, as the data had only been collected from human resource managers, employing varied populations, situations, and responders.	This study's respondents were NGOs management and non-management level from different departments.

<b>Previous studies</b>	<b>Focus</b>	<b>Key findings</b>	<b>Knowledge gaps</b>	<b>Addressing knowledge gaps in current study</b>
Githumbi (2017)	Differentiation strategy and performance of prominent rice milling facilities in Kirinyaga County, Kenya.	Service differentiation was a key player where it had a substantial and favorable impact on the performance of prominent rice milling facilities	The study categorized its population into 3 stratus that involved managers and employees. This could have provided a different response based on management skills and expertise hence reduced accuracy and validity.	This study worked with management level and non-management hence diversity of experienced and skill population that enhanced the study's validity.
Okoisama, Best and Anyanwa (2017)	corporate image management and firm's competitive advantage; a study of the telecommunication industry in Port Harcourt, Nigeria	The study findings indicated a significant level of association between image differentiation and organizational performance leading to sustainability.	The study focused on image differentiation and performance within telecommunication industry.	This study focused on image and sustainability within NGOs.
Farhiya (2015)	Strategic positioning as a source of sustainable competitive advantage at the Norwegian Refugee Council, Dolo-Ado, Ethiopia	The study found that the NGO had differentiated itself by recruiting the best trained human resource with adequate remuneration hence was a core competence in product marketing.	The study was a case study of one NGO in Ethiopia thus could not be used for generalization.	This study incorporated 20 NGOs in Kenya which is necessary for making generalization.
Nuru (2015)	The influence of differentiation strategy on performance of water bottling companies in Mombasa County, Kenya.	The study found that service differentiation positively and significantly contributed to organizational performance.	The study adopted a census survey which might have had chances of errors due to large number of populations under study.	This study used a census survey but in a different context and industry thus different results.

<b>Previous studies</b>	<b>Focus</b>	<b>Key findings</b>	<b>Knowledge gaps</b>	<b>Addressing knowledge gaps in current study</b>
Nwosu, Awurum and Okoli (2015)	Evaluation study on the effect of technological innovation on corporate performance: A study of selected manufacturing firms in Nigeria.	The study found that technological innovation leading to differentiation was a critical success factor behind manufacturing firm's success hence had significant and positive effect on performance.	The study focused on technological innovation as the independent variable.	This study focused on technological differentiation.
Sandada and Finch (2015)	The impact of corporate branding dimensions of firm performance: Evidence from Zimbabwean petroleum industry.	The study found that image differentiation was positively and significantly related with performance leading to sustainability.	The study recommended future studies in other sectors to enable comparison of results.	This study met the recommendations by focusing on the nonprofit sector.
Singhal (2015)	Information technology for competitive advantage through innovation and differentiation.	The study found that technology significantly affected innovation leading to differentiation from competitors.	The study was done in India.	This study was done in Kenya.
Muriithi (2014)	Factors that determine sustainability of non-profit organizations in Kenya.	The study found that NGOs with strong brands had an advantage as the brand promoted the NGOs hence increased trust in the donors that provided more fund raising.	The study was done in Nairobi with improved infrastructure, communication and a favorable business environment that was likely to support NGOs branding decisions.	This study was done in Kiambu County that did not have comparable resources as Nairobi County hence different outcome.

<b>Previous studies</b>	<b>Focus</b>	<b>Key findings</b>	<b>Knowledge gaps</b>	<b>Addressing knowledge gaps in current study</b>
Azubuike (2013)	Technological innovation capability and firm's performance in new product development.	The study found that technological differentiation was an important source in growth and determinant for competition advantage. Technology differentiation was also found to drive growth into new markets.	The study analysed how technology innovation could be used as a strategy for differentiation in new product development leading to increased performance.	This study looked at performance in the long-term leading to sustainability.
Gebauer, Gustafsson and Witell (2011)	The effect of service differentiation on competitive advantage of European manufacturing companies.	The study found that service differentiation not only addressed the complexity of customer needs but was also an antecedent for innovation hence valuable resource.	The study focused on competitive advantage as a dependent variable and targeted European manufacturing firms. The study also achieved 21% response rate.	This study focused on sustainability as a dependent variable. It also targeted Kenyan NGOs. This study aimed to achieve over 50% response rate.
Onuong'a (2009)	Gaining a lasting competitive edge through the utilization of service differentiation tactics by Nairobi courier service operations: A case study of G4S Courier Service Company	The findings indicated that personnel differentiation was highly regarded by G4S where staff quality had a significant role in the growth of the company.	The study focused on G4S clients from different corporate organizations as the target population.  It was also a case study that could not be generalized.	This study focused on NGO management and non-management as the target population. This study incorporated 20 NGOs in Kiambu County which allowed generalization.
Spencer, Joiner and Salmon (2009)	Measurement systems and organizational performance in Australian Manufacturing Firms.	The study found that there is a direct effect between service differentiation and organizational performance leading to sustainability.	The study focused on manufacturing firms in Australia. The return rate was low at 42%.	This study was done in Kenya targeting the NGO sector. It achieved above 50% response rate.

**Source: Literature Review (2022)**

## 2.5. Conceptual Framework

The conceptual framework provided a depiction of the study variables and explained their relationship to the study.

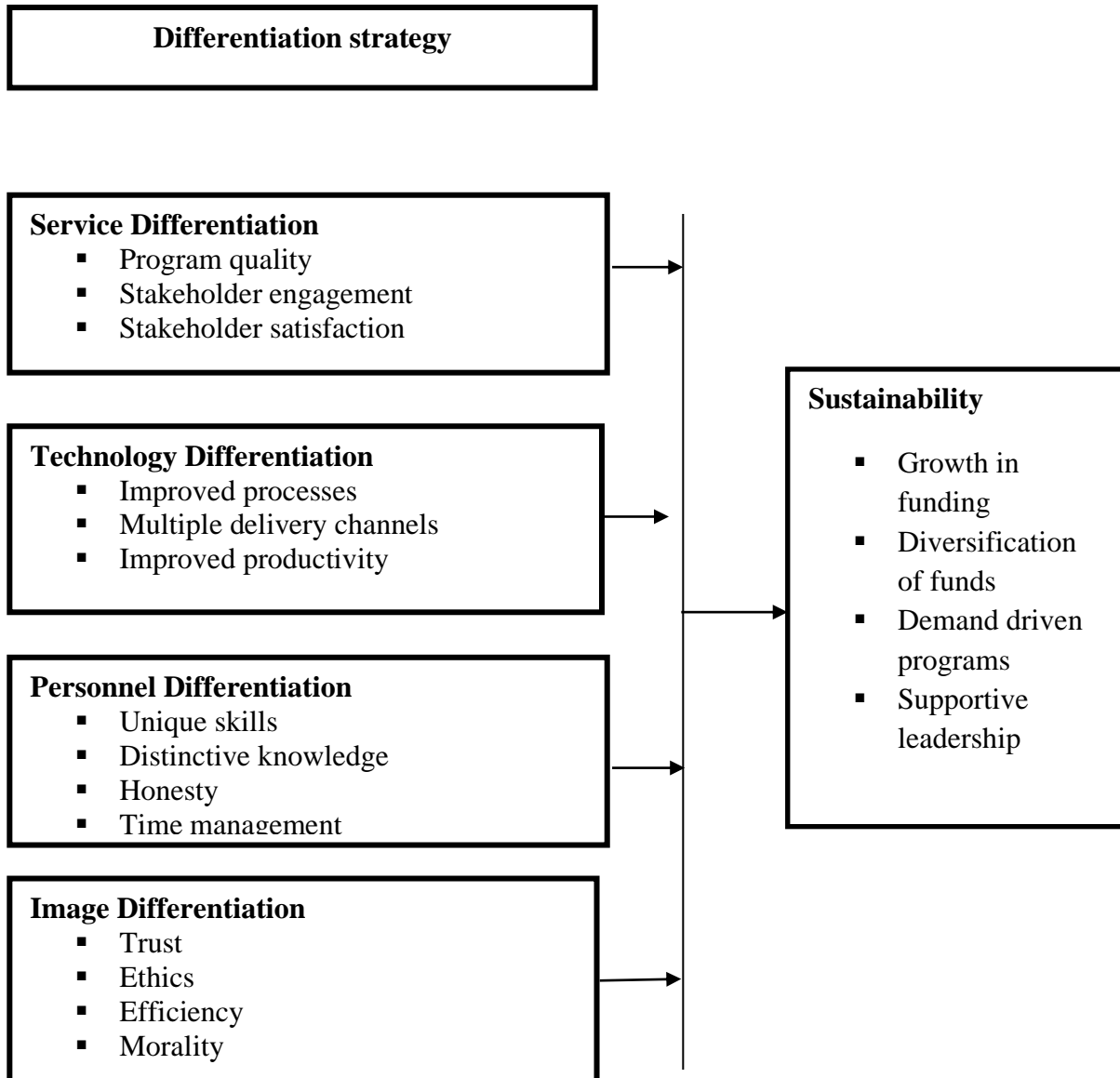


Figure 2.1 Conceptual Framework

Source; Researcher (2022)

The study provided a conceptual framework that illustrated the relationship between the independent and dependent variables. For the independent variable, there were four sub-variables which had different measures; service differentiation, measured in terms of program quality, stakeholder engagement and stakeholder satisfaction. The technological differentiation was measured in; improvement of services, multiple delivery channels and improved productivity. For the personnel differentiation, the study measured the variable in terms of unique skills, distinctive knowledge, honesty and time management. The final independent variable was image differentiation which was measured in; trust, ethics, efficiency and morality. The dependent variable had four different sustainability measures in line with NGOs perspective; growth in funding, diversification of funds, demand driven programs, supportive leadership. The study assumed that the four differentiation dimensions affect NGO sustainability. An arrow was drawn to illustrate the direction of the relationship between the variables. The conceptual framework was used in the research to develop the study instrument that guided primary data collection.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1. Introduction**

Having identified the study variables and provided the relationship through theoretical framework development, the next step was to provide a detailed road map highlighting the process on how data was gathered to support the study variables. This chapter focused on the methods and techniques that were used to provide answers to the research study. Key areas consisted of; the research design, target population, sampling design and sample size, data collection techniques, pilot study, validity and reliability, data analysis and ethical considerations (Sekaran, 2003).

#### **3.2. Research Design**

Research design is a comprehensive blue print used in scientific inquiry for purposes of obtaining specific answers through data collection, research instrument and sampling process (Bhattacharjee, 2012). The study used descriptive research design as it was good in collecting information about people, their attitude and opinion. Muriithi (2014), opines that descriptive design is the application of numerical information to collect, organize and summarize data through the preparation of the design of the research project considering what is being researched and why is the study being carried, where and when the study will be done, how many items will be used in the study and by what means is the inquiry going to be made. The design helped in providing numerical descriptions of targeted population through a sample study where a questionnaire was used for purposes of generalizability. This study aimed to

describe differentiation strategy used by NGOs in Kiambu County for purposes of increasing their sustainability.

Descriptive research design supported the description and understanding of attitudes and opinions of management staff through the use of a questionnaire. Odhiambo (2013) also used descriptive research design to collect and present information regarding accountability of donor funding in non-governmental organizations hence the study used it based on the benchmark with previous studies.

### **3.3. Target Population**

Population is described as all items that constitute an inquiry (Kothari, 2004) from where a generalization is made based on the sample chosen. This needs to be specific, relevant and possess similar characteristics (Asiamah, Mensah, & Abayie, 2017). The target population was 115 management staff of all the 20 NGOs that had partnered with Kiambu County to support its Integrated Development Plan (Kiambu County, 2018). It is advisable to have a clear understanding of the target population in advance before data collection due to the cost implications and understanding that may result to dissatisfaction from the respondents (Murphy, 2016). The population was chosen based on the sector's development work and the need to be more sustainable to continue supporting Kiambu County. It was also assumed that the NGOs had differentiated themselves to the extent that they were recognized as partners of the County Government of Kiambu hence their sustainability was considered of importance to Kiambu County.

**Table 3.1. Population of the Study**

<b>No</b>	<b>Non-Governmental Organizations</b>	<b>No of Respondents</b>
1	UN Habitat	7
2	Japanese International Corporation Agency (JICA)	5
3	Food and Agriculture Organization (FAO)	4
4	World Bank	8
5	International Development Research Centre (IDRC)	4
6	University of Nairobi (CRISSP-PLUS)	6
7	Amref Health Africa	9
8	Kenya Association for the Prevention of Tuberculosis and Lung Disease (KAPTLD)	6
9	LVCT Health	4
10	National Organization of Peer Education (NOPE)	7
11	Mamboleo Peer Educators Groups (MPED)	5
12	Red Cross	8
13	Health Informatics, Governance and Data Analytics (HIGDA)	4
14	Blood link	5
15	Population Service Kenya (PSK)	4
16	Hospital Support Organization (HSO)	6
17	Clinton Health Access Initiative (CHAI)	6
18	Healthstrat	5
19	Philips	5
20	Aphia Plus Kamili	5
	<b>Total</b>	<b>113</b>

**Source: Kiambu County Integrated Development Plan (2018)**

### **3.4. Sampling Design**

Kombo and Tromp (2006) defined sampling design as a working plan that specifies the population, sampling frame, size and the techniques used to enable identification of population characteristics (Adera, 2014). The study adopted probability sampling design as it allowed all elements in the study to be selected by giving equal chance, eliminating biasness and allowing generalization of the findings to the population (Latham, 2007). A sampling frame from

Kiambu County Integrated Development Plan (2018-2022) was used in the study as it was accurate and reliable. Systematic random sampling was utilized to select respondents from the 20 NGOs. Alvin (2016) notes the advantage of systematic random sampling is the way it allows sequential selection of items thereby yielding random representation that reduces biasness.

### **3.4.1. Sample Size**

The minimum sample size for any statistical analysis is 30 which should be error free (Cohen, Manion & Morrison, 2000). Gitonga (2018), worked with 3 respondents from 128 NGOs in Nairobi County. The study used Yamane (1967) sample size formulae to determine the sample.

$$\begin{aligned}
 n &= N/1+N (0.05)^2 \\
 &= 113/1+113(0.05)^2 =87.7 \ 88 \\
 &= 88
 \end{aligned}$$

The study used a sample size of 88 distributed across all the 20 NGOs in Kiambu County.

### **3.5. Data Collection Procedure**

The study employed primary data collection method. Primary data was collected through the administration of questionnaire established in a 5-point Likert scale with clear, easy to understand and good sequence (Kumar, 2011). The study used closed and open-ended questionnaire to capture biodata, differentiation strategy and sustainability variables. Questionnaire was adopted as it was popular having been used by private individuals, students, organizations and research workers (Kothari, 2004). Secondary data was collected

from NGO Coordinator's websites, journals, books and publications from the regulator's website which was used to validate primary data. Expert opinion and a pilot study were used to improve the accuracy and precision of the questionnaire as understood by the respondents. A letter of authorization to carry out the study was obtained from Kenyatta University, NACOSTI and Kiambu County.

Further, a letter of introduction of the research explaining the purpose to the respondent was obtained to increase credibility and trust. The researcher used face to face questionnaire administration where the instrument was dropped and picked later as agreed with the respondent. There were also some respondents who indicated that they would email questionnaires hence incorporation of both email and face to face administration.

### **3.6. Pilot Study**

The study used 10% of the study sample size of 88 to carry out a pilot study (Ismail, 2018). The study used random sampling to select management staff of 1252 NGOs that implemented projects in Nairobi City County in the financial year 2018-2019 as indicated in the NGO Co-Ordination Board (2018). This ensured having a sample that is different from the main study but with similar characteristics. The location of the pilot study was based on its nearness to Kiambu County hence convenient to the researcher.

Hassan (2006) notes that pilot study is a minor study that is usually carried out before the main study with an aim of testing research protocols, sample recruitment steps, data collection instrument and other research processes. The feedback received from pilot study helped the researcher to identify problem areas and weaknesses in the research instrument, familiarize

research assistants with the study location and procedure as well as help in estimating the cost of the research project, test reliability and validity of the study (Ismail, 2018).

### **3.7. Validity and Reliability**

#### **3.7.1 Validity**

Validity is how accurately an instrument measures the variables that it is intended to assess (Heale & Twycross, 2015). Face validity determines the expert's opinion on the instrument's contents to establish whether it is within the study. Thomason (2008) suggests that to reduce error, face validity should have at least seven to ten people evaluating the instrument (Lam, Hassan, Sulaiman, & Kamarudin, 2018). The study used face validity where the researcher sought expert opinion to determine the validity of the study instrument. The study ensured correctness of the wordings, simplicity to the target respondent and the flow of the content. Content validity enabled the researcher to examine the ability of the instrument to cover all the contents in reference to the variables under study (Kimberlin & Winsterstein, 2008). The study ensured that all concepts; differentiation strategy as well as sustainability were adequately covered in the literature review.

#### **3.7.2. Reliability**

Reliability assesses the stability and predictability of the tool by assessing how an instrument can provide the same findings after numerous attempts (Taherdoost, 2016). Cronbach's alpha was employed to test the internal consistency of the instrument as this method is easy to administer logistically since just one test is needed (Brown, 2002). The study adopted the technique to analyse how variables in the study measure the same concept and indicate the inter-relatedness of the items within the study. Whitley (2002) recommended that in studies

where Likert scales are used, Cronbach’s alpha coefficient can be used where values range between 0 and 1 with higher values signifying strong reliability with acceptable threshold of 0.7 and above (Ghazali, 2016). Table 3.1 presented the findings

**Table 3.2. Reliability of the Study**

<b>Variable</b>	<b>Cronbach Alpha</b>	<b>No. of Item</b>
Service Differentiation	0.881	8
Technology Differentiation	0.872	6
Personnel Differentiation	0.913	8
Image Differentiation	0.461	6
Sustainability	0.846	6
<b>Total</b>	<b>0.7946</b>	<b>34</b>

**Source: Researcher (2022)**

From Table 3.2, it was found that the reliability was 0.79 from 34 items that were used in determining reliability of the instrument. Ghazali (2016) suggests that reliability values that are 0.7 and above are considered as acceptable threshold hence the instrument reliability was considered good for analysis.

### **3.8. Data Analysis and Presentation**

Data analysis is the study of organized materials from many angles in order to discover hidden facts (Pandey, M & Pandey P, 2015). The study undertook data processing through editing to uncover inaccuracies and any omission which allowed data cleaning. The study then coded data by assigning numerical for easy classification into groups according to their similarities. This allowed understanding of meaningful relationship among data groups. Tabulation was then done in a logical manner that supported comparison of data and summation of any errors

before computation. Analysis was done utilizing descriptive and inferential statistics. For descriptive statistics, the study aimed to understand distribution of variables in terms of gender, age, experience, education levels, position, sector and length of partnership. Mean and standard deviation helped in understanding the comparison and dispersion of data. Correlation with Karl Pearson Coefficient was utilized to measure the extent of relationship between the independent and dependent variable with values lying between +-1 where those closer to one indicated the strength of the relationship. Multiple regression supported the understanding of factors that are assumed to be influencing dependent variable whereas, ANOVA analysed the differences among the means of the population (Kothari C. R., 2004). Statistical Package for Social Science (SPSS) and Excel assisted in analysis (Kimunguyi, 2017). The results were displayed in form of tables, charts and graphs. The multiple regression was as follows;

Multiple regression:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

$B_0$ =Constant

$X_1$  = Dervice Differentiation

$X_2$  = Technology Differentiation

$X_3$ = Personnel Differentiation

$X_4$  = Image Differentiation ,

$\varepsilon$  = Error Term

### **3.9. Ethical Consideration**

The study observed ethical principles by upholding professional code of conduct in the research process. This was done through acknowledgement of other people's work by citations and references thus avoid plagiarism. The researcher sought informed consent of the respondents who agreed to participate voluntarily in the study. The respondents were also free to leave the study where they felt unsafe. The study provided anonymity and confidentiality where the respondents name was not included in the questionnaire and the response received from the respondents was used only for the purposes communicated to the respondents. The researcher disclosed to the respondents the purpose of the research and its benefits before participating in the study (Bhattacharjee, 2012). The researcher adhered to standard processes required in data analysis and maintain objectivity during data analysis.

## CHAPTER 4

### DATA ANALYSIS, INTERPRETATION AND DISCUSSIONS

#### 4.1. Introduction

This chapter analysed primary data which was acquired through questionnaire from 88 respondents derived from NGOs that had formed partnership with Kiambu County to support their development initiatives. The objective of the study was to ascertain the effect of differentiation strategy on sustainability of non-governmental organizations in Kiambu County, Kenya. Specific objectives were; to determine the effect of service differentiation, to establish the effect of technology differentiation, to determine the effect of personnel differentiation and to identify the effect of image differentiation on the sustainability of NGOs in Kiambu County, Kenya. Descriptive and inferential statistics were used in data analysis with the aid of SPSS and Excel. The findings were reported in frequency, mean, standard deviation and tabular format.

#### 4.2. Response Rate

The study purposed to collect primary data from 88 respondents to support the research objectives. Out of 88 questionnaires sent, 59 were dully filled and resulting to a response rate of 67%. Table 4.1 presented the response rate.

**Table 4.1. Response Rate**

<b>Item</b>	<b>No of questionnaires</b>	<b>Percentage</b>
Questionnaire returned	59	67
Questionnaire not returned	29	33
<b>Total</b>	<b>88</b>	<b>100</b>

**Source: Researcher (2022)**

From Table 4.1, the study attained 67% response rate. Mugenda and Mugenda (2003) suggest that any response rate of 50% may be considered adequate while response feedback from 60% to 70% is deemed good for analysis. From the findings, the response rate of 67% was good for analysis (Mionki & Njoroge, 2019). Study by Spenser, Joiner and Salmon (2009) achieved 42% response. Additionally, Gabaur, Gustafsson and Witell (2011) study on the European profit-making organization achieved 21% response rate. The current study having targeted a different sector and location, achieved 67% response rate which was considered in the current research as an improvement on the previous studies.

### **4.3. Respondents Biodata**

The study aimed to analyze different characteristics of the respondents such as gender, age, education, experience, position and NGO sector of operation. This was to help provide insight on the demographics within Kiambu County NGOs.

#### **4.3.1. Gender of Respondents**

The study aimed to identify gender of responders to determine their distribution. The results were displayed in Table 4.2.

**Table 4.2. Gender of Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	25	42
Female	34	58
<b>Total</b>	<b>59</b>	<b>100.0</b>

**Source: Researcher (2022)**

From Table 4.2, there were 34 (58%) women as compared to 25 (42%) who were men giving a total of 59 respondents. Even though there were more women than men, the gap is not wide an indication that both genders play significant role in NGO sustainability. Previous observation by Kabdiyeva (2013) showed that most NGO leaders and staff are women an observation that was reinforced by Starr (2011) who added that the volunteer community is dominated by women in Central Asia where the female gender is engaged in providing services to the women well-being, promoting their economic development as well as supporting women who are victims of domestic violence. These women are also engaged in policy discussions with the government to support the women. The current study has confirmed that women are still leading in the social work supporting NGO activities in Kiambu County.

#### 4.3.2. Age of Respondents

The study investigated age of responders where the findings were exhibited in Table 4.3.

**Table 4.3. Age of Respondents**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
30-39	21	36
40-49	20	34
20-29	11	19
50-59	7	12
<b>Total</b>	<b>59</b>	<b>100</b>

**Source: Researcher (2022)**

From Table 4.3, it was established that 21 (36%) of responders were aged between 30-39 years, 20 (34%) were between 40-49 years, and 11 (19%) were in the category of 20-29 years

while 7 (12%) were between 50-59% years. From the findings, respondents between 30-49 years were 70%. This showed that majority of people working with NGOs are from 30 to 49 years old. The findings also noted that all respondents were over 18 years hence were responsible adults who voluntarily provided their responses.

### 4.3.3. Respondent’s Education

The study investigated the level of education of responders where the findings were displayed in Table 4.4.

**Table 4.4. Level of Respondents’ Education**

<b>Education Level</b>	<b>Frequency</b>	<b>Percent</b>
Form Four	4	7
Diploma	8	14
Bachelor Degree	30	51
Master’s Degree	15	25
Doctorate Degree	2	3
<b>Total</b>	<b>59</b>	<b>100</b>

**Source: Researcher (2022)**

From Table 4.4, the study established that 30 (51%) of respondents had attained bachelor degree, 15 (25%) had master’s level of education, diploma level was 8 (14%), Form four education had been achieved by 4 (7%) of respondents whereas those who had doctorate degree as the highest education level were 2 (3%). This showed that all the respondents were skilled with good cognitive skills capable of providing accurate and reliable answers. It also showed that NGOs from Kiambu County employed highly skilled professionals that helped in improving sustainability of programs deployed to support their mission.

#### 4.3.4. Work Position at the NGO

The study investigated the working position of respondents with results exhibited in Table 4.5.

**Table 4.5. Respondent's Work Position**

<b>Position</b>	<b>Frequency</b>	<b>Percentage</b>
Project assistant	18	31
Office attendants	14	24
Finance officer	9	15
Database manager	8	14
Communication Liaison	6	10
HR Manager	4	7
<b>Total</b>	<b>59</b>	<b>100</b>

**Source: Researcher (2022)**

From Table 4.5, it was revealed that 18 (31%) of respondents were working with NGOs as project assistants, 14 (24%) were office attendants. There were 9 (15%) of respondents working as finance officers, 8 (14%) were database managers, 6 (10%) were communication Liaison officers while 4 (7%) were NGO managers. This showed that all the respondents had experience with activities of the NGOs hence provided reliable responses in line with the research objectives.

### 4.3.5 Experience

The study sought to investigate level of experience of respondents with findings provided in Table 4.6.

**Table 4.6: Experience of Respondents**

<b>Experience</b>	<b>Frequency</b>	<b>Percent</b>
Below 1 year	4	7
1-3 years	15	25
4-5 years	23	39
6-10 years	14	24
Over 10 years	3	5
<b>Total</b>	<b>59</b>	<b>100</b>

**Source: Researcher, (2022)**

From Table 4.6, it was established that 23 (39%) of respondents had worked for 4-5 years with their NGOs, 15 (25%) had an experience of 1 to 3 years, and 14 (24%) had been at work from 6 to 10 years, 4 (7%) had an experience less than one year while 3 (5%) had been working with their NGOs for more than 10 years. This showed that majority at 64% of respondents have worked with their organizations for 1 to 5 years. This means that all respondents had experience that helped in providing responses that enhanced validity of the study instrument.

#### 4.3.6. Length of NGO Partnership with Kiambu County

The study sought to find out the length of period the NGO had worked with Kiambu County with findings presented in Table 4.7.

**Table 4.7. Length of NGO Partnership with Kiambu County**

<b>Partnership period</b>	<b>Frequency</b>	<b>Percent</b>
Below 1 year	5	9
1-3 years	12	20
4-5 years	22	37
6-10 years	16	27
Over 10 years	4	7
<b>Total</b>	<b>59</b>	<b>100</b>

**Source: Researcher (2022)**

From Table 4.7, the study noted that 22 (37%) of NGOs had worked with Kiambu County for 4-5 years, 16 (27%) had been in partnership with the county for 6-10 years, 12 (20%) had worked with the county government for 1 to 3 years, 5 (8.5%) had been in partnership for 5 (9%) while 4 (7%) had been working with Kiambu for more than 10 years. This showed that majority at 84% had worked with the county government of Kiambu in the last 10 years. However, 7% indicated that they had been working in Kiambu for more than 10 years indicating that they have been in partnership with Kiambu region long before devolution commenced.

#### 4.3.7. Non-Governmental Organization Sector

The study investigated the sectors from where NGO respondents were operating. The findings were displayed in Table 4.8.

**Table 4.8. NGO Sector of Operation**

<b>Sector</b>	<b>Frequency</b>	<b>Percentage</b>
Education	11	19
Environment	7	12
Health	17	29
Agriculture	5	8
Others	19	32
<b>Total</b>	<b>59</b>	<b>100</b>

**Source: Researcher (2022)**

From Table 4.8, the finding demonstrated that 19 (32%) indicated that they were working within other sectors, 17 (29%) were within the health sector, 11 (19%) were in education, and 7 (12%) were in environment while 5 (8%) were working in agriculture related developments. This showed that the sector where NGOs were operating promoted socio-economic development of Kiambu County hence needed more and consistence financing for sustained operations.

#### 4.4. Descriptive Statistics

The study examined the influence of differentiation strategy on sustainability of NGOs in Kiambu County where four independent variables were used; service, technology, personnel and image differentiation. Presentation was done through mean and standard deviation.

##### 4.4.1. Influence of Service differentiation on NGO Sustainability

The study analysed how service differentiation influenced NGO sustainability with findings presented in Table 4.9.

**Table 4.9. Service Differentiation**

<b>Service Differentiation</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
Our stakeholders are happy with our services	59	2	5	4.14	0.819
There is promptness in handling stakeholder complaints	59	2	5	4.12	0.832
We constantly engage with our stakeholders to identify their needs	59	2	5	4.12	0.948
Our services provide unique experience to our stakeholders	59	2	5	4.10	0.803
Our NGO provides high quality programs	59	1	5	4.00	0.871
Our services are differentiated hence have maintained the lead in humanitarian services	59	2	5	4.00	0.788
Our organisation ensures our staff provide consistent service to our stakeholders	59	2	5	3.97	0.982
We use stakeholder feedback to improve our services	59	2	5	3.95	0.818
<b>Total</b>	<b>59</b>			<b>4.04</b>	<b>0.850</b>

**Source: Researcher (2022)**

From Table 4.9, respondents agreed that their stakeholders were happy with the NGOs services provided. This was highly ranked with a mean score of 4.14, standard deviation 0.819. The NGOs were also prompt in responding to stakeholder's complaints with a rating of 4.12, standard deviation, 0.832. Respondents also agreed that they constantly engaged with their stakeholders which was ranked with a mean score of 4.12, standard deviation of 0.948. However, respondents recorded low rating for the use of feedback to improve NGO services which had the lowest mean score at 3.95, standard deviation of 0.818. Respondents also scored low that the NGOs had staff who provided consistent service to the stakeholder with a mean score of 3.97, standard deviation of 0.982. The aggregate means score for service differentiation was 4.04 with a standard deviation of 0.850. From the Likert scale, respondents agreed to a large extent that service differentiation influenced sustainability of NGOs in Kiambu County.

Gabauer, Gustafsson and Witell (2011) underscored the importance of service differentiation in enabling NGOs to enhance their competitive advantage through distinctive capabilities that could not be imitated. This according to the authors, could provide more payoffs leading to sustainability. The findings on the influence of service differentiation may ensure that happy stakeholders continue to provide support to the NGOs that may enhance sustainability of the organizations through increased pay offs such as more donations and support from the donors and the public. Porters (1980) five forces model demonstrates how NGOs experience industry challenges such as competitive rivalry leading to switching of donors to alternative NGOs offering better and unique services and programs. NGOs that have positioned themselves unique in their service differentiation as observed by Porter (1980) generic strategy of differentiation may be able to offer inimitable service programs hence remain sustainable.

#### 4.4.2. Influence of Technology Differentiation on NGO Sustainability

The study sought to establish the influence of technology differentiation on NGO sustainability with results displayed in Table 4.10.

**Table 4.10. Technology Differentiation**

<b>Technology Differentiation</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
The diversity of our programs has increased beneficiary satisfaction	59	1	5	4.02	0.956
Uniqueness of our programs has enhanced our donor portfolio	59	2	5	3.97	0.809
We have maintained the lead in humanitarian activities due to our technological innovations.	59	1	5	3.93	0.926
Our technology has enabled us innovate unique programs to attract funding.	59	1	5	3.86	0.899
We have adopted new technology that has enabled us improve our processes	59	2	5	3.86	0.955
Our programs have distinctive features due to technological adoption	59	2	5	3.85	0.925
<b>Total</b>	<b>59</b>			<b>3.91</b>	<b>0.91</b>

**Source: Researcher (2022)**

From Table 4.10, respondents agreed that through technology, there was diversity in programs implemented which improved beneficiary satisfaction. This was highly rated with a mean score of 4.02, standard deviation of 0.956. It was also agreed that the uniqueness of NGO programs had enhanced donor portfolio with a mean score of 3.97 and a standard deviation of 0.809. Respondents noted that due to technological innovations, they had maintained the lead in humanitarian activities with a mean score of 3.93, standard deviation of 0.926. However,

there was a disagreement among respondents that programs had distinctive features as a result of technology where this was lowly ranked with a mean score of 3.85, and a standard deviation of 0.925. Respondents also disagreed that they had adopted new technology which enabled the improvement of processes. This was ranked at 3.86, a standard deviation of 0.955. The total mean for technology differentiation was 3.91 with a standard deviation of 0.91. This means that responders agreed to a large extent that technology differentiation influenced sustainability of NGOs in Kiambu County.

Aubuike (2013) observed how technology may enable organizations to differentiate themselves through improved processes. Additionally, the author notes the importance of technology in enabling growth of new markets. The findings that technology influenced sustainability indicates how the strategy has enabled the development of new programs and services and introduction of new stakeholder engagement processes that have resulted to satisfaction of beneficiary. This has enhanced donor portfolio of Kiambu county NGOs which ultimately is the creation of new opportunities for new supporters necessary for sustainability of funding.

#### 4.4.3. Influence of Personnel Differentiation on NGO Sustainability

The study sought to investigate how personnel differentiation influenced NGO sustainability with findings presented in Table 4.11.

**Table 4.11. Personnel Differentiation**

<b>Personnel Differentiation</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
Our employees are highly skilled hence provide high customer service.	59	2	5	4.22	0.852
Our employees are time conscious when implementing donor funded programs hence our programs run according to schedule.	59	2	5	4.15	0.805
Our employees understand our organizational programs which are provided in line with stakeholder needs	59	2	5	4.15	0.867
Our employees have positive attitude towards the stakeholders.	59	2	5	4.14	0.84
Our employees are truthful when interacting with our stakeholders.	59	3	5	4.1	0.736
Our employees are well-equipped to satisfy our stakeholders.	59	2	5	4.08	0.857
Our staff are always alert to donor issues and emerging stakeholder needs.	59	1	5	3.95	0.879
Our employees handle our stakeholders professionally.	59	1	5	3.88	0.948
<b>Total</b>	<b>59</b>			<b>4.08</b>	<b>0.84</b>

**Source: Researcher (2022)**

From Table 4.11, the respondents specified that employees were providing high customer service due to their skills. This was rated high with a mean score of 4.22 with and a standard deviation of 0.852. There was also an agreement that staff were time conscious hence were

implementing donor funded programs according to schedule with a mean score of 4.15, a standard deviation of 0.805. Staff understood organizational programs which were being provided according to stakeholders' needs where the rating was 4.15, with a standard deviation of 0.867. However, there was disagreement on whether employees handled stakeholders professionally. This was lowly rated with a mean score of 3.88, an standard deviation of 0.948. Respondents disagreed that the staff were always alert to donor issues and emerging stakeholder needs with a mean of 3.95, standard deviation of 0.879. The aggregate mean score for personnel differentiation was 4.08 with a standard deviation of 0.879. This showed that respondents agreed to a large extent that personnel differentiation influenced NGO sustainability.

Baobab (2015) noted how sustainability may prove difficult where NGOs do not adapt to changing needs of their stakeholders. The findings of the study indicated how NGO staff are not alert to changing dynamics within the donor requirements. This may work against NGOs that are not up to date with current dynamics within the NGO sector. Gitonga (2018) further noted that one of the factors that is affecting NGO sustainability is the human resource. NGOs staff have been reported to have laxity on donor issues which may affect sustainability of NGOs if not effectively addressed.

Hassan (2020) reported how Somalia NGOs found challenges to recruit employees with expertise that match beneficiary dynamics. Shifaro (2017) study on Nairobi NGOs also reported that NGOs did not have adequate skills sets from staff necessary to understand diversity of fundraising. The current study has also confirmed that Kiambu NGOs are presented with challenges where their employees are finding it hard to adapt to changing beneficiary needs. Porter (1980) advices on remaining unique through distinctive employee

capabilities that may enable organizations to adapt to donor requirements. This study notes that employee uniqueness may enhance sustainability of NGOs.

#### 4.4.4. Influence of Image Differentiation on NGO Sustainability

The study analyzed image differentiation to establish its influence on NGO sustainability. The findings were exhibited in Table 4.12.

**Table 4.12. Image Differentiation**

<b>Image Differentiation</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
Our organization is transparent in its dealings with stakeholders.	59	2	33	4.54	0.877
Our management maintains high morals in stakeholder engagement that has earned us public trust.	59	2	5	4.22	0.767
Our organization carefully implements programs to reduce costs and increase value to the stakeholders.	59	3	5	4.12	0.79
Our organization’s brand is strong thus promotes it to the potential donors.	59	2	5	4.02	0.938
Our leadership is highly ethical and provides exemplary leadership	59	2	5	4	0.766
Our organization has a positive corporate image on quality.	59	2	5	3.97	0.89
<b>Total</b>				<b>4.14</b>	<b>0.838</b>

**Source: Researcher (2022)**

From Table 4.12, respondents agreed that their organization was transparent in dealings with stakeholders. This was demonstrated by a mean score of 4.54, standard deviation of 0.877. It was agreed that NGO management maintained high morals in their dealings with stakeholders

that earned them public trust. This was demonstrated by a mean score of 4.22, standard deviation of 0.767. It was also agreed that NGOs were carefully implementing programs that helped in reducing costs while increasing value to the stakeholders. This was rated with a mean score of 4.12, standard deviation of 0.79. However, there was disagreement that the organization had a positive image on quality which recorded low rating at a mean score of 3.97, standard deviation of 0.89. There was disagreement that the leaders maintained high ethics and were providing good leadership. This received low scoring with a mean score of 4.00, standard deviation of 0.766. The general mean score for the image differentiation was 4.14, standard deviation of 0.838. This means that respondents agreed to a large extent that image differentiation influenced sustainability of NGOs in Kiambu County.

Porter (1980) noted that organizations may be able to remain sustainable when they make it impossible for new entrants through improved brand image. This according to the findings, NGOs are more transparent, there is high morals exhibited by the management and programs are implemented with stakeholders in mind. This has improved brand image of the NGOs leading to sustainability. Muriithi (2014) noted that NGOs in Nairobi have strong brand that increased their trust in the public and the donors resulting to more donations. The current study has found an influence of brand image to sustainability based on strategies that have enhanced NGOs dealings with stakeholders as well as earning public trust leading to sustainability.

#### 4.4.6. NGO Sustainability

The study investigated how respondents perceived NGO sustainability in Kiambu County. The findings were exhibited in Table 4.13.

**Table 4.13. NGO Sustainability**

<b>NGO Sustainability</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
Due to our unique strategies, there is increased funding of our projects.	59	2	5	4.12	0.853
Our stakeholders are satisfied with our services.	59	2	5	4.08	0.836
There is reduced staff turnover due to our personnel management.	59	2	5	3.95	0.879
We have repeat donations due to our distinctiveness.	59	2	5	3.9	0.824
Our organizations has increased diversification of funds based on our technological innovations.	59	2	5	3.88	0.832
Our organization has increased demand driven programs due to employees' skills, leadership and technological innovations.	59	2	5	3.76	0.817
<b>Total</b>	<b>59</b>			<b>3.94</b>	<b>0.84</b>

**Source: Researcher (2022)**

From Table 4.13, it was established that NGOs received funding due to their unique strategies. This was agreed by respondents where the rating was 4.12, standard deviation of 0.853. It was also agreed that stakeholders were satisfied with NGO services with a mean score of 4.08, standard deviation of 0.836. There was an agreement that there was reduced staff turnover due to effective personnel management with a mean score of 3.95, standard deviation of 0.879. However, respondents did not agree that NGOs had demand driven programs due to

employee's skills, leadership and technological innovations. This was rated low with a mean score of 3.76, standard deviation of 0.817. There was disagreement that NGO had increased diversification of funds based on technological innovations with a mean score of 3.88, standard deviation of 0.832. The aggregate mean score was 3.94, standard deviation of 0.84. This means that respondents agreed to a large extent that NGOs were sustainable. Pfeffer and Salancik (1973) theory of resource dependency observe how NGOs do not have enough resource to support their projects hence reliance on donors to remain sustainable. This study has confirmed that there is increased funding of NGO projects, there is reduced staff turnover and there are repeat donations.

#### **4.5. Inferential Statistics**

The study analysed data using inferential statistics to estimate, predict and make generalization on study findings to the target population (Tawfik, 2019). Correlation was used in the analysis of relationship between differentiation strategy and sustainability of NGOs. Model summary was provided to determine the fitness of the model in predicting the association between the independent and dependent variable. ANOVA and regression coefficient were used in the analysis to establish the significant effect and to know the contribution of each variable on the dependent variable. The findings were presented in; Table 4.14, Table 4.15, Table 4.16 and Table 4.17.

##### **4.5.1. Relationship between Differentiation Strategy and NGO sustainability**

The study used Karl Pearson product moment correlation to investigate the relationship between differentiation strategy and sustainability of NGOs. Correlation was used to measure the degree and direction of association between the variables where coefficient with values -1 and +1 were used in determining the extent of relationship and whether it was positive or

negative. Obilor and Amadi (2018) note that correlation values that have 0.40 are considered low, values with 0.60 are moderate whereas those that have 0.6 and above values are deemed as high correlations. Table 4.14 showed the relationship.

**Table 4.14. Relationship between Differentiation Strategy and NGO Sustainability**

<b>Variables</b>		<b>Service</b>	<b>Technology</b>	<b>Personnel</b>	<b>Image</b>	<b>Sustainability</b>
Service	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	59				
Technology	Pearson Correlation	.625**	1			
	Sig. (2-tailed)	0.000				
	N	59	59			
Personnel	Pearson Correlation	.784**	.592**	1		
	Sig. (2-tailed)	0.000	0.000			
	N	59	59	59		
Image	Pearson Correlation	.444**	.524**	.446**	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
	N	59	59	59	59	
Sustainability	Pearson Correlation	.567**	.568**	.344**	.545**	1
	Sig. (2-tailed)	0.000	0.000	0.008	0.000	
	N	59	59	59	59	59
<b>**.</b> Correlation is significant at the 0.01 level (2-tailed).						

Source: Researcher (2022)

From Table 4.14, the study established that service differentiation was positively and significantly related with sustainability where  $r = 0.567$ ,  $p \text{ value} = 0.000$ . It was found that technology differentiation had a positive and significant relationship with sustainability with correlation values being  $0.568$ ,  $p \text{ value} = 0.000$ , there was a positive and significant relationship between personnel differentiation and sustainability at  $r = 0.344$ ,  $p \text{ value} < 0.008$  whereas, image differentiation had positive and significant relationship with sustainability where  $r$  values were  $0.545$ ,  $p \text{ value} = 0.000$ . Schober, Boe and Schwarte (2018) provide acceptable correlation threshold where values from  $0.10$  to  $0.39$  are considered weak while those ranging between  $0.40$  and  $0.69$  are deemed as moderate correlation. From the findings Personnel differentiation had correlation values of  $0.344$  hence signified weak correlation with sustainability of NGOs. All the other three independent variables had values above  $0.5$  hence moderate correlation.

#### 4.5.2. Model Summary

The study investigated how well the data points fitted the model where  $R$ ,  $R^2$  and adjusted  $R$  square were used in the analysis. The findings were presented in Table 4.15.

**Table 4.15. Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722 <sup>a</sup>	0.521	0.486	0.45291
a. Predictors: (Constant), Image, Service, Technology, Personnel				

**Source: Researcher (2022)**

From Table 4.15, the findings indicated that R was 0.722. This showed the correlation value which determined the quality of prediction of the dependent variable. Obilor and Amadi (2018) indicated that correlation with R values above 0.6 are considered high hence the findings showed a high quality of correlation between differentiation strategy and sustainability of NGOs. R square value was 0.521. This means that 52.1% of differentiation strategy affect sustainability of NGOs in Kiambu County. The other 47.9% factors were however outside the study scope. Dhakal (2018) advice that adjusted R square should not have a wide difference from the R square. This value also showed the true scores of variations of the dependent variable caused by the independent variable. From the findings 48.6% of the differentiation strategy affect sustainability.

#### 4.5.3. Analysis of Variance (ANOVA)

The study used analysis of variance to compare population means and to establish if there was any significance evidence. F statistics, degrees of freedom (df) and significance level was used in the analysis (Mindrila & Balentyne, 2013). The findings were exhibited in Table 4.16.

**Table 4.16. Analysis of Variance**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	12.048	4	3.012	14.684	.000 <sup>b</sup>
	Residual	11.077	54	0.205		
	Total	23.125	58			
a. Dependent Variable: Sustainability						
<b>b. Predictors: (Constant), Image Service, Technology, Personnel</b>						

**Source: Researcher (2022)**

From Table 4.16, it was noted that  $F(58)=14.684$ ,  $p\_value=0.000$ . This indicated that there was significance evidence of the difference in population means.

#### 4.5.4. Coefficient of Variation

Coefficient of variation was used to analyse how each independent variable contributed to the dependent variable where beta values and p values were used in the analysis. The findings were indicated in Table 4.17.

**Table 4.17. Coefficient of Variation**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.328	0.415		3.201	0.002
	Service	0.568	0.160	0.571	3.557	0.001
	Technology	0.254	0.116	0.287	2.201	0.032
	Personnel	-0.396	0.147	-0.420	-2.691	0.009
	Image	0.228	0.079	0.328	2.905	0.005
a. Dependent Variable: Sustainability						

**Source: Researcher (2022)**

From Table 4.17, the findings were as follows;

Research objective aimed to ascertain if service differentiation had an effect on sustainability. From Table 4.17, service differentiation affected sustainability by ( $\beta=0.568$ ,  $p\_value=0.001$ ). This showed that an increment in service differentiation would lead to 0.568 increment in sustainability. This also had statistical significance on sustainability as the p value was  $< 0.05$ . Githumbi (2017) study found a positive and significant effect of service differentiation on

performance of rice milling facilities in Kirinyaga County. This study used nonprofit organizations and found a positive and significant effect of service differentiation on sustainability thereby confirming the study.

For the second objective, the study intended to ascertain the effect of technology differentiation on sustainability of NGOs. Table 4.17, indicated that ( $\beta = 0.254$ ,  $p$  value = 0.032). This showed that rise in technology differentiation would lead to significant increase in sustainability by 0.254. Nwosu, Awurun and Okoli (2015) found that technology had a considerable and favorable impact on Nigerian firms. Additionally, Singhal (2015) also noted that there was a significant effect of technology on performance. These studies targeted profit making companies where strategies are geared towards improving performance for sustainable operations. The current study focused on non-governmental organizations and found a similar finding that technology has a substantial and beneficial impact on sustainability.

For the third objective, the study sought to determine the effect of personnel differentiation on sustainability of Kiambu County NGOs. From Table 4.17, it was found that ( $\beta=-0.396$ ,  $p$  value=0.009). The findings showed that an increase in personnel differentiation would lead to decrease in NGO sustainability by 0.396. This was also significant to sustainability. A report by Mbugu and Kinyua (2019) noted that personnel differentiation had a substantial and favorable relationship with performance. The study however focused on profit making organizations hence the more staff were improved, the more there was improvement in performance significantly. However, the current study has found that the more staff are added, there more there is decreased in NGO sustainability. The findings have disconfirmed the previous study that within the NGO sector, personnel differentiation has significant negative effect on sustainability.

On the fourth objective, the study sought to identify how image differentiation affected sustainability of NGOs in Kiambu County. From Table 4.17, it was found that ( $\beta=0.228$ , p value=0.005). This means that rise in image differentiation resulted to significant increase in sustainability of NGOs. Report by Sandada and Finch (2015) indicated that brand image of petroleum companies in Zimbabwe resulted to positive and significant effect on performance. It was also found by Okoisama, Best and Anyanwa (2017) that brand image had significant and positive association with performance of telecommunication companies in Nigeria. The current study purposed to apply brand image differentiation to investigate if there was an effect on sustainability. The study has however confirmed that even in the nonprofit organizations, brand image has positive and significant effect on sustainability.

The study multiple regression model that was used was;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

All the independent variables showed substantial effect on sustainability of NGOs in Kiambu County where; Service ( $\beta=0.568$ ; p value=0.001), technology ( $\beta=0.254$ ; p value=0.032), image ( $\beta=0.228$ ; p value=0.005) and personnel ( $\beta= -0.396$ ; p value=0.009). This showed that service had high contribution, followed by technology and image. However, personnel resulted to reduction in sustainability where the more it was increased, the more there was reduced sustainability of NGOs in Kiambu County. This could be explained by the fact that NGOs depend on donations to finance their operations. Many of these funds have to be used for the purposes intended by their donors. This means that NGOs may not have enough funds to cater for expansion and recruitment of more personnel hence the more they higher or invest in personnel, the more they tend to become less sustainable leading to negative effect. This

lead to the modification of the model to reflect only those that contributed to sustainability of NGOs hence

$$Y = 1.328 + 0.568 \text{ Service} + 0.254 \text{ Technology} + 0.228 \text{ Image}$$

Stone, Begelow and Crittenden (1999) noted that NGOs have not yet adopted Porters (1980) five forces model in their non-economic activities. Some of the elements in the five forces model are the buyer (donors), new entrants and competitive rivalry. The study has demonstrated that NGOs have been able to adopt Porters five forces model as they have understood their operating environment where they are using different strategies to satisfy their donors for enhanced donations leading to beneficiary satisfaction. This is evidenced in increased positive effect on sustainability on three of the variables; service, technology and image. Miller (2002) observed that five forces model has only been adopted by religious NGOs who have used the model to overcome competition. This study has confirmed that NGOs that are not aligned with religious sector may also use the model to enhance their sustainability when they overcome competitive moves. The application of differentiation strategy as one of the Porters (1980) generic strategy indicates that the strategy is not a reserve of profit-making organizations only but may as well be adopted by nonprofit organizations to enhance their sustainability.

## **CHAPTER 5**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

This chapter presented the summary of study findings, conclusions and recommendations for policy and practice as well as for further research. The chapter also provided limitations that were encountered in the research.

#### **5.2. Summary of Findings**

The study main purpose was to investigate differentiation strategy on sustainability of Non-Governmental Organizations in Kiambu County, Kenya. Specific objectives were; to determine the effect of service differentiation, to establish the effect of technology, to determine the effect of personnel differentiation and to identify the effect of image differentiation on the sustainability of NGOs in Kiambu County, Kenya. The study used structured questionnaire to collect responses from 88 respondents who were working with NGOs. Descriptive and inferential statistics was utilized in data analysis. SPSS assisted the analysis. Presentation was done in tables, mean and standard deviation.

The study found 67% response rate which was regarded as favorable for analysis. On the gender of responders, the study established that 57.6% of respondents were female while 42.4% were men. This showed that NGOs had more women in the workforce as compared to the men. The study noted that there were 35.6% of respondents aged 30-39, there were 33.9% respondents aged between 40-49 years, there were 18.6% respondents who were 20-29 years old and 11.9% of respondents were in the age category of 50-59 years.

On the education level of respondents, the study found that NGOs had employed more people who had done bachelor degree at 50.8%, there were 25.4% respondents who had master's level, there were 13.6% respondents who had attained diploma level, there were also 6.8% respondents who had accomplished form four level while 3.4% of respondents had completed doctorate level of education. The study revealed that respondents had different work positions at the NGOs where they were working where 31% were project assistance, 24% were office assistants, 15% were working as finance officers, 14% were database managers, 10% were communication experts while 7% were HR managers. It was also found that 39% of respondents had worked with their NGOs for 3-5 years, there were some who had worked for 1-3 years, 23.7% of respondents indicated having worked for 5-10 years, there were 6.8% of respondents who had worked for less than a year and there were 5.1% of respondents who noted that they have worked with their NGOs for more than 10 years.

The study found that 37.3% of NGOs had been in operation in Kiambu County for 4-5 years, there were 27.1% of NGOs who had been in the County for 6-10 years, there were 20.3% of non-governmental organizations who had been in operation in Kiambu for 1-3 years, there were 8.5% of NGOs who had worked in Kiambu for less than a year while there were 6.8% of NGOs who indicated that they have been in Kiambu County for more than 10 years. These NGOs also indicated that 32% were in the other sectors, 29% were working within the healthcare sector, and 19% were in environment while 8% were in agriculture.

### **5.2.1. Service Differentiation and Sustainability of NGOs**

The study's objective was to determine the effect of service differentiation on sustainability of NGOs in Kiambu County. The study found that NGO stakeholders were satisfied with the services rendered. It was also noted that NGOs were prompt in handling stakeholder

complaints. The study also indicated that NGOs constantly engaged with their stakeholders to identify their needs. However, there was disagreement that NGOs used feedback to improve on services delivered to stakeholders. It was also disagreed that staff were providing consistent service to the stakeholders. Correlation analysis indicated moderate, positive and significant relationship ( $r=0.567$ ,  $p=0.000$ ) between service differentiation and sustainability of NGOs. The study found that service differentiation highly contributed significantly to sustainability of NGOs where ( $\beta=0.568$ ,  $p$  value= $0.001$ ).

### **5.2.2. Technology Differentiation and Sustainability of NGOs**

The study aimed to study the effect of technology differentiation on the sustainability of NGOs in Kiambu County. It was revealed that NGO diversity of programs increased beneficiary satisfaction. The study also noted that uniqueness of NGO programs had enhanced their donor portfolio. It was reported that NGOs had maintained the lead in humanitarian activities due technological innovations. However, there was disagreement that the programs had distinctive features due to technological adoption. It was also disagreed that the NGOs adopted new technologies that enabled the improvement of processes. Correlation revealed that there was a moderate, positive and significant relationship ( $r=0.568$ ,  $p$  value= $0.000$ ) between technology innovation and sustainability of Kiambu County NGOs. The study also noted that technology contributed significantly to the increase in sustainability by ( $\beta=0.254$ ,  $p$  value= $0.032$ ).

### **5.2.3. Personnel Differentiation and Sustainability of NGOs**

The study ascertained the effect of personnel differentiation on sustainability of NGOs in Kiambu County. The study found that NGO employees were highly skilled hence provided high customer service, the study also noted that staff were conscious in implementing donor funded programs which were running according to schedule. It was also agreed that NGO staff understood their organizational programs which were in line according to stakeholder needs. However, it was disagreed that employees handled stakeholders professionally, it was also disagreed that NGO staff were always alert to donor issues and emerging stakeholder needs. There was also disagreement that NGO staff were well equipped to serve stakeholder satisfactorily. Relationship analysis revealed a weak positive and significant relationship with sustainability where ( $r=0.344$ ,  $p \text{ value}=0.008$ ). The study also found that personnel differentiation negatively and significantly ( $\beta=-0.396$ ;  $p \text{ value}= 0.009$ ) affected sustainability of NGOs in Kiambu County.

### **5.2.4. Image Differentiation**

The study fourth objective was to determine the effect of image differentiation on the sustainability of NGOs in Kiambu County. The study reported that NGOs were transparent in their dealings with stakeholders. It was also found that NGO management maintained high morals in stakeholder engagement that earned NGOs public trust. It was found that NGOs carefully implemented programs to reduce costs and increase value to stakeholder. There was disagreement that NGOs had positive corporate image on quality. It was disagreed that NGO leadership was highly ethical in leadership. Correlation analysis indicated that image had moderate, positive and significant relationship ( $r= 0.545$ ;  $p \text{ value} 0.000$ ) with sustainability of

NGOs. The study of causal effect indicated that image contributed significantly ( $\beta=0.228$ ,  $p$  value=0.005) to sustainability of NGOs in Kiambu County.

### **5.3. Conclusion**

#### **5.3.1 Service Differentiation**

The study concludes that NGO stakeholders are pleased with their services because grievances from stakeholders are responded to quickly. The study makes conclusions that NGOs constantly engage with their stakeholders to identify their needs. Conclusion is made that service differentiation is positively and significantly related with sustainability of NGOs. It is also concluded that service affects NGOs sustainability. The study concludes that NGOs are not adequately using feedback obtained from stakeholders to improve their services. It is also concluded that NGO staff are not providing consistent service to the stakeholders. This service is also not adequately differentiated to enable NGOs maintain the lead in their humanitarian services.

#### **5.3.2 Technological Differentiation**

Conclusion is made that NGOs have diversified their programs which has increased satisfaction of beneficiaries. It is also concluded that uniqueness of NGO programs has enhanced their donor portfolio. Conclusion has been made that NGOs have maintained the lead due to technological innovations. There is a positive, moderate and significant relationship between technology and sustainability. The conclusion has been made that technology positively and significantly affect sustainability of NGOs. It is concluded that NGO programs do not have distinctive features due to technological adoptions. It is also

concluded that despite NGOs having new adopted technologies, they have not improved their processes.

### **5.3.3. Personnel Differentiation**

On personnel differentiation, it is concluded that NGO employees are highly skilled hence provide high customer service. It is concluded that NGO staff are time conscious hence implementing donor funded projects within the agreed time. Conclusion is made that NGO staff understand their programs which are provided according to stakeholder needs. Conclusion is made that there is a weak, positive and significant relationship between personnel differentiation and sustainability of NGOs. It is also concluded that there is a significant and negative effect of personnel differentiation on sustainability of NGOs in Kiambu County. It is concluded that NGO employees are inadequate in professional competency needed to handle their stakeholders. It is also concluded that NGO staff have laxity in handling emerging donor issues. Conclusion is made that NGO staff are not well equipped to serve stakeholders satisfactorily.

### **5.3.4. Image Differentiation**

On image differentiation, it is concluded that NGOs are transparent in their dealings with stakeholders. It is concluded that NGO management has maintained high morals that has enabled the NGOs to earn public trust. It is also concluded that NGOs are cost conscious and as such, have implemented programs that have increased value to their stakeholders. There is a positive, moderate and significant relationship between image differentiation and sustainability of NGOs in Kiambu County. It is also concluded that image significantly and positively affect sustainability of NGOs in Kiambu County. It is concluded that NGOs have

reduced positive image on quality. It is also concluded that there is inadequacy in ethical leadership exhibited by NGOs.

#### **5.4. Recommendations for Policy and Practice**

The study noted the influence of service differentiation on sustainability of NGOs in Kiambu County. This was evidenced through provision of services, being prompt in handling issues raised and continuous engagement with stakeholders. However, it was noted that feedback obtained from stakeholders was not being implemented adequately. It was also observed that staff were not providing consistent service. The study recommends continuous improvement based on stakeholder feedback to enhance service to the beneficiaries. It is also recommended that feedback tracking systems and monitoring be implemented to determine implementation and follow up of issues raised by stakeholders. The study recommends staff capacity building to enable the understanding of service quality process to be able to provide consistency in service to the stakeholders.

On technology differentiation, the study noted how diversity of programs was enhanced that ensured beneficiary satisfaction. There was also uniqueness of programs that increased donor portfolio. However, there was no distinctive features despite technological adoption. There was also no adequate improvement in processes despite technology. The study recommends implementation of value driven technology that is geared towards improving processes and differentiating NGOs. These may be determined by understanding NGO processes and how technologies adopted may be compatible with existing systems, providing more value and separating NGOs from their peers. The study also recommends partnership with technology companies to advice on better technologies that will reduce costs, position the NGO distinctively while enhancing processes for more value to the organizations.

On personnel differentiation, the study noted that NGO employees were highly skilled hence providing high customer service, they were also conscious in the implementation of programs according to schedule. These employees also understood their organization's programs hence provided services according to the needs of stakeholders. However, NGO employees were not adequately handling their stakeholder professionally. They also had laxity in handling emerging donor issues. It is also noted that NGO staff were not adequately equipped to offer satisfactory service.

The study recommends the need for more training to the staff to provide them with knowledge and skills in dealing with different types of stakeholders. Management should also provide training opportunities such as seminars, workshops, conferences and other networks where staff may be able to participate and learn to build their knowledge on the current trends. This will boost their understanding of work thus increase stakeholder satisfaction. NGOs should empower their staff with all equipment and tools they need to support their work. This will boost their confidence and enhance their moral in their work. It is also recommended that the management should provide staff with up-to-date information on trends within the NGO sector, emerging issues and changing donor requirements to enable the staff keep themselves up to date with trends. The management should also provide forums that will allow staff to communicate issues that are affecting their work and get responses, solutions and direction to overcome their work challenges. The study recommends that NGOs should hire lean highly skilled expertise to reduce costs associated with administration that are not covered by donors. This will ensure sustainability of NGOs.

On image differentiation, the study noted that NGOs were transparent in their dealings with stakeholders. They also maintained high morals that earned NGOs public trust. However,

there is still reduced perception of quality of service/programs provided by the NGOs that may lead to negative perception of the sector's image. The study recommends that NGOs should use public relations and other cost-effective media to document their work to their stakeholders. This will communicate the quality of work they provide thereby reinforce the building of trust and confidence necessary for promoting image. NGOs should also be consistent in their work, dealings with stakeholders as well as in their communication to the public. This will ensure that the mission of NGO remains strong in the mind of stakeholders hence forming a strong image. The study also recommends that management should inspire their followers based on their values and beliefs. This will ensure that they earn trust from their employees and the public. The result will be more donation to support their mission.

#### **5.5. Recommendation for Further Research**

The study investigated differentiation strategy on sustainability of NGOs in Kiambu County. This included objectives relating to service, technology, personnel and image differentiation. The study noted that 52.1% of differentiation affected sustainability of NGOs in Kiambu County. This means that 47.9% were other factors that were not studied. The study recommends future studies in other areas not within the scope of the study to determine their effect on NGO sustainability. The study worked with only 20 NGOs from Kiambu County who were indicated in Kiambu County Integrated development plan as some of the NGOs that had partnered with the County government to support its socio-economic objectives. The study recommends future study to incorporate all NGOs in Kiambu County. Comparative study may be done in other geographical locations to determine how differentiation strategy is affecting sustainability. This will help in making comparisons to allow for benchmarking and learning for the development of the sector.

## **5.6. Limitation of the Research**

The study purposed to work with 88 respondents to collect primary data from 20 NGOs that within Kiambu County. However only 59 responded. There were some NGOs that did not allow their staff to respond while there were some who did not provide access to their offices. The study also noted challenges with the small number of employees per NGO which led to reduction in responses. There were also instances where NGOs did not allow face to face questionnaire administration hence advised to send email questionnaire where they provided their contacts. Despite follow-up, some were not returned.

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## APPENDICES

### APPENDIX I: LETTER OF PERMIT

Kamatu Nicholas Munene

P.O. Box 40820 – 00100, Nairobi.

17<sup>th</sup> September, 2022

To Human Resource/Research Department/Administration

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Dear Sir/Madam,

#### **REF: PARTICIPATION IN RESEARCH**

I am a student at Kenyatta University pursuing Postgraduate studies in Strategic Management.

I am researching on “**Differentiation Strategy and Sustainability of NGOs in Kiambu County, Kenya**” to provide more insight on effective strategies that can enhance sustainability. Your organization was chosen based on its inclusion in the **Kiambu County Integrated Development Plan (2018/2022)** as one of the partners supporting Kiambu County development. I respectfully ask that you permit your personnel to take part in the research by answering the questions as truthfully as they can. You also have the option of choosing the mode of data collection (**Google form/ hard copy questionnaire**). Your information will be treated with the highest secrecy and used only for this study's purposes.

Yours faithfully,

Kamatu Nicholas Munene

D53/OL/CTY/26119/2015

## APPENDIX II: QUESTIONNAIRE

Kindly provide answers by ticking (✓) one among the alternatives in your own opinion. You are also encouraged to specify other alternatives in the blank space provided.

### SECTION A: BACKGROUND INFORMATION

Please tick where appropriate

1. Kindly indicate the name of your NGO \_\_\_\_\_
2. Respondent's Gender:  
Male [ ] Female [ ]
3. Age of Respondent  
20 – 29 [ ] 30 – 39 [ ] 40 – 49 [ ] 50 – 59 [ ] 60 and above [ ]
4. Please provide your highest level of education:  
Form Four [ ] Diploma [ ] Bachelor Degree [ ]  
Master's Degree [ ] Doctorate Degree [ ]
5. Kindly indicate your position in the organization  
\_\_\_\_\_
6. How long have you been working with the NGO?  
Below 1 year ( )                      1-3 years ( )  
4-5 years ( )                      6-10 years ( )                      Over 10 years ( )
7. How long has the NGO been supporting Kiambu County?  
Below 1 year ( )                      1-3 years ( )  
4-5 years ( )                      6-10 years ( )                      Over 10 years ( )

8. Which sector does your organization fall?

Education ( )      Environment ( )      Health ( )

Agriculture ( )      Relief ( )      Others ( )

**9. SECTION B: DIFFERENTIATION STRATEGY**

**Directions:** This part examines your opinion about the differentiation strategy your organization has adopted in increasing sustainability. Show the extent of your opinion by way of ticking one of the following choices where 1= not all and 5 = very large extent.

**Note:**

**1 = Not at all, 2 = Little Extent, 3 = Moderate Extent, 4 = Large Extent, 5 = Very Large Extent**

<b>Service Differentiation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Our organization ensures our staff provide consistent service to our stakeholders.					
Our NGO provides high quality programs					
We constantly engage with our stakeholders to identify their needs.					
We use stakeholder feedback to improve our services.					
Our services are differentiated hence have maintained the lead in humanitarian services.					
Our services provide unique experience to our stakeholders.					
Our stakeholders are happy with our services.					
There is promptness in handling stakeholder complaints					

## 10. SECTION C: TECHNOLOGY DIFFERENTIATION

Indicator	1	2	3	4	5
We have adopted new technology that has enabled us improve our processes.					
Our technology has enabled us innovate unique programs to attract funding.					
Our programs have distinctive features due to technological adoption.					
The uniqueness of our programs has enhanced our donor portfolio.					
The diversity of our programs has increased beneficiary satisfaction.					
We have maintained the lead in humanitarian activities due to our technological innovations.					

## 11. SECTION D: PERSONNEL DIFFERENTIATION

Personnel Differentiation	1	2	3	4	5
Our employees are highly skilled hence provide high customer service.					
Our staff handles our stakeholders with professionalism.					
Our personnel are well-equipped to satisfy our stakeholders.					
Our staff understand our organizational programs which are provided in line with stakeholder needs					
Our personnel are truthful when interacting with our stakeholders.					
Our staff are always alert to donor issues and emerging stakeholder needs.					
Our staff have positive attitude towards the stakeholders.					
Our staff are time conscious when implementing donor funded programs hence our programs run according to schedule.					

## 12. SECTION E: IMAGE DIFFERENTIATION

Indicator	1	2	3	4	5
Our organization's brand is strong thus promotes it to the potential donors.					
Our organization carefully implements programs to reduce costs and increase value to the stakeholders.					
Our organization is transparent in its dealings with stakeholders.					
Our leadership is highly ethical and provides exemplary leadership					
Our organization has a positive corporate image on quality.					
Our management maintains high morals in stakeholder engagement that has earned us public trust.					

**13. SECTION F: SUSTAINABILITY**

**Directions:** This part examines your opinion about sustainability of your organization. Show the extent of your opinion by way of ticking one of the following choices where 1= not all and 5 = very large extent.

**Note:**

**1 = Not at all, 2 = Little Extent, 3 = Moderate Extent, 4 = Large Extent, 5 = Very Large Extent**

<b>Indicator</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Due to our unique strategies, there is increased funding of our projects.					
Our organization has increased diversification of funds based on our technological innovations.					
Our organization has increased demand driven programs due to employees' skills, leadership and technological innovations.					
We have repeat donations due to our distinctiveness.					
There is reduced staff turnover due to our personnel management.					
Our stakeholders are satisfied with our services.					

**Thank you.**

## APPENDIX: III: LETTER OF AUTHORIZATION



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

P.O. Box 43844, 00100

NAIROBI, KENYA

Tel. 8710901 Ext. 57530

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

Our Ref: D53/OL/CTY/26119/2015

DATE: 25<sup>th</sup> August, 2022

Director General,  
National Commission for Science, Technology  
and Innovation  
P.O. Box 30623-00100  
**NAIROBI**

Dear Sir/Madam,

**RE: RESEARCH AUTHORIZATION FOR KAMATU NICHOLAS MUNENE – REG. NO. D53/OL/CTY/26119/2015**

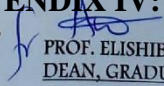
I write to introduce Kamatu Nicholas Munene who is a Postgraduate Student of this University. The student is registered for M.B.A degree programme in the Department of Business Administration.

Kamatu intends to conduct research for a M.B.A Project Proposal entitled, “**Differentiation Strategy and Sustainability of Non-Governmental Organizations in Kiambu County, Kenya.**”

Any assistance given will be highly appreciated.

Yours faithfully,

## APPENDIX IV: NACOSTI LETTER OF PERMIT

  
PROF. ELISHIBA KIMANI  
DEAN, GRADUATE SCHOOL

AM/mo



REPUBLIC OF KENYA

Ref No: 254859

RESEARCH LICENSE



This is to Certify that Mr. Nicholas Munene Kamatu of Kenyatta University, has been licensed to conduct research in Kiambu on the topic: DIFFERENTIATION STRATEGY AND SUSTAINABILITY OF NON-GOVERNMENTAL ORGANIZATIONS IN KIAMBU COUNTY, KENYA, for the period ending : 15/September/2023.

License No: NACOSTI/P/22/20249

254859

Applicant Identification Number



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION.

Date of Issue: 15/September/2022

Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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