Influence of income-generating activities on management effectiveness of charitable children institutions in Nakuru Town East Sub-County

John Anthony Waweru (a), Peter Koome (b), Alice Wairimu Omondi (c)

(a) School Department of Development Studies, St. Paul’s University, Private Bag, Limuru-00217, Kenya
(b) Department of Counseling Psychology, Africa International University, P.O Box 24686-00502, Nairobi, Kenya
(c) Department of Counseling Psychology, Africa International University, P.O Box 24686-00502, Nairobi, Kenya

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ABSTRACT

This study investigates the influence of income-generating activities on the effective management of charitable children institutions (CCIs) with a particular focus on CCIs in Nakuru Town East Sub County, Kenya. The study was guided by the resource-based theory. The study adopted a mixed-method approach and deployed the descriptive research design to capture data from a target population of 45 respondents comprising of 39 CCI staff (both management and subordinate) and 6 key informants. A complete census was conducted on all the respondents and purposive sampling was utilized to identify key informants. Data from the CCI staff was collected using questionnaires while data from key informants was collected using discussion guides. A pilot study was conducted at Tumaini Bethany and Holy Family children in Nakuru Town West Sub-County to assess the validity and reliability of the instruments. Data were analyzed using the descriptive statistics with the help of the Statistical Package for Social Sciences software (SPSS) and the thematic content analysis technique. The findings from the study showed that income-generating activities had an influence on the effective management of CCIs. The study concluded that effective management of CCIs is shaped by the presence of income-generating activities in CCI, type of income-generating activities, and the amount of income generated by the activity in which the CCI is engaged. The study recommended that CCIs should develop income-generating activities in their institutional plans to mitigate shocks that occur when there is little funding from external partners.

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Introduction

Push factors such as the death of parent/s, family separation and poverty expose orphaned and vulnerable children to the risk of exploitation and violence (Petrowski, Cappa & Gross, 2017). As a result, the mandate of offering children the prerequisite care and protection falls on either family-based care options such as foster care or alternative care options such as institutionalized care in charitable children institutions (CCIs). Charitable children institutions are options of last resort that offer orphaned and vulnerable children (OVC) care and protection in circumstances when family-based care options fail. Given their importance, management of CCIs like any other organization is integral given their importance in safeguarding children rights. Gibson (2009) highlights that the management of CCIs like any other organization involves the development of strategies, decision making, implementing action plans and effective communication among stakeholders (both internal and external) involved in protecting the rights of children. A Study by Ismail, Hindawi, and Awamleh (2018), posits that given the altruistic nature of these children institutions, their management approach should be dynamic as opposed to the straight jacket approaches across other service-oriented institutions.

In England, residential childcare is recognized as an important component in protecting orphaned and vulnerable children. A study by Hicks, Gibbs, Weatherly and Byford (2009), noted that CCIs in England mainly offer care to adolescents whose histories are complicated given abuse and exploitation in family-based care options such as foster care. In overseeing the management of these childcare institutions, either the government or individual trustees are key custodians. A government report on children’s social care in the United Kingdom (Ofsted, 2018) highlighted an increase of 3% in 2017 on the number of children’s homes catering to children...
exposed to various risk factors. The management of these institutions by the local authority declined by 19% in 2018 as compared to 25% in 2015.

The study by Hicks et al. (2009) supports the report by Ofsted by recognizing that the management of these institutions is hampered by a multiplicity of challenges such as high operational costs, high turnover rates by staff unsatisfied by poor remuneration commiserate to their skill-set, and reputational issues owing to reported cases of children abused. Moreover, increased uptake of children in CCIs overstrains the presently available resources with the consequences borne by children. Consequently, research by Zhao, Li, Kaljee, Fang, Stanton and Zhang (2009) revealed that poorly managed CCIs in China contributed to the exposure of children to hazards that affected their health. According to the research, the lack of planning by the management in providing adequate toilet facilities exposed children to the risk of water-borne diseases such as cholera and diarrhoea due to lack of adequate toilet facilities. This poses a risk to children’s right to health, which includes access to proper and adequate health services.

In Africa, institutionalized care of children became more evident in the late 20th century owing to social, economic, cultural and political factors. Traditionally, African culture conferred the care of orphans to family-based options such as the nuclear family, extended family, clans, and communities (Mugwe, Taruvinga and Shoko, 2011). One major factor contributing to children institutionalization in Africa has been the prevalence of HIV/AIDS, and poverty; which either left children orphaned or double-orphaned. A study by Pryce, Jones, Wildman, Thomas, Okrzesik, and Kaufka-Walts (2016) reported that over 5 million children in Ethiopia are not supported under family-based care options because families are unable to support them due to extreme poverty and/or HIV/AIDS. Majority of these children end up in CCIs managed by varying stakeholders.

Furthermore, an assessment of facilities and best practices in orphanages in Benin City, Nigeria by Nuameri and Sadoh (2016) highlighted that of the 10 children orphanages evaluated, the management of the institutions depended on external donations from well-wishers to maintain operations. From the foregoing, the scholars discovered that the proprietors’ ability to provide basic needs to the children was limited to funding that could not cater for the continued increase in the number of children enrolled in the institutions. The study revealed a correlation between management practices and children receiving basic needs such as food. Dependence on funding from donors and well-wishers inhibited the ability of the institutions to provide food that was nutritious to the children under their care. As a result, the study revealed that 72% of children under institutional care were malnourished due to lack of adequate food in both quality and quantity against the national figure of 41% (Nuameri & Sadoh, 2016).

In Kenya, it is estimated that CCIs provide shelter to over 500,000 children from a reported 2.4 million orphaned and vulnerable children (Chege & Ucembe, 2020). A technical assessment report by the Department of Children Services (2008) highlighted that some CCIs failed to adhere to the minimum standards of registration through entities such as the NGO council and the department of social services. Most of the CCIs are characterized by delibedated infrastructure and inadequate amenities such as bed, water and sanitation facilities, and living areas. These conditions have sparked concerns over the years on how effective these child care institutions are run. Poorly managed CCIs present a challenge to children enjoying rights to adequate standard of living, health care, education and protection from abuse, exploitation and discrimination. This study thus sought to investigate the income-generating activities of the CCIs and how the impact the effective management of the institutions.

**Literature Review**

**Theoretical Background**

The study was guided by Resource-Based Theory propounded by Wernerfelt (1984) and which argues that an organization’s ability to develop any competitive advantage over rivals depends on its possession of strategic resources. The competitive advantages are vital in enabling the organization to excel. Wernerfelt believed that rather than an organization investing resources on a competitive business environment to stay ahead by identifying a niche; the leadership of the organization should focus on analysing the available resources and potential and utilize them to stay ahead. Colbert (2004) further reinforces this view by arguing that managers should place more importance on selection, development, combination, and deployment of organization resources rather than on selecting its competitive position in the operating environment. It is argued that the introspective approach presented by the resource-based view (RBV) is influential and useful in the analysis of strategic issues among which include the prerequisite conditions required for sustained competitive advantage and diversification (Collins, 2020). The two primary resources analysed within the RBV model include tangible assets such as land and intangible assets such as intellectual property.

Two assumptions govern the resource-based view theory in analysing an organization’s sources of competitive advantage (Colbert, 2004). First, the model assumes that organizations within an industry are heterogeneous in that they have varying resources under their control. According to Kraaijenbrink, Spender, and Groen (2010) “if all firms in a market have similar stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market.” The asset base such as skills and capabilities vary between organizations a situation that is evident in the varying strategies utilized in guiding the organizations’ operations. The second assumption is that resources are immobile and thus some are difficult to imitate and accumulate. There is a general assumption that non-profit organizations (NGOs) such as CCIs do not need a competitive advantage because they are not after profits. However, Arasa and Kioko (2014) noted that NGOs also compete against other organization for key resources such as finances and human capital and thus developing a competitive advantage is also vital to their success.
The resource-based theory opines that not all organizational resources leads to competitive advantage. For a resource to confer a competitive edge it must be valuable, rare, difficult to imitate, and organized. Finances are among the most valuable resource in an organization. Although this resource is not rare and inimitable, it is vital to the development of other resources that meet this criterion such as highly developed human capital or a high-performance culture (Opara, 2016). Consequently, the resource mobilization strategies adopted by an organization are a vital determinant of its competitive advantage. The resource-based theory provides a framework that CCIs can utilize to adapt their efforts in management and having a competitive advantage when mobilizing resources for their operations.

Empirical Literature Review

The attainment of organization goals requires a management process that involves working with and through people and other organizational resources (Shafter, Ghnaem, Abdelmotleb, 2016). Fayol summarized the management process as one that involves planning, organizing, commanding, coordinating, and controlling (Ayhan & Oztemel, 2014). The mandate of managers in organizations is to implement organizational plans and creating a vision for the organization (Shafter et al., 2016). A charitable children institution like any other organization can be viewed as a system that involves a process that interacts with one another to facilitate the successful attainment of predefined and pre-planned outcomes. Provision of care to the children requires complex planning, organization and funding (Darkwah, Daniel and Asumeng, 2018). According to Ondoro (2015) effectiveness is one of the measures of organizational performance. The author highlights that effectiveness is a performance measure that indicates the degree that a process output (work product) conforms to the required specifications/expected level. Finances are among the resources needed to ensure effective management of institutions. Finances are required in running child care programs with proper systems required to ensure their efficient utilization (Austin, 2018). Given their nature of the operation, many CCIs are not-for-profit that means that they are dependent on donors for funding. According to Doore (2016), children orphanages in Sub-Saharan Africa and South-East Asia are dependent on donors and international volunteers for sustaining their operations.

A competitive global economic environment over the past decade has resulted in many donors withdrawing support in the form of aid, which has put a stress on CCIs’ ability to offer care to children as well as meet their financial obligations and manage their programs and operations (Tilahun, 2019). In Ghana, a study by Alhassan (2017) on funding strategies by Ghanaian orphanages discovered that these children institutions suffered from dwindling funding by donors and the government attributed to corruption (both political and institutional) and poor prioritization. A report by the Government of Ghana confirms these findings citing a drop in funding to the department of social welfare tasked with the mandate of overseeing children orphanages by 65 per cent from 2009 to 2010 compared to 43 per cent from 2008 to 2009. The author highlights that majority of children institutions are likely at risk of facing challenges on financial sustainability with continued dwindling of funding.

The decline in donor and governing funding towards CCIs has prompted these institutions to adopt management practices similar to those of businesses to sustain their operations. In their study, Ismail et al. (2018) observed that many residential childcare institutions have been required to rethink and develop strategies that would programme and support other expenditure such as staff salaries. One of the strategies adopted entails starting of income generating activities. An income-generating activity is a small-scale project conducted by individuals or institutions to create a source of income to individual beneficiaries or beneficiary groups (Fluke, Goldman, Shribelg, Hils, Yun, Allison, & Light, 2012). Income Generation in many development programmes requires an infusion of entrepreneurial practices in enabling the organization to become resilient and self-sustainable. These activities have been found to improve the ability of CCIs’ management to ensure the smooth continuation of the organization’s operations into the unforeseeable future without the challenge of finances (Herrenau, Kaltenbach, Mkinga & Hecker, 2015).

In Kenya, a study by Maringa (2015) on resource mobilization strategies by children’s homes established that donors offered considerable assistance to the management of the CCIs. The resources often cater to the remuneration of staff, meeting the basic needs of the children such as food, shelter and clothing are met, offering education and vocational training. The study recommended the need for CCIs to develop innovative income-generating projects that would act as a cushion in the event a donor exits a program. This will ensure sustainable management of expenditure resulting in the running of CCIs.

Conceptual Framework

![Conceptual Framework](image)

Figure 1: Influence of income generating activities on effective management of charitable children institution.
Figure 1 shows that the independent variable of the study was income-generating activities. Several issues were assessed under this variable including the CCI’s primary source of income, types of income generating activity (IGA), number of IGA projects, amount of income generated, and the use of income generated. Effective management of CCIs was the dependent variable and was measured in terms of employee productivity, accountability, organization strategy, and monitoring of performance.

Research and Methodology

This researcher utilized a descriptive research design, as it is suitable in capturing the feelings, opinions and views of the respondents on the factors contributing to the effective management of CCIs. The researcher conducted the study in Nakuru Town East Sub County in Nakuru County, Kenya. According to the Nakuru County Department of Children Services (2019), there are currently 13 fully registered CCIs in Nakuru Town East Sub County. The study targeted a population of 45 respondents comprising 39 CCI staff and 6 key informants. The targeted CCI staff included CCI directors, CCI management staff, CCI subordinate staff while the key informants included the Nakuru County Children’s Coordinator, the Sub County Children’s officer and area advisory council members. Due to the relatively small size of the population, a census strategy was used where all members of the population were involved in the study.

Data collection tools

Questionnaires were used to collect information from the CCI staff. The questionnaire comprised of both open-ended and close-ended questions. The research questions designed by the researcher sought to elicit responses from the respondents on income generating activities and the effectiveness of the CCI. Quantitative aspects of the questionnaire were captured using closed-ended and Likert scale type questions summated on five-point scale gauging responses ranging from Strongly Agree, Agree, Uncertain, Disagree, and Strongly Disagree. The questionnaire was divided into distinct parts: section A contained personal information of respondents on themes such as gender, age, and work experience, and section B, numerically coded questions that sought to solicit information addressing the research objectives of the study.

Interview guides were used to collect information from key informants such as chiefs, the county children coordinator and sub-county children officers. The guide was semi-structure mean that it contained a list of uniform questions but allowed the researcher to ask follow-up questions that vary from one respondent to another depending on the responses to the initial set of uniform questions. The semi-structure nature of the guide enabled the researcher to engage the respondents in free following discussions without deviating from the research issue. The guide comprised of two components: instructions to the interviewer on how to proceed through the questions and, a set of written questions directed to respondents.

Pre-testing (piloting) of the Research Tools and Field Work

The researcher conducted a pilot test at the Tumaini Bethany and Holy Family children institutions in Nakuru Town West Sub County. The pre-test targeted the institution leadership and subordinate staff. The pilot study helped to enhance the validity of the instruments by mitigating ambiguities and reducing measurement error.

After fine tuning the instruments, the researcher obtained an authorization letter from the university and a letter from the National Commission for Science, Technology and Innovation. The researcher thereafter contacted the administrators of the CCI institutions explaining the study to them and handed over the questionnaire for distribution to their staff. The researcher was not able to personally distribute the questionnaire due to Covid-19 restrictions. The interviews with key informants were done over the phone.

Data Analysis Methods

The researcher validated, edited coded and entered the data obtained through the questionnaires into the statistical packages for social sciences. Descriptive statistics such as percentages were used to describe the existing situation in the CCI in regards to income generating activities. Subsequently, data from the Likert-type questions were used to assess respondents’ views regarding the extent to which income generating activities influence the effective running of CCIs. Qualitative data collected using open-ended questions and interview guides was analyzed using the thematic content analysis technique.

Results and Discussion

A total number of thirty-five questionnaires were filled from a target of thirty-nine while five key informant interviews were conducted out of the six that were targeted. Some questionnaire was not returned to the researcher while one of the key informants failed to avail himself for the interview. The analysis of data was thus based on forty (40) respondents representing a response rate of 88.8%.

The majority of the respondents were female (54.3%) while (45.7%) were male. This implies that the respondents who presented their views and opinions were representative of both sexes. It further indicates that both sexes are involved in the management of childcare institutions. About 14.3% of the respondents had attained certificate level, 22.9% were diploma holders and a majority of the respondents at 40% had attained university degree while 22.9% of the respondents indicated that they were Masters’ degree holders. This suggests that the respondents had adequate knowledge on the management of charitable children institutions thus their
involvement in running them. With there levels of education, the respondents were able to adequately provide relevant information that assisted in conducting the study.

About 11.4% of the respondents had worked at a CCI for a period of one year and below, while the majority, 74.3%, had worked at a CCI for a period of between two to four years and 14.3% of the respondents indicated that they had worked at a CCI for five years and above. The latter two categories provided the most resourceful group of respondents as they had a substantial level of experience in overseeing the management of CCIs and understanding the dynamics present.

**Income-generating Activities of CCIs in Nakuru Town East Sub-County**

This section presents the results on income-generating activities on effective management of charitable children institutions in Nakuru Town East Sub-County, Kenya.

**Funding by External Partners**

The researcher sought to establish how many of the CCIs depended on external partners for funding. The results are presented in Figure 2.

![Figure 2: Distribution of respondents depending on external funding.](source: Research Data (2020))

From the findings, 87% of the respondents stated that external partners funded their institution. These findings support Door (2016), who highlighted that children orphanages in Sub-Saharan Africa and South-East Asia were dependent on donors and international volunteers in sustaining their operations. The findings are supported by Alhassan (2017) who cites that the high dependence on external funding partners by CCI leadership has over the years been plagued by continued dwindling of funding that has been attributed to corruption and poor prioritization by the institutional leaders.

**Income Generating Activity of the Institution**

The researcher sought to establish whether these institutions had an income-generating activity. The results are presented in Table 1.

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>31</td>
<td>89</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field data (2020)

The findings show that majority of the CCIs (89%) had an income-generating activity while 11% of the respondents stated that their institution did not have an income-generating activity. The findings support Sialo, Gichunge and Mbebe (2017) who highlight that those managing any institution require to have a well thought out plan that ensures the smooth continuation of the organization’s operations into the unforeseeable future without the challenge of finances. Such plans dictate the sustainability of institutions. The results further highlighted that majority of the respondents were well aware of the potential income revenue streams that can be generated by income-generating projects that provide additional income to meet the institutions’ activities.
Type of Income-Generating Activities in the Institutions

The researcher sought the opinions of the respondents on the type of income-generating activities present in their respective institutions. From the findings, the majority of the respondents indicated that they had income-generating activities while a minority of the respondents indicated that they did not have income-generating activities.

Those who cited that they had running income-generating activities run the following type of businesses: milk selling business, crop farming, bead making and poultry farming. These income-generating activities assisted in supporting various expenditure such as payment of utility bills such as electricity and water.

Income Generating Activities and Management Effectiveness

This section presents the descriptive analysis of the results of the study on respondents’ level of agreement on how institution income-generating activities influence management effectiveness of CCIs. The results were analyzed using mean and standard deviations of the responses. They are discussed further under the various indicators of income-generating activities on management of CCIs as presented in Table 4.10. The respondents were requested to indicate their level of agreement on IGAs importance on effective management of CCIs. Their responses were measured on a 5-point Likert scale of 1 to 5 (where 1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A), and 5 = Strongly Agree (SA)). Table 2 presents the results.

<table>
<thead>
<tr>
<th>Statements</th>
<th>N</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>MEAN</th>
<th>S.D</th>
</tr>
</thead>
<tbody>
<tr>
<td>A CCI’s ability to run an IGA is important in sustaining its operations</td>
<td>35</td>
<td>0.0</td>
<td>5.7</td>
<td>8.6</td>
<td>45.7</td>
<td>40.0</td>
<td>4.20</td>
<td>.833</td>
</tr>
<tr>
<td>The amount of income generated from an IGA contributes to the smooth running of the institution</td>
<td>35</td>
<td>0.0</td>
<td>0.0</td>
<td>5.7</td>
<td>51.4</td>
<td>42.9</td>
<td>4.37</td>
<td>.598</td>
</tr>
<tr>
<td>The type of IGA run by a CCI contributes to the running of the institution</td>
<td>35</td>
<td>0.0</td>
<td>0.0</td>
<td>8.6</td>
<td>51.4</td>
<td>40.0</td>
<td>4.31</td>
<td>.631</td>
</tr>
</tbody>
</table>

Field data (2020)

The results in Table 2 reveals that 85.7% of the respondents believed that ‘a CCI’s ability to run an income-generating activity (IGA) was important in facilitating the institution’s operations’ while 5.7% disagreed with this and 8.6% of the respondents remained neutral on this. Additionally, the results revealed that 94.3% of the respondents agreed that ‘the amount generated from an IGA contributed to running the operations of the institution’ while 5.7% remained neutral on this. These findings reveal that IGAs have a role in the running of operations as they ensure that there are steady cash flow and supplements funds raised for managing the CCIs from external partners. The findings support Owolabi and Makinde (2012) who argued that an organization’s sustainability is dependent on the existence of a clear long-term direction and scope that is adaptive to dynamic changes in the environment.

The results further indicated that a 91.4% of the respondents agreed that the type of IGA adopted by a CCI contributes to the running of the institution’s operations while 8.6% remained neutral on this. These findings were supported by Alhassan (2017) who argued that sound financial strategies adopted by institutions can help in generating stable cash flows that are required in providing care to children under care institutions as well as meeting the financial obligations of constituent expenses.

The researcher conducted a further analysis by computing the means and standard deviation. As results in Table 4.10 illustrates, the mean of the indicators varied from 4.20 (SD = .833) to 4.37 (SD = .598). All the means were above 4.0 meaning that majority of the respondents agreed with the claim that IGAs contributed to effective management of CCIs. The standard deviation

All 5 key informants supported the quantitative findings, noting that the majority of CCIs were heavily dependent on donor funding to sustain their operations. They indicated that over the years they have witnessed some of these institutions closing down because of withdrawal of funding by external partners. They suggested that for these institutions to sustain their operations, two aspects can be looked at namely investing in reintegration mechanisms and incorporation of income-generating activities.

Conclusions

Majority of the respondents were aware of the detriment posed by the high dependency of donor funding in sustaining their institution operations. About 87% of the respondents highlighted that their institutions depended on external partners for their funding while 89% of them indicated that they had income-generating activities present in their institutions, which supplemented funding from external partners. About 85.7% of the respondents believed that a CCI’s ability to run an income-generating activity (IGA) was
important in facilitating the institution’s operations’ while 91.4% agreed that the type of IGA adopted by a CCI was crucial in contributing to the institution’s running. A chi-square test conducted indicated a statistical association between income-generating activities and the effective management of CCIs (value=16.514, df=2, p=.039).

The study concludes that income-generating activities have a positive effect on the running of CCI operations. Majority of the CCIs indicated that they depended on funding from external partners, which poses a big risk on the sustainability of the institutions’ operations. Income-generating activities provide a cushion for these institutions by injecting an additional income stream in the event lack of finances from external partners pose a risk to the operations of the institution. Those institutions that had income-generating activities indicated that they were able to better manage their financial obligations without much of a strain as compared to those that did not have IGAs.

In light of the above conclusions, this study recommends that the management of CCIs should develop strategies on income-generating activities. Donor fatigue and continued trends in donor funding may place a strain on the operations of the CCI in offering care and protection to orphaned and vulnerable children as well as meeting their basic needs. These income-generating activities are essential in injecting additional cash streams and if properly developed and managed, can offer sustainability for the CCIs in the eventuality that donors withdraw funding. The study also recommends that this study be replicated in more constituencies in the county and the entire country to support generalization of these findings. Future research should be conducted on the aspects that determine the success of family-based care options in caregiving for orphaned and vulnerable children.

References


