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**EFFECT OF STRATEGIC PLANNING FACTORS ON THE NON-FINANCIAL  
PERFORMANCE OF NON-GOVERNMENTAL ORGANIZATIONS IN KENYA**

**MERCY THAIRU**

**MBA/44414/2018**

**A DISSERTATION SUBMITTED TO STRATHMORE UNIVERSITY BUSINESS  
SCHOOL IN PARTIAL FULFILMENT OF THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION AT STRATHMORE UNIVERSITY**



**SEPTEMBER 2020**

**DECLARATION**

This dissertation is my original work and has not been submitted for examination in any other institution. Where previously published or written material by another person has been used due reference was made.

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**Approval**

This research dissertation has been submitted for examination with my approval as the university supervisor

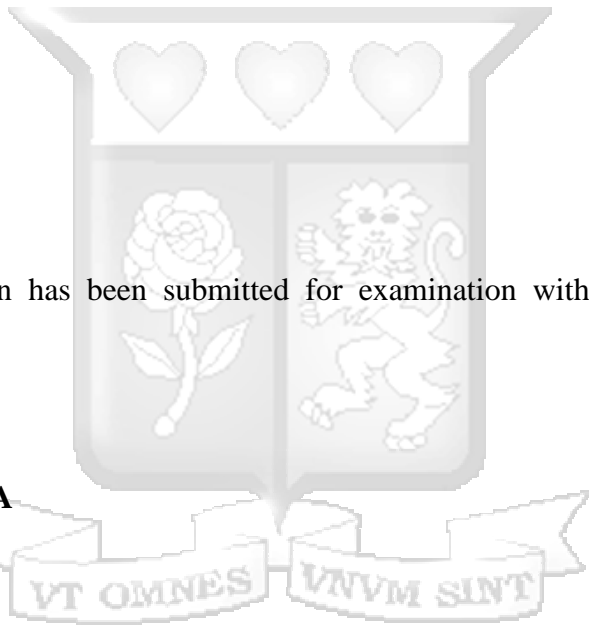
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## ABSTRACT

Despite the critical role and positive outcomes that strategic planning play on organizational performance, there is a limited examination of strategic planning factors within Kenyan NGOs. The study specifically examined the effect of leadership practices, organization culture, organization structure, and human resource planning on the non-financial performance of NGOs. The study was informed by the strategic choice theory and the institutional theory—the systemic review of the literature allowed for the identification of various research gaps that inform this research. The study was grounded on the positivism research philosophy with a descriptive research design employed in the research. The population consisted of 303 employees working for NGOs operating within Kenya. The final sample consisted of 204 respondents drawn from NGOs working within Nairobi City County. The survey employed semi-structured research questionnaires in the data collection. The research utilized the drop and pick method as well as Google forms in the data collection process. The study utilized quantitative analysis in the review of the collected research data. The study used descriptive analysis, factor analysis, and regression analysis. The study employed content analysis for the qualitative data. The findings were presented using tables and charts. The study achieved a 67% response rate from the sampled research participants. The correlation analysis showed there is a significant and positive effect of leadership practices, organization culture, organization structure, and human resource planning on the non-financial performance of NGOs. The study also established that the external environment had a positive and significant effect on the relationship between strategic planning factors and non-financial performance. The results of the factor analysis showed that all the study variables were adequate for factor analysis to be adopted. The study regression analysis revealed there is a positive and significant relationship between strategic planning factors and non-financial performance. The study concluded that leadership practices had an insignificant positive effect, while organization structure had a negative and significant effect on non-financial performance. The research concluded that organizational culture and human resource planning had a positive and significant influence on the non-financial performance of NGOs. The study recommends that organizations should align their internal operations to the external environment to foster effectiveness and efficiency within the firm. The research recommends that NGOs should improve their leadership practices and streamline their organization structures to foster the achievement of organizational outcomes. The study recommends that NGOs should reinforce the shared values, communication, have clearly defined tasks, and enhance teamwork and employee participation, to enhance organizational performance.

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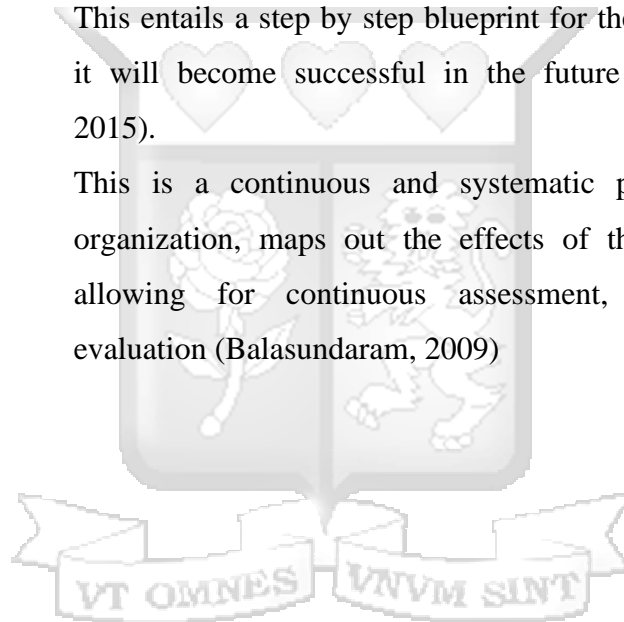
## **ABBREVIATIONS AND ACRONYMS**

<b>ANOVA</b>	Analysis of Variance
<b>KMO</b>	Kaiser Meyer-Olkin
<b>ME</b>	Monitoring and Evaluation
<b>MSME</b>	Micro, Small and Medium Enterprises
<b>NGO</b>	Non-Governmental Organization
<b>NPO</b>	Not for Profit Organizations
<b>VFAI</b>	Vision for Africa International



## **OPERATIONAL DEFINITION OF TERMS**

- Leadership** In an organization set up, it refers to the firm's managerial capability to make sound decisions and inspire others to perform well (Ehlers, 2014).
- Organization culture** This is an organization's internal work environment and personality as moulded by its principles, core values, traditions, beliefs guiding the organization towards attaining its goals (Njanja, Pelissier, & Ogutu, 2010)
- Organization structure** This details activity such as task allocation, coordination and supervision whose efforts ensure that the firm attain its goals (Heathfield, 2016)
- Strategic Plan** This entails a step by step blueprint for the firm detailing how it will become successful in the future (Ferlie & Ongaro, 2015).
- Strategic planning** This is a continuous and systematic process wherein an organization, maps out the effects of the paths it follows, allowing for continuous assessment, measurement and evaluation (Balasundaram, 2009)





## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

The Non-Governmental Organization (NGO) worldwide operates in an environment of high competitiveness and observant stakeholders who are willing to relocate to new locations if provoked or challenged (Hughes, 2018). According to Adera (2015), NGOs comprise of numerous groups and institutions that are entirely or to a great extent independent of the government, with a primary focus on humanitarian efforts rather than commercial objectives. Much as NGOs would like to see their strategic plans implemented, most are not performed according to the plans outlined due to the shortcomings brought around by both internal and external factors (Mkutano & Sang, 2018). Namadi (2014) found out the increasing role of NGOs in societal growth in nations in Sub-Saharan Africa.

Africa has experienced phenomenal growth of NGOs, both locally and regionally. A majority of this growth is attributed to the changing attitude of donor agencies about developmental projects. The donors use their influence to increase NGO services being made available in Third World countries (Lewis, 2014). In an endeavor to achieve their goals, NGOs face various challenges in the operations; Batti (2014) noted that NGOs require resources to be able to provide services to society. The good management of these resources is important for NGOs'sustainability. Makoba (2012) reported that Kenya has been among the main beneficiaries of donor-funded projects. Between 1997 and 2010, the number of NGOs operating in the country rose by more than 400%, with the country seeing more than 12,000 NGOs which engage in healthcare provision, human rights, education, and civic engagement, with a significant number of these NGO's located within Nairobi (Brass, 2012).

Kenya has witnessed a rapid increase in the number of local non-governmental organizations over the last twenty years, a trend that is visible in most developing nations (Hershey, 2013). Scholars relate this boom in the activities of NGO's with the neoliberal thinking of modern international donors. In Kenya, NGOs play an integral part in the development sectors, such as the socio-economic sphere. The population of Kenya outmatches the capacity of the government to provide altruistic services that are basic to humans effectively. Ideally, NGOs provide extra educational services, employment opportunities, healthcare services, technical training, and credit facilities (Jillo & Kisinga, 2008). Several dilemmas and common problems experienced by NGOs have been brought out by research into the sector. One of the most highlighted is the process of decision-making (Adera, 2014). Often emanating from the

early stages of development of a strategic plan, the staff of non-governmental organizations expects that they are equal partners in the decision-making process, given that ultimately, they are the implementers of a given choice of strategy (Franklin, 2011). This apparent lack of inclusion in strategic planning often brings tension with senior managers, and most critically, the founders of the organization (Mukasa, 2016). Moreover, many NGOs' governance structure is quite complex. Largely self-appointing and self-perpetuating boards of directors govern most non-profits as literature reveals (Lewis, 2014).

Organizations operate in an increasingly global world where the availability of resources is dependent on stringent financial deals to finance the production and distribution of essential goods and services (Akrofi, 2017). (Abu-Jarad, Yusof, & Nikbin, 2010) defines an environment as those internal or external factors that have the capacity to affect a firm's level of performance. The external environment consists of those factors which the firm has little or no control over, such as the political environment, the socio-legal environment, and the economic environment and which directly affect its capacity to utilize available resources efficiently and effectively (Oginni & Adesanya, 2013). Mohammed et al. (2011) noted that firms have no control over certain trends, such as changes in the legal framework. This is echoed by Vedla (2000), who noted that the operating environment might be subjective or objective, with the subjective environment consisting of elements beyond the will of the employees and the objective environment being within the control of the employees. These factors also determine the capacity of an organization to fulfill its duties, thus attaining its main goals. This shows the influence of the environment on moderating the effect of outcomes of organization policies hence firm performance. Oginni and Adesanya (2013) posit that such factors include technology, government legislation, and politics.

Muscalu, Iancu, & Halmaghi (2016) represent the environment using a set of institutions or external forces that have a direct impact on its chances of development or survival. These forces need to have influence over a firm's objectives, strategic plans, and performance outcomes. The study further acknowledges that it is almost impossible to predict threats from the external environment. Zhang, Wang, & Zhao (2019) notes that the environment in which an organization operates is instrumental in the type of relationship that it will seek to build with the customer. This indicates that environmental factors moderate the relationship between strategic policies and service delivery. Similarly, Lee & Wong (2011) reported that

market dynamics have a direct impact on the capability of an organization to ensure effective new product development, showing the impact of market demand on firm innovation levels. Environmental factors have been noted to influence an organization's strategy, thus determining how effective it is in executing its objectives. Issues arising from the external environment affect the effectiveness of an organization in management, productivity, and performance. Consequently, successful non-governmental organizations must continue to invest in strategic management practices that make these goals a reality (Mukasa, 2016; Abdalkrim, 2013). The aim of the study is to determine how strategic planning factors affect non-financial performance of NGOs in Kenya.

### **1.1.1 Strategic Planning Factors**

This is a continuous and systematic process where, in an organization, decisions on intended future outcomes, their accomplishment, measurement, and evaluation are made (Balasundaram, 2009). Strategic planning has also been defined as the various processes instituted in an organization to guide it towards achieving direction. It looks at the level of formality at which formal procedures are followed and used, quantifying all inputs into objective measures that are followed to achieve a certain goal (Chavunduka, Chimunhu, & Sifile 2015). The management uses strategic planning as a tool for aligning the employees towards a similar goal, accommodating changes to the immediate organizational environment. Strategic planning has been proven as a significant predictor of organizational performance in times when the contemporary business environment in which organizations operate is increasingly becoming uncertain and unpredictable (Aldehayyat & Twaissi, 2011). Strategic planning is key to management in an organization. The adopted strategic plan gives the long-term direction that the firm wants to take and how the firm will achieve its set objectives (Pearce & Robinson, 2011). Strategic planning may have become popular in public and private firms but has not yet been fully accepted in the NGO sector (Bryson, 2011).

From the scholarly works of Pearce and Robinson (2011), strategic planning works by envisioning the future of the business and developing the necessary plans for interacting with the competitive environment to enable the management to achieve the desired future objectives. Strategic planning enhances coordination and controls review of performance and progress towards the objectives; identification of threats and opportunities which are external, as well as internal strength and weakness; and improves communication internally between employees, which boosts a favorable attitude towards change (Griffin, 2013; Hrebiniak, 2013). Furthermore, a strategic plan being a living document, firms need to have the right

planning process to realize its strategies (Hill & Jones, 2013). Strategic planning involves the identification of the most effective strategy to ensure optimal firm productivity (Denhardt, 2011).

Strategic planning is key for the identification of threats and opportunities in the firm's surrounding environment. This is helpful in risk identification and avoidance. The identification of opportunities provides a chance for the firm to expand on the quality of its resources, thus allowing for seamless interaction with the environment (Hamel, 2014). The environment in which a firm operates is very influential, both the internal and external composition in determining how the firm will behave when attaining its goals and objectives. Effective strategic planning, therefore, has to incorporate environmental elements of the organization (Ugboro, Obeng, & Spann, 2011). Heathfield (2016) supports this by attesting that effective strategic planning incorporates executive support, effective communication, employee involvement, and an analysis of the firm's competitive elements.

Gathenya, Bwisa, and Kihoro (2011) have analyzed strategic planning in terms of entrepreneurial orientation, scanning orientation, scanning intensity, planning flexibility, planning scope, and locus of planning. Some of the strategic factors adopted include strategic leadership, organization structure, culture, communication, and allocation of sufficient resources (Majama & Magang, 2017). Implementation of the strategic plan is crucial for the overall improvement in the performance of an organization (Mbaka & Mugambi, 2014; Odongo & Owuor, 2015). Formulating a consistent strategic plan is a daunting task in many organizations. In retrospect, implementing a strategic plan throughout the organization is a more difficult task (Eltahir, 2018).

Minja (2020) reported that internal organizational policies such as recruitment policies, employee development policies, and employee welfare policies are strategies that can be adopted by commercial banks to enhance performance. David (2020) notes that strategic philosophy is key to the strategic planning process and that the difference in strategies adopted is dependent on the environment in which a firm operates. A manager's strategic philosophy will determine the rules and directions that an organization will adopt to achieve superior performance. Wainaina, Magoma, & Mange (2020) examined strategic planning in terms of principals' conflict management strategies and their effect on conflict resolution among high schools, reporting that conflict management strategies significantly impact conflict management thereby, enhancing productivity. Lack of cooperation and

communication were found to impact conflict resolution. Kinyanjui and Wambua (2020) found a positive relationship between performance management strategies and service delivery. The study investigated training strategies, performance appraisal, and organization structure and its mediating effect on service delivery.

The top management team, human resource planning, and organization structure play a key role in ensuring the success of the strategic plan (Zacharoula, Christiana, & Georgios, 2012). Abdalkrim (2013) observed that the high failure rate in strategic planning is due to a lack of monitoring and evaluation of effective strategies, organizational structure complexity, poor culture, lack of leadership support, and limited resources. This study examined how leadership practices, organization culture, organization structure, and human resource planning influence the non-financial performance of Kenyan NGOs. The variables were selected based on previous literature which informed their relevance to organization performance. However the variables were not included in a NGO specific study hence they were critical in expanding the available empirical knowledge.

#### **1.1.1.1 Leadership Practices**

In an organization set up, leadership refers to the firm's capability to make sound decisions and inspire others to perform well (Ehlers, 2014). Wise and informed decisions from top management are needed when approaching a certain strategic issue that could affect people and their overall implementation (Gebhardt & Eagles, 2014). Top leaders should, therefore, need to show their willingness to give loyalty and energy to the execution process (Muchemi, 2013). To ensure the strategy is executed as planned, top executives should ensure that they work in tandem with branch managers, supervisors, and employees to attain these goals (Koech & Were, 2016).

Hu, Kapucu, and O'Byrne (2014), in a review of NGO strategic planning in Romania, indicate that strengthened leadership, improvement in coordination, team-building, and reorganization can be critical to an improvement in the performance of the institutions. Nour (2013) analyzed strategy execution in international Non-Governmental organizations and found out that lack of coordination, poor recognition of staff, and lack of elaborate strategic direction among the leadership team limited implementation efforts. Abok (2014) examines the critical factors of strategic planning within NGOs in Kenya and indicates that adopting the right management styles, appropriate corporate culture, and management of organization resources are instrumental to strategic planning implementation.

### **1.1.1.2 Organization Culture**

Organizational culture is the character of the organization's internal work climate and personality as molded by its principles, core values, traditions, beliefs, style of operating, and ingrained behaviors (Hill & Jones, 2013). Consequently, organizational culture sets out the groundwork for strategy development and successful implementation by fully aligning strategy and culture in the organization (Acar & Acar, 2014). Sandada and Chikwama (2016) noted that a strong leadership team, designing an elaborate culture, shared beliefs, and values are essential for the effective implementation of strategic plans.

Langer and LeRoux (2017) studied developmental culture and effectiveness in non-profit organizations. They revealed that risk-taking, innovativeness, corporate culture, and strategic response through controlled communication was key to effectiveness in the organization. Elbanna, Andrews, and Pollanen (2016) assessed factors influencing successful strategic planning and implementation in Canada and found that managerial involvement in laying down elaborate communication channels, stakeholder involvement, and employee coordination is instrumental to organizational success. Bateta and Wagoki (2015) assessed how organizational culture impacts strategic implementation among NGOs. They found out that an elaborate reward system and behavioral norms were strong predictors of strategic planning execution. The study shows that high-value traits and communication strategies were key to improved strategic planning.

### **1.1.1.3 Organization Structure**

An organizational structure is an internal setup of how an organization allocates tasks, coordinates, and supervises individuals charged with executing plans of the organization (Heathfield, 2016). Ansoff attests that the structure could be the viewing glass or perspective through which an organization interacts with its environment (Ansoff, 2016). The most important role of organizational structure is to enhance the productivity and performance of members via the implementation of formulated strategies (Basol & Dogerlioglu, 2014). Organizational structure can be categorized into centralization, flatness, management specialization, and employees' specialization (Teixeira, Koufteros, & Peng, 2012).

Ogliastri, Jäger, and Prado (2017) studied strategy and structure in high-performing nonprofits notes that examination of structures within nonprofit organizations is limited; however, decentralization, conglomeration, and formalization are critical to high-performing organizations. Johari, Yahya, and Omar (2011) dimensioned structure into decision-making, the hierarchy of authority, job codification, and rule observation. Sophia and Owuor (2015)

assessed the effect of strategic planning on the development of the firm and notes that organization structure components: task allocation, designing lines of authority, division of work, coordination, and accountability were instrumental towards organizational growth. Kihara, Bwisa, and Kihoro (2016) indicate that structural adaptations, formalization, specialization and centralization positively influenced organization performance.

#### **1.1.1.4 Human Resource Planning**

The planning processes will clearly define the number of employees, the required competencies, when the employees were needed, and the best HR Practices that will help achieve the strategic company objectives (Sloan, 2014). Strategic Human Resource Planning (SHRP) in organizations requires goal setting and selection of the most effective strategy to remain competitive (Cole, 2012). Human resource planning comes up with a strategic plan that incorporates human resource policies to enable the firm to attain its mission, vision, goals, and strategies (Riel, 2014). Personnel planning sets the goals and objectives to be met and aligns the resources to the staff with the core competence profiles to deliver on the objectives (Ansoff, 2016). The implication is that involving employees in decision making significantly and positively improves productivity levels (Nashwa & Laila, 2013).

Gitau (2013) noted that human resource practices are instrumental in strategic plan implementation; the practice motivates employees and also improves the strategic planning process. Alusa and Kariuki (2015) indicate that compensation and recruitment positively determined performance. The study further notes that training and performance appraisal was negatively associated with performance at the Coffee Research Foundation, Kenya. Ndirangu (2018) examined performance in Non-Governmental organizations and found out that employee involvement, the delegation of duty, and increased adaptation of transformational leadership are critical to the performance of the organization.

#### **1.1.2 Non-Financial Performance**

Irene, Marika, Giovanni, and Mario (2016) observe, the assessment of performance among Not for Profit Organizations-NPOs differs from that of for-profit organizations in that the goals of the two types of organizations differ. In contrast, NPOs generally aim to achieve social impact; for-profit organizations are generally driven by financial gain. This difference in orientation results in a differing set of performance metrics used to assess performance among NPOs. The ambiguous and differing outcomes that typify NPO performance result in multiple approaches by which to measure actual outcomes. As Irene et al. (2016) observe, the stakeholders involved in NPOs are more than those involved in for-profit organizations, and

therefore generating a set of metrics that speak to the needs of each of the stakeholders is a daunting endeavor.

Rosman, Shafie, Sanusi, Johari, & Omar (2016) notes that non-profit organizations serve to satisfy society's shortfalls. While for-profit organizations have a similar goal and measures of performance, assessing the performance of NPO's is more complicated since different organizations have different and diverse goals, visions, and strategies adopted to work towards achieving a certain goal. Organizations operating in healthcare industries have different goals and measures of performance for educational or environmental organizations. Non-financial performance is measurable in multiple ways, including changing attitudes and measuring satisfaction levels among participants (Zimmermann & Stevens, 2008). Boateng, Akamai, & Ndoro, 2016) are of the opinion that there is a wide range of stakeholders to consider when looking at the performance of charities, including client satisfaction, management effectiveness, stakeholder involvement, and benchmarking.

Anderson & Alamos (2005) developed a model that measured performance in terms of worker and product safety, timeliness, productivity, efficiency, and quality. Santos's and Luiz's six-order dimension incorporated financial viability, customer and employee satisfaction, social performance, growth, and environmental performance. Irene et al. (2016) propose a three-fold categorization of metrics – synthetic measures, process-based models, and dashboards and scorecards. The first grouping involves generalized metrics that communicate the overall performance of projects vis-à-vis investments. The second grouping, process-based models, assess performance as involving both indicator-based and non-indicator-based metrics. Performance, in this case, is assessed through efficiency and effectiveness outcomes. Indicators of the three aspects involve both short and long-term evaluations. The third and final assessment criteria are based on scorecards and dashboards.

Lee and Nowell (2015) concocted an analysis of literature that culminates in seven distinguished performance assessment criteria for NPOs—input based, organizational-capacity based, outputs-based, outcomes-based, client/customer-outcomes based, public-outcome-accomplishment-based, and network/ institutional legitimacy-based. Input based indicators focus on the ability of a firm to obtain necessary resources for a project running. In contrast, organizational-capacity-based outcomes center on the ability of firms to attract personnel that is suited for the various tasks needed in the organization. Output-based measures focus on the

scale, scope, and quantity of products and services that result from projects. At the same time, outcome-based models center on differences of benefits achieved for particular populations.

Outcomes to clients/customers focus on the perceived impact of programs as viewed by the clients/customers in questions. Public value metrics speak to the community-based/societal outcomes that may be beyond the purview of individuals for whom the projects are intended. Finally, network/institutional legitimacy performance aspects related to the creation or severing of relationships with other organizations operating within the environment of the NPO (Moullin, 2017; Gamble & Beer, 2017; Al-Hosaini & Sofian, 2015). The balanced scorecard has, since its creation by Kaplan and Norton in 1992, gained traction to become the idealized approach to the measurement of holistic performance (Kaplan & Norton, 2007).

The essence of the change in approach is the shift from a focus on purely financial metrics to the incorporation of the customer, internal process, and learning and growth outcomes). Although predominantly used by for-profit organizations, the tool has found application in NPOs as well (Kaplan, 2001). This study measured the organization's performance of the firm based on composite measures selected from the non-financial performance constructs; project outcome, scale and scope of projects, organization capacity, employee productivity, beneficiary outreach and program sustainability.

### **1.1.3 Non-Governmental Organizations in Kenya**

NGO Board (2019) report indicates there has been a spur in the growth of organizations being registered by the board serving the education, health and relied sectors in the country. The report notes that despite the growth in the sector, there is largely increasing problems in the sustainability, funding and expenditure utilization among the firms. Within the 2018/2019 financial year NGOs have received 165.97 billion with more than 88% of the funds being raised from foreign sources. Out of the total disbursement to the 11,262 registered NGOs, only 78.8 billion was spent on project implementation within Nairobi, Kisumu, Kiambu, and other major towns.

Kamau (2018) notes that of all the registered NGOs in the country, only 79% (8893) are currently active in the country. The organizations have been active in complementing the government's efforts of supporting service delivery, creating employment, and improving the livelihoods of the Kenyan citizens. NGO Board (2019) notes that the overall sustainability among NGOs in Kenya stands at 66.4%, with a decline in the organization's capacity to 81%,

collaboration and networking to 40% and financial viability at 56%. The current study focused on all active NGOs in Kenya.

## **1.2 Statement of the Problem**

Despite the critical role and positive outcomes that strategic planning play on organizational performance in times when the contemporary business environment in which organizations operate is increasingly becoming uncertain and unpredictable, little is known of the implementation of strategic planning practices among not for profit organizations in developing countries (Njeri, 2016), especially in Kenya (Aldehayyat & Twaissi, 2011). Gregg and Ana (2016) note that NGO projects are a common mainstay in societal development locally. However, the sector has witnessed deprived performance and attainment of project goals. Rotich (2014) contends that almost all NGOs in Kenya have failed to meet their estimated timelines, quality, and budgetary estimates in project execution. This echoed by Ika, Diallo, and Thuillier (2014), who found out that most NGOs are faced with complexities, risks, external pressures and changing needs that affect their non-financial performance. The annual report for 2010 by the NGO Co-ordination Board reveals weak institutional management and a lack of transparency and accountability among NGOs in Kenya (NGO Co-ordination Board, 2010). From the above review, it is evident that there are institutional weaknesses and performance deficiencies within NGOs in the country. The available evidence has, however, been inconclusive on the various factors influencing non-financial outcomes among NGOs in Kenya, hence the necessity of this study.

Several research studies have the importance of strategic planning in improving the attainment of organization goals. Abdalkrim (2013) reported that effective strategic planning leads to the better attainment of firm goals among private companies. Aldehayyat and Twaissi (2011) note that corporate strategic planning positively improves organization performance. Franklin (2011) posits that planning is central to improved performance within NGOs. Gathoni and Ngugi (2016) found out that NGOs fail to attain their goals due to poor strategic planning, funding capacity, poor project management practices, and lack of human resource capacity. Waithera and Wanyoike (2015) indicated that training of staff, monitoring of ongoing projects, financial planning and evaluation practices were critical to the performance of NGO projects. Mutole (2019) attested to the importance of strategic leadership practices on NGO performance. The above studies are limited to the Kenyan context; however, they have not conclusively identified the impact of strategic planning

factors on NGO productivity in Kenya. This opens an empirical gap that this study sought to fill.

### **1.3 Objectives of the Study**

The study aims to establish how strategic planning factors impact the non-financial performance among Kenyan NGOs.

#### **1.3.1 Specific Objectives**

- i. Establishing the effect of leadership practices on the non-financial performance of Kenyan NGOs.
- ii. Examining effect of organization structure on the non-financial performance of Kenyan NGOs.
- iii. To determine the effect of human resource planning on the non-financial performance of Kenyan NGOs.
- iv. To examine the effect of organization culture on the non-financial performance of Kenyan NGOs.

#### **1.4 Research Questions**

- i. What is the effect of leadership practices on the non-financial performance of Kenyan NGOs?
- ii. What is the effect of organization structure on the non-financial performance of Kenyan NGOs?
- iii. What is the effect of human resource planning on the non-financial performance of Kenyan NGOs?
- iv. What is the effect of organization culture on the non-financial performance of Kenyan NGOs?

#### **1.5 Scope of the Study**

This study sought to establish the effect of strategic planning factors on the non-financial performance of non-governmental organizations in Kenya. The study's geographical scope was limited to the examination of the NGO staff in Nairobi City County. Contextually the study focused on how strategic planning factors, leadership practices, organization structure, organization culture, and human resource planning influence organizational performance. The study was grounded on the strategic choice theory and the institutional theory. The study adopted a positivist research philosophy and relied on a quantitative approach in the examination of the research problem. The study was conducted between July and September 2020.

## 1.6 Significance of the Study

This study is anticipated to provide information that was critical to several stakeholders within the country.

### To Theory

The findings of this study are expected to provide further insight to future scholars and researchers in the field of performance among non-profit organizations.

### To Regulations

The NGO board is expected to benefit from study findings since they were key in identifying the key shortcomings within NGO's, and the board can leverage this information in guiding future organizations in their setup and day to day operations. Policymakers who are in charge of the control and development of NGOs will also be in a position to identify better management practices that are necessary to enact within these institutions to increase their performance.

### To Practice

To the management of the organization, the findings are key to elucidating vital information that can guide future strategic planning process as well as help to identify the key aspects that can foster firm performance. The results will further help the management in designing their culture, structure, and leadership capacities that can be essential in amplifying the performance of NGO firms countrywide. Findings will be pivotal in strengthening the body of knowledge by acting as reference material and guide for future scholars.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter focuses on the systematic review of literature vital to this study. The chapter focuses on the theories that guided the study as well as the critical review of various empirical studies. The chapter also outlines the gaps of the study, the conceptual framework, and the operationalization of study variables.

#### 2.2 Theoretical Review

A theoretical framework guides the study by determining variables that were measured by the study and their existing statistical relationship (Cohen, Cohen, West, & Aiken, 2013). The study was premised on the strategic choice theory and the institutional theory. The strategic choice theory explained the leadership practices and human resource planning variables, while the institution theory explained organization structure and organizational culture.

##### 2.2.1 Strategic Choice Theory

This theory was advanced by Chandler (1962). The theory describes how strategic leadership influences management decisions and influencing the adoption of competitive attributes in a dynamic business environment (Tatoglu et al., 2020). The strategic choice theory focuses on the path taken by firms when interacting with the environment in which it operates, considering the resources and capabilities that it possesses (Horner, Jayawarna, Giordano, & Jones, 2018). It focuses on the management's ability to adopt strategic choices that will allow the firm to improve its competitive positioning through better manipulation of the environment in which it operates and of the resources and capabilities that it owns (Shortell & Kaluzny, 2006). One of the central themes in strategic choice across organizations is the strategic planning undertaken at various levels of an institution (Aldehayyat & Twaissi, 2011).

This theory provides an alternative that emphasizes the role of different stakeholders in enabling an organization to adopt and diffuse new strategic choices that dynamically influence its development (Jewer & McKay, 2012). These strategic choices form part of an organizational learning process that enables the firm to adapt to the external and internal environments of the firms (Tatoglu et al., 2020). The strategic choices that are made by firms and their subsequent adoption allow the firm to significantly develop and evolve, changing its structure and culture in accordance to changes in the environment in which the firm operates (Schayek, 2011).

Regarding the adoption of strategic planning by NPO in Kenya, the strategic choice theory attempted to describe the role that business owners and senior managers play in influencing the overall leadership team in making choices that can lead to the adoption of competitive attributes in a bid to survive in the highly competitive and dynamic business environment. Mainly because strategic choice theory focuses on the ability of an organization's management to adopt strategic decisions that enabled the firm to position itself relative to its external environment. This theory establishes a relationship between the choice of a strategy and its effect on an organization's ability to attain desired goals. This study finds this theory integral in determining how leadership practices and human resource planning efforts influence strategic plans made within Kenyan NPOs.

### **2.2.2 Institutional Theory**

According to institution theorists Meyer and Rowan (1991); DiMaggio and Powell (1983), institutional settings can largely shape the advancement of formal constitutions in a business or organization, frequently more intensely than market dynamics and pressures. This affects how organizations make decisions, especially on the implementation of the strategy. The theory provides an insight into how an organization interacts with its environment with a specific focus on social norms, rules, values, and expectations, as the determinants of firm actions and policies (Lawrence & Shadman, 2008).

The theory addresses the behavioral patterns of different firms, and internal pressures determine the strategy that the firm will implement. The institutional theory provides processes through which structures become authoritative guidelines for social behavior (Lawrence & Shadman, 2008). This theory identifies and examines factors including the social environment, culture, regulation, financial motivations/incentives that have a direct implication on firm productivity levels with an emphasis on effective management of firm resources (Al-Khouri, 2010).

DiMaggio and Powell (1983) contend that the effects implanted in the organizational formations are meant to have the organizations, through the management, have a strong foundation that sought to make them stand firm in the operational environment and thus promote the profound ability of the firms to create more basis and expand for better survival capabilities. The pressures that the organizational management put among the stakeholders of the firms, such as the employees, are mainly meant to make them perform and be more productive for enhanced organizational performance (Al-Khouri, 2010). The relevance of this theory arises since it aims to guarantee all the stakeholders that their needs will be

represented and addressed both in the long-term and short-term. This theory further informs the research by providing valid arguments on how and why firms engage in certain activities and adopt certain strategies in their bid to achieve certain objectives. It was anchored on the dependent variable, which is Non-Financial Performance, and was measured from a multidimensional approach. This theory was important in linking the components of organizational structure and organizational culture on strategies adopted to ensure NGO's non-financial outcomes.

## **2.3 Empirical Review**

This section specifically focuses on the various studies that have been conducted in line with the themes of the study. The review of the studies will help in identifying the multiple gaps that this research sought to solve.

### **2.3.1 Leadership Practices and Non-Financial Performance**

Gica and Balint (2012) studied the factors influencing strategic planning among SMEs found in Romania. The volatility of SMEs justifies the need for smaller firms to take strategic planning and implementation seriously. It will make it easy to deal with any perceived threat. The establishment of a comprehensive communication network within the organization makes it easy for the team to communicate and the leadership to assign responsibilities. The findings of the study recommend the utilization of strategic planning tools and strategic management techniques to cover everything that might go wrong during the implementation of plans. The study focuses on SME firms, while this research examined the performance of Kenyan NGOs.

Aldehayyat and Twaissi (2011) carried out a study whose aim was to identify strategic planning characteristics among 105 Jordanian small industrial firms and their influence on the attainment of firm goals. Findings revealed that strategic planning positively impacts profitability returns. Similarly, the upper levels of management among SMEs were identified as the key influencers of strategic planning, emphasizing the importance of entrepreneurs in selecting the strategic orientation and planning practices among small firms. The study focuses on corporate financial performance, as opposed to focusing on the non-financial productivity of NGOs in Kenya.

Njanja, Pelissier, and Ogutu (2010) carried out a study among 176 micros, small, and medium enterprises (MSME) in Kenya in an effort to establish the influence of management factors on their productivity. The research concluded that organizational plans had been made

on a wide scale. However, most managers noted that their firms lacked the requisite financial capability to effectively implement the strategies. It was also noted that the level of strategy control differed among the different categories of MSMEs. The study focused on strategic planning within for-profit businesses and not on Kenyan NGOs.

Mwai, Namada, and Katuse (2018) examined the effect of leadership styles on effectiveness among NGOs. The research employed an explanatory research design with both quantitative and qualitative analyses being utilized. The study indicates that clear instructions, employee consultation, and concern for employees are key to improving productivity. Findings indicated that leadership styles have a positive influence on attaining of organizational goals, satisfaction among stakeholders and overall firm efficiency. The study only considers leadership styles while this research examined how strategic factors, human resource planning, and structure influence the performance of NGOs.

Kitonga, Bichanga, and Muema (2016) investigated how strategic leadership influences performance among NPOs in Nairobi County. The study adopted survey research designed and sampled 328 managers drawn from registered NPOs in Kenya. Findings showed that strategic leadership determined 53.2% of variations in the performance of the NPOs. The study notes that the inculcation of strategic direction, promoting human capital, conformity to ethical practices, and organization control are critical to firm productivity. The study fails to examine how factors such as structure and culture influence the performance of NGOs.

Mutole (2019) examined how strategic leadership practices influence productivity among Kenyan NGOs. The study utilized a cross-sectional survey design with questionnaires being adopted in data collection. The study indicates that shareholder accountability, a delegation of duty, and strategic directions enhanced organization performance. The study also notes that board governance was vital to the improved performance of NGOs. The study, however, fails to examine the role played by staff within the firm in determining the performance of NGOs.

### **2.3.2 Organization Structure and Non-Financial Performance**

Schayek (2011) investigated the effect of strategic planning, managerial capabilities, human and financial resources, and market orientation on productivity among 135 small trade and service businesses in Israel. The researcher found significant positive measured in terms of whether plans were written or not, communication of the plans, review of the plans, the detail, and scope of strategic planning and period it covered, while performance was measured in terms of financial performance and operational performance. The study fails to

consider how management competencies and employee involvement in strategic planning influence performance, which this study considered.

Obati, Awino, and Ogutu (2018) conducted a study focusing on strategic planning, organizational structure, and results among Nigerian NGOs. The study adopted a fundamental positivism approach with web-based surveys being utilized in the data collection. The study revealed a statistically significant relationship between strategic planning and firm performance ( $R^2 = 0.264$ ,  $F = 16.504$ ,  $\beta = 0.504$ ,  $p < 0.05$ ). The research notes that strategic formulation, strategic choices and intent, vision and mission, and implementation of control are vital to the firm performance. The study indicates that organizational structure within the firms positively improved the performance of the organizations. The study, however, focuses on Nigerian NGOs while this study examines the performance of the humanitarian organizations in Kenya.

Banturaki, Namara, and Barifaijo (2016) studied the influence of organizational factors on employee performance among Ugandan NGOs. The study utilized a cross-sectional correlation design and used both interviews and structured questionnaires in data collection. The results show that organization structure, organization culture, and leadership styles positively influence employee performance. The study notes that structure can be supported through adopting relevant policies, strengthening decentralized decision making, adopting relevant policies, rules, regulations, and periodic reviews of the structure. The study focus is on employee performance, not the performance of the NGO, which is the focus of this review.

Wamukota, Munir, and Alala (2018) examined the link between organizational structure and profitability among savings and credit co-operatives. The research used a cross-sectional study design, with 177 Sacco members being considered in the study. The study found out that organization structure positively and significantly influences SACCO profitability. The study notes that formalized policies, line of authority, assigning responsibility, and defined job duties are significant predictors of financial performance. The study is focused on a for-profit organization while this study examined NGO performance in Kenya.

Njeri and Were (2017) explored the factors determining NGO project performance in Kenya. A descriptive research design was adopted with a population of 303 respondents being considered. The findings of inferential analysis indicate that top management support, coordination and control, project scheduling, team commitment, and project culture

positively influenced project performance. The study notes that organization policies have a moderate effect on project performance in NGO firms. The study, however, is limited to project performance of NGOs in Kenya.

Chepcheng and Siringi (2019), in their study, examined leadership style, organizational structure, stakeholder engagement, and performance of donor-funded health projects. The study employed a descriptive research design and sampled 108 staff members drawn from the Centre for Health Solutions, Kenya. The study results reveal that leadership style, organizational structure, and stakeholder engagement positively influence the performance of donor-funded projects. The study indicates that having clear reporting lines, clarity of roles and staff coordination are critical to project performance. The research, however, fails to take into consideration human resource planning and culture as predictors of the performance of NGOs.

### **2.3.3 Human Resource Planning and Non-Financial Performance**

Caliskan (2010) asserts that in an organization, the employees are the most important resource that, if effectively managed, can translate to the attainment of long-term sustainability. Leaders and employees work collaboratively to attain formulated strategies. Porter (2012) further discussed that leaders should have human relations and interpersonal skills to execute the strategies successfully. The implementation success relies on employees' motivation because human resource is considered as a key factor of organizations' success. Human resource managers aim to promote employee development and growth, with a specific aim of retaining the horned skills and transforming them into firm strengths and capabilities for gaining competitive advantage.

Stirling, Kilpatrick, and Orpin (2011) posited that employee participation in firm activities significantly improves firm productivity. Participation in strategic planning and implementation helped in accommodating changes in the environment and building up capital for the organization. Gitau (2013) argued that employees should be involved in more than strategy execution, suggesting that management should involve the employees in decision making. Due to a clear understanding of the strategic process which is achieved through participation, an organization has a high probability of attaining its strategic goals. The involvement of employees made them feel empowered, encourages teamwork, assists in the growth and development of the employees and influences loyalty, and, where appropriate, allows for effective provision of support and recognition.

Mukiibi (2016) examined how human resource planning influences employee productivity at Vision for Africa International (VFAI-Uganda). The study was grounded on a cross-sectional research design, with both qualitative and quantitative approaches being adopted. The findings indicate that employee forecasting, motivational strategies, and resource strategies predicted 52.8% of the variations in employee performance. The study indicates that employee motivation factors explained 44.2% in employee productivity levels. The research reveals that financial rewards, internal recruitment, and incentivization were key in determining employee performance. The study only focuses on human resource planning. It does not take into consideration other strategic planning factors in the NGO.

Mwai, Namada, and Katuse (2018) explored the influence of firm resources on firm effectiveness. A descriptive research design was used and both descriptive and inferential analysis were adopted in data analysis. Findings revealed that financial resources are key to the attainment of the strategic goals of the firm. Findings also indicate that staff empowerment had significant effects on institutional efficiency. The study focuses only on the empowerment of staff. It does not consider other internal strategic planning factors such as leadership and culture that this study examined.

Omolo and Mose (2019) explored factors determining employee productivity among Kenyan NGOs. The research relied on a descriptive survey, with 130 participants being considered in the study. The findings indicate that employment contracts, training and development, leadership styles, and rewards policies positively improve employee performance. The study notes that the accomplishment of tasks, improved employee creativity, employee encouragement, and motivation was high within NGO in Kenya. The study focuses on employee performance, while this research examined overall organizational performance.

Kassim and Ndegwa (2017) focussed on the association between training and development and productivity among NGOs operating in Mandera County, Kenya. The study adopted a quantitative approach with questionnaires being utilized in the analysis. The results show that hands-on-training, group discussion, e-learning, and workshop training influence employee performance. Findings reveal that the funding process, orientation practices, retention of knowledge and skills as well as feedback systems are critical to attaining improved performance in the firm. The study focuses only on staff training and does not consider culture and structure as predictors of firm performance.

#### **2.3.4 Organization Culture and Non-Financial Performance**

Jogaratanam (2017) examined the influence of organizational culture on market orientation and productivity in the service and hotelier industry. The study utilized a survey research design with a structured questionnaire being used in data collection. The study notes that innovative culture and supportive cultures influence firm performance. The research indicates that molding better employee behavior, shared work values, and supportive beliefs are key to firm performance. The study focuses on the restaurant industry, while the current study examined the performance of the humanitarian organization.

Metin and Coşkun (2016) focussed on assessing how leadership style and organizational culture influence NGO effectiveness. Data was collected with the use of questionnaires under the guidance of a survey research design. It was noted that a motivating climate, trust, confidence and member willingness to take responsibility influence the effectiveness of the firm. The results indicate that firm culture and leadership practices have positive and significant effects on NGO effectiveness. The research is focussed on Turkish NGOs, while the current study examined the performance of NGOs in Kenya.

Agbeworde (2016) studied how organizational culture impacts employee productivity in Ghana airport authority. The study focused on 100 staff members with structured questionnaires being utilized in the research. The findings indicate that firm culture positively improves firm performance. The study notes that work values shared beliefs, and orientation of the staff is critical to workers' performance. The research is limited to a state corporation, while this study examines humanitarian organizations in Kenya.

Patrick, Moses, and Martin (2019) analyzed the factors affecting strategy implementation among Kenyan NGOs. The study employed stratified sampling in selecting 163 NGOs operating in Nairobi County. The study utilized semi-structured questionnaires in data collection. The study established that the culture of the firm significantly influences the extent to which strategic plans will be implemented. The research indicates that values and beliefs, communication practices, and deploying a conducive and supportive culture is critical to strategy execution. The study focus is on strategy implementation, while this research analyzed the performance of NGOs in Kenya.

Mwendwa (2017) examined the effects of multidimensional culture on the organizational performance of the mobile telecommunications firms in Kenya. The research employed a survey research design that sampled 176 employees. The study relied on univariate analysis,

and results show that key cultural components, employee involvement, communications, and leadership style influence organizational performance. The study notes that goal achievement, collaboration, and coordination were vital to the achievement of firm goals. The research notes that a multidimensional culture leads to improved project implementation, innovation, increased infrastructure, and commitment within the firm. The research, however, is not limited to NGOs operating in Kenya, which is the focus of this study.

Murunga and Karugu (2019) examined how organizational culture and strategy execution relate at the commission for university education, Kenya. Stratified random sampling techniques were used to select the respondents. The study employed descriptive and inferential analysis techniques. The findings indicate that involvement, mission, adaptability, and consistency were key to the execution of strategies. Conclusions showed that organizational culture is influential in guiding and enabling strategy execution. The research notes that coordination and integration, empowerment, team orientation, customer focus, and organizational learning are critical to strategy execution. The study focuses on the execution of strategies while this research examines Non-Financial Performance.

## 2.4 Summary of Literature and Research Gaps

The review of various studies has indicated several gaps that this study sought to solve. A summary of the various contextual and empirical gaps is shown in the table below.

**Table 2.1 Research Gaps**

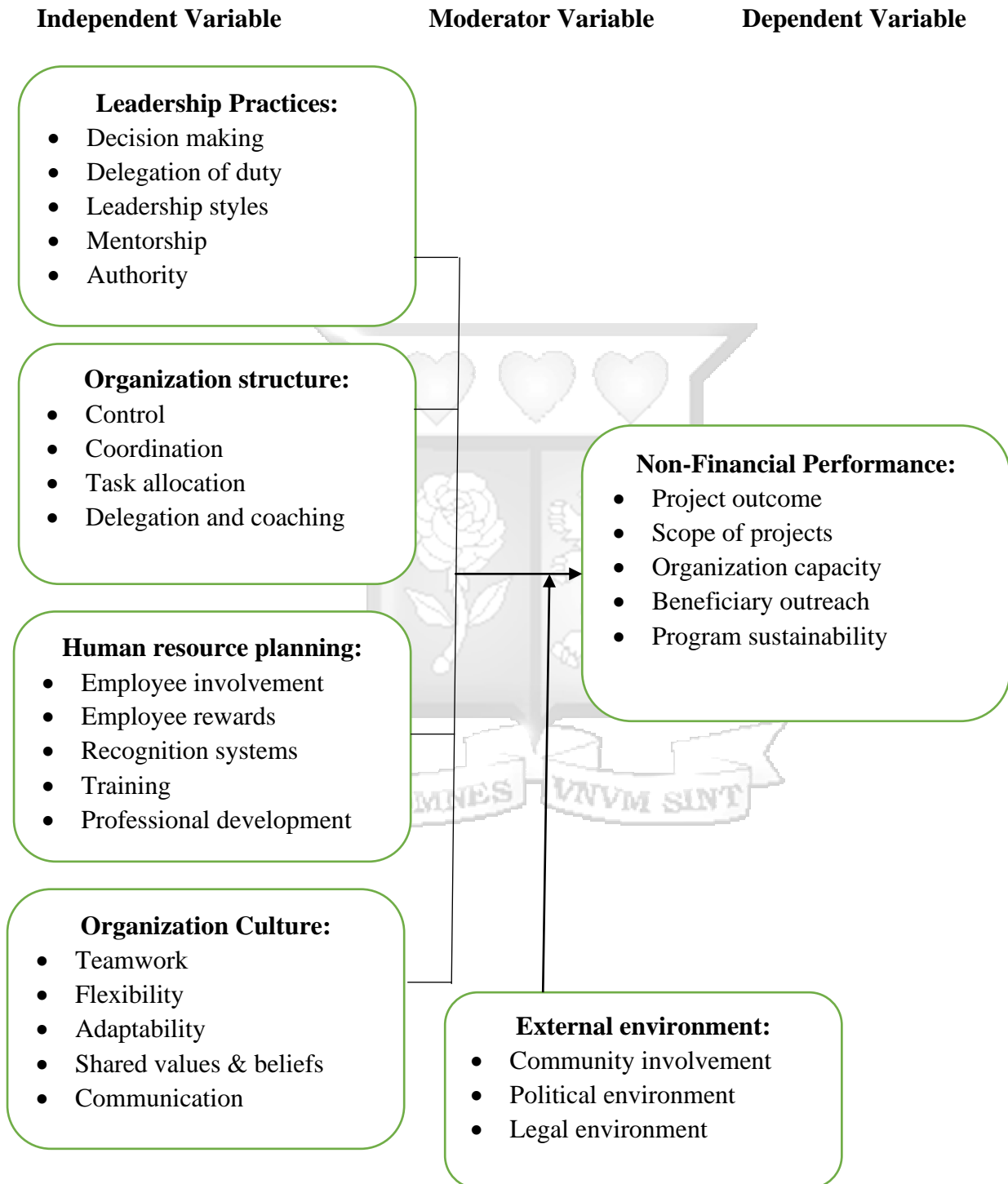
Author	Title	Findings	Research Gap
Aldehayyat and Twaissi (2011)	Identify strategic planning characteristics among Jordanian small industrial firms	The authors found a positive relationship between strategic planning and financial performance	The study focuses on corporate financial performance, while this study was limited to the performance of NPO in Kenya.
Mutole (2019)	Strategic leadership practices on the performance of Non-Governmental organizations in Kenya.	The study indicates that the shareholder accountability, a delegation of duty, and strategic directions enhanced organization performance	The study, however, fails to examine the role played by staff within the firm in determining the performance of NGOs

Mwai, Namada, and Katuse (2018)	Leadership style influence organizational effectiveness in non-governmental organizations	The research reveals that leadership styles positively lead to improve organizational goal attainment, stakeholder satisfaction, and process efficiency	The study only considers leadership styles while this research examined how strategic factors, human resource planning, and structure influence the performance of NGOs
Njeri and Were (2017)	Determinants of project performance in non-governmental organizations in Kenya	The study notes that organization policies have a moderate effect on project performance in NGO firms.	The study, however, is limited to project performance of NGOs in Kenya.
Omolo and Mose (2019)	Determinants of employee performance in humanitarian international governmental organizations based in Kenya	The study notes that the accomplishment of tasks, improved employee creativity, non-employee encouragement, and motivation was high within NGO in Kenya	The study focuses on employee performance, while this research examined the overall organizational performance
Patrick, Moses, and Martin (2019)	Factors affecting strategy implementation among local Governmental Organizations in Kenya	The study established that organizational culture influences the implementation of strategic plans	The study focus is on strategy implementation, while this research analyzed the performance of NGOs in Kenya

## 2.5 Conceptual Framework

The conceptual framework of any study is an intermediate theory in a diagrammatic form that attempts to connect and show the relationship of the variables under study. It is a map that

gives consistency to empirical inquiry (Gibson, 2017). The below conceptual framework presented the association between the study variables.



**Figure 2.1 Conceptual Framework**

The framework above shows the hypothesized interaction between strategic planning factors and the non-financial results among Kenyan NGOs. The strategic planning factors was

conceptualized into leadership competencies, communication, employee empowerment, and organization culture. Table 2.2 below shows the operationalization of study variables.

**Table 2.2 Operationalization of Variables**

<b>Variable</b>	<b>Indicators</b>	<b>Measurement</b>	<b>Data analysis</b>	<b>Supporting Literature</b>
Leadership practices	<ul style="list-style-type: none"> <li>• Decision making</li> <li>• Delegation of duty</li> <li>• Leadership styles</li> <li>• Mentorship</li> <li>• Authority</li> </ul>	Interval scale 5-pt Likert Scale	Descriptive analysis and inferential analysis	(Abok, 2014; Al-Khour, 2010; Eltahir, 2018)
Organization structure	<ul style="list-style-type: none"> <li>• Control</li> <li>• Coordination</li> <li>• Task allocation</li> <li>• Delegation and coaching</li> </ul>	Interval scale 5-pt Likert Scale	Descriptive analysis and inferential analysis	(Banturaki, Namara, & Barifaijo, 2016; Koech & Were, 2016; Gibson, 2017)
Human resource planning	<ul style="list-style-type: none"> <li>• Employee involvement</li> <li>• Employee rewards</li> <li>• Recognition systems</li> <li>• Training</li> <li>• Professional development</li> </ul>	Interval scale 5-pt Likert Scale	Descriptive analysis and inferential analysis	(Kassim & Ndegwa, 2017; Mutole, 2019; Schayek, 2011)
Organization culture	<ul style="list-style-type: none"> <li>• Teamwork</li> <li>• Flexibility</li> <li>• Adaptability</li> <li>• Shared values &amp; beliefs</li> <li>• Communication</li> </ul>	Interval scale 5-pt Likert Scale	Descriptive analysis and inferential analysis	(Bateta & Wagoki, 2015; Mwendwa, 2017)
External environment	<ul style="list-style-type: none"> <li>• Community involvement</li> <li>• Political environment</li> <li>• Legal environment</li> </ul>	Interval scale 5-pt Likert Scale	Descriptive analysis and inferential analysis	Wamalwa and James (2018); Kamau (2018)
Non-Financial Performance	<ul style="list-style-type: none"> <li>• Project outcome</li> <li>• Scale of projects</li> <li>• Scope of projects</li> <li>• Organization capacity</li> <li>• Employee productivity</li> <li>• Beneficiary outreach</li> <li>• Program sustainability</li> </ul>	Interval scale 5-pt Likert Scale	Descriptive analysis and inferential analysis	(Irene, Marika, Giovanni, & Mario, 2016; Lee & Nowell, 2015)

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

The research methodology followed in solving the underlying problem is detailed in this chapter. The chapter presented the research philosophy, the design to be employed, the population, and sampling as well as data collection instruments. This chapter also contained the procedures for data collection and the analysis and presentation steps that guided this research work.

#### 3.2 Research Philosophy

Gibson (2017) define philosophy as a central term that relates to the development of knowledge and the nature of that knowledge about research. The well-known philosophical paradigms in research are positivism and interpretivism. According to Mungai (2012), a positivist paradigm that is somewhat quantitative in nature is concerned with phenomena that can be measured, observed, and validated. Also, positivists attempt to identify the causes which influence outcomes; and they assume useful research is based on theory, hypothesis, and quantitative data (Cooper & Schindler, 2011). This study relied on the positivist research philosophy to guide the identification of the association between strategic planning factors and the non-financial performance of Kenyan NGOs.

##### 3.2.1 Research Design

This is the blueprint for data collection, measurement, and analysis to achieve the objectives of a given study (Gibson, 2017). Further, Creswell (2015) refers to research design as a procedure on how data collection and analysis are structured towards achieving research objectives through empirical evidence both systematically and economically. A descriptive research design that allowed for the research phenomena to be examined in its present conditions was adopted. The design further allowed for quantitative statistical analysis in drawing inferences based on the data collected in the research.

#### 3.3 Population and Sampling

##### 3.3.1 Target Population

The population consists of the group of events, things, and people of interest and having features which are commonly observed (Creswell, 2015); and the target population as a group of individuals, objects, or events having common observable features of interest in the study (Gibson, 2017). The study analyzed NGOs operating in Nairobi County, Kenya. The NGO Board (2019) reports that there are 8,893 active NGOs in Nairobi County, Kenya. The COVID-19 pandemic forced the researcher to only contact NGOs with active projects within

Nairobi County. According to the 2019 annual NGO report, 1,252 organizations were active in Nairobi County. These NGOs formed the study's unit of analysis. The unit of observation for the current study was the Managing Director of the NGOs.

### 3.3.2 Sampling Design and Sample Size

A sampling frame is a physical representation of different elements in the target population, where the researcher draws the sample (Kothari, 2004). The sample frame for this study was the staff members within the organization in Nairobi, Kenya. Cooper and Schindler (2011) define a sample as a subdivision of a population. In a descriptive survey, a sample enables a researcher to gain information about a population. However, (Kothari 2004) stipulates that there exists a widely accepted rule of thumb. The Yamane formula was useful in determining the sample size, as shown below.

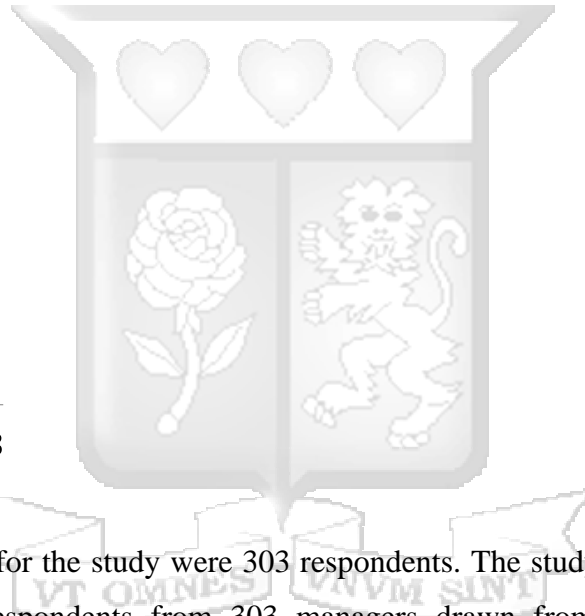
$n$  =sample size,

$N$  = population size

$e$  =level of precision.

$$n = \frac{N}{1 + N(e)^2}$$

$$\frac{1252}{1 + 1252 (0.05)^2} = 303$$



The sample respondents for the study were 303 respondents. The study utilized convenience sampling in selecting respondents from 303 managers drawn from NGOs operating in Nairobi City County.

### 3.4 Data Collection Instruments

According to Kothari and Garg (2014), the instruments of the research are determined by the problem and the nature of the data required to solve the problem. This research relied on primary data that was collected using structured questionnaires. The tool was chosen due to being flexible, easy to apply, far-reaching, and relatively inexpensive, allowing for better determinations of significance in relations between variables (Wilson, 2014). The tool is preferred because it allows for cheaper and faster data collection, even if the sample selected exists in a large geographical location (Creswell, 2015). The study further included open-ended questions to capture views of the management of the NGOs, which are not included in

the structured questions. This type of questionnaire was useful since it increased the appropriateness and validity of the data that was collected from the respondents.

### 3.5 Data Collection Procedures

The drop and pick method was useful in distributing the research tools to the respective respondents. The method is convenient for research and is proven to have a high response rate compared with mail or electronic questionnaires (Gibson, 2017). The method was supplemented by using electronic methods to ensure a faster turnaround in the data collection process due to the COVID-19 pandemic. The respondents were informed about the study's purpose and its importance to the researcher. The study was supported by an introductory letter accompanying the questionnaires. Moreover, the respondents were assured that their identity was kept confidential.

### 3.6 Research Quality

Pre-testing allows error discovery before the actual collection of data (Cooper & Schindler, 2011). The pretesting was conducted among 10% of the study participants, representing 30 managers drawn from NGOs operating in Nairobi County. This participants were however not involved in the final study. The pre-tests of the research instrument supported the reliability and validity tests of the research instrument.

#### 3.6.1 Reliability Tests

The coefficient alpha is a suitable measure of variance “attributable to subjects and variance attributable to the interaction between subjects and items” (Creswell, 2015). It is essential to test instruments for data collections before the actual collection of data. Questionnaires' reliability was tested using Cronbach’s alpha by considering a minimum value above 0.70 to indicate the reliability of an instrument (Gibson, 2017). The study conducted pilot tests among 22 NGOs, which allowed for reliability statistics to be conducted.

**Table 3.1 Reliability Test Results**

<b>Variable</b>	<b>N</b>	<b>Alpha</b>	<b>Items</b>	<b>Verdict</b>
Non-financial performance	22	0.848	8	<i>Accepted</i>
Leadership practices	22	0.769	9	<i>Accepted</i>
Organization structure	22	0.825	7	<i>Accepted</i>
Organization culture	22	0.775	8	<i>Accepted</i>
Human resource planning	22	0.770	9	<i>Accepted</i>
External environment	22	0.780	5	<i>Accepted</i>

The study conducted reliability tests from the collected research data from the pretest of the research instrument in 22 local NGOs in Nairobi County. The tests yielded Cronbach alpha scores of above 0.7, which led to the acceptance of the study instrument.

### 3.6.2 Validity Tests

To ensure the validity of data collection instruments, Creswell (2015) argues that questionnaires have to incorporate questions that relate directly to research questions. Furthermore, content validity refers to the content of the questionnaire in relation to the research questions, while face validity measures the extent to which the questionnaire is aligned to the study variables (Wilson, 2014). Supervisors were contacted to assist in checking content validity. The feedback helped make necessary corrections on the data collection tools by removing confusing items and other typographical errors that affect instrument validity.

### 3.7 Data Analysis and Presentation

The collected data was edited and checked for completeness before coding into SPSS 25 for subsequent quantitative analysis. This research relied on both descriptive and inferential statistics in data analysis. The descriptive statistics were presented as frequencies, means, and standard deviation. The study further conducted factor analysis before the regression analysis. The inferential analysis relied on correlation analysis to determine how the variables are related, while regression analysis was key in the determination of the magnitude of the relationship between research variables. The following regression model was utilized;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where: Y = Dependent Variable (Non-Financial Performance)

Independent variables, which include:

X<sub>1</sub> is leadership capabilities

X<sub>2</sub> is an organization structure

X<sub>3</sub> is a human resource planning

X<sub>4</sub> is an organizational culture

$\alpha$  = the constant

$\beta_{1-4}$  = the regression coefficient or change included in Y by each X

$\epsilon$  = error term

The study further undertook partial correlation analysis to examine the moderating effect of the external environment on the relationship between strategic planning factors and the non-financial productivity among Kenyan NGOs.

### **3.8 Ethical Considerations**

This study ensured that all the laid down research guidelines are adhered to in conducting the research. The study ensured that the Ethics Review Committee's authorization is sought before starting the data collection. The study also ensured that the research permit is obtained from NACOSTI. The research sought participants' consent before participation in the study. The research made sure that the data collected for the study is only utilized for academic purposes, and the confidentiality of the participants is upheld.



## CHAPTER FOUR

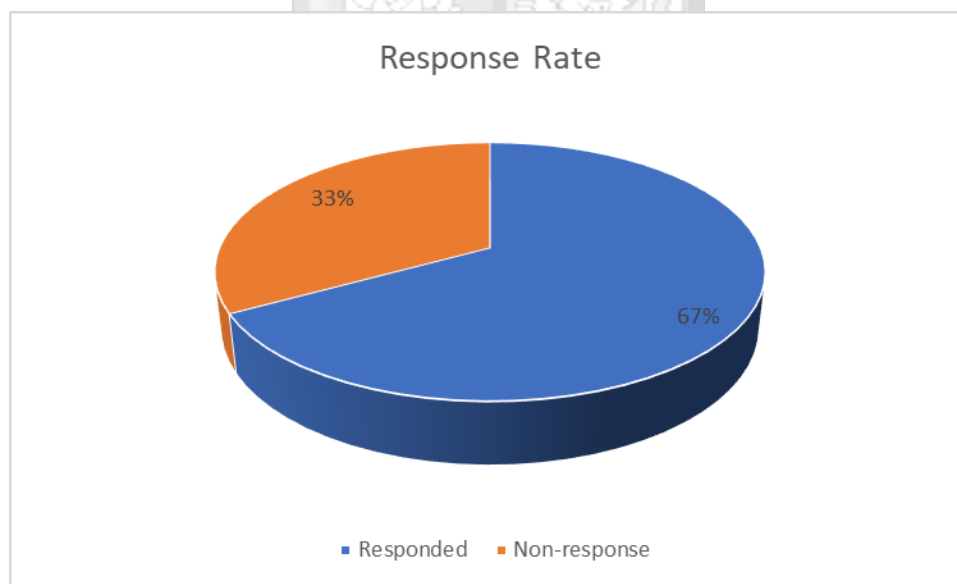
### PRESENTATION OF RESEARCH FINDINGS

#### 4.1 Introduction

This chapter was critical in the research work as it presented the various findings from the analysis of the collected research data. It incorporated the descriptive results, the factor analysis, the correlation tests, and regression analysis. The findings were presented in line with the study objectives.

#### 4.2 Response Rate

The study sought to obtain study responses from 303 managers drawn from NGOs operating in Nairobi County. In the current pandemic environment, the study utilized Google forms and physical questionnaires in the data collection process. The study obtained responses from 204 managers (67%) drawn from NGOs in Nairobi county. The study deemed the response rate sufficient for utilization in the data analysis. Cooper and Schindler (2011) opined that a response rate of 50% and above is considered fair for data analysis, while responses from surveys of over 60% are deemed good for quantitative analysis.



**Figure 4.1 Response Rate**

#### 4.2.1 Length of Service

The research examined how long the participants had been working within the organization, and the results are presented in Table 4.1.

**Table 4.1 Respondents Length of Service**

	Frequency	Percent
0-3 years	75	36.8
4-7 years	74	36.3
8-11 years	37	18.1
Over 12 years	18	8.8
Total	204	100.0

The results showed that most of the participants, 36%, worked within the same organization between 0-3 years and between 4-7 years, respectively. The findings also show that 9% of the participants have worked for over 12 years within the same organization. Cumulatively the results indicate there were varying experience levels across the participants, which yielded various responses that supported this research investigation.

#### 4.3 Descriptive Analysis

The research collected data using quantitative Likert scale questionnaires, and the responses obtained were reviewed and analyzed using descriptive techniques. The study employed means and standard deviation as the main methods of interpreting the responses of the participants. The results are presented in tabular form across each variable of the study.

##### 4.3.1 Leadership Practices of Non-Governmental Organizations

The first study variable was the leadership practices being exhibited within NGOs in Nairobi County. The findings are as presented in table 4.2.

**Table 4.2 Leadership Practices Results**

	N	Median	Mean	Std. Deviation
Our leadership team identifies with the organization mission	204	4.00	3.99	.74
Leaders in our organization communicate the vision of the organization effectively	204	4.00	3.91	.83
Our leadership team ensures that core values are emphasized during strategic planning	204	4.00	3.98	.86
Our leadership team ensures the development of a long-term vision of the organization	204	4.00	3.98	.85

Our organizational leadership maintains and improves the values of the organization	204	4.00	4.02	.90
Our leadership team is sensitive to individual employees needs when making decisions	204	4.00	3.74	.97
Leaders in our organization value the contribution of employees to the planning process	204	4.00	3.72	1.08
Leaders in our organization encourage the participation of employees in decision-making processes	204	4.00	3.68	1.10
Leaders in our organization constantly get creative ideas for solving problems from all organizational members	204	4.00	3.84	1.10

The participants were presented with 9-statements on leadership practices. The summary of the research responses showed there was agreement that organizational leadership maintains and improves the values of the organization within the institutions, as indicated by a mean = 4.02. The research noted agreement among respondents that the leadership team identifies with the organization mission (mean = 3.99). The study indicated agreement among personnel that the leadership team ensures that core values are emphasized during strategic planning within the organization (mean = 3.98). The respondents also agreed that leaders in their organizations encourage the participation of employees in decision-making processes (mean = 3.68). The above findings shows agreement that to some extent leadership practices are effected within NGOs.

#### 4.3.2 Organization Structure of Non-Governmental Organizations

The study's second variable examined the organization structure adopted by NGOs in Nairobi City County, and the results are presented.

**Table 4.3 Organization Structure Results**

	N	Median	Mean	Std. Deviation
Our organization has put in place formalized policies and procedures for all operations within the organization	204	4.00	3.92	.81
Our organization has developed a structure that is in line with the size and complexities of the organization	204	4.00	3.78	.85

Our organization has developed a clear organization chart to direct the operations of the firm	204	4.00	3.83	.93
Our organization has developed and continuously communicates the structure defining the chain of command within the firm	204	4.00	3.84	.94
Our organization has a clear description of the management of authority and responsibility	204	4.00	4.02	.90
Our organization stresses the need for adherence to the policies and procedures within the firm	204	4.00	3.83	.87
Our organization has adjusted structure to adapt to new changes brought by dynamics in the operating environment	204	4.00	3.72	.85

The respondents were presented with 7-statements on the organization structure. The findings show that the organization has a clear description of the management of authority and responsibility, as indicated by mean = 4.02 with moderate variation (.90). The results also indicate agreement that the organization has formalized policies and procedures for all operations within the organization (mean = 3.92, dev = 0.81). The participants also agreed that the organization stresses the need for adherence to the policies and procedures within the firm (mean = 3.83, dev = 0.87). The respondents agreed (mean = 3.72, dev = 0.85) that the organization has adjusted structure to adapt to new changes brought by dynamics in the operating environment. The findings above show that respondents were well acquainted with the structures in place within their organizations.

#### 4.3.3 Organization Culture of Non-Governmental Organizations

The third variable reviewed the organizational culture aspects being utilized across the Non-Government Organizations in Nairobi County.

**Table 4.4 Organization Culture Results**

	N	Median	Mean	Std. Deviation
Our organization has clearly defined shared values	204	4.00	3.98	.92
Our organization takes responsibility for the welfare of its employees	204	4.00	3.82	.87

Our organization has unifying goals and objectives at work	204	4.00	3.95	.82
Our organization allows teams to try new ways of solving job-related problems	204	4.00	3.67	1.19
Our organization is highly flexible in its mode of operation	204	4.00	3.68	1.22
Our organization has a clear and challenging vision for the future	204	4.00	3.77	.74
Our sense of togetherness improves teamwork within the organization	204	4.00	3.91	.78
Good rapport within the organizations eases the free flow of information	204	4.00	4.07	.88

The study respondents were presented with 8-statements on organization culture, and the participants agreed (mean 4.07, dev = 0.88) that there is good rapport within the organizations eases the free flow of information. The respondents showed agreement (mean = 3.98, dev = 0.92) that the organization has clearly defined shared values. The study indicated participants agree that the organization has unifying goals and objectives at work (mean = 3.95, dev = 0.82). The respondents agreed that a sense of togetherness improves teamwork within the organization (mean = 3.91, dev = 0.78). The above results suggests that the organization culture implemented within NGOs is aligned and well-shared among employees as noted by agreement on all statements presented.

#### 4.3.4 Human Resource Planning of Non-Governmental Organizations

The fourth variable reviewed the human resource planning aspects being utilized across the Non-Government Organizations in Nairobi County.

**Table 4.5 Human Resource Planning Results**

	N	Median	Mean	Std. Deviation
The roles of all staff in the organization are clearly defined	204	4.00	3.98	.82
The responsibilities are assigned fairly amongst staff in the organization	204	4.00	3.71	.89

Our organization policy is properly communicated to the staff and is clearly understood by employees	204	4.00	3.92	.93
There are sufficient training opportunities to improve staff competencies and update them on any new policies and procedures	204	4.00	3.90	.85
All employees participate actively in the decision-making process	204	4.00	3.63	1.10
With qualified human resource managers, the organization attracts and retains qualified staffs	204	4.00	3.86	.85
All employees in this organization align their regular tasks with the overall institutional strategy	204	4.00	3.96	.88
Our organization motivates its employees with both financial and non-financial incentives	204	4.00	3.73	.88
Employees in this company are emotionally attached to the company and exhibit high levels of commitment to the organization	204	4.00	3.90	.98

The participants were presented with 9-statements of HRP practices in the firm, and responses obtained showed agreement across all the statements. The respondents agreed that the roles of all staff in the organization are clearly defined (mean = 3.98, dev = 0.82) with moderate variation in responses. The participants also agreed that all employees in the organization align their regular tasks with the overall institutional strategy (mean = 3.96, dev = 0.88). The responses also showed agreement that the organization policy is properly communicated to the staff and is clearly understood by employees (mean = 3.92, dev = 0.93). Findings showed agreement that employees in this company are emotionally attached to the company and exhibit high levels of commitment to the organization (mean = 3.90, dev = 0.98). The study also indicated agreement that all employees participate actively in the decision-making process (mean = 3.63, dev = 1.10), noting high dispersion in responses. The results implied that participants viewed the human resource planning practices within the NGOs favorably.

#### **4.3.5 External Environment of Non-Governmental Organizations**

The study further reviewed how the external environment is perceived across NGOs in Nairobi City County.

**Table 4.6 External Environment Results**

	<b>N</b>	<b>Median</b>	<b>Mean</b>	<b>Std. Deviation</b>
Identifying the needs and problems of the various groups leads to better execution of organization plans	204	4.00	4.08	.83
Involving stakeholder in the monitoring of project progress leads to the attainment of the goals of the organization	204	4.00	4.04	.81
The political environment in the country favors the execution of the NGO activities	204	4.00	3.98	.90
The level of uncertainty within the country political environment impacts the effectiveness of the organization	204	4.00	3.91	.94
The ambiguities in the legal environment affect the execution of the NGO activities	204	4.00	3.97	.85

The respondents showed agreement that involving stakeholders in the monitoring of project progress leads to the attainment of the goals of the organization (mean = 4.04, dev = 0.81). The participants also agreed (mean = 4.08, dev = 0.83) that it is important to identify the needs and problems of all internal which groups lead to better execution of organization plans. The results also showed agreement (mean = 3.98, dev = 0.90) that the political environment in the country favors the execution of the NGO activities. The findings indicated that managers within NGOs were aware of their environment and how imperative it is to the attainment of the objectives of the organization.

### 4.3.6 Non-Financial Performance of Non-Governmental Organizations

The study's dependent variable was the assessment of the non-financial performance of NGO institutions in Nairobi County.

**Table 4.7 Non-Financial Performance Results**

	N	Median	Mean	Std. Deviation
Our organization programs are financially resourced adequately to enable the achievement of the desired outputs	204	4.00	3.79	.84
Our organization programs are effectively implemented to contribute to the development of targeted beneficiaries	204	4.00	3.80	.82
Our organization commits to the schedule to achieve the objectives of the program	204	4.00	3.83	.92
Our organization's programs are effective in achieving the beneficiary's satisfaction	204	4.00	3.90	.89
Our organization commits to quality systems and standards in program delivery	204	4.00	3.94	.77
Our organization's stakeholders are satisfied with the performance of the projects implemented within the firm	204	4.00	3.89	.86
Our organization has witnessed great growth in varied program activities	204	4.00	3.86	.97
Our organization has witnessed great growth in employee workforce	204	4.00	3.93	1.04

The respondents agreed that the businesses are committed to providing the best quality systems and standards in program delivery (mean = 3.94, dev = 0.77), showing minimal variation in responses. The study indicated that the organization had witnessed a great employee workforce (mean = 3.93, dev = 1.04). The research showed agreement that the organization programs effectively achieve the beneficiary's satisfaction (mean = 3.90, dev = 0.89). The study results also indicated agreement (mean = 3.86, dev = 0.97) that the organization has witnessed great growth in varied program activities. The study showed

agreement that the organization programs are financially resourced adequately to enable the achievement of the desired outputs (mean = 3.79, dev = 0.84). The results showed that NGOs have attained favorable performance as noted by the mean averages outline in Table 4.7 above.

#### 4.4 Factor Analysis

Factor Analysis is carried out to generate a suitable summary for the study findings of the associations between the variables into smaller factors without much information loss (Hayton, Allen & Scarpello 2004). The study utilized KMO and Bartlett's Test, principal component analysis, and varimax rotation to present research findings. KMO recommends that a variable attains a minimum of 0.5, with values ranging between 0.7-0.8 representing good and the great ranging between 0.8 and above 0.9. The Bartlett's Test of Sphericity should be significant ( $p < .05$ ) for factor analysis to be suitable

##### 4.4.1 Factor Analysis for Leadership Practices

The study conducted the Kaiser Meyer-Olkin Measure of Sampling Adequacy-KMO to determine the sample adequacy for factor analysis.

**Table 4.8 KMO and Bartlett's Test for Leadership Practices**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	473.676
	df	36
	Sig.	.000

The findings above illustrate a KMO score of 0.779, and therefore suitable while Bartlett's Test of Sphericity (Sig = .000 < .05). This shows that factor analysis can be conducted for variable leadership practices.

**Table 4.9 Principal Component Analysis for Leadership Practices**

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.265	36.277	36.277	2.626	29.180	29.180
2	1.442	16.022	52.298	2.081	23.118	52.298

Extraction Method: Principal Component Analysis.

The results indicate that two components for the variable for leadership practices were extracted. The cut-off for the selection of the variables requires eigen values of above 1.0. The findings of the research show that the two factors had eigenvalue, which was higher than 1. Values greater than one were considered and interpreted as factors. The two factors explained 52.298% of the variants in the data matrix. Component one explains about 36.277% of the variance, and component two explains about 16.022% of the variance.

After extraction of factors, the variables were subjected to varimax rotation. The Rotated component Matrix represents the rotated factor loadings, which are the correlations between the variables and the factors.

**Table 4.10 Factor Rotation for Leadership Practices**

	Component	
	1	2
Our leadership team identifies with the organization mission	-.105	<b>.341</b>
Leaders in our organization communicate the vision of the organization effectively	-.083	<b>.358</b>
Our leadership team ensures the development of a long-term vision of the organization	-.094	<b>.358</b>
Our leadership team is sensitive to individual employees needs when making decisions	<b>.368</b>	-.160
Leaders in our organization value the contribution of employees to the planning process	<b>.367</b>	-.103
Leaders in our organization encourage the participation of employees in decision-making processes	<b>.305</b>	-.013

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Component Scores.

According to Cohen, Cohen, West, and Aiken (2013), a factor loading equal to or greater than 0.3 is considered adequate. The factor loading for the sub-variables of leadership practices ranges that met the minimum recommended threshold of 0.3 as fitted in components 1 and 2 were selected for the analysis. The matrix gives the correlation of the variables with each of the extracted factors. To identify the variables included in each factor, the variable with the value maximum in each row is selected to be part of the respective factor. From the above finding's component, one is composed of a leader's sensitivity to employees, the contribution of employees to the planning process, and participation in decision making. Component two was composed of identification of the organization mission, communication of vision, and development of long-term vision.

#### 4.4.2 Factor Analysis for Organization Structure

The research employed the Kaiser Meyer-Olkin Measure of Sampling Adequacy-KMO to determine the sample adequacy for factor analysis.

**Table 4.11 KMO and Bartlett's Test for Organization Structure**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.777
Bartlett's Test of Sphericity	Approx. Chi-Square	269.925
	df	21
	Sig.	.000

The results above indicate a KMO score of 0.777, and therefore, suitable, while Bartlett's Test of Sphericity (Sig = .000<.05). This shows that factor analysis can be conducted for the variable organization structure.

**Table 4.12 Principal Component Analysis for Organization Structure**

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.750	39.284	39.284	1.978	28.255	28.255
2	1.093	15.610	54.893	1.865	26.638	54.893

Extraction Method: Principal Component Analysis.

The results indicate that two components for the variable for organization structure were extracted. The cut-off for the selection of the variables requires eigen values of above 1.0. The findings of the research show that the two factors had eigenvalue, which was higher than 1. The two factors explained 54.893% of the variants in the data matrix. Component one explains about 39.284% of the variance, and component two explains about 15.610% of the variance.

After extraction of factors, the variables were subjected to varimax rotation. The Rotated component Matrix represents the rotated factor loadings, which are the correlations between the variables and the factors.

**Table 4.13 Factor Rotation for Organization Structure**

	Component	
	1	2
Our organization has put in place formalized policies and procedures for all operations within the organization	.160	<b>.682</b>
Our organization has developed a structure that is in line with the size and complexities of the organization	.420	<b>.516</b>
Our organization has developed a clear organization chart to direct the operations of the firm	<b>.632</b>	.447
Our organization has developed and continuously communicates the structure defining the chain of command within the firm	<b>.776</b>	.184
Our organization has a clear description of the management of authority and responsibility	-.006	<b>.624</b>
Our organization stresses the need for adherence to the policies and procedures within the firm	.162	<b>.712</b>
Our organization has adjusted structure to adapt to new changes brought by dynamics in the operating environment	<b>.865</b>	-.042

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

The factor loading for the sub-variables of leadership practices ranges that met the minimum recommended threshold of 0.3 as fitted in component 1 and 2 were selected for the analysis. The matrix gives the correlation of the variables with each of the extracted factors. To identify the variables included in each factor, the variable with the value maximum in each row is selected to be part of the respective factor. The variables for each factor have been identified based on the above criterion and indicated by bolding. Factor 1 is composed of the development of organization chart, communicating structure and adjusting structure to new changes. The second factor is composed of formalizing the policies, developing an aligned structure, clear description of management authority and need for adherence to policies and procedures.

#### 4.4.3 Factor Analysis for Organization Culture

The third study variable was the organizational culture. The study conducted the KMO Measure of Sampling Adequacy to determine the sample adequacy for factor analysis.

**Table 4.14 KMO and Bartlett's Test for Organization Culture**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.710
Bartlett's Test of Sphericity	Approx. Chi-Square	325.089
	df	28
	Sig.	.000

The findings show the analysis yielded a KMO score of 0.710, which is considered good while Bartlett's Test of Sphericity (Sig = .000<.05). an indication that factor analysis can be conducted for the variable organization culture.

**Table 4.15 Principal Component Analysis for Organization Culture**

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.825	35.315	35.315	2.169	27.109	27.109
2	1.117	13.961	49.276	1.449	18.114	45.223
3	1.045	13.063	62.339	1.369	17.116	62.339

Extraction Method: Principal Component Analysis.

Three components for the variable for organization culture were extracted. The cut-off for the selection of the variables requires eigen values of above 1.0. The findings show that the three factors had eigenvalue, which was higher than 1. The three factors explained 62.339% of the variants in the data matrix. Component one explains about 35.315% of the variable's variance; component two explained 13.961% of the variations, and component three explains about 13.063% of the variance.

After extraction of factors, the variables were subjected to varimax rotation. The Rotated component Matrix represents the rotated factor loadings, which are the correlations between the variables and the factors.

**Table 4.16 Factor Rotation for Organization Culture**

	Component
--	-----------

	1	2	3
Our organization has clearly defined shared values	<b>.758</b>	.047	.074
Our organization takes responsibility for the welfare of its employees	<b>.727</b>	-.066	.213
Our organization has unifying goals and objectives at work	.448	-.073	<b>.679</b>
Our organization allows teams to try new ways of solving job-related problems	<b>.671</b>	.350	.109
Our organization is highly flexible in its mode of operation	<b>.640</b>	.598	-.083
Our organization has a clear and challenging vision for the future	.048	<b>.834</b>	.050
Our sense of togetherness improves teamwork within the organization	.043	<b>.498</b>	.451
Good rapport within the organizations eases the free flow of information	.023	.121	<b>.796</b>

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

The factor loading for the sub-variables of leadership practices ranges that met the minimum recommended threshold of 0.3 as fitted in component 1 and 2 were selected for the analysis. The matrix gives the correlation of the variables with each of the extracted factors. To identify the variables included in each factor, the variable with the value maximum in each row is selected to be part of the respective factor. The first factor is composed of clearly defined values, responsibility for the welfare of employees, solving job-related problems and highly flexible operations. Factor 2 is composed of the variables clear and challenging vision and togetherness improves teamwork. In factor 3, the variables that meant the threshold are unifying goals and good rapport within the organization.

#### 4.4.4 Factor Analysis for Human Resource Planning

The research applied the Kaiser Meyer-Olkin Measure of Sampling Adequacy-KMO to determine the sample adequacy for factor analysis.

**Table 4.17 KMO and Bartlett's Test for Human Resource Planning**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.809
Bartlett's Test of Sphericity	Approx. Chi-Square	349.351
	df	36
	Sig.	.000

The results of the study showed a KMO score of 0.809, which is considered was considered to be great while Bartlett's Test of Sphericity (Sig = .000<.05). Indicating that factor analysis can be conducted for the variable human resource planning.

**Table 4.18 Principal Component Analysis for Human Resource Planning**

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.200	35.556	35.556	2.458	27.308	27.308
2	1.123	12.478	48.034	1.865	20.726	48.034

Extraction Method: Principal Component Analysis.

The cut-off for selection of the variables requires eigen values of above 1.0. The results of the study indicated that two factors had eigenvalue, which was higher than 1. The two factors are responsible for 48.034% of the variants in the data matrix. Component one explains about 35.556% of the variable variance, while component two accounted for 12.478% of the variance.

After extraction of factors, the variables were subjected to varimax rotation. The Rotated component Matrix represents the rotated factor loadings, which are the correlations between the variables and the factors.

**Table 4.19 Factor Rotation for Human Resource Planning**

	Component	
	1	2
The roles of all staff in the organization are clearly defined	<b>.608</b>	.283
The responsibilities are assigned fairly amongst staff in the organization	<b>.703</b>	.195
Our organization policy is properly communicated to the staff and is clearly understood by employees	<b>.681</b>	.132
There are sufficient training opportunities to improve staff competencies and update them on any new policies and procedures	<b>.362</b>	.238
All employees participate actively in the decision-making process	.223	<b>.723</b>
With qualified human resource managers, the organization attracts and retains qualified staffs	-.035	<b>.845</b>

All employees in this organization align their regular tasks with the overall institutional strategy	.415	<b>.472</b>
Our organization motivates its employees with both financial and non-financial incentives	<b>.739</b>	-.052
Employees in this company are emotionally attached to the company and exhibit high levels of commitment to the organization	<b>.479</b>	.459

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

The factor loading for the sub-variables of leadership practices ranges that met the minimum recommended threshold of 0.3 as fitted in component 1 and 2 were selected for the analysis. The matrix gives the correlation of the variables with each of the extracted factors. To identify the variables included in each factor, the variable with the value maximum in each row is selected to be part of the respective factor. The first component is composed of the boldened variables; role of staff is defined, responsibilities are assigned fairly, organization policy is clearly communicated, sufficient training opportunities are offered, organization motivates employees and the employees are emotionally attached. Factor 2 is comprised of employees participating in decision making, attracting qualified staff and aligning tasks into organization strategy.

#### 4.4.5 Factor Analysis for External Environment

The research employed KMO tests and Bartlett's Sphericity test to determine the adequacy of the variable for factor analysis.

**Table 4.20 KMO and Bartlett's Test for External Environment**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.720
Bartlett's Test of Sphericity	Approx. Chi-Square	125.207
	df	10
	Sig.	.000

The analysis yielded a KMO score of 0.720, which is adequate while Bartlett's Test of Sphericity (Sig = .000<.05). This shows that factor analysis can be conducted for the variable external environment.

**Table 4.21 Principal Component Analysis for External Environment**

Component	Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %
1	2.099	41.981	41.981

Extraction Method: Principal Component Analysis.

The cut-off for selection of the variables requires eigen values of above 1.0. The study results showed the total variance explained for the external environment showed that one component explained 41.981% of the total variability in the variable. This indicates that all the constructs or items were found to belong to this factor.

After extraction of factors, the variables were subjected to varimax rotation. The Rotated component Matrix represents the rotated factor loadings, which are the correlations between the variables and the factors.

**Table 4.22 Factor Rotation for External Environment**

	Component 1
Identifying the needs and problems of the various groups leads to better execution of organization plans	<b>.309</b>
Involving stakeholder in the monitoring of project progress leads to the attainment of the goals of the organization	<b>.371</b>
The political environment in the country favors the execution of the NGO activities	<b>.311</b>
The ambiguities in the legal environment affect the execution of the NGO activities	<b>.379</b>

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Component Scores.

The factor loading for the sub-variables of leadership practices ranges that met the minimum recommended threshold of 0.3 as fitted in component 1 were selected for the analysis. The matrix gives the correlation of the variables with each of the extracted factors. To identify the variables included in each factor, the variable with the value maximum in each row is

selected to be part of the respective factor. All the variable fitted within the component 1 with only one variable being excluded since it did not meet the above threshold.

#### 4.4.6 Factor Analysis for Non-Financial Performance

The study adopted the Kaiser Meyer-Olkin Measure of Sampling Adequacy-KMO to determine the sample adequacy for factor analysis.

**Table 4.23 KMO and Bartlett's Test for Non-Financial Performance**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.722
Bartlett's Test of Sphericity	Approx. Chi-Square	241.478
	df	28
	Sig.	.000

The research findings indicated a KMO score of 0.722, which is adequate, while Bartlett's Test of Sphericity (Sig = .000<.05). This shows that factor analysis can be conducted for the variable external environment.

**Table 4.24 Principal Component Analysis for Non-Financial Performance**

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.588	32.347	32.347	2.018	25.221	25.221
2	1.167	14.590	46.937	1.492	18.654	43.875
3	1.103	13.784	60.721	1.348	16.846	60.721

Extraction Method: Principal Component Analysis.

The cut-off for selection of the variables requires eigen values of above 1.0. The results above show that three factors had eigenvalue, which was higher than 1. The three factors are responsible for 60.721% of the variations in the data matrix. The table above shows that factor one is responsible for 32.347% of the variance, the second accounting for 14.59% of the variance, while the third accounting for 13.784% of variations.

After extraction of factors, the variables were subjected to varimax rotation. The Rotated component Matrix represents the rotated factor loadings, which are the correlations between the variables and the factors.

**Table 4.25 Factor Rotation for Non-Financial Performance**

	Component		
	1	2	3
Our organization programs are financially resourced adequately to enable the achievement of the desired outputs	<b>.653</b>	.097	.149
Our organization programs are effectively implemented to contribute to the development of targeted beneficiaries	.062	<b>.837</b>	-.004
Our organization commits to the schedule to achieve the objectives of the program	<b>.751</b>	.131	.125
Our organization's programs are effective in achieving the beneficiary's satisfaction	<b>.474</b>	-.053	.531
Our organization commits to quality systems and standards in program delivery	.037	.042	<b>.862</b>
Our organization's stakeholders are satisfied with the performance of the projects implemented within the firm	.017	<b>.622</b>	.525
Our organization has witnessed great growth in varied program activities	.503	<b>.608</b>	-.088
Our organization has witnessed great growth in employee workforce	<b>.738</b>	.066	-.024

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

The factor loading for the sub-variables of leadership practices ranges that met the minimum recommended threshold of 0.3 as fitted in component 1 were selected for the analysis. The matrix gives the correlation of the variables with each of the extracted factors. To identify the variables included in each factor, the variable with the value maximum in each row is selected to be part of the respective factor. The first factor is composed of programs achieve desired outputs, achieve objectives of the firm, the organization is effective in beneficiary satisfaction and there is growth in the workforce. The factor 2 is composed of organization programs are effectively implemented, stakeholders are satisfied with project performance and there is growth in program activities. The component 3 is composed only of the organizations committed to quality systems and standards.

#### 4.5 Correlation Analysis

The research aimed at determining how the variables affect each other. Since the research relied on Likert scale questionnaires applying Spearman Rank correlation was assumed to be the most appropriate technique. The findings of the correlation tests are presented below.

**Table 4.26 Correlation Results**

			Leadership Practices	Organization Structure	Organization Culture	Human Resource Planning	Non-Financial Performance	
Spearman's rho	Leadership Practices	Correlation Coefficient	1.000					
		Sig. (2-tailed)	.					
		N	204					
	Organization Structure	Correlation Coefficient	.508**		1.000			
		Sig. (2-tailed)	.000		.			
		N	204	204				
	Organization Culture	Correlation Coefficient	.481**	.646**		1.000		
		Sig. (2-tailed)	.000	.000		.		
		N	204	204	204			
	Human Resource Planning	Correlation Coefficient	.398**	.525**	.623**		1.000	
		Sig. (2-tailed)	.000	.000	.000		.	
		N	204	204	204	204		
	Non-Financial Performance	Correlation Coefficient	.374**	.378**	.474**	.521**		1.000
		Sig. (2-tailed)	.000	.000	.000	.000		.
		N	204	204	204	204	204	204

The study sought to establish the effect of leadership practices, organization structure, organization culture, human resource planning, and external environment on the non-financial performance of NGO firms. It was concluded that leadership practices had low positive correlation ( $Rh = .374$ ,  $Sig = .000 < .05$ ), organization structure low positive correlation ( $Rh = .378$ ,  $Sig = .000 < .05$ ) and organization culture moderate positive correlation ( $Rh = .474$ ,  $Sig = .000 < .05$ ) positively and significantly influence non-financial results of NGOs in the Nairobi County. This was evidenced by the p-value of 0.000 which is less than the critical value of 0.05. The study results also indicated that human resource

planning has a strong positive effect on non-financial outcomes of NGOs ( $Rh = .521$ ,  $Sig = .000 < .05$ ).

#### 4.6 Regression Analysis

The study adopted a multiple linear regression analysis to test the strength of the relationship between strategic planning factors and the non-financial outcomes of NGOs. The regression summary results are in this section.

**Table 4.27 Regression Summary for Strategic Planning Factors and Non-Financial Performance**

Model	R	R Square	Adjusted R Square
1	.603 <sup>a</sup>	.364	.351

a. Predictors: (Constant), Human Resource Planning, Leadership Practices, Organization Structure, Organization Culture

The regression analysis yielded a coefficient of determination of 0.364. This indicated that holding all factors, constant strategic planning factors determined at least 36.4% of the changes in the non-financial performance of NGOs.

**Table 4.28 ANOVA Analysis for Strategic Planning Factors and Non-Financial Performance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	221.520	4	55.380	28.442	.000 <sup>b</sup>
	Residual	387.480	199	1.947		
	Total	609.000	203			

a. Dependent Variable: Non-Financial Performance

b. Predictors: (Constant), Human Resource Planning, Leadership Practices, Organization Structure, Organization Culture

The research yielded ANOVA results ( $F$ -calculated = 28.442,  $Sig = .000 < .05$ ). The above shows that strategic planning factors positively and significantly influence non-financial outcomes of NGOs in Nairobi County.

**Table 4.29 Regression Coefficients for Strategic Planning Factors and Non-Financial Performance**

Model	Unstandardized Coefficients B	Standardized Coefficients Beta	t	Sig.
1 (Constant)	12.135		6.829	.000
Leadership Practices	.093	.076	1.026	.306
Organization Structure	-.131	-.188	-2.380	.018
Organization Culture	.187	.187	1.976	.050
Human Resource Planning	.583	.476	5.592	.000

a. Dependent Variable: Non-financial Performance

$$Y = 12.135 + .093X_1 + -.131X_2 + .187X_3 + .583X_4 + 1.777$$

The output of the factor analysis was transformed and computed to each independent variable and the dependent variable and employed in the regression analysis. The findings of the regression coefficients show that the coefficient for leadership practices ( $\beta_1 = .093$ ) was not statistically significant  $.306 > .05$ . The study results indicated that the organization structure coefficient ( $\beta_2 = -.131$ ) was statistically significant  $.018 < .05$ . The findings indicate that a change in organizational structure may result in  $-.131$  change in the non-financial performance of NGOs. The research showed that the organization culture coefficient ( $\beta_3 = .187$ ) was statistically significant  $.050 = .05$ . The findings indicate that a change in organizational culture by one unit will yield a  $.187$  change in the non-financial performance of NGOs. The findings showed that the human resource planning culture coefficient ( $\beta_4 = .583$ ) was statistically significant  $.000 < .05$ . The findings indicate that a change in human resource planning by one unit will yield a  $.583$  change in the non-financial performance of NGOs.

#### 4.7 Chapter Summary

The research obtained a 67% response rate from the sample respondents. The results illustrated that a higher percentage of the respondents had more than 4 years of experience in the NGO sector, which suggested that the information available was appropriate for examination of the study problem. The results showed that 36.4% of changes in the non-financial performance of NGOs are predicted by the strategic planning factors. The study indicated that organization structure, culture and human resource planning have significant influence on non-financial performance while leadership practices did not have any influence.

## CHAPTER FIVE

### DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

#### 5.1 Introduction

The fifth study chapter presented the summary and discussions of the study. The conclusions and recommendations of the research are also detailed. The chapter further presented the suggestions for further research.

#### 5.2 Summary

The study focused on establishing the effect of strategic planning factors on the non-financial performance of NGOs. The study employed a positivism research philosophy with a quantitative approach being dominantly employed in the research. The focus of the study was the registered NGOs within Nairobi County. The study sampled 303 NGOs for the main research. The study's main research instrument adopted a Likert scale with open-ended questions posed to the research participants. The pretest of the research instrument was conducted with 22 managers drawn from mostly local NGOs in Nairobi County. The pilot results revealed that the study constructs were acceptable for adoption in the main survey. Quantitative and content analysis methods were applied in data analysis. The study applied factor analysis before the inferential analysis, and the results showed all variables were suitable for factor analysis. The findings established that leadership practices, organization structure, organization culture, human resource planning, external environment all positively and significantly improve non-financial performance of NGOs. The overall regression summary indicated that strategic planning factors have a positive and significant effects on NGOs non-financial performance in Nairobi County.

#### 5.3 Discussion

The study relied on both descriptive and inferential tests in analyzing the research data. The discussion of the study results in the empirical literature is presented in this section.

##### 5.3.1 Leadership Practices and Non-Financial Performance

The research participants illustrated agreement that NGO leadership has been able to identify the organization's mission and communicate the vision of the organization effectively. This is echoed by Gica and Balint (2012), who revealed that improving communication networks within the firm, clear assigning of responsibilities, and teamwork is vital within the organization. The analysis of the data indicated the respondent's agreement that the leadership team ensures that core values are emphasized during strategic planning.

Aldehayyat and Twaissi (2011) are of a similar view; the top management team should always undertake strategic activities that are core to organization effectiveness such as orientation, teamwork, and designing the core values within the firm.

The participants also agreed that NGOs leaders ensure the development of a long-term vision of the organization. The findings of the study showed consensus among respondents that organization leadership maintains and improves the values of the organization as well as being sensitive to individual employee's needs when making decisions. The findings are in line with Mwai, Namada, and Katuse (2018), who opined that clear instruction within the firm, the involvement of employees and stakeholders could be critical to the attainment of organization goals. The study also noted that respondents agreed that leaders within the organization value the contribution of employees in the planning process. Kitonga, Bichanga, and Muema (2016) noted that promoting human capital and fostering control within the organization helps drive NPO performance. The results confirmed that leaders in NGOs encourage the participation of employees in decision-making processes and constantly get creative ideas for solving problems from all organization members. Similarly, Mutole (2019) concluded that delegation of duty, involving employees, advancing and fostering governance within institutions significantly improves organization performance. The overall results showed that leadership practices did not have a significant influence on non-financial performance of NGOs.

### **5.3.2 Organization Structure and Non-Financial Performance**

The study results showed agreement within participants that the organization has put in place formalized policies and procedures for all operations as well as developed a structure that is in line with the size and complexities of the NGOs. The findings are consistent with Obati, Awino, and Ogutu (2018), who opined that formulating clear strategic choices and intent, aligning organization structure, and formulating clear strategies are key to control and performance of the organization. The participants were in agreement that the organization has been able to develop a clear organization chart to direct the operations of the firm. Schayek (2011) notes that a review of the scope of the structure and advancing compliance with written rules can improve operational performance within the firm.

The reviewed data also indicated consensus among participants that the organization has developed and continuously communicates the structure defining the chain of command within the firm. Banturaki, Namara, and Barifaijo (2016) in their study also revealed that centralization of decision making, adopting relevant policies, rules, and communication

improves productivity within the firm/ The research data indicated that respondents agreed that the NGO has a clear description of the management of authority and responsibility and stresses the need for adherence to the policies and procedures within the firm. Wamukota, Munir, and Alala (2018) suggested that formalized policies, a clear line of authority, and assigning duties and responsibilities are ideal for improving organization performance. Njeri and Were (2017) notes that clear policies, coordination, and control within the firm can help drive performance within NGOs. The respondents illustrated that the organizations had adjusted structures to adapt to new changes brought by dynamics in the operating environment. Chepcheng and Siringi (2019) also found out that clear lines of communication, clarity in organizational roles, and coordination within the firm structure is essential for improved organization performance. The results further showed that organization structure had a significant influence on non-financial performance of NGOs.

### **5.3.3 Organization Culture and Non-Financial Performance**

The participants agreed that NGOs have developed clearly defined shared values and have taken responsibility for the welfare of its employees. Gitau (2013) revealed that the participation of employees in setting firm goals, promoting teamwork, and developing personnel would result in improved productivity within firms. Agbaworde (2016), in a study in Ghana, also revealed that shared beliefs and values are essential to the attainment of organizational goals. The study respondents also agreed that the organization has unifying goals and objectives at work and strives to allow teams to try new ways of solving job-related problems. Caliskan (2010) found out that work collaboration was critical to fostering effectiveness and efficiency in organizational activities. Patrick, Moses, and Martin (2019) concluded that having a conducive culture, clear communication practices, and a supportive environment leads to better problem solving and execution of firm strategies.

The findings indicated that the NGO is highly flexible in its mode of operation and has a clear and challenging vision for the future. Omolo and Mose (2019) indicated that improving employee creativity, accomplishing job tasks, and encouragement through flexible work-arrangements advances the performance within institutions. The findings showed agreement among respondents that they have a sense of togetherness, which improves teamwork within the organization. Mwai, Namada, and Katuse (2018) revealed that empowering employees and improving process efficiency through teamwork helps advance organizational effectiveness. The study also showed that good rapport within the organizations eases the free flow of information. Murunga and Karugu (2019) found out that coordination and integration,

empowerment of employees enhance the execution of firm strategies, which fosters performance. The results agree with Kassim and Ndegwa (2017), who showed that clear feedback systems and communication between management and employees drive performance within NGOs. Finally, the findings showed that organization culture had a significant influence on non-financial performance of NGOs.

#### **5.3.4 Human Resource Planning and Non-Financial Performance**

The findings indicated that the roles of all staff are clearly defined, and responsibilities are assigned fairly amongst staff in the organization. Mukiibi (2016), in a study of NGOs, noted that improving recruitment, clearly defining employee roles, and motivating employees improves productivity levels. The study results also showed that the organization policy is properly communicated to the staff and is clearly understood by employees. Murunga and Karugu (2019) found out that communication of organization policies and coordination of firm operations between the management team and employees enhances the attainment of firm activities.

Findings also revealed sufficient training opportunities to improve staff competencies and update them on any new policies and procedures. The study results also indicated agreement that all employees participate actively in the decision-making process. The results are supported in the literature by Mwai, Namada, and Katuse (2018), who found out that staff empowerment, a delegation of duties, employee involvement in decision making influence the organization's performance. The study respondents also affirmed that with qualified human resource managers, the organization attracts and retains qualified staff. The responses obtained also showed that all employees in this organization align their regular tasks with the overall organization strategy. Omolo and Mose (2019), in their study, also opined that employee creativity, task allocation, training, and retaining the right personnel influenced organizational performance. The results also indicated that the organization motivates its employees with both financial and non-financial incentives. Kassim and Ndegwa (2017) opined that recognition of employees and involvement in training activities and maintaining a clear feedback system enhanced performance within NGOs. The findings noted that employees in the organization are emotionally attached to the company and exhibit high levels of commitment to the organization. Gitau (2013) notes that employee empowerment and support can help improve organizational effectiveness. Finally, the findings showed that human resource planning had a significant influence on non-financial performance of NGOs.

#### **5.4 Conclusions**

The study concluded that strategic planning factors had a positive and significant relationship with the non-financial performance of NGOs. The study concludes that leadership practices, organization structure, organization culture, and human resource planning positively influence the non-financial performance of non-governmental organization. Objective one was analyzing how leadership practices affect NGO non-financial performance. The study concluded that leadership practices positively but insignificantly influence the non-financial performance of NGOs.

The second objective examined the effect of organization structure on non-financial outcome of NGOs. The research concluded that organizational structure negatively and significantly affects NGO non-financial outcomes. The study revealed that formalized policies and procedures, a clear structure, refined chain of command, a clear organization chart, and a flexible structure could positively influence the non-financial performance of NGOs.

The third objective examined the effect of organization culture on NGOs non-financial productivity. Conclusions pointed out that organizational culture significantly improves NGO attainment of non-financial goals. The study concludes that having shared values, unified goals, improving teamwork, a clear vision, and a sense of togetherness will foster the non-financial performance of non-governmental organizations.

The fourth study objective analyzed the effect of human resource planning on the non-financial outcome of NGOs. The study concluded human resource planning significantly improves NGOs attainment of non-financial goals. The research concludes that having clear roles and responsibilities, better communication, decision-making, task allocation, attracting the right staff, and motivating employees leads to better attainment of non-financial performance.

The research further analyzed the moderating effect of the external environment on the relationship between strategic planning factors and non-financial outcomes. Conclusions were that the external environment positively contributes to the association between strategic planning factors and non-financial performance. The research revealed that identifying the needs of stakeholders, the political environment, monitoring of firm projects, and ambiguities in the legal environment have no significant positive influence on NGO productivity.

## **5.5 Recommendations**

### **5.5.1 Policy Recommendations**

The research recommends that the NGO board should help local and international NGOs in navigating the legal and political environment in Kenya, which can influence the execution of NGOs activities. This can be attained by helping NGOs identify various problems and needs and streamlining their operations to the environment. The study also recommended that the NGO board should help organizations in aligning their policy formulation to take into account all the stakeholders in developing strategic planning aspects and reviewing their external environment. This will help in advancing the attainment of the non-financial performance of the NGOs.

### **5.5.2 Managerial Recommendations**

In relation to leadership practices, the study established there is a positive and insignificant relationship between leadership practices and non-financial outcomes. The study recommends that NGO leaders should realign their mission and vision to the organization's objectives to enhance the attainment of NGO results. The study recommends that in the long-term, the NGO leaders should reinforce the belief in the organization's values, improving the attainment of organization performance. The research also recommends that leadership teams should improve employee participation in decision making, as this will enhance problem-solving and improve decision making within the organization.

The study established that organization structure had a significant but negative effect on the non-financial outcomes. The study recommends that NGOs should evaluate the current structure to ensure it aligns itself to the organization processes. Further, the study recommends that the organization should develop a clear organization chart that can help in defining the chain of command within the institution. The research recommends that NGOs should strive to align the policies and procedures to the operating environment, which can help in fostering firm effectiveness and efficiency.

In relation to the organization culture, the research recommends that maintaining shared values and having clearly defined responsibilities and goals within the organization can strengthen the attainment of organizational objectives. The study recommends that having a clear vision, enhancing teamwork within the organization, improving communication, and fostering problem-solving through team efforts can be integral to realizing organization performance.

In relation to human resource planning, the study recommends that NGOs should enhance employee participation in decision making and task redefining; that can help in attaining the organization objectives. The study also recommends that improving the rewards and recognition and fostering communication with staff will enhance employee involvement, fostering organizational objectives. The research recommends that NGOs should develop clear recruitment and selection practices that can help in attracting the right personnel and improving employee attachment to the organization, which can drive performance.

### **5.5.3 Contribution to Knowledge**

The results of the study have contributed to the body of knowledge in identifying how various strategic planning factors influence the performance of non-governmental organizations. The study contributed to the body of knowledge on the applicability of the strategic choices theory, which informs how the firm's management can help in directing the choices of the right practices and strategic decision making that can advance the firm performance. On the other hand, the institutional theory advocates for the needs of all stakeholders to be achieved through strengthening institutional practices to drive the attainment of selected organization goals.

### **5.6 Limitations of the Study**

The study was limited by the closure of numerous NGO offices in Nairobi County as a result of the ongoing Covid-19 pandemic. This limited the collection of research data as most of the study respondents were not available to participate in the research. The study was also limited to NGOs operating within Nairobi County which may impact the applicability of the results within NGOs operating in other areas across the country.

### **5.7 Suggestions for Further Research**

The results indicated that leadership practices did not significantly impact the non-financial performance of NGOs. The study suggests further assessment on the effect of leadership style on NGO productivity in Kenya. The study also suggests that more research work should be conducted reviewing how institutionalization and structure influence firm performance within Non-Governmental Organizations in Kenya. The study only considered the views of the management of the NGOs in examining the non-financial performance. Further research work should be conducted evaluating the beneficiary outcome and involving actual project beneficiaries to determine the impact of NGOs in Kenya.

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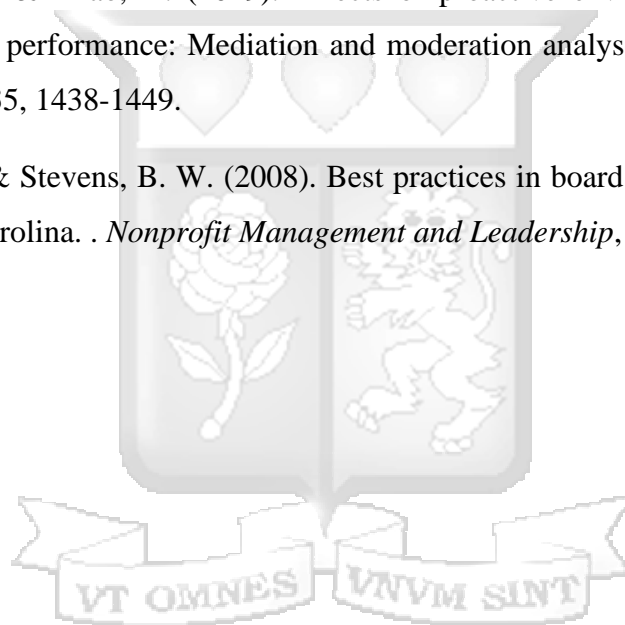
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## APPENDICES

### Appendix I: Questionnaire

The purpose of this research is to establish: *The Effect of Strategic Planning Factors on The Non-Financial Performance of Non-Governmental Organizations in Kenya*. This survey should take about 10 minutes to complete. Your participation in this survey is purely voluntary, and you are free to terminate should you feel uncomfortable to proceed. The information provided was treated with the utmost confidentiality and was used solely for the research. The findings were reported on aggregate, not on an individual basis.

Should you have any questions, kindly contact Mercy Thairu on [mercy.thairu@strathmore.edu](mailto:mercy.thairu@strathmore.edu) for clarifications.

### Part A: Background Information

**Do you wish to participate in this research study?**

Yes (     )

No (     )

### SECTION A: BACKGROUND INFORMATION

**1. How long have you been working within the organization?**

0-3 years (     )

4-7 years (     )

8-11 years (     )

Over 12 years (     )

### PART B: LEADERSHIP PRACTICES

Please tick the level of agreement of the following statements.

**5= strongly Agree    4= Agree    3= Moderately Agree    2= Disagree    1= Strongly Disagree**

No	Leadership Practices	1	2	3	4	5
1)	Our leadership team identifies the mission that enhances reaching out to firm goals					
2)	Leaders in our organization communicate the vision of the organization effectively					
3)	Our leadership team ensures that core values are emphasized in strategic planning					
4)	Our leadership team ensures the development of a long-term vision of the organization					
5)	Our organizational leadership maintains and improves the values of the organization					
6)	Our leadership team is sensitive to individual employees' needs when making decisions					
7)	Leaders in our organization value the contribution					

	of employees to the planning process					
8)	Leaders in our organization encourage the participation of employees in decision-making processes					
9)	Leaders in our organization constantly get creative ideas for solving problems from all organizational members					

**Kindly give a brief explanation of how leadership practices have further impacted the non-financial performance of your organization.**

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**PART C: ORGANIZATION STRUCTURE**

Please tick the level of agreement of the following statements.

**5= strongly Agree    4= Agree    3= Moderately Agree    2= Disagree    1= Strongly Disagree**

No	Organization Structure	1	2	3	4	5
1)	Our firm has put in place formalized policies and procedures for all operations within the organization					
2)	Our firm has developed a structure that is in line with the size and complexities of the organization					
3)	Our firm has developed a clear organization chart to direct the operations of the firm					
4)	Our organization has developed a structure defining the chain of command within the firm					
5)	Our firm has a clear description of the management of authority and responsibility					
6)	Our organization stresses the need for adherence to the policies and procedures within the firm					
7)	Our organization has adjusted structure to adapt to new changes brought by dynamics in the operating environment					

**Kindly give a brief explanation, on how organization structure has further impacted the non-financial performance of your organization.**

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.....

.....

**PART D: ORGANIZATION CULTURE**

Please tick the level of agreement of the following statements.

**5= strongly Agree 4= Agree 3= Moderately Agree 2= Disagree 1= Strongly Disagree**

No	Organization Culture	1	2	3	4	5
1)	Our organization has clearly defined shared values					
2)	Our organization takes responsibility for the welfare of its employees					
3)	Our organization has unifying goals and objectives at work					
4)	Our organization allows us to try new ways of solving job-related problems					
5)	Our organization is highly flexible in its mode of operation					
6)	Our organization has a clear and challenging vision for the future					
7)	Our sense of togetherness improves teamwork within the organization					
8)	Good rapport within the organizations eases the free flow of information					

**Kindly give a brief explanation of how organizational culture has further impacted the non-financial performance of your organization.**

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**PART E: HUMAN RESOURCE PLANNING**

Please tick the level of agreement of the following statements.

**5= strongly Agree 4= Agree 3= Moderately Agree 2= Disagree 1= Strongly Disagree**

No	Human Resource Planning	1	2	3	4	5
1)	The roles of all staff in the organization are clearly defined					

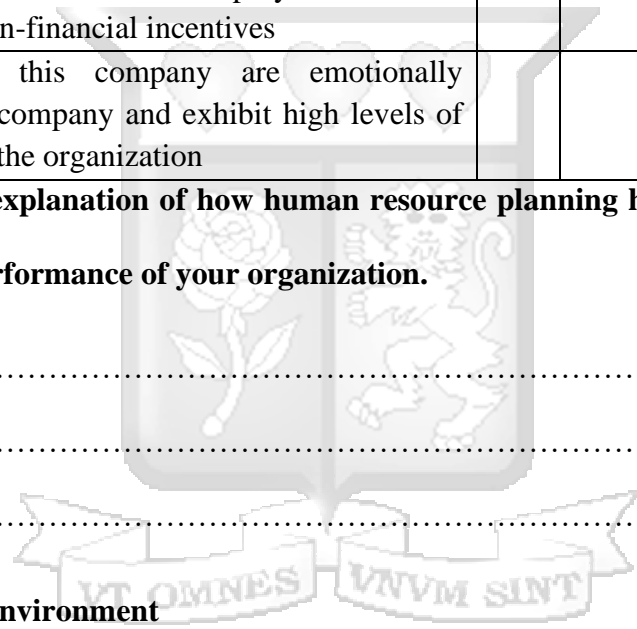
2)	The responsibilities are assigned fairly amongst staff in the organization					
3)	Our organization policy is properly communicated to the staff and is clearly understood by employees					
4)	There are sufficient training opportunities to improve staff competencies and update them on any new policies and procedures					
5)	All employees participate actively in the decision-making process					
6)	With qualified human resource managers, the organization attracts and retains qualified staffs					
7)	All employees in this company align their regular tasks with the overall institutional strategy					
8)	Our organization motivates its employees with both financial and non-financial incentives					
9)	Employees in this company are emotionally attached to the company and exhibit high levels of commitment to the organization					

**Kindly give a brief explanation of how human resource planning has further impacted the non-financial performance of your organization.**

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**PART F: External Environment**

Please tick the level of agreement of the following statements.

**5= strongly Agree    4= Agree    3= Moderately Agree    2= Disagree    1= Strongly Disagree**

No	External Environment	1	2	3	4	5
1)	Identifying the needs and problems of the various groups leads to better execution of organization plans					
2)	Involving stakeholder in the monitoring of project progress leads to the attainment of the goals of the organization					
3)	The political environment in the country favours the execution of the NGO activities					
4)	The level of uncertainty within the country's'					

	political environment impacts the effectiveness of the organization					
5)	The ambiguities in the legal environment affect the execution of the NGO activities					

**Kindly give a brief explanation of how the external environment has further impacted the non-financial performance of your organization.**

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**PART G: Non-Financial Performance**

Please tick the level of agreement of the following statements.

**5= strongly Agree    4= Agree    3= Moderately Agree    2= Disagree    1= Strongly Disagree**

No	Non-Financial Performance	1	2	3	4	5
1)	Our organization programs are financially resourced adequately to enable the achievement of the desired outputs					
2)	Our organization’s programs are effectively implemented to contribute to the development of targeted beneficiaries					
3)	Our organization commits to the schedule to achieve the objectives of the program					
4)	Our organization’s programs are effective in achieving the beneficiary’s satisfaction					
5)	Our organization commits to quality systems and standards in program delivery					
6)	Our organization’s stakeholders are satisfied with the performance of the projects implemented within the firm					
7)	Our organization has witnessed great growth in varied program activities					
8)	Our organization has witnessed great growth in employee workforce					

*Thank you for taking part in this research*

## Appendix II: Ethical Review Approval



**Strathmore**  
UNIVERSITY

11<sup>th</sup> September 2020

Ms Thairu, Mercy  
mercy.thairu@strathmore.edu

Dear Ms Thairu,

**RE: Effect of Strategic Planning Factors on The Non-Financial Performance of Non-Governmental Organizations in Kenya**

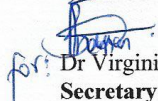
This is to inform you that SU-IERC has reviewed and **approved** your above research proposal. Your application approval number is **SU-IERC0871/20**. The approval period is **11<sup>th</sup> September 2020 to 10<sup>th</sup> September 2021**.

This approval is subject to compliance with the following requirements:

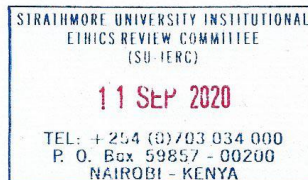
- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-IERC.
- iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-IERC within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-IERC within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-IERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://oris.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,

  
for: Dr Virginia Gichuru,  
Secretary; SU-IERC

Cc: Prof Fred Were,  
Chairperson; SU-IERC



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Email [info@strathmore.edu](mailto:info@strathmore.edu) [www.strathmore.edu](http://www.strathmore.edu)

**Appendix III: NACOSTI Research Licence**

  
**REPUBLIC OF KENYA**

  
**NATIONAL COMMISSION FOR  
SCIENCE, TECHNOLOGY & INNOVATION**

Ref No: **605476** Date of Issue: **05/August/2020**


**RESEARCH LICENSE**



**This is to Certify that Ms.. Mercy Thairu of Strathmore University, has been licensed to conduct research in Nairobi on the topic: EFFECT OF STRATEGIC PLANNING FACTORS ON THE NON-FINANCIAL PERFORMANCE OF NON-GOVERNMENTAL ORGANIZATIONS IN KENYA for the period ending : 05/August/2021.**

License No: **NACOSTI/P/20/6107**

**605476**  
Applicant Identification Number

  
Director General  
**NATIONAL COMMISSION FOR  
SCIENCE, TECHNOLOGY &  
INNOVATION**

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