Internal Appraisal and Performance of National Non-Governmental Organizations in the Health Sector in Kenya

Michael N. Kawiti* and Gabriel Okello

United States International University - Africa
*Corresponding Author’s E-mail:kawiti.ngui@gmail.com

Abstract
The purpose of this study was to establish the influence of internal appraisal on the organizational performance of national health non-governmental organizations (NGOs) in Kenya. The study utilized positivism research philosophy and cross-sectional research design. The target population constituted 564 program directors and chief executive officers (CEOs) of 282 national NGOs registered with the NGO coordination board. Stratified random sampling technique was used to select a sample size of 234, of which 227 responded to the questionnaire. Structured questionnaire was used for data collection, while descriptive and inferential statistical techniques were used for data analysis. Structural equation modelling (SEM) was applied to test the study hypothesis. Statistical package for social sciences (SPSS) Version 26 and Analysis of Moment Structures (AMOS) version 26 software were used for the analysis. The findings showed that the national health NGOs engaged in internal appraisal of leadership \( (M = 3.48, SD = 0.407) \), project development \( (M = 3.22, SD = 0.365) \) and funding \( (M = 3.20, SD = 0.397) \). In addition, it was established that conducting internal appraisal has a significant positive influence on the organizational performance of national health NGOs in Kenya \( (R^2 = 0.41, \beta = 0.643, CR = 6.578, p < 0.05) \). The study concluded that conducting internal appraisal is essential to enable national health NGOs in Kenya to accomplish their organizational performance objectives. This paper makes recommendations to the national health NGOs to regularly appraise internal strategic elements and continually analyze their organizations’ capacity to take advantage of current opportunities while mitigating threats.

Key Words: Internal appraisal, Organizational Performance, National health NGOs, Kenya.

Introduction
The conceptualization by the McKinsey’s 7Ss framework (Waterman, Peters, & Phillips, 1980) of structure, strategy, staff, skills, shared values, systems, and style, indicate that internal organizational environment is vital in influencing the performance of organizations (Grant, 1996). The internal organization aspects are essential to provide an enabling environment for an organization to accomplish its objectives (Mao et al., 2013). Specifically, an organization’s internal environment describes the corporate environment that has direct and specific implications on the company (Moses & Mukhamad, 2008). Organizations ought to identify and analyze internal strategic factors, such as the strengths and weaknesses that can help determine the organization’s ability to take advantage of existing opportunities while avoiding threats. Thus, the internal appraisal (strengths and weaknesses) is a comprehensive evaluation of the internal environment’s potential strengths and weaknesses. It comprises factors that should be evaluated across the organization in areas such as: organizational culture, organizational image,
organizational structure, key staff, access to natural resources, position on the experience curve, and operational efficiency (Katsioloudes, 2002; Wadongo & Abdel-Kader, 2014).

There are various opinions on relevance of conducting internal analysis of organizational environment. For example, various scholars posit the analysis of an organization’s internal environment includes examining the organization’s resources, capabilities and competencies, which can be explained using the resource based view approach (RBV) (Hitt et al., 2015; Pearce & Robinson, 2013; Thompson et al., 2007). Other scholars described internal analysis as a rigorous process of examining the organizations internal strengths and weaknesses to determine the overall performance of the organization as relates to its competitors, industry and to a considerable extent, and its own self (Comprehensive Strategic Management, 2018).

It is imperative not to neglect managerial ability while examining internal strengths within human resources, since managers are potential sources of value creation and can contribute to resource productivity. This is based on the overall view that managerial ability is important in the resource based view of the firm (Holcomb et al., 2008). Nevertheless, the results of internal analysis can help explain where the organization is within its operational parameters (Comprehensive Strategic Management, 2018). Despite the existence of various ways for conducting internal analysis of organizations, a simplified approach is to observe and analyze the internal environment through functional analysis (Wheelan & Hunger, 2012).

The focus on the role of health NGOs amidst COVID-19 has increased along with massive interest and concern over NGO performance from NGO practitioners, governments, donors, policy makers, citizens, and academics (Mohseni et al., 2021). Over the years, NGOs have continuously gained global attention due to the significant role they play, both socially and economically. They protect, promote and advance human rights as well as deploy aid to hundreds of millions of the most impoverished and vulnerable populations worldwide (Agyemang et al., 2019). The growing importance of NGOs has attracted the interest of numerous researchers on the different aspects of their operations and ultimate contributions. Within the European and developed societies, NGOs play an important role affecting millions of people who are their direct or indirect beneficiaries (Enjolras et al., 2018; Zbuchea et al., 2020). In middle eastern countries like Iran, NGOs contribute to health policy making (Khodayari-zarnaq et al., 2020).

In Africa, NGOs have been confirmed to trigger development changes including socially, economically, and environmentally (Ojo & Mafimisebi, 2020). In Kenya, health NGOs are making immense contributions in complementing government’s efforts as the nation works to achieve the Sustainable Development Goals (SDGs), Kenya Vision 2030, and other national development priorities (NGOs Coordination Board, 2019). Despite their positive contribution towards development, the 2018/19 sector report confirmed that most NGOs had many challenges including weak management structures, highly donor reliant, and poor accountability measures which affected their growth and accountability. The key contributions by health NGOs makes the investigation of their performance and sustainability and how internal appraisal plays a role to be vital. Therefore, the objective of this study was to establish the influence of definition of organizational purpose on organizational performance of national health NGOs in Kenya.
Literature Review

Theoretical Review

This study was anchored on the RBV theory which holds that organizations are heterogenous in their resource endowments and these differences in resource endowments contribute to, and therefore explain, difference in organizational performance (Penrose, 1959). Besides, Sanchez (2016) indicates that RBV focuses on the organization’s resources and is driven by factors internal to the organization that include capabilities, knowledge, assets, organizational processes, and firm characteristics. Furthermore, RBV views an organization as a combination of both tangible and intangible resources that help the organization to gain competitive advantage (Barney, 1991; Grant, 1996; Wernerfelt, 1984). Resource Based View links organizational performance and competitive advantage with resources and capabilities that are organization-specific, difficult to imitate (Chuang, 2013). Capability of the organization to appraise its internal resources and utilize them to gain a competitive advantage is viewed as a strategic resource. Sanchez (2016) argues that the capability to appraise internal processes and resources and align them with the organizational strategy is a valuable, rare and inimitable resource that can enable the organization to outperform rivals. This paper makes use of the RBV as the theoretical foundation to explain the relationship between internal appraisal and organizational performance. Notably, using RBV to explain the linkage among study variables will help management reposition the organization as opportunities change and its resources evolve (Lado & Wilson, 1994).

Conceptual Framework

Figure 1 depicts the predicted link between internal appraisal and organizational performance of national health NGOs in Kenya, in the conceptual framework that guided the research.

![Conceptual Framework]

Internal appraisal was operationalized using three dimensions that are internal to the organization, namely: Leadership, funding, and project development adopted from (Okorley & Nkrumah, 2012). The internal environment of the NGOs was assessed by evaluating the leadership, funding and project development capabilities of the organizations. Leadership entailed examining internal strengths and weaknesses within human resources, since managers are potential sources of value creation and can contribute to resource productivity (Holcomb et al., 2008). Funding entails the extent of financial resources that could be applied in executing the NGO’s projects while project development entailed analysis of the capacity of the NGOs to deliver their projects effectively. In measuring organizational performance, Nanthagopan et al. (2019) explained three dimensions that could be used to measure overall project success in NGOs including: project management success; project success; and NGO success. In this regard, this study adopted this model comprising the three dimensions: project management success, project success, and NGO success to operationalize organizational performance in the
context of national health NGOs in Kenya. Based on this conceptual framework, the following null hypothesis was tested:

\[ H_0: \text{Internal appraisal has no significant influence on the organizational performance of national health NGOs in Kenya.} \]

**Review of Empirical Studies**

The appraisal of internal organizational factors for realization of organizational success has attracted much research. In Estonia, Kivipöld and Vadi (2013) explored the link between appraisal of organizational leadership capability and organizational performance in the context of market orientation in financial service organizations. Using regression analysis, findings of the study indicated that there existed a positive connection between appraisal of leadership capabilities and organizational performance. On the other hand, Silva (2014) argued that organizational performance is largely dependent on appraisal of level skill of its leaders, especially when it comes to implementing strategies. Additionally, Mastrangelo et al. (2014) posited that the analysis of the efficacy of each individual employee largely influences organizational effectiveness. The relationship between appraisal of leadership and their apparent contributions to organizational performance have been widely explored. Notably, Ssekakubo et al. (2014) examined the linkage between appraisal of leadership competencies and organizational performance, and confirmed a positive correlation. Their findings were supported by Pradhan and Pradhan (2015) who posited that analysis of the competence of a leader can be applied to improve leadership capacity and hence enhance organizational performance. Further, Almatrooshi et al. (2016) explored factors that influence organizational performance and proposed a framework that could be beneficial for leaders. Their study utilized a systematic review of articles to compile empirical evidence on factors that influence organizational performance. Findings suggested a framework that outlined the role of analysis of emotional, cognitive, and social competencies on leaders, that ultimately influence employee and organizational performance. Equally, the authors emphasized on the significance of leadership competencies in the success of any organization.

Scarcity of funding or resources due to increased competition necessitates development of innovative strategies by management to facilitate smooth operations of the business. One of the strategies entails analysis of internal resources and then having effective plans to utilize the limited resources optimally. In India, Altaf and Ahmad (2019) evaluated the link between analysis of working capital finance and organizational performance of non-financial Indian companies. Findings of the study confirmed a U-shape link between appraisal of working capital financing and firm performance. In Malaysia, Amos et al. (2021) examined the mediating effects of appraisal of finance on the link between service quality and performance of hospital facilities management services in public health hospitals. Results of the study confirmed that appraisal of finance had a direct and an indirect effect on the link between facility management services quality and performance. In Ghana, Fugar and Agyakwah-Baah (2010) explored how appraisal of various financial factors including: clients, consultants, and contractors influenced performance. Findings of their study suggest that poor analysis of financial group factors ranked as the highest contributor to delays within construction projects in Ghana.

~ 152 ~
Understanding factors that enhance project development and overall organizational performance is critical for management. In Uganda, Nkuruziza et al. (2016) investigated approaches to improve performance of agricultural projects through appraisal of knowledge management and stakeholder engagement in a sub-Saharan African context. Results of the study indicate that both appraisal of stakeholder engagement and knowledge management significantly influence performance of agricultural projects by informing areas of improvement. Luiz et al. (2019) in a study conducted in Brazil, assess the effect of appraisal of critical chain project management practices on new product development performance. Study findings confirm a significant and positive correlation between appraisal of critical chain project management and the proposed performance factors. On the other hand, Hermano et al. (2021) assessed the effect of appraisal of project management capabilities on organizational performance, with the mediating effect of project and portfolio performance. Results of the study indicated that appraisal of project management capabilities do not directly affect organizational performance, but indirectly affects organizational performance through increased organizational performance in projects, programs, and portfolios.

Methodology
This study applied positivism research philosophy and a descriptive research design. The positivistic philosophy is based on facts, objectivity, neutrality, measurement and validity of results (Cooper & Schindler, 2014). Descriptive research helped to gain an accurate profile organizational purpose and performance in the national health NGOs based on the questions asked during data collection to gain insight (Saunders et al., 2016).

The target population was 564 CEOs and program directors of 282 national health non-governmental organizations in Kenya registered with NGO Coordination Board (NGOs Coordination Board, 2019). This study adopted the stratified random sampling technique which entailed grouping the national health NGOs into eight regions and proportionately distributing the sample based on the percentage of population in each region. The sample calculation formula by Yamane (1967) was utilized and this led to a sample size of 234 CEOs and program directors.

Primary data was obtained using the questionnaire survey strategy, where structured questionnaires were used. For data analysis, this study adopted both descriptive and inferential statistics, which were guided by the hypothesis of the study. Descriptive analysis through means and standard deviations was aided by the Statistical Package for Social Sciences (SPSS) version 26. The study also conducted Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). Structural Equation Modeling (SEM) through analysis of a moment structures (AMOS) version 26 was used to test the influence of internal appraisal on organizational performance of national health NGOs in Kenya. The study used Comparative Fit Index (CFI), Goodness of Fit Index (GFI) and Root Mean Square Error of Approximation (RMSEA) to assess the fitness of the SEM model. The regression model for the analysis was:

\[ \text{Organizational performance} = \beta_0 + \beta (\text{Internal Appraisal}) + \varepsilon \]

Where: \( \beta_0 = \text{Constant} \) and \( \varepsilon = \text{Error Term} \).

Findings
The study collected 227 questionnaires out of the 234 that were administered to participants, enabling a response rate of 97%. The findings regarding the general information collected established that males made up 53% of the respondents, while females made up 47%. Further
demographic results indicated that 39.2% of respondents were between the ages of 36 and 45 years, 39.2% held bachelor’s degrees, 47.6% were program directors, while 30% had worked in the NGOs for 7 to 10 years. Moreover, 69.6% of the NGOs had less than 50 employees, and 42.7% had been in existence for a period between 11 and 20 years.

**Descriptive Statistics for Internal Appraisal**
The study establishes the extent that the surveyed health NGOs engage in internal appraisal on a four-point Likert scale (strongly disagree to strongly agree). The means (M) and standard deviations (SD) were used to analyze the responses and Table 1 shows the findings of the descriptive statistics of the constructs measuring internal appraisal.

<table>
<thead>
<tr>
<th>Measures</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>3.4781</td>
<td>.40695</td>
</tr>
<tr>
<td>Funding</td>
<td>3.1958</td>
<td>.39677</td>
</tr>
<tr>
<td>Project Development</td>
<td>3.2202</td>
<td>.36450</td>
</tr>
</tbody>
</table>

The findings provided in Table 1 show that respondents agreed that their national health NGOs engaged in internal appraisal of leadership (M = 3.48, SD = 0.407), project development (M = 3.22, SD = 0.365) and funding (M = 3.20, SD = 0.397). These findings implied that the surveyed national health NGOs effectively conducted internal appraisal of their capacities in leadership, funding and project development. The findings also indicate that all the constructs had standard deviations less than 1 indicating that the responses closely converged around the means.

The study conducted preliminary diagnostic tests before the CFA and SEM modelling. The tests conducted included the test for outliers, the test of normality of the residuals, test of linearity, test of multicollinearity and test of homoscedasticity. All the regression assumptions were satisfied and the inferential analysis was then conducted. EFA results indicated that three components were extracted. Component 1 comprised of the seven items that chiefly associated with teamwork in the organization while component 2 had eight items that related to the financial resources available to the organization. Additionally, component 3 had nine items which were mainly associated with capacity of the projects by the national health NGOs to meet the community needs and align with stakeholders.

**Confirmatory Factor Analysis for Internal Appraisal**
The authors conducted CFA to examine the extent that the collected data for the internal appraisal variable fitted the study’s empirical model. This section provides results of the CFA for internal appraisal variable and fits a CFA model to indicate how well the observed constructs explained the first order latent constructs of leadership, funding and project development, and how these in turn explained organizational purpose. There were 8 items (LD1 – LD8) used to measure leadership, 6 items (FD1 – FD6) for measuring funding, and 10 items (PD1 – PD10) used to measure project development. Scale purification was however conducted and items with loadings below 0.5 towards their respective latent variables were eliminated from further analysis. Figure 2 indicates how the remaining items explained the first order latent variables and internal appraisal.
Figure 2: Model Fit for Internal Appraisal

Figure 2 displays the summary of the fit indices provided by the CFA model. The Chi-square/df value was 2.784, comparative fit index (CFI) was 0.922, and root mean square error of approximation (RMSEA) value was 0.074 all of which indicated that the model was a good fit. The findings also indicate that the items in the CFA model had loadings of over 0.5 towards the first order latent variables of leadership, funding and project development. Besides, these three constructs had significant loadings towards internal appraisal.

**SEM of Internal Appraisal on Organizational Performance**

The study conducted diagnostic tests to assess the assumptions of SEM before fitting the paths for the SEM. The diagnostic tests conducted included test of outliers, linearity test, test of normality of residuals and test of heteroscedasticity. All these tests were conducted and none of the key regression assumption was violated. The SEM path model to examine the influence of internal appraisal on the organizational performance of national health NGOs in Kenya was fitted. The findings in Figure 3 indicate that the r squared was 0.41. This indicates that 41% of the variance in organizational performance of national health NGOs in Kenya was explained by their conduction of internal appraisal. The implication is that 59 percent of the variance in organizational performance of the national health NGOs in Kenya was explained by other factors not included in the model, and the error term.
Figure 3: SEM for Internal Appraisal on the Organizational Performance

Path Model Regression Coefficients: The research generated the regression path coefficients to enable the study to test the hypothesis relating to the influence of conducting internal appraisal on the organizational performance. The regression estimates for the SEM are summarized in Table 2.

Table 2: Regression Coefficients for Internal Appraisal and Organizational Performance

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Estimate</th>
<th>Beta</th>
<th>S.E</th>
<th>CR</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>.371</td>
<td>.225</td>
<td>1.649</td>
<td>0.087</td>
<td></td>
</tr>
<tr>
<td>OP &lt;--- Internal Appraisal</td>
<td>.722</td>
<td>.643</td>
<td>.110</td>
<td>6.578</td>
<td>0.000</td>
</tr>
<tr>
<td>Project development &lt;--- Internal Appraisal</td>
<td>1.000</td>
<td>.795</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding &lt;--- Internal Appraisal</td>
<td>1.059</td>
<td>.937</td>
<td>.165</td>
<td>6.432</td>
<td>0.000</td>
</tr>
<tr>
<td>Leadership &lt;--- Internal Appraisal</td>
<td>1.077</td>
<td>.902</td>
<td>.147</td>
<td>7.318</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Findings summarized in Table 2 indicate that conducting internal appraisal had a statistically significant positive influence on the organizational performance (Beta = 0.643, CR = 6.578, p < 0.05). Using these results, the study rejected the null hypothesis and accepted the alternative hypothesis. The resultant regression model was;
Organizational performance = 0.371 + 0.643 Internal Appraisal + ε

These findings resulted to the inference that conducting internal appraisal has a significant positive influence on the organizational performance of national health NGOs in Kenya. Further, The SEM model's fitness was tested and Table 3 provides the results.

Table 3: Model Fitness Estimates

<table>
<thead>
<tr>
<th>Measure</th>
<th>Result</th>
<th>Threshold</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/DF</td>
<td>2.248</td>
<td>&lt; 3</td>
<td>Acceptable</td>
</tr>
<tr>
<td>CFI</td>
<td>0.919</td>
<td>&gt; 0.90</td>
<td>Good</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.074</td>
<td>&lt; 0.08</td>
<td>Acceptable</td>
</tr>
</tbody>
</table>

The findings summarized in Table 3 indicate the summary of the fit indices provided by the SEM output. The Chi-square/df value was 2.248, CFI, was 0.919, and RMSEA value was 0.074, hence indicating that the model was a good fit. These results show that the developed paths and coefficients modelling the influence of conducting internal appraisal on organizational performance are reliable and efficient.

Discussion

The study established that conducting internal appraisal had a significant positive influence on the organizational performance of national health NGOs in Kenya. The findings are in congruence with Sandada (2014) who found a similar linkage between internal appraisals and organizational performance. The findings in this study on the influence of internal appraisal on organizational can be attributed to the confirmed strong presence of leadership, funding needs and project development appraisals. The findings confirmed the importance of organizational leadership towards performance in line with other past studies (Kivipöld & Vadi, 2013; Ssekakubo et al., 2014). The findings concur with the findings by Ssekakubo et al. (2014) who examined the linkage between appraisal of leadership competencies and organizational performance, and confirmed a positive correlation. The findings from this study were also supported by Pradhan and Pradhan (2015), who posit that appraisal of competence of a leader can lead to improvements of leader’s capacity and thus leading to improved organizational performance. Several other researchers confirmed a positive and significant relationship between appraisal of leadership and organizational performance (DeConinck & DeConinck, 2018; Hartnell, Kinicki, Lambert, Fugate, & Corner, 2016). The similarities in these studies confirm the importance of appraisal of leadership capabilities in organizational performance.

Appraisals on funding in the NGO sector are a key consideration and thus their contribution towards organizational performance of health NGOs was felt and confirmed by the study. Though NGOs largely rely on external funding the study findings could be in line with Hasani and O’Reilly (2020) who find that appraisal of internal funds availability also determine organizational performance. Their findings support those by Alam et al. (2020) who examined the influence of analysis of funding sources on performance management systems in nonprofit organizations. Likewise, empirical evidence suggests that inadequate financial resources negatively affect organizational performance (Davcik & Sharma, 2016; Samir et al., 2018). Thus, appraisal of financial resources are considered fundamental factors among all functions of an organization (Ahmadi et al., 2017). The findings are however contrary to Davcik and Sharma (2016), and Samir et al. (2018) who argued that appraisal of funding tend to have a negative influence on performance of NGOs. This proposition was based on the dwindling donor funds as the NGOs’ needs keep expanding, despite having an effective appraisal.
Project development was another factor under consideration in internal appraisals that had a significant influence on organizational performance. The study results share the arguments by Nkuruziza et al. (2016) and Zailani et al. (2016) who emphasized the need to understand factors which may affect project execution as they will eventually influence the organizational performance. For national health NGOs, organizational performance is indicated by the success of projects and how they solve the health needs of the local communities. This underscores the need for comprehensive project development appraisal. These sentiments were supported by Santoso et al. (2020) who explored the critical factors that affect the performance of large construction projects in a developing country context. Results of the study indicated that inadequate appraisal of management and technical skills of parties involved, and limited project appraisal significantly contributed to poor performance in projects.

**Conclusion and Recommendation**

This study concluded that conducting internal appraisal is essential to enable national health NGOs in Kenya to accomplish their organizational performance objectives. The study hence recommends to top management in national health NGOs to appraise internal strategic elements, to establish strengths and weaknesses, and continually analyze their organizations’ capacity to take advantage of current opportunities while avoiding threats.

It is therefore recommended to management of national health NGOs to lead their organizations in also assessing other internal environment aspects such as organizational culture, organizational structure, organizational image, key personnel, key projects, funding sources, and operational efficiency. The top management should also thoroughly assess their organizations’ internal strengths and weaknesses in order to identify the organizations’ overall position in relation to its rivals, industry, and, to a large part, its own self.

This study focused on the link between conducting internal appraisal and organizational performance among health NGOs in Kenya. While this study satisfactorily addresses its objective, it had some limitations since it only focused on health NGOs and used only questionnaire as a source of data collection. Hence, there are other areas which are related to the topic that can benefit from further research. Principally, this study was conducted among national health NGOs in Kenya and hence its findings may not be generalizable to other NGOs in Kenya. Therefore, this study recommends further research on internal appraisal and organizational performance among NGOs in other sector such as governance and human rights. Besides, this study suggests further research on internal appraisal and organizational performance using other data collection techniques such as interviews and focus group discussions.

**References**


~ 160 ~


