

**Strategic Management Practices as a Key Determinate of Superior Non-Governmental Organizations Performance: Survey from International NGOs in the Palestinian Territories**

A Dissertation

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## DECLARATION

I, Mohammed Abo Ramadan, declare that the PhD dissertation entitled *Strategic Management Practices as a Key Determinate of Superior Non-Governmental Organizations Performance: Survey from International NGOs in the Palestinian Territories* contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work.

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## **ABSTRACT**

Strategic management is intended to assist organizations to cope with and adapt to their changing internal and external circumstances. It can help clarify and resolve the most important critical issues they encounter. It enables them to build on strengths, take advantage of opportunities, and achieve higher financial and non financial performance.

The aim of this thesis was to examine the strategic management practices and performance relationship in the Non-governmental sector. Previous studies have mainly addressed the relationship between single practice of strategic management and financial performance and did take into account neither the whole process of strategic management nor the other non-financial measures of the performance in these organizations.

A survey tool was developed and validated to measure strategic management practices and NGOs financial and non-financial performance. Surveys were distributed to project coordinators, program officers and administration officers of seventy-nine international NGOs operating in the Palestinian Territories. 237 surveys were distributed, 160 surveys were returned and were usable for statistical analysis.

The findings of the research, using correlation and regression analysis, indicate that strategic management has an impact on the financial and nonfinancial performance in the non-governmental sector in which strategy implementation showed to play the most important role in NGOs performance. Furthermore, organizational and individual factors did not contribute to have an effect on the research variables. In addition, the findings of the research suggest that an expansion of the coverage of surveys and an extension of the study to include also other local non-governmental organizations. Further, it is suggested that researchers can extend the investigation to examine the relationship including some variables that, such as donors policies, conditional funding and external constrains, to understand better the relationship in this sector.

## TABLE OF CONTENT

DECLARATION.....	II
ACKNOWLEDGEMENT.....	III
ABSTRACT.....	IV
TABLE OF CONTENT.....	V
LIST OF TABLES .....	X
LIST OF FIGURES.....	XI
LIST OF ANNEX TABLES.....	XIV
LIST OF ABBREVIATIONS.....	XV

### **Chapter one: Introducing the Research**

1.1 Introduction .....	1
1.2 Research Significance.....	3
1.3 Research Objectives .....	4
1.4 Strategic Management History and Background .....	4
1.5 Strategy and Strategic Management Concepts .....	7
1.6 Conceptual Model .....	9
1.7 Research Propositions: Linking Strategic Management to NGOs Performance.....	10
1.8 Research Methodology .....	12
1.9 Thesis Outline .....	14

### **Chapter Two: Strategic Management Practices**

2.1 Introduction .....	15
2.2 Strategic Management Definitions, Processes and Models.....	15
2.3 Environmental Scanning .....	19
2.4 Vision and Mission.....	24

2.5 Strategy Formulation.....	24
2.5.1 Strategic Decision Making: Definitions and Models .....	25
2.5.2 Strategic Planning and Strategy Formulation.....	27
2.5.3 Long Term Objectives .....	31
2.5.4 Policies.....	32
2.6 Strategy Implementation .....	33
2.7 Strategy Implementation Drivers .....	36
2.7.1 Leadership.....	36
2.7.2 Culture .....	38
2.7.3 Communication.....	39
2.7.4 Resources .....	39
2.7.5 Structure .....	40
2.8 Strategy Evaluation.....	41
<b>Chapter Three: Strategic Management in NGOs: Theory and Empirical Studies</b>	
3.1 Introduction .....	44
3.2 Analysis Stage.....	45
3.3 Formulation Stage .....	48
3.4 Implementation Stage .....	52
3.5 Monitoring and Evaluation Stage.....	54
3.6 Key Players of Strategic Management in NGOs .....	56
3.6.1 The board and Management .....	56
3.6.2 Consultants .....	59
3.6.3 Donors.....	59
3.7 Strategic Management Research in NGOs: Empirical Review.....	60
3.7.1 Strategy Formulation: Empirical Review.....	61

3.7.2 Strategy Implementation: Empirical Review .....	63
3.7.3 Literature Gaps.....	65
<b>Chapter Four: Performance Measurement in NGOs</b>	
4.1 Introduction .....	67
4.2 Performance Measurement System in NGOs.....	68
4.3 Performance Measurement Models in NGOs .....	73
4.4 The Performance Measures in the Research Model.....	79
<b>Chapter Five: Research Methodology</b>	
5.1 Introduction .....	81
5.2 Research Philosophy .....	81
5.3 Research Approach .....	82
5.4 Research Design .....	84
5.5 Sampling Technique.....	85
5.6 Research Method: Instrument Based Questions .....	86
5.7 Questionnaire Design .....	87
5.7.1 Pre-Testing the Questionnaire .....	90
5.7.2 Panel of Arbitrators .....	91
5.7.3 Personal Interviews (Qualitative Pilot Study) .....	91
5.7.4 Translation Process.....	92
5.8 Survey Procedure with Response Rate.....	93
5.9 Research Rigor .....	93
5.10 Statistical Tests.....	94
<b>Chapter Six Research Findings</b>	
6.1 Introduction .....	97
6.2 Checking for Reliability .....	97

6.2.1 Reliability of the Research Variables .....	97
6.2.2 Validity (Criterion, Structure and Convergent Validity) .....	98
6.3 Descriptive Statistics: Profile of Respondents .....	101
6.4 Descriptive Statistics: Organization Characteristics .....	102
6.5 Descriptive Statistics: Analysis of Research Variables .....	103
6.5.1 Analysis of the Items of the Field "Environmental Scanning" .....	103
6.5.2 Analysis of the Items of the Field "Strategy Formulation" .....	104
6.5.3 Analysis of the Items of the Field "Strategy Implementation" .....	105
6.5.4 Analysis of the Items of the Field "Strategy Evaluation and Monitoring" .....	106
6.5.5 Analysis of the Items of the Field "Financial Performance" and Its Sub-Fields.....	107
6.5.6 Analysis of the Items of the Field "Non-Financial Performance" and Its sub Fields.....	108
6.5.7 Results of the Strategic Management Practices and the NGO Performance in General.....	109
6.6 Testing the Relationship between Strategic Management Practices and Financial Performance.....	109
6.6.1 Correlation Analysis .....	109
6.6.2 Multiple Regression Analysis.....	111
6.7 Testing the Relationship between Strategic Management Practices and Non-Financial Performance.....	112
6.7.1 Correlation Analysis .....	113
6.7.2 Multiple Regression Analysis.....	114
6.8 Testing the Effects of Individual Characteristics.....	116
6.9 Testing the Effects of Organizational Characteristics .....	117
<b>Chapter Seven Research Conclusion, Contribution, Practical Implications and Limitations</b>	
7.1 Revisiting the Research Objectives.....	118
7.2 Summary of the Findings .....	118



7.3 Discussion of the Findings.....	120
7.4 Implications for Managerial Practices .....	122
7.5 Contribution of the Research .....	123
7.6 Limitations and Future Research .....	124
 <b>References</b> .....	 126
<b>Annexes</b> .....	142
<b>Appendix</b> .....	159

## LIST OF TABLES

Table (1): Historical Development of Strategic Management.....	6
Table (2): Definitions of Strategy and Strategic Management.....	15
Table (3): Models of Strategic Management Practices.....	18
Table (4): Modes of Environmental Scanning.....	21
Table (5): Modes of Environmental Scanning.....	21
Table (6): Approaches of Scanning .....	22
Table (7): Strategic Planning Definitions.....	28
Table (8): Schools of Strategy Formulation .....	29
Table (9): Strategy Implementation Definitions.....	34
Table (10): Leadership Styles in Implementing Strategies .....	37
Table (11): Strategy Evaluation Practices .....	43
Table (12): Illustration of SWOT Analysis in NGOs.....	46
Table (13): PEST Analysis results of an NGO in a Developing Country .....	47
Table (14): Stakeholder Analysis.....	48
Table (15): Evaluation Indicators in NGOs .....	55
Table (16): Types of NGOS Boards .....	57
Table (17): NGOs Leadership Styles .....	58
Table (18): AARP Performance Matrix .....	74
Table (19): Program Accountability Quality Scale .....	75
Table (20): "Cutt" Adapted Balanced Scorecard.....	77
Table (21): Overall NGO's Performance Measures.....	80
Table (23): Initial Questionnaire components.....	89
Table (23): Final Questionnaire components .....	92
Table (24): Summary of tested Propositions.....	119

## LIST OF FIGURES

Figure 1. Suggested Research Framework.....	12
Figure 2. Strategy Formulation Process, Strategic Decision Making .....	31
Figure 3. Strategy Implementation Outputs .....	35
Figure 4. Casual Linkage Gap .....	76
Figure 5. Research Methodology Framework.....	81

## LIST OF ANNEX TABLES

Annex table (1): Cronbach's Alpha for the Strategic Management Variables.....	142
Annex table (2): The Correlation Coefficient between Each Item in the Field "Environmental Scanning" and the Whole Field.....	142
Annex table (3): The Correlation Coefficient between Each Item in the Field "Strategy Formulation" and the Whole Field.....	142
Annex table (4): The Correlation Coefficient between Each Item in the Field "Strategy Implementation" and the Whole Field .....	143
Annex table (5): The Correlation Coefficient between Each Item in the Field "Strategy Evaluation and Monitoring" and the Whole Field.....	143
Annex table (6): The Correlation Coefficient between Each Item in the Sub-Fields of "Financial Performance" and the Whole Sub-Field.....	143
Annex table (7): The Correlation Coefficient between Each Item in the Sub-Field of "Non-Financial Performance" and the Whole Sub-Field.....	144
Annex table (8): Correlation Coefficient of Each Field of Strategic Management Practices and the Whole Questionnaire .....	144
Annex table (9): Correlation Coefficient of Each Field, Sub-Field of NGOs Performance and the Whole Questionnaire .....	145
Annex table (10): Correlation Analysis of Spearman : Environmental Scanning Items.....	145
Annex table (11): Correlation Analysis of Spearman : Strategy Formulation Items .....	145
Annex table (12): Correlation Analysis of Spearman : Strategy Implementation Items.....	146
Annex table (13): Correlation Analysis of Spearman : Strategy Evaluation and Monitoring Items. ....	146
Annex table (14): Correlation Analysis of Spearman : Financial Performance, "Fundraising Efficiency" Items.....	146
Annex table (15): Correlation Analysis of Spearman : Financial Performance, "Financial Transparency" Items.....	147
Annex table (16): Correlation Analysis of Spearman : Financial Performance, "Financial Efficiency Items .....	147
Annex table (17): Correlation Analysis of Spearman : Non-Financial Performance, "Programs Outcomes" Items .....	147

Annex table (18): Correlation Analysis of Spearman : Non-Financial Performance, "Programs Non-Financial Efficiency" Items .....	147
Annex table (19): Correlation Analysis of Spearman : Non-Financial Performance, "Programs Impact" Items .....	148
Annex table (20): Correlation Analysis of Spearman : Non-Financial Performance, "Partnership" Item... ..	148
Annex table (21): Correlation Analysis of Spearman : Non-Financial Performance, "Quality" Items .....	148
Annex table (22): Correlation Analysis of Spearman between Financial Performance Field and Its Five sub-Fields .....	148
Annex table (23): Correlation Analysis of Spearman between Financial Performance Field and Its three sub-Fields.....	149
Annex table (24): Descriptive Statistics of Target respondents .....	149
Annex table (25): Descriptive Statistics of Organization characteristics .....	149
Annex table(26): Means, Standard Deviations, Weighted Means and Test values for Environmental Scanning.....	150
Annex table (27): Means, Standard Deviations, Weighted Means and Test values for Strategy Formulation .....	150
Annex table (28): Means, Standard Deviations, Weighted Means and Test values for Strategy Implementation.....	150
Annex table (29): Means, Standard Deviations, Weighted Means and Test values for Strategy Evaluation and Monitoring .....	151
Annex table (30): Means, Standard Deviations, Weighted Means and Test values for Financial Performance.....	151
Annex table (31): Means, Standard Deviations, Weighted Means and Test values for Non-Financial Performance .....	152
Annex table (32): Means, Standard Deviations, Weighted Means and Test values for Strategic Management Practices and NGOs Performance .....	152
Annex table (33): Correlation Analysis of Spearman between Strategic Management Practices and Sub-Fields of Financial Performance .....	153

Annex table (34): Correlation Analysis of Spearman between Strategic Management Practices and Field of Financial Performance .....	153
Annex table (35): Multiple Regression between Strategic Management Practices and Financial Performance.....	153
Annex table (36): Correlation Analysis of Spearman between Strategic Management Practices and Sub- Field of Non-Financial Performance .....	153
Annex table (37): Correlation Analysis of Spearman between Strategic Management Practices and Field of Non-Financial Performance .....	154
Annex table (38): Multiple Regression between Strategic Management Practices and Non-Financial Performance .....	154
Annex table (39): Kruskal-Wallis Test of the Fields and their P-values for Job Title .....	154
Annex table (40): Mann-Whitney Test of the Fields and their P-values for Gender.....	155
Annex table (41):Kruskal-Wallis Test of the Fields and their P-values for Educational Background.....	155
Annex table (42): Kruskal-Wallis Test of the Fields and their P-values for Age in Years ....	156
Annex able (43): Kruskal-Wallis Test of the Fields and their P-values for Experience .....	156
Annex table (44): Kruskal-Wallis Test of the Fields and their P-values for Major of Specialization .....	157
Annex Table (45): Kruskal-Wallis Test of the Fields and their P-values for Years of Operations .....	157
Annex Table (46): Kruskal-Wallis Test of the Fields and their P-values for Number of Staff... ..	158
Annex Table (47): Kruskal-Wallis Test of the Fields and their P-values for Type of Work .....	158

## **LIST OF ABBREVIATIONS**

<b>AARP</b>	American Association of Retired Persons
<b>AIMES</b>	Annual Impact Monitoring and Evaluation System
<b>MIMNOE</b>	Multinational and Integrated Model of Nonprofit Organizational Effectiveness
<b>NGOs</b>	Non-Governmental Organizations
<b>OCHAOPT</b>	United Nations Office for the Coordination of Humanitarian Affairs
<b>PEST</b>	Political, Economic, Social and Technological Analysis
<b>PAQS</b>	Performance Accountability Scale
<b>POW</b>	Production of Welfare
<b>SWOT</b>	Strengths, Weaknesses, Opportunities and Threats Analysis

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# **Chapter One**

## **Introducing The Research**

### **1.1 Introduction**

Since the 1990s, the subject of the non-governmental organizations (NGOs) has gained a significant attention over NGO performance from governments, donors, policymakers and academics (Edwards and Hulme, 1995; Edwards and Fowler, 2002). Despite the large growth of interest in NGOs and the large body of NGO literature, there are a relatively small number of academic contributions that examine factors influencing NGO performance (Kareithi and Lund, 2012). The topic of the organization and management of NGOs has received relatively little attention from researchers (Lewis, 2007), and the subject of NGOs has not yet entered the academic mainstream and hence NGO's performance is relatively underdeveloped (Fowler, 1996). The low academic research volume of NGOs performance and management may be attributed to several factors. Firstly, the field of NGO management and research are relatively new (Lewis, 2007). Secondly, many evaluations and studies are not published—numerous organizational reviews are kept confidential because there is a bias towards publishing only positive results, with failures concealed because of various sensitivities and fears (particularly the fear of revocation of funding) (Cassen, 1986; Unerman and O'Dwyer, 2006). Lewis (2005) mentioned that there is much published work on NGOs has been in the form of single case studies of specific organizations, making useful generalization difficult; NGOs are difficult research subjects, since many prefer to prioritize their day-to-day work rather than grant access to researchers. According to Kareithi and Lund recent study (2012), the most frequently studied topics in the field of NGOs performance are related to accountability, reporting, resource mobilization, operational management, monitoring and evaluation. They underlined the need to increase published research, particularly studies examining the facilitating and constraining factors influencing NGO performance, since NGOs performance topic is multidimensional and relates to a relevant to a board theme of management.

NGOs are high-profile actors in the field of development, both as providers of services and projects, to vulnerable individuals and communities and as campaigning policy advocates. Non-governmental organizations NGOs refer to a diverse set of projects-based institutions that operate on a non-profit basis, generally serve the public sector, and are engaged in long-term development work within the framework of international development (Fowler, 1997). The context in which NGOs operate is characterized by distinctiveness, uncertainty and financial limits. Lewis (2003) claimed that NGOs work in unstable, risky or conflict-prone areas or operate alongside predatory or 'failing' states which may view their presence with suspicion. Koteen (1997) argued that the NGOs efforts focus on bold mission to deliver high quality service at low cost to satisfied customers and amid financial stringency. Consequently, all these challenges according to many observers imposed on these NGOs to change their classical way of managing the operations. According to Fowler (1997), the key challenge for NGOs is the struggle to link vision, mission and role clearly. Strategic Management offers these organizations the compass, process and strategy to deal with transformation compelled by difficult environments (Koteen, 1997). Such a philosophy tends to keep the strategic interactions to deal with the challenges of these organizations and helps to improve their entire performance. Lindenberg (2001) stressed that since there is a high level of competition among NGOs, the scarce available financial resources, and the pressure on NGOs to demonstrate sort of programs' influence, strategic management practices becomes too much needed.

Although strategic management has become more widely used by the NGO sector as a vehicle for improving their performance and programs' effectiveness, empirical studies in the non-governmental sector remains ambiguous and the topic needs to be investigated. The majority of the previous studies that addressed strategy and NGOs performance were focused only on strategy formulation and its impact on performance. However, there are no empirical investigations have been taken to address how all the components of strategic management, since it is an integrated process, influence the overall performance of NGOs directly or indirectly.

Moreover, the financial performance of NGOs was the main variable to be tested, not taking into account the other non-financial performance indicators. Therefore, this study attempts to test the impact of strategic management practices on the performance of NGOs with highlighting the most relevant financial and non-financial performance indicators in these organizations.

## **1.2 Research Significance**

The literature has heavily underlined the adoption of strategic management in NGOs (Moore, 2000; Allison & Kaye, 2005; Poister et al., 2010; Bryson, 2011; Morrisette and Oberman, 2013). Still, regardless of what has been written on strategic management in the NGO sector, there exists limitations concerning its relationship with NGOs' performance. This has been stressed by some writers such as Stone et al. (1999) who claimed that the relationship between strategic management as an integrated process and NGOs' performance is still a black box and. Moreover, Poister et al. (2010) added that there is still no empirical support regarding the relationship between strategic management practices and NGOs' performance.

After reviewing the literature of strategic management in the NGO context up to day, we can clearly state that this research is first of its kind and has not been conducted in a previous PhD level. This research in this regard, tries to give an empirical investigation of the impact of strategic management practices on the performance of NGOs. The significance of this research comes from the fact that it outlines a research to be carried in order to support and enrich and fill the gaps in the literature through studying the relationship between strategic management practices and performance in these organizations. It will also generate awareness among these organizations on the importance of having proper and practical strategic management as a mean to achieve high organizational performance.

### 1.3 Research Objectives

The research has the following main objectives:

1. To examine the relationship between strategic management practices and financial performance of NGOs.
2. To examine the relationship between strategic management practices and non-financial performance of NGOs.
3. To introduce a new way of investigating the relationship between strategic management practices and NGOs' performance.
4. To identify ways to improve the performance by using strategic management.
5. To provide NGOs practical recommendations concerning the importance of strategic management practices to improve their performance.

### 1.4 Strategic Management History and Background

Strategic management, as a managerial thought, dates back to the 50s and 60s. The most important scholars in this field are Alfred Chandler, Peter Drucker and Igor Ansoff (Thomas, 1998). As mentioned by (Wright et al. 1998), Peter Drucker is one of the fundamental patrons to the strategic management science. Among Drucker's achievements was mainly his endeavor to accentuate the significance of the goals and objectives for an organization in light to the fact underlined by Drucker that an organization without specific objectives seems to be like an army without a leader. The second contribution was in the early of 1954 in which he advanced the notion of an organization's objectives to be a philosophy of "*Management by Objectives*". This philosophy contributes to the concept of strategic management as strategy nowadays is based abundantly on the conception of objectives and goals.

Historically thinking, Hitt et al. (2007) suggest that inference of the field of strategic management can be returned to several distinctive periods: 320BC, 1962, 1978, 1962 and 1980. The year of 1980 was an essential year since it enclosed the publication of Michele Porter's book of

corporate Strategy and establishing the Strategic Management Forum. Hofer and Schendel (1978) issued "*Strategy Formulation*" which turned to be a primary reading textbook in the field. Alfred Chandler's (1962) went to highlight the linkages between strategy and structure. What is more, Igor Ansoff (1965) in his book "*Corporate Strategy*" inspired the technique of gap analysis which is used by organizations in order to analyze the distance between where they are and where they wish to arrive in the market.

Moreover, the history of strategy goes back to Greek and Chinese military leaders. In ancient Greek, the term strategy implied an armed force or its leader (White, 2004). The strategy in those old ages alluded to a general plan of attack or defense in the battle. It concerned arrangements made before engaging with the enemy and planned to weakness that enemy. In this field, strategy is concerned with the usage of resources. The origins of this field can be referred as early as 320 BC to the work of Sun Tzu. Sun Tzu in his text book "*military strategy*" claimed that those who have the strategic variables before engaging in a battle can guarantee themselves the triumph. (Hawkins and Rajagopal, 2005). Bracker (1980) said that since the time of the first Greeks, the strategy as conception has shifted from a macro to a micro and afterward returned back to a macro level as it is presented in Table 1.

In the light of the work of Furrer et al. (2008), the development of strategic management enters into three major periods: (1) the ancestors, (2) nativity in the 1960s, and (3) movement towards a research and exploration platform in the 1970s. The starting period is the prehistory of strategic management as academic and scholarly field originated from studies of economic organization and bureaucracy. Those studies aimed to search out the linkages between the organization and the economic thoughts. The subsequent period was featured by the contingent perspective where organizations have to be acquainted with their external environment, and these studies were managerially directed under a normative prescription. Within the last period, a transition moved towards a research with two sets of different research points of view. One relies on

descriptive ways of studying strategy formulation and implementation and the other uses deductive studies that investigate relationships between strategy and performance.

Similarly, Hoskisson et al. (1999) addressed the emphasis of strategic management on organizations external environments and internal resources. The period from the middle 1960s to the late 1990 is characterized as four periodic swings from internal organization setting to external organization setting focus. Hence, the focus of the field stirred from the 1960s and 1970 work in the business policy tradition to externally emphasized era in the 1980 dominated by organizational economics, then in the middle of 1980 organizational economics endeavored to mix the inside and outside perspectives, and finally with the rise of the resource-and knowledge-based theories within the 1990s, a swing back to an internal organization environment focus in explaining competitive advantage and performance of the organization.

**Table (1): Historical Development of Strategic Management**

	Macro	Micro	Macro
Time	<i>3000 BC –Fall of Greek City States</i>	<i>Roman empire- Industrial Revolution</i>	<i>Post World war II- Future</i>
Rationale	National markets.  Large, complex interrelated organizations.	Unlimited resource availability.  Lack of national markets.  Lack of ability to anticipate change.  Oligopolistic environment	Dynamic environment.  New technology.  Ability to anticipate change.  National markets.  Ability to deal with uncertain future.
Strategy Definition	Effective use of recourses to meet objectives	Effective use of recourses to meet objectives	Assessment of the inside and outside environment of the organization in order to maximize the utilization of the recourses in relation to its objectives
Major Contributors	Early Greek writers such as Homer, Euripides and Socrates	Shakespeare, Mill, Hagel, Tolstoy, Clausewitz	Drucker, Ansoff, Mintezberg, Steiner, Miner, Hofer,
Application of Strategy	Business, Military and Government	Military and Government	Business, Military and Government

Source: Bracker, (1980)

## **1.5 Strategy and Strategic Management Concepts**

During the last thirty years, there has been a significant increment in the output of theoretical advancement and empirical research in the strategy field, as well as research on organization strategy, business strategy, public strategy and nonprofits strategy (Dess et al., 1995). Concerning the scope of strategy, it is best seen as a dynamic and interdisciplinary concept, which draws on the fields of social science, economics and organizational theories (Chaffee, 1985; Whittington, 1996). The thought of strategy evolved due both to the limitations of economics ability to clarify how organization can be managed and to a number of implausible propositions, which were the foundation of many classical economic models (Faulkner and Campbell, 2003). Therefore, Strategy and strategic management as a theory developed in order to help managers in determining complex problems concerning the survival and progress of the firm (Faulkner and Campbell, 2003).

Today, organizations from all sectors adopt the philosophy of strategic management as a mechanism in order to enhance their performances. It is a mechanism that helps organizations to conduct a better performance, because it allocates resources in the organization toward achieving the organization's ultimate objectives (Olsen, 2007). Bryson (1995) stressed that strategic management enhances the process of individuals operating together, creates a forum for discussing why the organization exists and the shared values that ought to impact the decisions and encourages fruitful correspondence and cooperation among the directors and staff. As for Smith (1994), the concept of strategy is considered as a viable management device in fortifying organization performance through systematic strategy formulation and implementation. Strategic management assists the organization to plan and execute strategies that can attain its aspirations and goals (Rowe et al., 1994).

Past research studies have characterized strategic management as the philosophy of planning and accomplishing goals through the best utilization of human, innovative and budgetary resources taking into consideration environmental contexts (Andrews, 1971). The contribution of Boulton

(1984) also addressed that strategic management is the process of sharing objectives & beliefs, strategy, structure, systems, staff, skills, styles, and succession. An attempt to promote the notion of strategic management was made by Igor Ansoff, yet the concept was actually marked at a conference at Pittsburgh University in 1977 (Lyles, 1990; Pettigrew, 1992). The gathering supplanted business policy to be called strategic management. It defined the concept with respect to Schendel and Hofer (1979) definition as follows:

*“Strategic management is an approach that concerns about the entrepreneurial work of the organization, with organizational renewal and success, and more particularly, with developing and utilizing strategy which guides the organization’s daily operations”.*

There are six elements that constitute the meaning of strategic management. As indicated by Nag et al. (2007), the concept of strategic management is nearly related to (1) the major planned activities (2) adopted by the organization and its personnel, (3) through the utilization of resources (4) to upgrade the performance (5) of the whole organization (6) thinking of its internal and external situation.

Chaffee (1985) mentioned that the contributors to the field of strategy do not comply with a precise definition of strategy; however, they argue that there are similarities among most definitions. Most researchers agree that organizations utilize strategies to better treat the external environment and that strategy is somewhat a response to changes in the external environment (Lenz, 1980; Biggadike, 1981; Chaffee, 1985). Furthermore, there is a sort of consensus affirming that strategy is about content while strategic management is about process and implementation (Chaffee, 1985). Chapter two clarifies in details the definitions and the models of strategic management.



## 1.6 Conceptual model

Strategic management is an interrelated process of formulating, implementing and evaluating the organization's strategy to meet the organizational objectives with high level of efficiency and effectiveness (David, 2009). Based on the literature, the majority of strategic management's scholars believe that strategic management as a process starts with an analysis of the environments, passes to strategy formulation, strategy implementation and ends up evaluation and monitoring of its strategies and objectives (Wright et. al, 1994; Wheelen and Hunger; 1998; Pitts and Lei, 2003; Thompson and Strickland; 2003; Allison and Kaye, 2005 Wheelen and Hunger, 2006; Morden, 2007; David, 2009). Poister and Streib's (2005) mentioned that organizations need not only to produce a strategic plan, but also develop implementation plans, and finally link their strategic and plans with their performance evaluation system. In terms of measuring strategic management practices, the previous mentioned practices should be taken into account. These are of extreme importance for NGOs in order to provide effective allocation of resources, improves coordination and enhances the overall organization performance.

Thinking of NGOs performance as variable to measure is not an easy task, since it is challenging to measure the performance of organizations whose main goal is to promote social mission (Moore, 2000; Crittenden and Crittenden, 2001; McHatton et al., 2011). Moreover, these organizations have complicated relationships between their activities and outcomes of their interventions (Fottler, 1981; Hatten, 1982; Kanter and Summers, 1987; Newman and Wallender, 1978; Nutt, 1984). The classical attempts of defining performance in these organizations has been always those of using NGOs' access to funds as the main performance indicator of NGOs (Yuchtman and Seashore, 1967; Pfeffer and Salancik; 1978; Kanter and Summers; 1987). Although access to funds or fundraising efficiency is a good indicator of measuring the financial strength of NGOs, it doesn't represent the full picture. In addition to the ability of acquiring funds, these NGOs are also required to declare their financial activities and demonstrate kind of

financial transparency or accountability (Keating and Frumkin, 2003; Whitaker et al., 2004; MacCarthy 2007).

It is important also to think that these NGOs are projects or service-based organizations, in this way it should be addressed that the performance of their programs and service delivery have always to be under the spot light as well as the financial ability of acquiring funds. For instance, Kareithi and Lund (2012) addressed the fact that these organizations are engaged in providing services and projects to their targeted beneficiaries so their performance has to take into consideration the effectiveness of these services. Lewis (2009) added that financial sustainability, efficiency and effectiveness are performance measures of NGOs' interventions. Several frameworks have highlighted, even if there is no still mutual agreement, performance measures of NGOs' operations such as programs' impact, programs' efficiency, programs' outcomes (Benjamin and Misra, 2006; Carman, 2007; Teelken, 2008). Other authors claimed that partnership (Niven, 2008; Hall and Kennedy, 2008) and quality (Hatry, 1997; Van Dooren, 2008; Niven, 2008) as measure of NGOs' success.

### **1.7 Research Propositions: Linking Strategic Management to NGOs Performance**

Strategic management demonstrated to be extremely beneficial not only for-profit businesses and public governments (Moore, 2000), but also for NGOs (Fowler, 1996; Bryson and Roering, 1988; Allison and Kaye, 2005). In the NGO sector, Ramadan and Borgonovi (2015) mentioned that strategic management is vital as it guarantees the long-term perspective in terms of economic viability and social impact on communities. Mosley et al. (2012) found that engaging in strategic management efforts may allow organizations to deal with funding uncertainty. Thus, the lack of such a philosophy would result in having short-term oriented NGOs which could be harmful for its financial sustainability. However, strategic management can have a important effect on NGOs beyond the potential funding benefits (Crittenden and Crittenden, 2000). For instance, strategic management can help NGOs build and enhance relationships with key stakeholders such as donors and partners and establish collaborations with external organizations

(Abzug and Webb, 1999; Boyne and Walker, 2004; Allison and Kaye, 2005; Balser and McClusky, 2005; Brown, 2010; Bryson, 2011). Siciliano (1997) demonstrated that those NGOs who plan improve their social performance and not only their financial one. Moreover, Strategic management might assist NGOs not only efficiently utilize the limited resources, but also to support program and projects effectiveness and efficiency (Mara, 2000; Medley and Akan, 2008; McHatton et al., 2011).

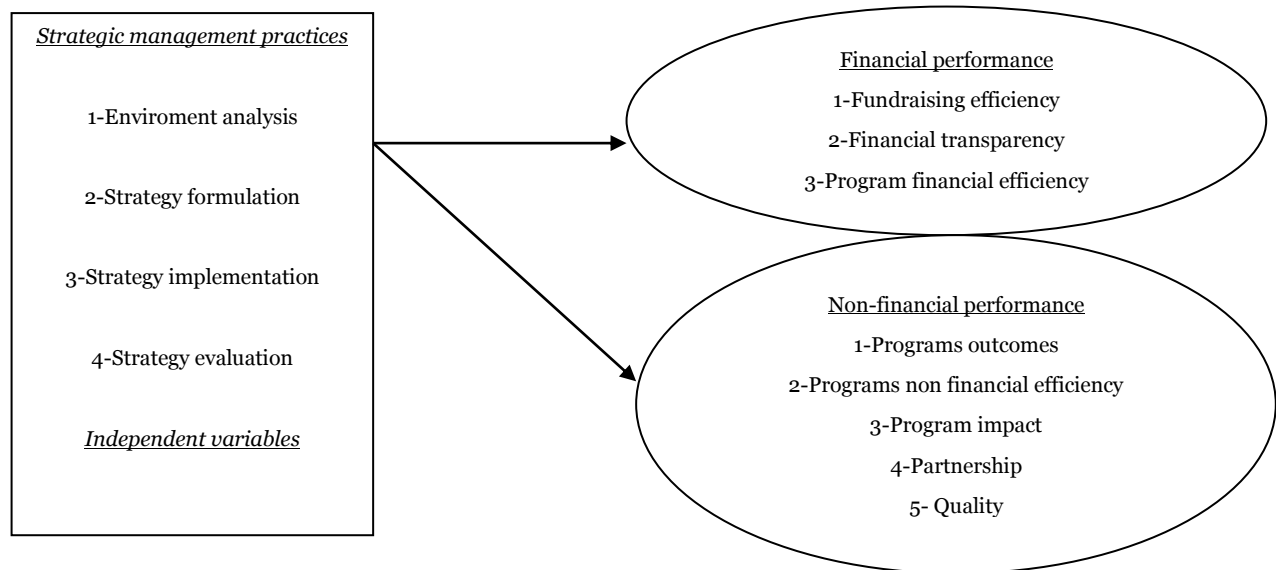
Thus, the theoretical literature clearly indicates that application of strategic management practices within NGOs has important implications not only for financial performance but also for non-financial performance. If it so, strategic management practices can be linked to two dimensions of performance.

In consideration of all above mentioned dimensions and aspects of strategic management practices and NGOs financial and non-financial performance, the aim of this study is to investigate the relationship between strategic management practices and the NGOs with the examination of a wider list of strategic management dimensions (environmental scanning, strategy formulation, strategy implementation, strategy evaluation and monitoring) and different approaches and measures to assess NGOs performance (financial performance and non-financial performance).

Based on this, we propose the following propositions:

1. H1: Environment analysis has a significant positive influence on (a) financial performance and (b) non-financial performance of NGOs.
2. H2: Strategy formulation has a significant positive influence on (a) financial performance and (b) non-financial performance of NGOs.
3. H3: Strategy implementation has a significant positive influence on (a) financial performance of and (b) non-financial performance of NGOs.

4. H4: Strategy evaluation and monitoring has a significant positive influence on (a) financial performance of and (b) non-financial performance of NGOs.



**Figure 1. Suggested Research Framework**

A last two hypotheses would be related to check whether there are some statistical differences among the respondents due to their individual and organizational characteristics. In this research, we propose that both individual (experience, major, gender, etc.) and organizational characteristics (size, experience, type of operations) have an effect on the research variables

5. H5: There are significant differences among the respondents' answers regarding the strategic management and NGOs performance due to individual characteristics.
6. H6: There are significant differences among the respondents' answers regarding the strategic management and NGOs performance due to organizational characteristics.

## **1.8 Research Methodology**

With regard to the nature of the topic of the research, there was a need to formulate and test appropriate hypotheses. The underlying concepts were translated into measurable forms to facilitate testing the formulated hypotheses. A correlational design is used to investigate the relationship between the variables of interest by applying appropriate statistical data techniques. This is the most appropriate method towards effectively addressing the research questions. The

research follows a deductive approach through which a theory is tested on a different context. The research sample consists of international NGOs working in the Palestinian Territories. The sampling technique in this research is based on random sampling proportional to population volume. Both primary and secondary were utilized for the purpose of addressing the research domain. Secondary data was extracted from existing published books and online journals such as 'Non-profit and Voluntary Sector Quarterly' and 'Non-Profit Management and Leadership'. Some collective search engines for collecting scientific literature were used such as: 'The online library of Wiley', 'Web of Science', 'Scopus', 'Scirus' and finally 'Google Scholar'. It needs to be clarified that the definition and use of the term "NGOs" differs hugely and there are enormous synonyms. Hence, the most important search terms have been used: charity, philanthropic, non-profit, not for profit organization, social organizations in addition to strategy and performance. The main data collection tool is a questionnaire covering strategic management and performance. In this research, Likert scales were used. A pilot study of the questionnaire was conducted before collecting the results of the sample. It provides a trial run for the questionnaire, which involves testing the wordings of question, identifying ambiguous questions, testing the techniques that used to collect data and measuring the validity and the reliability of the scale.

In order to analyze the collected data a series of statistic techniques are used in this research and for convenience, the SPSS package is adopted. The statistics such as frequency, percentage, mean, standard deviation, maximum & minimum and related diagrams are employed to analyze the data descriptively. The Pearson correlation and regression analysis are used to reflect the degree of linear relationship between the research variables and determines the strength of the linear relationship between them.

## **1.9 Thesis Outline**

The thesis is composed of the seven chapters that are related to each other. Below is a brief description of each chapter:

Chapter One: is the introductory chapter which presents research's motivation, significance and objectives. Moreover, it introduces the investigated research model which has been formulated by the researcher.

Chapter Two: provides general theoretical literature related to strategic management, its definitions and tools.

Chapter three: reviews the existing theories of strategic management practices in NGOs. Also, it presents the main empirical studies conducted in this context with highlight on the relationship between NGOs performance and strategic management. Finally, it clearly states the gaps of the empirical literature.

Chapter four: provides a comprehensive overview of performance measurement in the NGO context, different frameworks, different performance measures and the selection of the research performance measures.

Chapter five: presents in details the research methodology including research approach, research design, sampling strategy and questionnaire design.

Chapter six: provides validity and reliability findings, summary of the results, analysis of the study variables, hypothesis testing and discussion of the results.

Chapter seven: introduces conclusion, practical implications, research limitations and future research opportunities.

## Chapter Two

### Strategic Management Practices

#### 2.1 Introduction

The chapter provides a road map about the basic concepts of strategic management, historical background, different definitions and models in the literature. Moreover, this chapter highlights its importance and presents a four-step process for strategically analyzing an organization. Finally, the chapter explains in details the notions and sub-processes in strategic management from environmental scanning, strategy formulation, strategy implementation to strategy evaluation.

#### 2.2 Strategic Management Definitions, Processes, and Models

Table 2 presents a set of definitions of strategic management and strategy. As shown in the table, the majority of these definitions are concerned with arrangements and/or activities to accomplish an organization's goals. However, several scholars do not believe in one single definition of strategy, but they consider both strategy and strategic management as terms that incorporates several phases and components in a process.

**Table (2): Definitions of Strategy and Strategic Management**

Contributor	Contribution
Von Neumann and Morgenstern (1947)	Strategy is a set of actions decided by the organization based on to a certain situation.
Drucker (1954)	Strategy is a mean of analyzing the environment and taking serious actions to respond to it.
Chandler (1962)	The determination of a serious of actions and the best utilization of recourses to order to and identify and meet the long-term objectives
Learned et al. (1965)	Strategy is a form of goals, objectives, policies and plans utilized to achieve the organization's vision. It's stated to clarify where the organization is and where it would like to be.
Schendel and Hatten (1972)	Strategy is the chosen objectives and mission with the identification of policies and procedures aimed at achieving those objectives.
Glueck (1976)	Strategy is a comprehensive plan developed to confirm that the main objectives of an organization are successfully met.
Steiner and Miner (1977)	Strategy is the identification of an organization missions. It includes developing objectives for the organization with respect to external and internal influences, establishing policies and strategies to achieve objectives.
Mintzberg (1979)	Strategy is an interposing factor between the organization and the environment surrounding it. It is a set of

	decisions to better treat the environment.
Andrews (1980)	Strategy is about defining the way an organization will compete with others and how it will position itself in the market.
Quinn (1980)	Strategy is a mode or plan that combines an organization's main objectives, policies and vision.
Chaffee (1985)	Strategy is a framework of understanding the organization and its environment.
Hambrick and Frederickson (2005)	Unified concept of how an organization will meet its objectives.
<b>Definitions of Strategic Management</b>	
Contributor	Contribution
Gluck et al. (1980)	A system approach to identifying and making the necessary changes and measuring the organizations performance as it moves toward its vision.
Lamb (1984)	A continuous process that assesses and controls the environment, competitors and the organization. It includes setting objectives and generating strategies to face all current and future competitors.
Dess and Miller (1993)	A process that composes of three major integrated stages: strategic analysis, strategy formulation and strategy implementation.
Coulter (2002)	Those organizational decisions, in which organizational employees make to analyze the current situation, develop strategies, implement those strategies and evaluate them.
David (2009)	"The art and science of formulating, implementing and evaluating cross-functional decisions that enables an organization to achieve its objectives".

A process is a stream of information made out of interrelated stages of analysis so as to fulfill an objective. In the strategic management process, this flow of information includes past, present, and forecast data on the functioning and environment of the organization (Bowman and Asch, 1987; Thompson and Strickland, 2003; Kumar, 2010).

Viewing strategic management as a group of interrelated steps has three essential implications. First, a change in any component of a stage will impact several or all of the alternate components (Thompson and Strickland, 2003; David, 2007, Wheeln and Hunger, 2006). For instance, the flow of information usually is reciprocal, in the sense that factors in the external environment may affect the nature of a company's mission, objectives and policies

Another ramification of considering of strategic management as a process is the importance of the feedback from each stage to the prior stages of the process. Feedback can be outlined as the analysis of post-implementation outcomes that can be utilized to foster future decision making (Stoner and Freeman, 1986). In other words, the feedback in the strategic management process



ensures that nothing is final and all previous activities and decisions can be changed and they are susceptible to future adjustments (Vancil and Lorange, 1977). A last implication of considering strategic management as a process is the necessity to treat it as a dynamic framework. Analoui and Karami (2003) think of strategic management as a non-stop and a dynamic process through which each component interacts with other components and this interaction occurs in a concurrent manner.

There is an enormous amount of literature concerning strategic management models. For instance, Andrews (1965) created a straightforward strategic management model. The model composes of the choice of a strategy, but overlooked implementation and evolution. In 1971, Andrews arrived to a much more complete model including the strategy implementation yet did not contemplate the strategic control and assessment. Schendel and Hofer (1979) developed another strategic management model, integrating both planning and control tasks. The model includes the subsequent basic steps: (1) objective definition, (2) environmental assessment, (3) strategy generation, (4) strategy execution, (5) and strategic monitoring. Another model of strategic management has been created by Wright et al. (1994) which consists of six phases: (1) investigating the environmental opportunities and threats, (2) examining the organization's internal strengths and weaknesses, (3) establishing the organizational direction, (4) Strategy formulation, (5) Strategy Implementation and (6) Strategic evaluation and Control.

Other several scholars contributed to define the process of strategic management. According to Pitts and Lei (2003) strategic management is a process aims at fulfilling strategic duties and tasks that steers the employees toward meeting the organization 's vision and mission. David (2009) defined strategic management as *"An art and a science of formulating, implementing, and evaluating cross functional decisions to enable an organization to achieve its ultimate objectives"*. Pearce and Robinson (2007) focused on strategic management as a flow of information through integrated stages (Environment analysis, strategy formulation, implementation and evaluation) towards the achievement of an aim. Taking into account the work of Hitt (2005), the strategic management

process is defined as a sound approach to help an organization to respond adequately to the abnormal state of rivalry, through checking the inside and outside context to identify opportunities and threats, and to determine how to use the core abilities for the quest of the craved strategic objectives. Wheelen and Hunger (1998) defined strategic management as a set of managerial choices and actions that decide the long-term performance of a firm. Glueck et al. (1980) underlined that strategic management process involves identifying environmental threats and opportunities and internal strengths and weaknesses. This phase is called environmental analysis, followed by decision, execution, monitoring and control. These three steps are concerned with producing alternatives to the problem, making the strategy operate by linking the structure to the strategy and creating proper plans and approaches, and getting assessment feedbacks to decide whether the strategy is working or not.

Regardless of the variety of strategic management models within the organization which have been proposed by strategic management scholars, it should be confirmed that these models are generally similar in its stages and steps. Table 3 summarizes the different models of strategic management process in the literature. We can likewise say that the main paradigm in strategic management is characterized by 4 key functions: *"environmental scanning, strategy formulation, strategy implementation and strategy evaluation"*.

**Table (3): Models of Strategic Management Practices**

Date/Year	Author/s	Phases of strategic management
1994	Mintzberg	Strategy formulation, strategic content and strategy formulation.
1994	Wright et. al	Environmental analyzing, strategic direction (mission and vision), strategy formulation, strategy implementation and Strategic control.
1998 & 2006	Wheelen and Hunger	Environmental scanning (internal and external), strategy formulation, strategy implementation, and evaluation and control.
2003	Pitts and Lei	Analysis, formulation, implementation and adjustment or evaluation.
2003	Thompson and Strickland	Developing vision and mission, setting objectives, crafting a strategy, implementing the strategy and evaluating performance.

2007	Morden	Strategic analyzing, strategy formulation and decision making, strategic choice and strategy implementation.
2009	David	"Internal and external audit, strategy formulation, strategy implementation and strategy evaluation"

### 2.3 Environmental Scanning

The environment of an organization consists of the inside and the outside factors that directly and indirectly influence the objectives, plans, size, plans, policies, functions, outputs and outcomes (Segev 1977; Preble 1978). Hambrick (1981) argued that the importance of understanding the environment is proved in the research of Bourgeois (1985) where he revealed that an organization which scan its environment regularly and precisely, would achieve a higher level of financial performance. According to Jain (1993), conducting a process of environmental scanning would result in providing early signs of potential problems, helping organizations in achieving their clients' needs, investigating objective information about the environment, increasing organizations opportunities and helping strategists to make decisions.

Effective environmental intelligence highlights the rational executive choices and judgment that are essential for strategic success. Hamel and Prahalad (1994) stressed out that effective scanning will help the organization to build a clear strategic picture so as get to the future before the contenders through obtaining a leadership position in the market. Thusly, organizations conducting effective environmental assessment would be more prone to cope with threats and understand opportunities, and subsequently gain an enduring competitive position. Boyd and Fulk (1996) mentioned that the “fit” between organizations and their surroundings is proposed to be the most vital indicator of organizational progress and performance, while scanning is the best approach to attain such a correspondence. Certainly, through environmental scanning, organizations will be able to get more precise information that can be utilized to achieve higher financial performance (Ahituv et al., 2005). Moreover, environmental scanning has been established to diminishing environmental uncertainty and backing organization in managing their

risks. With sufficient environmental assessment, organizations would have the capability to control strategic astound and respond in rapid way (Ansoff, 1975).

Aaker (1983) cleared up that environmental scanning is a mean to concentrate on target data needs, commit effort among employees to have an effective system for gathering, preparing and conveying information. Wheelen and Hunger (2003) clarified that environmental scanning is about controlling, assessing and exchanging information from the inside and outside environment to key people within the organization. Again, this process of examining and translating environmental changes is obviously crucial to organizational performance and viability (Elenkove, 1997). Similarly, Lester and Waters (1989) contended environmental analysis as a series of managerial actions of gaining information from the environment to boost decision making through three crucial steps: picking up, evaluating and utilizing the relevant information. Furthermore, Hough and White (2004) viewed environment scanning as a methodology of charactering, assembling, processing and scattering information about external influences into practical plans and decisions. These definitions shed light on how organizations can scan and analyze the information to completely comprehend its surroundings.

Aguilar (1967) led the first research in the area of environmental scanning where he stressed out that environmental scanning is about getting information about occasions and connections in an organization's outside domain, the knowledge of which would reinforce top-management in its errand of forming the organization's future. Based on his contribution, organizations should analyze the environment so as to have a strategically comprehensive picture of outside impacts in order to create successful response that keep up or enhance their position later on. Moreover, Aguilar distinguished four separate modes of environmental scanning. They are undirected viewing, conditioned viewing, informal search, and formal search. See Table 4.

**Table (4): Modes of Environmental Scanning**

Characteristics	Approach			
	Undirected	Conditioned	Informal	Formal
Exposure to information	Not specific	Certain type of information	Direct	Deliberate
Purpose of analysis	Discovering	Assessing	Learning	Planning or Acting
Number of sources	Many	Few	Few	Many

Source: adapted from Aguilar (1976)

Another paramount study was carried out by Fahey and King (1977). Their study comprised of an illustrative analysis of a questionnaire through which twelve large organizations were addressed profoundly about their environmental scanning activities. The point of the questionnaire was the identification of environmental examination procedures and activities, and the evaluation of the links between those activities to strategic planning. They proposed three scanning modes (See Table 5.) going from the less organized scanning activity to the most complicated one. The scanning models suggested are: the irregular, regular and the continuous model.

**Table (5): Modes of Environmental Scanning**

Characteristics	Scanning modes		
	Irregular	Regular	Continuous
The nature of activity	Ad hoc Studies	Periodically studies	Structured data collection and processing systems
Scope of scanning	Specific	Selected	Wider
Motives for the analysis	Crisis initiated	Decision and issue orientation	Planning process oriented
The nature of response	Reactive	Proactive	Proactive
Time frame	Current	Short term	Long term
Organizational participation	Various staff units	Various staff units	Environmental scanning unit

Source: adapted from Fehy and King (1977)

Another research done by Segev (1977) tended to address the challenges confronted in the process of environmental analysis to become an established organizational activity. His study was concerned with how strategic scanning is really utilized in strategy making and how the data is included into strategic decision making. Based on the results, Segev suggested a model of how

environmental analysis is being incorporated into strategic decision making. It demonstrates how scanning and investigation were performed by the strategy making team in a casual and unsystematic manner and the circuitous impact of the data collected through the scanning activity on the strategy making team decisions.

After reviewing the environmental analysis process in the literature, we can see that there are two different approaches performed by organizations to run the process: The macro-approach and the micro-approach (Fahey and Narayanan 1986). The macro approach relies on an exhaustive perspective of the environment. It seeks all the existing components outside the environment facing the organization and concerns about the longer-term objectives and the development of alternative views or scenarios of the future environment. On the other hand, the micro approach looks for having a narrowed view of the environment. It looks just at some parts in the outside surroundings, but this approach is bounded by the organization's internal impacts. For the main differences between these perspectives see Table 6.

**Table (6): Approaches of Scanning**

Characteristics	Approach	
	Macro approach	Micro approach
Domain and scope	The view of environment is not restricted	The View of environment limited by organization's visualization
Objective	The scanning process is broader	The scanning process is relevant only to the surest settings
Time frame	Typically, 1-5 years, sometimes 5-10 years	Typically, 1-3 years
Frequency	Periodic	Continuous
Advantages	Prevents organizational barriers Defines wider trends in advance	Efficient Well-oriented scanning

Source: Adapted from Fahey and Narayanan (1986)

As indicated by Coulthard et al (1996), an environmental scanning process needs to include the organization social and general environment. The general environment consists of dimensions in the society that impact an industry and the organization within it includes several environmental segments, such as economic, demographic, political, technological and social (Hitt et al., 2007).

The social environment involves general factors that do not straightforwardly influence the organization activities in the short term however they can and often do affect its long term choice. Wheelen and Hunger (2003) said that the general environment consists of those factors, outside the control of the organization, which directly affect the organization, and consequently are affected by it. These groups involve public institutions, local societies, suppliers, distributors, and competitors, clients, saving money affiliations, workers and trade unions. This type of the environment can be fully understood through the PEST dissection, an instrument known for investigating macro environment, which consolidates Political, Economic, Social and Technological factors (Aaker 1983; Fahey and Narayanan 1986; Johnson and Scholes 1999). Analoui and Karami (2003) mentioned that a successful environmental analysis ought to include the identification of SWOT dimensions that have impact on the organization and its operations: Strengths, Weaknesses, opportunities and threats. Internal strengths and weaknesses with external opportunities and threats and a clear statement of mission, provide the premises for creating strategies (David 1997). Strengths and weaknesses are generated from the inside variables such as, the organization's capabilities, employees and operations (McDonald, 1992). Then again, opportunities and threats are determined based on external factors like its markets, the environment, and competitors (Thompson, 1997). Many strategy textbooks stress that the analysis of the environment leads the strategist to the identification of opportunities and threats. Opportunities are generally outlined as positive outside environmental trends or patterns that may help the organization improve its performance, while threats are ordinarily characterized as negative external trends or changes that may affect the organization's performance (Coulter, 2002). Some researchers specified that SWOT is not a model, but instead it is a framing technique or a tool that administrators and management scholars have adopted to facilitate their understanding of the organization and its interior capabilities. Moreover, the SWOT technique is an influential indicator of the managerial mentality and activities (Dutton and Jackson, 1987).

## **2.4 Mission and vision**

Vision and mission are explained in the written literature as two separate concepts. Vision is the fancied future position that an organization would like to have. Kilpatrick and Silverman (2005) defined vision as the set of aspirations leaders want to amid during a period of time. So also, Thompson and Strickland (2003) clarified that the term strategic vision is absolutely more oriented toward future than the organization purpose or mission statement. Confirming the arguments of other authors, Wheelen and Hunger (2006) described vision as what an organization wants to end up with, not only what the company is in the near present.

On the other hand, a mission statement (the statement of purpose) follows from the vision. Pearce et al. (1987) considered the organization statement of purpose as the ultimate objective that distinguishes an organization from other forms of its type and determines the domain of its operations in the market.

Mission defines what the organization is doing now. It underlines the current circumstances and goals (David, 2009). Also, Wheelen and Hunger (2006) argued that mission is the purpose or explanation behind the organization's existence, while Pearce et al. (1987) recognize that the purpose statement is a thorough message figured to match with all stakeholders needs and wants. An effective statement of purpose should have some attributes. Notwithstanding the variations in length, content, configuration and specificity, Pearce et al. (1987) and David (2009) agreed that an effective mission statement includes nine elements or components. These nine elements are: (1) customers, (2) products, (3) markets, (4) technology, (5) concern for survival, (6) values and beliefs, (7) self-concept, (8) concern for public image and (9) concern for employee's long term objectives.

## **2.5 Strategy Formulation**

Some writers use the term strategic planning to depict the strategy formulation process. The significant contrast between strategic planning writers and strategy formulation writers is that earlier treated the environmental analysis as a fundamental segment of strategic planning and not



phase that should be carried out before. The strategic planning mechanism and strategy development are subsets of a "rational decision-making model", since they are processes focused on making decisions about strategies, plans and objectives. For Ackoff (1970), strategic planning is an "anticipatory decision making" process.

### **2.5.1 Strategic Decision Making: Definitions and Models**

Based on the contributions to the definition of the strategic decisions, we can conclude that strategic decisions are those concerned with the long term impact on the organization. For instance, Mintzberg et al. (1976) mentioned that strategic decisions are the key choices made by the top managers to shape the existence of an organization in terms of activities taken and the resources conferred. Drucker (1954) underscored that strategic decisions are sort of multi-perspective decisions that have an influence on the survival of the organization. Ansoff (1965) portrayed strategic decisions as decisions which are related to the external matters not the internal ones rather than internal issues. Selznick (1957) distinguished between strategic decisions and other types of decisions. As indicated by him, strategic choices include the identification of the organizational mission and role. Moreover, they define the objectives, structure and policy and determine the tools toward achieving the desired outcomes. Hofer and Schendel (1978) clarified that the main objective of strategic decision making inside the organization is the determination and generation of strategies that can fit the main goals of the organization. Eisenhardt and Zbaracki (1992) viewed strategic decision making as vital since it includes the major choices which guide the organization. Johnson and Scholes (1999) argued that strategic decision making consists of sequential phases: (1) identifying the problem, (2) collecting and analyzing information, (3) generating solutions, and (4) deciding upon a solution. Nadler (2004) stressed out that the process of strategic decision concerns about the directional choices which help an organization to allocate better its resources and conduct its activities ensure survival in the future.

Since we are considering strategic decision making process, it is necessary to present the models mentioned in the literature:

(1) *Rational model*: is an organized process of making decisions that has three basic stages: Issue identification, issue development, and issue selection (Eisenhardt and Zbaracki, 1992). Other authors (Ebert and Mitchell, 1975; Wally and Baum, 1994) mentioned that this model is comprised of intelligence (information scanning), design and choice of alternative.

(2) *External control model*: concerns decisions linked to the organization in its endeavor to adapt to environmental conditions (Duncan, 1972; Emery and Trist, 1965; Lawrence and Lorsch, 1969). In this model environment has a vital effect on strategic decisions since those decisions are highly constrained by the environment.

(3) *Strategic choice model (the mix model)*: is placed between the rational and the external control model because it considers that top managers can make decisions regarding the goals, scope and hierarchy of an organization. Moreover, it also relies on the environmental factors and has to take it into consideration (Child, 1972; Hitt and Tyler, 1991).

(4) *Behavioral Bounded rationality*: assumes that humans are bounded to make rational decisions since they are only to analyze few amount of information and to consider every possible solution hence not all the solutions are analyzed (Simons, 1955). In this sense, this model attempts to identify a satisfying solution not an optimal one.

(5) *Politics or power model*: in which decisions are treated as a result of power and negotiations among employees and organizational department with conflicts and individual interests (Narayanan and Fahey, 1982; Pettigrew, 1973).

(6) *Organizational procedures model*: is a bureaucratic model in which it concentrates on the impacts of the organization's systems, policies, procedures and structure on the process of making a decision (Fredrickson, 1986). Das and Teng (1999) viewed decisions in this model as an output of the organization systems and procedures.

(7) *Incremental model*: an evolutionary, a step-by-step process where decisions are created in analytical increments changes in a reaction to different conditions and situations. The decisions maker's analysis is focused on well-known experiences Lindblom (1959). This model is featured by "learning by doing process" (Carayannis and Stokes, 2000). In this model, changes are made slowly over time, decisions mainly are made reactively and few options are taken into account.

### **2.5.2 Strategic Planning and Strategy Formulation**

Strategic planning has been defined in a diverse way and using different terms. Steiner (1969) specified that strategic planning is a process of deciding the main goals of an organization, arrangements, policies and strategies which help to facilitate the use, and utilization of resources to meet those goals. Stoner and Freeman (1986) viewed the strategic planning concept as a long-range planning process made to form and accomplish organizational goals. Wendy (1997) illuminated strategic planning as the process of matching the organization goals and capabilities with its opportunities. Steiner (1979) defined strategic planning as a formalized process of an organization to create the organization's goals, objectives, policies and strategies. It composes of detailing the plans to actualize strategies and to attain objectives. Similarly, Bateman and Zeithaml (1993) saw strategic planning as a deliberate process through which strategic choices are made regarding the objectives and activities of an organization. It paves the way to personnel and team units to follow the organization objectives. Hax and Majluf (1996) confirming other authors contributions in this field, argued that planning as a disciplined organizational process is directed toward achieving the organization objectives and vision through the best application of its strategy. Based on these common perspectives mentioned above, a general understanding of strategic planning can be viewed as process of defining organizational targets, mission, methods and deciding upon strategies that has to be executed to achieve these targets. Table 7 summarizes some of strategic planning definitions by many authors and writers in this filed.

Powerful strategic planning calls for some requirements. Valentine (1991) specified that strategic planning has to coordinate information obtained from environmental settings, focus on the

process and rely on present and future patterns. Ansoff and McDonnell (1988) stressed out that organizations need to be fully mindful of the environment and adapt their culture to have much more effective strategic planning approach. Also, Lorange and Vancil (1995) identified three particular prerequisites that guarantee the success of a strategic planning: (1) leaders must use strategic planning process as a mean for strategy decision making, (2) full perception and awareness of strategic planning by all managerial levels of the organization that are involved, (3) strategic planning system must be integrated with the other management functions of the organization.

**Table (7): Strategic Planning Definitions**

Author	Contribution
Drucker (1954)	An analytical planning process aimed mainly to make best strategic decisions that fit with the objectives of the organization
Ramanujam et al. (1986)	The use of strategy tools and techniques, consideration of the external and internal factors to internal facets and allocation of resources available.
Hofer and Schendel (1978)	Managerial process that integrates strategy, structure, environment events with the overall effectiveness of the organization.
Poole (1990)	A process that includes a group of actions such as environmental analysis, developing mission & vision, establishing objectives and selecting strategies.
Bateman and Zeithaml (1993)	A precise process through an organization and its employees make decisions that would help in meeting the organizational objectives in the future.
Berry (1998)	A management process that produces four main elements; organization's mission, vision, strategic aims and objectives and strategies.
Bryson (1995).	An organized effort toward producing crucial decisions that shape and guide what an organization is and what an organization would like to be
Boyd and Reuning-Elliott (1998)	A Mission statement formulation, trend analysis & competitor analysis and long term goals.

Strategic Planning also is concerned with defining and formulating strategies but Strategic planning differs in the sense that it takes a comprehensive picture approach, while the mechanism through which a strategy is made refers to strategy formulation process. The strategy formulation process results in the strategy, plan or solution that has to be implemented. The

process defines the stages to follow to formulate what will ultimately be the final strategy or solution. (Poister, 2010). Hewlett (1999) considered Strategy formulation as a process of setting the organization goals, making strategic decisions and the development of plans necessary to achieve them. Evered (1983) specified that strategy formulation is a process of creating strategic directions that prompt much better performance in the market. The process is perceived as the critical management function in business organizations (Mintzberg, 1994). Johnson and Scholes (2002) explained the concept of strategy formulation as a process of setting the general bearing of an organization over time which would help in sustaining a long-term advantage for the organization. Porter (1998) pointed out that the key assignment of strategy formulation is about understanding the overall mission and vision of the organization. According to porter, this would lead to the development of objectives and generation of strategies. The process of strategy formulation can be viewed from many school's point of view. Mintzberg et al. (1998) categorized the strategy formation into 10 schools of thoughts. These schools are classified as the following in Table 8.

**Table (8): Schools of Strategy Formulation**

The school	Definition	Type of the process
Design School	Strategy formulation is a process of matching between (internal assessment) the strengths and weaknesses of organization and (external assessment) threats and opportunities in the environment. It highlights the importance of reasoning and analysis. It's considered to be the origins of the SWOT analysis tool	Conception
Planning School	Strategy formulation is a sequence of steps. It produces each specified component alone and the strategy will be the ultimate result. It differs from the design school because it removes absolute control from the Leader and top management.	Formal
Positioning School	Suggests that the strategies can be defined depending on the position of the organization in the market. It is mostly relevant for the private businesses since there is high concentration on Michael Porter model of five forces.	Analysis
Entrepreneurial School	Regards strategy formulation as a process planned by the leader inside the organization. The vision is the central activity of this school	Visionary
Cognitive School	Strategy formation is a cognitive process that takes place in the heads of the managers. Strategies evolve as a results of mental models or causal and filtering maps	Cognition
Learning School	Strategy formulation is a process of learning in which managers become aware about the situation and their organization	Emergent

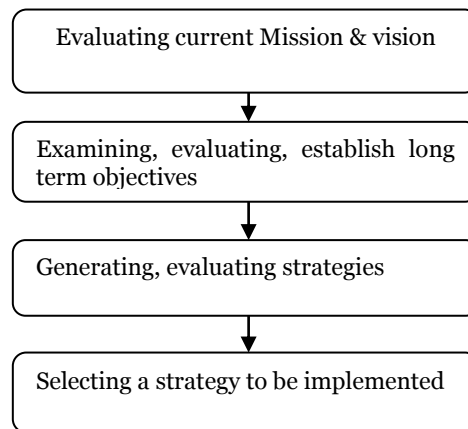
Power School	Strategy formation is process of influence and power that utilize politics and negotiation toward achieving particular interests.	Negotiation
Cultural School	Strategy formulation is a process mainly based on shared values, beliefs and social interaction by the members of an organization which will lead to the establishment of strategy.	Collective
Environmental School	Considers the environment as a central actor in the strategy formulation and the organization responds to the events occur in the environment	Reaction
Configuration School	Strategies arise from periods when an organization adopts a structure to match to a particular context that give rise to certain behaviors.	Transformation

Source: adapted from Mintzberg et al. (1998)

After inspecting the literature, we can conclude that strategy formulation process is sort of strategy decision making, in the sense it ends up with selecting or deciding upon a strategy. Harrison (1999) in his work “managerial decision making” mentioned that the strategy formulation phase consists of (1) assessing the mission, vision, significant objectives and strategies of the organization, (2) identifying a wide range of strategy alternatives (3) conducting a evaluation of advantages and disadvantages of the alternatives (4) setting alternatives that should be implemented. Wheelen and Hunger (2003), mentioned that strategy formulation is the advancement of long range plans for a viable management of environmental opportunities and threats in the light of corporate strengths and weaknesses. Such planning includes establishing the organization mission, identifying objectives, developing strategies, and creating policy frameworks and schemes.

Similarly, Thompson (1997) stressed that the strategy formulation process consists of three stages – planning, vision and new strategies. Mintzberg (1994) pointed out that strategy formulation is formal or informal process which is primarily aimed at deciding management functions of conceptualizing an organization’s mission, setting performance objectives, and launching a strategy, which at the ends results in a strategic plan. According to Stacey (1996), strategy formulation process includes defining the organization’s mission, formulating objectives,

developing strategies and policies. David (2009) considered, as represented in Figure 2, that strategy formulation is based on developing a vision and mission, defining long-term objectives, generating alternative strategies and choosing particular strategies to seek after. Besides, Alkhafaji (2003) mentioned that a strategy formulation process has four main phases: (1) evaluating the internal and external organization, (2) building the mission, vision and objectives of the organization, (3) choosing the organization's strategy and policies, and (4) evaluating the needs, values, and skills possessed by those who set the strategy.



**Figure 2: Strategy Formulation Process, Strategic Decision Making**  
Source: adapted from David (2009)

### 2.5.3 Long term objectives

The goals and objectives give organizations the overall strategic direction (Stoner and Freeman, 1986). The importance of organizational objectives is demonstrated by the fact that an evaluation of the strategy formulation process includes a discussion of the organizational goals and targets (Poole, 1990).

As indicated by Wheelen and Hunger (2006), objectives are the final consequences of an arranged or planned action in which they should be communicated as an activity. They stressed also that long-term objectives specify the organization's mission. The achievement of organization's objectives should facilitate the accomplishment of an organization's mission.

Moreover, the point in developing long term objectives is to transform the managerial statement of strategic vision and organization mission into specific performance targets results and measures. The authors have figured out further that when organization's long term objectives are broken down into specific targets for each organizational unit and member, an outcome-orientated atmosphere can be built within the organization.

David (2009) explained that unmistakably stated and imparted long-term objectives are pivotal for the progress of an organization for many reasons. Firstly, they help stakeholders to understand their role in the organization's future. Also, they prepare for reliable decision making by managers whose values and attitudes differ. He added that objectives provide the basis of organizational priorities and enhance implementation and accomplishment. Finally, they serve as guidelines and implementation measures through which individuals, departments, and entire organization can be assessed. According to David, the objectives may involve some or all of the following fields: gainfulness, competitive position, leadership, productivity, public responsibility and employee development.

Despite the fact that several authors viewed objectives as very important component in the strategy, the more common view and the one adopted is that the long run organizational aims are steady with the strategy formulation stage while short-term objectives are integrated with the strategy implementation procedures (Hofer and Schendel, 1978; Poole, 1990).

#### **2.5.4 Policies**

Policies are the rules or guidelines that define the boundary within which action should take place. Wright et al. (1995) defined policies as standards or principles that are dealt with as a fundamental piece of the organization's success; they are practices or ways of leading things inside the organization. They are also seen as important part of the company's mentality for achieving a solid competitive advantage and public image. For Wheelen and hunger (2006), a policy is a guideline for supervisors to settle on choices that integrate the formulation of s



strategy with its implementation. They stressed out that by using policies, employees would have the capacity make right decisions and take actions that backing the organization objectives.

Similarly, David (2009) went to support the aforementioned definitions. He mentioned that policies refer to particular methods, tents, guidelines, rules, forms and managerial practices created in order to support and upgrade work toward achieving the expressed objectives. For the Pearce and Robinson (2007), policies are intended to screen choices and decisions. Drucker (1954) underlined that policies permit both managers and their subordinates to know what is expected from them; henceforth expanding the success probabilities that strategies will be implemented. He added that policies provide basis for management control, enable coordination among organizational units and reduce the amount of time spent on making decisions. Policies also constantly uncover what work has to be done and by whom.

## **2.6 Strategy Implementation**

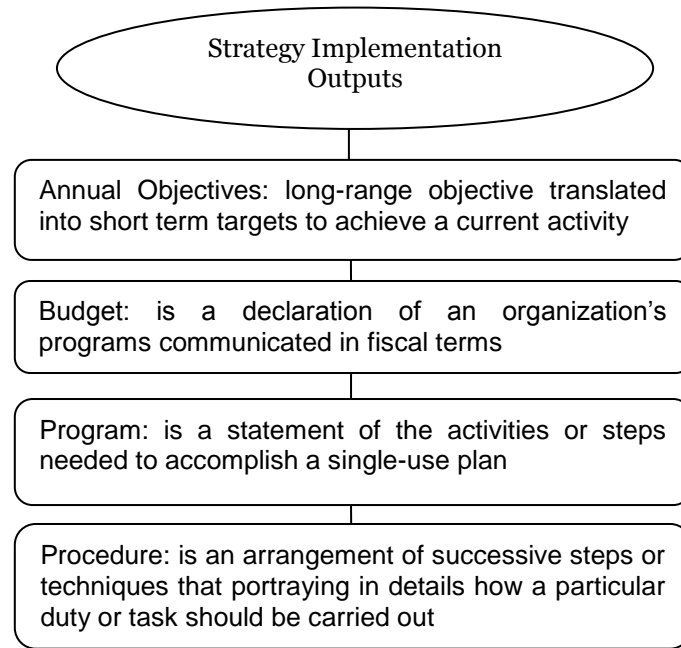
Strategy Implementation is thought to be the most troublesome stage of strategic management process. For Carpenter and Sanders (2009), strategy implementation is a process of executing all the necessary activities to achieve what has been planned. According to Thompson and Strickland (2003), strategy implementation is a major stage of the strategic management process. He viewed it as the process that transforms the formulated strategy into a set of activities and sub-phases and then leads to make sure that the organization's strategy and objectives are effectively accomplished as planned. Similarly, strategy implementation has been defined by Ehlers and lazenby (2007) as a process that turns the strategic plans into a gathering of actions and activities and confirms that they are executed in a proper way so as to achieve the objectives and the strategic plans.

Based on the literature, we can admit that there is a hug number of definitions of strategy implementation. These definitions have been classified using two approaches. They are the process and behavioral perspective. Table 9 summarizes the definitions from these two perspectives.

**Table (9): Strategy Implementation Definitions**

Perspective	Characteristics of the Definition
Process Perspective	Strategy implementation is a process that <ul style="list-style-type: none"><li>-Turns activities into assignments (Kotler,1984).</li><li>-Is profoundly complex and interactive with numerous variables (Wernham, 1985).</li><li>-Is lively through which organizations recognize future opportunities (Reid,1989).</li><li>-That takes longer than formulation (Hrebiniak, 2006).</li><li>-Implements strategies, policies, programs that enable an organization to best utilize its resources (Harrington, 2006).</li><li>-Involves organizational configuration, structure outline, and system design, understanding individuals, and organizing rewards for them (Galbraith and Kazanjian, 1986).</li><li>-Is seen as action- oriented process that needs management and control (Govindarajan, 1988).</li></ul>
Behavioral perspective	Strategy implementation is: <ul style="list-style-type: none"><li>-A set of interventions concerning organizational structures, key staff activities, and control framework intended to examine performance with respect to desired outputs (Hrebiniak and Joyce, 1984).</li><li>-Managerial interventions that adjust organizational activity with strategic purpose (Wooldridge and Floyd, 1992).</li><li>-The activities launched inside the organization and its association with external settings to realize the strategy (Varadarajan, 1999).</li><li>-Action-oriented human behavioral activity that needs executive leadership and key managerial aptitudes, skills and competences (De kluyver and Pearce, 2003).</li><li>-High-level leadership behaviors and practices that transform a working plan into a cement reality (Schaap, 2006).</li></ul>

Strategy implementation as a process deals with building the yearling objectives, programs and budgets in order to facilitate the strategies (David, 2009). Bower et al. (1991) mentioned that implementation includes components needs to be established such as short term objectives, programs, procedures and budgets. Wheelen and Hunger (2006) stressed out that when the organization has its strategies and goals settled; it has to place them into action through developing operational objectives, programs, budgets and procedures. Figure 3 clearly explains the outputs of strategy implementation process.



**Figure 3: Strategy Implementation Outputs.**  
Source: adapted from Wheelen and Hunger (2003)

The review of the literature uncovers that there are many schemes to execute strategies in organizations. One of the most cited implementation frameworks was presented by Waterman et al (1980). The writers stressed out, that successful strategy implementation is fundamentally linked to the relationship between the following elements: strategy, staff, structure, skills, systems, subordinate goals and style.

Hambrick and Cannella (1989) proposed another implementation framework. They observed that their exploration support the propositions of a framework developed by Herbiniak and Joyce (1984). They highlighted the role and importance of communication when implementing strategies. Furthermore, Skivington and Daft (1991) identified important components to be considered in the process of strategy implementation. These components are assents, interactions, structure and systems. Yip (1992) suggested another framework composing of four elements: Culture, structure, individuals and managerial procedures.

Since strategy implementation is the most difficult stage in the strategic management process, a strategy implementation process can be effective only with integration of some drivers for its success. The literature suggests factors that impact the effective implementation of strategies, for

example; organizational structure (Drazin and Howard, 1984); leadership (Gupta and Govindarajan, 1984; Nutt, 1983); and communication (Workman, 1993). Wheelen and Hunger (2006) mentioned that the process of strategy implementation includes changes in the culture, structure and the entire organization system. Large proportion of the developed strategy implementation frameworks by Stonich (1982), Hrebiniak and Joyce (1984), Galbraith and Kazanjian (1986), Reed and Buckley (1988), Alexander (1991), Judson (1995), Miller and Dess (1996) and Thompson and Strickland (2003) had a consensus that strategy implementation success is linked with the following factors; leadership, organizational culture, communication, hierarchical structure and resource allocation.

## **2.7 Strategy Implementation Drivers**

### **2.7.1 Leadership**

Leadership is the capability to influence individuals to achieve defined objectives. Similarly, Daft (2002) mentioned that leadership is the ability to guide people toward the attainment of goals.

According to Pearce et al. (2003) and Hitt et al. (2007), strategic leadership significantly contributes to effective strategy implementation. Beerel (1997) claimed that the strategists have a vital role by exercising leadership to mobilizing the resources of the organization and guiding others toward the definitive objective. Ineffective leadership is a factor treated by nearly all authors as a reason of blocking the implementation of strategy. Alexander (1985) found that absence of leadership is one of the most associated factors related to the failure of strategy of implementation activities. This result has been confirmed by Beer and Eisenstat (2000) who clarified that senior management and leadership sometimes misdirects middle management by directly giving orders to line managers, causing ineffective communication channels for the implementation teamwork. As a consequence, this causes a situation in which clashes increase and value-added discussions and communications on decision-making are lost. Beer and Eisenstat (2000) also expressed that successful leadership is featured by providing effective direction for employees in the implementation stage.

The role of the leadership in the execution of the strategy can take many shapes. Bourgeois and Brodwin (1984) have recognized five basic leadership approaches to strategy implementation (See Table 10). They are commander approach, organizational change approach, collaborative approach, cultural approach and an increasing approach. They specified that the choice of the leadership style in implementing the strategy depends on several factors such as the structure of the company, organizational culture and the environmental stability. Their framework suggests that in small organizations it's recommended to have the Commander, Change and Collaborative styles of leadership while Cultural and Crescive approaches are substantially more compelling in large organizations.

**Table (10): Leadership Styles in Implementing Strategies**

Leadership approach	Characteristics	The leader role	Drawbacks
Commander approach	The strategic leader has no role in the strategy execution. He plays the role of the planner	Rational actor	Low employee motivation
Organizational change	The strategic leader is the main player in the phase of strategy implementation where he decides main changes of strategy, structure, personnel and information	Architect	It doesn't help managers stay abreast of rapid changes in the environment
Collaborative	The strategic leader involves top management to get their commitment in the strategy implementation phase  The leader adopts group dynamics and brainstorming with top managers	Coordinator	No real collective decisions making.  High-level managers often maintain full control.
Cultural	The strategic leader concentrates on involving the whole organization in the strategy implementation phase	Coach	It only works with informed and intelligent people  It consumes enormous amounts of time to apply
Crescive approach	The strategic leaders motivate and	Judge and Premise-Setter	Not strict control

	encourage subordinates to develop and implement good strategies by their own		It needs funds be available for individuals to develop good ideas.
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Source: adapted from Brodwin and Bourgeois (1984)

### 2.7.2 Culture

The principle idea of culture relies on sharing in learning processes the beliefs and values inside the organization (Titiev, 1959). Organizational culture is what the organization's employees perceive and how this perception creates an example of values, norms and expectations. According to Jaques (1952), the meaning of organizational culture is thought of as a way of thinking and doing things and what is shared among its employees. Hence, organizational culture in this sense concerns about behaviors, the values of work, norms and beliefs. Schein (1995) mentioned that solidness of the organization's structure and unification of organization values and beliefs leads to better organizational culture which will affect the entire organization. (Robbins and Sanghi, 2007) stressed out that the organization norms, values and beliefs have strong impact on the organization's performance and sustainability. Simons (1995) said that the organizational culture system inside the organization dominates the heart of values of an organization and plays a control role. According to Daft (2001), strong organizational culture improves coordination and communication inside the organization. Moreover, it provides its employees and leaders the ability to build a collective identify and it directs the daily relationships, implementation of tasks and decision making toward achieving the ultimate goals of the organization

Ehlers and Lazenby (2007) clarified that organizational culture can be either fruitful or hindrance to successful strategy implementation. When organization's beliefs, mission, vision and objectives are merged into its chosen strategy, the organizational culture serves as an important driver in the strategy implementation phase. According to Robbins et al (2009), culture has four important duties inside an organization. Firstly, it creates destination between one organization

and other organizations. Secondly, it provides a feeling of character to the organization's employees. Thirdly, it reinforces employee's dedication to the organization more than individual self interest. Finally, it enhances the stability of the organization system.

### **2.7.3 Communication**

Once an organization formulates its strategy, communication among the employees and cross organizational levels should be a vehicle for delivering successful implementation. The management of organizations should pass on to all employees the content of the new strategy, leaving a space for questions from and discussion with the affected and involved employees. One of the reasons of having fizzled strategy implementation is the poor or the ineffective communication channels inside the organization. When information is not streaming in an effective manner from bottom to top, top to bottom and across organizational units, the organization may not be aware of problems threatening the implementation of the strategy, and hence, it will not be able to respond rapidly to these obstacles (Alexander, 1985; Beer and Eisenstat, 2000). Communication also includes the clarification of new tasks and duties to the affected employees and organization's units (Hambrick and Cannella, 1989; Beer and Eisenstat, 2000). Confirming this argument, David (2009) considers that effective communication channels have absolutely necessary role to play in the implementation process.

Similarly, Henry (2008) stated that best formulated strategies can fail if they are poorly implemented and not effectively communicated to its employees. Also the findings of Littlejohn and Peng (2001) and Rapert et al. (2002) revealed that effective communication is a key component for strategy implementation. According to Rapert and Wren (1998), organization employees who are close to management through effective communication channels are going to outperform those who have more restrictive communication climates.

### **2.7.4 Resources**

Resources allocation is another important factor in strategy implementation. As many strategic decisions have large scope, sufficient funding and resources are needed for the implementation

phase. People are the second important resource. The Human resources with the right competencies and skills for the strategic decisions have to be included and involved in the implementation (Alexander, 1985; Beer and Eisenstat, 2000; Higgins, 2005). David (2009) regarded resource allocation as a major management mechanism for the strategy execution that should include Financial, Physical, Human and Technological resources.

### **2.7.5 Structure**

As indicated by Thompson (1967), the organizational structure is a form of connections, power and communication inside the organization. Barney and Griffin (1992), Bartol and Martin (1994) went to define organizational structure as a scheme and gatherings of positions reporting relationships and collaboration forms in which an organizational embrace to achieve its goals.

Many classical writers in this field have claimed that there is a relationship between structure and strategy. The major theoretical contribution in this area is that to implement strategies successfully, it requires a more appropriate and clear structure. Chandler (1962) mentioned that a new structure can be adopted only after a change or a modification in strategy. Many authors adopted this idea calling it "Structure Follows Strategy" proposition. One of the implications of this proposition is that the division of work, allocation of resources, and their resulting integration work together in order to augment performance. White (2004) tried to answer this inquiry by arguing that the structure should follow the strategy but this is not always the case.

In this sense, organizational structure or hierarchy is treated as one of the most critical implementation challenges as indicated by Heide et al. (2002) study. Others studies such as Drazin and Howard (1984) and Olson et al. (2005) saw that there is an effective relationship between structure and strategy implementation. Drazin and Howard (1984) considered a clear strategy-structure fit necessary and prior to the successful implementation of new organization strategies. Ehlers and Lazenby (2007) regarded the lack of a tight fit between strategy implementation and structure as a main reason of declining performance in the organization. For



David (2009), an organization structure has to be framed to facilitate the strategic direction of an organization and hence it should follow strategy.

## **2.8 Strategy Evaluation**

Evaluation and control helps the organization to follow progress in the implementation of a strategy (Collier, 1984). It gives impulse and stimulus to management and other organizational members to seek after the correct actions towards accomplishment of organizational objectives. From another point of view, the assessment and control activities encourage checking and assessing the performance and advancement on strategic plan. This permits supervisors and directors to make a move to, if vital, adjust and reinforce the organization's action model. To allow directors to react to surprising occasions, the evaluation and assessment frameworks inside the organization have to be adaptable. Moreover, evaluation and control ought to give precise and relevant information about organizational performance to guarantee right choice-making by those directors. Strategy evaluation is the examination of course of actions and the consequences of those actions that centrally influence the main statement of purpose of an organization.

Strategy control is conducted by paying attention to the inside and outside situation and proceeds by examining performance, and ends up with analytical evaluation of achievement of the planned goals (Hill and Jones, 1995). Wheelen and Hunger (2006) said that strategy evaluation is a process in which an organization's activities and performance outcomes are critically assessed in order to compare the real performance with the coveted performance. Sveiby (1997) explained that assessment and control is a methodical exertion to develop performance monitoring criteria, determine information feedback frameworks, match the real performance with these pre-established criteria, figure out if there are any variations, weigh their significance and to take corrective actions if necessary. David (2009) considered the strategy evaluation stage is important since it provides direction, guidance and enhance confidence of the organization. He mentioned that strategy evaluation process consists of the following steps: internal and external review, measuring performance and taking corrective actions if needed.

As indicated by Hitt et al. (2007), when developing a powerful evaluation framework, an organization first have to decide the performance measures and standards against which real results will be assessed. They added that the evaluation systems have to be mapped out taking into account all levels of the organization and the performance criteria have to be matched with the tasks and duties that the organization's employees are in charge of. Additionally, it should be specified, which behavior to be compensated, and how these compensations are linked to the performance. Next, the real performance can be contrasted with the pre-determined measures to asses if the strategic goals of the organization have been attained.

Mintzberg et al. (1998) mentioned that regardless how good the organization develops its strategy; strategy might encounter changes or modifications. Assessment and monitoring is the conclusion of activities and occasions that are firmly molded by the organization's evaluation and remuneration frameworks, its planning philosophy, its hierarchy and the shared beliefs, values and ways of conduct. Accordingly, performance in reality is linked straightforwardly to the nature of the organization's strategic management practices than to any specific interpretative system. Strategy evaluation and monitoring can be outlined as an assessment of how an organization operates and if gains are typical or better. Thus, Strategy control is an endeavor to have a view beyond the clear facts regarding the current performance of an organization. For the authors, the main strategy assessment and monitoring activities are thinking through inside and outside factors that are the associated to present strategies, examining the actual performance and comparing it with the planned standards. He concluded the strategy can't be changed or modified to the changing events without a process of assessing and monitoring.

Strategic evaluation and control can be fulfilled through individual control, output control and behavior control. Individual control refers to the influence directors can exert on employees through the personal relationships. Output control is the system of establishing standards and criteria and assessing the employees by measuring their actual performance and comparing it to the standards. Behavioral control is mainly about establishing rules and procedures to which

employees have to behave according to them. Wheelen and Hunger (2006) and Merchant et al. (2007) specified three styles of control; output control, action or behavior controls and personnel or cultural control. The cultural control entails monitoring the cultural dimensions such as values and norms.

Many authors focused on the strategy evaluation and control practices and how the processes can be implemented. Table 11 summarizes the main techniques used in the stage of strategy evaluation.

**Table (11): Strategy Evaluation Practices**

Practices	Definition
Benchmarking	The method of comparing organization processes and performance indicators to other organizations best practices (Boxwell, 1994; Camp, 1989).
Strategic Audit	An activity aims at assisting organizations accomplish their expressed objectives. It uses organized methodology for evaluating organization's processes, procedures and activities with the purpose of underlining organizational critical problems and possible solutions (David, 1997). A process designed to provide rational affirmation regarding the achievement of effectiveness and efficiency of operations, accuracy of financial reporting and consistency with laws, procedures and regulations (Thompson and Strickland, 1993).
Strategy Monitoring	A process that includes gathering crucial information regarding the program objectives and operations and analyzing the information to guide policy, practices and programs. (Pearce and Robinson, 2007). An activity of tracking that collect information during program execution to make sure that the program is running steadily and accomplishing its goals as they were planed. (Stufflebeam and Webster, 1980)
Performance Appraisal	A method of analyzing a strategic plan's strengths, weaknesses success and failures, strengths, weaknesses and appropriateness. (Bannister and Balkin,1990)

## **Chapter Three**

### **Strategic Management in NGOs: Theory and Empirical Studies**

#### **3.1 Introduction**

With the spread and the development of NGOs around the world, dealing and managing these organizations turned to be a big challenge. One of the approaches that NGOs rely on, to enhance its capabilities and keep its commitment to communities is strategic management. Several authors claimed that if these organizations would like to be sustainable and outperforming, they have to give importance to strategy. Like never before, NGOs realize the importance of being strategic and adapting their strategies and plans with changes in the environment where they operate. Akingbola (2006) claimed that understanding the overall strategy is the most critical job for these organizations. NGOs experts and scholastics similarly don't only stress the essentialness of strategy; they likewise heavily perceive the need for strategy to reflect the NGOs remarkable environment of operations (Courtney, 2002). Strategic management as a dynamic and integrated process, not only the strategic plan draft, including environmental analysis, developing strategies, implementing and evaluating them is critically vital to NGOs since these organizations work in an environment featured by complexity, instability, change and unpredictability. Fowler (1997) argues that NGOs can gain more benefits by moving far from adoption of formal planning to the philosophy of strategic management. In the non-profit sector, NGOs is to provide services and products to marginalized communities. The essence of the work of these organizations is linked to development, humanitarian emergencies, relief, etc. Next to that, these organizations are considered as a bridge between international development's sponsors and developing communities. They are project-based entities always seen as organizations driven by motivation. Nevertheless, many NGOs encounter a state of financial instability due to not considering strategic management. Thus, strategic management is vital for NGOs as it guarantees the long-term perspective in terms of economic viability and

social impact on communities. Moreover, the lack of such a philosophy would result in having short-term oriented NGOs which could be harmful for beneficiaries and communities. This chapter provides an explanation of the strategic management process in NGOs, main players of the process, in addition the empirical investigations conducted in the sector in a connection with the performance of NGOs.

### **3.2 Analysis Stage**

Since NGOs work in a changing and turbulent environments, it is crucially necessary for these organizations to analyze their working environments. NGOs succeed by responding effectively to their social, economic and political environments. Courtney (2002) mentioned that the NGOs start the process of strategic management with the environmental scanning in order to identify the potential opportunities and threats that might encounter the organization. Sahley (1995) mentioned that conducting an environmental scanning is an important component to prepare for the strategic management. This component enables NGOs to get a clear picture of the communities and stakeholders needs. Fowler (2000b) mentioned that the output of this process must be the determination of the opportunities, threats, strengths and weaknesses. Many NGOs, in particular small ones, don't scan enough the situation so they build their strategies and decisions on insufficient information. The quality of the environmental scanning process depends on the goodness of the information brought to the NGOs (Thaw and Petersen, 1998).

An NGO usually fights with both its internal and external environments. Careful examination of the critical issues of these environments by NGOs through the management, board, consultants and involvement of the communities will give comprehension and profundity to NGOs strengths and weaknesses (internal) and its opportunities and threats (external). The determination of an NGO strengths and weaknesses relates to its assets and resources (internal stuff, funding sources, facilities, equipment, etc.), current strategic processes and performance. Key questions here are: (1) what are our current resources and are they sufficient to fulfill our mission? (2) are the current strategies satisfactory or should they be modified in light of our

mission? And finally (3) is performance, where it needs to be given resources and strategies, in relation to our stated mission? Answers to these questions would provide the key players in strategic management an imparted understanding of NGOs strengths and weakness.

Patel (1998) and Sahley (1995) mentioned that one of the challenges of inexperienced NGOs in their strategic management process is the full focus on the external environment and not giving much concern for the internal capabilities in terms of strengths and weaknesses. This is not effective since the achievements of activities of the NGO in its working environments rely mainly on its strengths and weaknesses (Gubbels and Koss, 2000). Table 12 clearly summarizes an example of an NGO's SWOT analysis.

**Table (12): Illustration of SWOT analysis in NGOs**

<b>Strengths</b>	<b>Weaknesses</b>
Strong fundraising department.	Poor reporting system
Leverage program expertise.	Lack of core competencies.
Highly qualified staff.	High employees' turnover.
Familiarity with the communities and beneficiaries.	Not enough staff members.
Flexible organizational structure.	Lack of qualified staff.
Good project management capabilities.	Limited capacity of the NGO resulting in low level of efficiency.
<b>Opportunities</b>	<b>Threats</b>
Appearance of some new funding sources.	Tough competition.
Portfolio of donors.	Strict government policies.
Partnership opportunity.	Economic crisis leading to limited funding.
Collaboration with government.	
Availability of qualified consultants in the market.	

Source: Macmillan (1983)

Bryson (1995) additionally clarified that opportunities and threats can be grasped by analyzing various political, economic, social and technological patterns. NGOs ought to conduct this using the PEST analysis, as presented in Table 13, which is an assessment of the Political, Environmental, Social and Technological factors. These factors analyzed by the PEST analysis affect NGOs present and future actions and specifically its capacity to attain its objectives. This

calls for an understanding of how exactly different elements in the external surroundings world impact the main activities of an NGO.

**Table (13): PEST Analysis results of an NGO in a Developing Country**

Factor	Examples
Economic factors	Weak economic growth  Very few employment opportunities and income flow is not reaching the countryside of the developing country.
Political Factors	Local government policies strict the developments work.  High pressure on NGOs
Technological	Weak media and no internet availability.
Socio-demographic	The gender empowerment level is little.  Low education level among females

Another critical environmental analysis tool in NGOs is the "Beneficiaries Needs Assessment" (Macmillan, 1983). Needs analysis tries to address questions such as: (1) who are the communities we seek to serve? (2) What are their needs? (3) What needs are currently met? (4) Which needs are still not met? (5) What resources do we need in order to meet these needs?. Such a tool is trailed by a Gap Analysis in order to identify the gap between the services need to be provided and the ones currently available.

This examination of the working environment of an NGO would likewise incorporate an "Analysis of Stakeholders" (Brown, 2014). Stakeholders are those individuals influenced, straightforwardly or by implication, by the area of operations in NGOs. In the case of NGO, the stakeholders are the communities, donors, local governments and other partners as summarized in table 14. The stakeholder analysis includes the identification of each important stakeholder group, reason for their interest in the NGO's project and an assessment of their actual impact on the organization and its operations. The output of this analysis is the distinction between two kinds of stakeholders (Allison and Kaye, 2005). The first are the primary stakeholders who are directly influenced by the strategy of the NGO. In this sense, the primary stakeholders include

the expected users of the improved services and products. These users can be called the intended beneficiaries of the NGO's intervention. The other type of stakeholders are the secondary stakeholders who can be represented by the political entities, funders and also include NGOs private sector partners. Those secondary stakeholders are mainly entities that primarily conduct an intermediary role and might exert and influence over the project outcome. Previously, stakeholder analysis was principally limited to including the primary stakeholders. A significant number of NGOs interventions, notwithstanding, demonstrated unsustainable and from that point forward a general agreement has developed about the necessity of involving primary as well as secondary stakeholders at beginning of the environmental analysis stage.

**Table (14): Stakeholder Analysis**

Stakeholder	Definition
Donors	The entities that pays money to the NGO
Users	The individuals that participate in services provided by the NGO
Beneficiaries	individuals or a group of the community that gain advantage of the activities implemented by the NGO
Partner NGOs	Other entities in similar operating domain
Organizational members	Board members, staff managers, volunteers
Government representatives	Government or political representatives that control resources or legitimacy

Source: adapted from Brown (2014)

### 3.3 Formulation Stage

The success of NGOs regularly relies on formulating and developing strategies that fit the environmental and organizational factors which are important due to the high demands of services and projects to be provided by NGOs, joined by low amounts of funds from all donors (Roller, 1996). Courtney (2002) mentioned that once NGOs analyze their environment externally and internally, it would be fundamental for these organizations to start developing a decision making framework. He adds in order to achieve this it is essential to take into account the needs of the communities and the expectations of the stakeholders. According to Holloway (2000) and David (2011), such a framework should include formulating the vision and the mission, determining the objectives and goals and developing an appropriate strategy.

The first stage in the formulation is to develop a "statement picture" of the NGO or a glorified



image of the organization. This picture acts as a compass to the NGO's coveted future. Thusly, the picture becomes an objective that requires responsibility and commitment (Senge, 1990). Without a high level of responsibility and commitment, the statement picture would not help much in achieving the NGOs objectives. Identifying a clear destination of where the NGO wants to arrive assists the organization to get lessons from its past (Codrington, 2002). The statement image depicts the future coveted organization and community, while the assessment conducted in the preparation phase portrays the current circumstances. The gap between the future coveted circumstances and the current circumstances decides the needed amount of resources and energy for the NGO to utilize in order to arrive to the position it seeks for (Senge, 1990). This gap is also the foundation of the NGO strategic management process. Creating this ideal picture of the NGO is a powerful method to help people in viewing the NGO in the future and accordingly focusing their energies. In most inexperienced NGOs, however, the common attention is not on developing the statement picture of the NGO but on strategy making, figuring out driving forces in the environment and identifying the direction of the NGO's strategy (Dainty and Anderson, 1996).

The ideal picture represented by the vision and mission enable the NGO to keep concentrated. This pushes NGOs to dedicate its time and efforts for larger vision and mission impact. Covey (1991) stressed out that the absence of effective statements of vision, mission and values is the main reason of almost all the organization problems and weaknesses points. The vision and mission statements help NGOs to have full energy, concentration and passion toward the core of their operations the organization. Covey (1991) mentioned that the absence of strong mission and purpose statements in the organization causes the problem of not having a clear direction toward achieving the desired outputs and outcomes. Fowler (1997) saw that strong vision, mission and character appear to be based on the foundation of ideology and mentality of the NGOs. It is very necessary for the NGOs to link those statements to have a long term effectiveness of their strategies. Further, the success of NGOs is more likely to take place when

they fit their mission and vision statements to the relevant contexts of their core activities without any ambiguity about their reason of existence and their ultimate objectives (Edwards, 1999). Regardless that vision is actually very wide and no one NGO can attain it by its own, mission reflects an NGO's particular contribution to the attainment of the vision. As indicated by Thaw (1997), a powerful mission statement addresses the following questions: (1) who are we (the identity of the NGO? (2) what is the reason of our existence? (3) what are our target beneficiaries? (4) Where our target beneficiaries exist?

The statements of the mission and vision are much more distinctive in NGOs when they are compared with for-profit enterprises. The objective of for-profit sector is profitability both in vision and mission (Drucker, 1990). While in NGOs the ideal picture is different in the sense it focuses on the communities they serve as the ultimate priority. The business mission and vision, on opposite, are mainly concerned with creating customers. (Drucker, 1974).

In addition to developing vision and mission statements, NGOs at this phase of strategic management are in need to create its statement of values. Values are the behaviors of the NGO's members through which the NGO takes these values seriously for the purpose of rewards and punishment depending on whether they are practiced or not. Fowler (1997) mentioned that examples of value statements in NGOs could be integrity, transparency, beneficiary oriented, global citizenship, respect of diversity and commitment to innovation. The NGO's should have values and beliefs statements and have to express clearly which mechanism will be utilized to make sure that these values and beliefs are integrated with strategy. Welch (2005) explained NGOs have to merge this set of beliefs, values and norms into the NGO's performance measurement system.

Part of the complexity in developing the ideal picture in the NGO is mainly related to the fact that numerous NGOs want to impact the world in a certain manner while at the same time the concerned stakeholders would want also to format and impact the NGO in different manners. Thusly, NGOs encounter a challenge to gather the various perspectives of the stakeholders

without trading off their ideologies and mentalities (Fowler, 1997). NGOs are prone to succeed when they have comprehensive statements and know which way to apply to accomplish them in their settings. In practice however, many NGOs have a tendency to stick to donor restrictions prompting to perplexity concerning their role, objective and character (Edwards, 1999). Finally, commitment to accomplish the mission is the driving force for attaining high performance in NGOs (Senge, 1990). The "mission gap" between where we are and where we would like to arrive is a key motivator in strategy development.

The following step after creating the statement image is to determine objectives and to decide the strategic choices concerning the resolution of the critical issues of the NGO. Also, Fowler (2005) mentioned also that the objectives of an NGO take into consideration the following themes: (1) advocacy, (2) networking and partnership, (3) community and organizational development and (4) securing resources. The goals and objectives of the NGOs is often being thought through the following strategic choices (Lawrie, 1994; Hudson, 1995): (1) the growth, (2) alliances and relationships, (3) capacities and resources, (4) lobbying and partnership with local governments (5) products and services. These strategic choices are the premise on which the NGO's strategies, needed to be actualized, are based (Backoff and Nutt, 1988). Korten (1987; 1990) proposes a grouping of four strategies in NGO sector. These are "relief and welfare", "local self-reliance", "sustainable systems development" and "people's movements that promote a 'broader social' vision".

"The relief and welfare" strategies involve the immediate intervention of the NGO by providing services and products to meet a prompt lack or deficiency by the beneficiary groups in the targeted community, such as requirements for nourishment, health or housing. Such type of strategies is especially linked to emergency or humanitarian relief where there is starvation or crisis like famine or war when urgent needs should be fulfilled.

"Local self-reliance" strategies, on the other hand, is mainly about NGO engagement in development work or capacity building on long term basis with the purpose that benefits would

last more than the period of the NGO's aids and interventions. This typology pushes the NGO to develop the people's capabilities and tries to enhance the concept of the people's empowerment

In the "Sustainable systems development", the NGO is involved in bigger institutional and policy settings influencing the NGOs operations or its participation in the policy making process by the government and multi &Bi-lateral institutions. Korten (1990) remarked that these strategies look beyond the beneficiary's groups in the community and look for changes in particular policies and organizations nationally. This is due to the fact that self-reliance development is more prone to be maintained in the community if it's accompanied with country's development system.

Finally, the "People's movement's" strategies include creating a broader scope. Such strategies include political support and awareness campaigning on issues like developing countries financial obligations, free trade exchange and military expenditure that influence the improvement of specific communities or groups in nations and regions.

### **3.4 Implementation Stage**

Once the NGO develops its ideal picture and formulate its strategies, it goes for implementing them. Howe (1997) mentioned that strategy implementation in NGOs is different from what happens in the private sector. The strategy implementation here includes applying the actions through resources allocation. New strategies and plans need financial, human and physical allocation. If NGOs neglect to devote a sufficient amount of financial and other resources needed by new strategies and plans, NGOs will not be able to implement the new strategy in an effective way. Any good strategy identifies the trend and preferences of the organization. If these preferences are not thoroughly considered in the light of the contexts of funders, the NGO will not be capable of catching the necessary funds to execute the new plans and strategies. As indicated by (Robson, 1997), a good strategy has to be relied on the available resources and strategically plan for getting the needed resources that are not available. In this sense, "financial sustainability" should be an important aspect of NGOs that desire to implement their strategies

in the right manner. Sustainability is the capability of an organization to utilize its available resources and continuously seeking for other resources without full dependence on one source of funding (Cannon, 1999). Another critical issue in strategy implementation is time allocation. Many NGOs directors don't consider the time requirements for implementing the strategy. This is because the over commitment of NGOs members toward other activities and they don't allocate enough time for implementing the strategy (Fowler, 1997).

In the case of NGOs, the resource allocation is carried out through developing a fundraising plan. Furthermore, three main components, according to Howe (1997), produced during this phase are: programs, procedures and budgets

The first step that NGOs conduct to implement its strategies is to develop a working plan. Others scholars used the term operational planning to refer to the yearly working plan. In the working plan, an NGO clearly clarifies the roles and duties of its staff and team members to accomplish this working plan. The working plan usually is broken down into main activities and sub-activities to be achieved in order to attain the main objective (PMBOK, 2008). As indicated by Allison and Kaye (2005), a working plan document in an NGO includes mainly the following elements: (1) clear statements of the activities and sub-activities, (2) the tools used to achieve those activities, (3) allocation of the responsibilities of the staff (including project coordinators, project managers, program managers, suppliers, etc), (4) allocation of financial resources for each activity, (5) measures and outcomes, (6) time frame and schedule for each activity and (7) risk identification.

Each working plan inside an NGO is supported by an administrative and budgetary plan. The administrative plan involves sub-plans for recruiting, training and developing the internal staff and volunteers while the budgetary plan includes mainly the fundraising activities which address the fundraising strategy and the segments through which money can be raised and obtained. Also the administrative costs and expenses are included.

A final important issue in the implementation phase is the organizational structure. Several small NGOs don't restructure their organizational hierarchy to adapt with new changes brought by their new strategies (Thaw and Petersen, 1998). Moreover, the NGOs directors and employees don't consider much the importance to modify and change their structures as consequence of the new strategy because of the huge amount of time and resources need. One of the implications of changing structures in NGOs is the possibility of moving employees from the main office to the branches or the field offices. It might imply also hiring or firing employees. According to Hammer and Champy (2001) NGOs leaders may not be able to go for decisions that imply reshaping the organization.

### **3.5 Monitoring and Evaluation Stage**

According to (Goparaju et al, 2004), many NGOs don't realize the relationship between the evaluation and control and the strategic management process. NGOs usually conduct evaluation and control in order to meet funders requirements. This as a consequence, as indicated by (Handy, 1988), would not contribute to improving neither its strategy process nor its performance. Moreover, young NGOs sometimes don't run the monitoring and evaluation of their strategies in an effective way because they lack the tools, competences and capacities (James, 2002).

Monitoring and evaluation are essential tools to follow performance and enhance decision making process in the NGO. Although, donors ask always for a comprehensive evaluation process, the targeted beneficiaries are the most parties that can benefit from such a process, since the NGO examine in details its efficiency, effectiveness, activities, impact, reliance, sustainability of the interventions implemented by the organization.

Monitoring and evaluation have been defined in the previous section. These definitions are also applied to the NGOs context. Monitoring in NGOs can be defined as an on-going managerial mechanism through which it gives NGOs management and the primary stakeholders a picture of the NGO's continuous intervention with defined measures of performance in comparison with

the accomplishments of the results. Evaluation in the NGOs is organized effort or transparent assessment of the results of the strategy, projects, programs, etc. The main objective of monitoring and evaluation process in NGOs is to assess an NGO's indicators, which are presented in table 15, such as relevance, efficiency, effectiveness, impact, and sustainability. The identification and evaluation of these measures are vital for learning lessons for NGOs, beneficiaries and donors.

**Table (15): Evaluation Indicators in NGOs**

Indicator	Definition
Relevance	The NGO's objectives and strategies are matching the problems or the needs that they address (Smith, 1994).
Efficiency	How the NGO is utilizing its funds, human capital and time. Here the NGO considers the use of the inputs and the accomplishments of the activities and sub activities (Ohmae, 1982; Lewis, 2009).
Effectiveness	Up to what extent the NGO's strategy is effective in meeting its objectives (Lewis, 2009).
Impact	The effect of the NGO's overall strategy on the communities (Shapiro, 1996).
Sustainability	The lasting benefits on the communities after the strategy or the intervention is accomplished (Lee, 2000).

James (2002) mentioned that the process of evaluation and monitoring of the NGO's strategy passes many steps. It usually starts with identification of the key players in the evaluation and reporting activities. Then it moves toward the scope and purpose clarification. A further step is the development of questions concerning learning lessons, followed by indicators selection. Then, the NGO determines its data collection method such as focus group, surveys and interviews. The last three steps of this process are the analysis of the information obtained, interpretation of the results and providing feedbacks and finally communicating the results to the concerned stakeholders to take corrective actions if necessary

Furthermore, during such a process, the NGO should be focused on the analyzing the following questions: (1) is the present strategy on purpose? (2) what has been or hasn't been achieved? (3) is the present strategy reaching the beneficiaries? (4) are the internal and external analysis still valid? (5) do any modifications or changes need to be integrated with strategy?

### 3.6 Key Players of Strategic Management in NGOs

#### 3.6.1 The Board and Management

Successful boards of NGOs contribute positively to the effectiveness of the strategic management process (Herman and Renz, 1998; Siciliano, 1997). Authors like Tandon (1995) considered that an NGO's board has the governance duty in which it is in charge of the whole strategic atmosphere of the NGO and its impact on the communities. While others such as Thaw (1997) mentioned that board has a definitive duty of ensuring sufficient resources, effectiveness and efficiency. The National Centre for Non-profit Boards (2000) identified 4 types of NGOs board as presented in the table 16.

Regardless the importance of the board role in NGOs, Barry (1988) the success or failure of a strategic management in NGOs depends on how good the organization is guided and directed. This leadership is legitimized by the board and management of the NGOs. The leadership in NGOs plays a vital role together with the board and managers played to demonstrate commitment toward implementing the strategy, to deal with the relevant stakeholders in an appropriate manner, to analyze the environment and anticipate the changes, to effectively negotiate and attract the donors (Fowler, 2001). Many NGOs lack a visionary and leaders. Kotter (1995) and Monaheng (2005) mentioned that one of the problems of NGOs the lack of political power among leaders and the ability to encourage other employees to implement strategies in a good way. Holzhaus (1992) mentioned that the primary role and duty of *management and leadership* is the actual realization and execution of the strategies in the NGOs. The Management is in charge of sorting out work, enhancing and communicating with people, measuring and evaluating performance and improving people's skills (Drucker, 1974). The leadership styles in NGOs are classified as paternalistic, activist, mangerliast, and Catalytic. Table 17 clearly explains the different features of these leadership styles.



**Table (16): Types of NGOS Boards**

Board	Characteristics
Following board	<p>The members of the board are hired by the director.</p> <p>It is small homogeneous group.</p> <p>The board use the same way of thinking in supporting the director.</p> <p>There is no conflict among the board members.</p> <p>The director is followed by the board.</p>
Leading board	<p>It is a small group of members.</p> <p>The director is not part of the board.</p> <p>The board has high level of commitment toward the NGO.</p> <p>The board protects the founders' interests.</p>
Governing board	<p>The board's attention is to the NGO's mission.</p> <p>The board leads the strategic management in the organization.</p> <p>The board allocates resources needed to meet planned objectives.</p> <p>The board supervises the progress work plans and decides the working and financial plans.</p> <p>The board, in cooperation with staff, develops policies for a framework of a decision making and managing the resources.</p> <p>The board controls the implementation of the NGO's programs, projects and the entire performance of the organization.</p> <p>The board enhances the relationship between the NGO and the primary and secondary stakeholders.</p> <p>The board determines the assessment criteria for the board performance.</p>
Institutional board	<p>The board is huge and various.</p> <p>This type is very suitable for international institutions such as UNDP, UNSCO.</p> <p>The board members are very qualified individuals.</p> <p>The level of delegation is too big.</p> <p>The board empowers staff and they rely rarely on the board.</p> <p>The board main role is featured by coordination and facilitation.</p>

There are certain differences between the board and management of NGO. For instance, Holloway (2000) mentioned that staffs or management don't have the voluntary status because they are paid employees. As a consequence, staff of the NGO is more prone to have self-interests, because they are more concerned with their own salaries (National centre for Non Profit Boards, 2000). On the contrary, the board members have the voluntary status which implies that they are able to think in the long-term basis. Moreover, the board in this case is much more concerned about the beneficiaries the NGO target as the amount of financial

resources in the organization doesn't influence their concerns. Another difference between these two groups is that the management of NGO, in case the NGO is dependent, are often more powerful than the board (Fowler, 2001). This is due to the fact that the management of the NGO is much more engaged in fundraising while the board is not. Furthermore, the power of the management over the board comes sometimes from the tendency of donors to contact with management and ignore the board. For all these mentioned reasons, it is extremely important to identify the boundaries of power and authorities between the board and managerial staff (Fowler, 2001). Moreover, strategy should be implemented by the management with the participation of the board. Since the board guarantee the long-term perspective of being concentrated on the beneficiaries of the NGO's interventions.

**Table (17): NGOs Leadership Styles**

Leader	Characteristics
Paternalistic	<p>The leader personality is mainly based on relationships with other personnel members and the NGO 's volunteers.</p> <p>The leader has high level of loyalty and citizenship for the NGO.</p> <p>The leader considers heavily the top-down organizational hierarchy.</p>
Activist	<p>The leader is mainly involved in advocacy and lobbying work.</p> <p>The leader is motivated and concentrates on a one issue.</p> <p>The leader is capable of addressing the needs of local communities and targeted beneficiaries' groups.</p> <p>The leader encourages 'subordinates' with clearly stated messages – often costing them the neglecting more managerial engagements.</p>
Managerialist	<p>The leader has an instrumental capability to run the NGO and effectively develop systems and structures,</p> <p>The leader is able to manage a multi-cultural workforce with well developed rules, regulations, policies and responsibilities.</p> <p>The leader is not prone to change.</p> <p>The leader proves a 'professional' methodology to development work of the NGO.</p> <p>The leader is excellent in fundraising and allocating recourses to the NGO.</p>
Catalytic	<p>The Leader is able to enhance and implement change.</p> <p>The leader has a world-perspective and is able go through a longer-run strategic perspective.</p> <p>The leader is able to balance complicated decisions about strategic alternatives taking into account the organization ideal image.</p> <p>The leader is able to delegate work to the skilled subordinates, and build collaborations and create alliances and partnerships with secondary stakeholders.</p>

Source: Adapted from Hailey (2006)

### **3.6.2 Consultants**

The main reason that pushes NGOs to rely on consultants in their strategic management efforts is to bring impartiality, expertise, transparency and concentration (Kubr, 1996). These NGOs has two options when it comes to dealing with strategy-related consultants. French and Bell (1995) mentioned that consultants can be either content specialists or process specialists. Those who are concerned with the strategy content are specialized in specific strategic plan. Their main duty in an NGO is to formulate strategies, goals, objectives and plans or at least running an organizational comprehensive analysis or assessment to help the NGO choosing its strategic content. According to Kaplan (1996), NGOs that do not have ability to produce their own strategic content are in need of content specialists while those who have capacity to generate their strategic content might be in need of process specialists. The process specialists, on the other hand, are concerned with the strategy process and are specialized in advising the process that an NGO should go through in order to develop their strategies and plans. In this case, the strategy-process consultants are not responsible for developing the strategy, plan, and objectives since they are only advisors of the main framework of the strategy making not its content. The members of the NGO, not the consultants, develop their own strategic content. Finally, as indicated by Cunningham (1996), the role of NGOs consultants is not be restricted only to strategy and plans formation, but they should be also involved in environmental scanning, strategy execution and assessment and control.

### **3.6.3 Donors**

The principle role that donors play is to guarantee sufficient funding sources for NGOs, since the majority of NGOs are reliant on funders and donors for their future survival. In case donors suspended financing for NGOs, most of them would shut down. Consequently, donors have a critical role to be played in strategic management in NGOs; since most NGOs cannot financially stand to run their strategic management processes by their own in terms of finance (Vivian, 1994).

Harding (1994) mentioned that donors may request NGOs to formulate a strategic plan as a requirement to get the funding for the organization. This may drive the NGO to experience a strategic management process in a superficial manner without fully adopting and owning it. Donors sometimes push their agenda into the NGO's strategic plan. This might lead to mismatch between the donor's agenda and the NGO agenda toward the targeted beneficiaries. Moreover, according to Harding (1994), most donors do not usually stick to long-term financing that guarantee the actualization of the plans and strategies since their funding is projects and programs oriented. This could result in diminishing the capability of the NGOs to execute the strategy and its plans in an effective way.

Finally, it should be noted that the donors play also an important role during the evaluation and monitoring phase. For donors, such a stage is a mirror that reflects the performance of the NGO and decides whether to keep funding them or not.

### **3.7 Strategic Management Research in NGOs: Empirical Review**

Theoretically, many scholars highlighted the important role of the strategic management practices for NGOs performance (Barry, 1986; Bryson, 1988; Hay, 1991; Bryce, 1992; Allison and Kaye, 2005). It has been addressed that these practices are necessary for financial survival for these organizations (Mosley et al. 2012; Ramadan and Borgonovi, 2015). Also these practices can help the organization to improve its program performance (Mara, 2000; Medley and Akan, 2008; McHatton et al., 2011), to achieve higher level of efficiency and effectiveness (Marin, 2015) and to build networks with donors and partners (Boyne and Walker, 2004; Allison and Kaye, 2005; Brown, 2010; Bryson, 2011).

The research of strategic management has received little attention from researchers. Here we try to review the empirical studies conducted in this area and those investigations that addressed the strategic management and performance of NGOs (which represents the main research question). To organize the analysis, we divide the review into two sections which are strategy formulation (Taking into account the studies on environmental factors) and strategy implementation. This is

due to the fact that the majority of the previous studies, not all, in the NGOs sector have treated these stages of the strategic management alone and separated from the other.

### **3.7.1 Strategy Formulation: Empirical Review**

The focus of research on strategy formulation in NGOs has been narrow, concerned with the adoption and use of formal strategic planning rather than broader questions of strategic decision-making processes. Research on strategy formulation in the NGOs has mainly examined the use of planning, the impact on organizational factors, such as the NGO's size and management styles, on the use of the planning. Moreover, the studies addressed impact of planning on the strategy outcomes, such as structure, mission and organizational relationships. Below is a summary of the main studies that have been conducted in the field of NGOs.

As indicated by Jansson and Taylor (1978), Unterman and Davis (1982), Brown and Covey (1987), Crittenden et al. (1988), Odom and Boxx (1988), Stone (1989) Jenster and Overstreet (1990), Wolch, (1990) and Tober (1991), many NGOs don't use strategic planning and they are more prone to adopt other methods such as short-term planning and informal planning. The major determinates of using the strategy planning in the NGOs is the size of the organization, management style and characteristics. According to Unterman and Davis (1982), Odom and Boxx (1988), Webster and Wylie (1988), Young and Sleeper (1988), Wolch (1990) and Tober (1991), larger NGOs are more inclined to develop strategic plans than the smaller NGOs. Odom and Boxx (1988) explained the link between size and planning because of the need of expanded coordination. Others such as Stone (1989) referred it to the donors' prerequisites. Young and sleeper (1988) considered that this is due to the availability of the resources, while Wolch (1990) linked this with the availability of more sophisticated executive directors.

Furthermore, some characteristics of top management were likewise associated with the practice planning. Managers that are engaged in strategic decisions and not day-to-day managerial matters were more likely to practice formal planning (Jenster and Overstreet, 1990; Stone, 1991). More

advanced NGOs directors were also associated with more prominent use of the planning activities (Unterman and Davis, 1982; Jenster and Overstreet, 1990)

Also, the relationship between the environment and the planning in NGOs has been outlined. Odom and Boxx (1988) investigated the link between planning and the perception of the environment in nonprofit churches. The study highlighted that planning was significantly linked to the complexity of the environment. Stone (1989) study considered the type of environment as a major determinant of adopting the planning process. Similarly, Wolch (1990) carried out a study on the effect of environment on planning, where he found that many NGOs use planning in response to the environment. Other studies turned to find the relationship between the environment and the strategic choice and the structure of the NGOs. Schmid (1992) in his study found that the environment has an impact on the nature of the strategy and the structural design in NGOs. Moreover, he concluded that uncertain environments lead to relatively informal decentralized structures while more stable environments lead to more centralized structures. According to Gronbjerg (1991), the characteristics of specific funding environments were important, pointing out the strong relationship that exists between these environments and nonprofit strategy. York and Zychlinski (1996) linked the environment with the typology of the strategy, where they explained that the general *"turbulence in resource environments and the structure of funding environments lead to both competitive and cooperative strategies"*. The structure of specific funding environments is also associated with both cooperative strategies and competitive strategies (Gronbjerg, 1991; Martin et al, 1992). Other studies (Sheinfeld and Weirich, 1981; Bartunek, 1984; Vogel and Patterson, 1986; Miller, 1991) confirmed that environmental changes affected the interaction between organizational values and structure.

We can unmistakably recognize that the dominant part of the studies that address strategy formulation-performance link such as Ansoff et al. (1970), Fredrickson (1984), Welch (1984), Bracker and Pearson (1986) and Robinson and Pearce (1988) were conducted in the business field or in general organization terms but not specific in the Non- Governmental sector., while

the focus of the empirical investigations on strategy formation and performance in non-governmental organizations have been extremely limited.

According to the literature of strategy in NGOs, the relationship between formal planning and performance of NGOs is not obvious however appears to be associated with growth of the organization in terms of funding (Crittenden et al., 1988). Few investigations endeavored to test the relationship between the utilization of formal planning and performance in NGOs. Odom and Boxx (1988), Crittenden et al. (1988) and Jenster and Overstreet (1990) claimed that the adopting and practicing formal planning by these NGOs was related to organizational performance in terms of access to funding. Another study carried out by Siciliano (1997) revealed that NGOs practice formal planning, paying less attention to the size, perform much better than those who don't adopt and use formal planning processes. Moreover, several researches clarified that there is significant positive correlation between the use of planning and key effectiveness indicators including organizational and social measures of effectiveness such as board involvement. (Bradshaw et al., 1992; Siciliano and Floyd, 1993). Van de Ven (1980) found that higher levels of efficiency were associated with agencies that used a formal planning model.

### **3.7.2 Strategy Implementation: Empirical Review**

Very little amount of empirical studies has been conducted on strategy implementation in NGOs (Stone et al., 1999). The research that has been done in this area focused mainly on the environmental factors that affect the organizational determinates which in turn affect the strategy implementation.

Studies conducted by Bartunek (1984), Vogel and Patterson (1986) demonstrated that major policy changes in the external environment produces important changes in the structure of the NGO which will affect at the end the strategy implementation process. Martin and Gilsson (1989) and Miller (1991) mentioned that the social culture in the environment affects the values, leadership style and the structure of the NGOs. Moreover, Schmid (1992) concluded that organizational change or instability impact the organizational factors that will affect the strategy

implementation. All these authors went to explain that external environmental variables lead to a critical change in the organizational structure of the NGO, that these changes interact with new culture and values and this interaction affect the strategy implementation. Different studies centered only on organizational characteristics, such as leader behavior and the structure of the NGO and its importance to strategy implementation. For instance, Harlan and Saidel (1994) clarified that managers play vital encouraging role in implementing relationships with partners and donors. Several studies of strategies utilized by leaders to execute major strategic change revealed that involvement of leaders in the strategy implementation phase was extremely important to their adequacy (Nutt, 1986, 1987). Herman and Heimovics (1990) and Heimovics et al. (1993) also confirmed the role played by leaders and supervisors in the strategy implementation. They found that sound leadership is an important facilitator factor in the strategy implementation actions through practicing political activities such as forming partnerships and alliances with other organizations. Other researches such as Van de Ven and Walker (1984), Alter (1990) and Bailey (1992) found that coordination, integration, resource mobilization and the characteristics of the NGO's structure are necessary to the activities of strategy implementation.

Very few researches addressed a theoretical relationship between strategy implementation and performance. For instance, Schneier et al. (1991), Robbins and Coulter (1996) and Hrebiniak (2006) consider strategy implementation much more important than the strategy when it comes to achieving higher performance. Others such as Kennedy et al. (2003) and Brown (2005) explained that strategic implementation is a very sophisticated process that can result in a good or bad performance. Moreover, Kaplan and Norton (2005) referred the gap between strategy and performance to strategy implementation. Bonoma and Crittenden (1988) mentioned that the weaker strategy implementation phase, the much poorer the performance will be.

However, studies on strategy implementation also did not emphasize the impact of this phase on performance of NGOs. Moreover, among those who did, the studies have not specified the



measures and indicators of performance. Some of these studies highlighted general indicators of effectiveness. For instance, Bailey (1992) and Kushner and Poole (1996) mentioned that the centralization of the NGOs structure and the administration systems impact the degree to which the strategy is implemented and the level of effectiveness in the NGOs. Also, Murray et al. (1992) and Golensky (1993) found that the forms of the relationship inside the NGOs affect its effectiveness.

### **3.7.3 Literature Gaps**

Recently, few studies were conducted in an attempt to enrich the literature on the relationship between strategic management and NGOs performance. Blackmon (2008) investigated quantitatively the impact of strategic planning on non-profits performance using the balanced scorecard approach in which he found a significant relationship between strategic planning and NGOs financial performance. Furthermore, Smith (2008) found, in a qualitative study sampling two nonprofits, that strategic management practices in NGOs result in more productive outcomes in nonprofit' performance. Hu et al. (2014), who surveyed twenty small community based organizations, demonstrated that strategic management has an impact on the way NGOs serves the community needs and deliver their programs and services. Finally, using a large-scale survey of strategic planning, Reid et al. (2014) found that 93% of the most successful organizations, regardless of size, budget, declared that their strategic management efforts have impact on their overall success. They added that that not only strategic plan development, but also an ongoing implementation practices and evaluation and assessment represents a comprehensive strategic management process.

After reviewing the empirical reviews of strategic management in the NGOs, we can clearly state that there is a gap needs to be filled by measuring the strategic management and NGOs performance. The research attempts to fill the gaps in the literature for many reasons:

1. The research concerning strategic management and NGOs performance has addressed relationships between organizational and environmental factors and the strategy process but there are less defined links between the strategy process and the performance of NGOs (Lubelska; 1996, Singh; 1996, Cited in Courteny, 2002; Stone et.al; 1999, Poister et.al, 2010).
2. Many studies focused on the strategy formulation and strategy implementation separately, while what we would like to achieve is consider the strategic management as an integrated process (scanning, formulation, implementation and evaluation all together). Grant (2005), Poister and Streib's (2005), Marin (2015) mentioned that strategic management stages and phases should not be separated because this would make the strategy process useless.
3. Unlike the prior empirical work, this research included studying full range of strategic management practices, examined those practices in terms of their impact on clearly defined indicators of financial performance and non-financial performance within the context of NGOs, not relying only on financial performance indicators.
4. Finally, since this research is quantitatively- based, it overcomes the methodological problem of the difficulty of investigating relationships in NGOs research. This is due to the fact that NGOs management research is approached using qualitative case studies (Lewis, 2005).

## **Chapter Four**

### **Performance Measurement in NGOs**

#### **4.1 Introduction**

Over many years ago, the NGO sector has been stuck in some concepts: inputs, outputs and outcomes. Money raised and money spent, dollars allocated and projects operated. This process requires an understanding of how the performance is measured by NGOs and what aspects of performance leads to successful financial performance, efficiency and effectiveness. In the past, the work of NGOs was based mainly on ethical-social motivation and technical professionalism through the participation of physicians, doctors, nurses, engineers, etc. Most of NGOs were involved in international cooperation for development, natural disasters and humanitarian emergencies. Nowadays and also in the future, the ethical-social motivation and technical professionalism are not sufficient since NGOs need to evaluate how the limited financial and non-financial resources can be efficiently and effectively utilized. Furthermore, the nature of the working environment of NGOs forces these organizations to assess and enhance their strategies and performance. In fact, the working environment of NGOs is dynamic and risky and the overall effectiveness of these organizations requires meeting various demands of stakeholders through building realistic performance measurement and management systems. In order to guarantee success, NGOs first have to develop and implement effective systems of managing and measuring their performance. NGOs are required to manage and evaluate their performance from multiple perspectives, taking into account the projects/programs performance, the agenda of donors, the needs of beneficiaries and the internal effectiveness. Nevertheless, the concept of NGOs performance has been defined in different theoretical frameworks and used for different managerial processes. Therefore, the objective of this chapter is to provide the definitions of performance measurement in the third sector, review of literature of the common features of the performance measurement models in the NGO field and finally selecting the indicators and

measures that can best represent the NGOs performance.

#### **4.2 Performance Measurement System in NGOs**

In the performance measurement literature of NGOs, the significance and advantages of utilizing performance measurement to different organizational management structures, techniques and processes have been broadly proved (Teelken, 2008). The literature reveals theoretical frameworks and empirical investigations that exhibit the necessity of performance measurement to strategy at all levels, organizational transparency, organizational objectivity, organizational learning, efficiency, performance enhancement and the NGO's effectiveness. Measuring performance in NGOs is not only a tool of planning that assists these organizations to assess its impact, outcomes and outputs. It can be likewise regarded as a strong instrument for inward feedback and learning. Measuring performance thus seems to be the main way to effectively process and handle information within these organizations and to disseminate it to the concerned stakeholders such as the targeted community, partners, donors and other public local governments.

In NGOs literature, many authors offered a various number of definitions for measuring performance. For example, Poister (2003) mentioned that performance measuring is a methodology of identifying, controlling and utilizing different objective measures of the organization's performance and its programs regularly. Poister conversely used the term monitoring to reflect measurement. Furthermore, Lindblad (2006) considered performance measurement as utilization of objectives, indicators and information to assess the NGOs interventions and services. Ferreira and Otley (2009) considered it as a mechanism for assessing people, teams and the overall organization. Miller (2007) saw that performance measurement as a program assessment's method that evaluates efficiency, effectiveness of a program and its impact. Carman (2007) refers to performance measurement as the systematic evaluation of program outputs, feasibility and impacts.

Still, there is little consensus exists over how to define and measure performance in NGOs since these organizations have vague goals, multiple constituencies, and uncertain relationship between service activities and outcomes (Fottler, 1981; Hatten, 1982; Kanter and Summers, 1987; Newman and Wallender, 1978; Nutt, 1984). Kanter and Summers, Pfeffer and Salancik, Yuchtman and Seashore (1987; 1978; 1967) defined performance as the demonstrated ability to acquire resources necessary for organizational survival (funding). Though, acquiring the necessary resources for survival is not the only dimension of measuring NGOs performance. Kareithi and Lund (2012) argued that the primary mission of these NGOs is focused on goals desired by their targeted beneficiaries and their communities, so the performance of these organizations should be assessed by their effectiveness, efficiency to assist beneficiaries achieve mutually identified social goals.

One important part of NGOs performance measurement, that has been a concern for long period, is to understand the appropriate indicators that should be taken into account to measure and evaluate the NGOs performance (Herman and Renz, 1999; Gill, et al., 2005). The research on the NGOs performance measurement examined two main issues: internal indicators and external indicators. According Argyris (1964) and Bennis (1966), the internal indicators for measuring the NGO's performance are related to the "*Organizational Health*". These internal indicators concern the financial performance of the NGO including the fundraising efficiency, budgetary deficiencies, expenses and costs (Ritchie and Kolodinsky 2003; Gill et al., 2005). Other scholars have relied on objective measures such as the ability to acquire resources and to efficiently utilize them. On the opposite, the external indicators address the link between NGOs and the environment. For instance, Seashore and Yuchtman (1967) proposed a system resource framework which defines the NGO's performance as the capability to derive benefits from the surroundings toward the best acquisition of the financial needs and requirements for its survival. Hence, this idea of the ability to sustain a good connection with the environment is extremely

essential to the NGO's performance and overall effectiveness. (Keeley, 1978; Miles, 1980; Connolly et al., 1980; Boschken, 1994).

In general, NGOs can assess their performance through creating performance indicators and then gathering information related to these indicators. The most essential indicators mentioned in the literature and utilized by NGOs incorporate, impact, efficiency, effectiveness (outcomes), access to funding, financial management, beneficiary's satisfaction, etc (Carman, 2007). Fine and Snyder (1999) stressed also that performance measurement in NGOs include identifying and assessing indicators that mainly address the efficiency and effectiveness. Similarly, Teelken (2008) used four performance indicators to evaluate the NGOs operations: efficiency, effectiveness, economy and efficacy. Ammons (1996) introduced two more indicators which are the productivity and workload. Benjamin and Misra (2006), mentioned that measuring the performance in NGOs should look at inputs, outputs, outcomes and impacts.

Fine and Snyder (1999) defined the relationship between inputs utilized and outputs achieved as the efficiency, while effectiveness is considered as a measure used to determine up to what extent is the organization achieving its planned goals and targets. Other authors used the notion of outcomes to refer to effectiveness. For instance, Morley et al, (2001) defined outcomes as a specific desirable result or quality of an organization's services.

The efficiency is the optimal use of financial, human and other resources (funds, labor, time and expertise) to achieve the planned results. It is the extent to which the program has converted or is expected to convert its resources/inputs economically into results to achieve the maximum possible outputs. Usually the relationship between input measures and output measures produces efficiency. The input measures track mainly the program or the project inputs such as the staff, time, and budgets. While the output measures are results generated from the utilization of the program inputs mainly concerned about the number of beneficiaries served, services provided and number of products provided by the program in comparison with the planned objectives of this program.

On the other hand, Letts et al. (1999), Mullen (2004), Moxham and Boaden (2007), Hall and Kennedy (2008), Kelly et al. (2010), mentioned that it is important that an NGO's performance should include the effectiveness of programs and projects (outcomes). Outcomes performance or effectiveness measures refer to those indicators that explain a qualitative difference in the lives of the beneficiaries targeted by the NGO or its intervention (Lindgren, 2001). In other words, it mainly concerns to what extent have the stated project's objectives been met (Zimmerman and Stevens, 2006). Beneficiaries satisfaction gives another vital mean for assessing NGOs performance and may serve as one outcome or one indicator of effectiveness. Finally, the impact performance examines the extent of achieving the overall objective of the program and organization related to community on the long-term (such as community building, sectors development, standard of living changes in people life). Impact usually considers the long term consequences of achieving objectives and bigger socio-economic change. It tries to identify the whole influences of the program or the intervention on communities or people outside the immediate targeted beneficiaries.

Furthermore, Niven (2008), Hall and Kennedy (2008) mentioned that partnership is an important measure of performance in NGOs. Crutchfield and Grant (2008) mentioned that NGOs are more successful if they put their long-term vision and desire for impact with other organizations. According to Niven (2008), partner for success is a term used to evaluate the collaborative partnership between NGOs and other organizations. Partnership can be assessed by the ability of NGOs to attract local, international and private-based partners. In other terms, it can be assessed by the width of the network an NGO can build with other organizations or entities. Another performance measure in NGOs is quality (Hatry, 1997; Van Dooren, 2008; Niven, 2008). Based on the Keystone for Bond, 2006 quality is measured by donors' satisfaction, partners' satisfaction, innovation of the services and sticking to the international standards of quality. Niven (2008) mentioned that a quality based NGO is that one that adhere to standards of quality in service delivery.

Considering the financial performance, fundraising efficiency is the most, but not the only, important variable in evaluating the financial performance of NGOs. The fundraising is defined by Andreasen and Kotler (2008) as a "process of identifying sources of funds and collecting financial resources". They mentioned that NGOs must not depend only on one source of funds. Funding can be obtained from different sources: donors, private sector, self-generated income and other nonprofit institutions. Lewis (2009), Epstein and McFarlan (2011) clarified that the degree of reliance on single or multiple donors can be measured through the "Donors Dependency ratio"; that explains the donors mix or network an organization relies on in financing its main activities. The higher the ratio the riskier the organization is since it has very small number of donors. The lower the ratio the better the organization is in terms of having less risk due to depending on a huge number of donors. Lewis (2009) added that we should take into our consideration, when we evaluate the access to funding performance of NGOs, the efficient use of the available funds to get and acquire more funds. This is called the "Resource Generation Ratio". Niven (2008) mentioned that fundraising can be assessed by the percentage accepted and refused funding proposals, the response rate to the fundraising proposals and the share of the fundraising expenses over the total expenses.

Other variables or factors incorporated with measuring the financial performance in NGOs can be linked also to financial reporting or financial transparency inside the NGOs as it has been suggested by Keating and Frumkin (2003), Whitaker et al (2004), MacCarthy (2007) and *"Standards for Charity Accountability of the Better Business Bureau organization"* (2008). Financial transparency means that NGOs must make information about its activities and projects available to relevant stakeholders. It involves financial accountability, honesty and reputation by NGOs. This involves preparing accurate, complete and timely financial reports and making them accessible to stakeholders, including donors. Moreover, it includes the use of external auditors, committing to financial and accounting standards (Whitaker et al 2004; Geer et al., 2008). Another indicator that is used in NGOs for measuring financial performance is financial



efficiency or performance-based budgeting in which funds and other resources are linked to their standards and programs (Joyce, 1997; Moravitz, 2008)

Regardless of the availability of the definitions of the performance measurement in NGOs, there is no mutual agreement on what are the exact indicators that should be used to measure the performance in these organizations. Moxham (2010) saw that this is due to the confusion in the terminologies of the performance measurement in NGOs.

#### **4.3 Performance Measurement Models in NGOs**

Many authors have developed performance measurement frameworks for the NGO sector in the recent years. In general, there are not many models and frameworks for assessing the performance in NGOs as much as in the private sector. Moreover, the reliance on the classical financial-based indicators of the performance, like return on assets, liabilities or profitability ratios can't be applied to the NGO sector (Herman and Renz, 1997). However, small differences have been found in the way of designing the frameworks between the NGO sector and the business one (Speckbacher, 2003; Moxham, 2009). The literature review revealed a number of performance measurement frameworks in the NGOs.

For instance, Ritchie and Kolodinsky (2003) proposed a framework for NGOs financial performance. The framework involves *fundraising efficiency*, *public support* and *expenses and cost efficiency*. Similarly, *Standards for Charity Accountability of the Better Business Bureau* proposed a model for measuring the NGOs performance where the performance measures are the financial aspect, effectiveness and governance. In their model the financial aspect is not only represented by the fundraising efficiency but also by managing and producing clear and accurate financial statements and budgets (which is financial reporting).

Another framework has been offered by *AARP (American Association of Retired Persons)* which is the biggest NGO's membership institution for people who exceed the age of fifty in USA (Datar et al., 2007). The AARP foundation proposed a framework for measuring NGOs performance as the following: resources and stewardship, social impact value people, organization leadership

and integration. These variables of AARP framework include input, output, outcome and social impact measures. Table 18 presents the indicators used by AARP.

**Table (18): AARP Performance Matrix**

Performance Indicator	Sub-indicator
Resources and stewardship (Inputs)	<p>\$ raised for charitable activities.</p> <p>Fundraising costs as a % of all related contributions.</p> <p>Level of operating reserves.</p>
People (outcomes)	<p>Level of satisfaction of diverse groups of employees</p> <p>Percentage of racial/ethnic, age, and gender diversity in recruiting new managers/staff</p>
Organizational leadership and integration (Outputs)	<p>On-time strategic plan for AARP Foundation.</p> <p>Number of volunteers engaged.</p>
Social Impact and Value (Impacts)	<p>Percentage of Senior Community Service Employment Program. (SCSEP) enrollees in unsubsidized jobs.</p> <p>Number of Tax-Aide customers served.</p> <p>Percentage of new age/disability employment discrimination, pensions and employee benefits, financial fraud, grand parenting, and government/public benefits cases positively impacted by the AARP policy positions</p>

Source: Adapted from Datar et al., (2007)

Several authors like Buckmaster (1999), Poole et al (2000), Poister (2003), Tom and Frentzel (2005), Epstein and Buhovac (2009) developed *Programs-Based Models* for measuring the performance of the NGOs, mainly taking into account the program or the project- based measures such as inputs, outputs, outcomes and impacts.

For instance, Buckmaster (1999) proposed the *Outcome Measurement* model concentrating on the following measures: *inputs, processes, outputs* and *outcomes* in NGOs. The outcome measurement composes of series of stages for the purpose of measurement starting with the determination of the program or the intervention objectives, then the identification of the outcomes indicators, involving the stakeholders to take part in the evaluation process and finally communicating the outcomes information to influence the organization learning capability.

Also, Poole et al (2000) developed the *Performance Accountability Quality Scale* (PAQS) that gives a structure for getting experts feedbacks concerning the performance measurement in NGOs.

PAQS consists of a twenty-one-component that represents seven performance measurement indicators: *resource; activities; outputs; outcomes; goals; indicators; and evaluation plan* as represented in the table 19.

**Table (19): Program Accountability Quality Scale**

Scales	Description	Sub-scales
Resources	Project or ingredients (funds, personnel, community support, beneficiaries)	Most areas of resources are addressed. The resources seem comprehensive. The resources seem to match this type of program.
Activities	Methods used to accomplish program goals	The activities logically link to the outputs listed. There are sufficient activities to achieve the outcomes.
Outputs	Results produced by a program (number and type of beneficiaries served, number of products provided)	The numbers of participants are identified for each activity. The numbers of events/processes are listed. Time frames are given for outputs.
Outcomes	Short and immediate indicators of progress toward goals	The outcomes logically link to the goal(s). The outcomes are written as change statements. The outcomes are truly outcomes rather than activities or outputs
Goals	Long-term desired program effects (resilient community, economic self-sufficiency, violence prevention);	The program goals indicate the intended effect of the program on the need and population. The program goals describe the broad community impact.
Indicators	Specific and observable terms to measure whether a program has achieved an intended outcome	The indicators are stated in specific and measurable terms. The indicators are valid measures of the outcomes. The indicators will efficiently measure progress toward achievement of the outcomes. The indicators are important to the changes program planners want to measure.
Evaluation plan	A systematic method to generate reliable and valid data to measure progress toward outcomes (e.g., measurement tools, data collection procedures, sampling strategy) (Reisman, 1994).	The data collection method will generate reliable information. The evaluation plan can be implemented with available resources. The evaluation plan is designed to measure progress toward outcomes in an efficient manner. The evaluation plan is realistic.

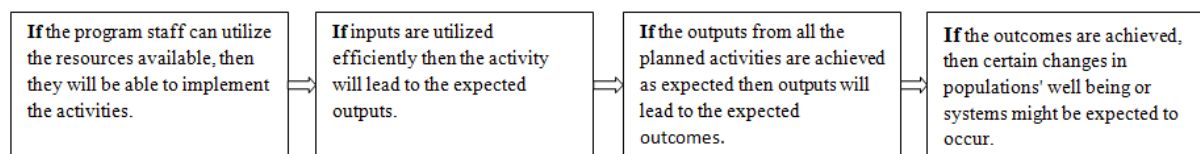
Source: Poole et al., (2000)

The Generic *Program Logic* model is another performance framework launched by Poister (2003) in order to assist NGOs to assess the progress of their activities and whether the organization is producing results or not. The main components of the framework are *resources, activities, outputs, initial outcomes, intermediate outcomes* and *long-term outcomes with the recognition of the external influences*.

Moreover, Tom and Frentzel (2005) created the *Hierarchy of Cause and Effect* for program performance measurement in NGOs. In their model, the authors stressed out that NGOs must

determine the indicators of performance measurement, develop a cause and effect framework since the indicators are highly integrated and to each other related and finally measuring these indicators and respond according to results or findings. The key performance indicators proposed by Tom and Frentzel are the *activities, outputs, outcomes* and *ultimate impacts*.

Finally, Epstein and Buhovac (2009) developed the *Input-Impact* framework. Their model considers the mission and vision or ideal picture of the NGO as a priority. Moreover, it recognizes the strategy, organizational structure, systems to be part of the inputs. Input-impact framework evaluates *inputs, activities, outputs* (internally and externally), *outcomes* and *impacts*. Finally, the authors saw that in there is a Causal Linkage map among the performance measures which can presented as Figure 4.



**Figure 4: Casual Linkage Gap**  
Source: Epstein and Buhovac (2009)

Other authors went to develop *Multi-Dimensional* frameworks to evaluate NGOs performance. For example, Kendall and Knapp (2000) proposed the *Adapted Production of Welfare (POW)* model that consists of major components which are *resource inputs, cost, non-resources inputs, outputs, short-term outcomes* and *the final outcomes*. The model also defines four criteria of performance: *economy (financial resources performance), effectiveness (outcomes), efficiency (inputs-outputs link)* and *equity*. In this model, the working environment which can be analyzed by the PEST analysis has an effect on the main criteria of performance. The authors also expanded their model to take into account the leader's choice and participation in the NGO's processes and outputs. Hence, they organized the following performance measures for NGOs: *economy, effectiveness, choice efficiency, equity, participation, advocacy and innovation*.

Kaplan (2001) developed the *Adapted Balanced Scorecard* for NGOs. This is a multi-feature

framework for evaluating and measuring performance proposed originally for private sector enterprises and has been adjusted to become suitable for measuring performance in the non-profit sector (Kaplan, 2001, Niven, 2008). The main assumption of this framework for NGOs is that the mission statement, not profits, becomes the main point that must be met through the following perspectives:

1. The financial perspective: funds growth, fundraising and funds distribution
2. The beneficiaries Perspective: beneficiary's satisfaction; stakeholder's satisfaction, and market growth
3. The internal key process perspective: internal efficiency, quality, staff & volunteer's development, information communication, etc.
4. The innovation and learning perspective: the organization's capability to adjust to changes required by the environment and producing innovative products.

Also, Cutt (1998) presented an *Adapted Balanced Scorecard for public and private nonprofit organizations* emphasizing cost effectiveness rather than profit. He argues that performance measurement system should serve as a starting point of organizational governance and management control. His framework's components are represented in table 20.

**Table (20): "Cutt" Adapted Balanced Scorecard**

Components	Indicators
Strategic contexts	mission, long-term strategic objectives and long run financial estimates
Intermediate run scorecard	service effectiveness, customer results, internal business results, innovation and learning results, financial results and financial constraint results
long run strategic performance	long run strategic outcome service effectiveness and long run constraints outcomes

Source: Adapted from Cutt (1988)

The *Annual Impact Monitoring and Evaluation System (AIMES)* is an alternate performance measurement framework which has been proposed by Henderson et al (2002). The authors relied on indicators and steps which are very close to the balanced score card. Moreover, Paton (2003) developed "*Dashboard*" for *Social Enterprises* which is closely linked to the balanced score card but it's much more related to the operational level rather than the strategic one. The components of the dashboard performance measurement framework include: current results, risks, changing projects and assets/ capabilities

Neely et al. (2001) proposed the *Performance Prism Framework* for to the public institutions and NGOs. This multidimensional model is not mainly designed for measuring the program performance measures such as inputs, outputs, outcomes and impacts, but rather focuses on the perspective of the key processes and the stakeholder view of the NGO. This framework incorporates the following perspectives for measuring performance: strategies, capabilities, processes, stakeholder satisfaction and stakeholder contribution. The authors added that this framework can assist the NGO to define its performance indicators with respect to the stakeholder's needs and the key processes of the NGO.

Another multidimensional model has been developed by Mullen (2004) for *Human Service Organizations*. The model divides the NGO performance measures as the following: the NGO intervention, the geographical aspect of the NGO operations and the outcomes evaluation taking into account the economy, efficiency, effectiveness, and efficacy.

Furthermore, the *Multidimensional and Integrated Model of Nonprofit Organizational Effectiveness (MIMNOE)* developed by Sowa et al. (2004) considers the term NGO's effectiveness to be divided into two types; management and program effectiveness. Management effectiveness refers to the structure and systems inside the NGO while the program effectiveness mainly concerns about measuring and assessing the outcomes that are caused due to the NGO's intervention.

Lampkin et al. (2006) created the *Common Outcome Framework*. In this framework, the authors

developed a model where it gathers the program based measures (satisfaction, participation), community based measures (community building, socio-economic change), participant based measures (knowledge, behaviors, status) and the organization based measures (finance, structure, management).

Finally, a model of *Decision Making Grid* developed by Samples and Austin (2009) is closely related to Sowa model (2004) where the authors relied also on program effectiveness and management effectiveness. This model however added the financial performance to their model.

#### **4.4 The Performance Measures in the Research Model**

After a comprehensive look at the literature, we can say that it's important to divide the NGOs performance into financial and non-financial (Social) measures. The financial performance of NGOs can be clearly examined by 3 main indicators: the fundraising efficiency, financial transparency and the program financial efficiency.

The non-financial performance mainly concerns the program performance taking into account the inputs, outputs, outcomes, impact. As it mentioned in the literature that the input-outputs performance can be measured by explaining the relationship between them this can be defined as the efficiency. The outcomes represent the effectiveness of the project or meeting the objectives of the organization, while the impact concerns the effect of the NGO's program on the communities. Another measure which has been added to our model is the level partnership as has been suggested by Niven (2008).

It's important to note here that the term efficiency has two forms since the efficiency performance includes the financial part and the non financial part. So in our model, the financial efficiency (which concerns the relationship between financial inputs and outputs) is considered under the financial performance of the NGOs while non-financial efficiency (which concerns the relationship between the non-financial inputs and outputs) is to be under the non-financial performance. The measures that have been selected for the evaluating NGOs performance is shown in the following table 21.

**Table (21): Overall NGO's Performance Measures**

	Performance Dimension	Definition/ Focus
Financial Performance	Fundraising Efficiency	The ability of identifying sources of funds and access to them (Andreasen and Kotler, 2008; Kanter and Summers, 1994; Lewis, 2009; Pfeffer and Salancik, 1978; Yuchtman and Seashore, 1967). An organization is fundraising efficient if it gets a high response rate, minimizes its fundraising costs, writes effective funding proposals (Niven, 2008), generates funds using available internal funds (Lewis, 2009)
	Financial Transparency	The preparation and declaration of financial information and reports concerning NGOs programs and services to ensure honesty integrity and accountability (Keating and Frumkin, 2003; MacCarthy, 2007; Whitaker et al., 2004). Moreover, it includes the use of external auditors, committing to financial and accounting standards (Geer et al., 2008; Whitaker et al., 2004).
	Financial Efficiency	The best utilization of financial resources acquired for the achievement of the programs desired outputs, facilities (Barman, 2007; Kendall and Knapp, 2000; Median-Borja and Triantis, 2007)
Non-Financial Performance	Outcomes	What is produced as a result of an NGO's services such as improved conditions for the immediate targeted beneficiaries (Bagnoli & Megali, 2011; Barman, 2007; Greenway, 2001; Hall and Kennedy, 2008; Lampkin et al., 2006; LeRoux and Wright, 2010; Letts et al, 1999; Moxham, 2009b; Mullen, 2004; Penna, 2011).  To what extent is the organization achieving its planned goals and targets (Fine and Snyder, 1999).
	Non- Financial Efficiency	The best utilization of non-financial resources (staff, equipments, time) acquired for the achievement of the programs desired outputs, facilities (Barman, 2007; Kendall & Knapp, 2000; Median-Borja & Triantis, 2007)
	Impact	The ultimate direct or indirect long-term public value/effect an NGO wishes to create for a community as a consequence of its programs and services (Greenway, 2001; Hills and Sullivan, 2006; Lampkin et al., 2006; Land, 2001; Moore, 2003; Penna, 2011).
	Partnership	Networking and collaborating with other entities to support an NGO intervention (Bagnoli and Megali; 2011; Hall and Kennedy, 2008; Herman and Renz, 2008; Niven, 2008)  Partnership can be assessed by the ability of NGOs to attract local, international and private-based partners. In other terms, it might be assessed by the diversity of the network an NGO can build with other organizations or entities (Niven, 2008).
	Quality	The quality of the services provided by an NGO to its clients (Hatry, 1997; Niven, 2008; Van Dooren, 2008). Indicators to be taken into account are adherence to standards of quality in service/ project delivery (Niven, 2008) and stakeholders' satisfaction, innovation of the provided services (Keystone for Bond, 2006)



## Chapter Five

### Research Methodology

#### 5.1 Introduction

This chapter details the methodology used to examine the theoretical model established in Chapter one and to test the research propositions. This chapter gives the reader a clear view of how this research is carried out. The philosophy, approach, design and the instrument used for collecting data. Furthermore, the selected population and sample size are given. Moreover, this chapter gives a clear understating of how the research instrument has been tested for reliability and validity. Finally, this chapter has set the foundation for data analysis tools that will be used.

It is thus divided into sections as illustrated in Figure 5.

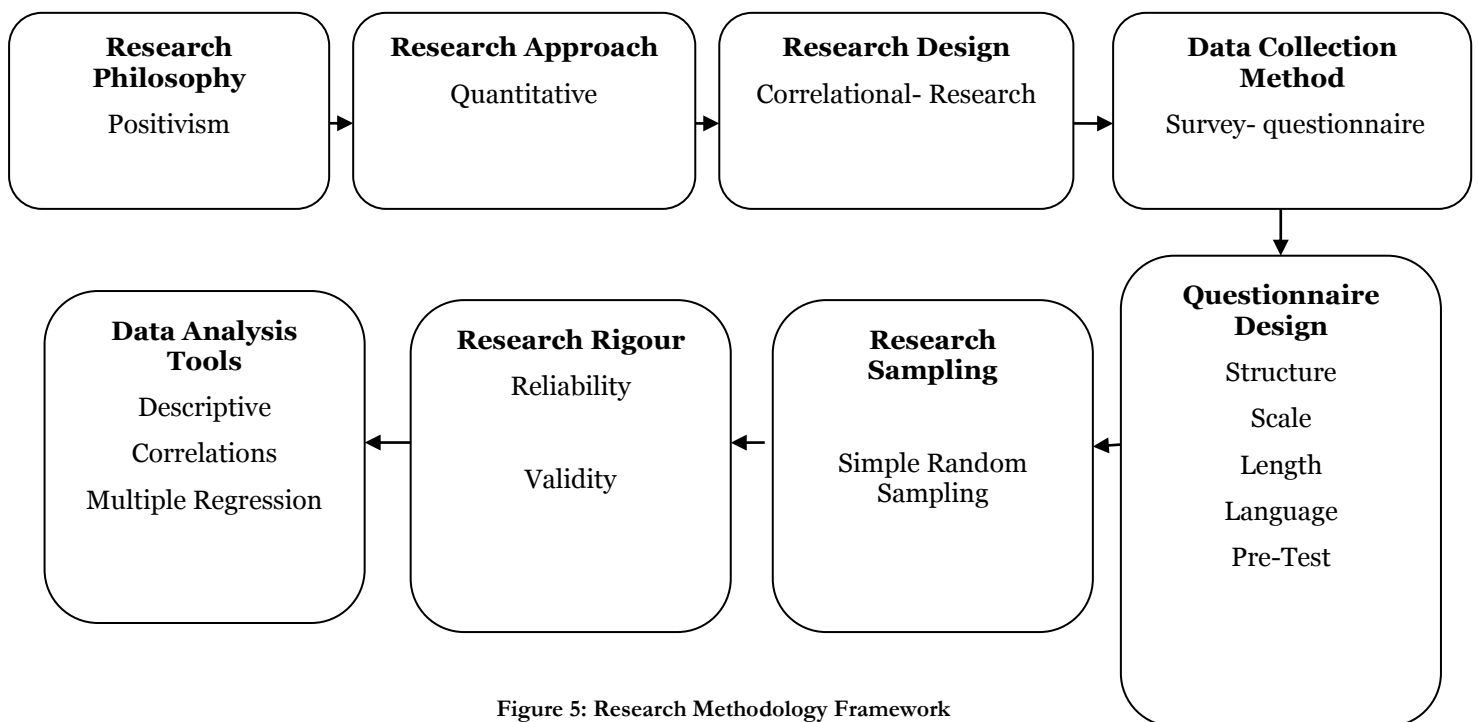


Figure 5: Research Methodology Framework

#### 5.2 Research Philosophy

There are many general orientations concerning the way of conducting research and on how to implement diverse studies (Creswell, 1994). The nature of this research can be categorized as positivism. In this sort of examination, a theory is developed, data is gathered which either supports or contests the theory, vital revision is done and the theory is tested again. The

positivism looks for offering a logical explanations or justification of different phenomena of social science by investigating correlations and casual relationships between the variables.

Positivism is the point at which the researcher embraces the position of a philosopher. The researcher works with available data and the discernible reality. Positivism is the best suitable examination approach because in this research the reality is observed and portrayed from an objective perspective without meddling with the variables being examined. The researcher stays detached, unbiased and objective as he studies different aspects of social life, investigates evidence, and replicates the work of other authors. (Neuman, 1994). The researcher relies on respondents to provide truthful information. Research objectivity is accomplished through a strict methodology, where the data guarantees that there is a distinction between the subjectivity of the researcher and the objectivity of the reality which is studied (Cohen & Manion, 1980).

### **5.3 Research Approach**

Based on the literature of strategic management and performance of NGOs, this research develops a theoretical model to test the research propositions identified in Chapter One. Punch (1998) mentioned that the methods used to conduct the research ought to be in accordance with the research questions or propositions. Thus, a quantitative approach is carried out in this research to test the propositions and to answer the research question. In other words, Quantitative research is an approach for testing objective theories by examining the relationship among variables. Amaratunga et al. (2002) saw that applying quantitative research helps the researcher to establish statistical evidence on the strength of relationships between both exogenous and endogenous constructs. They likewise stress that the statistical findings provide directions of relationships when combined with theory and literature. Hence this research is directed to measure the underlying variables displayed in the theoretical framework and test the propositions associated with it.

Furthermore, as for Cohen and Manion (1980), a quantitative research approach is utilized when the idea of the research is to portray through empirical articulations what the case is in the

present reality rather than what ought to be the case. This is in alignment with the goal of this research since the objective is to investigate whether strategic management has an impact on NGOs performance. Besides, Creswell (1994) said that quantitative research is suitable for 'clarifying phenomena by collecting numerical data that are analyzed using mathematically based methods (in particular statistics)' and since the developed propositions outlined in the previous chapter examine the impact of one variable over other variables, the use of statistical techniques is appropriate to test the impact and the strength of relationships.

The quantitative approach deductively starts from existing theories that has been developed in that particular field, and are used to test the hypothesis and the formulated research question. Based on the hypothesis and research questions, the empirical data is gathered thereafter a comparison is made on the theories and the empirical data so as to arrive at a conclusion analytically (Bryman & Bell 2007)

While quantitative approach is not able to provide in-depth explanations as qualitative approach does, Cavana et al. (2001) and Amaratunga et al. (2002) point out that it can verify hypotheses and gives solid reliability and validity. Added to this, this approach has been effectively utilized in similar studies in the strategic management literature of Odom and Boxx (1988), Siciliano (1997), Luna et al. (2008) and in other numerous different studies.

It is highlighted in the literature that quantitative research approach is most appropriate in the following cases:

1. Quantitative research is useful to quantify opinions. The research aims to investigate the opinions of respondents in relation to the impact of strategic management on the performance of NGOs, which can be done by quantifying the respondents' opinions.
2. Applying quantitative research helps the researcher to establish statistical evidence on the strength and direction of relationships between variables (Amaratunga et al., 2002)
3. The final activity for which quantitative research is especially suited for testing propositions

and hypotheses. A number of propositions were developed in chapter one for the purpose of satisfying research questions and aims. The use of the quantitative method will enable the researcher to test the propositions through proper statistical tools, which can only be done using empirical investigation (Bryman, 1984).

## **5.4 Research Design**

The function of a research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible. Obtaining relevant evidence entails specifying the type of evidence needed to answer the research question, to test a theory, to evaluate a program or to accurately describe some phenomenon. In other words, when designing research, we need to ask: given the research question (or theory), what type of evidence is needed to answer the question (or test the theory) in a convincing way? Research design deals with a logical problem and not a logistical problem' (Yin, 1989: 29). In conclusion, a research design focuses on the end-product and is driven by the research question.

The researcher doesn't only select a qualitative, quantitative, or mixed methods study to conduct; the inquirer also decides on a type of study within these three choices. Research designs are types of inquiry within qualitative, quantitative, and mixed methods approaches that provide specific direction for procedures in a research design. Others have called them strategies of inquiry (Denzin & Lincoln, 2011). Creswell (2014) mentioned that a quantitative research design can be a, correlational, applied behavioral analysis or single-subject experiments, causal-comparative research.

As the aim of this research is to investigate the impact of strategic management on the NGOs performance, a correlational- survey research design found to be the most appropriate. Correlational- surveys are highly structured and place an emphasis on the careful random selection of samples, so that the results can be generalized to other situations or contexts. (Gray, 2004)

The correlational research design attempts to test a theory through investigating the relationship between two variables. Correlational research aims at determining whether, and to what degree, a relationship exists between two or more quantifiable variables. Moreover, correlational research design involves measuring different variables to see whether there is a predictable relation (Impact) among predictor and criterion variable.

### **5.5 Sampling Technique**

The research population includes all the active International NGOs in the Palestinian territories working in different areas and serving different sectors, which totals to 99 NGOs according to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA OPT, 2014). They were selected because they have the appropriate size, experience and enough resources to practice some forms of strategic management practices, as it is not realistic to choose small, inexperienced organizations with poor resources and programs. Larger NGOs are more luckily to plan than smaller one (Odom and Boxx, 1988; Stone, 1989, Tober, 1991; Unterman and Davis, 1982; Webster and Wylie, 1988; Wolch, 1990). Moreover, these NGOs contribute economically to the communities and the target beneficiaries they serve. Moreover, International NGOs represents new context for investigating managerial relationships in the NGO research. They were also chosen because they were convenient to reach by telephone, fax and email. Finally, these organizations were in a better position to provide the researcher with the necessary information for investigating the research hypothesis.

79 international NGOs have been selected using a simple random sampling technique in which each organization in the study frame has an equal chance of being included in the sample. This study frame has been provided to the researcher by the United Nations Office for the Coordination of Humanitarian Affairs. The sample was calculated using the formulae developed by the National Education Association of USA, the research division (1960).

$$s = \frac{X^2NP(1 - P)}{d^2(N - 1) + X^2P(1 - P)}$$

Where:

s = required sample size.

X<sup>2</sup> = the table value of chi-square for 1 degree of freedom at the confidence level of 95% (3.841).

N = the population size (99).

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

D = the degree of accuracy expressed as a proportion (.05).

The target respondents (target group), of the research are programs officers, project managers or coordinators, and administration managers. They were chosen purposively since their opinions sound to be reliable because they believably tend to understand and know more than other employees in the NGOs in terms of policies, strategies, financial position, the projects performance and performance in general. Moreover, these respondents represent the most important working positions in the NGO context.

## **5.6 Research Method: Instrument Based Questions**

Data collection methods are an important piece of research. There are numerous data collection methods, each with its advantages and disadvantages. The choice of the suitable method incredibly improves the value of the research (Sekaran, 2003, p. 223). The determination of the research method and data collection relies on the aim of the research (Sekaran, 2003; Punch, 1998). Taking into account the aim of the research, the data collection method employed in this research is a questionnaire (which is a survey instrument containing the questions in a self administered survey) supported by secondary sources of information.

Several reasons pushed for choosing this instrument. First, it is a powerful tool, especially when the investigator does not require, or has little control over occurring events (Yin, 1994). Second,

it gives an accurate means of evaluating sample information (Chisnall, 1992; Creswell, 1994). Third, it is an appropriate data collection tool when relationships between variables such as correlations and impact need to be built to test the research propositions (Sekaran, 2003; Hair et al., 2003). Fourth, it is considered effective because it is quick, inexpensive, efficient, and can be distributed to a large sample (Churchill, 1995; Sekaran, 2000). Finally, this tool has been broadly utilized and acknowledged in management literature (Amaratunga et al., 2002).

The use of different data collection methods such as surveys and personal interviews can be extremely useful and important also for the data triangulation. Still, the selection of the data collection method is dependent not only on the objective of the study but also on the constraints and the barriers that might appear. These constraints might limit the choice of other data collection method such as interviews. The constraints associated with interviews data collection method was mainly regarding the effectiveness of conducting interviews. The researcher checked the possibility to conduct interviews and a number of difficulties were encountered. First, it has been extremely difficult to contact interviewees to arrange meetings: the researcher had to call more than 3 times to speak with target respondents mainly administration officers and program managers. The second point was that the majority of the contacted persons refused to conduct an interview due to the sensitivity and confidentiality of NGOs, in addition to busy workload. One of the managers that refused to conduct the interview said clearly that 'I cannot share information of my NGO because that would affect our job privacy'. Still, the contacted NGOs target respondents agreed to participate in a survey questionnaire.

### **5.7 Questionnaire Design**

After identifying the appropriate data-collection method, the following step that needs to be considered is the design of the instrument. Developing a new instrument is viewed as more appropriate than using already designed instrument for various reasons. First, developing a new instrument will enable the researcher to link main and specific objectives of the research with certain questions or groups of questions developed specifically to serve the purpose of the

research. Burns and Grove (1997) stated that designing an instrument is a complicated and sometimes troublesome process but the overall purpose is that the ultimate questions will be clearly related to the research questions and will elicit precise information that help to attain the objectives of the research. Second, the present research investigates the impact of strategic management on the performance of NGOs; in which a new theoretical model has been developed in order to test this empirical relationship differently from what has been done before in the NGOs research. Third, designing a new instrument gives the researcher the flexibility to develop the most proper questions and use the most appropriate scales. All of the mentioned above require the development of a new questionnaire taking into account the context and the literature of NGOs.

The questionnaire consists of three parts. The first part concerns the respondents and the organization profile; the second part covers the strategic management process which is measured by environmental scanning, strategy formulation, strategy implementation and strategy evaluation. Each of the four strategic management practices was measured using a multi-item scale adapted from previous studies such as Analoui and Samour (2012), Hu et al., (2014), Mosley et al., (2012), and Poister and Streib (2005). The last part covers the overall performance of the NGOs which is divided into financial performance (measured by fundraising efficiency, financial transparency and program financial efficiency) and non-financial performance (measured by program outcomes, program non-financial efficiency, impact, partnership and quality). The multi items were formulated based on the review of the relevant literature and are used to measure the main variables of the research. Table 22 clearly shows the different parts of the questionnaire.



**Table (22): Questionnaire Components**

	Section	Sub-Section	Number of Items
Part A	Background information	Respondent profile	6
		Organization profile	3
Part B	Strategic Management	Environmental Scanning	9
		Strategy formulation	9
		Strategy Implementation	8
		Strategy Evaluation	10
Part C	NGOs Performance	Financial Performance	15
		- Fundraising Efficiency	5
		- Financial Transparency	5
		- Programs Financial Efficiency	5
		Non-Financial Performance	24
		- Programs Outcomes	5
		- Programs non-financial Efficiency	5
		- Programs Impact	5
		- Level of Partnership	4
		- Quality	5

All the strategic management questions in the developed instrument use 5-point Likert scale ranging from (1 = Very Slightly), (2= Slightly), (3= Average), (4= Largely) to (5 = To Great Extent). Similarly, the NGOs performance section relies also on 5-points Likert scale ranging from (1= Strongly disagree), (2= Disagree), (3= Neutral), (4=Agree) to (5= Strongly Agree).

It was noted that in contemporary psychometric practice, the majority of rating scales, Likert scales, and other attitude and supposition measures contain either five or seven response categories (Bearden et al., 1993). Furthermore, the odd numbers of response categories have generally been preferred to even numbers because they allow the middle category to be translated as a neutral point (Neumann and Neumann, 1981). The Likert scales were chosen in

the light of the fact that they take less time and are not difficult to answer (McCelland, 1994; Churchill, 1995). While the most serious drawback of the Likert scale is its lack of reproducibility (Oppenheim, 1992), it is highly desirable in numerically ordering respondents, especially in characterizing attitudes (Davis and Cosenza, 1993).

Concerning the length of the questionnaire, different opinions were found in the literature. For example, Frazer and Lawley (2000) mentioned that an instrument up to twelve pages in length is generally considered acceptable. Others such as Zikmund (2003, p. 214) suggested that ‘a general rule of thumb is that a questionnaire should not exceed six pages’. All the questions in this research, including the covering letter, were within recommended length. Questions were also neatly arranged and conveniently spaced to minimize eyestrain. Moreover, since, the questionnaire was designed to represent the main objective of the research, moving from one section to another in a logical way with statements concentrating on the completed subject or section before moving to another one. Finally, the wording and language used in this questionnaire were kept as simple as possible to avoid any confusion or misunderstanding, since it has been recommended by Frazer and Lawley (2000), the respondents should be able to read and understand the words used in the instrument as this will enhance them to complete the questionnaires.

#### **5.7.1 Pre-Testing the Questionnaire**

There is wide agreement among researchers that pre-testing a questionnaire is an essential part of the questionnaire development process. The advantages of pre-testing before conducting the field survey have been decently underscored in the literature by a number of researchers (Hunt et al., 1982; Blair and Presser, 1992; Churchill, 1995). A pre-test is viewed as ‘a trial run with a group of respondents used to screen out problems related to the design, structure or the instructions of the questionnaire’ (Zikmund, 2003, p. 229). Two methods have been utilized to conducted the pre-testing stage which are: expert panel, and interviews

### **5.7.2 Panel of Arbitrators**

The research relied on the experts, who have strong academic knowledge and experience in strategy and NGOs, to evaluate the questionnaire. The experts were composed of three arbitrators. The first is a senior director of an Italian NGO (We World), the second is the head of the CERGAS research center at the university of Milano Bocconi and the third is a certified consultant of NGOs and international institutions in the Palestinian territories. The experts were asked to evaluate the survey questionnaire in terms of the following assessment criteria: understandability (the question is understandable and has the same meaning to different respondents); importance (the issue the question is addressing is important); relevance (the question is related to the subject and fully represents the domain of the research) and length (the length of the question asked is suitable). Based on the experts' judgment, some of the questions were removed, others were modified and new questions were added to some of the research variables. The experts agreed that the questions, design, variables, language, length of the questionnaire are suitable to measure the essence of the research questions.

### **5.7.3 Personal Interviews (Qualitative Pilot Study)**

Following the suggestions of Nachmias and Nachmias (2000), personal interviews were conducted with six people 2 of which are projects coordinators, 2 are program officers and 2 are administration officer. Conducting interviews to pretest the questionnaire was not challenging since the aim was to evaluate the questionnaire not to answer it. The main objective of the interview was to let the interviewees to assess the questionnaire in terms of formatting, wording, design, length. Moreover, they were asked to identify any item that is not clear and to add comments on the overall items of the questionnaire. The results of this procedure were of extreme importance since the respondents had some concerns concerning the length of the questionnaire in which they asked to reduce its length. The respondents suggested to translate the questionnaire into Arabic even if the official working language in many NGOs is English and the working staff in NGOs are skilled enough to answer the questionnaire in English. The

interviewees had identified some duplicated statements in the strategy part and performance part. All the comments given by the interviewees have been taken into account. As a result of the both the expert panel and personal interviews the final questionnaire consisted of the following parts as shown in table 23 (See Appendix one for full questionnaire)

**Table (23): Final Questionnaire Components**

	Section	Sub-Section	Number of Items
Part A	Background information	Respondent profile	6
		Organization profile	3
Part B	Strategic Management	Environmental Scanning	7
		Strategy formulation	6
		Strategy Implementation	7
		Strategy Evaluation	10
Part C	NGOs Performance	Financial Performance	10
		- Fundraising Efficiency	4
		- Financial Transparency	4
		- Programs Financial Efficiency	2
		Non-Financial Performance	20
		- Programs Outcomes	4
		- Programs non-financial Efficiency	4
		- Programs Impact	4
		- Level of Partnership	4
		- Quality	4

#### 5.7.4 Translation Process

Since the research relies on NGOs operating in a Middle east, context translation of the questionnaire was conducted as suggested by personal interview procedure of the questionnaire pre-test. Methodological authors such as Malhotra et al. (1996), and Salciuviene et al. (2005) maintain that this procedure is important because cultural differences could result in non-

equivalence, which may confound results. Two steps were conducted in translating the current instrument. First, after the original questionnaire (English version) was developed, it was translated into Arabic by an accredited translator whose native language is Arabic. The reliance on accredited translator was to ensure that the equivalence of the questionnaire. Moreover, the translator was fluent in both languages in order to avoid erroneous translation from English to Arabic.

### **5.8 Survey Procedure with Response Rate**

After preparing the questionnaire in both languages (English, Arabic), the main task was to choose the most suitable questionnaire method. Several methods can be used such as postal questionnaire, online-questionnaire, telephone questionnaire, drop-off and pick up method. The postal survey method has not been taken into account because of the expected low response rate, in addition such a method requires time and cost. Also, the telephone questionnaire has been also avoided because it is mainly used for marketing research, moreover, it might give the feeling to the respondents of compromising the privacy of their work.

Here the questionnaire was delivered by hand to every respondent and it was collected later. Through the researcher 's knowledge and experience of the local culture he thinks that this type will be useful for his research regarding the response rate, so he will use this method.

A total of 237 questionnaires (in which each organization of the total sample received 3 questionnaires) were distributed to international NGOs in the Palestinian Territories between the periods of July–September 2015 targeting program officers, projects coordinators and administration officers. In total, 160 surveys were returned back filled and complemented, representing a 67.5% response rate. All the surveys had no missing data hence 160 were used for data analysis and interpretations.

### **5.9 Research Rigor**

In the research area, it is vital to confirm that the instrument is indeed precisely measuring the variables it is supposed to measure and that important measures and some items have not been

neglected. Validity and reliability are used to assess the 'goodness' of the measures. Validity is concerned with whether we measure the right concept while reliability is concerned with the stability and consistency of measurement (Sekaran, 2003). Reliability and validity are separate concepts; a measure may be reliable but not valid, and on the other hand, a measure may be valid but not reliable (Holmes-Smith et al., 2006). Therefore, in order to ensure the quality of the research, both reliability and validity should be measured. The results of the reliability and validity tests are presented in the next chapter.

### **5.10 Statistical Tests**

In order to analyze the quantitative data gathered from the questionnaires, statistical Package for Social Sciences (SPSS) version 20 was used. This software has largely been used and accepted by researchers as a data analysis technique (Zikmund, 2003). This technique is used to screen the data in terms of coding the data, dealing with missing data, as well as reliability and validity measurements.

To attain the research objective, the statistical package for the Social Science (SPSS 20) is used for manipulating and analyzing the data. The researcher uses quantitative data analysis methods and the following statistical tools will be utilized:

1. Descriptive Analysis: descriptive statistics deals with ways of ordering and summarizing large sets of data to get one or more meaningful values that sums up the major features of the data. Frequencies, means. Standard deviations and percentages were used in this study for the purpose of reporting the characteristics of the respondents and simultaneously providing appropriate statistical support for the results.
2. Alpha-Cronbach Test: Alpha is a test that examines the homogeneity of a set of items used to define a field of study or a variable. Coefficient Alpha can be seen as the mean of the correlations of all the items in a test with each other (Norusis, 2000). If the

coefficient alpha is low and the set of items is large enough, this suggest that some items do not share equally in the common core and should be removed.

3. Sign test is used to determine if the mean of each paragraph is significantly different from a hypothesized value 3 (Middle value). If the P-value (Sig.) is smaller than or equal to the level of significance = 0.05, then the mean of a paragraph is significantly different from a hypothesized value 3. The sign of the test value indicates whether the mean is significantly greater or smaller than hypothesized value 3. On the other hand, if the P-value (Sig.) is greater than the level of significance,  $\alpha = 0.05$ , then the mean of a paragraph is insignificantly different from a hypothesized value 3.
4. Spearman-Correlation Coefficient: Spearman Rank RHO's correlation coefficient is used to explain the strength and direction of the relationship between two variables. It is used when the data doesn't follow a normal distribution or in case of Likert scale data (Conover, 1980). Spearman Correlation Coefficients (Rs) have a range from -1 to +1. The sign in front of the number indicates whether there is a positive correlation or a negative correlation. The size of the absolute value provides information on the strength of the relationship. In this research, the Spearman correlations will be utilized to measure the criterion, structure and convergent validity. Moreover, it will be used to examine the relationships between the research variables.
5. Multiple Regression: multiple regression analysis aims to explain the variation of one dependent variable by estimating the effect of several predictor variables on the criterion variable (Hair et al., 1998; Tourna-Germanou, 2007). Different from correlation, multiple regression simply demonstrates the level to which one or more predictor variables can explain and predict the criterion variable (Field, 2000). In addition to that, it is important to note that multiple regression is reliable statistical test for investigating a complex real-life research questions or propositions as suggested by Pallant (2001). Still, these propositions should be supported by a theoretical framework rooted in theory. In the

present research, multiple regression was utilized to examine the statistical relationship between strategic management practices and NGOs performance. Environmental scanning, strategy formulation, strategy implementation, strategy evaluation and monitoring were treated as predictor (independent) variables and the Financial/Non-Financial performance were treated as criterion (dependent) variables.



## **Chapter Six**

### **Research Findings**

#### **6.1 Introduction**

In the previous chapters a theoretical background was established regarding strategic management practices and NGOs performance. Following, the research methodology was clarified. In this chapter, the findings of the validity, reliability assessment and data analysis are presented. The chapter deals with descriptive statistics regarding the respondents profile, the organization characteristics and descriptive analysis of the research variables. This chapter aims to provide answers to some of the main research hypothesis concerning the relationship between strategic management practices and NGOs performance taking into account the financial performance and the program performance (non-financial performance). The exploration of all the relationships will be conducted using the Spearman correlation coefficient and standardized regression analysis.

#### **6.2 Checking for Reliability**

##### **6.2.1 Reliability of the Research Variables**

The reliability of a measure indicates the extent to which it is without bias and hence ensures consistency across the variable items in the instrument. It is an indication of the stability and consistency with which the instrument measures the concept and ‘goodness’ of the measure. Internal consistency is used to assess the reliability of the summated scale where several items are summed to form a total score. If they are reliable, the items will show consistency in their indication of the concept being measured. The most essential method to measure internal consistency is the coefficient of the Cronbach’s alpha. This method estimates the degree to which the items in the scale are representative of the domain of the construct being measured. It is a measure of the internal consistency of a set of items, and is considered the most common method accepted by researchers (Nunnally, 1978; Peter, 1979; Sekaran, 2000). Added to this, Cronbach’s coefficient is important in measuring multi-point scale items such as 5-point Likert

scale (Sekaran, 2000). Researchers have suggested different levels of accepting the internal consistency test. For example, Nunnally (1967) mentions that a good alpha is between .50 and .60. Others such as Nunnally and Bernstein (1994), and Francis (2001) suggested a rule of thumb level of higher than .70, with a level as low as .60 being acceptable for new scales. While different opinions have been suggested about levels of acceptance, it is widely accepted that an alpha of .70 and above is acceptable. This level is considered as the minimum for accepting the internal consistency of the scales. The results of the calculated Alpha shows a high level of reliability coefficients for the strategic management practices. It ranges from 0.820 to 0.943. Similarly, the reliability coefficients for NGOs performance fields and sub-fields, are also high. It ranges from 0.731 to 0.960, except for programs financial efficiency with value of 0.605. Annex table 1 shows the Cronbach 's coefficient alpha for the all the fields and sub fields covered by the questionnaire

### **6.2.2 Validity (Criterion related, Structure and Convergent validity)**

Reliability alone is not sufficient to consider that a questionnaire is adequate (Churchill, 1979). Thus, validity is needed to validate the fields of this research. According to Zikmund (200), validity means 'the ability of a scale to measure what is intended to be measured'. In this chapter we utilize several methods to check the validity of the constructs such as Criterion related validity, Structure Validity and Convergent Validity.

*Criterion related validity* has been used to examine the internal harmony of the questionnaire by checking the correlation coefficients of each item in each field and its whole field. A non-parametric test of Spearman Correlation has been utilized to check the correlations. The results show that the p-values of the items of the fields "Environmental scanning, Strategy formulation, Strategy Implementation, strategy evaluation" are less than 0.05, so the correlation coefficients of items used are all significant at  $\alpha = 0.05$ . Therefore, it can be said that the items of these fields are consistent and valid to measure what they were set for. Annex table 2, 3, 4, 5 show that the correlation coefficient and p-value between each field's item and its field for the strategic management fields.

This test has been repeated again to examine the internal harmony of the NGOs performance part (both financial and non-financial performance) using the Spearman coefficient. The results show that the p-values of the items of the sub-fields are less than 0.05, so the correlation coefficients of items used are all significant at  $\alpha = 0.05$ . Therefore, it can be said that the items of these sub-fields are consistent and valid to measure what they were set for. Annex table 6 and 7 clearly show that correlation coefficients and p-values between each sub-field's item and its sub-field.

After checking the item validity, *structure validity* test is used to test the validity of the questionnaire structure by examining the validity of each field of the questionnaire and the whole questionnaire. It measures the correlation coefficient between one field and all the fields of the questionnaire that have the same level of likert scale. The results show that the p-values (Sig.) of the fields are less than 0.05, so the correlation coefficients of all the fields are significant at  $\alpha = 0.05$ , so it can be said that the fields are valid and measures what it was set for and the structure validity requirement has been met. Annex table 8 clarifies the correlation coefficient between each field of the strategic management practices and the whole questionnaire

Similarly, the test has been utilized again to check the correlation coefficients between each field and sub-field of the NGOs performance and the whole questionnaire. Based on findings, we can see the p-values (Sig.) of the Spearman Coefficients are less than 0.05, so the correlation coefficients of all the fields (Financial Performance, non-Financial Performance) and their sub fields are significant at  $\alpha = 0.05$ , so it can be said that they are valid and measure what it was set for. Annex table 9 shows the correlation coefficients between each field and sub-field of the NGOs performance and the whole questionnaire.

Differently from what has been done in the criterion related validity that measures the relationship between each item in the field and the whole field, *convergent validity* measures the relationship between the items of the same field or the sub-field. According to Bagozzi et al. (1991), the items of the same field or construct or sub-field must co-vary if they are valid

measures. Convergent validity can be assessed using also the correlation analysis (Venkatraman and Grant, 1986; Sekaran, 2000). For the purpose of this thesis, convergent validity has been assessed by performing Spearman correlation analysis. The results show that the items of each field are inter-correlated significantly and positively suggesting that they measure the same field or construct. The annex tables 10, 11, 12, 13, report the values of the correlation analysis of the strategic management practices fields.

Similarly, we have checked the convergent validity for the NGOs performance part, by assessing the correlation among the items of each sub-field. The findings show that the items of each sub-field are inter-correlated significantly and positively suggesting that they valid and measure what they were set for. The convergent validity requirement has been met for the NGOs performance sub-fields. The annex tables 14,15,16 report the values of the correlation analysis of the items of sub-fields of the financial performance scale. The annex tables 17, 18, 19, 20, 21 demonstrates the correlation analysis among the items of the sub-fields of the non-financial performance main field.

Finally, since the main fields of the Financial and non-Financial Performance are divided into sub fields to measure. It is here important to check the inter-correlations among the sub-fields. These sub fields are valid if they co-vary among each other and with the main field. The results show that they are inter-correlated among each other and also correlated with the main field. These results suggest that the sub-fields are valid and they measure consistently the main variable. Annex table 22 shows the inter-correlations among sub-fields (Fundraising Efficiency, Financial transparency and Programs Financial Efficiency) and their correlation with their main field (Financial Performance). Also, annex table 23 shows the inter-correlations among sub fields (Programs Outcomes, Programs Non-Financial Efficiency, Programs Impact, Partnership and Quality) and their correlation with their main field (Non-Financial Performance).

### 6.3 Descriptive Statistics: Profile of Respondents

The results show that 41.3% of the target respondents were " program officers ", 28.8% were " project managers-coordinators ", and 30.0% were "administration officers". 52.5% of the target respondents were "Male", and 47.5% of the were "Female". This result clearly shows that NGOs consider issues like gender equality in its employment philosophy as it is considered to be one of the principles that international donors think about when financing these organizations. Third, 3.1% of the respondents' education was "secondary ", 50.0% had a degree of "Bachelor", 37.5% of the respondents' education was "master", and finally 9.4% had a degree of "PhD". It is more than obvious here that the quit majority of the respondents has a higher education degree which means that NGOs recruit and hire well educated and skilled employees. Moreover, a high percentage of the respondents had a master degree"37.5" which reflects that individuals with higher education degree such as master and specializations are highly recommended to work in these NGOs. Fourth, 9.4% of the respondents had an age of " less than 25" 28.1% of the respondents had an age of "from 25 to less than 30 years", 43.1% of the respondents' age was "from 30 to less than 40 years", and 15.1% had an age of "40 years and more ". Fifth, 12.5 % of the respondents had a working experience of " less than 3 years", 28.1% had an experience of "from 3 to less than 5 years", 40.6% from had an experience "from5 to less than 10 years", and 18.8% had an experience of "10years and more". Here we can notice that more than half of the respondents (n=95) had an experience of 5 years and higher which means that the NGOs employees are familiar with their working positions and they posses quite good level of experience. Finally, 7.2 % of the respondents had a specialization of " Arts, 8.3% hold a degree of "Information Technology(IT)", 9.4% of the respondents were "Science" graduates, 16.6% were " Business and Economics" graduates and 5.3% had "Education" degrees. Here, we can see that the highest percentage of the academic specialization is business and economics which reflects the preferred academic background that NGOs would like to see in an employee, moreover it is just simple to say that Business and Economics graduates best fit NGOs positions

since the working nature of NGOs requires financial management, projects management, reports writing, public relations, etc. Annex table 24 shows the summary of the descriptive statistics of the respondents' profile.

#### **6.4 Descriptive Statistics: Organization Characteristics**

The results show that that 5.0% of the respondents indicated that their NGO has been operating for "less than 3 years", while 20.6 % said that their NGOs has years of operations of "3 to less than 5 years". Moreover, the results show that 74.4% of the respondents said that their NGOs has more than 5 years of operations which means that these organizations have some kind of working stability and they are familiar with the working conditions due to their working experience. We can also add that since that the majority of these organizations have long years of operations, they tend to be more likely to have their own developed procedures, plans, strategies, clear performance appraisal systems which would at the end help the researcher to get rich data. Second, 23.8% of the respondents claimed that the number of staff in their NGOs are " less than 10", 38.8% of the respondents were working within NGOs with staff size of "10 to less than 20", 16.3% of the respondents said that the number of staff in their NGOs are "20 to less than 30", 15.0% of the respondents were working within NGOs with staff size of "30 to less than 40", and finally 6.3% of the respondents declared that they work in NGOs with staff size of "40 or more". Finally, 19.9% of the respondents said that their organizations provide economic development activities and projects, 14.4% of the respondents indicated that their organizations provide to democracy & human rights activities, 13.1% of the respondents said that education & training was the main activity of their organizations, 8.1% of the respondents belong to health & rehabilitation activity providers, 5.0% of the respondents declared that they work in a women and Child NGOs, 3.8% of the respondents clarified that they work NGOs characterized by culture & art activities, 30.0% declared that they work in social and relief services NGOs, and 5.0% of the respondents belong to agriculture and environmental sector. Annex table 25 shows the summary of the descriptive statistics of the organization characteristics.

## **6.5 Descriptive Statistics: Analysis of Research Variables**

This part of the data analysis aims at providing an overview of the questionnaire analysis in terms of descriptive statistics such as mean, standard deviations of each item under each field in addition to the sign test. The later is used to test the direction of the opinions of the respondents. The opinion of the respondents can be positive (if the weighted mean is greater than 60% and p-value is less than 0.05) or negative (if the weighted mean is less than 60% and p-value is greater than 0.05).

### **6.5.1 Analysis of the Items of the Field "Environmental Scanning"**

The findings show that the average means of respondents' perception about the environmental analysis variable items were ranging from 4.14 to 4.48, with standard deviation ranges from 0.503 to 0.756. For instance, the mean of the item "the identification of the external threats and opportunities" had a mean of 4.31 and a standard deviation of 0.552. Moreover, the items of "the participation of the local consultants in analyzing the environment" and the item of "the participation of the organization employees in analyzing the environment" had mean of 4.14 and 4.21 and standard deviation of 0.756 and 0.635 respectively. The weighted means indicate up to which level the practices of environmental scanning are applied in the sampled NGOs. The items that received the highest mean rating were first the analysis of the needs of the communities and potential beneficiaries with a mean of 4.48 and weighted mean of 89.6% and second the determination of the primary and secondary stakeholders with a mean of 4.39 and weighted mean of 87.8%. This high ranking for these two statements by the targeted respondents was expected since these NGOs are highly driven by a social mission to meet to fill the gaps of needs of the communities and beneficiaries where they work, so that's why these items were ranked highly. According to the P-values of the test sign, we can say that all the items in the environmental scanning had a significance smaller than the significance level = 0.05 and the sign test is positive which means that all the statement are significantly greater than the hypothesized value of 3. So in general, the respondents agreed to all the items in this dimension. In general,

the field of the environmental scanning field as whole got a mean of 4.28 and weighted mean 85.6%, (sign test= 38.085, p-value= 0.000) which indicates that is an agreement among respondents on the application of the environmental analysis in their organizations. To conclude, the results shows that there is careful examination of the critical issues of the internal and external environment by the sampled NGOs. Annex table 26 illustrates the means, weighted means, standard deviations, sign-test of each item of the field environmental scanning.

### **6.5.2 Analysis of the Items of the Field " Strategy Formulation"**

The findings show that the average means of respondents' perception about the strategy formulation variable items were ranging from 4.05 to 4.42, with standard deviation ranges from 0.616 to 0.775. For instance, the mean of the item " The establishment of objectives that have long term nature. (more than one year-based objectives)" had a mean of 4.09 and a standard deviation of 0.775. Also, the item of " The development of strategic alternatives and selecting a strategy among them" and the item of " The revision and modification of the mission statement, strategies and plans in light of threats/opportunities and strengths/weaknesses" had mean of 4.07 and 4.05 and standard deviation of 0.616 and 0.742 respectively. The items that received the highest mean rating were first the communication of the mission and strategies to external the stakeholders (including donors, partners) with a mean of 4.42 and weighted mean of 88.4% and second the reliance on consultants in developing the strategy with a mean of 4.16 and weighted mean of 83.2%. The reason why NGOs communicate their strategies and mission to external stakeholders is that many of the donors ask to formulate strategies and to practice sound managerial activities to guarantee funds for them. This explains the essential hidden role played by donors in the strategic management process in the NGOs. Second, it is clear that the NGOs relies heavily on strategy consultants which is a good indication since these consultants brings expertise, quality, concentration and precision. Similarly, by checking the sign test values and the significance value of each item, we can see that all the items in the strategy formulation field had a significance level smaller than the significance level = 0.05 and the sign test is positive which



means that all the statement are significantly greater than the hypothesized value of 3. In general, the field of the strategy formulation as whole got a mean of 4.11 and weighted mean 83.2%, (sign test= 26.764, p-value= 0.000), which indicates that is an agreement among respondents on the application of the strategy formulation in their organizations. Annex table 27 illustrates the means, weighted means, standard deviations, sign-test of each item of the field strategy formulation.

### **6.5.3 Analysis of the Items of the Field "Strategy Implementation"**

The results show that the average means of respondents' perception about the strategy implementation variable items were ranging from 3.51 to 4.14, with standard deviation ranges from 0.820 to 1.217. For instance, the mean of the item " The allocation of sufficient financial, human and other resources to implement strategies and plans" had a mean of 3.79 and a standard deviation of 0.825, Moreover, the items of " The support of the leadership to implement the strategy" and the item of " the organizational culture enables us to implement the strategic plans" had a mean had mean of 3.71 and 3.73 and standard deviation of 1.044 and 1.217 respectively. Also, the item of " the adjustment of the organizational structure to adapt with new changes brought by new strategies and plans" received a mean of 3.51 and standard deviation 1.052. The agreement on this item indicates that these NGOs consider the importance of modifying their structures as a consequence of new strategies. This result is inconsistent with Thaw and Petersen, (1998) who claimed that the majority of NGOs don't restructure their organizational hierarchy as a result of new strategy. Furthermore, the item that received the highest ranking was " the development of short term objectives with a mean of 4.14 and a weighted mean of 82.8%. This can be explained by the fact that NGOs are organizations that relies too much on operational planning to facilitate their work and implement their strategies. In general, based on the significance of the sign test, we can say that all the items in the strategy implementation field had a value of significance smaller than the significance level = 0.05 and the sign test is positive which means that all the statement are significantly greater than the

hypothesized value of 3. Hence, the respondents agreed to all the items in this dimension. The field of the strategy implementation as whole got a mean of 3.78 and weighted mean 75.6%, (sign test= 13.103, p-value = 0.000), which indicates that is an agreement among respondents on the implementation of the strategies and plans in their organizations and the drivers that facilitate the implementation of the strategies. Annex table 28 shows the means, weighted means, standard deviations, sign-test for each item of the field strategy implementation.

#### **6.5.4 Analysis of the Items of the Field "Strategy Evaluation and Monitoring"**

The results show that the average means of respondents' perception about the strategy evaluation and monitoring variable items were ranging from 3.63 to 3.84, with standard deviation ranges from 0.925 to 1.292. For instance, the mean of the item "the development of a monitoring system" had a mean of 3.66 and a standard deviation of 1.098, Moreover, the items of " monitoring the strategies and plans " had a mean of 3.633 and standard deviation of 1.098. The item of " the use of different evaluation techniques such as strategic audit, benchmarking and performance appraisal" had a mean of 3.73 and standard deviation of 0.964. The items that received the highest mean rating of the evaluation and monitoring practices in NGOs were first the consideration of the communities' satisfaction in the evaluation of the strategy with a mean of 3.84 and a weighted mean 76.8% and the consideration of the donors' satisfaction in the evaluation of the strategy with a mean of 3.82 and weighted mean of 76.4%. This explains that the importance of donors for NGOs since they are considered to be as their main funders, and also the importance of the communities where these NGOs work since they are social-mission oriented organizations looking always for the best of the communities and beneficiaries. Also, here based on the significance of the sign test, we can say that all the items in the strategy evaluation and monitoring field had a significance value smaller than the significance level = 0.05 and the sign test is positive which means that all the statement are significantly greater than the hypothesized value of 3. So in general, the respondents agreed to all the items in this dimension. In general, the field of the environmental scanning field as whole got a mean of 3.73 and

weighted mean 74.6%, (sign test= 10.651, p-value= 0.000), which indicates that is an agreement among respondents on the application of the monitoring and evaluation in their organizations. We can say that from the results, the respondents clarified that their organizations have good level of monitoring and evaluating their plans and strategies, setting performance measures and standards for their work. Finally, Annex table 29 shows the means, weighted means, standard deviations, sign-test of each item of the field strategy evaluation and monitoring

#### **6.5.5 Analysis of the Items of the Field "Financial Performance" and Its Sub-Fields**

The results show that the average means of respondents' perception about the financial performance variable items were ranging from 3.32 to 3.78, with standard deviation ranges from 0.767 to 1.198. For example, the mean of the item "The organization writes effective funding proposal" had a mean of 3.50 and a standard deviation of 0.904. Moreover, the items of " The organization uses available funds to generate more funds" had a mean of 3.74 and standard deviation of 0.898. The item of " The organization achieves high response rate from donors to funding proposals" received the lowest ranking in the fundraising efficiency items with mean of 3.32 and standard deviation of 1.00. In general, the average mean of the fundraising items was 3.55 with a standard deviation value of 0.750. Moving to the items of financial transparency we can see, from table 14, that the respondents agreed on both the items of " The organization declares annual financial reports audited by public qualified accountants" and " The organization ensures correct, timely preparation and submission of financial reports to the concerned donors" with a mean of 3.78 for both and standard deviation values of 0.936 and 1.062 respectively. In general, the weighted mean of the financial transparency was 74.2% suggesting good financial practices in terms of honesty and integrity. On the other hand, the two items of programs financial efficiency had on average a mean of 3.69 with a standard deviation of 0.696. Based on the significance level the sign test, we can say that all the items in the Financial Performance field had a significance which smaller than the significance level = 0.05 and the sign test is positive which means that all the statement are significantly greater than the hypothesized value of 3. So

in general, the respondents agreed to all the items in this dimension. In general, the field of the Financial Performance field as whole got a mean of 3.64 and weighted mean 72.8%, (sign test= 11.528, p-value= 0.000), which indicates that was an agreement among respondents on statements of the financial performance field and its sub-fields. Annex table 30 shows the means, weighted means, standard deviations, sign-test of each item of the field Financial Performance and its sub dimensions.

#### **6.5.6 Analysis of the Items of the Filed "Non-Financial Performance" and Its sub-Fields**

The results show that the average means of respondents' perception about the financial performance variable items were ranging from 3.38 to 3.93, with standard deviation ranging from 0.810 to 1.242. For example, the mean of the item "The organization's programs are effective in achieving beneficiary's satisfaction" had a mean of 3.68 and a standard deviation of 0.842. Moreover, the items of " The organization's programs are effective in contributing to volunteers' development" had a mean of 3.71 and standard deviation of 0.842. The overall mean for Programs Outcomes (Effectiveness) was 3.73 with a standard deviation value of 0.716. The overall mean of the Program-non-financial efficiency was 3.57 with a standard deviation value 1.053 in which the items of " The organization uses proper activities to transform non-financial resources of the programs into outputs" and the item of " The organization's programs provides a number of products/services as planned" had a mean of 3.43 and 3.74 respectively. Moreover, the weighted mean of sub-fields; programs impact, partnership and quality were 70%, 70.6% and 72.6% respectively. According to the significance level of sign test, we can say that all the items in the Non-Financial Performance field had a significance value which is smaller than the significance level = 0.05 and the sign test is positive which means that all the statement are significantly greater than the hypothesized value of 3. So in general, the respondents agreed to all the items in this dimension. The whole field of the Non-Financial Performance field got a mean of 3.59 and weighted mean 71.6%, (sign test= 9.309, p-value= 0.000), which indicates that was an agreement among respondents on statements of the non-financial performance field and its

sub-fields. Annex table 31 shows the means, weighted means, standard deviations, sign-test of each item of the field Non-Financial Performance and its sub dimensions

### **6.5.7 Results of the Strategic Management Practices and the NGO Performance in General**

The results show that the mean of all paragraphs of the strategic management questionnaire equals 3.976 (79.5%), Sign test =20.968, and P-value=0.000 which is smaller than the level of significance = 0.05. This means that the respondents on average agreed to all paragraphs of the strategic management practices. On the other hand, the mean of all paragraphs of the NGOs performance questionnaire equals 3.671 (72.3%), Test-value =10.642, and P-value=0.000 which is smaller than the level of significance = 0.05. This means that the respondents on average agreed to all paragraphs of the NGOs performance questionnaire. Annex table 32 shows the descriptive statistics and sign test of the strategic management as an aggregate value of all the practices (environmental scanning, strategy formulation, strategy implementation, strategy evaluation and monitoring) and NGOs performance as an aggregate value (financial and non-financial performance).

## **6.6 Testing the Relationship between Strategic Management Practices and Financial Performance**

This section presents the process of testing the proposed hypotheses to answer the research questions concerning the relationship among strategic management practices and Financial Performance. The part uses correlations and multiple regression analyses in analyzing the relationships between main fields of the study; environmental scanning, strategy formulation, strategy implementation, strategy evaluation and monitoring, and financial performance. Moreover, the sections provide also a description of the relationship between the fields of strategic management practices and the sub-fields of the financial performance.

### **6.6.1 Correlation Analysis**

The results show there is positive relationship between strategic management practices and financial performance indicators (all recording a Spearman coefficient higher than 0.500).

Moreover, we can see that all the correlations between the strategic management practices and the financial performance indicators are significant at 0.01 level. For instance, we find that the correlation between environmental scanning and fundraising efficiency are significant at 0.01 level with a Spearman coefficient of 0.843. The correlation coefficient between environmental scanning and both financial transparency and programs financial efficiency are 0.760 and 0.543 respectively. The relationship between strategy formulation and the three financial performance indicator are significant with correlation of 0.715 with fundraising efficiency, 0.706 with financial transparency and finally 0.602 with programs financial efficiency. Furthermore, strategy implementation registered the following correlation with the financial performance indicators (0.756 with fundraising efficiency, 0.797 with financial transparency and 0.619 with programs financial efficiency). Finally, strategy evaluation as the concluding practice of strategic management proved a significant positive relationship with the financial performance indicators in which the Spearman coefficient was 0.769 with fundraising efficiency, 0.774 with financial transparency and 0.608 with programs financial efficiency. The results suggest the strategic management practices are of extreme importance for the financial performance in terms of fundraising, programs financial efficiency and financial transparency. Annex table 33 shows the Spearman correlation coefficient between the fields of environmental scanning, strategy formulation, strategy implementation, strategy evaluation and sub-fields of financial performance (fundraising efficiency, financial transparency, programs financial efficiency).

Here we conducted a correlation analysis between each of the strategic management practices and the field of the financial performance. The results show these results in which each of the strategic management practices is positively related to the overall financial performance recalling the correlations are significant at 0.01 level. The Spearman correlation shows strong positive relationship between financial performance and all strategic management practices included in this research. Among these practices, strategy implementation had a correlation with the financial performance in which the Spearman coefficient is 0.850. Environmental scanning, strategy

evaluation and strategy formulation scored at 0.832, 0.877 and 0.758 respectively. Annex table 34 shows the Spearman correlation coefficient between the fields of environmental scanning, strategy formulation, strategy implementation, strategy evaluation and the overall financial performance.

We can notice that the correlation observed reveals a strong relationship between strategic management practices and financial performance as whole which implies the importance of the strategic management process for the financial performance of NGOs. Since positive relationship was found between strategic management practices and Financial Performance in the correlation analysis, it is deemed necessary to employ regression analysis in order to establish whether there were any predictive relationships between the dependant and independent variables.

#### **6.6.2 Multiple Regression Analysis**

According to Tabachnick and Fidell (1989), multiple regression analysis is the most widely used in the business and social sciences to examine all kinds of relationships. It is a powerful analytical tool used to determine which specific independent variables predict the variance of dependent variables selected by the research (Hair et al., 2006). Consistent with the suggestions of Cohen and Cohen (1983), regression analysis was conducted to better understand the hypothesized relationships in this study. Hence, regression analyses (Enter Method) were performed to predict the relative test of the research hypotheses. In this analysis, the independent variables were environmental analysis, strategy formulation, strategy implementation, strategy evaluation and monitoring, and the dependent variable (outcome variable) was Financial Performance.

Based on the findings of the multiple regression where all the strategic management practices entered simultaneously, we got the following results. The model has an R square equals to 0.863 indicating that 86.3% of the variations in financial performance is explained by the four variables entered in the model (environmental scanning, strategy formulation, strategy implementation, strategy evaluation and monitoring).

The f-statistic (ANOVA) of the model equals to 244.429 with a p-value equals to 0.000. The ANOVA finding revealed that the overall model, including all four main predictors—Environmental Scanning, Strategy Formulation, Strategy Implementation and Strategy evaluation—is a significant predictor of the financial performance of NGOs. By looking at each of the individual t-tests, it can be seen that all independent variables are significant predictors. However, in order to evaluate the strength of each predictor variable in the model it is important to use the standardized coefficients (beta) (Pallant, 2001). ‘Standardized’ means that the values for each of the variables have been converted to the same scale so they are comparable (Field, 2000). The beta weight indicated that strategy implementation was the strongest predictor ( $\beta = 0.379$ ,  $P=0.000$ ), followed by strategy evaluation ( $\beta = 0.248$ ,  $P=0.000$ ), next is the environmental scanning ( $\beta = 0.220$ ,  $P=0.000$ ), and, finally, strategy formulation ( $\beta = 0.168$ ,  $P=0.002$ ).

In general, multiple regression analysis showed that strategic management practices of environmental scanning, strategy formulation, strategy implementation, strategy evaluation were found to be significant predictors for the financial performance of NGOs. Based on the results, Multicollinearity was not serious, since the tolerance values ranged from 0.269 to 0.308 ( $>0.10$ ) and the variance inflation factor (VIF) ranged from 3.243 to 3.722 ( $<10.00$ ) (Pallant, 2001). Moreover, the Durbin-Watson value of 2.151, which measures the independence of the errors, indicated no evidence of autocorrelation since the suggested value is not less than 1.5 and not higher than 2.5 (Field, 2000). Additionally, the inspection of Cook’s Distance ( $0.084 < 1.00$ ) suggests that in the model there are no potential problems with the outliers (Tabachnick and Fidell, 2007). Annex table 35 shows the results of the multiple regression analysis between the strategic management practices and the financial performance.

## **6.7 Testing the Relationship between Strategic Management Practices and Non-Financial Performance**

This part shows the process of exploring effects of the strategic management practices on the Non-Financial Performance of NGOs. It provides a clear picture of the relationship through the



analysis of correlations and multiple regression between the variables which are; environmental scanning, strategy formulation, strategy implementation, strategy evaluation and monitoring, non-financial performance. Furthermore, it gives an analysis of the relationship between the fields of strategic management practices and the sub-fields of the non-financial performance.

### **6.7.1 Correlation Analysis**

The findings suggest that there is positive relationship between strategic management practices and non- performance indicators. In addition, all the relationships between strategic management practices and sub-fields of non-financial performance were significant at 0.01 level. The strategic management practices had the strongest correlations with programs nonfinancial efficiency. The values of the Spearman coefficient were 0.801 with environmental scanning, 0.748 with strategy formulation, 0.838 with strategy implementation, and 0.821 with strategy evaluation and monitoring. These results give an indication that strategic management practices are positively related to the programs non-financial efficiency in terms of using the proper activities to produce the required outputs and providing a number of products and services as planned. Similarly, these practices we find that the correlation between environmental scanning, strategy formulation, strategy implementation, strategy implementation and strategy evaluation and programs impact were 0.660, 0.588, 0.651 and 0.676 respectively. This suggests that strategic management practices lead to better impact of NGOs programs in terms of causing direct, indirect effects and long-term effects on the communities where they operate. Furthermore, strategic management practices, according to the correlation analysis, proved to be beneficial to partnership, in which environmental scanning was positively correlated with partnership scoring a spearman correlation of 0.734, and strategy formulation, implementation, evaluation were also positively related to partnership with a spearman coefficient of 0.647, 0.746 and 0.766 respectively. Strategic management practices were also positively correlated with the dimension of the quality, suggesting that those practices are of extreme importance for the quality of the services, projects provided by these NGOs in terms of sticking to quality standards, providing

innovative services and the satisfaction of donors and beneficiaries. Annex table 36 shows the spearman coefficient and the p-values of the relationship between the fields of environmental scanning, strategy formulation, strategy implementation, strategy evaluation and sub-fields of non-financial performance (Programs Outcomes, Programs non-financial efficiency, Programs impact, Partnership and Quality).

Also, we conducted a correlation analysis between each of the strategic management practices and the field of the non-financial performance. The results show that each of the strategic management practices is positively related to the overall non-financial performance. The Spearman correlation shows strong positive significant relationship between non-financial performance and all strategic management practices included. Among these practices, environmental scanning had a correlation with the non-financial performance in which the Spearman coefficient is 0.785. Strategy Formulation scored at 0.710 with non-financial performance. Strategy implementation and strategy evaluation score at 0.817 and 0.813 respectively. We can notice that it is obvious that the correlation observed reveals a strong relationship between strategic management practices and financial performance as whole which implies the importance of the strategic management process for the non-financial performance of NGOs. Since positive relationship was found between strategic management practices and Non-Financial Performance in the correlation analysis, it is crucial to conduct a regression analysis to better analyze the predictive power of the independent variable on the dependent variable. Annex table 37 shows the Spearman correlation coefficient between the fields of environmental scanning, strategy formulation, strategy implementation, strategy evaluation and the overall non-financial performance.

### **6.7.2 Multiple Regression Analysis**

Surprisingly, the results of the multiple regression of strategic management practices on the non-financial performance show that all the practices are positively and significantly related to the non-financial performance. The model, as shown in table 46, has an R square equals to 0.825

indicating that 82.5% of the variations in non-financial performance are explained by the four variables entered in the model (environmental scanning, strategy formulation, strategy implementation, strategy evaluation and monitoring).

The f-statistic (ANOVA) of the model equals to 182.817 with a p-value equals to 0.000. The ANOVA finding revealed that the overall model, including all four main predictors—Environmental Scanning, Strategy Formulation, Strategy Implementation and Strategy evaluation—is a significant predictor of the non-financial performance of NGOs. Looking at each of the individual t-tests, it can be seen that all independent variables are significant predictors. The beta weight indicated that strategy evaluation was the strongest predictor ( $\beta = 0.313$ ,  $P=0.000$ ), followed by strategy implementation ( $\beta = 0.295$ ,  $P=0.000$ ), next is the environmental scanning ( $\beta = 0.232$ ,  $P=0.000$ ), and, finally, strategy formulation ( $\beta = 0.153$ ,  $P=0.013$ ).

In general, multiple regression analysis showed that strategic management practices of environmental scanning, strategy formulation, strategy implementation, strategy evaluation were found to be significant predictors for the non-financial performance of NGOs, which implies that the strategic management practices (which represents the management effectiveness) lead to better program performance. Based on the results of, Multicollinearity was not also serious, since the tolerance values ranged from 0.269 to 0.308 ( $>0.10$ ) and the variance inflation factor (VIF) ranged from 3.245 to 3.723 ( $<10.00$ ) (Pallant, 2001). Moreover, the Durbin-Watson value of 1.678, which measures the independence of the errors, indicated no evidence of autocorrelation since the suggested value is not less than 1.5 and not higher than 2.5 (Field, 2000). Additionally, the inspection of Cook's Distance ( $0.111 < 1.00$ ) suggests that in the model there are no potential problems with the outliers (Tabachnick & Fidell, 2007). Annex table 38 shows the results of the multiple regression analysis between the strategic management practices and the non-financial performance.

## 6.8 Testing the Effects of Individual Characteristics

The sixth hypothesis stated that, there are significant statistical differences at significant level ( $\alpha=0.05$ ) among the respondents' answers strategic management practices and NGOs performance to individual characteristics. This hypothesis was tested with its main six characteristics (Job title, sex, education, age experience or major of specializations) using the Kruskal Wallis test.

Annex tables 39, 40, 41, 42,43,44 show that the p-value (Sig.) of the Kruskal Wallis tests for all the individual characteristics is greater than the level of significance  $\alpha = 0.05$  for each field, which implies that there is insignificant difference in respondents' answers toward each field due Job title, sex, education, age experience or major of specializations. This means that the respondents' individual characteristics have no effect on each field.

For instance, the job title was not affecting the answers of the respondents. This can be explained by the fact that research sample (programs managers, and projects coordinators, and administration officers) belongs to the same job field and there are some big similarities in their nature of work. Sex also had no effects on respondents answers and this is explained by the fact that both males and females belong the same job title and both are professional in their field of work.

The results also show that education has no impact or effect on respondents answers and this can be justified by the fact that the staff of NGOs acquire knowledge of NGOs work through training and working experience which implies that their education is not of much importance. It is also clear that many NGOs looks more for experience rather than education. Similarly, age had no effects on respondents answers towards the research fields. This is due to the fact that targeted respondents operates their management activities in NGOs which are decided by organizational procedures and policies regardless of their age. Furthermore, experience exerted no effect on the opinions of the respondents and this can be explained by the fact the NGOs always require professionals with already built experience before entering in their working

environment. Finally, the major of specialization had also no effect on respondents' answers. This is somehow expected because the staff of NGOs comes from different backgrounds and they don't have to belong to certain field of study in order to join the NGO.

## **6.9 Testing the Effects of Organizational Characteristics**

The seventh hypothesis stated that, there are significant statistical differences at significant level ( $\alpha=0.05$ ) among the respondents' answers strategic management practices and NGOs performance to organization characteristics. This hypothesis was tested with its main three characteristics (years of operations, number of staff and type of work) using the Kruskal Wallis test.

Annex tables 45,46,47 show that the p-value (Sig.) of the Kruskal Wallis tests for all the organizational characteristics is greater than the level of significance  $\alpha = 0.05$  for each field, which implies that there is insignificant difference in respondents' answers toward each field due to years of services, number of staff and type of work. This means that the organizational characteristics have no effect on each field.

Based on the results, the years of operations did not have effects on the research fields. This can be explained by the fact that the targeted NGOs are international in nature and have many similarities in their procedures and systems. Also the number of staff of NGOs did not exert any effect on the research fields. Here, the justification can be that even small NGOs are concerned with strategic management practices and they are hitting good financial and non financial performance. So large organizations and small organizations are in the same trend for their strategic management practices and performance. Finally, the type of work of the organization had no effect on research variables.

In this part we can say that although NGOs work in different crossing cutting issues ranging from health, education, children to economic development, the overall objective is the same which is to achieve their social mission of improving the conditions of their targeted beneficiaries.

## **Chapter Seven**

### **Research Conclusion, Contribution, Practical Implications and Limitations**

#### **7.1 Revisiting the Research Objectives**

It would be extremely useful to revisit the main research objectives prior to summing up the major findings of the research. The main objective of this research was to explore the relationship between strategic management practices and NGOs performance. In order to achieve the main objective, some of them have been developed as follows:

1. To examine the relationship between strategic management practices and financial performance of NGOs.
2. To examine the relationship between strategic management practices and non-financial performance of NGOs.
3. To introduce a new way of investigating the relationship between strategic management practices and NGOs' performance.
4. To identify ways to improve the performance by using strategic management.
5. To provide NGOs practical recommendations concerning the importance of strategic management practices to improve their performance.

#### **7.2 Summary of the Findings**

In the previous chapters, a set of assumptions using correlation analysis and multiple regression analysis were tested to investigate better the relationship between strategic management practices and both financial and non-financial performance of NGOs. The correlation analysis revealed a strong positive relationship between the strategic management practices and financial and non-financial performance. Moreover, to deeply understand the relationship a correlation analysis was conducted between these practices and the sub-fields of both financial and non-financial performance of NGOs. Again, the correlation analysis showed that there is a strong correlation between the strategy practices and these sub-factors. Then, the multiple regression analysis

indicated that all the strategic management practices showed statistically significant positive association with both financial and non-financial performance. Consequently, propositions H1 and H2, H3, H4 were supported as shown in table 24. Importantly, the present analysis revealed that strategic management practices are significant predictors of financial performance of NGOs. Specifically, the results of regression analyses indicated that strategic management practices significantly explain around than 86% of the variance of the financial performance with strategy implementation as the strongest predictor. Similarly, the findings demonstrated that the strategic management are significant predictors of the non-financial performance of NGOs. The regression model showed that these practices explain 82.5% of the variances in the non-financial performance highlighting that strategy evaluation and monitoring was the strongest predictor. Finally, the last two hypotheses were tested to investigate the effects of individual and organizational characteristics on the research fields. The findings of the Kruskal Wallis tests showed that there are no significant differences in the opinions of the respondents due to both the individual and organizational characteristics, not supporting the last two propositions H6 and H7.

**Table (24): Summary of the Tested Propositions**

Propositions	Decision	Methods of Investigation
H1a: Environment analysis has a significant positive influence on financial performance of NGOs	Supported	Correlation Analysis & Multiple Regression Analysis (Direct Effects)
H2a: Strategy formulation has a significant positive influence on financial performance of NGOs	Supported	
H3a: Strategy implementation has a significant positive influence on financial performance	Supported	
H4a: Strategy evaluation and monitoring has a significant positive influence on financial performance of NGOs	Supported	
H1b: Environment analysis has a significant positive influence on non-financial performance of NGOs.	Supported	
H2b: Strategy formulation has a significant positive influence on non-financial performance of NGOs	Supported	
H3b: Strategy implementation has a significant positive influence on non-financial performance of NGOs	Supported	
H4b: Strategy evaluation and monitoring has a significant positive influence on (b) non-financial performance of NGOs	Supported	
H5: There are significant differences among the respondents' answers regarding the strategic	Not Supported	Kruskal Wallis Test

management and NGOs performance due to individual characteristics.		
H6: There are significant differences among the respondents' answers regarding the strategic management and NGOs performance due to organizational characteristics.	Not Supported	

### 7.3 Discussion of the Findings

One of the primary goals of this research was to investigate the effect of strategic management on NGOs' performance. The results of this study also demonstrated that exists a strong relationship between strategic management practices and NGOs financial and non-financial performance. These results provide compelling evidence in support of the effects of strategic management on the performance of NGOs.

In comparison to previous studies in the research domain, the obtained findings further showed that strategic management are positively related to financial and non financial performance. The regression analysis provided strong evidence of such a relationship. The strong  $R^2$  values associated with these relationships suggest that strategic management practices accounted for 86% percent and 82.5% of financial and non-financial performance, respectively. In general, the results suggest the those who aim to achieve higher financial performance in terms of fundraising, financial sustainability, credibility and financial efficiency of programs, should consider the role of strategic management practices and these practices on the other hand can lead to a better program performance in terms of effectiveness, efficiency, impact, partnership and quality.

These findings are certainly in parallel with prior research in the strategy-performance link of NGOs. For instance, Barry (1986), Bryson (1988), Hay (1991), Bryce (1992), Allison & Kaye (2005) underlined the necessity of the strategic management practices for NGOs performance. The results suggested that these practices are fundamental for NGOs' financial performance as it has been suggested by Mosley et al. (2012), Ramadan and Borgonovi, (2015). The findings are consistent with Blackmon (2008) who found a relationship between strategic management and NGOs financial performance measured by the balanced scorecard measurement approach. The



results are also consistent with Siciliano (1997) who demonstrated a link between the strategic management and NGOs financial performance. The results are not consistent with Ghoneim and Baradei (2013), who used the balanced scorecard to measure financial performance, that did not find a link between the research variables. The findings of the strategic management-financial performance relationship in this research have an advantage over many studies , such as Cameron (1982) cited in (Courtney, 2002), Odom and Boxx (1988), Crittenden et al. (1988) and Jenster and Overstreet (1990), which investigated the relationship between only the utilization of formal planning and financial performance measured in terms of access to funding or income generation, ignoring other important elements in financial performance of NGOs such as financial transparency and efficiency. Moreover, the previous studies highlighted only the use of planning ignoring other important elements in a comprehensive strategic management approach. The results also suggested that strategic management practices are fundamental for NGOs' Non-financial performance and can lead to better program performance as it has been addressed by (Mara, 2000; Medley and Akan, 2008; McHatton et al., 2011), to achieve higher level of efficiency and effectiveness (Marin, 2015) and to build networks with donors and partners (Boyne and Walker, 2004; Allison and Kaye, 2005; Brown, 2010; Bryson, 2011). The study findings are consistent with Siciliano (1997) who demonstrated a relationship between the use of strategic management and social performance. The findings also are consistent in a way with Van de Ven (1980) (cited in Courtney, 2002) who found that higher levels of efficiency were associated with agencies that used a formal planning model. The findings are consistent with Letts et al. (1999) who claimed that management effectiveness represented by goals, mission, plans, evaluation and monitoring may lead to better program performance, as it provides a foundation for the improvement, and growth of programs (Letts et al., 1999). Similarly, the results agreed with Hu et al. (2014) who demonstrated that strategic management has an impact of the way NGOs serves the community needs and deliver their programs and services and with Reid et al. (2014) who claimed that not only a strategic plan development, but also an ongoing implementation

practices and evaluation and assessment impact the overall success of NGOs. Smith (2008) also found that strategic management practices in NGOs results in more productive outcomes in nonprofit organizations' performance.

#### **7.4 Implications for Managerial Practices**

Generally speaking, this research highlighted the role of strategic management in NGOs performance. The findings of the research suggest that those NGOs who analyze their present situation including evaluating the opportunities threats, weaknesses, strengths, stakeholders, needs of the communities, define their strategic alternatives in terms of mission, goals, strategies, implement their plans and strategies taking into account the important strategy implementation drivers and finally monitor and evaluate their progress and strategies, will have better performance from financial aspect in terms of generating funds, utilizing these funds efficiently and effectively. Moreover, it is more than clear that NGOs with better strategic management practices are delivering their services and projects successfully. Based on the findings, the research suggests NGOs, regardless of their size and experience, to invest in strategic management executive education in order to obtain a high return on investment (ROI) in terms of financial and non financial performances. Moreover, the following strategic management practices should be adopted by the NGO sector as a vehicle to achieve higher performance:

1. An analysis of the present situation of the NGO in terms of its services, beneficiaries and stakeholders.
2. External environment analysis: evaluating opportunities and threats in terms of its competitors, donors, the economy socio-political influences and technology in order to improve beneficiary value.
3. Internal environment analysis: evaluating internal capabilities, strengths and weaknesses.
4. Developing specific, measurable, achievable, realistic and time bound, long term objectives and short term goals.
5. Defining strategic alternatives in terms of objectives and grand strategies.

6. Regularly reviewing the goals, objectives and mission statement in light of changes in the working environment.
7. Taking into account the importance of the organizational culture, structure, leadership as major drivers of the strategy implementation process.
8. Developing a monitoring system.
9. Monitoring and evaluating regularly the goals, strategies and the overall progress of the organization to ensure that is both flexible and adjustable.
10. Use a participatory approach to formulate mission statement, goals, strategies and ensure that all of the employees are aware of it and are fully supportive.
11. Taking into account the importance of participation of the experts and consultants in the strategy process.

## **7.5 Contribution of the Research**

This research provided an important contribution to theoretical body of knowledge of NGOs research concerning the strategy-performance link. It is one the PhD studies that investigate the relationship between strategic management and NGOs performance, trying to fill the gaps in the literature of NGOs research. Previous researches on NGO's mostly adopt a sociological, psychological, ethical, and macroeconomic approach and that there are very few studies in the field of management and even less in strategic management.

Empirically, this research adds to the literature of strategy-performance in NGOs since there are less defined clear relationships between strategic management and NGOs (Lubelska; 1996, Singh; 1996, Cited in Courteny, 2002; Stone et al.; 1999, Poister et al., 2010). This thesis empirically examined the relationships between strategic management practices and NGO's financial and non-financial performance. These relationships are new areas of the body of knowledge within the NGO context

Theoretically, the developed conceptual model of the research included the variables believed to be of extreme necessity to investigate the relationship between strategic management and NGOs

performance. The research framework gives a more sophisticated understanding of the relationship between strategic management and NGOs performance. Moreover, it overcame the classical way of measuring NGOs performance only in terms of access to funding. It includes a much more comprehensive performance measures of NGOs.

Another contribution of the study, is that fact that the previous studies relied mainly on formal planning utilization to represent the strategy process in NGOs, while this research applies more comprehensive approach of strategic management taking into account environmental scanning, strategy formulation, strategy implementation and strategy evaluation and monitoring as it has been suggested by many strategy scholars such as Grant (2005), Poister and Streib's (2005), Marin (2015).

## **7.6 Limitations and Future Research**

Although the research follows an appropriate research method and design, the findings of the research have to be interpreted in relation to some limitations. The limitation of the research with future direction research are summarized as below:

Methodologically, the sample and the context of the research are usually a critical issue. The research used only the international NGOs working in the Palestinian territories as the target population. Further expansion of the study to include also local NGOs would add value to better understand the relationship between the strategic management and NGOs performance. The future research might replicate and extend this research to enrich and enhance these preliminary findings by carrying out comparative studies from different countries. Another methodological issue, is that fact that this study relied on the perceptions of program officers, projects managers, and administration officers as its data source. It is believed that these respondents have good knowledge of strategic management and NGOs. The data has been gathered by a single data collection method which might introduce a kind of bias. Although it has been argued by Spector (2006) that it is incorrect to assume that single data method implies systematic bias, the research recommends future research to use a quantitative-qualitative

approach with multi data collection methods such as questionnaires and interviews. Moreover, the inclusion of a qualitative investigation would be extremely useful to understand how the strategic management practices impact performance of NGOs.

Third, the research aimed mainly to investigate the direct effects of strategic management practices on NGOs performance. Future research should extend the investigation of the relationship between these two variables with the inclusion of some mediating or moderating variables such as donors policies, conditional funding, external constraints. The inclusion of these variables in further studies would add a value to better understanding the relationship between strategy and NGOs performance.

Finally, the research relied mainly on financial performance and non-financial performance (the program performance), as dependent variables of the research. It did not include other performance indicators that are mainly related to organizational effectiveness that represents the organizational functions and internal process. Thus, the research recommends future studies to extend the analysis to take into account the organizational effectiveness as performance measure and not limiting it to financial and program performance.

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## Annexes

**Annex table (1): Cronbach's Alpha for the Strategic Management Variables**

Constructs	Cronbach's coefficient
Environmental Scanning	0.820
Strategy Formulation	0.870
Strategy Implementation	0.861
Strategy Evaluation and Monitoring	0.943
<b>Total Strategic Management Questionnaire</b>	<b>0.962</b>
Fundraising Efficiency	0.813
Financial Transparency	0.822
Programs Financial Efficiency	0.605
<b>Financial Performance</b>	<b>0.903</b>
Programs Outcomes	0.840
Programs non-Financial Efficiency	0.923
Programs Impact	0.900
Partnership	0.891
Quality	0.731
<b>Non-Financial Performance</b>	<b>0.960</b>
<b>Total NGOs performance Questionnaire</b>	<b>0.970</b>

Source: SPSS Analysis

**Annex table (2): The Correlation Coefficient between Each Item in the Field "Environmental Scanning" and the Whole Field**

No.	Item	Spearman Coefficient	Significance Level
1	The identification of the external threats and opportunities.	0.703	0.000**
2	The identification of the internal weaknesses and strengths.	0.695	0.000**
3	The analysis of environmental factors such as the economic, political, social and technological ones.	0.748	0.000**
4	The determination of primary and secondary stakeholders influenced by the organization's interventions.	0.761	0.000**
5	The analysis of the needs of the communities and the potential beneficiaries.	0.803	0.000**
6	The participation of the organization employees in analyzing the environment.	0.547	0.000**
7	The participation of local consultants in analyzing the environment.	0.649	0.000**

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (3): The Correlation Coefficient between Each Item in the Field "Strategy Formulation" and the Whole Field**

No.	Item	Spearman Coefficient	Significance Level
1	The establishment of objectives that have long term nature. (more than one year-based objectives).	0.726	0.000**
2	The development of strategic alternatives and selecting a strategy among them.	0.833	0.000**
3	The revision and modification of the mission statement, strategies and plans in light of threats/ opportunities and strengths/ weaknesses.	0.636	0.000**
4	The participation of the internal stakeholders (employees, board, etc) in formulating the strategies and plans.	0.768	0.000**
5	The communication of the mission and strategies to external the stakeholders (Donors, Partners).	0.603	0.000**
6	The reliance on consultants in developing the strategy.	0.773	0.000**

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (4): The Correlation Coefficient between Each Item in the Field "Strategy Implementation" and the Whole Field**

No.	Item	Spearman Coefficient	Significance Level
1	The development of clear rules and procedures to guide strategic plans.	0.784	0.000**
2	The development of short term objectives, (equal or less than one year-based objectives)	0.828	0.000**
3	The allocation of sufficient financial, human and other resources to implement the strategies and plans.	0.784	0.000**
4	The establishment of clear activities or steps needed to accomplish the short term goals.	0.694	0.000**
5	The adjustment of the organization structure to adapt with new changes brought by their new strategic plans and decisions.	0.648	0.000**
6	The support from leadership to implement strategies	0.710	0.000**
7	The organizational culture (core values, beliefs and norms) enables us to implement our strategic plans.	0.726	0.000**

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (5): The Correlation Coefficient between Each Item in the Field "Strategy Evaluation" and Monitoring and the Whole Field**

No.	Item	Spearman Coefficient	Significance Level
1	The development of a monitoring system.	0.886	0.000**
2	Monitoring the strategic plans on regular basis.	0.865	0.000**
3	The identification of performance measures and standards.	0.799	0.000**
4	The evaluation of the outcomes of the strategies and plans.	0.773	0.000**
5	The modification of strategies, if needed, as a result of the evaluation.	0.750	0.000**
6	The communication of the evaluation results to the stakeholders.	0.833	0.000**
7	The consideration of the donor's priorities in the evaluation of the strategy.	0.827	0.000**
8	The consideration of the community satisfaction in the evaluation of the strategy.	0.782	0.000**
9	The reliance on consultants in the evaluation to ensure objectivity and transparency.	0.811	0.000**
10	The use of various evaluation techniques such as strategic audit, performance appraisal and benchmarking.	0.733	0.000**

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (6): The Correlation Coefficient between Each Item in the Sub-Fields of "Financial Performance" and the Whole Sub-Field**

No.	Item	Spearman Coefficient	Significance Level
	<b>Fundraising Efficiency</b>		
1	The organization writes effective funding proposals.	0.750	0.000**
2	The organization uses available funds to generate more funds.	0.678	0.000**
3	The organization achieves high response rate from donors to funding proposals.	0.880	0.000**
4	The organization minimizes its fundraising costs as much as possible.	0.858	0.000**
	<b>Financial Transparency</b>		
5	The organization commits to the international standards of accounting and financial reporting	0.696	0.000**
6	The organization ensures accurate and up to date financial records.	0.833	0.000**
7	The organization declares annual financial reports audited by public qualified accountants.	0.763	0.000**
8	The organization ensures correct, timely preparation and submission of the financial reports to the concerned donors.	0.818	0.000**
	<b>Programs Financial Efficiency</b>		
9	The programs of the organization are financially resourced in an adequate manner to enable the achievement of the desired outputs.	0.828	0.000**
10	The organization monitors the budget statements of the projects and programs to ensure that the expenditures are in line with budgets.	0.855	0.000**

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (7): The Correlation Coefficient between Each Item in the Sub-Fields of "Non-Financial Performance" and the Whole Sub-Field**

No.	Item	Spearman Coefficient	Significance Level
	<b>Programs Outcomes</b>		
1	The organization's programs are effectively achieved in contributing to the development of targeted beneficiaries.	0.801	0.000**
2	The organization's programs are effective in addressing crosscutting issues.	0.792	0.000**
3	The organization's programs are effective in achieving beneficiary's satisfaction.	0.757	0.000**
4	The organization's programs are effective in contributing to volunteers' development.	0.707	0.000**
	<b>Programs Non-Financial Efficiency</b>		
5	The organization uses proper activities to transform non-financial resources of the programs into outputs.	0.544	0.000**
6	The organization recruits staff with the right skills, experience to achieve the planned outputs of programs.	0.600	0.000**
7	The organization commits to time schedule to achieve the programs outputs.	0.693	0.000**
8	The organization's programs provide a number of products/services as planned.	0.714	0.000**
	<b>Programs Impact</b>		
9	The organization's programs contribute to achieving the overall objective of your organization.	0.852	0.000**
10	The organization's programs are effective in causing direct effects on the community.	0.891	0.000**
11	The organization's programs are effective in causing indirect effects on the community.	0.777	0.000**
12	The organization's programs are effective in creating a long term effect or at social, economic, technological level as resulted from the programs.	0.876	0.000**
	<b>Partnership</b>		
13	The organization considers collaborative partnership in its operations.	0.872	0.000**
14	The organization attracts local partners for the organization's programs.	0.805	0.000**
15	The organization attracts international partners for the organization's programs.	0.866	0.000**
16	The organization attracts private sector partners for the organization's programs.	0.851	0.000**
	<b>Quality</b>		
17	The organization commits to quality systems and standards in programs delivery.	0.803	0.000**
18	The organization provides innovative services and projects.	0.680	0.000**
19	The organization's stakeholders are satisfied due to the organization's programs.	0.713	0.000**
20	The organization has strong relationships with the community.	0.692	0.000**

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (8): Correlation Coefficient of Each Field of Strategic Management Practices and the Whole Questionnaire**

No.	Field	Spearman Coefficient	Significance Level
1	Environmental Scanning	0.903	0.000**
2	Strategy Formulation	0.864	0.000**
3	Strategy Implementation	0.895	0.000**
4	Strategy Evaluation and Monitoring	0.925	0.000**

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis



**Annex table (9): Correlation Coefficient of Each Field, Sub-Field of NGOs Performance and the Whole Questionnaire**

No.	Field	Spearman Coefficient	Significance Level
1	Fundraising Efficiency	0.879	0.000**
2	Financial Transparency	0.848	0.000**
3	Programs financial Efficiency	0.746	0.000**
	<b>Overall Financial Performance</b>	<b>0.948</b>	<b>0.000**</b>
1	Programs Outcomes	0.756	0.000**
2	Programs Non-Financial Efficiency	0.929	0.000**
3	Programs Impact	0.826	0.000**
4	Partnership	0.888	0.000**
	Quality	0.797	0.000**
	<b>Overall Non-Financial Performance</b>	<b>0.955</b>	<b>0.000**</b>

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (10): Correlation Analysis of Spearman: Environmental Scanning Items**

Items	(Item1)	(Item2)	(Item3)	(Item4)	(Item5)	(Item6)	(Item7)
(1) Item 1	1						
(2) Item 2	0.600** (0.000)	1					
(3) Item 3	0.371** (0.000)	0.444** (0.000)	1				
(4) Item 4	0.428** (0.000)	0.555** (0.000)	0.628** (0.000)	1			
(5) Item 5	0.594** (0.000)	0.345** (0.000)	0.567** (0.000)	0.479** (0.000)	1		
(6) Item 6	0.212** (0.007)	0.232** (0.003)	0.301** (0.000)	0.398** (0.000)	0.336** (0.000)	1	
(7) Item 7	0.242** (0.002)	0.258** (0.001)	0.403** (0.000)	0.351** (0.000)	0.573** (0.000)	0.303** (0.000)	1

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (11): Correlation Analysis of Spearman: Strategy Formulation Items**

Items	(Item1)	(Item2)	(Item3)	(Item4)	(Item5)	(Item6)
(1) Item 1	1					
(2) Item 2	0.825** (0.000)	1				
(3) Item 3	0.511** (0.000)	0.546** (0.000)	1			
(4) Item 4	0.422** (0.000)	0.513** (0.000)	0.284** (0.000)	1		
(5) Item 5	0.642** (0.000)	0.548** (0.000)	0.554** (0.000)	0.420** (0.000)	1	
(6) Item 6	0.437** (0.000)	0.523** (0.003)	0.251** (0.001)	0.856** (0.000)	0.359** (0.000)	1

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (12): Correlation Analysis of Spearman: Strategy Implementation Items**

Items	(Item1)	(Item2)	(Item3)	(Item4)	(Item5)	(Item6)	(Item7)
(1) Item 1	1						
(2) Item 2	0.689** (0.000)	1					
(3) Item 3	0.595** (0.000)	0.594** (0.000)	1				
(4) Item 4	0.485** (0.000)	0.448** (0.000)	0.482** (0.000)	1			
(5) Item 5	0.337** (0.000)	0.445** (0.000)	0.479** (0.000)	0.239** (0.002)	1		
(6) Item 6	0.532** (0.000)	0.525** (0.003)	0.540** (0.000)	0.580** (0.000)	0.295** (0.000)	1	
(7) Item 7	0.454** (0.000)	0.577** (0.000)	0.403** (0.000)	0.552** (0.000)	0.500** (0.000)	0.363** (0.000)	1

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table(13): Correlation Analysis of Spearman : Strategy Evaluation and Monitoring Items**

Items	(Item1)	(Item2)	(Item3)	(Item4)	(Item5)	(Item6)	(Item7)	(Item8)	(Item9)	(Item10)
(1) Item1	1									
(2) Item 2	0.772** (0.000)	1								
(3) Item 3	0.765** (0.000)	0.716** (0.000)	1							
(4) Item 4	0.679** (0.000)	0.698** (0.000)	0.676** (0.000)	1						
(5) Item 5	0.710** (0.000)	0.636** (0.000)	0.660** (0.000)	0.550** (0.000)	1					
(6) Item 6	0.622** (0.000)	0.734** (0.000)	0.624** (0.000)	0.646** (0.000)	0.576** (0.000)	1				
(7) Item 7	0.689** (0.000)	0.709** (0.000)	0.577** (0.000)	0.569** (0.000)	0.649** (0.000)	0.639** (0.000)	1			
(8) Item 8	0.698** (0.000)	0.670** (0.000)	0.628** (0.000)	0.583** (0.000)	0.623** (0.000)	0.650** (0.000)	0.700** (0.000)	1		
(9) Item 9	0.689** (0.000)	0.640** (0.000)	0.695** (0.000)	0.709** (0.000)	0.554** (0.000)	0.583** (0.000)	0.628** (0.000)	0.638** (0.000)	1	
(10) Item 10	0.625** (0.000)	0.561** (0.000)	0.500** (0.000)	0.489** (0.000)	0.506** (0.000)	0.537** (0.000)	0.641** (0.000)	0.522** (0.000)	0.528** (0.000)	1

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (14): Correlation Analysis of Spearman: Financial Performance, "Fundraising Efficiency"**

Items	(Item1)	(Item2)	(Item3)	(Item4)
(1) Item1	1			
(2) Item 2	0.404** (0.000)	1		
(3) Item 3	0.625** (0.000)	0.373** (0.000)	1	
(4) Item 4	0.484** (0.000)	0.428** (0.000)	0.763** (0.000)	1

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (15): Correlation Analysis of Spearman: Financial Performance, "Financial Transparency"**

Items				
Items	(Item1)	(Item2)	(Item3)	(Item4)
(1) Item1	1			
(2) Item 2	0.474** (0.000)	1		
(3) Item 3	0.344** (0.000)	0.549** (0.000)	1	
(4) Item 4	0.386** (0.000)	0.630** (0.000)	0.596** (0.000)	1

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (16): Correlation Analysis of Spearman: Financial Performance, "Financial Transparency"**

Items		
Items	(Item1)	(Item2)
(1) Item1	1	
(2) Item 2	0.445** (0.000)	1

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (17): Correlation Analysis of Spearman: Non-Financial Performance, "Programs Outcomes"**

Items				
Items	(Item1)	(Item2)	(Item3)	(Item4)
(1) Item1	1			
(2) Item 2	0.544** (0.000)	1		
(3) Item 3	0.614** (0.000)	0.468** (0.000)	1	
(4) Item 4	0.382** (0.000)	0.473** (0.000)	0.512** (0.000)	1

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (18): Correlation Analysis of Spearman: Non-Financial Performance, "Programs Non-Financial Efficiency Items"**

Items				
Items	(Item1)	(Item2)	(Item3)	(Item4)
(1) Item1	1			
(2) Item 2	0.739** (0.000)	1		
(3) Item 3	0.686** (0.000)	0.790** (0.000)	1	
(4) Item 4	0.707** (0.000)	0.725** (0.000)	0.816** (0.000)	1

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (19): Correlation Analysis of Spearman: Non-Financial Performance, "Programs Impact" Items**

Items	(Item1)	(Item2)	(Item3)	(Item4)
(1) Item1	1			
(2) Item 2	0.736** (0.000)	1		
(3) Item 3	0.659** (0.000)	0.734** (0.000)	1	
(4) Item 4	0.618** (0.000)	0.576** (0.000)	0.788** (0.000)	1

\*\* Correlation is significant at the 0.01 level.  
Source: SPSS Analysis

**Annex table (20): Correlation Analysis of Spearman: Non-Financial Performance, "Partnership" Items**

Items	(Item1)	(Item2)	(Item3)	(Item4)
(1) Item1	1			
(2) Item 2	0.608** (0.000)	1		
(3) Item 3	0.644** (0.000)	0.705** (0.000)	1	
(4) Item 4	0.625** (0.000)	0.710** (0.000)	0.754** (0.000)	1

\*\* Correlation is significant at the 0.01 level.  
Source: SPSS Analysis

**Annex table (21): Correlation Analysis of Spearman: Non-Financial Performance, "Quality" Items**

Items	(Item1)	(Item2)	(Item3)	(Item4)
(1) Item1	1			
(2) Item 2	0.362** (0.000)	1		
(3) Item 3	0.451** (0.000)	0.528** (0.000)	1	
(4) Item 4	0.490** (0.000)	0.308** (0.000)	0.287** (0.000)	1

\*\* Correlation is significant at the 0.01 level.  
Source: SPSS Analysis

**Annex table (22): Correlation Analysis of Spearman between Financial Performance Field and Its three Sub-Fields**

Variables	(Fundraising Efficiency)	(Financial Transparency)	(Financial Efficiency)	(Financial Performance)
(1) Fundraising Efficiency	1			
(2) Financial Transparency	0.762** (0.000)	1		
(3) Programs Financial Efficiency	0.657** (0.000)	0.568** (0.000)	1	
(4) Financial Performance	0.932** (0.000)	0.916** (0.000)	0.732** (0.000)	1

\*\* Correlation is significant at the 0.01 level.  
Source: SPSS Analysis

**Annex table (23): Correlation Analysis of Spearman between Non-Financial Performance Field and Its Five Sub-Fields**

Variables	(Programs Outcomes)	(Programs Non-Financial Efficiency)	(Programs Impact)	(Partnership)	(Quality)	(Non-Financial Performance)
(1) Programs Outcomes	1					
(2) Programs Non-Financial Efficiency	0.668** (0.000)	1				
(3) Programs Impact	0.847** (0.000)	0.770** (0.000)	1			
(4) Partnership	0.629** (0.000)	0.856** (0.000)	0.750** (0.000)	1		
(5) Quality	0.507** (0.000)	0.785** (0.000)	0.599** (0.000)	0.807** (0.000)	1	
(6) Non-Financial Performance	0.788** (0.000)	0.925** (0.000)	0.864** (0.000)	0.924** (0.000)	0.863** (0.000)	1

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis.

**Annex table (24): Descriptive Statistics of Target respondents**

	Category	Frequency	Percentage%
<b>Job Title</b>	Program Officer	66	41.3
	Project Manager-Coordinator	46	28.8
	Administration officer	48	30.0
	Program Officer	66	41.3
<b>Gender</b>	Male	<b>84</b>	52.5
	Female	<b>76</b>	47.5
<b>Education Background</b>	Secondary	5	3.1
	Bachelor	80	50.0
	Master	60	37.5
	PhD	15	9.4
<b>Age in Years</b>	Less than 25 years	<b>15</b>	<b>9.4</b>
	25 -less than 30 years	<b>45</b>	<b>28.1</b>
	30- less than 40 years	<b>69</b>	<b>43.1</b>
	40 years or more	<b>31</b>	<b>19.4</b>
<b>Years of Experience</b>	Less than 3years	20	12.5
	3 -less than 5 years	45	28.1
	5- less than 10 years	65	40.6
	10 years or more	30	18.8
<b>Major</b>	Arts	19	7.2
	IT	22	8.3
	Medicine	12	4.5
	Science	25	9.4
	Business and Economics	44	16.6
	Education	14	5.3
	Other	24	9.1
	<b>Total</b>	<b>160</b>	<b>100%</b>

Source: SPSS Analysis

**Annex table (25): Descriptive Statistics of Organization Characteristics**

	Category	Frequency	Percentage%
<b>Years of Operations</b>	Less than 3 years	8	5.0
	3- less than 5 years	33	20.6
	5- less than 10 years	61	38.1
	10 years or higher	58	36.3
<b>Number of the staff</b>	Less than 10	38	23.8
	10- less than 20	62	38.8
	20- less than 30	26	16.3
	30- less than 40	24	15.0
	40 Or higher	10	6.3
<b>Work sector</b>	Economic Development	31	19.4
	Democracy & Human rights	23	14.4
	Education & Training	21	13.1
	Health & Rehabilitation	13	8.1
	Women & Child	8	5.0
	Culture and Art	6	3.8
	Social & Relief Services	48	30.0
	Agriculture & Environment	8	5.0
	Other	2	1.2
	<b>Total</b>	<b>160</b>	<b>100%</b>

**Annex table (26): Means, Standard Deviations, Weighted Means and Test values for Environmental Scanning**

N.	Item	Mean	Standard deviation	Weighted Mean	Sign Test	Sig level
1	The identification of the external threats and opportunities.	4.31	0.552	86.2%	30.099	0.000*
2	The identification of the internal weaknesses and strengths.	4.18	0.620	83.6%	23.976	0.000*
3	The analysis of environmental factors such as the economic, political, social and technological ones.	4.26	0.639	85.2%	24.981	0.000*
4	The determination of primary and secondary stakeholders influenced by the organization's interventions.	4.39	0.503	87.8%	35.064	0.000*
5	The analysis of the needs of the communities and the potential beneficiaries.	4.48	0.560	89.6%	33.431	0.000*
6	The participation of the organization employees in analyzing the environment.	4.21	0.635	84.2%	24.013	0.000*
7	The participation of local consultants in analyzing the environment.	4.14	0.756	82.8%	19.022	0.000*
<b>Total degree for Environmental Scanning</b>		<b>4.28</b>	<b>0.425</b>	<b>85.6%</b>	<b>38.085</b>	<b>0.000*</b>

\* The mean is significantly different from 3  
Source: SPSS Analysis

**Annex table (27): Means, Standard Deviations, Weighted Means and Test values for Strategy Formulation**

No.	Item	Mean	Standard deviation	Weighted Mean	Sign test	Sig level
1	The establishment of objectives that have long term nature. (more than one year-based objectives).	4.09	0.775	81.8%	17.843	0.000*
2	The development of strategic alternatives and selecting a strategy among them.	4.07	0.616	81.4%	21.962	0.000*
3	The revision and modification of the mission statement, strategies and plans in light of threats/ opportunities and strengths/ weaknesses.	4.05	0.742	81.0%	17.894	0.000*
4	The participation of the internal stakeholders (employees, board, etc) in formulating the strategies and plans.	4.14	0.696	82.8%	20.679	0.000*
5	The communication of the mission and strategies to external the stakeholders (Donors, Partners).	4.42	0.668	88.4%	26.866	0.000*
6	The reliance on consultants in developing the strategy.	4.16	0.696	83.2%	21.004	0.000*
<b>Total degree for Strategy formulation</b>		<b>4.11</b>	<b>0.527</b>	<b>82.2%</b>	<b>26.70</b>	<b>0.000*</b>

\* The mean is significantly different from 3  
Source: SPSS Analysis

**Annex table (28): Means, Standard Deviations, Weighted Means and Test values for Strategy Implementation**

No.	Item	Mean	Standard deviation	Weighted Mean	Sign test	Sig level
1	The development of clear rules and procedures to guide strategic plans.	3.78	1.091	75.6%	9.056	0.000*
2	The development of short term objectives, (equal or less than one year-based objectives)	4.14	0.820	82.8%	17.542	0.000*
3	The allocation of sufficient financial, human and other resources to implement the strategies and plans.	3.79	0.825	75.8%	12.171	0.000*
4	The establishment of clear activities or steps needed to accomplish the short term goals.	3.77	0.986	75.4%	9.866	0.000*
5	The adjustment of the organization structure to adapt with new changes brought by their new strategic plans and decisions.	3.51	1.052	70.2%	6.162	0.000*
6	The support from leadership to implement strategies	3.71	1.044	74.2%	8.560	0.000*
7	The organizational culture (core values, beliefs and norms) enables us to implement our strategic plans.	3.73	1.217	74.6%	7.601	0.000*
<b>Total degree for Strategy Implementation</b>		<b>3.78</b>	<b>0.749</b>	<b>75.6%</b>	<b>13.103</b>	<b>0.000*</b>

\* The mean is significantly different from 3 Source: SPSS Analysis

**Annex table (29): Means, Standard Deviations, Weighted Means and Test values for Strategy Evaluation and Monitoring**

No.	Item	Mean	Standard deviation	Weighted Mean	Sign test	Sig level
1	The development of a monitoring system.	3.66	1.098	73.2%	7.630	0.000*
2	Monitoring the strategic plans on regular basis.	3.63	1.019	72.6%	7.832	0.000*
3	The identification of performance measures and standards.	3.67	1.227	73.4%	6.893	0.000*
4	The evaluation of the outcomes of the strategies and plans.	3.79	0.976	75.8%	10.298	0.000*
5	The modification of strategies, if needed, as a result of the evaluation.	3.73	0.925	74.8%	9.919	0.000*
6	The communication of the evaluation results to the stakeholders.	3.81	1.107	76.2%	9.209	0.000*
7	The consideration of the donor's priorities in the evaluation of the strategy.	3.82	1.051	76.4%	9.851	0.000*
8	The consideration of the community satisfaction in the evaluation of the strategy.	3.84	1.013	76.8%	10.538	0.000*
9	The reliance on consultants in the evaluation to ensure objectivity and transparency.	3.67	1.292	73.6%	6.547	0.000*
10	The use of various evaluation techniques such as strategic audit, performance appraisal and benchmarking.	3.73	0.964	74.6%	9.605	0.000*
<b>Total degree for Strategy Evaluation and Monitoring</b>		<b>3.73</b>	<b>0.872</b>	<b>74.6%</b>	<b>10.651</b>	<b>0.000*</b>

\* The mean is significantly different from 3  
Source: SPSS Analysis

**Annex table (30): Means, Standard Deviations, Weighted Means and Test values for Financial Performance**

No.	Item	Mean	Standard deviation	Weighted Mean	Sign test	Sig level
<b>Fundraising efficiency</b>						
1	The organization writes effective funding proposals.	3.50	0.904	70.0	7.082	0.000*
2	The organization uses available funds to generate more funds.	3.74	0.898	74.8	10.465	0.000*
3	The organization achieves high response rate from donors to funding proposals.	3.32	1.000	66.4	4.048	0.000*
4	The organization minimizes its fundraising costs as much as possible.	3.64	0.934	72.8	8.719	0.000*
<b>Total degree for Fundraising Efficiency</b>		<b>3.55</b>	<b>0.750</b>	<b>71.0</b>	<b>9.354</b>	<b>0.000*</b>
<b>Financial Transparency</b>						
5	The organization commits to the international standards of accounting and financial reporting	3.59	1.041	71.8	7.209	0.000*
6	The organization ensures accurate and up to date financial records.	3.69	1.198	73.8	7.256	0.000*
7	The organization declares annual financial reports audited by public qualified accountants.	3.78	0.936	75.6	10.556	0.000*
8	The organization ensures correct, timely preparation and submission of the financial reports to the concerned donors.	3.78	1.062	75.6	9.305	0.000*
<b>Total degree for Financial Transparency</b>		<b>3.71</b>	<b>0.858</b>	<b>74.2</b>	<b>10.475</b>	<b>0.000*</b>
<b>Programs Financial Efficiency</b>						
9	The programs of the organization are financially resourced in an adequate manner to enable the achievement of the desired outputs.	3.63	0.873	72.6	9.144	0.000*
10	The organization monitors the budget statements of the projects and programs to ensure that the expenditures are in line with budgets.	3.75	0.767	75.0	12.475	0.000*
<b>Total degree for Programs Financial Efficiency</b>		<b>3.69</b>	<b>0.696</b>	<b>73.8</b>	<b>12.611</b>	<b>0.000*</b>
<b>Total degree for Financial Performance</b>		<b>3.64</b>	<b>0.708</b>	<b>72.8</b>	<b>11.528</b>	<b>0.000*</b>

\* The mean is significantly different from 3  
Source: SPSS Analysis

**Annex table (31): Means, Standard Deviations, Weighted Means and Test values for Non- Financial Performance**

No.	Item	Mean	Standard deviation	Weighted Mean	Sign Test	Sig level
<b>Programs Outcomes</b>						
1	The organization's programs are effectively achieved in contributing to the development of targeted beneficiaries.	3.93	0.981	78.6	11.924	0.000*
2	The organization's programs are effective in addressing crosscutting issues.	3.61	0.810	72.2	9.473	0.000*
3	The organization's programs are effective in achieving beneficiary's satisfaction.	3.68	0.842	73.6	10.233	0.000*
4	The organization's programs are effective in contributing to volunteers' development.	3.71	0.842	74.2	10.701	0.000*
<b>Total degree for Programs Outcomes</b>		<b>3.73</b>	<b>0.716</b>	<b>74.6</b>	<b>12.914</b>	<b>0.000*</b>
<b>Programs Non-Financial Efficiency</b>						
5	The organization uses proper activities to transform non-financial resources of the programs into outputs.	3.63	1.050	72.6	7.606	0.000*
6	The organization recruits staff with the right skills, experience to achieve the planned outputs of programs.	3.43	1.242	68.6	4.392	0.000*
7	The organization commits to time schedule to achieve the programs outputs.	3.46	1.273	69.2	4.533	0.000*
8	The organization's programs provide a number of products/services as planned.	3.74	1.094	74.8	8.595	0.000*
<b>Total degree for Programs Non-Financial Efficiency</b>		<b>3.57</b>	<b>1.053</b>	<b>71.4</b>	<b>6.792</b>	<b>0.000*</b>
<b>Programs Impact</b>						
9	The organization's programs contribute to achieving the overall objective of your organization.	3.54	0.838	70.8	8.206	0.000*
10	The organization's programs are effective in causing direct effects on the community.	3.67	0.943	73.4	8.986	0.000*
11	The organization's programs are effective in causing indirect effects on the community.	3.42	0.968	68.4	5.551	0.000*
12	The organization's programs are effective in creating a long term effect or at social, economic, technological level as resulted from the programs.	3.38	0.971	67.6	5.047	0.000*
<b>Total degree for Programs Impact</b>		<b>3.50</b>	<b>0.817</b>	<b>70.0</b>	<b>7.838</b>	<b>0.000*</b>
<b>Level of Partnership</b>						
13	The organization considers collaborative partnership in its operations.	3.59	0.986	71.8	7.617	0.000*
14	The organization attracts local partners for the organization's programs.	3.49	1.154	69.8	5.409	0.000*
15	The organization attracts international partners for the organization's programs.	3.55	1.191	71.0	5.908	0.000*
16	The organization attracts private sector partners for the organization's programs.	3.48	1.292	69.6	4.678	0.000*
<b>Total degree for Partnership</b>		<b>3.53</b>	<b>1.000</b>	<b>70.6</b>	<b>6.684</b>	<b>0.000*</b>
<b>Quality</b>						
17	The organization commits to quality systems and standards in programs delivery.	3.47	1.221	69.4	4.828	0.000*
18	The organization provides innovative services and projects.	3.68	1.101	73.6	7.828	0.000*
19	The organization's stakeholders are satisfied due to the organization's programs.	3.71	1.114	74.2	8.022	0.000*
20	The organization has strong relationships with the community.	3.65	1.172	73.0	7.015	0.000*
<b>Total degree for Quality</b>		<b>3.63</b>	<b>0.859</b>	<b>72.6</b>	<b>9.229</b>	<b>0.000*</b>
<b>Total degree for Non- Financial Performance</b>		<b>3.59</b>	<b>0.805</b>	<b>71.6</b>	<b>9.309</b>	<b>0.000*</b>

\* The mean is significantly different from 3  
Source: SPSS Analysis

**Annex table (32): Means, Standard Deviations, Weighted Means and Test values for Strategic Management Practices and NGOs Performance**

Field	Mean	Standard deviation	Weighted Mean	Sign Test	Sig level
<b>Total degree for Strategic Management</b>	<b>3.976</b>	<b>0.589</b>	<b>79.5</b>	<b>20.968</b>	<b>0.000*</b>
<b>Total degree for The NGO performance</b>	<b>3.617</b>	<b>0.735</b>	<b>72.3</b>	<b>10.642</b>	<b>0.000*</b>

\* The mean is significantly different from 3  
Source: SPSS Analysis



**Annex table (33): Correlation Analysis of Spearman between Strategic Management Practices and Sub-Fields of Financial Performance**

Variables	Fundraising Efficiency	Financial Transparency	Programs Financial Efficiency
(1) Environmental Scanning	0.843** (0.000)	0.760** (0.000)	0.543** (0.000)
(2) Strategy Formulation	0.715** (0.000)	0.706** (0.000)	0.602** (0.000)
(3) Strategy Implementation	0.756** (0.000)	0.797** (0.000)	0.619** (0.000)
(4) Strategy Evaluation and Monitoring	0.769** (0.000)	0.774** (0.000)	0.608** (0.000)

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (34): Correlation Analysis of Spearman between Strategic Management Practices and Field of Financial Performance**

Variables	Financial Performance
(1) Environmental Scanning	0.832** (0.000)
(2) Strategy Formulation	0.758** (0.000)
(3) Strategy Implementation	0.877** (0.000)
(4) Strategy Evaluation and Monitoring	0.817** (0.000)

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (35): Multiple Regression between Strategic Management Practices and Financial Performance**

Independent Variables	Beta (β)	T-value	Sig.	Tolerance	VIF
Environmental Scanning	0.220	3.942	0.000	0.283	3.534
Strategy Formulation	0.168	3.131	0.002	0.308	3.243
Strategy Implementation	0.379	6.610	0.000	0.269	3.722
Strategy Evaluation and Monitoring	0.248	4.406	0.000	0.279	3.586
R <sup>2</sup> = 86.3 F statistic= 244.429, Sig=0.000 Std error of the estimate= 0.2651 Durbin Watson= 2.151 Cook's Distance, Maximum=0.084 Dependent variable: Financial Performance					

\*\* Significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (36): Correlation Analysis of Spearman between Strategic Management Practices and Sub-Field of Non-Financial Performance**

Variables	Programs Outcomes	Programs Non-Financial Efficiency	Programs Impact	Partnership	Quality
(1) Environmental Scanning	0.649** (0.000)	0.801** (0.000)	0.660** (0.000)	0.734** (0.000)	0.682** (0.000)
(2) Strategy Formulation	0.549** (0.000)	0.748** (0.000)	0.588** (0.000)	0.647** (0.000)	0.600** (0.000)
(3) Strategy Implementation	0.587** (0.000)	0.838** (0.000)	0.651** (0.000)	0.764** (0.000)	0.714** (0.000)
(4) Strategy Evaluation and Monitoring	0.602** (0.000)	0.821** (0.000)	0.676** (0.000)	0.766** (0.000)	0.684** (0.000)

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (37): Correlation Analysis of Spearman between Strategic Management Practices and Field of Non-Financial Performance**

Variables	Non-Financial Performance
(1) Environmental Scanning	0.785** (0.000)
(2) Strategy Formulation	0.710** (0.000)
(3) Strategy Implementation	0.817** (0.000)
(4) Strategy Evaluation and Monitoring	0.813** (0.000)

\*\* Correlation is significant at the 0.01 level.

Source: SPSS Analysis

**Annex table (38): Multiple Regression between Strategic Management Practices and Non-Financial Performance**

Independent Variables	Beta ( $\beta$ )	T-value	Sig.	Tolerance	VIF
Environmental Scanning	0.232	3.682	0.000**	0.283	3.539
Strategy Formulation	0.153	2.522	0.013*	0.308	3.245
Strategy Implementation	0.295	4.551	0.000**	0.269	3.723
Strategy Evaluation and Monitoring	0.313	4.920	0.000**	0.279	3.587
R <sup>2</sup> = 82.5 F statistic= 182.817, Sig=0.000 Std error of the estimate= 0.3410 Durbin Watson= 1.678 Cook's Distance, Maximum=0.111 Dependent variable: Non-Financial Performance					

\*\* significant at the 0.01 level.

\* significant at the 0.05 level.

Source: SPSS Analysis

**Annex table (39): Kruskal-Wallis Test of the Fields and their P-values for Job Title**

Constructs	Test Value	DF	Significance
Environmental Scanning	5.108	2	0.078
Strategy Formulation	1.212	2	0.546
Strategy Implementation	1.507	2	0.471
Strategy Evaluation and Monitoring	2.109	2	0.348
Fundraising Efficiency	1.933	2	0.380
Financial Transparency	1.001	2	0.606
Programs Financial Efficiency	0.922	2	0.631
<b>Financial Performance</b>	<b>1.183</b>	<b>2</b>	<b>0.553</b>
Programs Outcomes	0.086	2	0.958
Programs non-Financial Efficiency	1.746	2	0.418
Programs Impact	0.412	2	0.814
Partnership	4.016	2	0.134
Quality	1.608	2	0.447
<b>Non-Financial Performance</b>	<b>1.162</b>	<b>2</b>	<b>0.559</b>

\* The mean difference is significant a 0.05 level

Source: SPSS Analysis

**Annex table (40): Mann-Whitney Test of the Fields and their P-values for Gender**

Constructs	Z Value	Significance
Environmental Scanning	-1.588	0.112
Strategy Formulation	-1.466	0.149
Strategy Implementation	-1.160	0.246
Strategy Evaluation and Monitoring	-1.202	0.201
Fundraising Efficiency	-1.901	0.059
Financial Transparency	-1.487	0.137
Programs Financial Efficiency	-1.719	0.086
<b>Financial Performance</b>	<b>-1.690</b>	<b>0.091</b>
Programs Outcomes	-1.834	0.067
Programs non-Financial Efficiency	-1.651	0.099
Programs Impact	-1.912	0.057
Partnership	-1.167	0.233
Quality	-1.658	0.097
<b>Non-Financial Performance</b>	<b>1.789</b>	<b>0.080</b>

\* The mean difference is significant a 0.05 level

Source: SPSS Analysis

**Annex table (41): Kruskal-Wallis Test of the Fields and their P-values for Educational Background**

Constructs	Test Value	DF	Significance
Environmental Scanning	0.453	3	0.929
Strategy Formulation	2.0307	3	0.511
Strategy Implementation	0.768	3	0.857
Strategy Evaluation and Monitoring	0.881	3	0.830
Fundraising Efficiency	0.713	3	0.870
Financial Transparency	0.890	3	0.828
Programs Financial Efficiency	3.022	3	0.388
<b>Financial Performance</b>	<b>0.658</b>	<b>3</b>	<b>0.883</b>
Programs Outcomes	1.358	3	0.715
Programs non-Financial Efficiency	0.403	3	0.940
Programs Impact	1.193	3	0.755
Partnership	1.988	3	0.575
Quality	2.646	3	0.450
<b>Non-Financial Performance</b>	<b>1.574</b>	<b>3</b>	<b>0.665</b>

\* The mean difference is significant a 0.05 level

Source: SPSS Analysis

**Annex table (42): Kruskal-Wallis Test of the Fields and their P-values for Age in Years**

Constructs	Test Value	DF	Significance
Environmental Scanning	4.468	3	0.215
Strategy Formulation	1.830	3	0.608
Strategy Implementation	2.550	3	0.466
Strategy Evaluation and Monitoring	2.198	3	5.32
Fundraising Efficiency	3.988	3	0.263
Financial Transparency	2.851	3	0.415
Programs Financial Efficiency	4.667	3	0.198
<b>Financial Performance</b>	<b>2.641</b>	<b>3</b>	<b>0.450</b>
Programs Outcomes	0.757	3	0.860
Programs non-Financial Efficiency	3.011	3	0.390
Programs Impact	0.909	3	0.823
Partnership	1.738	3	0.628
Quality	2.612	3	0.455
<b>Non-Financial Performance</b>	<b>1.532</b>	<b>3</b>	<b>0.675</b>

\* The mean difference is significant a 0.05 level

Source: SPSS Analysis

**Annex table (43): Kruskal-Wallis Test of the Fields and their P-values for Experience**

Constructs	Test Value	DF	Significance
Environmental Scanning	5.861	3	0.119
Strategy Formulation	2.068	3	0.559
Strategy Implementation	4.881	3	0.181
Strategy Evaluation and Monitoring	3.189	3	0.363
Fundraising Efficiency	6.988	3	0.074
Financial Transparency	3.921	3	0.270
Programs Financial Efficiency	4.852	3	0.183
<b>Financial Performance</b>	<b>4.472</b>	<b>3</b>	<b>0.215</b>
Programs Outcomes	0.808	3	0.848
Programs non-Financial Efficiency	6.524	3	0.089
Programs Impact	3.152	3	0.369
Partnership	5.431	3	0.143
Quality	4.295	3	0.231
<b>Non-Financial Performance</b>	<b>3.958</b>	<b>3</b>	<b>0.266</b>

\* The mean difference is significant a 0.05 level

Source: SPSS Analysis

**Annex table (44): Kruskal-Wallis Test of the Fields and their P-values for Major of Specialization**

Constructs	Test Value	DF	Significance
Environmental Scanning	6.629	6	0.357
Strategy Formulation	5.996	6	0.424
Strategy Implementation	2.827	6	0.830
Strategy Evaluation and Monitoring	2.981	6	0.811
Fundraising Efficiency	1.661	6	0.948
Financial Transparency	8.635	6	0.195
Programs Financial Efficiency	0.831	6	0.991
<b>Financial Performance</b>	<b>3.739</b>	<b>6</b>	<b>0.712</b>
Programs Outcomes	2.300	6	0.890
Programs non-Financial Efficiency	2.688	6	0.847
Programs Impact	3.276	6	0.773
Partnership	2.811	6	0.832
Quality	5.716	6	0.456
<b>Non-Financial Performance</b>	<b>2.748</b>	<b>6</b>	<b>0.840</b>

\* The mean difference is significant a 0.05 level

Source: SPSS Analysis

**Annex table (45): Kruskal-Wallis Test of the Fields and their P-values for Years of Operations**

Constructs	Test Value	DF	Significance
Environmental Scanning	0.553	3	0.907
Strategy Formulation	1.320	3	0.724
Strategy Implementation	1.734	3	0.629
Strategy Evaluation and Monitoring	1.347	3	0.718
Fundraising Efficiency	0.288	3	0.962
Financial Transparency	0.630	3	0.890
Programs Financial Efficiency	0.851	3	0.837
<b>Financial Performance</b>	<b>0.448</b>	<b>3</b>	<b>0.930</b>
Programs Outcomes	1.279	3	0.734
Programs non-Financial Efficiency	0.187	3	0.980
Programs Impact	3.641	3	0.303
Partnership	0.811	3	0.847
Quality	0.624	3	0.891
<b>Non-Financial Performance</b>	<b>0.110</b>	<b>3</b>	<b>0.991</b>

\* The mean difference is significant a 0.05 level

Source: SPSS Analysis

**Annex table (46): Kruskal-Wallis Test of the Fields and their P-values for Number of Staff**

Constructs	Test Value	DF	Significance
Environmental Scanning	0.833	4	0.934
Strategy Formulation	1.072	4	0.899
Strategy Implementation	1.230	4	0.873
Strategy Evaluation and Monitoring	1.129	4	0.890
Fundraising Efficiency	0.463	4	0.977
Financial Transparency	1.475	4	0.831
Programs Financial Efficiency	2.875	4	0.579
<b>Financial Performance</b>	<b>1.025</b>	<b>4</b>	<b>0.906</b>
Programs Outcomes	1.310	4	0.860
Programs non-Financial Efficiency	0.300	4	0.990
Programs Impact	1.252	4	0.869
Partnership	0.342	4	0.897
Quality	0.901	4	0.924
<b>Non-Financial Performance</b>	<b>0.685</b>	<b>4</b>	<b>0.953</b>

\* The mean difference is significant a 0.05 level

Source: SPSS Analysis

**Annex table (47): Kruskal-Wallis Test of the Fields and their P-values for Type of Work**

Constructs	Test Value	DF	Significance
Environmental Scanning	2.777	8	0.948
Strategy Formulation	3.340	8	0.911
Strategy Implementation	9.822	8	0.278
Strategy Evaluation and Monitoring	1.641	8	0.990
Fundraising Efficiency	11.082	8	0.197
Financial Transparency	4.678	8	0.791
Programs Financial Efficiency	8.072	8	0.624
<b>Financial Performance</b>	<b>5.714</b>	<b>8</b>	<b>0.679</b>
Programs Outcomes	6.810	8	0.557
Programs non-Financial Efficiency	5.135	8	0.743
Programs Impact	5.193	8	0.737
Partnership	6.314	8	0.612
Quality	1.893	8	0.984
<b>Non-Financial Performance</b>	<b>3.697</b>	<b>8</b>	<b>0.883</b>

\* The mean difference is significant a 0.05 level

Source: SPSS Analysis

## Appendix 1

### Survey

Mohammed Abo Ramadan  
Supervised by: Elio Borgonovi  
Department of Economics and Management, University of Pavia  
CERGARS Research Center, Bocconi University  
Contact email 1: [mohammed.aboramadan01@universitadipavia.it](mailto:mohammed.aboramadan01@universitadipavia.it)  
Contact e mail 2: [elio.borgonovi@unibocconi.it](mailto:elio.borgonovi@unibocconi.it)

#### **Dear Prospective Participant,**

I am Mohammed Abo Ramadan, a PhD candidate at Department of Economics and Management, University of Pavia working toward a doctorate degree in Economics and Management. You are invited to take part in an exciting research study focused on *Strategic Management and Non-Governmental Organizations performance*.

To participate, please read the following:

**TITLE:** The impact of strategic management practices on Non-Governmental organizations performance.

**PURPOSE:** is to provide empirical proofs and insights into how a comprehensive strategic management process could, negatively or positively, influence NGOs performance

**POTENTIAL BENEFITS:** your participation will help to further understanding the impact of strategic management and NGOs performance. This would enrich the empirical and the theoretical literature of the topic.

**CONFIDENTIALITY:** confidentiality of the information you provide is assured. The questionnaire forms do not require you to identify yourself, and only grouped data will be used in the research. The information collected will be only used for the purpose of this study.

**RIGHT TO REFUSE TO PARTICIPATE:** your participation is completely voluntary.

Your cooperation in participating in this research is deeply appreciated.

**First: General information**

**(1) Personal Information:** (Please choose the appropriate answer)

<b>1-Job Title</b>						
<input type="checkbox"/> Program Officer	<input type="checkbox"/> Project Manager		<input type="checkbox"/> Administration officer			
<b>2-Sex</b>						
<input type="checkbox"/> Male			<input type="checkbox"/> Female			
<b>3-Educational Qualification</b>						
<input type="checkbox"/> Secondary	<input type="checkbox"/> Bachelor	<input type="checkbox"/> Master	<input type="checkbox"/> PHD			
<b>4-Age in years</b>						
<input type="checkbox"/> Less than 25	<input type="checkbox"/> 25 –less than 30	<input type="checkbox"/> 30- less than 40	<input type="checkbox"/> 40 or more			
<b>5- Years of Experience</b>						
<input type="checkbox"/> less than 3 years	<input type="checkbox"/> 3 years- less than 5 years	<input type="checkbox"/> 5 years- less than 10	<input type="checkbox"/> 10 years or higher			
<b>6- Major of specialization</b>						
<input type="checkbox"/> Arts	<input type="checkbox"/> IT	<input type="checkbox"/> Medicine	<input type="checkbox"/> Science	<input type="checkbox"/> Business and Economics	<input type="checkbox"/> Education	<input type="checkbox"/> Other, .....

**(2) Organizational Characteristics:** (Please choose appropriate answer)

<b>1-Years of Operations</b>				
<input type="checkbox"/> less than 3 years	<input type="checkbox"/> 3- less than 5 years	<input type="checkbox"/> 5- less than 10 years	<input type="checkbox"/> 10 years or higher	
<b>2- Number of the staff</b>				
<input type="checkbox"/> less than 10	<input type="checkbox"/> 10- less than 20	<input type="checkbox"/> 20- less than 30	<input type="checkbox"/> 30- less than 40	<input type="checkbox"/> 40 Or higher
<b>3- Type of Activities (Multiple choice is allowed)</b>				
<input type="checkbox"/> Economic Development <input type="checkbox"/> Culture and Art <input type="checkbox"/> Democracy & human rights <input type="checkbox"/> Education & training <input type="checkbox"/> Health & rehabilitation <input type="checkbox"/> Women & Child <input type="checkbox"/> Social services and relief <input type="checkbox"/> Agriculture & environment <input type="checkbox"/> other				

**Second: Strategic Management**

*Instructions:* please tell us to which extent the following strategic management practices are applied in your organization

No	Sections and sub- sections	To great extent	To a considerable extent	To a moderate extent	To small extent	Not at all
<b>(A) Environmental Scanning</b>						
1	The determination of the external threats and opportunities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The determination of the internal weaknesses and strengths.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The analysis environmental factors such as the economic, political, social and technological ones.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	The determination of primary and secondary stakeholders influenced by the organization's interventions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	The determination of needs of the communities and the potential beneficiaries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	The participation of the organization employees in analyzing the environment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	The participation of local consultants in analyzing the environment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>(B) Strategy Formulation</b>						
10	The establishment of objectives that have long term nature. (more than one year-based objectives).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



11	The development of strategic alternatives and selecting a strategy among them.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	The revision and modification of the mission statement, strategies and plans in light of threats/ opportunities and strengths/ weaknesses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	The participation of the internal stakeholders (employees, board, etc) in formulating the strategies and plans.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	The communication of the mission and strategies to external the stakeholders (Donors, Partners).					
15	The reliance on consultants in developing the strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>(C) Strategy Implementation</b>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	The development of clear rules and procedures to guide strategic plans.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	The development of short term objectives, (equal or less than one year-based objectives)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	The allocation of sufficient financial, human and other resources to implement the strategies and plans.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	The establishment of clear activities or steps needed to accomplish the short term goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	The adjustment of the organization structure to adapt with new changes brought by their new strategic plans and decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	The support from leadership to implement strategies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	The organizational culture (core values, beliefs and norms) enables us to implement our strategic plans.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>(D) Strategy Evaluation and Monitoring</b>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27	The development of a monitoring system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28	Monitoring the strategic plans on regular basis.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29	The identification of performance measures and standards.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30	The evaluation of the outcomes of the strategies and plans.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31	The modification of strategies, if needed, as a result of the evaluation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32	The communication of the evaluation results to the stakeholders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33	The consideration of the donor's priorities in the evaluation of the strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34	The consideration of the community satisfaction in the evaluation of the strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
35	The reliance on consultants in the evaluation to ensure objectivity and transparency.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36	The use of various evaluation techniques such as strategic audit, performance appraisal and benchmarking.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### ***Third: The NGO performance***

*Instructions:* Please indicate your level of agreement with the following statements.

No	Sections and Sub Sections	Strongly Agree	Agree	Average	Disagree	Strongly Disagree
<b>(A) Financial Performance</b>						
<b>Fundraising Efficiency</b>						
1	The organization writes effective funding proposals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The organization effectively uses available funds to generate more funds.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The organization achieves high response rate from donors to its funding proposals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	The organization minimizes its fundraising costs as much as possible.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Financial Transparency</b>						
5	The organization commits to the international standards of accounting and financial reporting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	The organization ensures accurate and up to date financial records.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	The organization declares annual financial reports audited by public qualified accountants.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	The organization ensures correct, timely preparation and submission of the financial reports to the concerned donors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Programs Financial Efficiency</b>						
9	The programs of the organization are financially resourced in an adequate manner to enable the achievement of the desired outputs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	The organization regularly monitors the budget statements of programs to ensure that the programs' expenditures are in line with budgets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

No	NGO performance	Strongly Agree	Agree	Average	Disagree	Strongly Disagree
<b>(B) Non- Financial Performance</b>						
<b>Programs Outcomes</b>						
1	The organization's programs are effectively achieved in contributing to the development of targeted beneficiaries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The organization's programs are effective in addressing crosscutting issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The organization's programs are effective in achieving beneficiary's satisfaction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	The organization's programs are effective in contributing to volunteers' development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Programs Non-Financial Efficiency</b>						
5	The organization uses proper activities to transform non-financial resources of the programs into outputs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	The organization recruits staff with the right skills, experience to achieve the planned outputs of programs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	The organization commits to time schedule to achieve the programs outputs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	The organization's programs provide a number of products/services as planned.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Programs Impact						
9	The organization's programs contribute to achieving the overall objective of your organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	The organization's programs are effective in causing direct effects on the community.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	The organization's programs are effective in causing indirect effects on the community.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	The organization's programs are effective in creating a long term effect or at social, economic, technological level as resulted from the programs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Partnership						
13	The organization considers collaborative partnership in its operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	The organization attracts local partners for the organization's programs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	The organization attracts international partners for the organization's programs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	The organization attracts private sector partners for the organization's programs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quality						
17	The organization commits to quality systems and standards in programs delivery.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	The organization provides innovative services and projects.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	The organization's stakeholders are satisfied due to the organization's programs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	The organizations has strong relationship with communities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thank you for your participation

*Note: The instrument has been validated by the following three arbitrators:*

1. Professor Elio Borgonovi, Cergas research center, Bocconi university
2. Wael Thabet, Professor of Management at Al Azhar university and NGOs consultant in the Palestinian Territories.
3. Gorgio Zucchetto, Seniro manager of We World NGO in Milan.

## Appendix 2

### List of International NGOs Working in the Palestinian Territories

#### *United Nations Office for the Coordination of Humanitarian Affairs*

NGO Name
Handicap International
Care International
Movimiento por la Paz
National council of churches
Cooperazione Internazionale
Muslims Hands
Anera (American Near East Refugee Aid)
American Red Cross
Turkish Red Crescent
Comitato Internazionale per lo sviluppo di popoli (CISP)
United nations association international services
War Child Holland (WCH)
Save the Children-Sweden
Aide Medicine International
Catholic Relief Services
Mercy Corps
IHH
The Swedish Cooperative Centre
Christian Aid
Gruppo Volontariato Civile
Direct Aid
Muslim Student Association
Islamic Relief-France
Medico International
British Red Cross
Oxfam Italia
Action Against Hunger
World Vision
Islamic action organization
Medical Aid for the Palestinians
The Norwegian Refugee Council
Terre des hommes Foundation(TDH)
Norwegian People's Aid
Save the children UK
Safe the children USA
OXFAM Great Britain
Danish Refugee Council
Defence for Children
Yardimeli Dernegi
World Assembly of Muslim Youth (WAMY)
Japan International Volunteer Center (JVC)
Edu Aid
International medical corps
Danchurchaid
Asociación para la Cooperación con Minusválidos necesitados del Mundo
Fundación Socialismo sin Fronteras
Medical Aid for the Palestinians

Secours Islamique France (SIF)
Arab Center for Agricultural Development
Map-UK
Union of Health Work Committees
World Council of Churches
International relief fund
Polska Akcja Humanitarna (Polish Humanitarian Action)
Cooperazione e Sviluppo (CESVI)
Trocaire , Irish Charity
Physicians for Human Rights
HelpAge International
Japan International Cooperation Agency
Union Of Agricultural Work Committees
SOS Children's Villages International (SOS CVI)
Premiere Urgence-Aide Medicale Internationale
Qatar Red Crescent Society
Christian Council of Churches
Yesh Din - Volunteers for Human Rights
Welfare Association (WA)
Natuf for Development (Bahrain)
Médicos del Mundo
Danish Aid
NOVA-Centre per la Innovació Social
Volontariato Internazionale per lo Sviluppo (Vis)
Cospe , Onlus
Organizzazione per lo sviluppo globale di comunità in Paesi extraeuropei
Canadian International Development agency
Action Aid
Women Affairs Center
Cooperative House Foundation CHF
Relief International
Médecins du Monde (MDM)
Irish Catholic Agency
Psicólogos Sin Fronteras
Islamic relief-uk
Maan Development Center
American Friends Service Committee(AFSC)
International Orthodox Christian Charities
Society of St. Yves
Swiss Red Cross
The Mercy Association for Children
Polish Center for International Aid
Solidaridad en Acción
Oxfam International
Middle East Council of Churches
Islamic Relief Worldwide
Danish refugee council
The International Committee of the Red Cross
Qattan Centre for the Child
Caritas Internationalis
Young Men's Christian Association