STRATEGIC LEADERSHIP, COMPETITIVE ADVANTAGE, ORGANIZATION STRUCTURE AND PERFORMANCE OF INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS IN KENYA

JOAN ANYANGO ORACHA

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DECLARATION

I, the undersigned, declare that this thesis draft is my original work and has not been submitted to any college, institution or university other than the University of Nairobi for academic credit.

Signature. JO **Date. 21st March 2022**

JOAN ANYANGO ORACHA

D80/93918/2014

This thesis project has been presented with my approval as the University Supervisor.

Prof. Martin Ogutu

Signature. **Date. 21st March 2022**

Department of Business Administration, School of Business, University of Nairobi,

Prof. Peter K'Obonyo

Signature 21/03/2022

Department of Business Administration, School of Business, University of Nairobi,

Dr. Medina Twalib

Signature………………………… **Date: March 21st 2022**

Department of Business Administration, School of Business, University of Nairobi

DEDICATION

I dedicate this thesis to Almighty God for the far He has brought me in my pursuit of my academic excellence. My mother, Mrs. Zilpher Oracha, mum, without you I would have not made it this far-this PHD degree is for you. To my Children Gweth and Hono, remember you can achieve anything with God.

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ABBREVIATIONS AND ACRONYMS

DFID	Department for International Development
EFA	Exploratory Factor Analysis
GAC	Global Affairs Canada
IAWG	Inter-Agency Working Group
INGO	International Non-Governmental Organizations
IOE	Industrial Organizational Economic
KMO	Kaiser, Meyer and Olin
MLQ	Multifactor Level Questionnaire
NGO	Non-Governmental Organization
NPO	Not for Profit Organizations
RBV	Resource Based View
SCA	Sustainable Competitive Advantage
SCP	Structure, Conduct and Performance
SDG	Sustainable Development Goals
TBL	Triple Bottom Line
TL	Transformational Leadership
USAID	United States Agency for International Development
VRIN	Value, Rareness, Imitability and Non- substitutable

ABSTRACT

In the wake of myriad challenges facing organizations, the concept of strategic leadership has generally been embraced by several organizations owing to its immense contribution to organizational performance. Strategic leaders are required by organizations to shape the formation of strategic intent and to influence successful strategic actions. Whereas organizational performance differences are attributed to multiple factors, extant literature suggests that strategic leadership is crucial in driving organizational outcomes. The general objective of the study was to establish the influence of competitive advantage and organization structure on the relationship between strategic leadership and performance of international non-governmental organizations in Kenya. Consequently, four specific objectives were formulated with corresponding hypotheses which were statistically tested. The study was anchored on strategic leadership theory, upper echelons theory, the resource-based theory and industrial organization economics theory. A descriptive cross-sectional design was adopted in the study where the population comprised all the international non-governmental organizations registered in Kenya as of 1st April 2019. Data was collected through self-administered structured questionnaire and analyzed using descriptive and inferential statistics. The study established that strategic leadership has significant positive influence on performance. It was established that competitive advantage partially mediates the relationship between strategic leadership and performance. In addition, the findings revealed that organization structure significantly moderates the relationship between strategic leadership and performance. It was also found that there exists a significant joint effect of strategic leadership, competitive advantage, and organization structure on performance. Based on the results of the study, the key conclusions was that strategic leadership plays indispensable role in organizational performance. Based on the mediation test results, it was concluded that competitive advantage midwifes organizational performance outcome but does not preclude strategic leadership acting beyond the ordinary course of business to improve performance. Further, it was concluded that organization structure is a tool at the disposal of management used for matching organizational internal resources to challenges and realities in the competitive environment. The study expands the frontiers of knowledge, adding to the existing literature by confirming empirically, that indeed, strategic leadership influences performance of organizations in Kenya. On policy implications, the findings demonstrate that policy makers have the inescapable responsibility for organizational performance through their decisions and actions. The study recommends that managers should periodically evaluate organization structure to establish whether it is responsive to the changes in the environment and whether it serves the needs of the organization. Regarding future research, the study recommends investigating the role of leadership style on competitive advantage and performance.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

In the wake of myriad challenges facing organizations, the concept of strategic leadership has generally been embraced by several organizations owing to its immense contribution to organizational performance. The role of the leader appears to be fundamental to the success of organizations (Abuzaid, 2016). Hence identifying the criteria that leaders require to make their organizations successful will greatly enhance the possibility of leadership achieving this goal in organizations. In dynamic and turbulent competitive environment, strategic leadership plays the profound role in creating competitive advantage that ultimately leads to organizational performance (Ashok, 2017). Besides, strategic leadership takes measures to structure the organization in ways that make it efficient for exploiting strategic opportunities in the external environment (Darbi, 2019). Therefore, organizational performance depends on a confluence of interacting forces that are managed by strategic leadership. It is assumed that strategic leaders are capable of anticipating, envisioning, maintaining, and initiating changes that create a competitive advantage over other organizations (Daft, 2011). Such leaders are required by organizations to shape the formation of strategic intent, strategic mission and to influence successful strategic actions.

Researchers and practitioners including Grant (2013), Teece (2014) and Jelsky *et al.* (2007) have endeavored to investigate performance variations across organizations. Whereas organizational performance differences are attributed to multiple factors, extant literature suggests that strategic leadership is crucial in driving organizational outcomes. Aosa (1992) observed that strategic leadership informs the strategies that are adopted by organizations to help them achieve sustainable competitive advantage in the turbulent global market arena. Leadership plays a role in managing the firm's internal environment including aligning structure to strategy. Chandler (1962) in his seminal work observed that organizational performance improves when organization structure and processes are aligned to strategy.

Theoretical frameworks that explain the relationships among strategic leadership, competitive advantage, organization structure and performance are based on organizational development and competition related theories. In this study, strategic leadership theory (House & Baetz 1979) and upper echelons theory (Hambrick & Mason, 1984) have been used as the underpinning theories to examine the relationship between strategic leadership and organization performance. The resource-based view (Wernerfelt, 1984) and industrial organization economics theory (Mason, 1939; Bain, 1956) were used to give insight on the resources and competitive advantage and to explain the moderating effect of organization structure on the relationship between strategic leadership and performance respectively.

International Non-Governmental Organizations worldwide, like many other organizations, are often faced with the challenge of managing their operations value chains with dwindling financial resources, a lack of expertise, and insufficient personnel (Hopkins, Meyer, Shera & Peters, 2014). Adoption of best practices in leadership processes can help them operate more efficiently while reducing their operating costs by as much as sixty percent (Kitonga, 2017). The increasing number of natural and man-made disasters all over the world alongside donor's growing demand for more transparency and accountability for their money urges humanitarian aid organizations to professionalize and optimize the way they manage their operations (Poverty Eradication Network Kenya, 2021). About eighty percent of humanitarian aid operations are related to leadership process, indicating the increasing interest of logistics researchers and practitioners towards cross-learning opportunities between commercial and humanitarian operations (Global Expansion, 2020).

In developing countries, International Non-Governmental Organizations (INGOs) have taken active and complementary roles in sustainable human development (NGOs Coordination Board Kenya, 2020). The World Food Program (2019) observed that despite the role of INGOs in development, the issues of sustainability, availability of funds, and supportive leadership have remained a major challenge in developing countries. Performance monitoring and evaluation of programs is a widespread practice among INGOs. According to Polonsky and Grau (2011) measuring performance of INGOs concerns whether the activities of these organizations translate to improved societal impact, the obligation to ensure that donors 'money is being spent effectively for enhanced donor satisfaction and confidence. Hence, the purpose of this study was to determine the influence of competitive advantage and organization structure on the relationship between strategic leadership and organizational performance of international non-governmental organizations.

1.1.1 Strategic Leadership

Strategic Leadership is the ability to influence others to voluntarily make day-to-day decisions that enhance the long-term viability of the organization, while at the same time maintaining its short-term financial stability (Rowe (2001). Strategic leadership has been defined by Hoskisson et al. (2012) as 'the capability to anticipate, envision, maintain flexibility and agility by empowering organizational members to initiate and implement strategic change and to create viable destiny for the organization. According to Hitt et al. (2012), strategic leadership is the ability of the leader to predict and maintain flexibility and to empower organizational members to create the necessary strategic change. Deeboonmee and Ariratana (2014) view strategic leadership as the aptitude to operate successfully and deliver extraordinary performance.

Yukl (2010) describe strategic leadership as the power to influence organizational effectiveness and the creation of competitive advantage by managing the internal and external environment. On their part, Hitt et al. (2012) consider strategic leadership as the organizational ability to maintain flexibility and empower organizational members to create strategic change as the situation demands. Synthesis of the above definitions indicates that strategic leadership focus on flexibility, people centered, change management and competitive advantage. In other words, strategic leadership endeavors to create flexible work culture by focusing on people to adopt change in managing the environment for competitive advantage.

Leadership remains one of the most important and driving forces of an organization (Dimitrios, Sakas & Vlachos, 2013). Leadership is assumed to make a special, significant and positive contribution to organizational success for most organizations. The field of leadership studies has traditionally been leader-centred and has concentrated on the traits of the individual leader. However, leadership has evolved with different contemporary leadership models such as transformational leadership, servant leadership, authentic leadership and strategic leadership which have been used to explain effective leadership and the level of influence leaders have on followers.

Strategic leadership does not come easily in most organizations. Statistics show that fewer than 10% of leaders exhibit strategic skills; a woefully inadequate number considering the demands on organizations today. Strategic skills are not needed only in times of growth. During tough times, when resources are tight it is even more important to ensure those resources are focused in right areas. Strategic leadership requires us to think, act and influence others in ways that promote enduring success of the organization. A strategic plan is only a plan; an organization's actual strategies lie in the decisions and choices people make (Clarke, 2013).

Extant literature documents four distinct forms of strategic leadership namely: stars, leadership networks, clans and teams. Star is linked to the assumption that the CEO is the main focus of strategic leadership. Stars tend to be autocratic, but they can exercise consultation and participatory approaches depending on the prevailing circumstances. Stars command high control as the internal organizational environment becomes complex and the external environment gets turbulent. In the network form of leadership, individuals in the network play roles of a leader and followers at different times based on the situation (Hunt, 2004). Crossland and Hambrick (2011) posit that top managers have sufficient discretion and strategic choices to influence performance. Thus, the role of CEOs in influencing their organizations' performance through their behaviors and strategic choices is critical (Quigley & Hambrick, 2015).

Whereas stars and networks are the two opposite ends of the spectrum of forms of leadership, clans and teams exist at the intermediate level. Clans are associated with distributed strategic leadership at the top of the firm and centralization down the hierarchy. Teams are epitomized by horizontally distributed strategic leadership functions across different functional or geographic units. Under the teams, the roles of a leader and followers shift dynamically depending on the problems to be solved and the possession of relevant information and expertise among team members.

Ireland and Hitt (1999) conceptualize it as a set of unique capabilities of anticipating, envisioning, maintaining flexibility, thinking in a strategic way, and empowering employees to generate innovative ideas that lead to high performance. Fontanella and Chandra (2017) views strategic leadership as the ability to create and maintain absorptive and adaptive capacities and the ability to discern environmental opportunities through their managerial wisdom. Darbi (2019) describe strategic leadership as an activity of communicating the shared values and a clear vision to employees, and the ability to make decisions with minimum organizational controls.

According to Scottish Social Services Council (2016), strategic leadership is operationalized using six key capability indicators. These are visionary, self- leadership, motivating and inspiring, empowering, collaborative and influencing and creativity and innovation. Visionary is the ability to see what is possible for individuals, families and communities now and in the future. Self-leadership is the ability to recognize, exercise and improve own leadership. Motivating and inspiring is the ability to make others want to do something through their own volition based on your own actions. Empowering people is the ability to enable others to develop and use their leadership capacity. Collaborating and influencing, is the ability to work together effectively; it also involves the ability to influence others to see things differently. Creativity and innovation are the act of conceiving something original or unusual and creating something that has never been made before. Serfontein (2010) condenses the indicators of strategic leadership into four key dimensions comprising: strategic direction, leadership vision, core competencies and developing people. Based on the conceptualization from the studies, this study used visionary, self-leadership, motivating and inspiring, empowering, collaborative and influencing as they key indicators for strategic leadership.

1.1.2 Competitive Advantage

Porter (1985) defined competitive advantage as the extent to which an organization is able to create a defensible position over its competitors. Building on Porter's framework, Wang (2014) defines competitive advantage as the ability of a firm to develop or acquire a set of attributes (or execution action) that allows it to outperform its competitors. Porter (1985) explains that competitive advantage develops when the firm can create value to customers at a cost lower than competitors. Wang (2014) observed that competitive advantage is developed when the organization acquires superior traits that enable it to perform better than its rivals in the industry. In this connection, Amit and Schoemaker (1993) argued that resources may become a source of competitive advantage to the extent that they are scarce, appropriable and specialized.

Barney (1991) asserts that competitive advantage creating resources must meet the criteria of being rare, valuable, imperfectly imitable and do not have strategic equivalents. According to Barney (1991), a firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors. When these other firms are unable to duplicate the benefits of this strategy. Thus, a firm that enjoys a competitive advantage or a sustained competitive advantage.

Barney (1991) distinguishes three categories of resources. Physical capital resources include the physical technology used in a firm, a firm's plant and equipment, its geographic location, and its access to raw materials. Human capital resources include the training, experience, judgment, intelligence, relationships, and insight of individual managers and workers in a firm. Any organizational capital resources include a firm's formal reporting structure, its formal and informal planning, controlling, and coordinating systems, as well as informal relations among groups within a firm and between a firm and those in its environment (Barney, 1991).

A basic task of strategic management is to build and maintain competitive advantages of an enterprise, which makes it possible to achieve above average results from its business activities (Cegliński, 2016a). Therefore, the development of competitive advantage is a necessary condition to the success of an organization. The concept of competitive advantage has been recognized as a central building block in strategic management and an important precedent to performance.

A competitive strategy builds a sustainable competitive advantage in the long term (Gonzalez-Benito, Suárez-González & González-Sánchez, 2021). It defines the fundamental decisions that guide the organization's marketing, financial management and operating strategies. Competitive strategy addresses the concerns of business focus and identity; the choice of markets; response by the firm to competitor's actions; strategy; and growth of the firm within and outside the industry (Ponikarov & Babunova, 2021). The intensity of competition in an industry determines its profit potential and competitive attractiveness. The key to developing competitive advantage lies in exhaustive and continuous analysis of the environment, understanding and overcoming the system barriers that obstruct the attainment of organizational goals. An effective strategy recognizes these barriers and develops decisions and choices that circumvent them (Osorio, Naranjo-Valencia & Calderón-Hernández, 2019).

Within the contemporary meaning, the term competitive advantage implies superior performance in the industry. Competitive advantage is obtained when an organization develops or acquires a set of attributes or strategy execution actions that allow it to outperform its competitors (Wang, 2014). In other words, competitive advantage is revealed, when the strategies chosen by an organization and their subsequent execution are more profitable than those of its close competitors or when it outperforms them in significant results areas (Huff et al., 2009), including, for example, market share, product quality or technological advancement. Inherently, several enterprises are not able to exceed such prescribed standards (Huff et al., 2009). This constitutes ascribing features of uniqueness and exceptionality to competitive advantages. Therefore, they can be treated as a sine qua non for achievement of organizational success (Haffer, 2003). Grant (2010) links organizational success to creation and sustenance of competitive advantage. However, the creation of competitive advantage is difficult in highly volatile and competitive markets where prediction of industry forces is difficult.

Porter (1985) proposed two major pathways to creation of competitive advantage. The pathways comprise low cost and differentiation strategies. He argued the two pathways were necessary in the creation of consumer value giving buyers the reason to prefer a particular firm's offer over rivals in the industry. The third pathway commonly known as focus is a variant of both cost and differentiation. Depending on the major leaning, a firm may pursue either cost focus of differentiation focus. Whereas both cost and differentiation strategies are generic in nature, focus strategy tends to be market segment specific. Cost focus exploits differences in cost behavior in some segments, while differentiation focus exploits the special needs of buyers in certain segments.

In cost leadership, a firm set out to become the low-cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. If a firm can achieve and sustain overall cost leadership, then it becomes above average performer in the industry, provided it can command prices at or near the industry average. The organizations that are successful in achieving cost leadership usually have access to the capital needed to invest in technology that brings costs down. Low-cost strategy is delivered by efficient logistics and low-cost resources like labor, materials and facilities and a way of sustainably cutting costs below those of competitors (Porter, 1985).
Cost leadership requires that the firm is the lowest cost producer in that industry and not among several vying for that position (Porter, 1985). This strategy requires aggressive

construction of efficient scale facilities, vigorous pursuit of cost reduction from experience, tight cost and overhead control. Further, there is cost minimization in areas such as research and development, service, sales force and advertising. Low cost, relative to competitors becomes the running theme through the entire strategy, though quality and service remains core (Porter, 1985). Wada (2018) observes that in cost leadership, a firm set out to become the low-cost producer in its industry for a given level of quality. This can be at an average industry price to earn a profit higher than the competition or below the average price to grow market share. This becomes useful in a price war environment where the firm may retain some profits and the competition booking loses. Porter (1985) advises that cost leadership requires aggressive construction of efficient scale facilities, vigorous cost reductions from experience, tight cost curve control and cost maximization in various functions. While pursuing low-cost leadership, the firms must ensure to include features and services that the consumers consider essential.

Differentiation is an approach under which a firm aims to develop and market unique products for different customer segments. Usually employed where a firm has clear competitive advantages, and can sustain an expensive campaign. In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by customers. To successfully pursue the differentiation strategy, the organization need good research, development and innovation that create the ability to deliver high quality product or services and effective sales and marketing so that the market understands the benefits offered by the differentiated offerings (Porter, 1985).

In a differentiation strategy, a firm seeks to be unique in its industry along dimensions that are widely valued by buyers (Widuri & Sutanto, 2019). Under the strategy, a firm selects one or more attributes that many buyers in an industry perceive to be important, and uniquely positions it to meet those needs (Gorondutse & Abdullah, 2017). The firm may be rewarded for that uniqueness with a premium price. A differentiation strategy does not allow a firm to ignore costs but rather they are not the primary strategic target (Porter, 1985). A firm that can achieve and sustain differentiation becomes the above average performer in an industry if its price premium exceeds the extra cost incurred in being unique.

Hossain and Azmi (2020) emphasizes that a successful differentiation strategy allows a business to provide a product or service of perceived higher value to customers at a differentiation cost below the value premium to the customers. However, shortcomings of differentiation are that a firm may offer differentiated features that exceed the customer needs whereby the differentiation no longer provides value which the customers are willing to pay (Buccieri, 2020). Others include imitation by rivals and finally, learning can narrow customers' perceptions of the value of the differentiated products. Another shortcoming as observed by Porter (1985) is that the cost differential between the low-cost competitor and the differentiated firm becomes too great for differentiation to hold brand loyalty.

Aaker and Mcloughlin (2007) suggest that an organization can achieve competitive advantage by managing its value chain activities and managing activities and the linkages between them. These can be deployed to give distinct customer benefits. The value chain model of corporate activities developed by Porter (1985) offers a bird's eye view of the firm and what it does. Competitive advantage arises out of the way an organization uses its inputs and transforms them into the outputs that customers pay for. The processes involved in this transformation are called value activities. A firm can also achieve competitive advantage through its value proposition. Value proposition is the perceived functional, emotional, social or self-expressive benefit that is provided by the organization's offering. To support a successful strategy, the propositions should be sustainable over time and differentiate the offering over the competitor (Aaker & McLoughlin, 2007).

Based on the conceptualization from Porter (1984) and Barney (1991), this study used cost leadership, differentiation, focus and resource base as the indicators for competitive advantage. Cost Leadership sets out to become the low-cost producer in its industry. Differentiation seeks uniqueness in its industry along some dimensions that are widely valued by buyers, and focus is the choice of a narrow competitive scope within an industry. The resource base are physical capital, human capital resources and the organizational capital resources.

1.1.3 Organization Structure

Jones (2013) defines organization structure as the formal system of authority, relationships and tasks that control and coordinate employee actions and behavior to achieve goals in organizations). Organization structure describes the formal arrangement of jobs and tasks in organizations (Robbins & Coulter, 2007); it describes the allocation of authority and responsibility, and how rules and regulation are executed by workers in firms (Nahm et al., 2003). Dedahanov, Rhee and Yoon (2017) define organizational structure as a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities can include rules, roles, and responsibilities. The organization structure also determines how information flows between levels within the company. Ahmady (2016) defines organization structure as a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organization. This structure is developed to establish how an organization operates and assists an organization in obtaining its goals to allow for future growth.

Mintzberg (1989) suggests that organizations can be differentiated along three basic dimensions. The key part of the organization is the part of the organization that plays the major role in determining its success or failure. The second is the prime coordinating mechanism, that is, the major method the organization uses to coordinate its activities. The third is the type of decentralization used, that is, the extent to which the organization involves subordinates in the decision-making process. Using the three basic dimensions, key part of the organization, prime coordinating mechanism, and type of decentralization, Mintzberg (1989) suggests that the strategy an organization adopts and the extent to which it practices that strategy result in five structural configurations: simple structure, machine bureaucracy, professional bureaucracy, divisionalized form, and adhocracy.

Various organizations use organization structures as a control mechanism to affect employee work outcomes, to ensure that the required tasks are performed effectively and efficiently, and to assist the attainment of organizational goals and objectives (Katsikea et al, 2011). Organization structure describes the internal characteristics of an organization (Daft, 1995).

These internal characteristics receive attention since they are critical to organizational failure and success (Auh & Menguc, 2007). Organization structure describes the formal arrangement of jobs and tasks in organizations (Robbins & Coulter, 2007). Structure indicates the allocation of authority and responsibility, and how rules and regulation are executed by workers in the firm (Nahm et al., 2003). Extant studies typify organization structure as managerial function concerned with centralization, formalization, and complexity of division of work and reporting relationships within the hierarchy.

Centralization refers to the concentration of decision-making authority at the upper levels of an organization (Jones, 2013). In a centralized organization, decision making is kept at the top level, whilst in a decentralized organization; decisions are delegated to lower levels (Daft, 1995). Centralization is composed of a hierarchy of authority and participation (Hage & Aiken, 1967). Hierarchy of authority refers to the concentration of decision-making authority in performing tasks and duties (Jones, 2013). If the employees are allowed to make their own decisions when performing tasks, there is a low reliance on hierarchy of authority (Hage & Aiken, 1967). Participation in making decisions refers to the employee participating in decisions in an organization (Hage & Aiken, 1967). Decentralization is found to be related to many work-related attitudes and behavior (Subramaniam & Mia, 2001).

Formalization refers to "the amount of written documentation in the organization" (Daft, 1995: 16). It indicates the extent to which job tasks are defined by formal regulations and procedures (Michaels et al., 1988). These rules and procedures are written to standardize operations in organizations. Standardization is the extent to which employees work according to standard procedures and rules in an organization (Hsieh & Hsieh, 2001). It ensures employees complete their duties and tasks in the required manner, and therefore, ensures that an employee's actions and behaviors are routine and predictable (Jones, 2013), and that similar work activities are performed in a uniform manner at all locations (Daft, 1995).

Formalization is control mechanisms which seek to ensure that employee behaviors contribute to the achievement of goals in organizations. Price (1997) stated that formalization and standardization often coincide; however, rules and procedures may not be embodied in written document in small organization. When formalization and standardization are extensive in an organization; employees are accountable for their actions, and have no authority to break rules (Jones, 2013). Organizational complexity is how multiple entities of an organization differentiate among themselves. It refers to the number of resources that are involved in a division, project or team. A complex structure exhibits large size of workforce with multiple reporting systems.

Based on the conceptualization from Mintzberg (1989) and Daft (1995), this study used this study used formalization, complexity, centralization and decentralization. Formalization provides the explicit job description, numerous organization rules, clearly defined organization procedures covering work processes. Complexity depicts how multiple entities of an organization differentiate amongst themselves. Centralization and decentralization provide for authoritative communication pattern, formalized processes and rules and centralized decision-making process.

1.1.4 Organizational Performance

Organizational performance is an organization's ability to achieve its goals by using resources in an efficient and effective manner (Daft & Marcic, 2013). Organizational performance consists of the actual output or results of an organization that are measured against its intended outputs, goals or objectives. According to Severgnini, Vieira and Galdamez (2018) performance is the actual outcomes and results of an organization as measured against its intended goals and objectives. Organizational performance comprises two specific areas of the firm outcomes: financial organizational performance such as profitability and market share; and non- financial organizational performance such as customer perspectives and growth and learning. Armstrong (2017) defines performance as the record of outcomes produced on a specified job function or activity during a specified period. According to Rehman, Mohamed and Ayoup (2019), organizational performance is dependent upon the concept of an organization of productive assets, including human, physical, and capital resources, for achieving a shared purpose. Therefore, the essence of performance is the creation of value.

Performance is measured in terms of output and outcome, profit, internal processes and procedures, organizational structures, employee attitudes, and organizational responsiveness to the environment among others (Armstrong, 2017). In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology (Kaplan & Norton, 2001) where performance is tracked and measured in multiple dimensions such as: financial performance (e.g., shareholder return), customer service, social responsibility (e.g., corporate citizenship, community outreach) and employee stewardship. Balanced scorecard also identifies the measures used to monitor, review and assess performance (Armstrong, 2017). David (2009) suggests that measuring organizational performance involves a comparison of expected results to actual results, investigating deviations from plans, evaluating individual performance and examining progress made towards meeting the objectives that have been stated by the organization.

Over the past few decades, the complex global business environment and increasing business competitiveness have highlighted the importance of performance measurement. Performance measurement methods are adopted in many industries using varied metrics which have received increased research attention (Niven, 2002; Yang, John, Albert, Chiang & Daniel, 2010). Owing to recent pressures attributed to technological and competitive changes faced by several industries, performance measures and measurement continue to be critical to the tracking, management and improvement of organizational progress. Therefore, understanding the scope, frequency and relevance of different performance measures available to executives is essential to the process of integrating the different dimensions of organizational performance (Gomes, Jabbour, Adriana & Charbel, 2011).

Performance Measurement Systems (PMSs), according to Hubbard (2009) are recognized as crucial elements of improving organizational performance. The financial indicators of performance widely used include Return on Investment (ROI), Return on Assets (ROA), Return on Sales (ROS), cash flow, earnings per share and market share. However, overreliance on financial indicators as sole measures of performance has been widely criticized (Chakravarthy, 1997). Therefore, performance is measured in terms of output and outcome, profit, internal processes and procedures, organizational structures, employee attitudes, and organizational responsiveness to the environment among others (Armstrong, 2017). In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology (Kaplan & Norton, 2001) where performance is tracked and measured in multiple dimensions both financial and non-financial. It has been argued that financial measures are prone to manipulation such as over valuation of assets, treatment of certain revenue and expenditure items, coupled with lack of standardization in the handling of accounting conventions. Besides, financial reports are difficult to interpret particularly in the case of multi-industry participation by companies.

A balanced presentation of both financial and non-financial measures is required for effective performance measurement, since no single measure can provide a clear performance assessment on critical areas of the business (Buichi, 1994). The balanced scorecard is a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics; it is adopted to give managers and executives a view that is more 'balanced' regarding the organizational performance (Kaplan & Norton, 1996). According to Kaplan and Norton (2007), organizational performance incorporates three areas of firm outcomes: financial performance such as profits, return on assets and return on investment, product market performance such as sales, market share and shareholder return such as total shareholder return, economic value added. Organizations strive to manage organizational performance using the balanced scorecard where performance is monitored and measured in multiple dimensions such as: financial performance shareholder return, customer service, corporate social responsibility such as corporate citizenship, community outreach and employee stewardship (Kaplan & Kaplan, 2018).

According to Johnson (2008), there has been increased usage of balanced scorecards by organizations in the past decade as a way of widening the scope of performance indicators. The balance score card covers the financial and non-financial parameters such as internal business processes, customer, learning and growth. Due to increase in stakeholder awareness, greater attention is being paid to the impact of the organization on the environment and social aspects for the purpose of holistic performance measure. The measures of performance have evolved further to encompass the Triple Bottom Line (TBL) (Elikington, 1997), which is a stakeholder-based tool for measuring performance. Organizational stakeholders include shareholders, employees, customers, governments, suppliers, investors and competitors. The triple bottom line framework integrates aspects of the BSC, environmental and social performance.

This study adopted the sustainable balance score card framework to measure organizational performance by as conceptualized by Kaplan and Norton (2001) and Armstrong (2017). The measurement of performance contracting outlines the expectations and competencies required to achieve results. Armstrong (2017) affirms that performance contracting identifies the measures used to monitor, review and assess performance indicators. According to Barney (2018), competent leadership is built upon various variables and characteristics, such as values, knowledge, intellectual drive, ethics, charisma, creativity, self-confidence and courage over a period in the organization. Kaplan and Kaplan, (2018) further contends that vision, integrity, openness, dedication, and creativity among leaders is recipe for all employees to succeed and this ensures that organizations improve its performance.

1.1.5 International Non-Governmental Organizations in Kenya

NGOs are organizations that belong neither to the public (government) sector nor to the private (for profit) sector (Banks, Hulme & Edwards, 2015). They aim to serve particular societal interests by focusing advocacy and/or operational efforts on social, political and economic goals from the local to the global level. According to Ahmed (2013), INGOs are legal entities formed by a group of persons to promote cultural, religious, professional or social objectives. International Non-Governmental Organizations (INGOs) operate in contexts which are characterized by complexity, risks and financial uncertainty. In the NGO sector, according to Mutole (2019), a key challenge for NGOs is the struggle to link vision, mission and role clearly. Arhin, Kumi and Adam (2018) posits that strategic leadership can offer these NGOs the compass, process and strategy to deal with transformation made necessary by difficult environments in order to deliver high quality services at low cost to its customers.

Mosley, Maronick and Katz (2012) found that engaging in strategic leadership efforts allows organizations to deal with funding uncertainty. Thus, the lack of such a philosophy would result in having short-term oriented NGOs which could be harmful for its financial sustainability. However, strategic leadership can have a fundamental effect on NGOs beyond the potential funding benefits. For instance, strategic leadership can help NGOs build and enhance relationships with key stakeholders such as donors and partners and establish collaborations with external organizations (Hopkins, Meyer, Shera & Peters, 2014).

Further, NGOs find themselves competing for a small pool of resources. They are competing for the same money, volunteers and at times grants (Polonsky & Grau, 2011). In a sector that is increasingly characterized by competition, NGOs need to work hard to find the right approaches and reactions to challenges of competition that stay consistent with their moral ideals and the competitive realities (Ahmady, Mehrpour & Nikooravesh, 2016). The structure-conduct-performance paradigm by Ferguson (1988) explains how the structure of an organization determines the competition and influences the behaviors and strategies of organizations. On NGOs competitive advantage, larger organizations can build up a stronger protection against competition forces than smaller ones (Porter, 1980). Large NGOs seem to be threatened less by competition in comparison to smaller NGOs. They can exercise cost advantages through economies of scale and differentiate themselves more efficiently through a brand image. Following on Barneys (1991) logic on resource base and competitive advantage, it can be depicted that NGOs are influenced unequally by competition and that NGOs can compete in different strategic groups because of their resource base.

INGOs in Kenya have parent organizations registered in other countries other than Kenya. However, the same organizations are registered by the NGO coordination board within the country for compliance. Social and economic challenges in Kenya and the failure by the government to adequately address these challenges have been partly attributed to the growth of NGOs in Kenya (Arasa & Kioko, 2014). Hopkins, Meyer, Shera, and Peters (2014) observed that INGOs were growing fast all over the world. However, they were experiencing diverse challenges such as insufficient financial, human and technical resources, tightly defined contracts, high rates of underfunded infrastructure and overhead and higher expectations for accountability (Not-for-profit Finance Fund's Survey, 2014). Moreover, Arasa and Kioko (2014) noted increased competition among INGOs because of the dwindling resources for the growing population of not-for-profit organizations.

According to a report by UN-Habitat (2016), in recent years, International Non-Governmental Organizations in Kenya have come under immense pressure from the donors to prove that they are meeting their objectives in the most efficient and effective ways. Since donors are demanding, more transparency in how disbursed funds are utilized, the organizations are under greater scrutiny to monitor the impact of aid, not just the input and output but the whole operation. As a result, the recipient organizations are forced to be more result oriented, accountable and transparent in their operations (Wassenhove, 2011).

1.2 Research Problem

In dynamic and turbulent competitive environment, strategic leadership plays the profound role in creating competitive advantage that ultimately leads to organizational performance. Leadership enhances mobilization of strategic resources and improves organizational response speed to changes in the environment. Besides, strategic leadership takes measures to structure the organization in ways that make it efficient for exploiting strategic opportunities in the external environment. Therefore, organizational performance depends on a confluence of interacting forces that are managed by strategic leadership. Demison et al. (1995) argue that leadership is concerned with balancing competing forces for the creation of superior value to customers and rewards to organizational members. Although it is assumed that strategic leaders are crucial drivers of organizational performance, little research has been delineated to investigating the indirect influence of strategic leadership on performance through competitive advantage. In the lens of the resource-based view, strategic leadership is a higher order organizational resource unique to each firm and with varying capabilities for the creation of competitive advantage that yield above average performance.

International Non-Governmental Organizations face many complex and diverse range of issues such as implementation of strategic plans that are adversely affected by unanticipated disaster response, withdrawal of funds and shifting donor interests. Okorley and Nkrumah (2012) observed that despite the roles played by INGOs, the issues of strategic leadership and performance have remained a major challenge. Further, International Non-Governmental Organizations operate in contexts which are characterized by complexity, risks and financial uncertainty. Mutole (2019) found that a key challenge facing the NGOs is the struggle to link vision, mission and role clearly therefore necessitating the need for strategic leadership. International Non-Governmental Organizations worldwide, like many other organizations, are often faced with the challenge of managing their operations value chains with dwindling financial resources, a lack of expertise, and insufficient personnel (Hopkins, Meyer, Shera & Peters, 2014). The increasing number of natural and man-made disasters all over the world alongside donor's growing demand for more transparency and accountability for their money urges humanitarian aid organizations to professionalize and optimize the way they manage their operations (Poverty Eradication Network Kenya, 2021). The World Food Program (2019) observed that despite the role of INGOs in development, the issues of sustainability, availability of funds, and supportive leadership have remained a major challenge in developing countries.

In addition, related studies present research gaps; Kitonga, (2017) study on the influence of strategic leadership practices on performance in not-for-profit organization in Nairobi County focused on the direct relationship between strategic leadership practices and performance variables. The current study expanded its scope to have competitive advantage and organization structure as mediating and moderating variables respectively therefore, creating a conceptual gap. The current study also expounded the scope to whole country to give a wider scope. Witts (2016) study on the role of strategic leadership in enhancing profitability and assumed a linear relationship between strategic leadership and performance without considering constraining factors such as organization structure respectively. The current study tested the moderating influence of organization structure on the relationship between strategic leadership and performance thus creating a methodology gap. Mutia (2015) study on Strategic Leadership and its Influence on church growth in Kenya adopted a correlational methodology thus creating a methodological gap. Ogot (2014) study on generic competitive business strategies and performance of micro and small enterprises in Nairobi was limited to competitive business strategies while the current study expounded to the mediating role of competitive advantage and moderating influence of organization structure on performance of not-for-profit organizations in Kenya thus creating a conceptual gap. Busienei (2013) study on business strategy, organization structure, human resource strategic orientation on performance of manufacturing firms in Kenya emphasized on human factors without considering strategic leadership and competitive advantage. The current study included strategic leadership and competitive advantage as key variables in the study thus creating a conceptual gap. To bridge the gap, the study examined the influence of competitive advantage and organization structure on the relationship between strategic leadership and performance of international non-governmental organizations in Kenya.

1.3 Research Objectives

The general objective of the study was to establish the influence of competitive advantage and organization structure on the relationship between strategic leadership and performance of international non-governmental organizations in Kenya.

The specific objectives were.

i. To determine the influence of strategic leadership on performance of international non-governmental organizations.
ii. To determine the mediating role of competitive advantage on the relationship between strategic leadership and organizational performance
iii. To determine the moderating influence of organization structure on the relationship between strategic leadership and organizational performance
iv. To determine the joint effect of strategic leadership, competitive advantage and organization structure on performance in international non-governmental organizations from their independent effects

1.4 Value of the Study

The study contributes to theory by testing the relationship between strategic leadership and organizational performance in the context of international non-governmental organizations in Kenya. Leadership falls within the purview of upper echelons theory. By testing the influence of leadership on the performance of INGOs, the study seeks to embolden theoretical postulations and provide empirical evidence to support predictions of theory in not-for-profit sector. Regarding, the industrial organization economics theory, the study seeks to extend theory predictions by testing the role of competitive advantage and organization structure on the relationship between strategic leadership and organizational performance.

The study contributes to strategic management practice by providing evidence on the relationship between strategic leadership and performance. By testing the moderating influence of organization structure, the study provides insight on organization structuring issues for effective delivery of performance. The study generates information that will influence hiring and retention of top managers as well as organizational design, reporting structure and interrelationships within the organization.

The study provides information that will clarify policy issues regarding the INGOs in Kenya. The findings will provide the policy makers of INGOs with viable opportunities to revise policies related to the study variables for sustainable performance of the INGOs. Therefore, the findings of the study will provide information that may be used by the NGO Board as well as relevant NGO regulators to address deficiencies of existing policies particularly on matters regarding governance and control.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature on the study subject summarizing information from other researchers who had carried out research in the same field. The areas covered included the concepts of strategic leadership, competitive advantage, organization structure and organizational performance. The chapter also looked at theories that aided in explaining the hypothesized relationships. The review provides empirical literature on the relationships conceptualized in the study.

2.2 Theoretical Foundation of the Study

This study was founded on the strategic leadership theory, upper echelons theory, the resource-based view and industrial organization economics theory as discussed in the subsequent sections below.

2.2.1 Strategic Leadership Theory

House and Baetz (1979) proposed the strategic leadership theory which gives organizational leaders the ability to create and re-create reasons for the organization’s continued existence. The theory was developed as an expanded version of the upper echelons theory with the aim of examining how top managers influence strategic decision making (Finkelstein & Hambrick, 1996).

The strategic leadership theory asserts that companies are reflections of their top leaders, and that the specific knowledge, experience, values and preferences of top leaders are reflected not only in their decisions, but in their assessments of decision environments (Norris, 2018). The theory argues that strategic leadership is a hybrid of two organizational mindsets comprising managerial and visionary, but the latter is more influential, and it is argued that its presence makes the organization more viable in the long run. One of their primary tasks is to choose a vision for the firm and create the conditions to achieve that vision. Consequently, the significant choice options available to the CEO as the firm's key strategic leader, who often work as a lone ranger in the organization primarily using top-down directives (Johansson & Bäck, 2017). Principally when these choices resulted in financial success for the company, the key strategic leader is recognized widely as the corporate hercules. Strategic leadership theory has attempted to explain to a great extent to organizational success in the past despite the ever-changing circumstances (Altman & Tushman, 2017).

According to the theory, strategic leaders' amplitude to predict vision, maintain agility, and inspire others to create strategic change is necessary for the organizational survival (Castellanos & George, 2020). Strategic leadership entails leading through others, leading an entire enterprise rather than a divisional subunit, and coping with change to ensure organizational objectives are met (Wang, 2018). Strategic leaders are the top leaders at the helm of the organization who ensure the strategies are implemented while at the same time keep an eye on the external environment to ensure competitive survival and performance.

Strategic leadership theory informs the variable on strategic leadership. Effective strategic leadership actions promote a synergistic combination of managerial and visionary mindsets in the sense that they create and pursue a common vision for the organization in our case which are the INGOs. Therefore, the strategic leaders look forward to using different styles of management, develop a vision for their organization that enables it to adapt to or remain competitive in changing operating environments. Strategic Leadership theory puts forward the leaders' ability to influence others to voluntarily make decisions that enhance the prospects for the organization's long-term success while maintaining short-term financial stability (Castellanos & George, 2020)

Strategic leadership theory has been criticized for not directly studying actual strategic leadership behaviour. Priem et al. (1999) raised issues about the use of demographic characteristics as proxy indicators of strategic leadership behavior. Finally, the field of strategic leadership has been critiqued for being too concerned with achieving immediate, business "results" (Montgomery et al., 1989), and at other times, for not being attuned enough to the real-time, practical needs of business (Pricop, 2012).

2.2.2 Upper Echelons Theory

Hambrick and Mason (1984) proposed the upper echelons theory that is grounded on the assumption that, senior managers in an organization influence the outcomes depending on their knowledge, expertise, and experience. This theory dwells on the relationship between managers, organizational processes and outcomes. The theory argues that senior managers whose strategic choices are highly influenced by their unique characteristics are better placed to handle emergent issues in the organization. As a result, the strategies and performance outcomes of an organization reflect the values and cognitive bases of powerful actors in the organization (Carpenter, Geletikanyes & Sanders, 2004). Top leaders make key decisions that have long-term impact on the organization's business, strategies and subsequent performance. The theory argues that the characteristics of top managers influence the type of decisions made, methods used to arrive at choices by the organization and the consequences of organizational decisions.

The Upper Echelons Theory maintains that a firm's performance is a collective choice of all the top decision makers, which is according to their personal interpretation of reality. They put forward an argument that strategic decisions are rarely conflicting goals and numerous alternatives, but are complex decisions characterized by bounded rationality. The performance of the firm is affected by the strategic choices made by managers, which are influenced by behavioral factors, such as bounded rationality, multiple and conflicting goals, various aspiration levels. Hambrick and Manson, (1984) in their seminal work, postulates observable characteristics and background traits of the top management team (TMT) can act as a proxy to more complex personality issues. These observable characteristics impact the strategic choices which in turn affects the organizational performance due to the choices.

Upper echelons theory states that organizational outcomes, both strategies and effectiveness, are reflections of the values and cognitive bases of powerful actors (senior executives) in the organization (Carpenter, Geletkanycz, & Sanders, 2014). More specifically, the theory states that top managers' perception of their corporate environment influences the strategic choices they make which eventually affects the performance of the organization. It further states that their fields of vision (the areas top managers direct their attention to) and for that matter the perceptions of the environment that result are restricted by their cognitive base and values. This is because the attentional process is constrained by the limited capacity of humans for information processing at any given time and as a result, our decision to attend to certain elements in the environment is determined by our dispositions and personal tendencies. Thus, personal characteristics of top managers determine the aspects of the environment that they can “see” and what they see inform the decisions they make regarding strategic choices which ultimately affects the bottom-line of the organization.

The Upper echelons theory is, therefore, relevant on strategic leadership where senior managers’ strategic choices are highly influenced by their unique characteristics are better placed to handle emergent issues in the organization. As a result, the strategies and performance outcomes of an organization reflect the values and cognitive bases of powerful actors in the organization. The theory predicts that organization’s outcomes are based on the characteristics of existing senior managers.

Upper echelons theory is criticized by Priem, Douglas and Gregory (2016) that the demographics–based top management team (TMT) research sacrifices construct validity, explanatory power and prescription practicality. Hambrick and Mason (2014) suggested that cognitive diversity is needed for the success in a turbulent business environment and that demography served as proxy for underlying deep-level personal factors such as personality, power, values, interests, and so on. In fact, Carpenter et al. (2014) described the demographics characteristics of top management teams as observable variables. The use of demographics partly stemmed from this piece of advice as well as the reliability and ease with which demographics can be measured. The danger here is that one is not sure which aspect of the deep-level attribute is being captured or the appropriate combination of the demographics that capture a particular deep-level attribute (Priem et al., 2015). In demographics-based studies, one is unsure of what the demographics being measured. As a result, the mechanism through which these demographics influenced firm performance has been assumed and remained largely unexplored. Though upper echelons theory inspired research focused on the top management team, it might be also useful to focus on the characteristics of the leaders or Chief Executive Officers (CEOs) of the top management team. This is because the distribution of power within such a small team is differentially lopsided towards the leader or the CEO.

Further criticism by Hambrick and Mason (1984) is that organizational decisions and strategies are normally biased and subjective because they are made by human beings whose ability to perceive the environment is limited to what they can see, what they value, their beliefs, preferences, education and experience among other constraints. Hambrick (2007) criticized the theory arguing that it was not conclusive on the relationship between the characteristics of managers and the organizational outcomes. In addition, the assumption that similar characteristics yield similar strategic actions has not been supported by empirical evidence. Despite these limitations, the theory sheds more light on how the perception and the characteristics of the managers and leaders can influence the performance of the organization.

2.2.3 The Resource Based View

Wernerfelt (1984) first proposed the resource-based view and was later improved by Barney (1991). The theory was developed in response to two key issues comprising complexity of the external environment and competing in the dynamic environment using a combination of resources that the organization is more endowed with. The external environment is both complex and dynamic to permit effective analysis and response. Hence, once an opportunity is discerned and an offering made, it is very easy for competitors to make similar offerings, thus rapidly eroding competitive advantage (Wernerfelt, 1984).

The resource-based view argues that sustainable competitive advantage is attained when an organization has distinctive resources. The resources may be physical, financial, human capital, informational, legal as well as organizational. The resources depending on their unique attributes, quality and quantity possessed by the organization create competencies necessary for extra ordinary organizational performance. Core competences critically underpin an organization's competitive advantage. Competences develop in a variety of ways including through experience in product development and marketing, the talents and potential of individuals in the organization, and finally through the quality of coordination in the organization. Wernerfelt (1984) suggests that leaders are important for determining the competences a company will require in the future in order to provide new benefits to customers and remain competitive. They further suggest that core competences of an organization must possess three key qualities; disproportionate contribution to the value the customer perceives, competitively unique and extendable to allow development of an array of new products and services.

From a resource-based view perspective, a firm can capitalize on its functional strategies by integrating employee engagement practices to leverage the potential of its staff and become competitive over its rivals. Gichohi (2014) notes that engaged employees are an asset to the organization as they can be trusted to innovate solutions that can enhance the production efficiency of the firms making it harder for rivals to catch up. Gupta, Tan, Ee and Phang

(2018) argues that it is easier for firms to take the lead in acquiring customers than to lag behind and try win them over from competitors. This highlights customer loyalty as a valuable, advantage giving resource. In the resource-based view, strategists select the strategy or competitive position that best exploits the internal resources and capabilities relative to external opportunities. Given that strategic resources represent a complex network of inter-related assets and capabilities, organizations can adopt many possible competitive positions (Burvill, Jones-Evans & Rowlands, 2018).

Competitive advantage is largely determined by the superior access of resources by one firm over another. This advantage lies in the availability of the bundle of valuable tangible or intangible resources at that firm's disposal (Gupta, Tan, Ee & Phang, 2018). The more difficult it is for competitors to neutralize the advantage, the greater is the sustainability of that advantage. Competitive advantage involves achieving a different outcome by a unique set of activities that create value. A comparative advantage is created by a firm's ability to manufacture a product or service at a lower cost and a differential advantage is achieved when those products or services are perceived as superior to a competitor's offering. Differential advantages can be achieved by advanced technology, products or processes protected by patents, personnel who are more skilled or interpersonally effective, or by the creation of a strong brand identity. The Resource Based View suggests that resources contribute because they are valuable, difficult to imitate, rare, and organizationally contextual. In addition, resources also create a competitive advantage (Wernerfert, 1984).

The Resource Based View is core in competitive advantage as it treats organization resources and the structure as a valuable source of competitive advantage. In addition, strategic leadership is considered a higher order resource that creates competitive advantage, which in turn influences organizational performance. Despite its postulations, RBV has been subject to critiques. The principal critique is that RBV has no managerial implications because its applicability is very limited and it applies infinite regress (Hitt, Ireland & Hoskisson, 2016). In addition, the theory assumes that mere ownership of resources creates competitive advantage. In reality, ownership of resources without effective deployment and reconstitution of resources do not lead to competitive advantage (Nason & Wiklund, 2018). In extreme cases, the lack of effective resource deployment and reconstitution strategy may lead to competitive disadvantage in the industry.

2.2.4 Industrial Organization Economics Theory

The model of Industrial Organization (IO) economics was developed by Mason (1939) and Bain (1956, 1968). The structure, conduct and performance (SCP) paradigm of the industrial organization economics theory is tailored to enhance the application of strategy to practical problems of organization structure design, efficiency and productivity (Mason, 1939; Chandler 1962; Bain, 1968; Porter, 1981). It follows from structure conduct paradigm which stipulates that the conduct of a firm is influenced by industry structure that depicts conduct of the firms in the market. The theory argues that conduct of the firms premised on industry structure determines firm performance.

The theory stipulates that organizations achieve high performance when there is a fit between organizational strategy, the environment and structure which in turns influences the decision-making mechanisms of an organization (Parnell, 2013; Machuki, 2011). According to the theory, there are causal links among the structure of the industry, conduct of firms; strategic choices adopted by organizations, and in turn the organization’s performance. Within the framework of the theory, strategic leadership plays a critical role in analyzing industry environment and competitive forces, managing the conduct of the firm, and making strategic decisions that positively impact performance. Ansoff (1991) and Parnell (2013) posit that the development of corporate strategy can be traced to industrial organization economics theory. The proposition of the theory further lends credence to Chandler (1962), who argued that implementation of the SCP paradigm often leads to profitability.

The Industrial Organization economics theory is thus applicable in analyzing firm behavior and industry dynamics, including the determinants of market competition. In addition, structure conduct paradigm stipulates that the conduct of a firm be influenced by industry structure that depicts conduct of the firms in the market. The conduct of the firms premised on industry structure determines firm performance. Although the Industrial Organization Economics Theory assumes that organizations protect their market interests through differentiation, it does not explain firm behavior in commodity markets (Waldman & Jensen, 2016). The theory assumes that competing firms adopt behaviors that enable them to protect their market or ward off potential entrants into the industry. In this connection, firms protect their commercial interests through product differentiation. In addition, the theory does not explain how differentiation can be applied in the social service context particularly where firms compete for resources without profit as the driving motivation (Budzinski & Kuchinke, 2020).

Industrial Organization Economics Theory is criticized that change is treated as exogenous where behavior and performance are structurally determined. It is also a static system (or rather a comparative static one) that does not consider that competition is an evolving and historic process with possibilities of retroactions, going, for instance, from performance to behavior and from behavior to certain structures thus become endogenous. Firms do not merely react to given external conditions but try to strategically shape their economic environment by modifying, in a credible manner, market structure and market conducts of competitors (Heidhues & Kőszegi, 2018).

2.3 Strategic Leadership and Organizational Performance

Scholars have argued that top managers have sufficient discretion and strategic choices to influence performance (Crossland & Hambrick, 2011). Thus, the role of CEOs in influencing their organizations' performance through their behaviors and strategic choices is critical (Quigley & Hambrick, 2015). Empirical literature reports that strategic leadership guides organizations in ways that result in the formation of strategic intent and mission. Goffee and Jones (2006) provide evidence showing that strategic leadership leads to improved organizational performance. However, other scholars have recognized that constraints can limit strategic leadership from gaining total control in influencing their organizations' performance (Lieberson & O'Connor 1972).

Marjanova and Sofijanova (2014) study on corporate strategic mission statement and business performance through the prism of Macedonian companies addresses two main research aspects: the key components and terms by which a company can create a mission statement, and the connection between detailed, highly comprehensive mission statement and market share. The methodology includes quantitative and qualitative research that explored the way in which 38% of the registered companies in the confectionery industry in Macedonia create their mission statements. Primary data was derived from questionnaires and semi-structured interviews and secondary data from books, journals and academic articles. Results suggested that highly comprehensive mission statement has significant correlation and directly influences companies' market share and performance. The analysis showed that a model of key components and terms of a mission statement can be used as a guide in the process of mission statement creation. However, the study was conducted in Macedonian while the current study was conducted in Kenya.

Onu, Akinlabi and Egbuta (2018) on their study on the relationship between strategic leadership and organizational performance in firms showed that developing human capital through executive training contributes to establishing strategic direction which, in turn, fosters an effective organizational culture, a means to exploit core competencies, the use of effective organizational control systems and the establishment of ethical practices. The study stated that strategic leadership positively contributes to overall performance of firms. The study was limited to strategic leadership and organizational performance while the current study expounded to mediating role of competitive advantage and the moderating influence of organization structure.

According to Jaleha and Machuki (2018), effective strategic leadership is considered as a major ingredient for the successful performance of any organization operating in the ever dynamic and complex environment. In the context of information uncertainty and resource scarcity, strategic leadership is required to confront the reality of environmental turbulence and a continuous need for appropriate organizational change in order to achieve performance goals. Nonetheless, this study was literature based and did not perform an analysis to determine the level of significance on the relationship which the current study conducted.

Masungo, Marangu, Obunga, and Lilungu (2015) examined the effect of strategic leadership on the performance of devolved government system in Kakamega County in Kenya. Strategic leadership was the independent variable of the study characterized by strategic intent/vision articulation, integrity/ethical issues, influence and style of execution. The study adopted a descriptive correlation survey research design and utilized a simple regression model for hypotheses testing. The results indicated that strategic leadership had significant and positive effect on performance of devolved Government system in Kakamega County in Kenya. The study was conducted in County Government set up while the current study was conducted in the NGO sector which might differ in operations.

Mahdi and Almsafir (2014) examined the role of strategic leadership in building sustainable competitive advantage and performance in the academic environment. The study adopted a quantitative research design. The study conceptualized strategic leadership in terms of developing human capital and developing social capital. The study found that there was significant and positive role of strategic leadership on sustainable competitive advantage. The study concluded that strategic leadership capabilities (developing human capital and developing social capital) had significant and positive impact of on sustainable competitive advantage and performance in private universities. Although the study narrowed down to strategic leadership in building sustainable competitive advantage and performance, it was performed in the universities environment while the current study was conducted in the NGOs sector.

Fontanella and Chandra (2017) examined the effect of strategic vision and mission statement on performance of accounting program of state polytechnics in Indonesia. The study also tested the relationship between vision and mission statement of the study program with performance of the institution. The research involved 30 accounting programs, including diploma 3 and diploma 4 of state polytechnics in Indonesia. The information content in vision and mission is analyzed through 3 aspects; stakeholders, components, and objectives mentioned. Accreditation of the program is used as a performance measurement. The result indicated stakeholders as the most mentioned aspect in vision and mission statement. While the most mentioned component is academic objectives. This study did not find any relationship between vision and mission statement with performance of the program. Nonetheless, partial analysis shows that there is a positive relationship between the amount of component stated in vision and mission statement with performance of the program.

However, the study was conducted in Indonesia while the current study was conducted in Kenya.

Darbi (2019) explored the impact strategic leadership on strategic mission and vision statements and their potential impact on employee behavior and attitudes. The study reported the perspectives of employees of a unique public but profit-oriented tertiary institution with a renewed corporate mandate in a developing country. Based on a survey of 120 employees, the study explored employees state of awareness of mission and vision statements, perceptions about their level of ownership and whether the institution’s mission and vision statements impact/can impact on their behavior and attitudes. The results indicated that most employees have firsthand knowledge of the mission and vision statements though they do not frequently come across them; as well as the level of knowledge of the components/contents and perceptions about ownership are low. Employees see ownership as a prerequisite for the statements to impact on their behaviors and attitudes. The study indicators were limited to strategic mission and vision statements while the current study expounded to visionary, self-leadership, motivating and inspiring, empowering, collaborating and influencing as the key indicators.

Kachchhap and Ong’uti (2015) investigated the empirical link between strategic leadership on organizational identification, personality dimensions and organizational identification. The results of the study suggested that the stronger the respondents perceived their leaders to practice strategic leadership the stronger their organizational identification. However, the study focused on strategic leadership on organizational identification and personality dimensions while the current study focused strategic leadership on performance.

Abuzaid (2016) tested the impact of strategic leadership on achieving organizational ambidexterity of the Jordanian chemical manufacturing companies. The study revealed that strategic leadership (visioning, focusing and implementing) had a significant positive impact on organizational ambidexterity of the Jordanian chemical manufacturing companies. The study focused on organizational ambidexterity, which is the ability of an organization to both explore and exploit while the current study strategic leadership was linked with organizational performance.

Brown and Yoshioka (2018) study established that strategic mission statement has a significant and fundamental role in the management and strategic leadership of organizations. The employees of the organizations perceive the mission and how these perceptions relate to other organizational attitudes, such as satisfaction and behaviors. Their study suggests that mission and vision statements have a positive impact on profitability of the organizations and can increase shareholder equity. They also reported that almost 40% of employees do not know or understand their company's mission and vision. This therefore emphasis on the need for enhanced strategic leadership in the modern organizations including NGOs where this study was conducted.

According to Mintzberg (1994), strategizing requires the use of imagination and creativity. Decisions made at the strategic level need the capability to deal with new challenges and pressures. Leaders at the strategic level must develop awareness and knowledge, the capability to think outside the box and must be able to connect and create ideas. Gavetti (2011) points out those strategic leaders must have the capability to see cognitively distant occasions. These are occasions that are not clear to others. Recognizing such occasions involves the skill to explore and see the unfamiliar. Bradach (2019) established that a clear vision of strategic leadership determines very critical functions such as enhancing decision making which facilitates people to determine what is important or trivial, appealing to followers on the fundamental needs, linking and rationalizing ways of doing things, proving meaning to work and establishing a standard of excellence. Jaleha and Machuki (2018) remarked that leadership creates organizational capabilities that enable it to realize high performance. The ensuing debate largely links strategic leadership indirectly to performance. Nevertheless, since leadership balances competing interests that affect performance, testing for the direct influence of strategic leadership on performance is necessary. The current study analyzed this strategic leadership and its relationship with organizational performance in the NGO sector.

As Jabbar and Hussein (2017) affirmed that it is critical to note that an organization strategic vision and mission reflect the values and aspirations that are intended to capture employees' heart and mind. This therefore denotes that the strategic leadership job is to ensure that the vision and mission of the organization are effectively communicated and adapted by all employees. The study was linked to employees while the current study focused on the larger organization performance.

In summary, strategic leadership plays a critical role in improving organizational performance, through the focus on day to day running of business (Carter & Greer, 2018). This is achieved by acting as catalysts in the organization. Strategic leadership is observed through implementation strategies such as values, procedures, beliefs, policies, budget and providing creativity and innovation in the company. Additionally, strategic leadership involves analysis of the business environment to make decisions that will ensure the company is competitive in the market (Nasiri, Ukko, Saunila, Rantala & Rantanen, 2020). When an organization is faced by new challenges, efficient and effective strategic leadership actions can help in improving performance of the organization. The role of the strategic leadership appears to be fundamental to organizational performance. Hence identifying the criteria that required making their organizations successful will greatly enhance the possibility of leadership achieving this goal in organizations (Knighton, Khokhar & Tshofela, 2019).

2.4 Strategic Leadership, Competitive Advantage and Organizational Performance

Pearce and Robinson (2005) postulate that brilliant strategy may put an organization on the competitive map, but only solid execution sustains it there. Wernerfelt (1984) posits that to gain competitive advantage, it is incumbent upon a firm to exercise strategic flexibility through prudent strategic leadership, by effectively leveraging on new technologies, building core competencies, exploiting global markets and strategic alliance or competitive strategies.

Kahiga (2017) conducted a study on the influence of strategic leadership on competitive advantage in the banking industry. The study implemented a case study research design where primary data was collected with the help of an interview guide. Data collected was analyzed using content analysis. The study established that the most popular strategic leadership practices implemented by National Bank of Kenya were setting strategic direction (targets), maintaining core competencies, regular training and development, organizational culture and a code of ethics. Strategic leadership practices were found to contribute effectively towards building and strengthen the relationship between employees by sharing common goals and shared values in working towards the same goals. However, the study was conducted in the banking sector while the current study was conducted in the NGO sector.

Saratuki (2017) examined the effect of strategic leadership and organizational competitiveness of firms. The research established that the strategic leadership component; leadership style, ethical issues, organizational culture and effective organizational resource management significantly impact the competitiveness hence the overall performance of organizations within the sugar sector in the country. Aligning an organization's leadership style to its transforming business environment enhances its effectiveness while improved organizational ethics enhance service delivery, employee efforts, reduced staff turnover, improved organizational commitment and social responsibility. Competitiveness in the industry can also be attained through effective management of organizational human capital which is viewed as a key resource and by adopting a corporate culture that stress on all the key managerial constituencies within an organization. However, the study indicators for strategic leadership; leadership style, ethical issues, organizational culture and effective organizational resource management differed with those of the current study.

Phipps and Burbach (2018) surveyed the effectiveness of strategic leadership on the firm's competitive advantage and performance of manufacturing firms in Netherlands. A survey of 98 manufacturing firms was conducted and primary data sources were used. Analysis of data was done using descriptive statistics that involved mean and standard deviation. A correlation was employed to detect the link between strategic leadership and firm's competitive gains. The study argued that strategic leadership sets the organization's strategic direction. It acts as a guide in shaping the strategic direction and inspires the employees to work towards set goals. Strategic leadership was found to impact positively on the firm's competitive advantage and thus organizational performance. However, the study was conducted in Netherlands while the current study was conducted in Kenya.

Tairas et al. (2016) analyzed the influence of strategic leadership and dynamic capabilities on the competitive advantage of private universities in Jakarta. The study used entrepreneurship strategy and operational strategy as the intervening variables. The study utilized a quantitative research design with a sample size of 200 leaders from 22 private universities in Jakarta using questionnaire and interview method and found that strategic leadership had positive and significant influence on the competitive advantage of private universities in Jakarta. However, there was an inverse relationship of strategic leadership on competitive advantage if the intervening variables of the entrepreneurship strategy were used. The study concluded that entrepreneurship strategy should not be used as mediating variable in influencing the strategic leadership on the competitive advantage of the private universities in Jakarta. The study mediated strategic leadership with entrepreneurship while the current study used competitive advantage as the mediating term.

Mutia (2016) conducted a study on strategic leadership and its influence on church growth in Kenya. The study was a descriptive correlational study which adopted a positivist philosophy. The study population comprised of bishops and clergy. The findings indicated that there was a significant relationship between the determination of the church's strategic direction and its infrastructural growth. In addition, there was a significant relationship between the human capital development programs and the growth of the church's social ministry; between the effective church culture and the numerical growth in the church's membership; and between emphasis on ethical practices and an increase in the church's operational efficiency. However, the study was conducted in church context while the current study was conducted in the NGOs context.

In summary, extant empirical knowledge on the relationship between strategic leadership, competitive advantage and performance indicate no consistent findings, while other studies show that different types of strategic leadership behaviors are associated with various performance levels. Empirical literature (Barney, 1991; Quigley & Graffin, 2017) report that that strategic leadership contributes to performance through competitive advantage. Whereas competitive advantage does not exist by itself, it is created by strategic leadership. In turn, competitive advantage once established and sustained leads to superior organizational performance. Hence, the focus of leadership is the creation of competitive advantage with ultimate focus on superior organizational performance. Thus, the new competitive business landscape requires building core competencies and strategic leadership for survival, superior performance and sustained market leadership (Hitt et al., 2015). With more donors, seeking cost-shared models, it is key that INGOs leverage on existing resource capabilities and innovative ways of delivering the desired outcomes. Organizational performance is influenced by the choice of leaders and consequently their efforts in creating competitive advantages. Powell (2001) argues that superior performance follows competitive advantage. Therefore, competitive advantage and superior performance are materially equivalent.

2.5 Strategic Leadership, Organization Structure and Organizational Performance

According to Miles and Snow (1984), firms, which are able to achieve a fit between their strategy and structure can create a significant competitive advantage, while those that do not have a fit are left vulnerable to external changes and internal inefficiencies. Ansoff and McDonald (1990) state that structure and systems are complementary and work together for organizational performance. Regarding organization structure, Chandler (1962), showed how changes in strategy namely product-market diversification, required subsequent alteration in structure.

Onono (2018) studied the impact of organizational structure on performance at General Electric Africa. A correlational research design was used in this study. The target population was 290 employees at General Electric in the Sub Sahara Africa region based in four General Electric site locations; Nairobi in Kenya, Lagos in Nigeria, Luanda in Angola and

Johannesburg in South Africa. Structured questionnaire was used to collect quantitative data. A correlation research design was used. The study conducted Pearson correlation to establish the relationship between organizational structure and performance, results revealed that there was a strong and positive relationship between organizational structure and performance. The study findings indicated that the type of organizational structure embraced in an organization affected the speed and accuracy of decision making and directly influenced the learning and growth culture within the organization as well as the efficiency of information exchange within the organization. The study adopted a correlation research design while the current study used a descriptive cross-sectional survey design.

Ogbo, Chibueze, Christopher and Anthony (2015) studied the impact of organizational structure on organizational performance. The study was conducted using the survey approach. The geographical scope of study was Innoson Nigeria Ltd and Etisalat in Enugu. Two sources of data were utilized in the study that is primary and secondary sources. Findings revealed that decentralization enhanced better and more informed decision making in technical and service firms; that task routine affected staff productivity both positively and negatively; and that a significant positive relationship existed between narrow span of control and performance in organizations. The study used decentralization, task routine and narrow span of control as the key indicators for organizational structure while the current study adopted formalization, complexity, centralization and decentralization as conceptualized by Mintzberg (1989) and Daft (1995).

Hao, Kasper and Muehlbacher (2012) observed organizational structure as the organization's formal reporting relationships, allocation of responsibility framework as well as procedures that are carried out among and by the organizational members and components to achieve strategic objectives within the company. Organizational structure was depicted as a continuous arrangement of organizational tasks and activities within a system with clear goals. The study conceptualized organization's structure as the formal reporting relationships, allocation of responsibility framework while the current study adopted formalization, complexity, centralization and decentralization as conceptualized by Mintzberg (1989) and Daft (1995).

Jens, Khalid and Hassan (2014) argued that an organization that can embrace a blend of multiple structures at the same time will always tend to maximize aggregate performance outcomes compared to their peers in the marketplace who fail to embrace the dynamic organizational structures that are aligned to the market needs and the complexity of their business organizations. They further stated that the type of the organization structure adopted by an organization should enable such organizations to continuously stay responsive to the very dynamic and complex business environments in which they operate. Nonetheless, this study was literature based and did not perform an analysis to determine the level of significance on the relationship which the current study conducted.

Hao, Kasper and Muehlbacher (2012) in their study of organizational structures of corporations in Austria and China found that organizational structure influences performance both directly and indirectly. They further argued that many businesses ought to persistently alter their organizational structures to achieve superior performance in the marketplace. Achieving superior business excellence is critical objective of many business organizations, and effective strategy formation and implementation have been identified as the key elements that must align with the organizations' structure. However, the study was conducted in the developed world while the current study was conducted in Kenya which is a developing country.

Nwugballa (2011) observed that establishment of an organizational structure presupposes the absence of a sole proprietorship. It also assumes a level of operation that requires the joint effort many persons to successfully execute. This underscores the need to specify the different tasks that should be carried out by different individual job (job descriptions), how it should be carried out, expected standards of performance, line of authority to avoid confusion and conflict. It also requires the relationships and interactions between jobs; system of integration and coordination that would ensure organizational cohesion and, effective and efficient operations. The study by Nwugballa (2011) was literature based and did not perform an analysis to determine the level of significance on the relationship which the current study conducted.

A study by Pertusa-Ortega et al. (2010) established that the effect of strategy on performance is channeled through organization structure. The study posited that strategy implies leadership since top management are charged with the responsibility of designing corporate strategy and overseeing implementation of strategy for improved performance. Organization structure is unique to specific firms. Therefore, structure constitutes a unique resource that contributes to performance by influencing the development of competitive strategies that deliver superior performance. Maduenyi, Oluremi and Fadeyi (2015) in their study on impact of organizational structure on organizations performance concluded that the organizational structure has a direct impact on both financial and non-financial performance within an organization. However, these studies were literature based and did depict the actual relationship of the variables.

2.6 Strategic Leadership, Competitive Advantage, Organizational Structure and Organizational Performance

Scholars have conceptualized and empirically determined the influence of strategic leadership on performance (Fitza, 2017; Ireland & Hitt, 1999). However, Knies et al. (2016) point out that this causal relationship is questionable since other studies have demonstrated that their influence on performance may be limited due to contextual constraints.

Hunitie (2018) examined the impact of strategic leadership and competitive advantage on organizational performance in Jordanian health centers. Scoping health care sector in Jordan resulted in three public hospitals agreed to participate in the study. Data were gathered using a questionnaire developed based on literature review. The results indicated that strategic leadership significantly predicted strategic planning, strategic thinking and competitive advantage. The results also revealed that strategic planning and strategic thinking significantly and positively related to competitive advantage. Accordingly, it was approved that strategic planning and strategic thinking mediated the effect of strategic leadership on competitive advantage. Despite that, the influence of strategic thinking on competitive advantage was greater than the influence of strategic planning on competitive advantage. The study holds the perspective that both strategic planning and strategic thinking were essential in the context of strategic leadership, since strategies are developed by strategic thinking and operationalized via strategic planning. To expound on the findings, the current study used organizational structure as a moderating term.

Aosa (2011) and Ogaga (2017) found that competitive advantage and organization structure have influence on the relationship between strategic leadership and organizational performance. Whereas both studies address competitive advantage in the profit seeking industries, little attempt has been directed to testing how not for profit organizations use strategic leadership to create competitive advantage and consequently performance. Further, while competitive advantage has had substantial focus amongst researchers, its effect on the relationship between strategic leadership and organizational performance has not been widely documented. These disparate findings indicate either a lack of evidence in establishing a direct association between the broad conceptualization of strategic leadership and performance of the many confounding variables that make it difficult to demonstrate clear cause and effect relationship.

In summary, strategic leadership contributes to improved performance as it transforms the firm and its operations to be optimized in terms of having long term growth and survival and at the same time short term financial health (Lamb, 2019). Strategic leaders put emphasis on building the firm's resources and competencies to achieve competitiveness in the market. Strategic leaders are aware that concentrating on the current situations and ignoring the key issues that are affected by the turbulent environment will lead to organizational disaster (Lamb, 2019). With this, a firm balances between short term success and long-term sustainability. Strategic leaders consider human capital as a key element in innovation and creativity, and they put a lot of effort sustaining the health of this work force (Harris, 2008).

2.7 Summary of Literature and Knowledge Gaps

A review of the empirical literature presents mixed findings on how much of the variance in performance could be causally linked to strategic leadership. This has been attributed to various reasons such as different methods used, conceptualization of the variables under the study and more importantly, contextual factors. Additionally, performance differentials in the empirical literature could be because of the influence of the competitive advantage on the causal relationship between strategic leadership and performance. Thus, competitive advantage could have a mediating influence in the envisaged relationship.

The empirical findings on the effect of strategic leadership and organization structure on performance are equivocal. This lack of consistency could be due to differences in the measures of the constructs, the role played by strategic leadership and the moderating influence of organization structure on performance. In addition, since performance is a multidimensional construct, the difference in how scholars have conceptualized and

measured it makes it a challenge in establishing the casual link between it and strategic leadership. A number of studies reviewed did not explicitly test the joint relationship between strategic leadership, competitive advantage and organization structure on organizational performance. Table 2.1 presents a summary of the summary gaps from related studies conducted by Busienei (2013); Macharia (2014); Ogot (2014); Mutia (2015)
Knies et al, (2016); Witts (2016); Ogaga (2017) and Kitonga, (2017).

Table 2.1: Summary of the Knowledge Gaps

Researcher	Focus of the Study	Study Methodology	Findings	Knowledge Gaps	Focus of the Current study
Busienei (2013)	Business strategy, organization structure, human resource strategic orientation on performance of manufacturing firms in Kenya.	Cross sectional sample survey	Application of appropriate HR strategy is key to performance.	Emphasis was made on human factors without considering strategic leadership and competitive advantage.	The current study included strategic leadership and competitive advantage as key variables in the study.
Macharia (2014)	Competitive strategy, organizational competencies co-` alignment, microenvironment and performance of private colleges in Kenya	Cross sectional sample survey on selected colleges	Performance depended on competitive strategies restricted to sample of private colleges	The findings were tentative and not distinctive.	The current study was a cross- sectional survey on not for profit organization in Kenya.
Ogot (2014)	Generic competitive business strategies and performance of micro and small enterprises in Nairobi	Cross sectional survey	Competitive business strategies have a positive effect on the performance of MSEs	The findings relied on two variables only	The current study incorporated the joint effect of predictor variables on performance of not for profit organizations in Kenya.

Researcher	Focus of the Study	Study Methodology	Findings	Knowledge Gaps	Focus of the Current study
Mutia, (2015)	Strategic Leadership and its Influence on Church Growth in Kenya	Descriptive correlational methodology	There is a significant positive relationship between strategic leadership practices and organizational growth	The study did not investigate the indirect influence of strategic leadership practices on organizational structure as it did not include the moderating and mediating roles of the organizational structure and competitive advantage	The current study included strategic leadership and competitive advantage as key variables in the study.
Knies et al, (2016)	The influence of Leadership on Performance in public organizations	Cross-sectional design	The analysis and results supported the propositions that Transformational and Transactional leadership styles have a positive impact on performance, although size effect varies in a significant manner.	The study focused on the influence of leadership on performance from a micro level perspective and not the macro level perspective of strategic leadership and how it could influence performance through the balanced score card (BSC)	The current study adopted perspectives of strategic leadership and how it could influence performance through the balanced score card (BSC) for profit organizations in Kenya.

Researcher	Focus of the Study	Study Methodology	Findings	Knowledge Gaps	Focus of the Current study
Witts (2016)	The role of strategic leadership in enhancing profitability.	Cross sectional census survey	Strategic leadership skills significantly influence profitability.	The study assumed a linear relationship between strategic leadership and performance without considering constraining factors such as organization structure respectively.	The current study tested the moderating influence of organization structure on the relationship between strategic leadership and performance
Ogaga (2017)	The influence of organization structure and industry competition on the relationship between corporate strategy and performance of NSE listed companies.	A cross-sectional census survey	Organization structure and industry competition has an influence on the relationship between corporate strategy and performance of NSE listed companies.	The study tested the influence of corporate strategy; an outcome of strategic leadership on performance	The current study sought to test the indirect effect of antecedent of corporate strategy on performance through competitive advantage
Kitonga, (2017)	The influence of strategic leadership practices on performance in not for profit organization in Nairobi county, Kenya	Cross sectional sample survey	The results show a significant positive correlation between strategic leadership and performance.	The study focused on the direct relationship between strategic leadership practices and performance variables	The current study expanded its scope to have competitive advantage and organization structure as mediating and moderating variables respectively. The current study will also not focus on one county but will look at the whole country to give a wider scope

2.8 Conceptual Framework

This conceptual framework is a diagrammatic presentation of the four variables. The reviewed literature supports the relationships shown in Figure 2.1. These relationships are between the independent, mediating, moderating and dependent variable. The conceptual framework hypothesizes indirect influence of competitive advantage and organization structure on the relationship between strategic leadership and organizational performance.

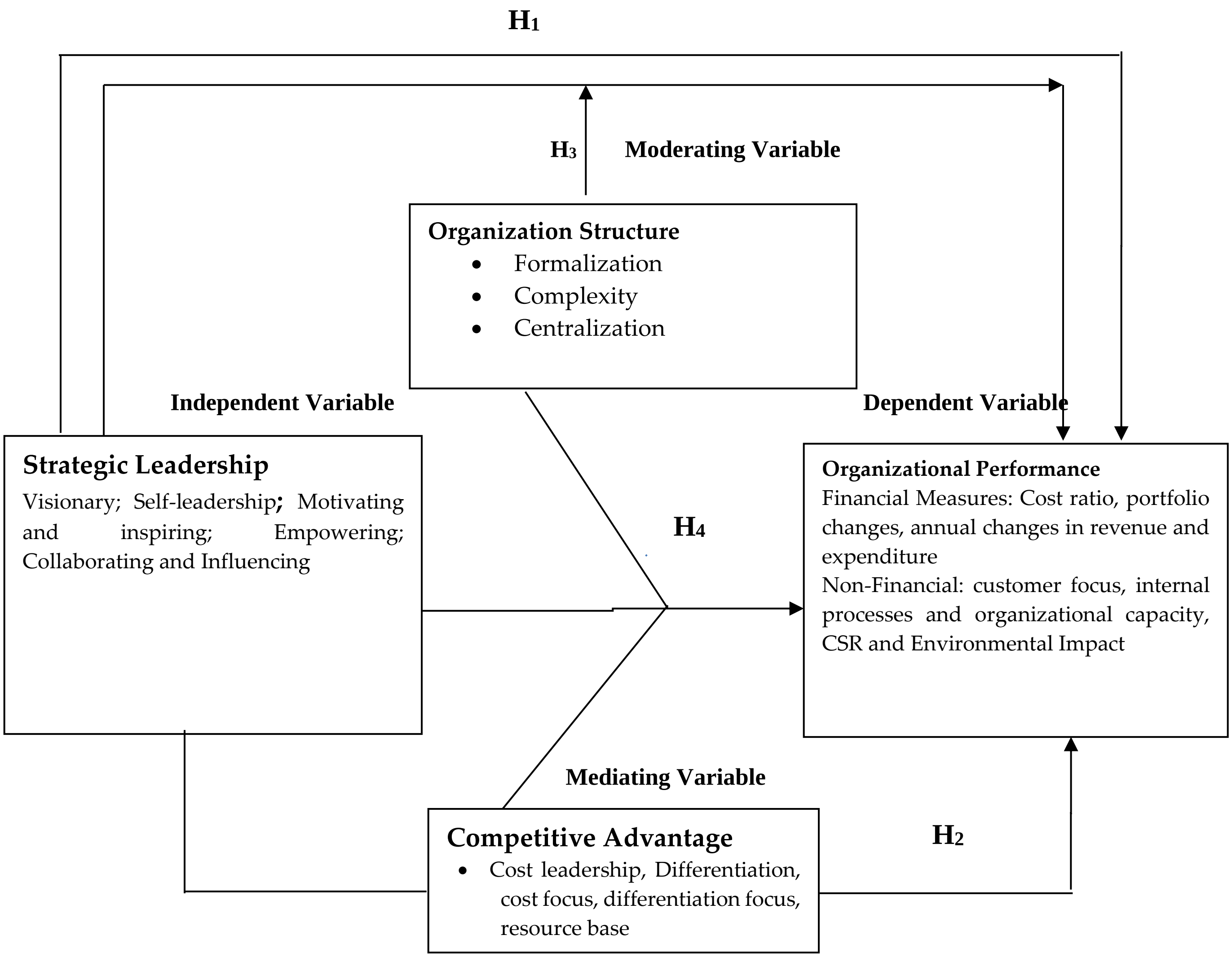

Figure 2.1: Conceptual Model

Source: Author, (2019)

2.8.1 Conceptual Hypotheses

The study tested the following four null hypotheses based on critical review of literature and the conceptual framework in Figure 2.1.

$H_0$1: Strategic leadership has no significant effect on performance of international non-governmental organizations in Kenya.

$H_0$2: Competitive advantage does not mediate the relationship between strategic leadership and performance of international non-governmental organizations in Kenya.

$H_0$3: Organization structure does not moderate the relationship between strategic leadership and performance of international non-governmental organizations in Kenya.

$H_0$4: The joint effect of strategic leadership, competitive advantage and organization structure on organizational performance is not statistically significant from their independent effects.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section focusses on the methods that were used in the collection and analysis of data and how the presentations of the findings were done. It is concerned with how the objectives of the study were met. It specifically covered research philosophy, research design, target population, sample design, data collection, validity and reliability, diagnostic tests, operationalization of study variables and data analysis.

3.2 Research Philosophy

A research philosophy refers to the development of knowledge that describes a research paradigm. This knowledge development is contingent upon certain assumptions on how one views the world (Humphreys, 2016). A research philosophy is a belief about the way in which data about a phenomenon should be gathered, analyzed, and used. According to Creswell and Poth (2016) there are three broad philosophical approaches that can be employed in research namely, positivism, interpretivism and pragmatism.

In positivism, researchers work with observable reality and make generalizations from these observations using structured quantitative methodologies that require hypothesis testing and statistical tools. Abbott and McKinney (2013) state that for an ideal positivist framework, there must be observable phenomena, i.e., the principle of phenomenalism; there must be a testable hypothesis which allows laws to be assessed and explained, i.e., the principle of deductivism; there must be knowledge arrived at through the gathering of facts, i.e., the principle of inductivism; and there must be objectivity and distinction between scientific and normative modes of thinking.

The interpretivist philosophy concerns itself with the understanding of human nature and social interactions of individuals then interprets the social roles of others in accordance with the researcher's own understanding and perspective. It applies qualitative methods such as interviews, observations or analysis of texts to construct a meaningful reality (Schwartz-Shea & Yanow, 2013). In the pragmatism philosophy, the nature of the research question determines which philosophical approach to adopt. Pragmatists argue that there are various ways in which phenomena can be interpreted and often combine positivist and interpretivist approaches in a manner that best supports their research (Saunders, Lewis & Thornhill, 2019).

This study was guided by the positivism research philosophy. The study adopted positivism paradigm using deductive approach whereby theories were used to generate hypothesis that were tested to allow falsification of theory. Positivism was favored because it can be used to support the development and testing of hypotheses (Cooper & Schindler, 2017). In this study, four hypotheses were developed and tested. The dependent variable of the study, namely organizational performance, was observable and was be measured using Likert scale thus strengthening the adoption of positivism. Further, the study methodology also involved methods of sample selection, data analysis and drawing conclusions from the analysis (Myers, Well & Lorch, 2010). In the adoption of the positivism philosophy, the conclusions from the findings of the study on the subject matter are an addition to the body of knowledge. The positivism philosophy allowed for comparison of findings between previous research, hence created a distinction between the empirical findings of the study and other intellectual modes of thinking. Finally, positivist philosophy premises that knowledge is based on facts and that no abstractions or subjective status of individuals is considered. Positivism thus derives a quantitative perspective, which holds that there is an objective reality that can be expressed numerically, with explanatory and predictive power.

Positivism philosophy holds that knowledge is based on facts and no abstractions. It assumes that the observer is independent of what is being observed and measurement should be through objective criterion rather than being inferred subjectively (Mugenda & Mugenda, 2003). On the other hand, phenomenology covers the researcher’s subjective perceptions and relies on experience and avoids generalization based on existing theory (Bryman & Bell, 2003).

3.3 Research Design

A research design is a set of methods and procedures for collection, measurement and analysis of data; it involves details of the processes necessary for gathering information required to solve a research problem (Saunders, Lewis & Thornhill, 2019). The design of a study determines the nature of the study, the ideal method of investigation, the nature of the instruments, the sampling methodology and data types.

The study adopted descriptive cross-sectional survey design. Corbetta (2003) describes a survey research design as a technique that is used for gathering information by questioning sample representatives who have been selected as object of the research and belonging to a representative sample, through a standardized questioning procedure with the aim of studying the relationship among the variables. The cross-sectional design allows for testing of hypotheses using snapshot data. The design also allows for comparisons across the different sub-groups. The descriptive cross-sectional survey design allowed the researcher to identify both the direction and degree of the associations among study variables without manipulating the variable and the researcher will be able identify and obtain information on the characteristics of a particular phenomenon or variable (Cooper & Schindler, 2017)

3.4 Target Population

A population is the total collection of elements about which inferences are made and refers to all possible cases, which are of interest for the study. Mugenda and Mugenda (2003) describe population as the entire group of individuals or items under consideration in any field of inquiry and have common attribute. The target population for the study comprised of all the International Non-Governmental Organizations registered at the NGO coordination board as of 1st April 2019 that are focused on the global thematic intervention areas of resilience, women economic empowerment, humanitarian response, youth development, livelihoods, education, water and sanitation, clean energy, child protection and human rights.

The total numbers of active INGOs registered by the NGO coordination board as of April 2019 were 900 representing diverse thematic focus from livelihood to human rights (NGO Coordination Board, 2019). The INGOs are broadly classified based on their intervention thematic focus that informs their theory of change. As for this study, the researcher focused on the INGOs that are focused on global thematic intervention areas.

3.5 Sample Design

A sample is a subset of the group or population under study. Sampling is the selection of a sufficient number of the right elements in a population to enable the examination of their characteristics and the drawing of generalized conclusions of the entire population (Creswell

& Creswell, 2017). The study used stratified random sampling to obtain the INGOs. According to Mugenda and Mugenda (2003), stratified random sampling is aimed at achieving unbiased representation of the population. In stratified random sampling, the population was categorized based on their thematic area of intervention. Thereafter, random sampling whereby each unit from each stratum was chosen randomly and entirely by chance, such that each unit of the study had the same probability of being chosen in the sampling process. The targeted informants for the study included the INGOs country directors, or their equivalent such as chief of party, program directors, operations directors and technical leads.

Simple random sampling was used to choose the respondents from the sampled organizations. The study adopted the Slovin formula (Slovin, 1960) to determine the sample size. This is a random sampling technique formula used to estimate sample size. The Slovin's formula is used to calculate the sample size (n) given the population (N) and the margin of error (e).

$n = N / [1 + N (e)^2]$

Where:

N= Target Population

n=required size

ε= error term

The sample size therefore was $n = 900 / (1 + 900 * 0.05^2) = 277$

The summary of sampling is as indicated in Table 3.1.

Table 3.1: Sampling Technique

Category	Sampling technique
INGOs	Stratified Random Sampling
Respondents	Simple random sampling (Slovin's formula)

3.6 Data Collection

Data collection is defined as the precise, systematic gathering of information that is relevant to the research sub-problems; it can be arrived at using a variety of methods (Saunders, Lewis & Thornhill, 2019). The study used both primary and secondary data. Both the primary and secondary data was quantitative.

Primary data were collected through semi-structured questionnaire. Gall and Borg (1996) point out that, semi- structured questionnaires are the best tools as they are standardized data collection tools that gather comparable data across the sample. The questionnaire consisted of five-point scales ranging from: 1= no extent, 2= small extent, 3= moderate, 4= large extent and 5= very large extent. The questionnaire comprised of five parts as indicated in Appendix 2. Part one gathered data on the profile of the organizations and the respondents. Part two collected information on strategic leadership. Part three focused on competitive advantage. Part four covered organization structure and part five collected data on organizational performance. The questionnaire was administered to one informant from each respondent organizations through mail, drop and pick methods where two trained research assistants were engaged to collect the data. The targeted informants for the study included the INGOs country directors, or their equivalent such as chief of party, program directors, operations directors and technical leads. These respondents were used as they were the most informed on the leadership issues in the NGOs they run.

Secondary data was collected for the purposes of additional comparisons on performance taken as an average of five years (2015-2019). The secondary data indicators for organization performance comprised of revenue growth, expenditure and fundraising efficiency. The secondary data capture form sheet is as attached in Appendix 3.

3.7 Operationalization of Variables

Operationalization facilitates reduction of abstract notions of constructs into observable behavior or characteristics so that they can be measured (Sekran, 2012). Strategic leadership was operationalized using visionary; self-leadership**;** motivating and inspiring; empowering; collaborating and influencing (Rowe, 2001). Competitive advantage was operationalized using cost leadership, differentiation, cost focus, differentiation focus (Porter, 1985). Organization structure was operationalized using formalization, complexity and centralization (Busienei, 2013). Organizational performance was operationalized using financial and non-financial aspects including customer focus, internal business processes and social performance (Hubbard, 2009; Ndegwa, 2015).

Table 3.2: Operationalization of Study Variables

Variable	Operational Indicators	Operational definitions	Supporting literature	Measurement scale and questionnaire items
Strategic leadership **Independent Variable**	Visionary and self-leadership	A shared vision, mission and purpose amongst the staff and all stakeholders	Rowe (2001)	5-point Likert scale Part II section A Question 8-9
	Motivating and inspiring	Using leadership to inspire people to voluntarily achieve higher performance		5-point Likert scale Part II Section A Question 10
	Empowering others	Building of the organizational capacity		5-point Likert scale Part II Section A Question 11
	Collaborative and influencing	Working with all stakeholders		5-point Likert scale Part II section A Question 12
Competitive Advantage **Mediating Variable**	Cost Leadership	A firm sets out to become the low-cost producer in its industry	Porter (1985) and Barney (1991)	5-point Likert scale Part II Section B Question 13
	Differentiation	A firm seeks to be unique in its industry along some dimensions that are widely valued by buyers		
	Focus (cost and differentiation)	The generic strategy of focus rests on the choice of a narrow competitive scope within an industry		
	Resources	This includes the Physical capital, Human capital resources and the organizational capital resources		
Organization structure **Moderating Variable**	Formalized	Explicit job description, numerous organization rules, clearly defined organization procedures covering work processes	Daft (2013) Busienei (2013)	5-point Likert scale Part II Section C Question 14

Variable	**Operational Indicators**	**Operational definitions**	**Supporting literature**	**Measurement scale and questionnaire items**
	Complexity	How multiple entities of an organization differentiate amongst themselves		
	Centralized	Authoritative communication pattern, formalized processes and rules and centralized decision-making process		
Organizational performance **Dependent Variable**	Customer Focus	Level target beneficiary satisfaction Prompt delivery of services and products to target beneficiaries	Hubbard (2009)	5-point Likert scale Part II Section D Question 15
	Internal Business Processes	Level to which country business processes are linked to the headquarters business process Extent to which the headquarters provide support to country business unit		
	CRS and environmental impact	Investment and focus on the environment in the firm's operations Impact the firm has on communities that it works with		
	Financial performance	Fundraising efficiency, revenue growth and expenditure		Ratio Scale Part II Section D Question 16-19

3.8 Diagnostic Tests

Data collected was first cleaned and checked for completeness. Inferential statistics requires that the assumptions of regression model are satisfied. Diagnostic tests were carried out on the data, that is, normality, multicollinearity, heteroscedasticity and linearity. Normality was tested using the Shapiro-wilk Test. A Shapiro- wilk statistics of 0.05 and above indicate that the data is normally distributed. For a data variable to qualify for regression test, the variables in the model should not be highly correlated. A high correlation affects the regression and gives misleading results, that over or underestimate the regression coefficients, thus, testing for Multicollinearity is important before any analysis. The study tested for multicollinearity using both tolerance values and Variance Inflation Factor (VIF). A tolerance value of more than 0.1 and VIF of less than 10, indicated lack of multicollinearity.

To test the heteroscedasticity, the study used the Breusch Pagan test. A p-Value <0.05 indicates that heteroscedasticity exists. First order autocorrelation was tested using Durbin- Watson test, which is used to ascertain whether the adjacent residuals are correlated. Lack of serial correlation was indicated by a value of below 2. For negative correlation, the Durbin-Watson statistic range between 2 and 4. Linearity test was based on the scatter plots. The plots were used to check on the existence of a positive or negative relationship between the variables.

3.9 Validity and Reliability Test

Validity is the ability of the research instrument to measure what it is supposed to measure (Cooper & Schindler, 2006). The validity of the data was tested in terms construct validity and content validity. Construct validity was tested through exploratory factor analysis consisting of Varimax rotation. The content validity of the study tool was checked by experts, supervisors and statisticians who thoroughly reviewed the data collection tools and rated the extent of validity of the question items for each variable. The ratings were then be aggregated and averaged to arrive at a single index. The comments from the experts were used to revise the tool before being administered for actual data collection process. This helped in removing any irrelevant or ambiguous questions and unclear sentences in the data collection tools. Reliability is a measure of the extent to which a research instrument produces results that are consistent on consecutive trials (Mugenda & Mugenda, 2003). The Cronbach alpha was used to test reliability of the data collection instrument. Cronbach alpha above 0.7 was accepted for this test. According to Zinbarg (2005), an alpha coefficient of 0.70 or higher implies that the data is reliable and generalizable.

3.10 Data Analysis

Demographic information was analyzed using descriptive statistics such as frequencies and percentages. Factor analysis was used to test on validity of the data. This covered KMO and Bartlett's test, eigen values, rotated factor matrix and scree plot. The study variables were also analyzed through descriptive statistics such as mean, standard deviation, and standard error mean. Diagnostics tests were carried out to confirm the linear regression assumptions. This was followed by inferential test of testing the study hypothesis. Simple linear regression analysis was used to test hypothesis one (H_{01}) for direct relationship. Path analysis/Barron and Kenny was used to test hypothesis two (H_{02}) for mediation, stepwise regression model was used to test hypothesis three (H_{03}) for moderation and hypothesis four (H_4) was tested using multiple regression analysis for joint effect.

Coefficient of determination (R^2), beta- coefficients, t values, F values and p-values were computed. R^2 was used to check on the goodness of fit of the model. The overall robustness and significance of the model was tested using the F-test and p-values. The t-test and p-values were used to establish the individual significance of the variables under study. If P value < 0.05, then the null hypothesis was rejected otherwise it was not rejected. Additionally, for each hypothesis, a model equation of the variables relationship was computed showing the magnitude and relationship of the independent variable(s) and dependent variable. A summary of statistical test of hypotheses was presented in Table 3.3.

Table 3.3: Analytical Model

Objectives	Hypotheses	Analytical Model	Interpretation of Results
To determine the influence of Strategic leadership on organizational performance	**$H_0$1** Strategic leadership does not significantly influence organizational performance	Simple Linear Regression Analysis Organizational performance = f (Strategic Leadership) $OP = \beta_0 + \beta_1 SL + \varepsilon$ OP= Organizational Performance β_0 = Intercept β_1 = Coefficient of Strategic Leadership SL = Composite Index of Strategic Leadership ε = Error term	• Hypothesis is not supported if the **P-** Value is less than 0.05. • A significant change in the dependent variable due to the influence of the independent variable confirms the relationship. • Correlation coefficient (r) captures the strength of the relationship between the variables. (R^2) shows the variation in dependence variable due to change in predictor variable. • F statistics indicate a test of the goodness of fit of the regression model. It also measures the significance of R^2. • Beta (β) coefficient shows a measure of the change in the dependent associated with a unit change in the predictor variable.
To establish the effect of competitive advantage on the relationship between strategic leadership and organizational performance	**$H_0$2** Competitive advantage does not mediate the relationship between strategic leadership and organizational performance.	Path Analysis Organizational Performance = f (strategic leadership + Competitive advantage) Four Step Procedure: Step1: $OP= \beta_0 + \beta_1 SL + \varepsilon$ Step 2: $CA = \beta_0 + \beta_1 SL + \varepsilon$ Step 3: $OP = \beta_0 + \beta_2 CA + \varepsilon$ Step 4: $OP = \beta_0 + \beta_1 SL + \beta_2 CA + \varepsilon$ OP = Organizational Performance β_0 = Intercept β_1 = Coefficient of Strategic Leadership β_2 = Coefficient of Competitive advantage SL = Composite Index of Strategic Leadership CA= Composite Index of Competitive advantage ε = Error term	• Hypothesis is not supported if the P-Value is less than 0.05. • Mediation is confirmed when SL is no longer significant in the presence of CA, that is, P value >0.05. • Correlation coefficient (r) measures the strength of the relationship between the variables. • Coefficient of determination (R^2) explains the variation in dependent variable as a result of change in the predictor variable. • F statistics indicate a test of the goodness of fit of the proposed model. Low statistics indicated that the model could not explain much about the data • Beta (β) coefficient indicates the change in dependent variable on unit change of predictor variable.
To determine the effect of organization structure on the relationship between strategic leadership and	**$H_0$3** Organization structure does not moderate the relationship between strategic leadership and	Stepwise Regression Analysis Organizational Performance = f (Strategic leadership + organization structure) Three step Procedure Step 1: $OP= \beta_0 + \beta_1 SL + \varepsilon$ Step 2: $OP = \beta_0 + \beta_1 SL + \beta_2 OS + \varepsilon$	• Hypothesis is not supported if the **P**-value is less than 0.05. • A significant **F- Change** confirms overall significance • Moderation takes place if beta coefficient of interaction term is significant, that is p value < 0.05. • Correlation coefficient (r) captures the strength of the relationship between the variables.

Objectives	Hypotheses	Analytical Model	Interpretation of Results
organizational performance	organizational performance	Step 3: OP = $\beta_0 + \beta_1$SL + β_2OS +β_3SL *OS + ε OP = Organizational Performance β_{0} = Intercept β_{1} = Coefficient of Strategic Leadership β_2 = Coefficient of organizational structure β_{3} = Coefficient of strategic Leadership SL = Composite Index of Strategic Leadership OS = Composite Index of Organization structure ε = Error term	• R^2 shows the variation in dependent variable due to change in predictor variable. • Beta (β) coefficient shows a measure of the change in the dependent associated with a unit change in the predictor variable.
To establish the joint effect of strategic leadership, competitive advantage, organization structure on organizational performance from their independent effects	**H$_0$4** The joint effect of strategic leadership, competitive advantage and organization structure on performance is not statistically significant organizations from their independent effects	Multiple Regression Analysis Organizational Performance = (Strategic Leadership + Competitive Advantage + Organization structure) OP == $\beta_0 + \beta_1$SL + β_2CA + β_3OS + ε OP = Organizational Performance β_{0} = Intercept β_{1} = Coefficient of Strategic Leadership β_2 = Coefficient of Competitive Advantage β_{3} = Coefficient of Organization structure SL = Composite Index of Strategic Leadership CA = Composite Index of Competitive Advantage OS = Composite Index of Organization structure ε = Error term	• Hypothesis is not supported if the **P**-value is less than 0.05. • A significant change in the dependent variable due to combined effect of predictor variables rather than independent effect confirms joint effect. • Correlation coefficient (r) captures the strength of the relationship between the variables. (R^2) shows the variation in dependence variable due to change in predictor variable. • F ratio indicates overall significance of the regression model. • Beta (β) coefficient shows a measure of the change in the dependent associated with a unit change in the predictor variable.

Source: Researcher, (2019)

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The chapter presents the results of descriptive analysis including respondent characteristics, reliability and validity tests and the measures of central tendencies for variables of the study. The descriptive statistics reported in the chapter include frequencies, percentages, mean scores, and standard deviations. The chapter begins by reporting the response rate, characteristics of the respondents, reliability tests and factor analysis results. The respondent's characteristics are reported at two levels beginning with characteristics of the unit of analysis, followed by description of the attributes of the informants. Factor analysis was used to test construct validity (convergent and divergent). In addition, the descriptive results for each of the variables are presented.

4.2 Response Rate

The research instrument was distributed electronically to all the 277 sampled respondent INGOs. However, 191 completed questionnaires were returned. After scrutiny of the completed and returned questionnaires, it was established that one questionnaire was half filled. Hence, the incomplete questionnaire was removed from the pool of analyzable feedback, leaving 190 usable questionnaires. This gave a response rate of 68.6 percent. The response rate was considered adequate as it compares fundamentally well to other studies previously conducted in the same context (Kitonga, 2016). Baruch (1999) reported that the average response rate for survey studies was 55.6%. According to Awino (2011), a response rate of 65 percent is acceptable for survey studies. The following section covers the results of reliability and validity tests.

4.3 Reliability Test

Reliability was tested using Cronbach's Alpha coefficient. The approach tests internal consistency of the research instrument. Cronbach's Alpha coefficient method assesses the correlations among the question items for each variable. The results of reliability tests are presented in Table 4.1.

Table 4.1: Internal Consistency Test Results

Variable	No. of Items	Cronbach's Alpha	Comment
Strategic Leadership	19	.893	Reliable
Competitive Advantage	9	.839	Reliable
Organization Structure	19	.807	Reliable
Performance	23	.882	Reliable

The results of reliability test presented in Table 4.1 indicated that all the variables of the study had reliability scores greater than 0.7. Strategic leadership, measured using 19 question items had the highest reliability score of 0.893, followed by organizational performance (0.882), competitive advantage (0.839) and organization structure (0.807) respectively. Based on the results of Cronbach's Alpha coefficients, all the variables were reliable. The results demonstrate that the research instrument was internally consistent and met the necessary condition for scientific inquiry.

4.4 Validity Test

Validity of the data is an important consideration in accomplishing the objectives of the study. Validity rules out researcher's bias when reporting the findings of the study about the research objectives. Therefore, validity of the data was tested using exploratory factor analysis. Principal component analysis was the extraction method and rotation of the extracted factors was done using varimax rotation. Rotation was done for better interpretation of the factors. Sampling adequacy was assessed through KMO and Bartlett's tests. The results of factor analysis for each of the variable are presented in the following sub-sections.

4.4.1 Factor Analysis for Strategic Leadership

The results of Factor analysis for strategic leadership are presented in Tables 4.2, 4.3, 4.4 and Figure 4.1. Table 4.2 presents the sampling adequacy test. The Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's Test of Sphericity were the specific sampling adequacy tests generated.

Table 4.2: KMO and Bartlett's Test for Strategic Leadership

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.859
Bartlett's Test of Sphericity	Approx. Chi-Square	1240.276
	Df	171
	Sig.	.000

Table 4.2 show that the KMO was 0.859 and the Bartlett's test of Sphericity p-value = 0.000 <0.05 was significant. The results of Kaiser-Meyer-Olkin measure of sampling adequacy of 0.859 illustrates that the sample was adequate and thus factor analysis was valid. Hence, the

variable structure is detectable using factor analysis. Table 4.3 presents the total variance explained for strategic leadership.

Table 4.3: Total Variance Explained for Strategic Leadership

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.611	34.795	34.795	6.611	34.795	34.795	2.703	14.228	14.228
2	1.661	8.744	43.538	1.661	8.744	43.538	2.595	13.657	27.885
3	1.224	6.443	49.981	1.224	6.443	49.981	2.542	13.379	41.264
4	1.025	5.393	55.375	1.025	5.393	55.375	2.096	11.030	52.294
5	1.008	5.307	60.682	1.008	5.307	60.682	1.594	8.387	60.682
6	.924	4.862	65.544						
7	.803	4.225	69.769						
8	.757	3.987	73.756						
9	.735	3.868	77.624						
10	.657	3.458	81.082						
11	.568	2.988	84.069						
12	.513	2.702	86.771						
13	.471	2.481	89.252						
14	.443	2.332	91.584						
15	.424	2.233	93.818						
16	.358	1.882	95.700						
17	.305	1.606	97.306						
18	.301	1.586	98.893						
19	.210	1.107	100.000						
Extraction Method: Principal Component Analysis.									

Table 4.3 demonstrates that the extracted factors explained 60.7 percent of the total variances in strategic leadership. The first factor explained 14.2 percent of the variance, the second factor explained 13.66 percent and the third factor explained 13.38 percent of the variance. In addition, the fourth factor explained 11.03 percent of the variance, and the fifth factor explained 8.39 percent of the variance. Thus, strategic leadership was reduced into five factors. Table 4.4 presents rotated component matrix.

Table 4.4: Rotated Component Matrix for Strategic Leadership

Variable Items	Component				
	1	2	3	4	5
We work with stakeholders to develop clear vision and goals	.218	.731	.014	-.040	.236
We work with stakeholders to develop plans to achieve the organization's vision and mission	.085	.638	.305	.192	.320
We take lead responsibility for communicating and promoting ownership of organization's vision to a wide range of stakeholders	-.077	.719	.235	.259	-.007
We share insights about challenges and opportunities affecting organization to bring about continuous improvement	.145	.231	.343	.122	.535
We adapt leadership and management styles that are relevant to needs of staff	.648	.219	.082	.002	.234
We use research and evidence to inform and continuously improve our approach to leadership	.217	.160	.616	.271	-.215
We enable staff to take intelligent risks and promote workplace culture that supports professional autonomy	.181	.081	-.058	.726	.171
We develop strategies which build resilience and sustainability in the organization	.155	.151	-.074	.361	.744
We are recognized for skilled leadership and inspiration of others to continually improve	.395	.539	.051	.311	-.045
We support internal and external stakeholders to feel valued for their contribution	.159	.541	.577	.021	.001
We use evidence to evaluate organizational performance and improve processes	.416	.439	.290	.005	.231
We share across the organization any important leadership concept learnt from different sources	.592	.181	.049	.508	-.057
We encourage others to share knowledge, information and ideas to improve practices and build behaviour and processes to support knowledge management culture	.286	.112	.272	.572	.069
We encourage and support staff to make decisions and take appropriate risks	.735	-.004	.200	.276	.012
We listen and act on expert contributions by staff and target beneficiaries	.674	.096	.228	.306	.169
We use lessons learnt to strengthen our collaborative approach	.393	-.012	.627	.117	.387
We have strong working relationship with a wide range of stakeholders	.397	.296	.472	-.137	.337
We recognize and understand differences and constraints faced by ourselves and collaborators	.054	.194	.760	.101	.142
constructively challenge our own and other's stereotypes and assumptions	.042	.156	.317	.591	.301

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 21 iterations.

As shown in Table 4.4, the five factors extracted accounted for 60.7 percent of variation in strategic leadership. Factor loading ≥ 0.5 (absolute value) was used to load items on the identified factors. In situation where an item had loading value greater than 0.5 in more than one factor, the factor with the highest weight was given preference. Subsequently the factors were as follows.

Factor one comprising four statements; “We adapt leadership and management styles that are relevant to needs of staff”, “We share across the organization any important leadership concept learnt from different sources”, “We encourage and support staff to make decisions and take appropriate risks”, and “We listen and act on expert contributions by staff and target beneficiaries” were considered as a leadership approach that encourages participation of staff in organization’s activities. Hence, the factor was labeled “**Inclusive Leadership**”.

Factor two comprising five statements: “We work with stakeholders to develop clear vision and goals”, “We work with stakeholders to develop plans to achieve the organization's vision and mission”, “We take lead responsibility for communicating and promoting ownership of organization's vision to a wide range of stakeholders”, “We are recognized for skilled leadership and inspiration of others to continually improve”, “We use evidence to evaluate organizational performance and improve processes” were reflective of two leadership attributes and was labeled “**Collaborative** and **Influencing**”.

Factor three was associated with five statements namely; “we use research and evidence to inform and continuously improve our approach to leadership”, “we support internal and external stakeholders to feel valued for their contribution”, “We use lessons learnt to strengthen our collaborative approach", "We have strong working relationship with a wide range of stakeholders", and "We recognize and understand differences and constraints faced by ourselves and collaborators" were found to display stakeholder interest and was tagged "**Empowering**".

Factor four had two statements loading on it. The statements were: "We enable staff to take intelligent risks and promote workplace culture that supports professional autonomy", and "We encourage others to share knowledge, information and ideas to improve practices and build behavior and processes to support knowledge management culture". The questions were employee related and were interpreted to mean "**Motivating** and **Inspiring**". Factor five had two statements, that is, we share insights about challenges and opportunities affecting organization to bring about continuous improvement and we develop strategies which build resilience and sustainability in the organization". The questions were reflective of organization's long-term focus and were tagged "**Visionary**". Figure 4.1 shows the scree plot of the factor analysis.

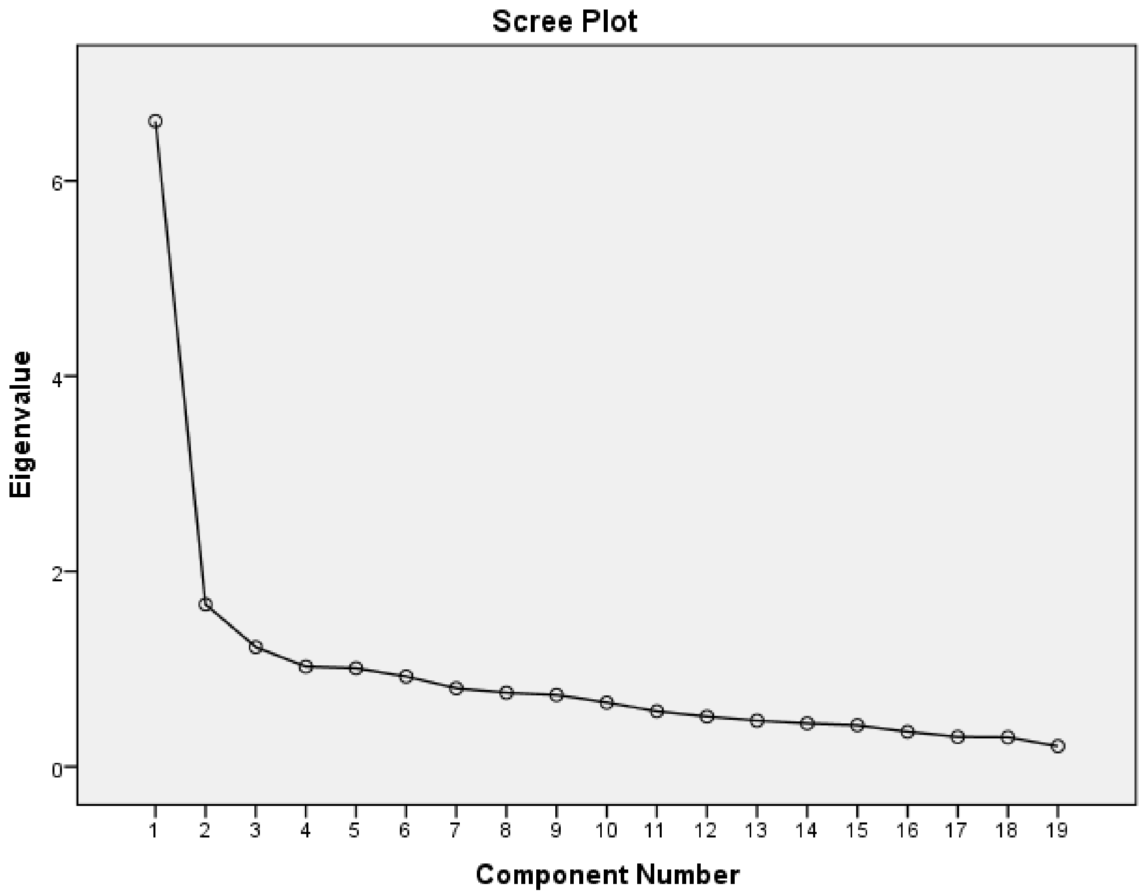

Figure 4.1: Scree Plot for Strategic Leadership

The scree plot in Figure 4.1 shows that five factors were extracted explaining the largest portion of variance in strategic leadership. The curve trails off after the fifth component indicating that five factors were generated by the analysis.

4.4.2 Factor Analysis for Competitive Advantage

Factor analysis was used to test convergent and divergent validity of competitive advantage statements. The basic assumption for convergent analysis was that the question items that are correlated and all of which have Eigen values greater than one load on each of the extracted relevant factors. The results of exploratory factor analysis are presented in Tables 4.5, 4.6 and 4.7. Table 4.5 presents the sampling adequacy tests, Table 4.6 presents the total variance explained by the extracted factors and Table 4.7 the rotated factor matrix of competitive advantage.

Table 4.5: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.840
	Approx. Chi-Square	513.835
Bartlett's Test of Sphericity	Df	36
	Sig.	.000

The results of tests for sampling adequacy indicate that conditions for factor analysis were met. The KMO statistics of 0.840> 0.7 and the Bartlett's test of Sphericity p-value of 0.000< 0.05. This shows that the statements were correlated and would be reduced into factors. Hence factor analysis is valid. Table 4.6 presents the results of total variance explained for competitive advantage.

Table 4.6: Total Variance Explained for Competitive Advantage

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.959	43.994	43.994	3.959	43.994	43.994
2	.910	10.113	54.107			
3	.844	9.373	63.481			
4	.801	8.900	72.380			
5	.709	7.874	80.255			
6	.620	6.887	87.141			
7	.460	5.110	92.251			
8	.371	4.122	96.373			
9	.326	3.627	100.000			

Extraction Method: Principal Component Analysis.

The results displayed in Table 4.6 indicate that one factor that was extracted accounting for 44 percent of the variance in competitive advantage, based on Eigen value greater than one. Table 4.7 presents the extracted factor for competitive advantage in the context of Non-Governmental Organizations in Kenya.

Table 4.7: Component Matrix

Variable Items	Component 1
We are the most affordable in delivering services to our target beneficiaries	.601
Our operational costs are low enough to make us the most affordable service deliverer to target beneficiaries	.544
We have appropriate technology that make us deliver services to our target beneficiaries in the most affordable way	.656
We have diversified funding sources that enable us to create large impact in the most affordable way	.647
We have the most innovative ways of delivering services to our target beneficiaries	.780
Our program delivery model is unique as compared to other INGOs	.657
Our organization uses innovative solutions to facilitate effective program delivery and knowledge management	.663
We are positioned as the most preferred organization in our thematic area of intervention	.697
We are renowned for our unique program delivery model in our thematic area of intervention	.698

Extraction Method: Principal Component Analysis.
a. 1 components extracted.

The only extracted factor had nine questions loading on it. The statements were “We are the most affordable in delivering services to our target beneficiaries”, “Our operational costs are low enough to make us the most affordable service deliverer to target beneficiaries”, “We have appropriate technology that make us deliver services to our target beneficiaries in the most affordable way”, and “We have diversified funding sources that enable us to create large impact in the most affordable way”.

Other statements included “We have the most innovative ways of delivering services to our target beneficiaries”, “Our program delivery model is unique as compared to other INGOs”, “Our organization uses innovative solutions to facilitate effective program delivery and knowledge management”, “We are positioned as the most preferred organization in our thematic area of intervention”, and “We are renowned for our unique program delivery model in our thematic area of intervention”. All the nine questions had Eigen values greater than 0.4. The questions were reflection of dual strategy. Hence, the factor was tagged “**Focused differentiation**”. Figure 4.2 presents the scree plot of competitive advantage.

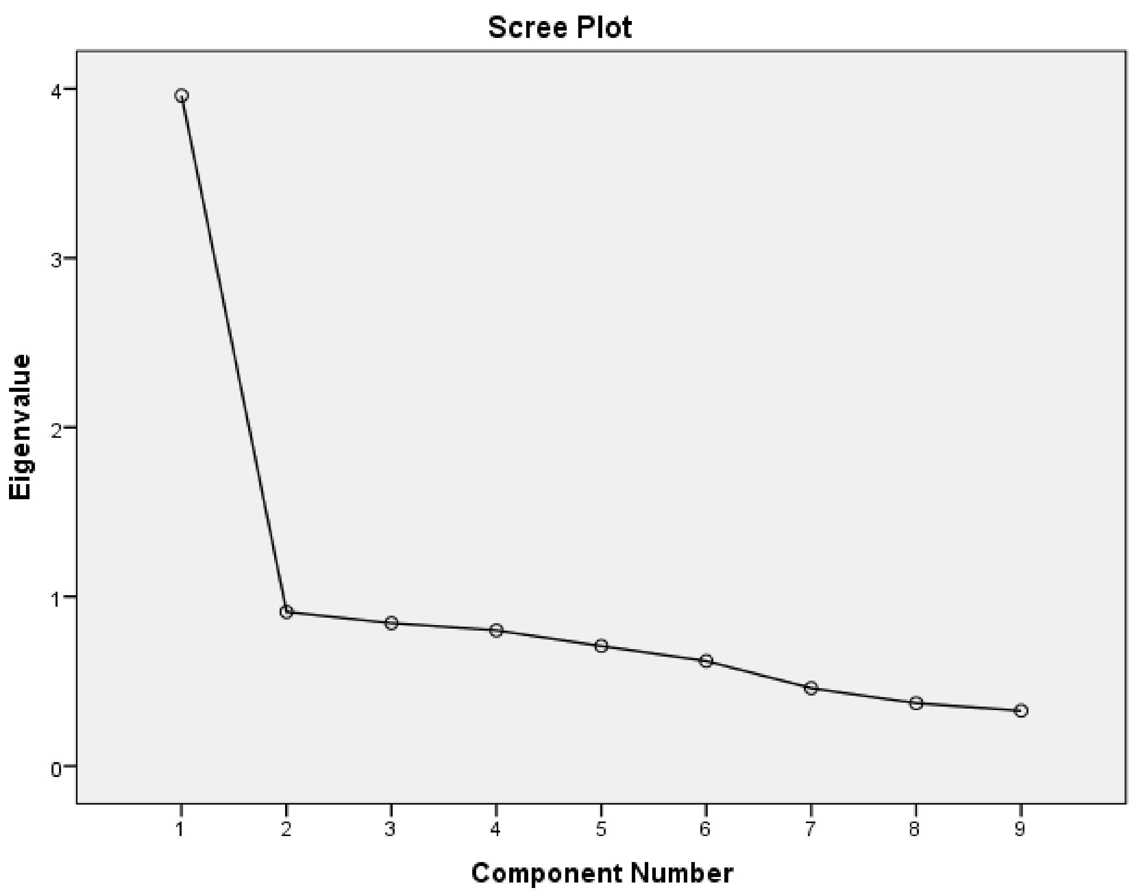

Figure 4.2: Scree Plot for Competitive Advantage

The scree plot in Figure 4.2 demonstrates that only one factor was extracted accounting for the variable structure. Curve begins to trail off after factor one indicating that only one factor accounted for variance in competitive advantage.

4.4.3 Factor Analysis for Organization Structure

Organization structure was measured using 19 questions on a 5-point rating scale. Factor analysis was used to test construct validity of the variable measures. Exploratory factor analysis aimed at testing the two dimensions of construct validity namely, convergent and divergent analysis. The results of exploratory factor analysis are reported in Tables 4.8, 4.9, 4.10 and figure 4. Table 4.8 presents the results of KMO and Bartlett's Test of sampling adequacy.

Table 4.8: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.771
	Approx. Chi-Square	1105.583
Bartlett's Test of Sphericity	Df	171
	Sig.	.000

The findings in Table 4.8 revealed that the KMO measure of sampling adequacy of 0.771 was within acceptable range and the Bartlett's test of Sphericity (p-value = .000) was significant. The results confirmed that the statements were correlated and thus could be reduced into fewer and meaningful factors. Hence, the variable structure is detectable using factor analysis. Table 4.9 presents the results of the variable's total variance explained.

Table 4.9: Total Variance Explained of Organization Structure

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.014	26.392	26.392	5.014	26.392	26.392	2.638	13.885	13.885
2	2.160	11.368	37.760	2.160	11.368	37.760	2.411	12.688	26.573
3	1.599	8.417	46.177	1.599	8.417	46.177	2.153	11.333	37.907
4	1.468	7.726	53.903	1.468	7.726	53.903	2.002	10.537	48.443
5	1.066	5.609	59.512	1.066	5.609	59.512	1.609	8.470	56.914
6	1.001	5.270	64.782	1.001	5.270	64.782	1.495	7.868	64.782
7	.916	4.821	69.603						
8	.828	4.359	73.962						
9	.723	3.803	77.764						
10	.639	3.364	81.129						
11	.586	3.083	84.212						
12	.571	3.006	87.218						
13	.516	2.717	89.935						
14	.412	2.167	92.101						
15	.360	1.897	93.999						
16	.347	1.827	95.826						
17	.308	1.619	97.446						
18	.284	1.493	98.939						
19	.202	1.061	100.000						

Extraction Method: Principal Component Analysis.

The findings in Table 4.9 revealed that six factors extracted accounts for 64.78 percent of the variance in organization structure. The first factor explained 13.89 percent of the variance, second factor explained 12.69 percent of the variance, and the third factor accounted for 11.33 percent of the variance in organization structure. The fourth factor represented 10.54 percent of the variance while the fifth and sixth factor accounted for 8.47 and 7.87 percent of variance respectively. Table 4.10 presents the rotated factor matrix of organization structure.

Table 4.10: Rotated Factor Matrix for Organization Structure

Variable Items	Component					
	1	2	3	4	5	6
The work roles in the organization are highly structured	-.056	.711	.107	.139	.346	.027
The activities of employees are governed by rules and procedures	.263	.766	.218	.073	-.089	.012
The organization has standardized behaviour through formal training and related mechanisms	.206	.795	.166	.016	-.134	-.036
The organization has a policy manual clearly defining roles and responsibilities for staff	.382	.358	.542	-.015	-.205	.011
The organization has formal system of delegation	.648	.115	.362	-.035	.039	.026
The organization has written and defined processes to review the structure periodically to ensure consistency with organization's current strategies	.589	.382	.072	-.108	.057	-.023
Departments in the organization are differentiated in terms of numbers and functionalities	.317	.435	.490	.023	.175	-.018
There is substantial geographic dispersion of program units/field offices and average distance from headquarters	.175	.212	.709	-.002	.257	.023
There are a number of levels that separate the CEO from the rank and file	.085	.076	.766	-.008	-.060	-.103
The organization takes into account the needs of the employees	.756	.044	.163	.045	-.041	-.104
The organization takes into consideration the ideas of employees	.815	.116	.028	.037	.245	-.082
Decision making is centralized	.089	.086	.048	.042	.088	.791
There are few written procedures and rules	.057	-.144	-.057	.002	.763	.258
Decision making is distributed across all levels of the organization	.233	.256	.232	-.001	.722	-.291
Power and authority are centralized at the hands of top management	-.003	.036	-.017	.904	.032	.011
Power and authority are centralized at the hands of top management	.006	.082	-.010	.908	-.070	-.080
There are authoritative communication channels	.042	.150	.356	.394	.283	.290
Information from lower levels flow up to the decision maker for analysis and synthesis	.345	.105	.082	.229	.128	-.633

There is top down flow of information with little no modification by employees	-.229	-.092	-.298	.330	.200	.441
Extraction Method: Principal Component Analysis.						
Rotation Method: Varimax with Kaiser Normalization.						
a. Rotation converged in 7 iterations.						

The results presented in Table 4.10 demonstrate that statements on organization structure were reduced into six factors. Factor one was made up of statements; "the organization has formal system of delegation", "the organization has written and defined processes to review the structure periodically to ensure consistency with organization's current strategies", "the organization takes into account the needs of the employees", and "the organization takes into consideration the ideas of employees". Factor one is **Structured employee engagement**. Factor made up of three statements, that is, "the work roles in the organization are highly structured", "the activities of employees are governed by rules and procedures", and "the organization has standardized behavior through formal training and related mechanisms". Factor two is "**Formalization**".

Factor three has been characterized by four statements, that is, "the organization has a policy manual clearly defining roles and responsibilities for staff", "departments in the organization are differentiated in terms of numbers and functionalities", "there is substantial geographic dispersion of program units'/ field offices and average distance from headquarters", and "there are a number of levels that separate the CEO from the rank and file" were reflective of established systems. Hence, the third factor was labeled "**Complexity**". Factor four represented by one statement "power and authority are centralized at the hands of top management" was tagged "**Centralization**". Factor five was made up of two statements which were there are few written procedures and rules", and "decision making is distributed across all levels of the organization" were suggestive of simplified structure. Factor five refers to "**Simplicity**". Factor six was defined by three statements "decision making is centralized", "information from lower levels flow up to the decision maker for analysis and synthesis", and "there is top-down flow of information with little no modification by employees" were indicative of rigidity. The sixth factor was marked "**Bureaucracy**". Figure 4.3 displays the scree plot of organization structure.

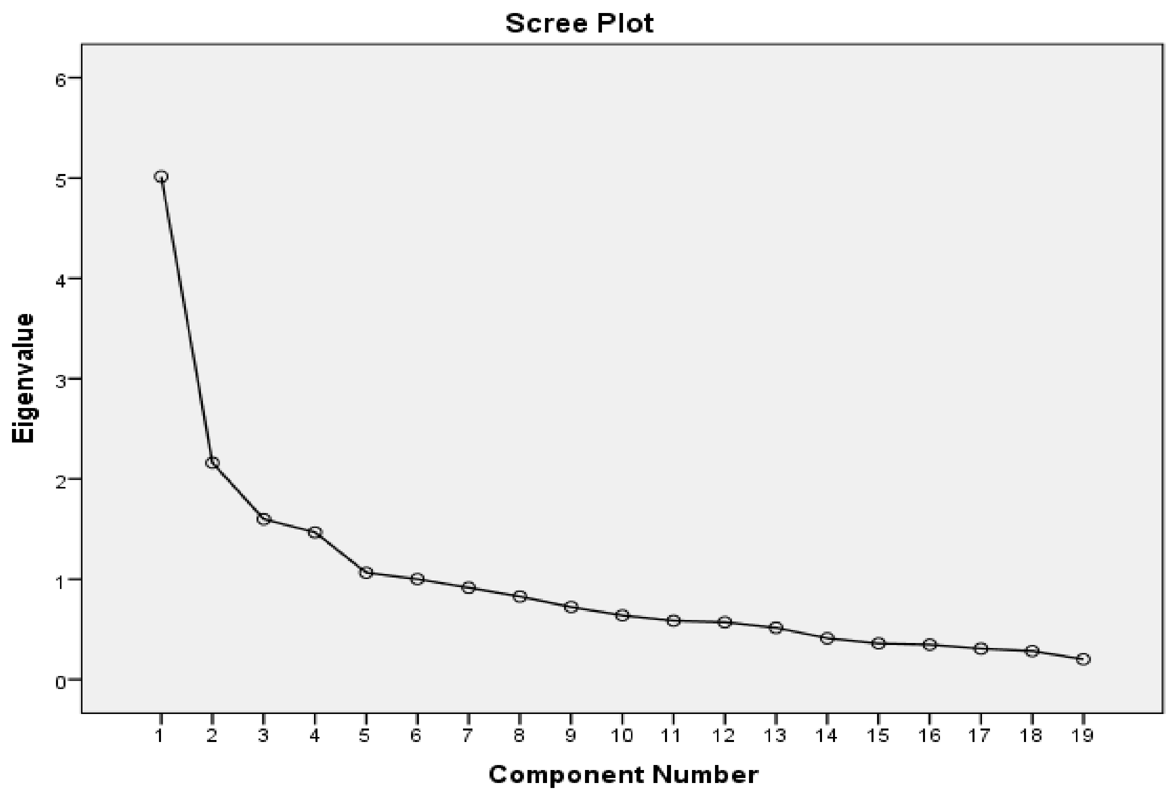

Figure 4.3: Scree Plot for Organization Structure

The scree plot in figure 4.3 shows that six factors were extracted explaining the dimensions of organization structure. The curve screeds off after the sixth factor. The first factor accounted for the greatest variance in organization structure.

4.4.4 Factor Analysis for Performance

Organizational performance was measured using 23 statements on a 5-point rating scale. Exploratory factor analysis tested convergent and divergent validity with the assumption that absence of cross-loading of the factors is an indicator of convergent validity. Further, distinct factors without overlaps were an indication of divergent validity. The results of factor analysis are covered in Tables 4.11, 4.12, 4.13 and figure 5. Table 4.11 presents the Kaiser-Meyer-Olkin and Bartlett's test.

Table 4.11: KMO and Bartlett's Test for Performance

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.828
Bartlett's Test of Sphericity	Approx. Chi-Square	1399.045
	Df	253
	Sig.	.000

The findings presented in Table 4.11 demonstrate that the data was fit for factor analysis. This was because KMO measure of sampling adequacy equals 0.828>0.7 and Bartlett's test of Sphericity had p value of 0.000<0.05. The results illustrated that factor analysis was valid. The results reveal that the correlation matrix was not an identity matrix. Hence, the variable structure is detectable using factor analysis. Table 4.12 presents total explained variance for performance.

Table 4.12: Total Performance Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.584	28.624	28.624	6.584	28.624	28.624
2	1.833	7.970	36.595	1.833	7.970	36.595
3	1.471	6.395	42.989	1.471	6.395	42.989
4	1.315	5.715	48.705	1.315	5.715	48.705
5	1.198	5.210	53.915	1.198	5.210	53.915
6	1.063	4.621	58.536	1.063	4.621	58.536
7	.993	4.317	62.853			
8	.983	4.273	67.126			
9	.827	3.596	70.722			
10	.763	3.319	74.040			
11	.696	3.027	77.067			
12	.648	2.815	79.883			
13	.593	2.577	82.460			
14	.583	2.535	84.995			
15	.572	2.487	87.482			
16	.506	2.198	89.681			
17	.482	2.097	91.778			
18	.394	1.713	93.491			
19	.380	1.654	95.144			
20	.333	1.446	96.591			
21	.307	1.333	97.924			
22	.255	1.110	99.034			
23	.222	.966	100.000			

Extraction Method: Principal Component Analysis.

Table 4.12 indicated that six factors extracted explained 58.54 percent of the variance in performance of International Non-governmental organizations in Kenya. The first factor explained 28.62 percent of the variance in performance. The second and third factors explained 7.97 and 6.4 percent of the variance respectively. In addition, factor 4 accounted for 5.72 percent while the fifth factor represented 5.21 percent of the variance in performance. The sixth factor accounted for 4.62 percent of the variance in performance. Table 4.13 presents the rotated component matrix for organizational performance.

Table 4.13: Rotated Component Matrix for Performance

Rotated Component Matrix[a]

	Component					
	1	2	3	4	5	6
We regularly measure performance and give holistic view to organization	.675	.103	.241	.328	.078	.079
We regularly monitor and analyze operating environment and use information to determine activities	.775	-.010	.097	.313	-.044	-.038
We measure performance of our staff through regular performance reviews	.575	.173	-.005	.115	.217	.381
We continually attract donor funding on incremental basis	.276	.456	.174	.125	.280	.129
We never run out of funds to offset expenses	.186	.145	.146	.680	.015	.197
We use more than 70% of the donor funds to implement project interventions	.164	.656	.120	.396	.201	-.002
Our project interventions directly address the needs of target beneficiaries	.184	.727	.118	.188	.070	-.029
We utilize more than 95% of the budgeted funds before end of the budget cycle	.002	.413	.446	.197	.135	.228
We have strong and supportive network of partners	.136	.729	.097	-.213	.086	.223
Operational efficiency has improved over the last five years	.598	.213	.069	.273	.094	.111
We spend less than 20% on administration costs	.386	.360	.407	.526	-.283	.080
Our quality of services is rated better than our close competitors	.163	.305	.644	.057	.369	-.168
The organization delivers services to its customers in a timely way	.212	.130	.265	-.013	.777	.111
Customers rate the quality of our products and services higher relative to our competitors	.640	.093	.112	.029	.185	.066
Safety measures have been put in place to make the work environment conducive	.685	.324	.085	-.035	-.009	-.058
We conduct annual surveys to monitor employee morale and satisfaction	.385	.193	.000	.474	.351	-.078
Our organization puts emphasis on employee education and training to enhance performance	.245	-.053	-.013	.564	.295	.369
Our interventions pass environmental impact assessment tests	.625	.067	.152	.030	.182	.314
Environmental awareness and improvement have increased over the last five years	.190	.149	.663	.152	.104	-.014
Our organization conducts annual environmental audit	.093	.367	.142	.270	.562	.017
We invest in community projects which provide lasting impact	.126	-.008	.780	-.032	.069	.250
Our organization always publishes annual performance sustainability report	.256	.352	-.087	.074	.074	.643
More than 50% of our projects continue after the end of donor funding	.023	-.023	.307	.222	-.029	.719

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 9 iterations.

The results in Table 4.13 shows that six factors explained the variance in performance of International Non-Governmental Organizations in Kenya. Factor one represented by seven correlated questions comprising “we regularly measure performance and give holistic view to organization”, “we regularly monitor and analyze operating environment and use information to determine activities”, “we measure performance of our staff through regular performance reviews”, “operational efficiency has improved over the last five years”, “customers rate the quality of our products and services higher relative to our competitors”, “safety measures have been put in place to make the work environment conducive”, and “our interventions pass environmental impact assessment tests”. The factor was suggestive of an organization watching developments in the environment. Therefore, the factor was labeled “**Environmental sensing**”.

Factor two represented by four statements namely: “we continually attract donor funding on incremental basis”, “we use more than 70% of the donor funds to implement project interventions”, “our project interventions directly address the needs of target beneficiaries”, and “we have strong and supportive network of partners” were interpreted as more relevant to resource mobilization. Therefore, the factor was named “**Fundraising**”. The third factor characterized by four questions comprising “we continually attract donor funding on incremental basis”, “we use more than 70% of the donor funds to implement project interventions”, “our project interventions directly address the needs of target beneficiaries”, and “we have strong and supportive network of partners” were suggestive of beneficiary oriented. Hence, the factor was labeled “**Customer focus**”. Factor 4 represented by four questions consisting of “we never run out of funds to offset expenses”, “we spend less than 20% on administration costs”, “we conduct annual surveys to monitor employee morale and satisfaction”, and “our organization puts emphasis on employee education and training to enhance performance”. The factor was viewed as inward looking, hence tagged “**Internal organizational processes**”.

Factor five represented by two questions consisting of “the organization delivers services to its customers in a timely way”, and “our organization conducts annual environmental audit” was viewed as desire for continuous improvement, hence labeled “**Learning and growth**”. Factor 6 represented by two questions consisting of “our organization always publishes annual performance sustainability report”, and “more than 50% of our projects continue after the end of donor funding” was perceived continuity beyond donor support, hence tagged “**Sustainability**”. Figure 4.4 presents the scree plot for organizational performance.

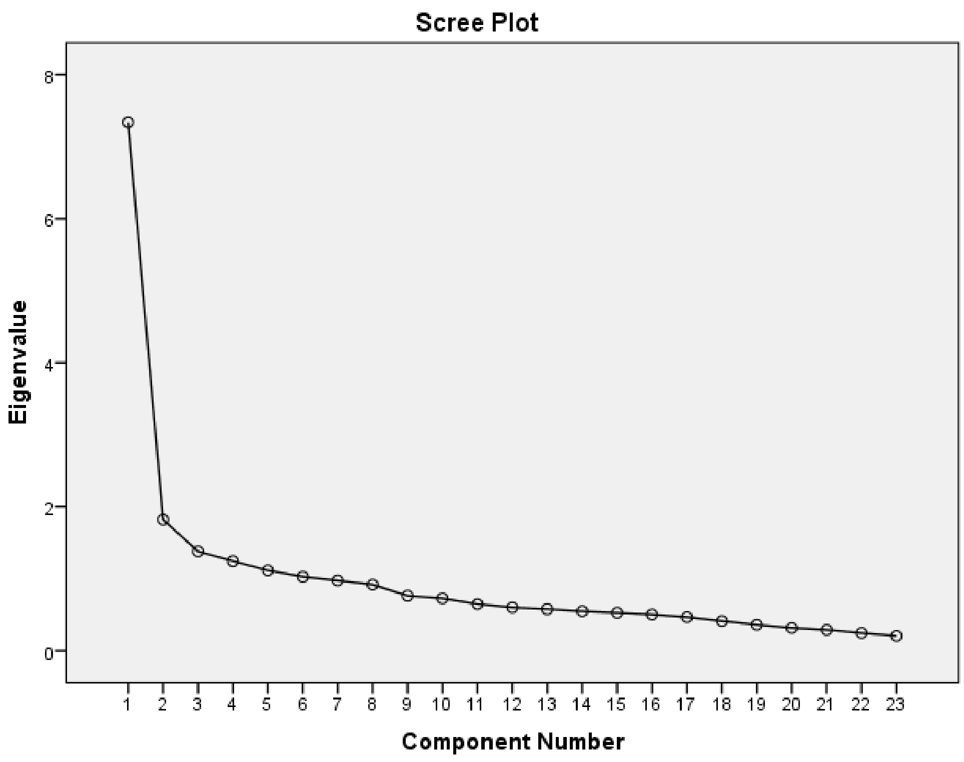

Figure 4.4: Scree Plot for Performance

Figure 4.4 demonstrates that six factors were extracted accounting for the variance in organizational performance. Factor one accounted for the largest variance in performance. The curve levels off after the sixth factor. The curve tends to run parallel to the x-axis after the sixth factor. The next section presents the results of descriptive analysis for the variables of the study.

4.5 Findings on Study Demographics

The demographics of the International Non-Governmental Organizations included the thematic areas addressed by the organizations, age of the organization and number of people employed by the INGOs. Thematic area addressed by the organization was important because it is an indicator of strategic priority and the interventions rolled out for beneficiaries. In addition, the thematic area demonstrates the sectors that attract attention and resources from the donor community through INGOs. The findings are presented in Figures and Tables.

4.5.1 Thematic Areas Addressed by International Non-Governmental Organizations

Respondents were asked to list the thematic areas addressed by their organization. The responses were captured using nominal scale. The thematic responses were classified using Nearest Neighbor analysis. The analysis revealed that several organizations concentrated on health and education sectors. Water and agriculture had equal representation of organizations. Other key areas of focus by the International Non-Governmental Organizations were environment, gender, food security, refugee, security and peace, nutrition, youth, child protection, climate, disaster and WASH. Figure 4.5 presented a visual depiction of the thematic areas addressed by the INGOs.

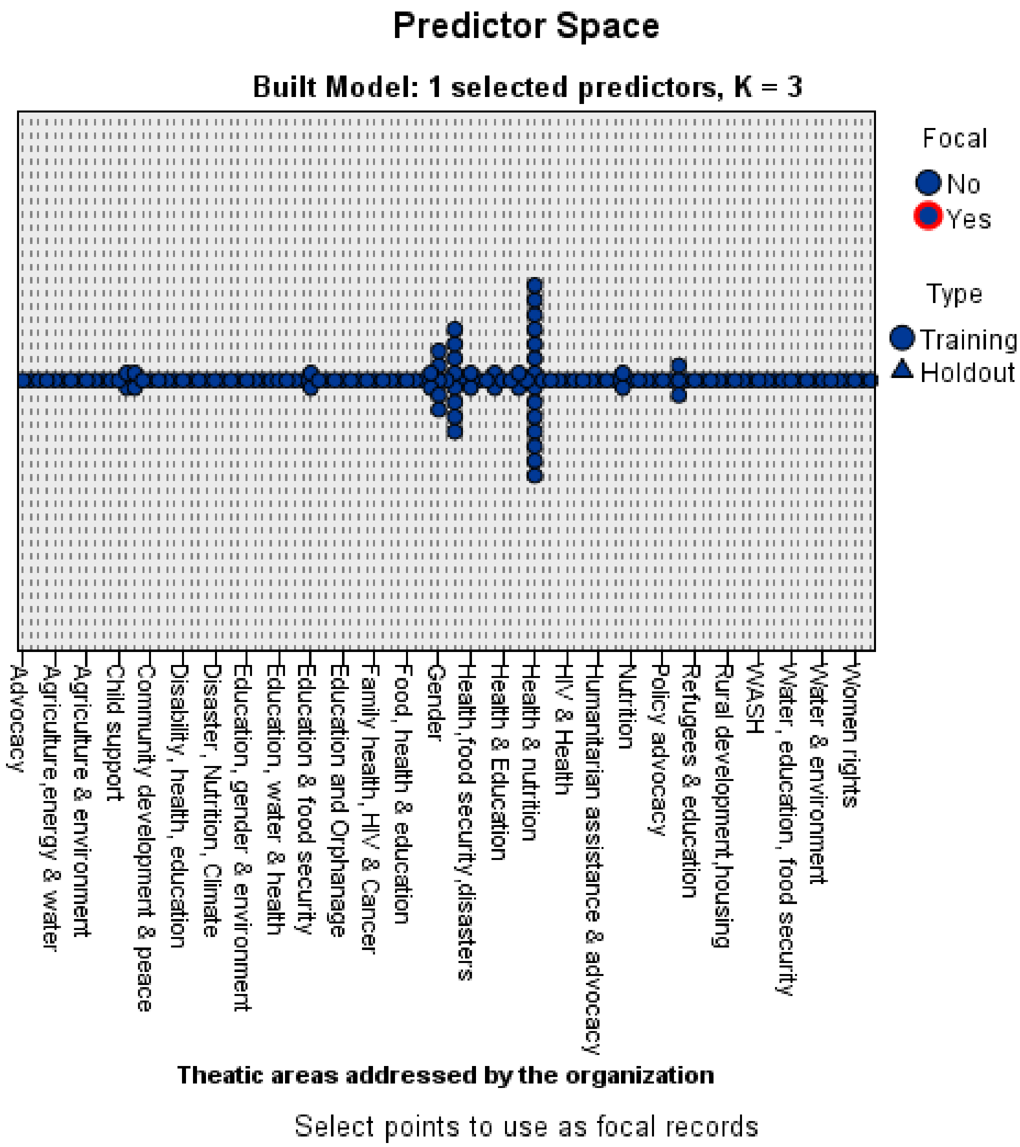

Figure 4.5: Thematic Areas Addressed by INGOs

4.5.2 Profile of Respondent

The study collected data on the age of the organization and the number of the employees. Age was used a proxy indicator for the length of time the organization has existed, while the number of employees was used as indicator of the size of the organization. In both cases, data was collected through direct indicators. The summary of the distribution of age and number of employees are presented in Table 4.14.

Table 4.14: Characteristics of Participating Organizations

Characteristic	Frequency	Percentage
Age		
Less than 5 years	6	3.2
5 - 10 years	19	10
11 - 15 years	39	20.5
Over 15 years	125	65.8
Total	189	99.5
Number of Employees		
Less than 100	55	28.9
100 - 499	103	54.2
499 - 999	24	12.6
Over 999	7	3.7
Total	189	99.5

The results revealed that 65.8 percent of the firms had been in existence for more than 15 years, 20.5 percent for over 10 years, 10 percent for over 5 years and only 3.2 percent had been existence for less than 5 years. The results further indicated that in terms of number of employees; 54.2 percent of the organizations had over 100 employees, 28.9 percent had less than 100 employees, 12.6 percent had over 499 employees and fewer organizations (3.7%) had more than 999 employees. Overall, the results demonstrate that although majority of the firms have been existence for several years, they employed moderate number of people. This reflects lean structures and possibility of multi-tasking by staff as a way of reducing overhead costs. Donor funding comes with sets of conditions part of which include not spending more than 20% of the funds on administrative costs and using larger proportion of the funds on implementations of supported interventions.

4.6 Respondent's Characteristics

To understand individual respondent, data was collected on the designation, years of service in the current position and previously held position. The Designation indicates the position held by the informant; a potential indicator of the job performed and the extent to which respondents have custody of information related to the variable of study. The years of experience were important in establishing the depth of organizational knowledge the respondents have. The distribution of the respondents is presented in Table 4.15

Table 4.15: Respondents Characteristics

Characteristic	Frequency	Percentage
Designation		
Country director	23	12.1
Program/operations director	91	47.9
Technical lead	63	33.2
Total	**177**	**93.2**
Years in Current Position		
Less than 1 yr.	9	4.7
1 - 3 yrs.	57	30.0
4 - 5 yrs.	82	43.2
more than 5 yrs.	42	22.1
Total	**190**	**100.0**
Previous Position		
Different role in current organization	152	80.0
Similar role in different organization	2	1.1
Different role in different organization	29	15.3
Total	**183**	**96.3**

The results indicated that 47.9 percent of the respondent were directors of programmes and operation in the various INGOs, 33.2 percent were technical leads, while 12.1 percent were Country Directors in their various INGOs. Majority of the respondents (43.2%) had been in the same position for between 4-5 years, 30 percent had served in current roles for between 1-3 years, 22.1 percent had been in their current roles for over 5 years while only 4.7 percent had been in their current roles for less than 1 year.

The results further demonstrated that 80 percent of the respondents had previously served in different roles in the same organization, 15 percent had served in different roles in different organizations while a paltry 1.1 percent had previously served in similar roles in different organizations. The results suggest that both horizontal and upward mobility tend to be sticky in the International Non-governmental organizations, wherein individuals are hired to serve in specific roles that match their qualifications, and they tend to develop expertise in specific areas of interest making them less likely to rotate. In addition, the results are an indicator of limited internally driven succession management in the INGOs sector with preference to external sourcing of personnel for top management positions.

4.7 Descriptive Statistics of the Study Variables

This section presented the results of descriptive analysis of the variables of the study. The study variables were strategic leadership, organization structure, competitive advantage and performance of International Non-Governmental Organizations in Kenya. The descriptive statistics measures used were mean scores, standard deviations and standard error of the mean.

4.7.1 Strategic Leadership

The respondents were asked to rate statements on strategic leadership on a scale ranging from 1 to 5, where 1 denotes ‘not at all’, 2 denotes ‘small extent’, 3 represents ‘moderate extent’, 4 denote ‘large extent’ and 5 represent ‘very large extent’. The rating scale was converted into: 1 – 1.4 = not at all, 1.5 – 2.4 = small extent, 2.5 – 3.4 = moderate extent, 3.5 – 4.4 = large extent, 4.5 – 5 = very large extent. Table 4.16 presented results of the descriptive analysis of strategic management.

Table 4.16: Descriptive Statistics for Strategic Leadership

	N	Mean	Std. Dev	Std. Error Mean
We work with stakeholders to develop clear vision and goals	189	3.87	0.656	0.048
We work with stakeholders to develop plans to achieve the organization's vision and mission	190	3.80	0.652	0.047
We take lead responsibility for communicating and promoting ownership of organization's vision to a wide range of stakeholders	190	3.69	0.721	0.052
We share insights about challenges and opportunities affecting organization to bring about continuous improvement	190	3.53	0.656	0.048
We adapt leadership and management styles that are relevant to needs of staff	189	3.76	0.603	0.044
We use research and evidence to inform and continuously improve our approach to leadership	189	3.53	0.681	0.050
We enable staff to take intelligent risks and promote workplace culture that supports professional autonomy	189	3.46	0.672	0.049
We develop strategies which build resilience and sustainability in the organization	189	3.63	0.635	0.046
We are recognized for skilled leadership and inspiration of others to continually improve	189	3.87	0.591	0.043
We support internal and external stakeholders to feel valued for their contribution	189	3.60	0.742	0.054
We use evidence to evaluate organizational performance and improve processes	189	3.73	0.673	0.049
We share across the organization any important leadership concept learnt from different sources	190	3.67	0.690	0.050
We encourage others to share knowledge, information and ideas to improve practices and build behaviour and processes to support knowledge management culture	190	3.48	0.768	0.056
We encourage and support staff to make decisions and take appropriate risks	189	3.34	0.773	0.056
We listen and act on expert contributions by staff and target beneficiaries	185	3.62	0.675	0.050
We use lessons learnt to strengthen our collaborative approach	189	3.86	0.629	0.046
We have strong working relationship with a wide range of stakeholders	190	3.88	0.668	0.048
We recognize and understand differences and constraints faced by ourselves and collaborators	190	3.65	0.647	0.047
constructively challenge our own and other's stereotypes and assumptions	188	3.58	0.693	0.051
Overall		**3.66**	**0.67**	**0.05**

The findings presented in Table 4.16 revealed that all the statements on strategic leadership had an average mean score greater than 3.0. The overall mean score being 3.66 and standard deviation of 0.67. The highest mean score was 3.88 and the lowest mean score was 3.34. Strong working relationship with a wide range of stakeholders had the highest mean score (mean = 3.88, std. dev = 0.668). The results further indicated that majority of the INGOs are recognized for skilled leadership and inspiration of others for continuous improvement (Mean = 3.87, std. dev =0.591), followed by the organizations work with stakeholders to develop clear vision and goals (Mean score = 3.87, std. dev = 0.656), the organizations to a large extent uses lessons learnt to improve collaboration with stakeholders (mean = 3.86, std. dev = 0.629), employees believe that leadership styles adopted by the INGOs recognize the needs of staff (Mean = 3.76, Std. dev = 0.603), INGOs understand the differences and constraints faced by themselves and collaborators (mean=3.65, Std. dev= 0.647) and INGOs constructively challenge stakeholders' stereotypes and assumptions (mean=3.58, Std. dev =0.693) respectively.

On a moderate extent, the results revealed that, INGOs encourage others to share knowledge, information, and ideas to improve practices and build behaviour and processes to support knowledge management culture (mean = 3.48, std dev = 0.768) and INGOs enable staff to take intelligent risks and promote workplace culture that supports professional autonomy (mean = 3.46, std dev = 0.672). This means that INGOs practices visionary, self-leadership, motivating and inspiring others and empowering others as methods of strategic leadership.

4.7.2 Competitive Advantage

Competitive advantage was measured using a set of nine (9) question items. Respondents were required to respond to the statements on competitive advantage based on four dimensions namely cost leadership, differentiation, cost focus and differentiation focus. The results generated mean and stand deviation on the statements. Table 4.17 presented results of the descriptive analysis of competitive advantage.

Table 4.17: Descriptive Statistics for Competitive Advantage

	N	Mean	Std. Dev	Std. Error Mean
We are the most affordable in delivering services to our target beneficiaries	187	3.60	0.651	0.048
Our operational costs are low enough to make us the most affordable service deliverer to target beneficiaries	188	3.37	0.737	0.054
We have appropriate technology that make us deliver services to our target beneficiaries in the most affordable way	190	3.63	0.691	0.050
We have diversified funding sources that enable us to create large impact in the most affordable way	189	3.69	0.700	0.051
We have the most innovative ways of delivering services to our target beneficiaries	190	3.71	0.740	0.054
Our program delivery model is unique as compared to other INGOs	190	3.72	0.660	0.048
Our organization uses innovative solutions to facilitate effective program delivery and knowledge management	190	3.57	0.644	0.047
We are positioned as the most preferred organization in our thematic area of intervention	190	3.75	0.725	0.053
We are renowned for our unique program delivery model in our thematic area of intervention	190	3.69	0.750	0.054
Overall		**3.64**	**0.70**	**0.05**

The results presented in Table 4.17 showed that all the statements on competitive advantage had above average mean scores greater than 3.0. Specifically, competitive advantage had an overall rating of mean score of 3.64 and standard deviation of 0.70. The highest means score was 3.75 while the lowest mean score was 3.37. Positioning as the most preferred organization in the thematic area of intervention had the highest score (mean score = 3.75, Std. dev = 0.725). The results further indicated that each INGO on average had unique program delivery model (Mean = 3.72, Std. dev = 0.660), followed by innovation in delivery of project to target beneficiaries is key priority (mean score = 3.71, Std. dev = 0.740), We have diversified funding sources that enable us to create large impact in the most affordable way (Mean = 3.69, std. dev = 0.7000), We are renowned for our unique program delivery model in our thematic area of intervention (Mean = 3.69, std. dev = 0.750), We have appropriate technology that make us deliver services to our target beneficiaries in the most affordable way (Mean = 3.63, std. dev = 0.691), We are the most affordable in delivering services to our target beneficiaries(Mean = 3.60, std. dev = 0.651) and our organization uses innovative solutions to facilitate effective program delivery and knowledge management (Mean = 3.57, std. dev = 0.644). On a moderate extent, Our operational costs are low enough to make us the most affordable service deliverer to target beneficiaries (Mean = 3.37, std. dev = 0.737).

4.7.3 Organization Structure

Organization structure was measured using a set of nineteen (19) statement items. Respondents were asked to rate these statements on a Likert scale of 1 to 5 on the basis of formalization, complexity and centralization. The test generated mean scores, standard deviation and std error of mean. Table 4.18 presented the findings of the descriptive analysis of organization structure.

Table 4.18: Descriptive Statistics for Organization Structure

	N	Mean	Std. Dev	Std. Error Mean
The work roles in the organization are highly structured	190	3.82	0.763	0.055
The activities of employees are governed by rules and procedures	190	3.85	0.722	0.052
The organization has standardized behaviour through formal training and related mechanisms	190	3.77	0.741	0.054
The organization has a policy manual clearly defining roles and responsibilities for staff	190	3.75	0.697	0.051
The organization has formal system of delegation	190	3.62	0.701	0.051
The organization has written and defined processes to review the structure periodically to ensure consistency with organization's current strategies	190	3.66	0.759	0.055
Departments in the organization are differentiated in terms of numbers and functionalities	190	3.81	0.695	0.050
There is substantial geographic dispersion of program units/field offices and average distance from headquarters	190	3.78	0.667	0.048
There are a number of levels that separate the CEO from the rank and file	190	3.64	0.673	0.049
The organization takes into account the needs of the employees	190	3.65	0.680	0.049
The organization takes into consideration the ideas of employees	189	3.52	0.719	0.052
Decision making is centralized	190	3.46	0.710	0.051
There are few written procedures and rules	189	3.42	0.772	0.056
Decision making is distributed across all levels of the organization	190	3.59	0.720	0.052
Power and authority are centralized at the hands of top management	189	3.50	0.727	0.053
Power and authority are centralized at the hands of top management	179	3.54	0.781	0.058
There are authoritative communication channels	190	3.59	0.713	0.052
Information from lower levels flow up to the decision maker for analysis and synthesis	190	3.07	0.766	0.056
There is top down flow of information with little no modification by employees	190	4.01	0.914	0.066
Overall		**3.63**	**0.73**	**0.05**

The results presented in Table 4.18 show that all the question items had above average mean scores (greater than 3.0). The overall mean score of organization structure was 3.63 and standard deviation of 0.73. The highest means score was 4.01 while the lowest was at 3.07.

Flow of information from top down with little or no modification by employees had the highest mean score of 4.01 and Std. dev = 0.914. This was followed by the activities of employees are governed by rules and procedures (mean = 3.85, std dev = 0.722), the work roles in the organization are highly structured (mean = 3.82, std dev = 0.763), the organization has standardized behaviour through formal training and related mechanisms (mean = 3.77, std dev = 0.741) and the organization has standardized behaviour through formal training and related mechanisms (mean = 3.75, std dev = 0.697).

On a moderate extent, the results revealed that decision making is centralized (mean = 3.46, std dev = 0.710), there are few written procedures and rules (mean = 3.42, std dev = 0.772) and Information from lower levels flow up to the decision maker for analysis and synthesis (mean = 3.07, std dev = 0.766) respectively. This indicates bureaucratic organization structure tendencies.

4.7.4. Performance

Performance of International Non-Governmental Organization was measured using a set of twenty-three (23) question items. Respondents were required to rate the items on a Likert scale of 1 to 5 where 1 being not at all and 5 being very great extent. Mean, standard deviation and standard error mean were used to analyse the statements. The results were presented in Table 4.19.

Table 4.19: Descriptive Statistics for Performance

	N	Mean	Std. Dev	Std. Error Mean
We regularly measure performance and give holistic view to organization	190	3.88	0.660	0.048
We regularly monitor and analyze operating environment and use information to determine activities	190	3.74	0.668	0.048
We measure performance of our staff through regular performance reviews	190	3.68	0.746	0.054
We continually attract donor funding on incremental basis	190	3.76	0.723	0.052
We never run out of funds to offset expenses	189	3.38	0.760	0.055
We use more than 70% of the donor funds to implement project interventions	189	3.87	0.623	0.045
Our project interventions directly address the needs of target beneficiaries	190	3.84	0.625	0.045
We utilize more than 95% of the budgeted funds before end of the budget cycle	190	3.78	0.735	0.053
We have strong and supportive network of partners	190	3.79	0.613	0.044
Operational efficiency has improved over the last five years	190	3.70	0.720	0.052
We spend less than 20% on administration costs	190	3.58	0.728	0.053
Our quality of services is rated better than our close competitors	190	3.73	0.719	0.052
The organization delivers services to its customers in a timely way	189	3.56	0.709	0.052
Customers rate the quality of our products and services higher relative to our competitors	190	3.74	0.691	0.050
Safety measures have been put in place to make the work environment conducive	189	3.75	0.627	0.046
We conduct annual surveys to monitor employee morale and satisfaction	190	3.45	0.780	0.057
Our organization puts emphasis on employee education and training to enhance performance	190	3.44	0.738	0.054
Our interventions pass environmental impact assessment tests	190	3.59	0.762	0.055
Environmental awareness and improvement have increased over the last five years	190	3.62	0.701	0.051
Our organization conducts annual environmental audit	190	3.38	0.678	0.049
We invest in community projects which provide lasting impact	190	3.83	0.687	0.050
Our organization always publishes annual performance sustainability report	190	3.72	0.757	0.055
More than 50% of our projects continue after the end of donor funding	189	4.12	0.727	0.053
Overall Mean & Std. dev		**3.69**	**0.70**	**0.05**

The findings in Table 4.19 showed that all statements on performance were rated above average mean scores of 3.0. The overall rating for performance was mean score of 3.69 and standard deviation of 0.70. The highest means score was 4.12 while the lowest mean score was 3.44. The statement ‘more than 50 percent of the projects continue after the end of donor funding had the highest mean score = 4.12, Std. dev = 0.727, followed by INGOs regularly measure performance to give a holistic view of the organization (Mean = 3.88, Std. dev = 0.660), INGOs use over 70% of the donor funds for direct project intervention activities (mean score = 3.87, Std. dev = 0.623), our project interventions directly address the needs of target beneficiaries (mean = 3.84, std dev = 0.625) and We invest in community projects which provide lasting impact (mean = 3.83, std dev = 0.687) respectively.

On the contrary to a lower extent, it was noted that annual surveys monitoring employee morale and satisfaction were rarely conducted by the INGOs (Mean = 3.45, std. dev = 0.789), INGOs do not put as much resources on staff development and training to enhance performance (Mean = 3.44, std. dev = 0.738), we never run out of funds to offset expenses (mean = 3.38, std dev = 0.760) and our organization conducts annual environmental audit (mean = 3.38, std dev = 0.678). The results generally suggest that INGOs are more externally driven than internally focused. More emphasis is placed on implementation of interventions targeting beneficiaries than building internal human resource capacity. The following sub-section presents operational performance descriptive statistics.

Table 4.20 presented descriptive summary statistics for overhead costs. The results reflect the percentage of costs spent on paying overhead bills comparative to the organization's total expense for five-year period, from 2015 to 2019.

Table 4.20: Overhead Costs

	N	Mean	Std. Dev	Std. Error Mean
Overhead cost in 2019	171	14.89	3.248	0.248
Overhead cost in 2018	171	15.16	3.339	0.255
Overhead cost in 2017	170	15.23	3.381	0.259
Overhead cost in 2016	170	15.24	4.305	0.330
Overhead cost in 2015	169	15.25	4.061	0.312
Overall		**15.15**	**3.67**	**0.28**

The results presented in Table 4.20 demonstrate that the mean annual overhead costs ranged between a mean of 14.89 and 15.25. The five-year average overhead cost was 15.15. The standard deviations are generally low relative to the mean scores; an indicator of consistency of data across the organizations. The trend in overhead costs suggests a slow, but steady decline in the proportion of money International Non-Governmental Organizations spend on overhead costs. The results further indicate prudent management of overhead cost over the period 2015 through 2019. This was attributed partly to changing donor conditions over the years and internal efficiencies within the organizations.

Table 4.21 presents descriptive results for the ratio of management support cost to direct project implementation cost for a period of 5 years, between 2015 and 2019. Mean scores and standard deviations were used to analyze the data. In addition, the table provides the overall mean score and standard deviation for the five-year period.

Table 4.21: Ratio of Management Support Cost to Direct Project Implementation Cost

	N	**Mean**	**Std. Dev**	**Std. Error Mean**
Ratio of management support cost to direct project implementation cost in 2019	168	23.63	5.152	0.398
Ratio of management support cost to direct project implementation cost in 2018	165	24.10	5.394	0.420
Ratio of management support cost to direct project implementation cost in 2017	166	23.65	4.923	0.382
Ratio of management support cost to direct project implementation cost in 2016	164	23.85	4.862	0.380
Ratio of management support cost to direct project implementation cost in 2015	163	23.92	5.225	0.409
Overall		**23.83**	**5.11**	**0.40**

The results revealed that the annual mean scores ranged between 23.63 and 24.10. Standard deviation ranged between 4.862 and 5.394. The overall mean score for the five-year period was 23.83 and standard deviation of 5.11. The pattern of distribution of the mean scores with exception of the year 2018 suggests marginal reductions in the ratio of management support cost to direct project implementation cost. The results suggest majority of the INGOs have been cutting financial support to management and increasing the proportion of money spent on the direct implementation of project interventions. Possibly, the organizations had adopted learner organization structures to lower management cost and appeasing donors by directing more resources to direct implementation of interventions.

Table 4.22 presented the distribution of descriptive statistics for the ratio of staff costs as a percentage of total expenditure over the five-year period between 2015 and 2019. Mean std deviation and std error mean were used to analyze the data. Overall mean score and standard deviation for the 5-year period are provided.

Table 4.22: Staff Costs as a Percentage of Total Expenditure

	N	**Mean**	**Std. Dev**	**Std. Error Mean**
Staff cost as percentage of total expenditure in 2019	171	34.66	6.341	0.485
Staff cost as percentage of total expenditure in 2018	170	35.27	6.245	0.479
Staff cost as percentage of total expenditure in 2017	171	35.70	6.329	0.484
Staff cost as percentage of total expenditure in 2016	170	35.76	6.485	0.497
Staff cost as percentage of total expenditure in 2015	169	35.09	6.702	0.516
Overall Mean & Std. dev		**35.30**	**6.42**	**0.49**

The findings revealed that the mean score distribution has been fluctuating over the years with the lowest score of 34.66 in 2019 and highest score of 35.76 in 2016. The overall mean score was 35.30 with standard deviation of 6.42. INGOs witnessed continues decline in cost of staff as a percentage of in the four-year period between 2016 and 2019. Declining staff costs as a percentage of total expenditure reflects a deliberate organizational strategy to improve efficiency in the delivery of services to beneficiaries.

Table 4.23 presented distribution on mean scores and standard deviation of the percentage of total funding used by local implementing partners. The table presents the distribution of mean scores for every year for the period between 2015 and 2019. In addition, the table presents the overall mean score and standard deviation for the five-year period. The percentage of local funding used by local implementers indicates working relationship between the INGOs and the local NGOs as well as community-based organizations.

Table 4.23: Percentage of Total Funding Used by Local Implementing Partners

	N	Mean	Std. Dev	Std. Error Mean
Percentage of project funding used by local implementing partners in 2019	118	18.48	12.880	1.186
Percentage of project funding used by local implementing partners in 2018	106	20.19	12.564	1.220
Percentage of project funding used by local implementing partners in 2017	115	20.83	13.307	1.241
Percentage of project funding used by local implementing partners in 2016	115	17.78	13.461	1.255
Percentage of project funding used by local implementing partners in 2015	93	17.24	11.194	1.161
Overall Mean & Std. Dev		**18.91**	**12.68**	**1.21**

The results in Table 4.23 showed that the mean score trend fluctuates in the percentage of total funding used by local implementing partners. The lowest proportion was reported in 2015 and the highest participation by local implementing partners in 2017. Declining trend has been witnessed in the period 2017 through 2019. The relatively high standard deviations over the years indicate high variability of participation of local implementing partners across the organizations. Furthermore, high variability indicated that different INGOs have varied traditions and policies for involving local partners in the implementation of various project interventions.

4.8 Statistical Assumptions

Statistical tests are based on certain assumptions about the data used in the analysis. Osborne and Waters (2014) opine that when these assumptions are not met the results may not be valid and therefore, this result in either type I or type II errors. These errors are either overestimation or underestimation of significance effect size(s). It is, therefore, important to pretest for the assumptions of the linear regression analysis. Linear regression assumes that data is normally distributed; variables are linearly related; there is absence of Multicollinearity between the independent variables and homoscedasticity exist.

According to Osborne and Waters (2014), testing for assumptions of linear regression analysis is beneficial as it ensures that the results obtained and the conclusions arrived at meets the associated assumptions and help avoid type I and II errors (Osborne and Waters, 2014; Owino, 2014). Prior to data analysis, assumptions for linear regression were tested using graphical and statistical techniques. The results of are reported in the following sub-sections.

4.8.1 Linearity Test

Linearity was tested using graphical method involving the scatter plot. Linearity was tested for the relationship between strategic leadership and performance, competitive advantage and performance as well as organization structure and performance. The result of the graphical analysis is presented in the subsequent figures.

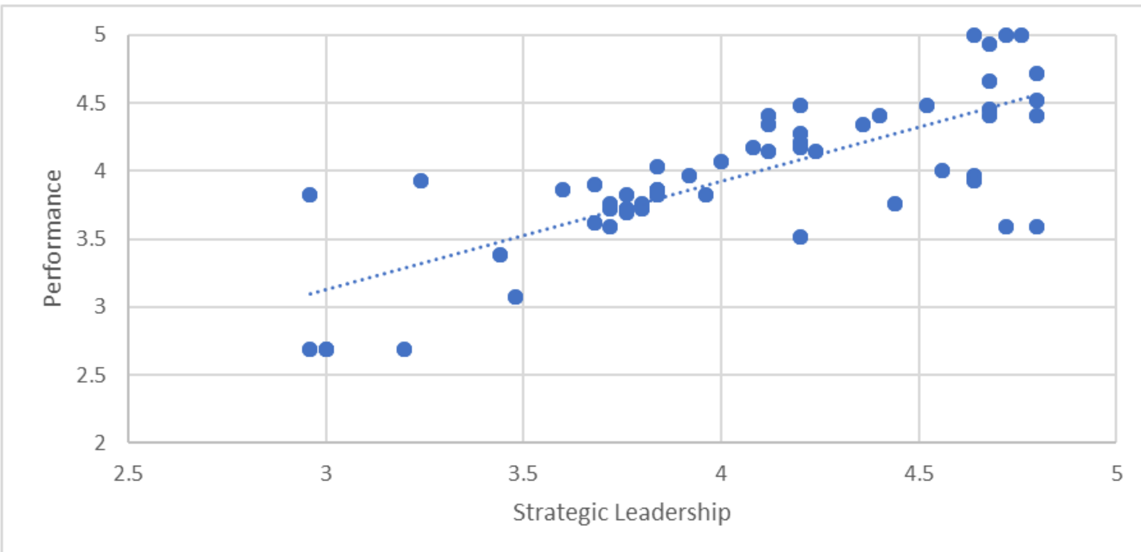

Figure 4.6: Scatter plot of Strategic Leadership against Performance

The scatter plot displays a positive linear relationship between strategic leadership and performance. The data plots cluster along the line of best fit. This indicates a strong relationship between strategic leadership and performance; thus, the assumption of linearity was met. diagonal line.

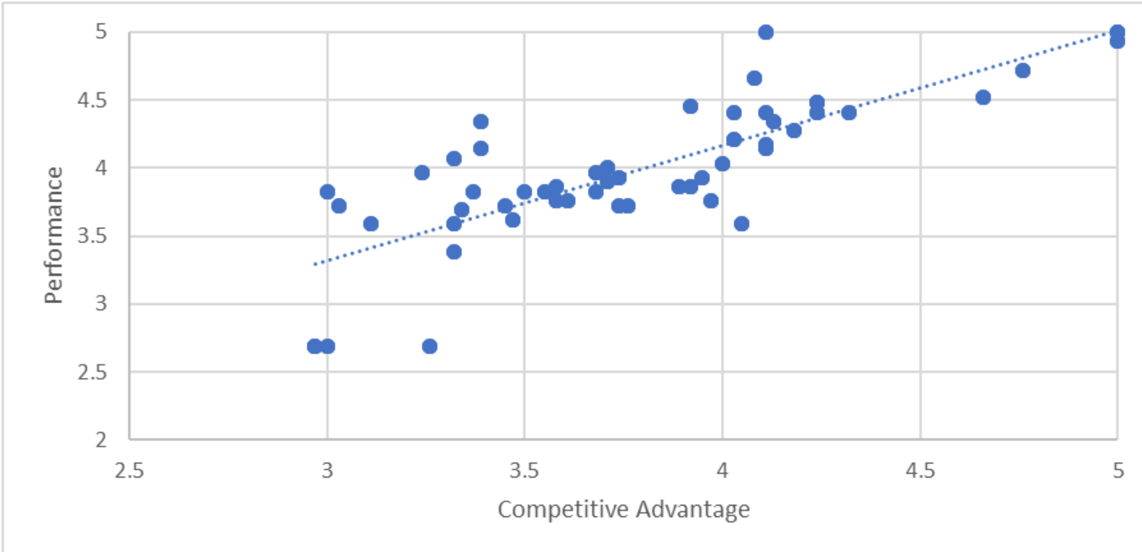

Figure 4.7: Scatter plot of Competitive Advantage against Performance

The scatter plot shows a positive linear relationship between competitive advantage and performance. The data plots cluster along the line of best fit. This indicates a strong relationship between competitive advantage and performance; thus, the assumption of linearity was met.

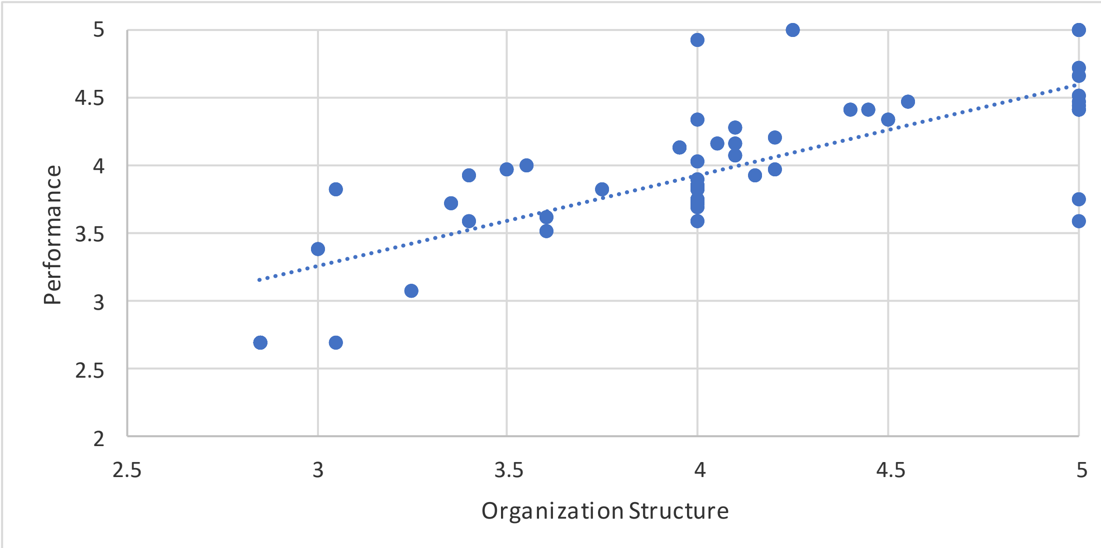

Figure 4.8: Scatter plot of Organization Structure against Performance

The scatter plot depicts a positive linear relationship between organization structure and performance. The data plots cluster along the line of best fit. This indicates a strong relationship between organization structure and performance; thus, the assumption of linearity was met.

4.8.2 Normality Test

Normality test confirm whether the data follows a normal distribution or asymmetrical distribution. If normality is not achieved, the results may not depict a true picture of the relationship amongst the variables. The study used Kolmogorov-Smirnov and Shapiro-Wilk tests. As rule of thumb the distribution is normal if p -value > 0.05. The results of normality tests for the relationship between strategic leadership and performance are reported in Table 4.24.

Table 4.24: Normality Test for Strategic Leadership

Tests of Normality

	Strategic leadership	Kolmogorov-Smirnov[e] Statistic	df	Sig.	Shapiro-Wilk Statistic	df	Sig.
Performance	15.79	.241	3	.	.974	3	.688
	16.32	.195	4	.	.990	4	.957
	16.58	.271	5	.200*	.910	5	.470
	16.84	.175	14	.200*	.955	14	.641
	17.11	.196	8	.200*	.948	8	.687
	17.37	.221	7	.200*	.920	7	.471
	17.63	.206	16	.068	.933	16	.268
	17.89	.200	12	.200*	.838	12	.026
	18.16	.176	18	.146	.940	18	.292
	18.42	.220	13	.087	.825	13	.014
	18.68	.204	15	.092	.855	15	.020
	18.95	.218	9	.200*	.945	9	.632
	19.21	.364	5	.029	.753	5	.032
	19.47	.304	4	.	.811	4	.123
	20.26	.343	3	.	.842	3	.220
	20.79	.164	5	.200*	.988	5	.971
	21.05	.385	3	.	.750	3	.000

*. This is a lower bound of the true significance.

The results in Table 4.24 showed that Kolmogrov-Smirnov test p-values > 0.05. This indicated that the data for strategic leadership was normally distributed. Thus, the assumption of normality was not violated. Further, P-P plot in Figure 4.9 shows that the points coalesce around the 45 degrees' line which is an indication of normally distributed.

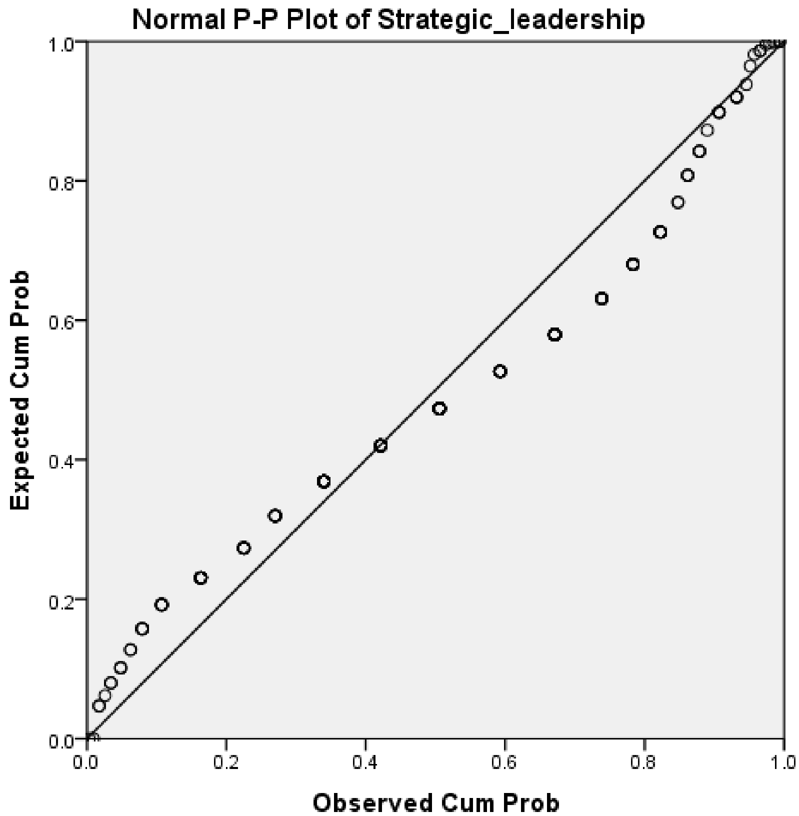

Figure 4.9: Graphical Test for Normality for Strategic Leadership

Table 4.25: Normality Test for Competitive Advantage

Tests of Normality							
	Competitive	Kolmogorov-Smirnov[c]			Shapiro-Wilk		
	advantage	Statistic	df	Sig.	Statistic	df	Sig.
Performance	11.11	.260	2	.			
	12.22	.294	4	.	.817	4	.137
	16.11	.243	7	.200*	.865	7	.167
	16.67	.142	9	.200*	.976	9	.943
	17.22	.300	18	.000	.713	18	.000
	17.78	.187	22	.044	.898	22	.027
	18.33	.168	46	.002	.937	46	.015
	18.89	.147	15	.200*	.959	15	.680
	19.44	.264	10	.046	.835	10	.038
	20.00	.235	8	.200*	.867	8	.142
	20.56	.260	2	.			
	21.11	.199	6	.200*	.904	6	.400
	21.67	.385	3	.	.750	3	.000

*. This is a lower bound of the true significance.

The findings in Table 4.25 revealed that Kolmogrov-Smirnov test results p-values were greater than 0.05. This indicated that competitive advantage data was normally distributed. Further P-P plot in Figure 4.10 presenting the graphical test for normality for competitive advantage indicated that the points were closure to the line. Therefore, the assumption of normality was not violated.

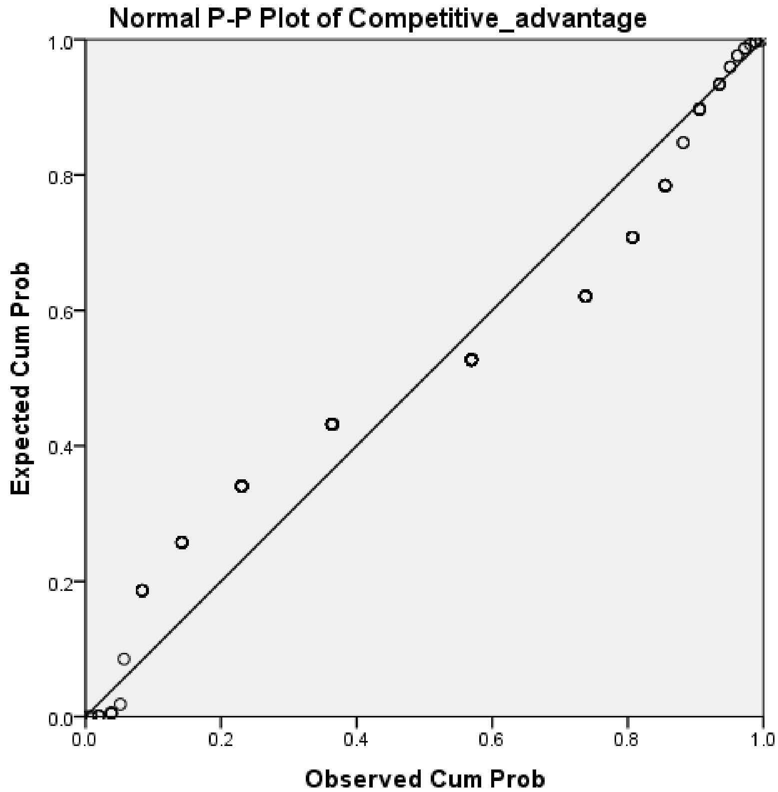

Figure 4.10: Normality Test for Competitive Advantage

Table 4.26: Normality Test for Organization Structure

		Tests of Normality					
	Organization	Kolmogorov-Smirnov[c]			Shapiro-Wilk		
	structure	Statistic	df	Sig.	Statistic	df	Sig.
Performance	15.26	.253	3	.	.964	3	.637
	15.53	.314	3	.	.893	3	.363
	16.32	.232	5	.200*	.909	5	.460
	16.58	.240	6	.200*	.892	6	.326
	16.84	.264	6	.200*	.845	6	.143
	17.11	.372	5	.022	.828	5	.135
	17.37	.258	12	.026	.848	12	.035
	17.63	.194	17	.088	.931	17	.230
	17.89	.244	16	.012	.857	16	.017
	18.16	.205	20	.028	.885	20	.022
	18.42	.174	13	.200*	.912	13	.194
	18.68	.166	16	.200*	.919	16	.161
	18.95	.180	10	.200*	.887	10	.157
	19.21	.385	3	.	.750	3	.000
	19.47	.385	3	.	.750	3	.000
	19.74	.258	8	.125	.842	8	.080
	20.53	.260	2	.			
	21.05	.385	3	.	.750	3	.000
	21.32	.260	2	.			

*. This is a lower bound of the true significance.

Table 4.26 presented the results of normality tests for the relationship between organization structure and performance. Normality was tested using Kolmogorov-Smirnov and Shapiro-

Wilk tests. Kolmogrov-Smirnov test results P- values were greater than 0.05; an indication that the data was normally distributed data. P-P Plot in Figure 4.11 indicated that the points coalesce around the line of 45 degrees. Therefore, the assumption of normality was met.

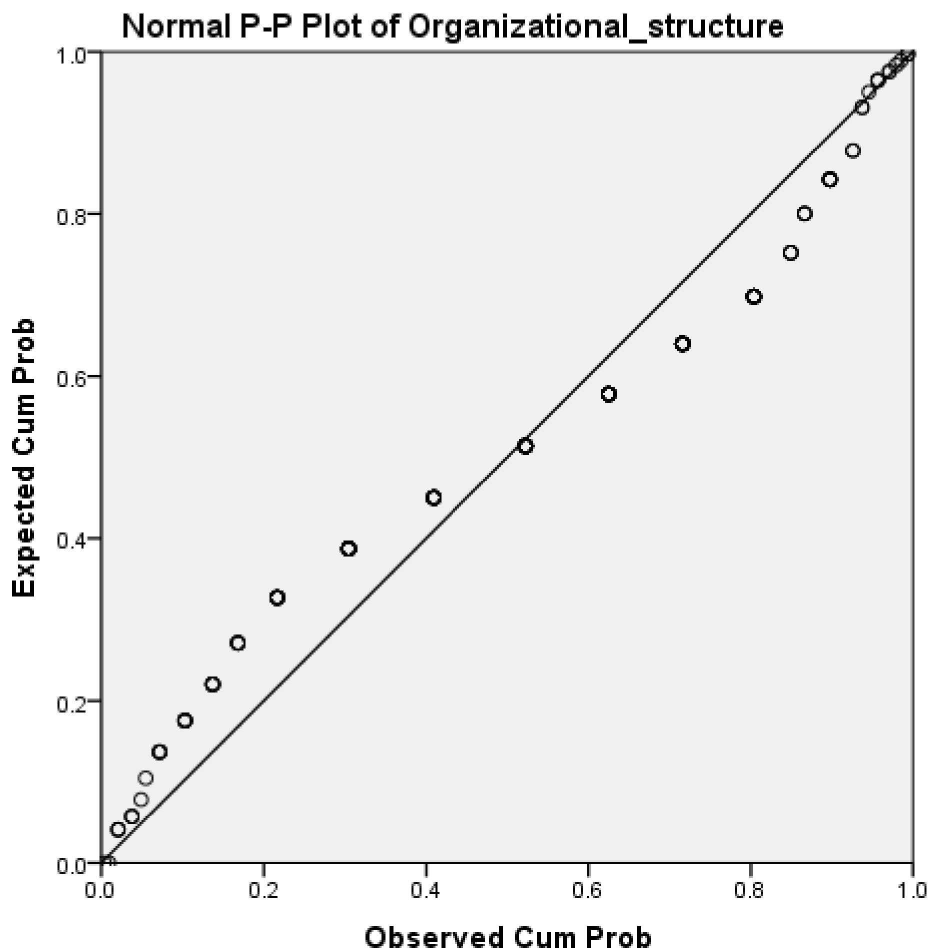

Figure 4.11: Normality Test for Organization Structure

4.8.3 Test for Multicollinearity

Multicollinearity refers to high correlation between independent variables. Existence of Multicollinearity leads to unreliable and unstable estimates of regression coefficients. The study used both tolerance value and variance inflation factor to test on Multicollinearity. Rule of thumb indicates that if tolerance is > 0.1 and VIF< 10, then the variables are not highly correlated. The results are presented in Table 4.27.

Table 4.27: Test for Multicollinearity

Variable	Tolerance	VIF
Strategic leadership	0.538	1.860
Competitive advantage	0.658	1.520
Organization structure	0.548	1.824

The findings in Table 4.27 indicated that tolerance values for each variable was greater than 0.1. variance inflation factor (VIF) values were less than 10. The condition for test of Multicollinearity were met, thus, there was no problem of Multicollinearity. It therefore means that strategic leadership, competitive advantage and organization structure would all be included in the model.

4.8.4 Test for Homoscedasticity

Homoscedasticity refers to constant variance of errors. Lack of homoscedasticity results in heteroscedasticity which depicts non-constant variance of errors (fans out or funnel in). The study used Breusch pagan test for homoscedasticity. The Breusch pagan test states that when P-value greater than 0.05 then homoscedasticity or constant variance exists.

Table 4.28: Homoscedasticity Test

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	260.839	3	86.946	7.653	.075[b]
	Residual	1772.281	156	11.361		
	Total	2033.119	159			

a. Dependent Variable: Square residual

b. Predictors: (Constant), Organization structure, Competitive advantage, Strategic leadership

The results of Breusch pagan test shows that the p-value = 0.075> 0.05. Therefore, there exist constant variance of errors/ constant band. Assumption of homoscedasticity was met.

4.9 Results of Hypotheses Tests

This sub-section provides the results of hypotheses tests including direct, indirect and joint effect relationships. The first hypothesis relating strategic leadership with performance of INGOs was tested using simple linear regression analysis. The second hypothesis, that is, mediating effect of competitive advantage on the relationship between strategic leadership and performance was tested using path analysis or the four steps proposed by Baron and Kenny (1986). Third hypothesis on the moderating effect of organization structure on the relationship between strategic leadership and performance was assessed using step wise analysis. The joint effect of strategic leadership, competitive advantage and organization structure on performance from their independent effects was tested using multiple linear regression analysis. The results were interpreted using coefficient of determination/goodness of fit (R^2), analysis of variance/F test, t- test and P-values.

4.9.1 Strategic Leadership and Performance of International Non-Governmental Organizations

The study established the relationship between strategic leadership and performance. By testing the following hypothesis.

H_{01}: Strategic leadership has no significant effect on performance of International Non-Governmental Organizations in Kenya.

Simple linear regression analysis was used to test this hypothesis. Composite indices were computed for variables strategic leadership and performance. Table 4.29 presents the summary of the regression analysis for the relationship between strategic leadership and performance.

Table 4.29: Test Results for Effect of Strategic Leadership on Performance

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.723[a]	0.522	0.52	1.24709	1.623

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	290.821	1	290.821	186.995	.000[b]
	Residual	265.946	171	1.555		
	Total	556.768	172			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	5.41	0.962		5.621	0.000		
	Strategic leadership	0.715	0.052	0.723	13.675	0.000	1	1

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategic leadership

As shown in Table 4.29, coefficient of determination of 0.522 shows that 52.2 percent of the variation in performance of international non-governmental organizations in Kenya are accounted for by the changes in strategic leadership. Thus, strategic leadership is a major determinant of performance in international non-governmental organizations in Kenya. The model of strategic leadership on performance was significant in overall (F = 186.995, P-Value = 0.000<0.05). Thus, the model was robust and fit for prediction. Coefficient of strategic leadership was significant (β = 0.723, t = 13.675, p-value = 0.000<0.05). specifically, for every one-unit increase in strategic leadership, performance of international non-governmental organizations in Kenya increases by 0.723 units holding other factors constant. Hypothesis that Strategic leadership has no significant effect on performance of International Non-Governmental Organizations in Kenya was not supported. Thus, Strategic leadership has significant effect on performance of International Non-Governmental Organizations in Kenya. The predictive model of strategic leadership on performance of International Non-Governmental Organizations in Kenya was of the form.

P = 5.41 + 0.723SL

Where p represents performance and SL represents strategic leadership.

4.9.2 Strategic Leadership, Competitive advantage and Performance of International Non-Governmental Organizations in Kenya

The study tested the mediating role of competitive advantage on the relationship between strategic leadership and performance. This was based on the following hypothesis

H_{O2}: Competitive Advantage does not Mediate the Relationship Between Strategic Leadership and Performance of International Non-Governmental Organizations in Kenya.

Composite indices for competitive advantage, strategic leadership and performance were computed. The study used four steps of testing mediation as proposed by Baron and Kenny. Step one regressed performance on strategic leadership. Step two regressed competitive advantage on strategic leadership. In step three performance was regressed on competitive advantage and in step four performance was regressed on strategic leadership while controlling competitive advantage. Full mediation occurs if the effect of strategic leadership on performance is significant in the presence of competitive advantage. On the other hand, partial mediation takes place if the relationship between strategic leadership and performance is insignificant but greater than zero when effect of competitive advantage is controlled. Results of the four steps are presented in the subsequent tables.

Step One: Performance on Strategic Leadership

Table 4.30: Effect of Strategic Leadership on Performance

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.723[a]	0.522	0.52	1.24709	1.623

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	290.821	1	290.821	186.995	.000[b]
	Residual	265.946	171	1.555		
	Total	556.768	172			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	5.41	0.962		5.621	0		
	Strategic leadership	0.715	0.052	0.723	13.675	0	1	1

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategic leadership

The results indicated significant positive relationship between strategic leadership and performance (β = 0.732). Coefficient of determination (R^2 = 0.522) shows that strategic leadership explained 52.2 percent of the variation in performance. Regression model of performance on strategic leadership was statistically significant overall as indicated by F ratio (F = 186.995, P-Value = 0.00 <0.05. Beta coefficient of strategic leadership (β = 0.723, t = 13.675, p-value = 0.000<0.05) was significant. Further one-unit increase in strategic leadership increases performance of international non-governmental organizations in Kenya by 0.723 units' other factors held constant. Condition in step one is met, thus, testing moves to step two of competitive advantage on strategic leadership.

Step Two: Competitive Advantage was regressed on Strategic Leadership

Table 4.31: Effect of Strategic Leadership on Competitive Advantage

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	Change Statistics F Change
1	.565[a]	0.319	0.315	1.93013	0.319	81.047

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	301.933	1	301.933	81.047	.000[b]
	Residual	644.497	173	3.725		
	Total	946.43	174			

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	5.718	1.389		4.117	.000
	Strategic leadership	0.679	0.075	0.565	9.003	.000

a. Predictors: (Constant), Strategic leadership
b. Dependent Variable: Competitive advantage

The results indicated moderate positive relationship between strategic leadership and competitive advantage (β = 0.565). Coefficient of determination (R^2 = 0.319) shows that strategic leadership explained 31.9 percent of the variation in competitive advantage.

Regression model of competitive advantage on strategic leadership was statistically significant overall as indicated by F ratio (F = 81.047, P-Value = 0.00 <0.05. Beta coefficient of strategic leadership (β = 0.565, t = 9.003, p-value = 0.000<0.05) was significant. Beta coefficient shows that for every one-unit increase in strategic leadership, competitive advantage of international non-governmental organizations in Kenya increases by 0.565 units when other factors are held constant. Condition in step two is met, thus, the test proceeds to step three of performance on competitive advantage.

Step Three: Performance on Competitive Advantage

Table 4.32: Effect of Competitive Advantage on Performance

Model Summary[b]						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change
1	.508[a]	0.258	0.254	1.53563	0.258	62.937
ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	148.414	1	148.414	62.937	.000[b]
	Residual	426.825	181	2.358		
	Total	575.239	182			
Coefficients[a]						
Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	11.252	0.926		12.151	.000
	Competitive advantage	0.401	0.051	0.508	7.933	.000

a. Predictors: (Constant), Competitive advantage

b. Dependent Variable: Performance

In step three performance was regressed on competitive advantage. The results indicated moderate positive relationship between competitive advantage and performance (β = 0.508).

Coefficient of determination ($R^2 = 0.258$) shows that competitive advantage accounts for 25.8 percent of the variation in performance of international non-governmental organizations in Kenya. Regression model of performance on strategic leadership was statistically significant overall as indicated by F ratio ($F = 62.937$, P-Value = $0.00 < 0.05$. Beta coefficient of competitive advantage ($\beta = 0.508$, $t = 7.933$, p-value = $0.000 < 0.05$) was significant. Beta coefficient shows that for every one-unit increase in competitive advantage, performance of international non-governmental organizations in Kenya increases by 0.508 units when other factors held constant. Condition in step three is met, thus, the test proceeds to step four.

Step Four Tested the Influence of Strategic Leadership on Performance While Controlling Competitive Advantage

Table 4.33: Performance on Strategic Leadership and Competitive Advantage

Model Summary[c]						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	Change Statistics: F Change
1	.725[b]	0.525	0.52	1.22772	0.02	6.97

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	280.166	2	140.083	92.937	.000[c]
	Residual	253.226	168	1.507		
	Total	533.392	170			

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.872	1.013		4.811	0.000
	Strategic leadership	0.617	0.062	0.625	10.026	0.065
	Competitive advantage	0.129	0.049	0.165	2.64	0.09

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategic leadership, Competitive advantage

Coefficient of determination between strategic leadership, competitive advantage and performance was 0.525. This is an increase by 0.003 from 0.522 to 0.525. It indicated that strategic leadership and competitive advantage collectively accounts for 52.5 percent of the variation in performance of international non-governmental organizations in Kenya. The model of strategic leadership and competitive advantage on performance was significant in overall (F = 92.937, P-Value = 0.000<0.05). Beta coefficient for strategic leadership (β = 0.625, t = 10.026, p-value = 0.065>0.05) was not significant. Beta coefficient of competitive advantage (β = 0.165, t = 2.64, p-value = 0.090>0.05) was not significant. The findings provide evidence that competitive advantage partially mediate the relationship between strategic leadership and performance of international non-governmental organizations in Kenya. Thus, the hypothesis that competitive advantage does not mediate the relationship between strategic leadership and performance of International Non-Governmental Organizations in Kenya was not supported. It therefore means that competitive advantage mediates the relationship between strategic leadership and performance of international non-governmental organizations in Kenya.

The predictive mediating model was as follows.

P = 4.872 + 0.625SL + 0.165CA

Where P = Performance, SL = strategic leadership and CA = competitive advantage.

4.9.3 Strategic Leadership, Organizational Structure and Performance of International Non-Governmental Organizations in Kenya

The third objective was to determine the moderating influence of organization structure on the relationship between strategic leadership and organizational performance. This objective was tested based on the following hypothesis.

H_{O3}: Organization structure does not moderate the relationship between strategic leadership and performance of international non-governmental organizations in Kenya.

To test moderating effect, stepwise method was used. This involved three steps analysis. In step one performance was regressed on strategic leadership. In step two, performance was regressed on both strategic leadership and organizational structure as independent variables. In step three, performance was regressed on strategic leadership, organizational structure and interaction term (strategic leadership*organizational structure). Moderation takes place if beta coefficient of interaction term is significant. The results are presented in Table 4.34.

Table 4.34: Moderating Effect of Organizational Structure on the Relationship between Strategic Leadership and Performance

Model Summary[d]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.690[a]	0.476	0.473	1.17099	0.476	145.507
2	.732[b]	0.535	0.529	1.10653	0.059	20.182
3	.742[c]	0.55	0.542	1.09181	0.015	5.318

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	199.522	1	199.522	145.507	.000[b]
	Residual	219.394	160	1.371		
	Total	418.916	161			
2	Regression	224.234	2	112.117	91.567	.000[c]
	Residual	194.683	159	1.224		
	Total	418.916	161			
3	Regression	230.573	3	76.858	64.476	.000[d]
	Residual	188.343	158	1.192		
	Total	418.916	161			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.21	1.014		6.122	0
	Strategic leadership	0.67	0.056	0.69	12.063	0
2	(Constant)	3.306	1.156		2.86	0.005
	Strategic leadership	0.5	0.065	0.515	7.735	0
	Organizational structure	0.331	0.074	0.299	4.492	0
3	(Constant)	14.606	5.031		2.903	0.004
	Strategic leadership	-0.153	0.29	-0.158	-0.528	0.598
	Organizational structure	-0.278	0.274	-0.252	-1.016	0.311
	Interact_SL_OS	0.035	0.015	1.098	2.306	0.022

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategic leadership

c. Predictors: (Constant), Strategic leadership, Organizational structure

d. Predictors: (Constant), Strategic leadership, Organizational structure, Interact_SL_OS

As shown in Table 5.11, strategic leadership had a significant positive influence on performance (Model 1). The R^2 was 0.476. When organizational structure was introduced in the model (model) R^2 improved to 0.535, a significant R squared change of 0.059. The introduction of interaction term in the third model improved R^2 to 0.550. This resulted in significant R squared change of 0.015. ANOVA test for overall significance indicated that model one (F = 145.507, P-Value = 0.00<0.05), model two (F = 91.567, P-Value = 0.00<0.05) and model three (F = 64.476, P-Value = 0.00<0.05) were all significant. Individual significance of the model indicated that in model one, beta coefficient for strategic leadership (β = 0.69, p-value = 0.000<0.05) was significant thus analysis proceeded to step two. In step two beta coefficient of strategic leadership (β = 0.515, p- value = 0.000<0.05) and beta coefficient of organizational structure (β = 0.299, p- value = 0.000<0.05) were significant thus the analysis proceeded to step three. In step three where moderation effect was tested, beta coefficient of the interaction term (β = 1.098, t = 2.306, p- value = 0.022<0.05) was significant. Thus, moderation took place. The hypothesis that organization structure does not moderate the relationship between strategic leadership and performance of international non-governmental organizations in Kenya was not supported. This means that organization structure moderates the relationship between strategic leadership and performance of international non-governmental organizations in Kenya. The predictive model was as follows;

P = 14.606 – 0.158SL – 0.252OS + 1.098 SL*OS

Where; P = Performance, SL = Strategic leadership, OS = organizational structure and SL*OS = Interaction term.

4.9.4 Strategic Leadership, Competitive Advantage and Organization Structure On Performance

The fourth objective was to determine the joint effect of strategic leadership, competitive advantage and organization structure on performance of international non-governmental organizations from their independent effects. The following hypothesis was formulated and tested using multiple linear regression model.

H_{O4}: The joint effect of strategic leadership, competitive advantage and organization structure on organizational performance is not statistically significant from their independent effects

The results of the regression analysis are presented in Table 4.35.

Table 4.35: Joint Effect of Strategic Leadership, Competitive Advantage and Organization Structure on Organizational Performance

Model Summary[d]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	Change Statistics: F Change
1	.674[a]	0.455	0.451	1.17078	0.455	131.644
2	.702[b]	0.493	0.487	1.13192	0.039	12.034
3	.746[c]	0.556	0.548	1.0626	0.063	22.155

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	180.448	1	180.448	131.644	.000[b]
	Residual	216.575	158	1.371		
	Total	397.022	159			
2	Regression	195.866	2	97.933	76.435	.000[c]
	Residual	201.156	157	1.281		
	Total	397.022	159			
3	Regression	220.881	3	73.627	65.208	.000[d]
	Residual	176.141	156	1.129		
	Total	397.022	159			

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	6.543	1.041		6.288	0.000
	Strategic leadership	0.652	0.057	0.674	11.474	0.000
2	(Constant)	5.634	1.04		5.418	0.000
	Strategic leadership	0.531	0.065	0.549	8.166	0.000
	Competitive advantage	0.171	0.049	0.233	3.469	0.001
3	(Constant)	3.11	1.114		2.793	0.006
	Strategic leadership	0.367	0.07	0.379	5.217	0.000
	Competitive advantage	0.108	0.048	0.147	2.239	0.027
	Organizational structure	0.369	0.078	0.339	4.707	0.000

a. Dependent Variable: Performance

b. Predictors: (Constant), Strategic leadership

c. Predictors: (Constant), Strategic leadership, Competitive advantage

d. Predictors: (Constant), Strategic leadership, Competitive advantage, Organizational structure

The findings indicated that the individual effect accounted for 45.5 percent of the variation in performance while the joint effect accounted 54.8 percent of the variation in performance. It means that collectively strategic leadership, competitive advantage and organization structure accounts more for variation on performance of international non-governmental organizations in Kenya as compared to the contribution of strategic leadership alone. The model for strategic leadership, competitive advantage and organization structure on performance was significant in overall ($F = 65.208$, P-value = $0.000<0.05$). The coefficients strategic leadership ($\beta = 0.379$, $t = 5.2217$, P-value = $0.000<0.05$), competitive advantage ($\beta = 0.147$, $t = 2.239$, P-value = $0.027<0.05$) and organizational structure ($\beta = 0.339$, $t = 4.707$, P-value = $0.000<0.05$) were individually significant. Further strategic leadership, competitive advantage and organization structure were positively related to performance international non-governmental organizations in Kenya. Thus, the hypothesis that the joint effect of strategic leadership, competitive advantage and organization structure on organizational performance is not statistically significant from their independent effects was not supported. It follows that the joint effect of strategic leadership, competitive advantage and organization structure on organizational performance is statistically significant from their independent effects.

The joint predictive model is of the form.

P = 3.11 + 0.379SL + 0.147CA + 0.339OS

Where; P = performance, SL = Strategic Leadership, CA = Competitive Advantage, OS = Organizational Structure

Table 4.36: Summary of Hypothesis Results

Objective	Hypothesis	Findings	Decision
To determine the influence of strategic leadership on performance of international non-governmental organizations.	**$H_0$1**: Strategic leadership has no significant effect on performance of international non-governmental organizations in Kenya.	R^2 = 0.522 F = 186.995, P-Value = 0.000 β = 0.723, t = 13.675, P-value = 0.000	**H_{01}** Not Supported
To determine the mediating role of competitive advantage on the relationship between strategic leadership and organizational performance	**$H_0$2:** Competitive advantage does not mediate the relationship between strategic leadership and performance of international non-governmental organizations in Kenya.	R^2 = 0.525 F = 92.937, P-Value = 0.000 β = 0.165, t = 2.64, P-value = 0.09	**H_{02}** Not Supported
To determine the moderating influence of organization structure on the relationship between strategic leadership and organizational performance	**$H_0$3:** organization structure does not moderate the relationship between strategic leadership and performance of international non-governmental organizations in Kenya.	R^2 = 0.55 F = 64.476, P-Value = 0.000 β = 1.098, t = 2.306, P-value = 0.022	**H_{03}** Not Supported
To determine the joint effect of strategic leadership, competitive advantage and organization structure on performance of international non-governmental organizations from their independent effects	**$H_0$4:** The joint effect of strategic leadership, competitive advantage and organization structure on organizational performance is not statistically significant from their independent effects	R^2 = 0.548 F = 65.208, P-value = 0.000<0.05	**H_{04}** Not Supported

CHAPTER FIVE

DISCUSSION OF RESULTS

5.1 Discussion of Findings

This section presents the discussions of the study findings. The study was guided by four objectives and four corresponding hypotheses. The findings from the test of hypothesis are compared with the findings of previous studies. The findings are also aligned to the theories upon which the study was anchored.

5.2 Strategic Leadership and Performance.

The first objective of the study was to determine the influence of strategic leadership on performance of International Non-governmental organizations. The hypothesis was tested using simple linear regression. The overall mean scores for strategic leadership and performance were 3.66 and 3.69 respectively. The results of the mean score demonstrate significant presence of strategic leadership and above average performance among International Non-governmental organizations in Kenya. The results of hypothesis test showed that strategic leadership had significant and positive influence on the performance of International Non-governmental organizations (R^2 = 0.522, beta = 0.723). The results suggest that strategic leadership is a good predictor of organizational performance. The overall conclusion was that strategic leadership influence performance of International Non-governmental organizations in Kenya.

The results are consistent with findings obtained by Fitza (2017), Kitonga (2017), Quigley and Graffin (2017) and Witts (2016). Although the previous studies cited above measured performance for profit-oriented firms, the current study clarifies the relationship between strategic leadership and performance of International Non-governmental organizations. In the context of not-for profit organizations, the current study demonstrates that strategic leadership was significantly associated with percentage of project funding used by local implementing agencies. This is consistent with the findings of Crossland and Hambrick (2011) who opined that top managers have sufficient discretion and strategic choices to influence performance. These results also conform to Goffee and Jones (2006), who provided evidence showing that strategic leadership leads to improved organizational performance. Thus, critical element of strategic leadership and organizational performance is the ability of leadership to manage and utilize the organization’s resource portfolio.

These results support those of Jaleha and Machuki (2018) who opined that that leadership creates organizational capabilities that enable it realize high performance. Abayassin and Abood, (2013); Zhu, Wang and Bart, (2016) in the study of not-for profit sector focused on the corporate governance issues and ethical leadership. Zhu, Wang and Bart (2016) investigated board processes, board strategic involvement and performance of for-profit and non-profit organizations. The analysis revealed that corporate governance, a broader aspect of strategic leadership had varied influence on performance depending on strategic orientation of the organization. Active involvement of leaders in strategy formulation was found to enhance financial performance of not-for profit organizations. Harrison and Pelletier (1997) defined strategic leadership as the process of making strategic decisions. The findings of the current study suggest that organizational leaders involved in strategy formulation, implementation oversight and control are more likely to have higher influence on the performance of the organizations they lead.

Strategic leadership has been linked to organizational performance not only through strategy management process, but more importantly on the basis of style of leadership. Two broad leadership styles associated with performance comprise transactional leadership and transformational leadership. Whereas transactional leadership is unlikely to generate enthusiasm and commitment to task objectives, transformational leadership inspires trust and loyalty (Zagorsek, Dimovski & Skerlavaj, 2009) among members of the organization and external stakeholders who in turn commit to the interests of the organization and consequently improved organizational performance. In view of the results of the current study and borrowing from the leadership styles, majority of the International Non-governmental organizations mostly have transformational leaders.

The upper echelons theory argues that organizational performance is predicted in part by backgrounds of top management (Hambrick & Mason, 1984). These backgrounds of top managers include their demographics and behavioral integration (Hambrick, 2007). Strategic leadership cannot be divorced from characteristics of leaders. Strategic decisions made by leaders are products of their background. The upper echelons theory argues that behaviorally integrated leaders share information and involve organizational members in decision making. Hence, behaviorally integrated leaders have direct positive impact on organizational performance. Considering the results of the current study displaying strong influence of strategic leadership on performance, International Non-governmental organizations are viewed as having behaviorally integrated leaders.

5.3 Strategic Leadership, Competitive Advantage and Performance

The second objective of the study was to determine the mediating role of competitive advantage on the relationship between strategic leadership and organizational performance. The hypothesis assumed that strategic leadership does not create competitive advantage which in turn leads to organizational performance. The hypothesis was tested through path analysis as proposed by Baron and Kenny (1986). The results demonstrated the presence of partial mediation of competitive advantage on the relationship between strategic leadership and organizational performance.

The results of partial mediation mean that strategic leadership has both direct and indirect influence on organizational performance. Strategic leadership indirectly influences organizational performance by creating competitive advantage which in turn directly influences performance of International Non-governmental organizations. The results conform the Resource Based View (Wernerfelt, 1984) who posited that in order to gain competitive advantage, it is incumbent upon a firm to exercise strategic flexibility through prudent strategic leadership, by effectively leveraging on new technologies, building core competencies, exploiting global markets and strategic alliance or competitive strategies.

The results support resource-based view which argues that organizations that enjoy distinctive internal capabilities and favorable changing external circumstances create competitive advantage in the industry (Hart, 1995). This means competitive advantage is a deliberate effort by the organization to align its internal conditions and capabilities with changes in the external environment. Leadership plays a fundamental role in the process of aligning the organization to external conditions through resource deployments, supporting and nurturing internal excellence that altogether create competitive advantage. In essence, strategic leadership is the propeller that drives organizational performance through competitive advantage.

The findings further conform to Powell (2001) who argued that superior performance follows competitive advantage. Therefore, competitive advantage and superior performance are materially equivalent. Barney, (1991); Quigley and Graffin, (2017) reported that strategic leadership contributes to performance through competitive advantage. The structure-conduct-performance paradigm explains that external factors including structure of the industry influence firm behavior and how firms conduct themselves. The industrial organization theory holds that how firms conduct themselves influences their performance. However, the behavior of the organization is intertwined with leadership. Mutia (2016) findings indicated that there was a significant relationship between the determination of the church's strategic direction and its infrastructural growth. Tairas et al. (2016) found that strategic leadership had positive and significant influence on the competitive advantage. In the contrary, there was an inverse relationship of strategic leadership on competitive advantage if the intervening variables of the entrepreneurship strategy were used.

Strategic leadership sets the direction the organization takes to align itself with changing circumstances in the industry environment. Hence, the results of the study fit well within the postulations of the industrial organization economics theory and the resource-based view of the firm. While the former explains how external industry conditions influence firm behavior, the later explains how the firm uses internal resources and capabilities to align itself to external changes. As a result, changes in the external environment signal organizational internal response, that creates competitive advantage and in turn superior performance. Although competition in the context of International Non-governmental organizations is not in the sphere of products and markets, they compete for funds from donors and service delivery to beneficiaries. Hence, strategic leaders capable of building competitive advantage place their organizations in better positions in successful bidding for donor funds.

5.4 Strategic Leadership, Organization Structure and Performance

The third objective of the study was to determine the moderating influence of organization structure on the relationship between strategic leadership and organizational performance. This objective corresponded to the third hypothesis which stated that organization structure does not moderate the relationship between strategic leadership and performance of international non-governmental organizations in Kenya. Moderation was tested using the stepwise method of analysis that introduced product term of strategic leadership and organization structure in the regression model.

The results revealed that organization structure significantly moderates the relationship between strategic leadership and organizational performance. This is consistent with findings by Newbert (2008) who established that organization structure was a higher order capability that moderates the influence between strategic decisions and organizational performance. The results support those of Pertusa-Ortega et al. (2010) who established that the effect of strategy on performance is channeled through organization structure. Further structure constitutes a unique resource that contributes to performance by influencing the development of competitive strategies that deliver superior performance (Newbert, 2008).

Unlike Pertusa-Ortega et al. (2010) who conceptualized organization structure as a mediator between strategy and performance, the current study demonstrates organization structure as a moderator of the relationship between strategic leadership and organizational performance. Although leaders create organization structure, once established, structure may run parallel to some leadership style, that is, transformational leadership is hindered by bureaucratic structure (Wright & Pandey, 2010). On the contrary, flexible structure paves the way for transformational leadership and provides pathway to improved organizational performance. Although Awino (2015) established that organization structure has direct influence on performance, his findings cannot be interpreted without looking at the broader organization's internal conditions. Structure without effective leadership is barren. Moreover, strategic leadership ensures that organization structure is aligned to strategy for superior performance outcome.

Organization structure plays the important roles of coordination and control in a changing environment. The findings are in line with the Industrial organization theory's arguments that different environmental contexts call for appropriate organization structure (Merijaard, Brand & Mosselman, 2005). The findings of the current study lend credence to Industrial Organization Economics theory by demonstrating that the influence of strategic leadership on performance is moderated by structure. Although organization structure itself is influenced by the environment and strategic choices by leaders, it cannot be changed within the same frequency in which decisions are made. Although not static, organization structure tends to be stable at least in the short and medium term giving it the latitude to moderate the relationship between strategic decisions and performance.

5.5 Joint Effect of Strategic Leadership, Competitive Advantage and Organization Structure on Performance

The fourth objective of the study was to determine the joint effect of strategic leadership, competitive advantage and organization structure on performance of international non-governmental organizations from their independent effects. The hypothesis was tested through multiple linear regression analysis. The results demonstrated significant positive joint influence of strategic leadership, competitive advantage and organization structure on performance. The results are consistent with findings by Ogaga (2017) who reported significant joint influence of competitive advantage, organization structure and leadership on performance. However, the current findings deviate from Ogaga (2017) by demonstrating that strategic leadership had the greatest influence on performance.

Although studies devoted to investigating the influence of strategic leadership on performance are scarce, related studies such as Lee and Welliver (2018) found that strategic leadership had significant impact on the relationship between organizational learning and sales performance. Hitt et al. (2002) emphasized that the key role of strategic leadership is the ability to influence others to be voluntarily make daily decision that enhances long term viability of organization, while at the same time maintaining its short-term financial stability. Leadership should further manage both human and social capital.

Resource based view argues that human and social capital is a main strategic asset of organizations which creates value for the organization. The results of the current study demonstrate that strategic leadership is fundamental ingredient of successful organizations. The creation of competitive advantage requires appropriate structure and strategic leadership. This result is aligned to that of Lado et al. (1992), who posited that competitive advantage is an exclusive competency by which organization gain a competitive edge over competitors.

Strategic leadership contributes to competitive advantage by aligning the organization structure to the changes in the external environment. The donor community is characterized by frequent and unpredictable changes in funding policies, priorities and fluctuating donor funds. In such competitive environment, firms that thrive are those that quickly learn about changes in the environment and effectively use its resources and capabilities to deal with changing conditions in the environment. Therefore, strategic leadership that builds environment sensing capabilities not only develops organization structure that responds to changing environment, but they also create competitive advantage that makes the organization perform better than its peers in the industry.

Powell (2014) argued that firm with good structural organization fit perform better than those without good fit. However, competitive advantage itself is not a permanent state. It is relatively unstable and can easily be lost if not protected by continuous learning and change management.

Hence, strategic leaders bear the responsibility of both creating and protecting competitive advantage to guarantee better organizational performance.

5.6 Chapter Summary

The chapter reported tests of statistical assumptions, hypotheses tests and findings. In addition, the chapter provided discussion of the results of hypotheses tests. The statistical assumptions reported include normality, linearity, multi-collinearity and homoskedasticity. The results of tests of assumptions of regression analysis showed that there were no violations of the assumptions. The hypotheses were tested through regression analysis.

The results of regression analysis showed that all the null hypotheses were not accepted. The results indicated that strategic leadership had both direct and indirect influence on organizational performance. The results revealed that competitive advantage partialy mediated the relationship between strategic leadership and organizational performance while organization structure moderated the relationship between strategic leadership and organization performance. Moreover, the joint influence of strategic leadership, competitive advantage and organization structure on performance of International Non-governmental organizations was significant from their independent effects.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The chapter reports on summary of the study and its findings, conclusion, recommendations, limitations, and suggestions for further research. The key findings amongst the relationships of the study variables are undertaken and integrated with conclusions. The conclusions are based on interpretations of findings of the study. The chapter further provides the findings in threefold comprising theoretical implication, policy implication and management implication. Finally, the chapter discusses the limitations of the study and offers suggestions for further research.

6.2 Summary of the Findings

Organizational performance is not only a management concern for the profit-oriented business enterprises, but also both a management and research concern in the not-for profit organizations. Like business firms, International Non-Governmental Organizations compete for resources and face changing and challenging competitive environment. Although theories position leadership in a point of influence with the ability of steering organizations to greater heights of success, performance variations across organizations are widespread. The current study was a leap towards explaining organizational performance in the context of not-for profit organizations. The study sought to answer the question: How does competitive advantage and organization structure influence the relationship between strategic leadership and performance of International Non-Governmental Organizations in Kenya. The research question was addressed through four research objectives.

The first objective sought to establish the influence of strategic leadership on organizational performance. The second objective focused on determining the mediating role of competitive advantage on the relationship between strategic leadership and organizational performance. The third objective delved on the moderating influence of organization structure on the relationship between strategic leadership and performance. The fourth objective sought to determine the joint influence of strategic leadership, competitive advantage, and organization structure on performance of International Non-governmental organizations in Kenya from their independent effects.

The study was grounded on four theories namely, the strategic leadership theory, the upper echelons theory, the resource-based view and the industrial organization economics theory. Whereas the industrial organization economics theory explains external conditions that influence organization's competitive advantage and subsequent performance, the other three theories explain how internal organizational factors are used to align the organization to changing external conditions to create competitive advantage. Based on the four research objectives and theory, four hypotheses were formulated. To test the hypotheses of the study, a positivist research paradigm was adopted. A cross-sectional survey design targeting all International non-governmental organizations registered at the NGO coordination board as of 1st April 2019 was adopted. Data was collected through structured questionnaire. Analysis of data was done through descriptive statistics and inferential statistics. Descriptive analysis comprised mean scores, standard deviation and standard error. On the other hand, inferential analysis used included correlation analysis, factor analysis and regression analysis.

The variables of the study were measured using 5-point rating scale. The study achieved a response rate of 68.6 percent. The response rate was considered adequate. Reliability test was carried out using Cronbach's Alpha coefficient. Results of the reliability test showed that Cronbach's Alpha coefficient ranged between 0.800 and 0.893. Hence, all the measures of all the variables were considered reliable. Validity was tested through exploratory factor analysis (EFA). EFA tested construct validity and found that the instrument of data collection passed the validity test. Descriptive analysis indicated mean scores above 3.60 on a scale ranging between 1 and 5 for all the variables. Organizational performance had the highest mean score of 3.69 with a corresponding standard deviation of 0.70. Strategic leadership recorded a mean score of 3.66 and standard deviation of 0.67. Competitive advantage registered a mean score of 3.64 and standard deviation of 0.70. Organization structure had a mean score of 3.63 and corresponding standard deviation of 0.73.

Diagnostic tests were carried out prior to hypotheses tests. The diagnostic tests done were normality, linearity, multi-collinearity, and homoscedasticity. All diagnostic of regression analysis demonstrated that all the assumptions were not violated. This facilitated carrying out of hypothesis testing through regression analysis.

6.2.1 Strategic Leadership and Performance

Strategic leadership was measured in terms of Visionary; Self-leadership**;** Motivating and inspiring; Empowering; Collaborating and Influencing. The dependent variable performance was measured in terms of Financial Measures: (Cost ratio, portfolio changes, annual changes in revenue and expenditure) and non-Financial (customer focus, internal processes and organizational capacity). The results showed that strategic leadership significantly influenced organizational performance (R^2 = 0.522), that is, 52.2% of the variations in performance of International non-governmental organizations were accounted for by the changes in strategic leadership. The remaining 47.8 percent are accounted for by other factors not in this study.

The model of performance on strategic leadership was both overall and individual significant. Thus, the hypothesis was not supported. This is consistent with the findings of Crossland and Hambrick (2011) who opined that top managers have sufficient discretion and strategic choices to influence performance. These results also conform to Goffee and Jones (2006), who provided evidence showing that strategic leadership leads to improved organizational performance. Thus, critical element of strategic leadership and organizational performance is the ability of leadership to manage and utilize the organization's resource portfolio.

6.2.2 Role of Competitive Advantage on the Relationship between Strategic Leadership and Performance

Competitive advantage was measured in four facets, that is, cost leadership, differentiation, cost focus, differentiation focus. Hypothesis two was developed and tested using Barron and Kenny four steps of testing mediation. The results revealed that competitive advantage partially mediates the relationship between strategic leadership and performance. The hypothesis that Competitive advantage does not mediate the relationship between strategic leadership and performance of international non-governmental organizations in Kenya was not supported. This means that the influence of strategic leadership on performance is indirect through competitive advantage.

6.2.3 Effect of Organization Structure on The Relationship Between Strategic Leadership and Performance

Organization structure was measured in terms of formalization, complexity and centralization. The study examined the moderating effect of organization structure on the relationship between strategic leadership and performance. Stepwise method was used to test moderation. It was established that organization structure had a significant moderating influence on the relationship between strategic leadership and performance. Therefore, the hypothesis that organization structure does not moderate the relationship between strategic leadership and performance of international non-governmental organizations in Kenya was not supported.

6.2.4 Joint Effect of Strategic Leadership, competitive advantage and Organization Structure on Performance

The study hypothesized that the joint influence of strategic leadership, competitive advantage and organization structure on performance was not greater than the individual effect of strategic leadership on performance. A multiple linear regression analysis was used to test the hypothesis. The findings indicated that the joint effect was positive and significant ($R^2 = 0.548$, p-value$\leq$0.05). Thus, the hypothesis that the joint effect of strategic leadership, competitive advantage and organization structure on organizational performance is not statistically significant was not supported. The results of the study were consistent with findings of previous studies. The study results supported the strategic leadership theory, upper echelons theory, resource-based view of the firm and industrial organization economics theory.

6.3 Conclusion

The main objective of the study was to determine how strategic leadership, competitive advantage and organization structure influence performance of International non-governmental organizations in Kenya. Four hypotheses were tested using regression analysis. It was concluded that strategic leadership had significant positive influence on organizational performance. Leadership plays a major role in strategy formulation and implementation. Without effective leadership, the strategic management process fails. Organizational performance is the result of good decisions made at the right time by leaders upon whose shoulders steering the organization rests.

The results demonstrated that strategic leaders make decisions and take actions that lead to positive performance of the organization. Therefore, the study concluded that the role of strategic leadership is indispensable in performance management within International non-governmental organizations in Kenya. The study further concluded that having experienced leaders who are committed to strategic goals of the firm leads to superior performance of the organization. On the contrary, ineffective leaders are detrimental to the performance of organization.

The study concluded that competitive advantage partially mediated the relationship between strategic leadership and organizational performance. The results implied that both competitive advantage and strategic leadership concurrently influence organizational performance positively. Leaders create competitive advantage by aligning the internal resources and capabilities with the realities in the external environment. Leaders develop appropriate strategy to enable the organization successfully gain competitive advantage.

The study concluded that competitive advantage facilitates organizational performance outcome but does not preclude strategic leadership acting beyond the ordinary course of business to improve performance. In this process, strategic leadership entails deployment of resources and building competencies that enable the organization to perform better than its rivals in the industry. The role of leadership does not stop at establishing competitive advantage but goes further to use this advantage to implement superior strategy for better performance outcomes.

The study concluded that organization structure significantly moderated the relationship between strategic leadership and organizational performance. The results showed that the moderation was significant and positive implying that leaders can leverage on organization structure to improve performance of the organization. When organizations face difficult financial situation such as sharp fall in revenue, leaders mitigate by cutting cost. This often involves right-sizing, downsizing, or restructuring. It was concluded that organization structure is a tool at the disposal of management used for matching organizational internal resources to challenges and realities in the competitive environment. Depending on the need and prevailing conditions, organization structure can be adjusted, re-modeled or changed altogether to enable the organization cope with adverse changes in the external environment.

The study concluded that strategic leadership plays premium role in putting together an effective structure and creating competitive advantage that altogether enable the organization to perform better than its peers in the industry. The significant results obtained for the joint influence of strategic leadership, competitive advantage, and organization structure on performance of International non-governmental organizations in Kenya suggest that performance of the organization depends on multiple factors consistently working together. Whereas competitive advantage depends on organizational internal resource profiles as well as conditions in the external environment, organization structure is within the control of management.

6.4 Recommendations and Implications

Based on findings of the study, it is recommended that Board of Directors develop policy for employment of top managers in the International Non-governmental organizations. The policy should emphasize strategic orientation of top managers based on their training, experience and traits. Secondly, it is recommended that managers should periodically evaluate organization structure to establish whether it is responsive to the changes in the environment and whether it serves the needs of the organization. Where, it is established that organization structure is not serving the interests of the organization, deliberate steps must be taken by management to review structure and align it with strategy. Furthermore, the review must ensure that structure is synchronic to leadership style and if any of the two become an impediment, then necessary action aimed at aligning leadership and structure should be considered. It is also recommended that international non-governmental organization must be able to identify their competitive advantage. This should be used to make the organization become unique and operate above competition rather than copying what other organizations are doing. Further, the study highlighted implications based on theory, policy and management. The implications are based on findings of the study and interpretation of the results in the view of their contributions to theory, and practical applications in improving policy decisions and guiding management actions.

6.4.1 Implications to Theory

The findings from this study expands the frontiers of knowledge, adding to the existing literature by confirming empirically, that indeed, strategic leadership influences performance of International Non-Governmental Organizations in Kenya. It lends support to the relationship between strategic leadership, competitive advantage, organization structure and organizational performance (Porter, 1996; Barney, 1997; Owino, 2014). By empirically testing the extent to which strategic leadership is associated to competitive advantage and organization structure, it adds to academic knowledge in several ways by providing evidence pointing towards significant application of strategic leadership that will lead to different levels of achievements in INGO performance.

This study confirmed the contributions by the various theories and lends support for the hypothesized relationships. The study was guided by four theories namely, strategic leadership theory, upper echelons theory, the resource-based view of the firm and industrial organization economics theories. The postulations of the theories were tested in the context of International Non-governmental organizations in Kenya. Strategic leadership theory argues that different styles of leadership produce varied performance outcomes. The upper echelons theory predicts firm performance based on characteristics of top managers. The results of the current study demonstrate that strategic leadership has significant positive influence on organizational performance. Therefore, the findings support the postulations of both strategic leadership theory and upper echelons theory that organizational performance is dependent on type of leadership and characteristics of leaders at the top of the organization. The resource-based view of the firm holds that possession of distinctive advantages gives organization upper hand in the industry. The findings of the study support industrial economics theory by arguing that organization structure is a resource that managers can deploy in managing performance.

6.4.2 Implications to Policy

The findings of the study have implications for leadership in corporate governance. The findings demonstrate that policy makers have the inescapable responsibility for organizational performance through their decisions and actions. The Board of Directors have a responsibility in recruiting, managing performance, evaluating, and retaining effective leaders that have strategic mindset and supportive behavioral traits. The results mean that it is incumbent upon the Board of Directors to evaluate performance of top management based on the decisions they make and hold management accountable for below average performance.

The findings of the study show that strategic leadership has a strong positive influence on organization performance. The joint influence of strategic leadership, competitive advantage and organization structure significantly enhanced this relationship. Policy can be developed that encourages inculcating of strategic leadership practices within these organizations. Secondly, today, most International Non-Governmental Organizations registered by the NGO Coordination Board do not use the sustainable balanced score card to measure their organizational performance. Yet the findings of this study have revealed that this measurement is possible. Policy can be developed to encourage measurement and reporting of performance along the indicators of the SBSC as used in this study (Kaplan & Norton, 1992; Elkington, 1997). With respect to policy, it is recommended that stakeholders increase funding for strategic research to enable scholars or researchers help in imparting the best possible contingent solutions in the ever-turbulent global development environment.

6.4.3 Implications to Management

The findings of the study have practical implications to managers of International Non-governmental organizations. Managers can leverage on organization structure to manage performance using a variety of approaches that suit specific circumstances of each organization. The results mean that managers can re-design structure, re-engineer reporting and work coordination to ensure that performance goals are met. In addition, by using resources to create a position of advantage in the industry, the organization is assured of better performance.

Practitioners are poised to benefit from the managerial implication of these findings through its medium- and long-term planning. For instance, the Government of Kenya can use the findings to evaluate the use of strategic leadership and organizational structure attributes for purposes of implementing the goals and objectives of the sustainable development goals. The results from the study may also be applied by managers to help enhance organizational performance in various sectors of the economy.

In terms of organization performance measurement, the study has afforded a broader based sustainable balanced scorecard (SBSC) that measures financial performance, employee perspective, customer perspective, internal business process performance, learning and growth. Performance and non-market performance enable organizations to adopt stakeholders' view of value rather than simple shareholders performance. International Non-Governmental Organizations that embraced the balanced scorecard performance measurement modes have adopted competitive advantage as a tool for gaining sustainable advantage within their industry in the volatile business environment (Elkington, 1997).

The focus must be on identifying and developing relevant strategic leadership constructs and internal competencies adeptly co-aligned with organizational structures and robust firm capabilities and competences that will significantly boost organization performance in the volatile development environment. The management must note that organization performance is a function of a constellation of factors which must seamlessly and strategically combine to engender positive results (Lawrence & Lorch, 1969; Porter, 1987; Nightgale & Toulouse, 1977).

International Non-Governmental organizations in Kenya are thus highly encouraged to develop internal attributes both through leadership, structure and building of internal competencies that will make them competitive in the highly dynamic and competitive development environment. This will allow them to benefit more from their unique, valuable, rare, in-imitable and non-substitutable (VRIN) resources to attain superior organization performance. The focus should be on identifying effective and efficient organizational structures, unique resources and dynamic capabilities which can yield high performance in their sector and adjust their focus and strategies accordingly (Teece, 2014).

Strategic leadership manifests differently in various INGOs registered with the NGO coordination board in Kenya. Some dimensions are significant while others are not on the different indicators of organization performance. It is therefore prudent that organizations must carry out frequent situational analyses and environmental scanning of the environment in which they operate. Managers who develop organizational structures to either adapt to changing business environment conditions or to proactively influence their industries should find the results of this study useful.

The findings that organization structure moderates the relationship between strategic leadership and organization performance certainly make their work easier. The positive effects have higher contributions to the performance, and this implies that managers should concentrate not only on monitoring the volatility within the sector, but also on building on the areas that impact on organization performance. This should form the basis of how firm capabilities are developed within the organization if it has to succeed. They should not pay excessive attention to one factor as organization performance is imperative.

Additionally, the results of this study enable management practitioners to formulate long term strategies to address organization performance constraints that could have led to low grant utilization and fundraising initiatives within the development sector. With the increasing realization that competitive advantage is imperative, most of INGOs are looking for ways to leverage on innovation for better project implementation and target beneficiary reach. They are able to allocate funds for research and development of integrated projects that are able to deliver multiple intended outcomes. The leadership are also continuously looking at addressing their internal weakness for the example the inefficient use of technology. The results did indicate innovation and automation of business processes were core capabilities with significant influence on organization performance.

It thus implied that technology required attention for a company to enhance its efficiency. By and large, it helps managers formulate effective strategies for their organizations with a view to achieving sustainable superior performance levels. From the foregoing research findings, it is recommended that researchers, managers, policy makers adopt a multifaceted strategic approach in the pursuit of gaining sustainable competitive advantage, and superior performance. This is due to the fact that no single strategic approach, not even generic strategies and strategic alliance indicators alone, can yield excellent organization performance.

6.5 Limitations

The purpose of this study was to establish the influence of competitive advantage and organization structure on the relationship between strategic leadership and organization performance of International Non-Governmental Organizations in Kenya. While the objective was achieved, it was not devoid of limitations. It was limited in scope and a number of factors including time and financial constraints. The study was also limited in terms of conceptual, contextual, and methodological perspectives. The study used cross sectional survey since it is one of the most appropriate method available to address both time and financial constraints. However, the use of email and telephone contacts coupled with competent research assistants, enhanced the response rate considerably while mitigating the cost of the study.

The study had a number of limitations; it was a cross-sectional survey relying on self-reported data. This means that the results of the study only demonstrate association between variables, but do not imply causality. Cross-sectional design lacks the power to test causal relationships. Whereas cross-section design sheds light on the strength and direction of relationships between variables, findings are not conclusive with regards to causal linkages. Hence, under the circumstances, it is difficult to conclude that strategic leadership causes observed organization performance.

Unlike secondary data extracted from documented records, self-reported data capture perceptions of respondents. Hence, there are possibilities of respondent bias in the primary data. Although the current study tested both the reliability and validity of data, respondent bias may not be completely ruled out. From the conceptual perspective, the study was only limited to four variables, namely, strategic leadership, competitive advantage, organization structure and organization performance. A combination of these study variables without other known factors statistically limits the findings considerably although, choice of the study was motivated by a number of factors currently affecting the performance INGOS in Kenya ranging from strategic shift in donor priorities to management within the organizations

The study was limited to International Non-governmental organizations. As a result, the views of local NGOs are not captured in the study. International Non-governmental organizations tend to work with expatriates in strategic positions, meaning that the findings may not be fair representation of how leadership influences performance across not-for profit organizations particularly in the Kenyan context. The study was also limited to 277 respondent INGOs registered in Kenya by 1st April 2019. These organizations represent vast thematic areas of interventions for INGOs in Kenya. This contextual limitation could be mitigated by a broad-based approach, incorporating the study of other Non-Governmental Organizations that are not internationally registered.

Data used in the analysis was collected using structured questionnaire that do not allow respondents to explain their views in context. Hence, the study is methodologically limited both in measurement and depth of investigation. Fourth, strategic leadership is at top management level thus, questionnaires were to be administered at the higher level of the organization. Given the difficulty to approach high level managers in every organization due to their limited time and restricted work schedule it took longer time to get the response.

6.6 Suggestions for Further Research

Regarding future research, the study recommends investigating the role of leadership style on competitive advantage and performance. In addition, the study recommended that future studies should investigate the antecedents to strategic leadership. Considering that the current study was a cross-sectional survey, future studies should consider testing theory as conceptualized in the current study using methodologies that can test causality. The study recommends longitudinal research design and meta-analysis to investigate causal impact of strategic leadership on performance.

Moreover, this research has given rise to several new research avenues and practical implications. There is need to replicate this study in different contexts bearing in mind that it directly measures strategic leadership using conceptually validated constructs. Replicating studies will help strategic leadership research draw patterns showing effect of strategic leadership on various organizational outcomes. Researchers could focus on strategic leadership guided by the findings of the study.

Furthermore, this study did not consider the effect of strategic leadership heterogeneity and homogeneity on organization performance. A study that compares the impact of strategic leadership and other variables would allow researchers to understand the predictive power of the two areas of research. In addition, researchers should consider exploring the use of historically contextualized analyses and longitudinal design as suggested by Johnson et al (2008) and Porter (2008). The current study used cross sectional approach whereas a longitudinal approach would provide a longer time to study and observe relationships amongst study variables.

Additionally, the population of the study was restricted to International Non-Governmental Organizations. Therefore, there is need to replicate this study in different contexts such as National/local non-Governmental organizations in Kenya. Future research should also consider other moderating and intervening factors that could affect strategic leadership orientation and organizational performance relationship. Finally, future studies in similar context should be cognizant of some emerging fundamentals like globalization and climate change in relation to performance of International Non-Governmental Organizations.

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APPENDICES

Appendix 1: Introductory Letter

Dear Sir/Madam

RE: INTRODUCTION LETTER.

I am a student studying a PHD in Business Administration (Strategic Management) at The University of Nairobi. In partial fulfilment of the requirement for the award of a postgraduate degree, I am required to do a thesis, the topic of my thesis is: *Strategic Leadership, Competitive Advantage, Organization structure and Performance of International non-governmental organizations in Kenya.*

You have been selected to participate in this study and I would kindly request for your assistance in filling this questionnaire

The information provided is strictly for academic purpose and will be handled with strict confidence. Your assistance and co-operation will be highly appreciated.

A copy of the paper would be availed upon request.

Yours sincerely,

Joan Oracha

D80/93918/2014

Appendix 2: Management Questionnaire

Part 1: Organization/Respondent Profile

1. Questionnaire Serial Number (Ethical research practice; confidentiality)

________002____

2. How long has your organization been in operation in Kenya?

- ☐ Less than 5 years
- ☐ 5-10 years
- ☐ 11-15 years
- ☐ Over 15 years

3. What is the size of the organization in terms of the number of permanent employees?

- ☐ Less than 100 employees
- ☐ 100-499
- ☐ 499-999
- ☐ Over 999

4. Please indicate your position in the organization by ticking one of the below

- ☐ Country Director
- ☐ Program/Operations Director
- ☐ Technical Lead
- ☐ Any other specified

5. How long have you held your current position in the organization?

- ☐ Less than 1 year
- ☐ From 1 to 3 years
- ☐ From 4 to 5 years
- ☐ More than 5 years

6. Prior to your appointment to the current position, please indicate what your previous position was by ticking one of the answers below.

- ☐ I was performing a different role in the current organization or any of its affiliate
- ☐ Others (Please elaborate)

7. Kindly list the thematic areas that the organization carries its project interventions in

PART II. information on Strategic Leadership, Competitive Advantage, Organization Structure and Performance Of International Non Governmental Organizations in Kenya.

A. Strategic Leadership

8. **Visionary:-**To what extent does the following statements describe the leadership of your organization?

Use a 5 –point scale where 5= very great extent, 4=great extent, 3= moderate extent, 2=little extent, 1= not at all

Description	**1**	**2**	**3**	**4**	**5**
We work in partnership with stakeholders to develop clear vision and goals for the organization					
We work with stakeholders to develop plans to help achieve the organization vision and mission					
We take lead responsibility for communicating and promoting ownership of the organization's vison to a wide range of stakeholders					
We share insights about the challenges and opportunities affecting the organization appropriately with others within and outside the organization to challenge views and bring about continuous improvement.					

9. **Self-leadership:-** To what extent do the following describe the leadership of your organization?

Use a 5 –point scale where 5= very great extent, 4=great extent, 3= moderate extent, 2=little extent, 1= not at all

Description	**1**	**2**	**3**	**4**	**5**
We adapt leadership and management styles that are relevant to the needs of staff					
We use research and evidence to inform and continually improve our approach to leadership					
We enable staff to take intelligent risks, through a sound approach to risk management and promote work place culture which encourages and support professional autonomy?					
We develop strategies which build resilience and sustainability in the organization					

10. **Motivating and Inspiring Others**: To what extent do the following describe the leadership of your organization?

Use a 5 –point scale where 5= very great extent, 4=great extent, 3= moderate extent, 2=little extent, 1= not at all

Description	**1**	**2**	**3**	**4**	**5**
We are recognized by both internal and external stakeholders for our skilled leadership and the way we inspire others to continually improve					
We support internal and external stakeholders to feel valued for their contribution					
We use a range of evidence to evaluate how well the organization is performing and use this to continuously improve processes					

11. **Empowering Others (Training, delegation, coaching, facilities and resources): -** To what extent do the following describe the leadership of your organization?

Use a 5 –point scale where 5= very great extent, 4=great extent, 3= moderate extent, 2=little extent, 1= not at all

Description	**1**	**2**	**3**	**4**	**5**
We share across the organization any important leadership concepts learnt from different sources					
We encourage others to share knowledge, information, and ideas to improve practice and build behaviour and processes needed to support the creation of knowledge management culture					
We encourage and support staff to make decisions and take appropriate risks					
We listen to hear, value and act on expert contribution from staff and target beneficiaries as appropriate.					

12 **Collaborative and Influencing: -** To what extent do the following describe the leadership of your organization?

Use a 5 –point scale where 5= very great extent, 4=great extent, 3= moderate extent, 2=little extent, 1= not at all

Description	**1**	**2**	**3**	**4**	**5**
We use lessons learnt and validated research findings to strengthen our collaborative approach					
We have a strong working relationship with a wide range of stakeholders					
We recognize and understand differences and the constraints that we and those who we work with in our own organizations face					
We constructively challenge our own and others stereotypes and assumptions.					

B. Competitive Advantage

13. To what extent do the statements provided below describe your organizations approach to achieving competitive Advantage?

Use a 5 –point scale where 5= very great extent, 4=great extent, 3= moderate extent, 2=little extent, 1= not at all

Description	1	2	3	4	5
We are the most affordable in delivering services to our target beneficiaries					
Our operational costs are low enough to make us the most affordable service deliverer to target beneficiaries					
We have appropriate technology that makes us deliver services to our target beneficiaries in the most affordable way,					
We have diversified funding sources that enable us to create large impact in the most affordable way					
Compared to others in the sectors we have the most innovative ways of delivering services to our target beneficiaries					
Our program delivery model is unique as compared to other INGOs					
Our organization uses innovative solutions to facilitate effective program delivery and knowledge management.					
We are positioned as the most preferred organization in our thematic area of intervention					
We are renowned for our unique program delivery model in our thematic area of intervention					

C. Organization structure

14. Please indicate the extent to which the following statements describe your firm's organization structure?

Use a 5 –point scale where 5= very great extent, 4=great extent, 3= moderate extent, 2=little extent, 1= not at all

Descriptions	**1**	**2**	**3**	**4**	**5**
The work roles in the organization are highly structured					
The activities of the employees are governed by rules and procedures					
The organization has standardized behaviour through formal training and related mechanisms					
The organization has a policy manual clearly defining roles and responsibilities for staff					
The organization has formal system of delegation					
The organization has written and defined process to review the structure periodically to ensure consistency with the organizations current strategies					
Departments in the organization are differentiated in terms of numbers and functionalities					
There is substantial geographical dispersion of programme units/ Field offices and average distance from headquarters					
There are a number of levels that separate the CEO from the rank and file					
The organization takes into account the needs of the employees					

Descriptions	1	2	3	4	5
The organization takes into consideration the ideas of the employees					
Decision making is centralized					
There are few written procedures and rules					
Decision making is distributed across all levels of the organization					
Power and authority are centralized at the hands of the top management					
Power and authority are centralized at the hands of top management					
There are authoritative communication channels					
Information from lower levels flows up to the decision maker where the information is analyzed and synthesized to gain broader perspective in order to aid decision making					
There is top down flow of information and most of the time the directions from top are taken for implementation with little or no modification.					

D. Organizational performance

15. How would you rate you're the organization's performance using the following indicators. Use a 5 –point scale where 5= very satisfied, 4=satisfied, 3= neutral, 2=dissatisfied, 1= very dissatisfied

Description	1	2	3	4	5
We regularly measure our performance both financially and non-financially to give us holistic view of the organization					
We regularly monitor and analyze our operating environment and use the information to determine activities					
We measure the performance of our staff through regular performance reviews					
We continually attract donor funding on incremental basis					
We never run out of funds to offset expenses					
We use more than 70% of the donor funds to implement project interventions					
Our project interventions directly address the needs of target beneficiaries					
We utilize more than 95% of the budgeted funds before end of the budget cycle					
We have a strong and supportive network of partners					
Operational efficiency has improved over the last five years					
We spend less than 20% on administrative costs					
Our quality of services is rated better than our close competitors					

Description	1	2	3	4	5
The organization delivers services to its customers (target beneficiaries) in a timely way					
Generally, customers (target beneficiaries) rate the quality of our products and services as high relative to our competitors					
Safety measures have been put in place to make the work environment conducive					
We conduct annual surveys to monitor employee morale and satisfaction					
Our organization put emphasis on employee education and training as a way of enhancing performance					
Our interventions pass environment impact assessment tests					
Environmental awareness and improvement has increased over the last five years and thus represent strategic core issues of the company's objective					
Our organization conducts annual environmental audit					
We invest in community projects which over the years provide lasting impact					
Our organization always publishes annual performance sustainability report.					
More than 50% (half) of our projects continue after the end of donor funding					

How would you rate the performance of your organization/ project over the past 5 years using the below criteria.

16. What is the ratio of core management and support cost as compared to total funding over the past 5 year (Overhead costs)?

Year	2019	2018	2017	2016	2015
Value					

17. What is the ratio of field management support cost as opposed to direct project implementation cost?

Year	2019	2018	2017	2016	2015
Value					

18. What is the staff cost as a percentage of the total expenditure?

Year	2019	2018	2017	2016	2015
Value					

19. Over last five years what percentage of project funding went to local implementing partners?

Year	2019	2018	2017	2016	2015
Value					

20. Suggest ways of enhancing the performance of your organization

Appendix 3: Secondary Data Capture Form Sheet

Organization	Year	Revenue growth	Expenditure	Fundraising efficiency
INGO- A	2019			
INGO- A	2018			
INGO- A	2017			
INGO- A	2016			
INGO- A	2015			
INGO- B	2019			
INGO- B	2018			
INGO- B	2017			
INGO- B	2016			
INGO- B	2015			