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**INFLUENCE OF STRUCTURE ON THE FINANCING STRATEGY OF NON-  
GOVERNMENTAL ORGANIZATIONS: (THE CASE OF VSO JITOLEE IN KENYA)**

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Accepted 3<sup>rd</sup> January, 2021

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**ABSTRACT**

The purpose of this study was to determine the effect of VSO International structure on VSO *Jitolee's* fundraising strategies. The research design was a descriptive case study design; the population of interest was composed of all VSO employees in Kenya. The research instrument was a questionnaire and piloting was done using 10% of the sample size. During data collection, the “drop and pick later” method was employed. Data analysis was executed using Statistical Package for the Social Scientists (SPSS) software. Descriptive statistics used consisted mainly of means and standard deviations; graphical illustrations such as bar charts and pie charts were used to enhance the findings. The study found that VSO Jitolee structure has been marked by various structural changes in response to its changing global funding environment. Top on the list is team work. Competition for funds is an increasingly critical factor that must be factored in non-profit consideration of funding strategies. Reduced or tightly focused government funding is placing great pressure on the sector, which has also experienced a proliferation of new non-profits during the past decade, thus increasing the competition for a smaller pool of funds. There is a need to conduct structural audits and to review structure relative to strategy and the dynamism in the external environment. Being responsive to changes in the environment means a heightened need to determine the most effective way to serve a client population that may be growing or changing through developing strategies and processes to access and manage new funding streams; It is also important for VSO Jitolee to embrace structures that increase its appeal to donors.

**Key Words;** *Structure, Financing Strategy*

## **INTRODUCTION**

The changing global competitive environment characterized by rapid advances in information and communication technology creates conformity and performance related pressures that increase the need for organizations to continuously adapt innovate and improve (Cho & Pucik 2005). In this context, successful firms will be those that demonstrate greater flexibility and innovativeness in responding to this changing environment. Such firms will continuously innovate through formulating new strategies that positively impact on development of new capacity to achieve sustained performance levels. Given the fuzzy nature of change and the global context in which it occurs, it is difficult to develop a concise understanding of organizational behavior in relation to change management.

Non-profit organizations (also referred to as non-profits) are an important facet for channeling development funds in the developing world. According to United States Aid for International Development [USAID] (2001), non-profits in Africa possess an extensive geographic reach and a well-developed infrastructure and as such possess capabilities to contribute to an effective, multi-sectoral response especially to socio-economic problems. With networks that reach even the most remote villages, non-profits also have the ability to influence the attitudes and behaviors of their community members by building on relationships of trust and respect. For non-profits, one key way of pursuing innovation lies in developing new and effective ways of raising funds for meeting the non-profits objectives.

The importance of non-profit organizations in reaching out to the underprivileged in both the developed and developing world has recently been recognized even in legislative enactments. Chaves (as cited in Gaithuma, 2007) gives an example of such legislative changes as including the promulgation of the 'Charitable Choice' provision in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (known as Welfare Reform). The provision enables Non-Governmental Organizations (NGOs) to effectively compete for US government grants. Previously, non-profits, especially faith based organizations, were viewed as divisive on matters relating to national and international public policy owing to their strict moral approach. This high level of moral adherence tended to conflict with politically motivated funding aimed at attaining a given political objective as opposed to serving the community need. The enactment of the 'Charitable Choice' provision was recognition of their increasing importance in a post-cold war environment where good governance has become the common word for donor and recipient countries.

Subsequently, Mostashari (2005) observes that the non-profit sector has undergone huge transformations in relation to global micro- and macro-economic forces. These forces have reshaped the sector and transformed how non-profits deliver services to their target communities. More importantly, these forces have drastically altered mechanisms through which non-profits finance their operations towards this end. Complicating this situation is the fact that the needs of target communities are also constantly changing in response to the dynamism in their environment. This state of affairs has created challenges that have required non-profit managers

to develop new skills that are vital for effective management of non-profits in the post-modern era.

Effective management of non-profits today implies ‘social entrepreneurship’, that is, combining the passion of a social mission with an image of business-like discipline, innovation and determination commonly associated with, for instance, the high-tech pioneers. According to Gaithuma (2007), the concept of social entrepreneurship can be thought of as an opportunistic, value-driven, value-adding, risk-accepting, creative activity where ideas take the form of organizational birth, growth, or transformation. Through this approach, non-profits will be able to realize cost effective ways of funding their operations, thereby attracting the interest of donors who are efficiency-minded.

In Africa, these global shifts in the non-profit sector have manifested themselves in a number of ways, mainly related to the channeling of funds. The issue of good governance has seen donors in the West increasingly transferring the funding of various social services away from Governments in the recipient countries towards independent, voluntary or community organizations. Funding covers areas like conflict mediation, HIV/AIDS and children welfare among other areas. In these countries, Kenya included, these shift has largely been motivated by the need for increased transparency and accountability demanded by donor Governments with regard to how donor disbursements are utilized.

Non-profits want to increase their financial independence at a time when funds in form of grants from donors are shifting or shrinking. They need to raise funds from local communities as well as have access to funds from overseas donors. To do so non-profits need to build varied and sustained fundraising systems and processes. Non-profits are being forced to look at how to structure their operations competitively in relation to other non-profits. This is against a background of growing needs and an explosive growth in the number of development agencies. Organizations will thrive financially only if they plan their fundraising activities very carefully, remain credible to the communities they serve, are well governed and managed and have good systems of communication.

Non-profits, by their very nature, are faced with obvious challenges in adopting nontraditional methods of fund raising. Their mission definition as not for profit organizations creates structural/organizational challenges that make it difficult to embody for-profit programs. As a consequence, for a non-profit to realize its fundraising objectives, substantial investments are necessary and they include strengthening of organizational structures, strengthening relationship with donors, a need for a clear case for support, increased visibility within the funding market and a clear demonstration of the development impact of the organization’s work. The overall aim should be to diversify sources of funds in order to avoid over reliance on one donor.

In this increasingly competitive non-profit segment, VSO *Jitolee* has developed certain unique selling points. At VSO *Jitolee*, the core mandate is to promote volunteerism to address global poverty and disadvantage through development. VSO *Jitolee* is unique in that the firm is committed to fighting disadvantage through the implementation of quality programmes in Kenya and the recruitment of Kenyan and Ugandan volunteers who share their skills with partner

organizations in 35 countries, mostly in Africa and Asia. VSO *Jitolee* views development as a process that empowers people and communities to take control of their future and fulfill their potential by fighting disadvantage. Human rights, including an education, a livelihood, healthcare, a safe environment, and equal access to opportunity, are all vital for development. VSO *Jitolee* describes lack of access to these fundamental human rights as disadvantage (VSO *Jitolee*, 2010).

VSO *Jitolee* is committed to tackling these disadvantages through the implementation and support of various programmes in Kenya. VSO *Jitolee* works through international volunteers with strategic partners in development programmes with a focus in the programme areas of disability, HIV and AIDS and secure livelihoods. The national volunteering programme also supports VSO *Jitolee's* partner organizations to promote volunteering within the East African region. This programme is currently focused on the goal areas of HIV and AIDS, disability and secures livelihoods, and will further address new and emerging developmental issues that relate to VSO *Jitolee's* focus areas (VSO *Jitolee*, 2010). VSO *Jitolee* faces challenges to do with a shrinking donor base and thus needs to re-strategize in order to develop innovative funding sources.

### **Statement of the Research Problem**

Stenbeck (2001) observes that raising funds is not all about being narrowed down to the money aspect. The critical part of the fundraising activity lies in being able to effectively reach out to the public at large, selling the non-profits mission orientation, and eventually, successfully satisfying on an end-to-end basis, the firms vision/mission objectives to the satisfaction of all stakeholders involved. Kelly (1998) observes that the recognition of the wide latitude, depth and scope that this requires implies a more holistic approach to fundraising, giving rise to the concept of fundraising management.

Effective fundraising management will require, as a prerequisite, effective structures in place to guarantee success of the new fundraising paradigm. Clark (2003) argues that decentralized and highly networked structural forms are the vogue. Specifically, Clark (2003) draws a comparison between the centralized multidivisional structure (M-form) with the more networked format characterized by higher levels of delegation. Such firms are knowledge driven and their main focus is on knowledge and information management and utilization. Ronalds (2010) postulates a different school of thought that views the M-form as being more favorable for non-profits. Ronalds critiques the M-form as being disruptive and lacking the benefits of scale economies.

According to Huntoon (2011), this need is occasioned by rapid dynamism in the global environment characterized by shifts in donor funding to constant changing target community needs. Governments have reduced their donations to the sectors, traditionally favored as a conduit of aid to the poor in the developing world. This has resulted from increased democratization in these countries and good governance that has resulted in increased donor confidence. These developments have been paralleled by an increase in the number of non-profit organizations, a fact that has resulted in increased competition. The recent global financial

meltdown has adversely affected all sources of donor funds resulting in reductions in spending on social programs.

So far, it is evident that in order to create sustainable funding bases that enable them to respond effectively to environmental 'trigger points' non-profits need to adopt a structural fit with their changing global funding base. However, from the arguments above, there is no one fit that is considered optimal for a sustained funding strategy. Various studies have looked at issues to do with non-profit organizations (for example, Warinda, 2002 and Muthuiya, 2004). However, none of these studies deals with the case of VSO *Jitolee* nor on the influence of structure on funding strategy. This is the gap that this study sought to address.

## **LITERATURE REVIEW**

### **Determinants of International Organizational Structure**

Kirst-Ashman and Hull (2009) define organizational structure as the formal and informal manner in which responsibilities, lines of authority, channels of communication and dimensions of power are established and coordinated within an organization. It can be viewed as the concretized, documented system of assigned tasks, reporting lines and authority relationships governing the deployment of work within the firm. Structure within organizations serves the purpose of organizing the behavior of individuals, groups, departments and dividend within the firm and harmonizing them towards contributing to a common organizational objective.

In accordance with this view, Scott (as cited in Maguire, 2003), sees organizational structure as the formal mechanism through which firms concentrate the crucial activities of division of labor and coordination of the work effort. This view is further supported by Mintzberg (as cited in Maguire, 2003) who views structure as the sum total of the many ways a firm may divide its labor into different tasks and then deploy managerial authority and discipline to achieve coordination among these tasks.

To the extent that structure acts as a tool for achieving organizational objectives, it follows that how effective this structure is will have a huge impact on the organizations strategy. Since external changes in the business environment will be country-industry-firm specific, it follows that structures will also be varied to reflect these global specificities. Structure should complement an organizations strategy and it is imperative that an organization should adopt a structure that works well for it. An appropriate structure leads to synergies that ultimately lead to exponential performance levels within the firm.

Consequently, before settling for any one organizational structure, it is important to first define the organization in terms of systems and process. According to Gorgens and Kusek (2009), there should then be a fit between the structure adopted and the ensuing strategy. Without a clear planning process underlying decisions regarding structural configuration, it is uncommon to find firms that adopt inappropriate structures that make their operations complex and ineffective. Such situations often result in underperformance which invariably affects the organizations key resource, its human resource. As observed by Klein (2001), it is difficult to conduct successful fundraising without a proper structure in place. Overall, Lusthaus (2002) supports these

arguments by pointing out that firms need to have flexible structures that lend themselves to changes in the business environment if they are to optimize performance.

Given the dynamism that characterizes the business environment, there is no one correct organizational structure. Rather, as Cohen, Eimickie and Heikkila (2008) point out, policy priorities should be paramount when deciding which structure to adopt. Such policies should factor in the internal and external environment of the firm as can be informed through a Strength-Weakness, Opportunity-Threat (SWOT) analysis for the former and a STEPEL (Social, Technological, Environmental, Political, Economic, Legal) for the latter. These considerations result in organizational structures that range from highly-centralized to highly-decentralized.

There are four basic decisions that managers have to make as they develop an organizational structure, although they may not be explicitly aware of these decisions. First, the organization's work must be divided into specific jobs. This is referred to as the division of labor. Second, unless the organization is very small, the jobs must be grouped in some way, which is called departmentalization. Third, the number of people and jobs that are to be grouped together must be decided. This is related to the number of people that are to be managed by one person, or the span of control, the number of employees reporting to a single manager. Fourth, the way decision-making authority is to be distributed must be determined.

Globalization has led to the advent of International Non-Governmental Organizations (INGO) as a distinct entity. This parallels the for-profit model of multinational and multi-domestic firms. The former equivalent represents NGOs with a truly global presence but which begun in one country and then expanded to others in the process of 'internationalization'. The latter for-profit equivalent would be transnational NGOs incorporated with representatives from one or more countries. Lewis observes that non-profit management has responded to these challenges in two main ways. There is the emergence of what Lewis terms '*ethnocentric*' structures founded on fairly high levels of centralized control and '*polycentric*' structures characterized by a high degree of decentralization.

Centralized structures are difficult to sustain in the global context due to difficulties associated with coordination. Contextual differences, such as religious or legislative requirements, and the compliance issues that these raise, make it beneficial to global non-profits, such as Action Aid, to develop a localized focus. Wide differences do force global non-profits to organize along geographic lines, so that all activities that are performed in a given zone are clustered together and compliance issues monitored at the local firm level. The cluster head is quartered in the country with a dominant economy, for example South Africa and Egypt in the case of Africa or Brazil in the case of South America (Brews and Tucci, 2004).

### **Influence of Structure on Ability to Attract Independent Funding Sources**

In today's non-profit world, the key criteria used by donors in prioritizing which non-profits to fund relates to their levels of transparency and accountability. According to Klein (2001), transparency is an indicator of open and effective top-down and bottom-up communication. The organizations readily avails information regarding its mission (why it exists), what it does, mode of operations, its headcount and role of staff in its operations, its budget and how funds allocated

to it are used or proof of fiscal responsibility. This last criterion is especially a contentious issue in funding consideration given the need to justify continuous or new funding. Other criteria relate to teamwork and being professional and business like in their operations.

Accountability is related to preserving the trust of communities, donors and clients, executing mission to satisfaction of both donors and recipient communities, monitors its expenditure and ensures that funds are spent for purpose intended, and most important, provides credible essentially, documented proof of all its financial dealings to both donor and community. Financing strategy is then linked to the level of formalization of organizational structure or the degree to which an organization tends to document its processes, rules, and regulations, which in turn, impact on the level of transparency and accountability as required by external donors (Fontaine, 2007).

Klein (2001) notes that transparency and accountability nurture strategic alliances that go beyond mere funding of social projects. They lead to long term value-added partnerships that are key to project success. In addition to financial support, these relationships engender a participative approach that directly involves project beneficiaries on the planning, implementation and monitoring process. Such an approach ensures congruence between community needs and project goals and that donor funds are well spent. Participative monitoring and evaluation, as this process is known facilitates effective transmission and investment of funds at the grass roots delivering maximum benefits to the target communities.

Huntoon (2011) observes that the pressure for non-profits to be accountable has its downside. Consistent emphasis on maintaining the public trust may cause non-profits to adopt strict for-profit models which may lead to loss of the mission objective for which the former were initially founded. The communities targeted will then suffer as the non-profits spend more time on internal structural reorganizations aimed at responding to accountability pressures. The shift towards global transparent and accountability has resulted from the post-cold war era. Taxpayers in the West have increasingly demanded accountability from their own governments regarding aid to developing nations. This has seen donors increase scrutiny on how funds disbursed are spent, resulting in an emphasis on good governance and ethics.

Tinkelman and Donabedian (2007) point out that this shift towards good governance and ethics have prompted drastic changes in the reporting requirements being incorporated in requests for grants, proposals and contracts. Accounting standards have increased the rigor involved in developing financial statements and participative monitoring has been enforced. Non-profits have adopted new measurement criteria that incorporate more objectively verifiable indicators which can then be used as critical milestones in assessing achievement of defined targets.

Benjamin (2008) points out the emergence of multiple evaluation systems as a response to stricter accountability requirements. These involve development of new managerial strategies whose core aim is to generate sustainable performance. Accompanying this has been the development of innovative internal program structures as a response to the demand for accountability from different quarters. These structures entail contextualizing non-profit performance measurement and then instituting objective impact measures. Reliable evaluation

structures facilitate effective decision making, improve the motoring of program impacts and leads to overall stakeholder learning. Bliss (2007) observes the absence of objective measurement criteria and ambiguity regarding effective service delivery as underlying challenges facing performance measurement in non-profits.

### **Challenges Facing NGOs in Developing Internal Structures**

Klein (2001) develops a generic classification of barriers that affect fundraising. These include societal, image, perception and logistical barriers. Wars, civil unrests, disasters, politics and poverty are classified as examples of social problems. Systems problems are characterized by registration difficulties, corruption-an endemic system problem in developing countries like Kenya, and political interference in the operations of the non-profit sector. Logistical problems are characterized by inexperience, lack of staff commitment and scarcity of resources.

Mostashari (2005) observes that image problems may arise owing to public distrust emanating from the unethical behavior of a few domestic NGO. This tends to reflect poorly on the entire non-profit segment's track record. Such unethical behavior includes funds misuse and formation of non-profits solely for personal gain or for achieving selfish political ends. Perception problems may arise from a little importance attached to certain programs in the society in question due to the small numbers of victims affected or their low standing status in society e.g. the jigger's problem that is endemic in rural Kenya.

Klein (2001) observes that fundraising specific barriers include apprehension emanating from a fear of failure, shyness, inexperience and a lack of emphasis on fundraising as a core non-profit activity. All these barriers result in internal structures that are poorly developed and inappropriate in terms of promoting global fundraising activities. In the US, fundraising statistics indicate that approximately 75% (Klein, 2001) of non-profit funds emanate from individuals, and that lower income segments donate proportionately more money as a percentage of income compared to higher income segments. Again, the statistics indicate that companies and foundations are not a key source of non-profit funding as largely thought. Given these internal structural weaknesses, non-profits in the developing world face contextual difficulties in obtaining local donors. Such difficulties include intense competition for scarce funds, image problems to do with a lack of transparent and accountable structures, lack of reliable references such as Government, complications involved with taxation legislation, and the practical difficulties associated with funding many small non-profits as opposed to a few large ones (Cravens, 2006).

In order to lessen the transaction load associated with funding many small ,non-profits, donors tend to concentrate on a few large non-profits. These large non-profits act as distributors charged with funding the smaller community level non-profits and conducting monitoring and evaluation activities. These community level non-profits are normally locally incorporated with a regional representation. They lack the structural capacity vital for effective end-to-end processing of donations. To a large extent, it is these incompetencies that donors shun, diverting resources away from the needy communities (Klein, 2001).



Hudson (as cited in Bowen, 2010) observes that managing non-profits poses contextual challenges that are non-profit sector specific and are a consequence of conflicting priorities in different social constituencies. Different rural communities place different emphasis on different welfare projects taking into account the total environment within which the projects are founded. Non-profit management is faced with the challenge of managing projects that often require varied inputs to satisfy different community needs. In terms of organizational structure, the implication here is that there will be no one ideal structure and this will differ from one firm to another. Within a given firm, it is possible to adopt continuously changing structural design.

Consequently, a lack of clear criteria for about what is to be done, results in ambiguity about what measurement criteria to adopt, and more so where social value added rather than financial progress is being considered. This implies a high level of internal consultations with regards to these parameters resulting in high levels of transparency and accountability. This is crucial given the large numbers of stakeholders such as volunteers, donors, and taxpayers. To ensure smooth decision making, it is vital to institute competent conflict management strategies to reduce chaos or stagnation (Klein, 2010).

According to Hudson (as cited in Bowen, 2010), the second major difference in managing non-profits revolves around the human resource component of the firm. Voluntary organizations have a wide range of stakeholders brought together by a common philanthropic goal. Their participation however, may be motivated by different individual goals which they expect to be factored into the overall decision making process in the non-profit firm. Without adequate conflict mitigation procedures, there may be excessive disagreements that fragment the organization and cripple decision making. Alternatively, too much cohesion may result in excessive rigidity, killing innovation and creativity.

As Klein (2001) notes, environmental dynamism implies developing structures that respond effectively to the need to access and manage new funding channels, the need to develop cost effective operations, effectively and efficiently deploying information technology especially in management information systems crucial for decision making, the need to easily form new strategic alliances, mergers or acquisitions and continuously re-evaluate existing ones to ensure that they are compliant with the short- and long-term strategic goals of the organization.

Huntoon (2011) observes that with the structural reconfiguration challenges facing non-profits today, the role of the board is especially critical. The board needs to provide proactive and effective leadership in steering non-profits through the world of modern business enterprise. The board, through an advisory policy committee, provides guidance on matters relating to strategy, mission and vision, compliance with different country laws for a globalized non-profit, providing financial management oversight, resource development, moderating over which strategic alliances to form, strengthening relationships with the target community and identifying weak areas and developing training for capacity building.

Klein (2001) observes that today's non-profit managers should have an all-round knowledge of the workings of different functional areas. This is necessitated by today's complex environment in which they operate. Rapid changes in the business environment necessitate project

management skills which mean a rapid transition from one phase to another along a defined project path with minimum internal disturbance. This in turn implies that non-profit management should be multi-skilled so as to enable them to demonstrate different competencies as may be required in responding to the different challenges in the fast paced globalized village. Multi-skilled human resources are those who are competent in a wide range of disciplines ranging from their technical areas of expertise to management functions such as finance and legal issues.

**METHODOLOGY**

This study adopted a descriptive case study design. The population consisted of all employees and volunteers of VSO in Kenya. These are a total of 245 employees and volunteers. This study used purposive or judgmental sampling technique. The research instruments were researcher developed questionnaires. Descriptive statistics was used to analyze and explain the data.

**RESULTS AND FINDINGS**

**Determinants of VSO International Organizational Structure**

The value that had the highest rating among the respondents was the occurrence, *a great extent* (value of 4 on the Likert scale). Variables that had this as their highest ranking included basis of decision making authority (54.2%), changing operating needs (52.2%), clustering similar activities together (41.7%), clustering together activities in one region (33.3%), emphasis on teamwork (54.2%), grouping people along the value chain of activities necessary to produce core product/service (45.8%), Grouping people along the value chain of activities/processes (50.0%), grouping tasks in a convenient manner (50.0%), grouping together people with similar skill sets (41.7%), need for division of labor (45.8%) and policy priorities (41.7%).

**Table 1 Frequency table of Determinants of Structure**

Values	No extent at all		Small extent		Moderate extent		Great extent		Greatest extent	
	f	%	f	%	f	%	f	%	f	%
Determinants										
Basis of decision making authority	0	.0%	1	4.2%	7	29.2%	13	54.2%	3	12.5%
Changing operating needs	0	.0%	3	13.0%	8	34.8%	12	52.2%	0	.0%
Clustering similar activities together	0	.0%	1	4.2%	10	41.7%	10	41.7%	3	12.5%
Clustering together activities in one region	1	4.2%	5	20.8%	8	33.3%	8	33.3%	2	8.3%
Emphasis on teamwork	0	.0%	0	.0%	6	25.0%	13	54.2%	5	20.8%
Grouping people along the value chain of activities necessary to produce core product/service	0	.0%	3	12.5%	7	29.2%	11	45.8%	3	12.5%
Grouping people along the value chain of	1	4.2%	0	.0%	10	41.7%	12	50.0%	1	4.2%

activities/processes										
Grouping tasks in a convenient manner	1	4.2%	3	12.5%	7	29.2%	12	50.0%	1	4.2%
Grouping together people with similar skill sets	1	4.2%	5	20.8%	5	20.8%	10	41.7%	3	12.5%
High degree of decentralized local control	1	4.2%	9	37.5%	10	41.7%	4	16.7%	0	.0%
Need for division of labour	0	.0%	4	16.7%	7	29.2%	11	45.8%	2	8.3%
Need for tight control of satellite offices	1	4.2%	2	8.3%	10	41.7%	8	33.3%	3	12.5%
Non-profit vision/mission	0	.0%	1	4.2%	9	37.5%	8	33.3%	6	25.0%
Organizing together all activities necessary to produce a product/service	0	.0%	3	13.0%	8	34.8%	7	30.4%	5	21.7%
Policy priorities	0	.0%	2	8.3%	10	41.7%	10	41.7%	2	8.3%
Project based approach to task performance	0	.0%	3	12.5%	13	54.2%	5	20.8%	3	12.5%
The need for business outsourcing	4	16.7%	10	41.7%	7	29.2%	1	4.2%	2	8.3%

Values that registered responses that were rated highly on the value a *moderate extent* by the respondents included a high degree of decentralized local control (41.7%), need for tight control of satellite offices (41.7%), nonprofit vision/mission (37.5%), organizing together all activities necessary to produce a product/service (34.8%), policy priorities (41.7%), and project based approach to task performance (54.2%). The need for business outsourcing registered the highest frequency at a small extent (44.7%).

On further inspection, it can be seen that the highest possible value that the variables can assume, that is a *great extent* (5 on the Likert scale), as well as a *small extent* (2 on the scale) along with *no extent* (1 on the scale) did not register high counts among the respondents. The responses seemed to cluster more towards the values moderate extent (3 on the scale) and great extent (4 on the Likert scale).

**VSO Jitolee’s Ability to Attract Independent Funding Sources**

From Table 2, effective marketing programs to recruit and retain donors (44.0%), participatory impact assessment capability (44.0%), promote transparency and accountability (68.0%), proof of positive impact on client communities (72.0%) and teamwork (44.0%) were all ranked by a majority of respondents under the value great importance.

**Table 2 Ability to Attract Independent Funding Sources-Frequencies**

Values	Not important	moderately important	Fairly important	High importance	Great importance
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<b>Determinants</b>	<b>f</b>	<b>%</b>	<b>f</b>	<b>%</b>	<b>f</b>	<b>%</b>	<b>f</b>	<b>%</b>	<b>f</b>	<b>%</b>
Constructive alliances, partnerships, and mergers	0	.0%	0	.0%	3	12.0%	15	60.0%	7	28.0%
Creation of internal programme evaluation structures	1	4.0%	1	4.0%	7	28.0%	10	40.0%	6	24.0%
Documentation of processes/rules & regulations	0	.0%	1	4.2%	5	20.8%	10	41.7%	8	33.3%
Effective marketing programs to recruit & retain donors	1	4.0%	2	8.0%	4	16.0%	7	28.0%	11	44.0%
Efficient, professional, business-like	1	4.0%	2	8.0%	5	20.0%	9	36.0%	8	32.0%
Emphasis on Internet based charitable fundraising strategies	2	8.0%	6	24.0%	9	36.0%	6	24.0%	2	8.0%
Governance structures that allow membership by beneficiary community representatives	1	4.0%	2	8.0%	5	20.0%	9	36.0%	8	32.0%
Participatory impact assessment capability	0	.0%	0	.0%	3	12.0%	11	44.0%	11	44.0%
Promote transparency & accountability	0	.0%	0	.0%	2	8.0%	6	24.0%	17	68.0%

Proof of positive impact on client communities	0	.0%	0	.0%	1	4.0%	6	24.0%	18	72.0%
Teamwork	0	.0%	0	.0%	4	16.0%	10	40.0%	11	44.0%

Constructive alliances, partnerships, and mergers (60.0%), creation of internal programme evaluation structures (40.0%), documentation of processes/rules and regulations (41.7%), efficient, professional, business-like (36.0%), Governance structures that allow membership by beneficiary community representatives (36.0%), and participatory impact assessment capability (44.0%) all received the highest rating of *high importance* by a majority of respondents in each response category. It can be seen that the values *not important* and *moderately important* received the lowest numbers of respondent ratings. *Great importance* and *high importance* on the other hand featured strongly across a majority of the variable categories.

**Challenges Facing VSO *Jitolee* in Developing Internal Structures Optimal For Independent Fundraising Activities**

As can be seen in Table 3, under this objective, most variables were rated under a small extent (2 on the Likert scale), including difficulty in defining non-profit vision/mission due to conflict (32.0%), fundraising specific barriers e.g. fear of failure, inexperience (32.0%), image problems e.g. distrust by donor community due to malpractices in the sector (28.0%), lack of talented management professionals with export business knowledge and local market (48.0%), logistical problems e.g. lack of resources or experience in running an organization (44.0%), societal problems e.g. social unrest (36.0%) and systems problems e.g. corruption and legal barriers (36.0%). Domestic competition among local groups for scarce funds, lack of accountability and credible references, taxation issues etc (36.0%) and hierarchical structures that increase conflict due to increasing formality/bureaucratic processes (32.0%) were rated under a *great extent* by a majority of the respondents.

Conflict brought about by different stakeholder wants/needs (48.0%) and difficulty in setting performance measures for non-profits (32.0%) raked in the highest number of responses at a moderate extent. Image problems e.g. distrust by donor community due to malpractices in the sector (28.0%) and systems problems e.g. corruption and legal barriers (36.0%) both registered a no extent at all ranking among the highest number of respondents. The value a *small extent* featured prominently across most variable categories. The value, a *moderate extent*, also had a strong showing across several variable categories.

**Table 3 Challenges in Developing Optimal Structures-Frequencies**

Values	No extent at all		Small extent		Moderate extent		Great extent		Greatest extent	
	f	%	f	%	f	%	f	%	f	%
Conflict brought about by different stakeholder wants/needs	2	8.0%	5	20.0%	12	48.0%	5	20.0%	1	4.0%

Difficulty in defining non-profit vision/mission due to conflict	5	20.0%	8	32.0%	7	28.0%	3	12.0%	2	8.0%
Difficulty in setting performance measures for non-profits	4	16.0%	5	20.0%	8	32.0%	6	24.0%	2	8.0%
Domestic competition among local groups for scarce funds, lack of accountability & credible references, taxation issues etc	2	8.0%	1	4.0%	7	28.0%	9	36.0%	6	24.0%
Fundraising specific barriers e.g. fear of failure, inexperience	3	12.0%	8	32.0%	5	20.0%	6	24.0%	3	12.0%
Hierarchical structures that increase conflict due to increasing formality/bureaucratic processes	4	16.0%	6	24.0%	6	24.0%	8	32.0%	1	4.0%
Image problems e.g. distrust by donor community due to malpractices in the sector	7	28.0%	7	28.0%	4	16.0%	6	24.0%	1	4.0%
Lack of talented management professionals with export business knowledge & local market	4	16.0%	12	48.0%	7	28.0%	2	8.0%	0	.0%
Logistical problems e.g. lack of resources or experience in running an organization	9	36.0%	11	44.0%	4	16.0%	1	4.0%	0	.0%
Societal problems e.g. social unrest	7	28.0%	9	36.0%	7	28.0%	2	8.0%	0	.0%
Systems problems e.g. corruption & legal barriers	9	36.0%	9	36.0%	3	12.0%	2	8.0%	2	8.0%

### Conclusions

VSO *Jitolee* structure has been marked by various structural changes in response to its changing global funding environment. Team work was highly ranked since it helps to engender

transparency and accountability that help increase donor trust and confidence in the firm. Team work also encourages economies of scale through efficient and effective sharing of resources within the firm.

The main drivers were the product offering, skills possessed by the human resource personnel, an emphasis on processes as a mainstay of the structure, project management approach to doing business and the value chain approach. Process emphasis implies a tendency for decision makers to work across functional structures, resulting in a matrix orientated structure.

As a way of ensuring that VSO mission is aligned to the needs of the communities the firm serves, the firm should increase their involvement in the decision making process, through participative management.

Competition for funds is an increasingly critical factor that must be factored in non-profit consideration of funding strategies. Reduced or tightly focused government funding is placing great pressure on the sector, which has also experienced a proliferation of new non-profits during the past decade, thus increasing the competition for a smaller pool of funds.

### **Recommendations**

There is a need to conduct structural audits and to review structure relative to strategy and the dynamism in the external environment. This will enable VSO *Jitolee* to be at all times, responsive to its external environment. This can be accomplished through regular SWOT and STEPEL analysis. Benchmarking is another useful strategy as it gives a picture of where the firm stands relative to the competition.

Being responsive to changes in the environment means a heightened need to determine the most effective way to serve a client population that may be growing or changing through developing strategies and processes to access and manage new funding streams; deciding where and how to make budget cuts; developing technology to capture information for reporting and billing; manage cash flow challenges; considering new partnerships, exploring possible collaborations, and considering mergers or acquisitions.

It is also important for VSO *Jitolee* to embrace structures that increase its appeal to donors. This will be those structures that enable networking as they foster the formation of mutually reinforcing structures that offer donor recipients with a strong financial partnership that, in addition to financial capital, can provide long term partnership and support that are key to success.

Structural renewal needs to address various challenges. These include leadership challenges or the quality of the non-profits executive leadership. Agency leadership, including board members, must be able to raise fundamental questions related to strategy, mission, and accountability, as well as the roles that their organizations play within their communities.

To overcome conflict, the recommended strategy is training which imbues a sense of unity and a common purpose. This will focus on both technical and non-technical areas that underlie firm performance. It is of utmost importance to ensure that the non-profits strategy is well understood by all stakeholders and avert conflict arising out of different stakeholder priorities.

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