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**THE NON-PROFIT SECTOR IN LEBANON:  
EVALUATING PERFORMANCE AND CORPORATE  
STRATEGY**

by

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## EXECUTIVE SUMMARY

Non-profit organizations constitute a very wide and booming sector. In the developed countries, they represent an influential element of change in that they can exert power on the government and the decision makers. In the developing countries, they are emerging and multiplying at an exponential rate. A lot of international money and efforts are channeled through them to enhance the development of these countries. Hence, it would be worth revising their work mechanism.

This preliminary research is made to study the performance of non-profit organizations while focusing on the Lebanese case.

Zooming into the external and internal context of the sector under study, the research reveals some issues confronting the organizations' operation at a local level. Among them is the inefficient allocation of financial and human resources. Although there is a massive flow of resources available for these organizations, they achieve relatively weak end results, which put their performance under question. Another issue concerns the lack of coordination among the different stakeholders, contributing to duplication of projects and efforts and ultimately perturbs the work process of the organization. Moreover, most Non-Governmental Organizations (NGOs) are short of qualified internal potential so they often seek to outsource the know-how without trying to empower their own staff, which again threatens their performance notably in the long run.

Within this framework, the research tests the effect of different indicators on the performance of Lebanese NGOs. Throughout the analysis, several observations were revealed. On one hand, most organizations lack direction. They dispose of no clear vision, goals or reason for their existence. Even if they do, they often lose track in achieving their ultimate aim. They are usually more interested in achieving short-term benefits and do not set priorities based on the region's need and requirements, which make it even harder to achieve tangible results. On the other hand, most Lebanese NGOs

are owned by political figures who usually use their organizations for personal purposes: either to build up a certain reputation and image, or for financial benefits. This may eventually weaken the credibility of the concerned organization and put its performance under question.

Briefly, the research intends to evaluate performance of a booming sector that constitutes an important component of the country's economy. The paper is based on a relatively small sample of the population and thus its conclusions cannot be generalized at this stage. However, the remarks that are deduced are worth considering in a more thorough study. It needs to be further extended in order to get solid assessment and ultimately come up with good recommendations towards the empowerment of non-profit organizations.

## **I. Introduction**

Over the last decade, organizations have been faced with many challenges of the new millennium. Increasing competition across the world has led all businesses to be more cautious about the choice of strategies to remain competitive. Also, the population boom, the rapid pace of technology, globalization, the fast access to knowledge acquired by people and the unlimited range of choices in products and services available to customers, all have put more focus on effectiveness and organizational performance.

The purpose of this research is to study the performance of non-profit organizations. By assessing their strategies and identifying the challenges and problems they are facing, the report will try to answer the question: why don't we sense the effect of big money spent and huge actions taken by such organizations.

In fact, evaluating performance is becoming more and more important since it helps the organization identify its strengths and weaknesses, enables it to revise past performance, search for constant improvement and establish new performance goals based on the assessment. It also provides an opportunity for clarification and communication and helps allocate and prioritize resources and goals (Mc Nutt, 1992).

Most organizations today, whether profit or non-profit, are under increasing pressure for better operation and continuous development in order to succeed or even survive in an ever-changing environment. In particular, it has become a prerequisite to develop a corporate vision, translate it into an actionable mission, and put in place the strategy to execute and reach tangible results.

Moreover, organizations want to ensure that systems, and processes within itself are applied in the right way to achieve the right results (Kaplan and Norton, 2004).

As for the non-profit sector, the challenges are no different. There is a growing need for non-profit organizations to explain "why" they exist through the services and benefits they provide to their communities and beneficiaries. As they boom they face tensions unique to their mission. What is the basic purpose of a non-profit organization? How do

we judge success? How is performance evaluated by the different stakeholders? (Roche and Kelly, 2003).

The complexity of civil society's organizations' structure and mechanism of work does not provide a well-defined unit of measure for performance. Specific measurement criteria may involve increased volume of operation, fundraising capacity, human resources, ratio of administrative to program expenses, or number of people getting out of poverty. However, it is difficult to quantify the outcomes of NGOs such as empowerment, capacity-building and overall improvement in quality of lives. Unlike businesses, NGOs cannot evaluate their performance with ratio analysis, turnover, sales, or profit. It is argued that primary focus should be directed towards indicators such as the ability of the organization to get funds and projects, ability to acquire resources through collaborative efforts and ability to reach as much disadvantaged people as possible (Cotter, 1988).

As for the factors affecting the performance of the Non-Profit Sector, many researchers and institutions try to use different indices that are considered critical to the performance and health of the civil society sector.

CIVICUS, for example, adopts a multidimensional approach by analyzing the effect of various elements along four dimensions: structure, space, values and impact. More specifically, it includes the organization's size, number and variety of resources, extent of restrictions within the legal framework of the organization's operation and extent of its impact on social, economic and political problems. The study shows on a spectrum, that the more an organization has resources the stronger it is. Likewise, the more supportive the legal, political, fiscal and socio-cultural environment is, the healthier the NGO becomes (Holloway, 2001).

Another study, made by McNamara, relates performance to a number of outcome variables such as the internal management, external forces, image perception of the organization, years of experience, etc. The report argues that the non-profit sector needs to be assessed differently than businesses since the outcome does not involve only the financial aspect. Furthermore, the factors vital to the success of an organization in this

sector are more *delicate* than those of the profit sector, since they directly impinge on the performance of the organization and its impact on society (Mc Namara, 1999).

The report made by the UNDP and Ministry of Social Affairs in Lebanon also stresses on the importance of financial, administrative and productive aspects when measuring performance of the organization under study<sup>1</sup>.

In addition, in its report on "Institutional and Capacity Development, Results-Based Management and Organization Performance", the Canadian International Development Agency – CIDA, focuses on several characteristics as critical to performance. It stresses on the importance of factors such as deployment of organizational resources (structure, personnel, skills, technologies,...), strategic planning, financial management, service delivery, auditing, management skill, job training, external influences, demands and needs of beneficiaries and the means needed for sustainability. The report further argues that organizational performance highly depends on "political struggle" since politicians, who usually own such organizations, either mess up their own organizational capacity in order to remain politically alive, or exploit it to keep political control. So the management and outcome of their organizations are often decided by political considerations, which often impede their performance and consistency. Moreover, the CIDA report emphasizes on the importance of the link between organizational commitment and the effectiveness and sustainability of projects implemented (Morgan, Qualman, 1996).

In fact, the entire fund raising cycle depends on results achieved in order to ensure continuity with the donating parties. In this respect, the process of winning the funds from international donors highly depends on the success of the organization in providing its services adequately and in a sustainable manner. In this respect, its performance is very critical to its continuity and endurance (CIVICUS, 1997).

Finally, it is argued that the fact that a large proportion of employees in NGOs contributes on a voluntary basis, is very critical to the success of the organization. Unlike other businesses, non-governmental organizations rely a lot on volunteers when implementing their projects. This puts the overall performance into question due to the

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<sup>1</sup> Ministry of Social Affairs, United Nations Development Programme (UNDP), and Friedrich Ebert Stiftung. *The Internal Governance of NGOs in Lebanon*. Reference Book 2004.



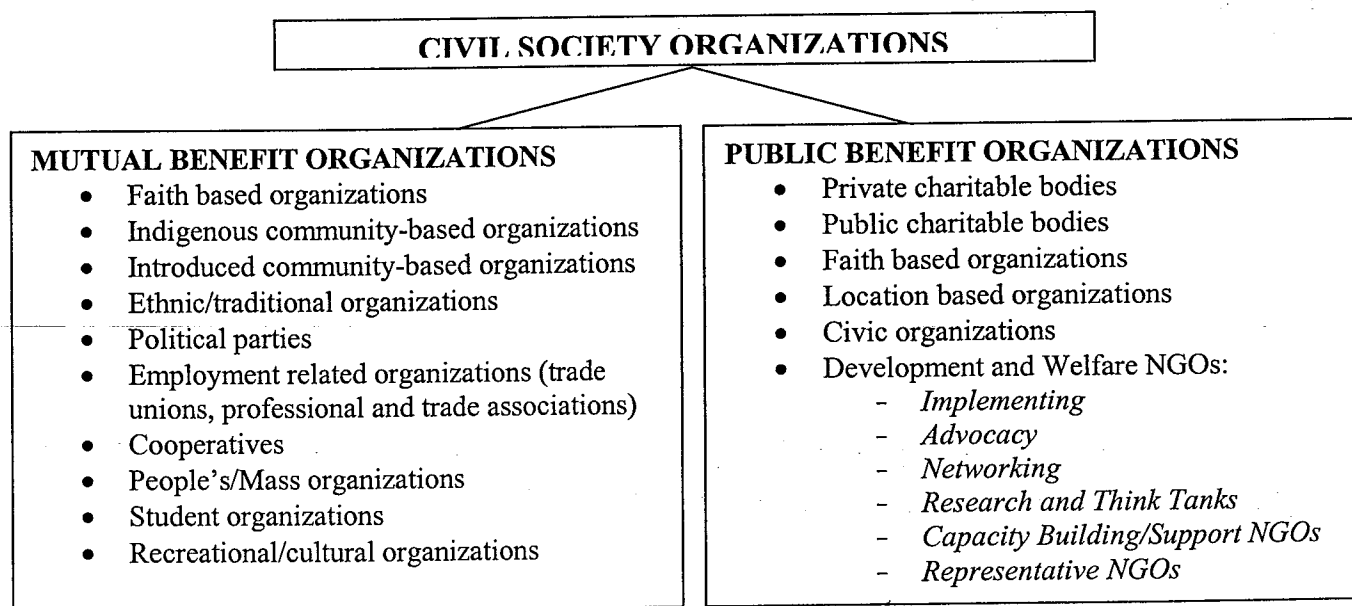
mere concept of volunteerism, since a volunteer has no binding obligation to the NGO, thus rendering the outcome of the project unpredictable (Clark, 1991).

The bottom line, as we can see from the aforementioned studies, is that measuring performance in the non-profit sector is a complex scheme, and is often affected by various factors inside and outside the organization.

## II. Background and Business Context

Before we start our analysis, let us define the concept of the civil society sector. Civil society is the “*sphere of institutions, organizations and individuals located between the family, the state and the market, in which people associate voluntarily to advance common interests*”. Civil society mainly involves the role of the government and the marketplace towards the citizens and the society they represent (Carlson, 2002).

They are mainly composed of mutual benefit organizations (such as community groups, business associations, trade unions, etc) and public benefit organizations (such as charity organizations, development NGOs, faith based organizations, etc):



\*Source:: Holloway. Richard, “Using the Civil Society Index: Assessing the Health of Civil Society”, CIVICUS, (2001), Types of Civil Society Organizations.

Although civil society's institutional forms seem different theoretically from those of the state, family and market, the borders between these players are often complex and vague in practice. In fact, what is common between civil society and the private and

public sectors are the spaces, players and organizational structures. However, the distinction lies in their levels of formality, autonomy and power. Also, civil society organizations are normally established for the sole purpose of advancing the interests of the community (Holloway, 2001).

By definition, a non-governmental organization, one of the major types of civil society organizations, may be described as “any non-profit organization, group or institution that operates independently from Government and has primarily humanitarian, cooperative or developmental, rather than commercial objectives” (UNDP, 1999).

It is increasingly recognized that NGOs play an important role in preparing, designing and applying developmental strategies. In fact, their number has recently increased, despite the difference in their level of power and importance according to the general environment in which they operate (Shah, 2005).

The World Bank Key Document on NGOs points out that since the mid-1970s, the NGO sector in both developed and developing countries is growing at a very rapid pace, and that over 15 % of total international development aid, i.e. around \$8 billion dollars, is transferred through NGOs. The World Bank also states that the number of NGOs - especially community-based organizations- in the developing world reaches hundreds of thousands (World Bank, 1995).

In their activities, NGOs build up different forms of knowledge that could be used as examples for practice, and lead to new shapes of cooperative relationships. This has induced many researchers to study the proliferation of such sector that is explained by different factors, of which:

1. **Societal clash and tension:** for instance, during the civil war period in Lebanon (1975-1991), almost all government agencies and municipalities lost their control and could not perform their duties and responsibilities. Political parties and militias interfered in the municipal affairs and replaced municipalities and other government agencies imposing and collecting taxes and fees. The situation was very tense and disastrous which called several local non-governmental

organizations to take in charge the government's role in providing humanitarian aid and essential services to the local population and even help in the reconstruction and rehabilitation of the city (Arnaout, 1998).

2. **The need to respond more effectively to crisis situations in the face of breakdown of traditional structures:** For example, with the fall down of socialism, interest was directed towards the search for new ways to meet the population's social and economic needs. This helped the emergence and rise of civil society organizations providing community services that the state was not able to provide (Asian Development Bank, 1999).
3. **The recognition that neither the public nor the private sector is able or willing to solve urgent and persistent social problems:** For instance, in Pakistan when the Government had absorbed all of the "princely states", the feudal mini-states, into the newly created Northern Areas Federal Administrative Zone, it transferred land titles from the rulers to their farmers. However, the government showed its incapacity to deliver adequate development policy and did not ensure a physical, economical, and social support for its citizens. Fortunately, local NGOs such as AKRSP (Aga Khan Rural Support Program) have emerged and become successful substitutes for poor policies. The size of the AKRSP accomplishments became so impressive to cover an area of 74,200 km<sup>2</sup> (covering around 1000 villages) with a population of 1,065,900. In spite of many logistic complexities, the AKRSP, through its village organizations, serves around 85% of the total rural homes in the Northern Areas (Campos, Khan and Tessororf, 2002).

According to Richard Robbins, professor of anthropology, many factors have also led to the fast proliferation of NGOs in the last decade:

1. **The end of the Cold War:** which facilitates the introduction and free operation of NGOs.
2. **The fast growing technologies** (Internet, ICT,..): that speed up communication and creation of new global communities and bonds between people all around the world.

3. **The continuous increase in resources, growing professionalism and more job opportunities available in NGOs' sector:** which has facilitated their fast expansion.
4. **The media:** which plays an important role in making the public more aware of the global problems and thus induce them to take action.
5. **The changes in economic and political ideologies:** this has encouraged governments and aid organizations to provide more support and flexibility to NGOs (Robbins, 2002).

The proliferation of the civil society sector has induced international donors to work with civil society organizations to implement their aid and development programs since they often require less regulations and restrictions than governments and are often able to mobilize society more easily. However, despite the importance and growing recognition of their impact, we find that there is a lack of empirical results and analysis.

As mentioned earlier in this paper, leading organizations and actors are currently spending huge sums and efforts on development projects in developing countries in order to improve their growth and advancement. They channel their money and effort more and more through local civil society organizations to ensure better implementation and access to all citizens. To emphasize on this issue, a study was made by the Comparative Nonprofit Sector Project at Johns Hopkins University. It estimated that total operating expenditures by the nonprofit sector was \$1.6 trillion in 2002. The authors point out that *"if the nonprofit sector was a country, it would have the fifth biggest economy in the world"*. The study covered charity schools and hospitals, which account for 57 percent of the expenditures, and also included different types of NGOs, ranging from youth camps to professional associations, as well as aid and development NGOs like Oxfam<sup>2</sup>. It is thus clear that this sector has become a "multibillion-dollar industry" (Farooq, 2005).

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<sup>2</sup> *Oxfam International* is an international confederation, comprised of 12 independent non-government organizations dedicated to fighting poverty and related injustice around the world. Oxfam mission is a just world without poverty and its goal is to enable people to exercise their rights and manage their own lives. <http://www.oxfam.org>

Yet, we still do not feel the impact of such huge actions that should largely benefit the population, increase the social welfare and eventually help in the economic and social enhancement of the country. This is particularly seen when we move towards the poor regions of the country under consideration: even though a great deal of projects is directed towards improving the living conditions of such less advantaged regions, we often see that their basic needs (such as access to potable water, electricity, basic education, etc.) are not yet fulfilled (Farouk, 2002).

In response, many donor programs have tried to implement restructuring programs in the civil society's organizations but the results were not always very satisfying. A World Bank document shows that among the 1170 projects studied during the period 1989-1992, 48% achieved only partial institutional reform while 23% showed insignificant progress. Furthermore, the study indicates that progress was best scored in sectors such as telecommunications, industrial development and energy production, while areas which civil society organizations mostly target (such as agriculture, health and education) proved unsuccessful. Finally, institutional development programs in poorer countries were more difficult to implement than in developed countries (De Capitani, 1994).

In consequence, the low impact that the non-profit sector seems to have on beneficiaries, along with the difficulties found when trying to change and restructure it for better productivity, raises the question around the effective mechanism of work of non-profit organizations and inclines us to search for reasons behind such failure.

As mentioned earlier and to better understand and address the issue in question, that is the performance of civil society's actions in development, we will focus our study on the effectiveness of Non-Governmental Organizations Sector in Lebanon. Although the Arab region includes countries with various levels of GDP and different social and development status, we can still use Lebanon's case to give us a picture about the work of the non-profit sector in the Arab region and the developing countries in general. Also, this could serve as a beneficial tool for future comparative studies between these

organizations and the ones highly active in the other Arab countries as well as with developed countries, such as the USA.

### **III. The Case of NGOs in Lebanon: Performance and Evaluation**

Organizations in Lebanon are subject to the Ottoman Law on Associations, issued on the third of august 1909. Furthermore, the Lebanese Constitution, among the articles related to granting public freedoms, provides for the freedom of associations<sup>3</sup> (Lebanese Constitution, 1926).

Since its establishment in 1909, the Special Law on Associations still represents the legal framework for the formation and work of associations in Lebanon, requiring only that they inform the Ministry of the Interior of their existence and internal structure. No permits or licenses are needed to form an association (MOSA, UNDP and Friederich Ebert, 2004).

No serious attempts were made to change the law. The main reason lies in the fact that the Ottoman law grants enough freedom for the association to be formed. According to Mr. Mounir Abou Ghanem<sup>4</sup>, civil society is usually the primary driving force for any establishment or change in the laws, being in direct contact with the community's needs and demands. Moreover, these organizations find no interest in establishing a new law since any change might limit their freedom. That would explain why they preferred to keep the 1909 law on association as is.

Civil society organizations in Lebanon have played many roles that had great impact on the community as a whole through its different life stages.

During the war, the community services were greatly affected by the collapse of the state, followed by the immigration of the young and skillful labor and the demolition

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<sup>3</sup> Lebanese Constitution. *Law on Associations*. Article 13 of the Lebanese Constitution, promulgated May, 23 1926.

<sup>4</sup> *Mounir Abu Ghanem* is the program manager of the Association for Forest Development and Conservation. An interview was held with him on the 2<sup>nd</sup> of May 2006.

of the country's infrastructure. Alternatively, the number of NGOs increased (number of registered organizations increased from 1300 before 1980 to 2352 after 1980), moving actively in society in order to pick up the human and material damages caused by the war. The presence of foreign NGOs also doubled during this period (Awdi, 2000).

In the aftermath of the war, donors decreased their support mainly because the emergency phase was over and with the rehabilitation of the State, multilateral and bilateral donors preferred to channel funds through governmental agencies (IRIS, 2001).

At the beginning of the new century, and after a period of stagnation, the number of local NGOs increased, reaching 4073 organizations in 2002. Local NGOs then received funding mainly from international NGOs, governments and other donors in order to implement developmental and emergency programmes. Till this day, NGOs acquire funding from international agencies enabling them to achieve their aims (MOSA, UNDP and Friederich Ebert, 2004).

In this respect, non-profit sector in Lebanon took a new trend, moving from emergency aid and charity work to a more comprehensive role that relates all forms of development. In this sense, they now constitute one of the bases for growth and sustainable human development. Their role involves in promoting partnership, strengthening the civil society and ensuring rights, freedoms and good governance (Awdi, 2000).

Furthermore, different ministries today are implementing projects funded by the World Bank and the European Union, allocating an active role for Civil Society organizations in their activities. This is specially replicated in the fields of environment, rights, local development and the setting of an adequate environment for accountability, participation, transparency and good governance. In addition, effective interaction is also revealed in the empowerment and training of municipalities in order to be able to contribute to the fields of public service and local development (Kandil, 1998).

#### **IV. Business Issues and Problem Definition**

The Non-Profit sector in Lebanon seems to face several issues that put its performance under question. All relates, directly or indirectly, to the lack of a good strategy.

First, as we have mentioned earlier, a lot of money is spent on development projects through local NGOs, without achieving expected and obvious results. Although the aim of such projects is to improve the well-being of the community, we note that a large section of the community, especially the less advantaged people, is not benefiting from these aid programs. Many observers and activists in the field relate the reason to the fact that most local NGOs are often operating with no effective strategic planning<sup>5</sup> (The Islamic Relief Organization, 2005). Others went to the fact that local organizations are still working under the old legislation, which imposes no control on their formation and action. This also may lead to more chaos especially when the organization does not meet the real needs of its region and lack direction.

Another business issue facing the sector is the redundant duplication of projects. We may spot in a region two or more projects that have the same mission and beneficiaries, while in another it is non-existent. Many organizations explain that they find difficulties in coordination and adoption of a common language. This has impeded their performance and contributed to instability and further duplication (even inside the same institution), which increased the urge for planning and/or revision of their corporate strategies (Bakri, 2005).

Last but not least, many local NGOs outsource the know-how from international organizations. They endure lack of internal potential. Furthermore, many believe that this is due to the misallocation of financial and human resources within the same organization. Others went to the fact that such organizations either do not know or do not manage well their institutions internally. In spite of having set their goal and objectives, they often lack direction and operate without an effective plan set beforehand.

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<sup>5</sup> This was brought up in a workshop "*Towards a partnership with International Organizations*" held by the Islamic Relief organization, upon establishing The International Humanitarian Forum. Crown Plaza hotel, Beirut. December 10<sup>th</sup>, 2005



In fact, Lebanese non-profit organizations today are under pressure to move towards a corporate model externally and internally. Externally, they are moving to meet the new international standards. They started to mobilize again to adopt new corporate concepts (World Bank, 2000). Internally, NGOs are moving towards regular employment recognizing that one cannot build and sustain an organization on pure volunteer work. The organization should gather committed and dedicated staff and thus may not be able to do so without the involvement of more paid full-timers. Moreover, internal management (scientific, administrative and behavioral management) of such organizations needs to be revised to meet the new requirements of the international donors and other partners such as the government and the private sector. In fact, it is common that such organizations have deficiencies in their internal management including lack of clear rules for transparency, accountability and good governance (The Islamic Relief Organization, 2005).

Hence, we will highlight these issues by studying the overall performance of a sample of active local NGOs in order to discern the factors that affect their success and outcomes and try to come up with an effective strategy that could lead to better performance.

## **V. Research Methodology and Design**

The challenge in our research was the lack of data in Lebanon on the subject as most studies were conducted in terms of assignments given to experts over a finite period of time resulting in a report to a sponsor.

This research was conducted on purely academic grounds without the funding of a sponsor and therefore takes the topic at hand in its most objective manner and moves from secondary to primary data.

We began by identifying indicators of NGO performance as a function of its output with stakeholders. These indicators are then analyzed to determine whether strategic planning and its related activities are most relevant to better performance of the organization.

These are then refined as a set of independent variables, whereby the NGO's performance is used as the dependent variable.

The survey method adopted is the basic research design. The methodology starts with exploratory research as we interviewed senior managers at the Hariri Foundation as a major NGO in Lebanon, then conducted focus interviews with managers in six other NGOs<sup>6</sup>, from whom we zoomed in the common challenges and opportunities of NGOs operating in Lebanon, and compiled some of the most relevant outputs and factors that affect stakeholder perception and actual results and outputs offered to the beneficiary party.

We then developed a questionnaire that was distributed to 115 NGOs in order to collect primary data (*Annex1*). The response rate reached 47%. An introductory letter was used to induce participation (*Annex2*). The survey sample covered 53 NGOs providing the database for the study (*Annex3*). The sample is selected on a probability basis, using simple random sampling. It consists of NGOs from all regions of Lebanon. NGOs were randomly selected, with a consideration to cover different fields of human development: environment, education, poverty reduction, capacity-building, agriculture, gender, human rights, childhood, youth, etc.

By applying the quantitative research design, the data was then analyzed using regression techniques to test the hypotheses listed below (Zikmund, 2003).

## **VI. The Dependent Variable: Organizational Performance**

To achieve our research objective, we studied the effect of a set of independent variables on performance that is represented by tangible results. For example, when respondents talk about their staff, they relate to "hard work", "training" and "commitment to the cause". These alone are not results but rather inputs into the organization that are leading to the results from the beneficiary perspective. As mentioned earlier in this report, in order to address good performance we have to see the outcome of the

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<sup>6</sup> Interviews were held with the following NGOs: Hariri Foundation, the National Committee for Public Schools, Anamilouna, Al Mouwassat, Saida Patrimoine et Environnement, Ajjiyalouna and Association for Forest Development and Conservation.

organization: useful products and/or services for customers inside and outside the organization.

Several studies indicate that overall performance is related to a number of outcome variables such as internal management, external forces, reputation, years of experience, etc.

From this perspective, we chose to divide performance into four dimensions: Total Budget, number of projects, sustainability and achievement of expected goals.

1. **Total Budget:** refers to the financial resources of the organization, including funds and grants received from shareholders and funders. Total Budget is considered as an outcome to performance as long as it reflects the ability of the organization to raise more funds and cash flow that directly benefit the customer base, that is, the community. In addition, the organization can't work and achieve its target without the financial capacities and therefore can't indicate how well it's performing. Furthermore, besides the financial support of its owner(s), a NGO usually gets most of its finances from its projects' funds and grants. Thus, a NGO with an increasing budget may indicate greater access to funds and grants, since it gives more credibility to the organization's work and thus induces donors to provide it with more support and funds, a sign of how active and successful the organization is and thus how well it is performing.
2. **Number of projects:** indicates how many projects the organization undertakes per year given that they exceed 10,000 USD in amount. A large number of annual projects means a good overall performance of the organization since it indicates its capacity to get further projects from donors, to expand its scope of work and number of activities and hence to raise its performance status.
3. **Sustainability:** An organization can have a lot of projects, yet it may not achieve its targets and may even cease, so the number of projects alone cannot be used as a good measure of performance. It is important to include the element of sustainability to indicate how much the organization's projects are sustainable

and thus helpful to the beneficiaries. Sustainability can be seen as an outcome of performance as long as it reflects the ability of the organization to benefit its customers not only in the short run but also after the end of the duration of the projects. This reflects an effective project implementation and ultimately indicates good overall performance.

4. **Achievement of the objectives according to expectations:** this is important to ensure whether the performance of the organization meets the expected goals and target it has set before hand. Achieving the target on time, within the expected budget and according to the quality standards set, all reflect good organizational performance.

The logic behind choosing equally weighted composites of performance in our analysis can be explained by the fact that all these four elements are as important in determining how the NGOs are actually performing. In fact, international funders are more and more relying on these criteria in determining their decision to finance such organizations locally. In addition, we ought to note that the work of such non-for profit organizations differ greatly from profitable businesses, and thus the criteria for assessing their performance vary in that they do not rely only on financial outcome.

Last but not least, since our study is based on a relatively small sample of the population, and will not conduct an in-depth analysis at this stage, we chose equally weighted composite variables as to simplify our study.

## **VII. Hypotheses to be tested**

### **Effect of Strategic Planning on Performance:**

***H1: A long-term strategy focused NGO performs better than a short-term strategy focused one.***

We want to study the relationship between global performance and the presence and length of a strategic plan for an organization. We expect that NGOs that practice business strategy (setting and implementation) perform better than the ones that do not, and those that adopt 5-year strategic plan perform better than the ones with a yearly basis strategic

plan. The longer the span of the strategy the better the performance as long as it guides the organization in a way that it enables it to adapt to future changes in the environment in which it operates.

#### **Effect of Experience:**

**H2: *An organization that is older in the business (the field service) achieves better results than the one who is newly operating.***

It is commonly known that an older organization, whether profit or non-profit, will perform better than the new one since it has gained more experience in the field. As a result, it has been more exposed to the challenges the sector encounters and thus knows better the problems it might face and how to accommodate with them more easily.

#### **Effect of Management:**

Whether an organization is performing effectively may greatly depend on how it is well managed. In this respect, we have segregated its management into three dimensions: scientific management, internal administration and behavioral management. All these components are expected to influence performance.

**H3: *An organization that has a good scientific management performs better than the one who does not.***

*Scientific management* reflects how well the relationship between people and tasks is established. It involves systematically narrowing and standardizing the tasks among employees to achieve maximum efficiency. It thus includes knowledge management, provision of continuous training and capacity building for employees, specialization and division of labor, technology, process orientation, quality management systems, etc..

**H4: *An organization that knows how to manage well its internal administration performs more effectively than the one who doesn't.***

Many researches that studied organizational performance also emphasize on *Internal Administration* as a critical factor to performance. We have defined the internal administration as a set of several variables including: presence of clear organizational

structure, clarity of role and tasks, adequacy of the working conditions and the extent of employees' confidence in their leader's capacities. All these factors are supposed to negatively affect the overall performance of the organization if not managed well internally.

***H5: The performance of an organization with a good behavioral management is better than the one with no or weak behavioral management.***

*Behavioral Management* also affects performance. It reflects the behavior of employees vis-à-vis the organization, and thus it is essential to test its effect on the performance of the organization. Behavioral management emphasizes employees' motivation and satisfaction, degree of alignment of employees' goals with those of the organization and also the presence of good manager-employees communication.

#### **Effect of the Organization's reputation**

***H6: An organization with a good and well-known overall reputation achieves organizational results more easily than the one that is less known.***

One of the major dimensions of competition is brand identification that is part of overall reputation. Many organizations, and especially those working in the non-profit sector, use their reputation to compete and ultimately succeed in their business. They build on having a good reputation in order to get more projects and more funds so that they can achieve their goals. Furthermore, a good reputation enables the organization to be more easily accepted by the customers and thus simplify and accelerate the implementation process of their projects.

#### **Number of Fields**

***H7: An organization that operates in many fields of work performs better than the one that focuses on a smaller number of fields.***

The organizations of the non-profit sector have a main target to enhance the status of the community and look after the public interest. Through their work in promoting the development of the community, they are more and more involved in the human development which is a very wide and comprehensive field. The former involves all

kinds of development that targets the human enhancement: Education, Health, environment, poverty reduction, childhood, youth, women empowerment, community development, rural development, agriculture,...

Local NGOs' degree of specialization may vary according to these areas. Many prefer to specialize in one or few fields to enhance performance, while others expand their scope of work to cover all fields in an attempt to get all sorts of development projects and benefit many target groups. Several believe that the organization that operates in many fields performs better than the one which specializes in fewer fields, in its scope of work. They argue that working in many fields allows the organization to have access to more projects and funds which ultimately gives it a bigger chance to increase performance.

#### **Effect of External Forces:**

##### ***H8: External Forces have a strong effect on organizational performance***

An organization cannot survive unless it is an open-system organization that interacts with the environment. Different forces affect this interaction: political, economical, customers, competition and regulations. All these forces can greatly affect the work and performance of the organization if they are not addressed and managed adequately. From here, several hypotheses are constructed. To emphasize on this issue, we studied the factor of external influence as an independent variable composed of all these forces:

*External Influence = 0.3 Political Situation + 0.2 Level of competition + 0.1 Level of Customer's Force + 0.3 Level of economical force + 0.1 Extent of regulation.*

Specifically, we studied in our analysis the negative effect of such forces on the overall performance.

The weights are chosen based on the importance of each constituent to the work of a non governmental organization. For example, political situation is given more weight since most organizations, especially in Lebanon are already owned by political figures and thus their work is expected to be influenced by the contingent political trend. Furthermore, many indicators show that the political situation, notably the current continuous instability the country is facing, is greatly affecting not only civil society sector but also the business and economic sectors in the country. Whether the organization is affected

positively or negatively by the political situation depends on the stand it takes toward the prevailing political party.

Economical forces are also given the same weight since they constitute a major driver of the operation of most businesses, profit and non-profit. They are also interrelated with the political situation, in one way or another. In this respect, an organization's operation is expected to be negatively influenced by economical forces that are often restraining and unstable in the country.

As for the level of competition, if it is very high, the organization may not be able to compete and remain in the battle which undermines its performance. With competition, the organization is under constant threat of being "crushed" by bigger organizations.

Customer's power is also important because after all it defines the effectiveness of the organization, the organization's work. The more customers have influence on the organization, the more the latter faces challenges and difficulties to satisfy its large customer base. The NGO may lose trend and direction if it has to abide by the customer power. As customer's base increases, the task to satisfy its needs becomes more difficult and demanding which may undermine organizational performance.

Finally regulations may impede the overall performance if they are not on the same side of the organization and its work. Some international organizations and governmental institutions may impose strict regulations in their projects. This may restrict the winning process of projects and funds for the NGO when applying for proposals and bids.

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All these forces may hold back organizational performance. We choose to group them under external forces in order to study their overall impact on the organization.

### **Effect of Relationship of the organization with the external environment**

***H9: An NGO that has strong relationships with the government and international organizations achieve better performance results than the one with weak relationships.***

According to the study conducted by the Ministry of Social Affairs and the UNDP, for development to succeed, there should be an effective partnership between the government



and the civil society. Each has a role for this partnership to contribute to the human and community welfare. (MOSA, UNDP and Friederich Ebert, 2004).

For our concern, the civil society organizations can highly benefit from such a partnership that is supposed to facilitate the execution and implementation of their work. Furthermore, the relationship with international organizations is expected to have a great influence too on the organization's performance since they constitute the major donors and partners of the local NGOs in their action for development.

#### **Effect of number and kind of staff**

***H10: An organization that disposes a great number of full timers performs better than the one with a less staff.***

Though it is naïve to think that the greater the number of staff, the better the performance of the organization, many managers suggest that the number of employees does influence performance positively. In fact, a big number of employees enables the organization to achieve results more easily and rapidly.

***H11: An NGO with a bigger number of volunteers do not perform as good as an organization with a less number.***

It is common that Non-profit organizations depend on volunteers to accomplish their work. Volunteerism is directly linked to the work of such organizations since both present a congruency in concept. However, a great number of volunteers, relatively to the number of full timers, means instability since volunteers are usually not obligatorily committed to the organization and its goals, which may be an obstacle to good performance. They may not work within the spirit of the organization, do not have to abide by its rules and regulations, and thus may not be committed to the organization and its mission. In consequence, their work may undermine the overall performance of the organization, especially if their interests do not converge with those of the organization. Moreover, they usually lack adequate skills. In fact, people accept to work as volunteers in order to gain good training from organizations. However, due to their shortage of staff, many organizations may assign volunteers to perform the organization's tasks when they

are not yet ready and still did not acquire enough training. This may alternatively constitute a deficiency in the overall performance.

### **VIII. Data Collection Instruments**

The data collected from the questionnaire were used to obtain the variables under study. As was mentioned earlier, overall performance is defined as the combination of four components: total budget, total number of projects, sustainability and extent of achievement of the expected goals. As for the 11 independent variables which effects on performance needed to be studied, they were primarily selected based on the results of the interviews and questionnaire held and the secondary data collected from previous studies. We also used the 12 Dimensions of Competition, specifically, the ones that relate to specialization, brand identification, service and relationship with government<sup>7</sup>. In addition, we applied the environmental scan model that emphasizes the effect of internal and external forces on the organization. The questionnaire is designed on this basis, beginning with general information, then pointing to the organizational structure and management, followed by the study of the Internal Environment (employees' management) and fourthly the external environment. Beside simple attitude scale (for variables such as years of experience), variables were measured using either Likert scale or a five-point category scale type of format.

### **IX. Results and Analysis**

Standard editing and coding procedures are utilized. A regression analysis is made through SPSS program.

Linear regression analysis is used to test the statistical significance of the main effect terms. A multiple regression analysis is adopted to study the effects of our independent variables on overall performance (the dependant variable). Testing hypotheses is based on the multiple regression equation:  $Y = \sum \beta_i X_i$ . In our analysis, our statistical results present the following:

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<sup>7</sup> The "12 dimensions of competition" and "the Environmental scan Model" are extracted from the course material on "Advanced Corporate strategy" given by Dr. Michel S. Chalhoub in Spring 2004 at the Lebanese American University.

**Regression equation (with adjusted coefficients):**

$$Y = 0.195X_1 + 0.213X_2 + 0.087X_3 - 0.174X_4 + 0.03X_5 + 0.271X_6 + 0.097X_7 - 0.269X_8 \\ + 0.492X_9 + 0.085X_{10} - 0.070X_{11}$$

Where:

- X<sub>1</sub>: Length of the organization's strategic plan
- X<sub>2</sub>: Years of practice in the field
- X<sub>3</sub>: Extent of Scientific Management
- X<sub>4</sub>: Extent of Internal Administration
- X<sub>5</sub>: Extent of Behavioral Management
- X<sub>6</sub>: Level of the overall reputation of the organization
- X<sub>7</sub>: Number of fields
- X<sub>8</sub>: Level of external forces
- X<sub>9</sub>: Level of the relation with the government and international organizations
- X<sub>10</sub>: Number of full-timers
- X<sub>11</sub>: Number of volunteers

### Model Summary

Model	R	R square	Adjusted R square	Std. Error of the estimate
1	0.962 <sup>a</sup>	0.926	0.898	0.49

a. Predictors: (Constant), Number of volunteers, years of practice, External Forces, length of strategic plan, Number of Fulltimers, Number of Fields, Reputation, Behavioral Management, External Relations, Scientific Management, Internal Administration.

### ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	88.454	11	8.041	33.067	0.000 <sup>a</sup>
	Residual	7.052	29	0.243		
	Total	95.506	40			

a. Predictors: (Constant), Number of volunteers, years of practice, External Forces, length of strategic plan, Number of Fulltimers, Number of Fields, Reputation, Behavioral Management, External Relations, Scientific Management, Internal Administration.

b. Dependent Variable: Overall Performance

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.05E-02	.722		-.015	.988
	Length of strategic plan	.177	.055	.195	3.224	.003
	Years of practice	2.262E-02	.008	.213	2.754	.010
	Scientific Management	.190	.204	.087	.931	.360
	Internal Administration	-.295	.176	-.174	-1.672	.105
	Behavioral Management	7.523E-02	.231	.030	.326	.747
	Reputation	.253	.083	.271	3.044	.005
	Number of fields	7.218E-02	.053	.097	1.349	.188
	External Forces	-.666	.162	-.269	-4.108	.000
	External Relations	.881	.165	.492	5.331	.000
	Number of Fulltimers	.399	.300	.085	1.327	.195
	Number of Volunteers	-1.20E-03	.001	-.070	-1.187	.245

a. Dependent Variable: Overall Performance

The mathematical computations reveal that the adjusted coefficient of determination ( $R^2$ ): 0.898 and the F-value equals to 33.067. This means that 89.8% of the variation in overall performance is explained by the variation in the independent variables under study. An F-value of 33.067 (which is greater than  $F_{critical} = 2.26$ ) shows that the estimated functional relationship is not due to chance or random variation. There may be a correlation between performance and the independent variables other than random variation in the data.

The coefficients of partial regression show the effects on the dependant variable for a unit increase in each of the independent variables when the others are held constant. For instance, a one unit increase in the length of the organization's strategic plan increases performance by 0.195 (19.5% increase).

### As for the significance of results:

The hypothesis H1 which suggests that an organization with a multi-year strategic plan performs better than the one with no or short-term strategic plan, is supported ( $\beta=0.195$ ,  $t= 3.224$ ,  $p<0.05$ ).

In fact, an overall long-term strategy is needed to be set in order to assimilate the organization's direction and trend and alternatively assess performance accordingly.

As we have seen above, Lebanese NGOs' sector has passed through different unstable stages, each reshaping the work and targets of such organizations. Although their scope of work is often determined by the international organizations and funders that implement their projects locally through them, NGOs should know how to direct themselves internally and externally in order to survive and excel. This cannot be done without setting a good strategic plan. The way it is developed depends on the nature of the organization's leadership, culture, size, complexity of its environment, etc.

Our study also shows that an organization with longer multi-year strategic plan perform better than the one with a one year program. This may be explained by the fact that a strategic plan should be specific enough to clearly define the purpose and directions of the organizations but broad enough to be flexible to the rapid changes affecting its external environment. In this context, a plan set for a longer period of time, may be more general yet more adaptive to the inconsistent changes, especially that globalization requires organizations to be more flexible in order to survive. This flexibility is required most in adjusting means. In other words, the purpose of the organization and the priority goals are much less likely to change than are the programs and activities necessary to achieve them.

A strategic plan should thus provide a base from which progress can be measured and establish a mechanism for informed change when needed. It should also provide clearer focus of the organization, producing more efficiency and effectiveness and thus increasing productivity.

H2 is also supported confirming that an organization that is older in the business (field service) achieves better results than the one who is newly operating ( $\beta=0.213$ ,  $t= 2.754$ ,  $p<0.05$ ). Throughout the years, the organization may become more aware about

the market and its different key players and stakeholders. In addition, it may know better its internal resources and how to allocate them efficiently. Also, being older in the field may give the organization more credibility and confidence towards its stakeholders, notably its donors. Thus it may lead to getting more funds and ultimately increasing its total budget. Furthermore, the increased knowledge in the field of work may induce the organization to be more adept and able to get and work on different and additional projects in parallel, thus increasing performance. Greater years of experience may also empower the organization on how to better achieve its expected goals, putting it on the right track.

While **H3** reveals that an organization that has a good scientific management performs better than the one who has not, our results shows insignificance, therefore supporting the alternative hypothesis ( $\beta=0.087$ ,  $t= 0.931$ ,  $p>0.05$ ). Furthermore, **H4** ( $\beta=-0.174$ ,  $t= -1.672$ ,  $p>0.05$ : n.s) and **H5** ( $\beta=0.03$ ,  $t= 0.326$ ,  $p>0.05$ ) that are respectively concerned with internal administration and behavioral management were also rejected. Therefore, contrary as expected, internal management of NGOs, whether scientific, behavioral or administrative, seems to have no influence on performance – at least in our studied sample. Although these results are drawn from a relatively small sample of the population and thus cannot be generalized, one can deduct some justifications. In fact, a non-profit organization does not have to set a structured and “bureaucratic” management system in order to succeed. On the contrary, sometimes it is better to give enough free authority and flexibility to the staff in order for them to perform better and act effectively, according to the situation’s requirements. Moreover, the work of NGOs is centered on the human –it is made by the people, for the people and through the people (UNDP & AFESD, 2002). Thus since people are different in nature, they require different set-ups in order to deal with them, be accepted by them and thus to know more of their needs and the ways to help them. Under such a framework, the employee must be given enough suppleness and rights in order to reach its customers effectively. The organization cannot abide by a strict management system to all its employees, especially that such organizations often display various types of employees (full timers, part-timers and volunteers).

**H6** is supported which confirms that an organization with a good and well-known overall reputation achieves organizational results more easily than another that is less known ( $\beta=0.271$ ,  $t= 3.044$ ,  $p<0.05$ ).

A good reputation may incite not only funders to collaborate with the organization but also internal employees to work and be committed and be part of a well-reputable organization.

The results may also be explained by relating to the four composites of performance. The more recognition the organization gets through its reputation and brand identification, the more it will attract national and international funders, enabling it to get more funds and grants and access to more projects. This may in turn increase its overall budget and its total undertaken projects, which results in increasing performance. Also, good reputation gives the organization more credibility and reliability which helps it achieve its goals more easily. Finally, as the organization attains a certain level of reputation within the market, it strives to maintain it and thus looks more on the quality of its end results. Since its projects are usually related to human development, they need to be sustainable in order to succeed and be recognized. In this context, a well reputable organization will do its best to keep its projects (and thus outcomes) sustainable which increases overall performance.

As for **H7** that shows that an organization operating in several fields performs more than the one that focuses only on one or few fields, the results were not significant ( $\beta=0.097$ ,  $t= 1.349$ ,  $p>0.05$ ). The hypothesis is thus rejected. The results can be further explained by the fact that sometimes it is essential for the organization to focus on one or few fields, specialize in them in order to excel and gain competitive advantage. Specialization may empower the organization in a way that helps enhancing the living standards of the beneficiaries more efficiently than the organization that chooses to work on a broader scope of work. Operating on different fields simultaneously may scatter the effort of the NGO, threatens the sustainability of its projects, and weakens its credibility, if not controlled adequately. This eventually undermines its overall performance.



H8 which reveals that external forces negatively affect NGOs' performance, is supported ( $\beta=-0.269$ ,  $t=-4.108$ ,  $p<0.05$ ).

In fact, every organization, whether profit or non profit, is influenced by its external environment. As we have mentioned earlier, the different forces forming the external environment include political, economical, customers, competition and regulations.

Lebanon has passed through different political phases which led the nation to constant instability. This may greatly affect the performance of the organizations and businesses. Focusing on the civil society sector, many Lebanese NGOs are known to be owned by political figures. Since the country has witnessed a lot of internal changes (government, etc), it may affect the position of such political figures and their influence on their environment. This may also undermines the performance of their organizations that requires a certain level of consistency and stability to achieve their aim. Furthermore, belonging to a political figure may highly affect how people perceive the organization and its scope. In this respect, the organization might be assessed according to its affiliation to a certain political party, which greatly affects its performance since some would be willing to collaborate with it while others don't.

Economical forces also pose a threat to the performance of an NGO. An unstable economy may intimidate international donors to invest in local businesses. The non-profit sector may also be affected as the owners of the organizations may lower their funding and contributions.

Customers also may affect organizational performance. As the organization outreaches more customers, spreading more nationwide, its work becomes harder, especially when it needs to be present in different regions in parallel. Moreover, it will have to deal with different mentalities as it expands its customer base. In this respect, although expansion means growth for the organization, it may sometimes weaken overall performance. Sometimes local habitants in a certain village may be reluctant to respond to "outsiders" and thus impede the work of the organization that does not belong to them.

Competition may negatively affect performance in that it takes away projects and funds from the organization. Furthermore, the constant threat of being crushed by bigger NGOs may impede the organization from achieving the expected results on time, within the expected budget and quality standards set.

Regulations restrict the work span of the organization and limit its action pace which in turn weakens organizational performance. The Lebanese law on associations has led to the emergence of a large number of organizations. Many organizations have been established even though they didn't have the adequate resources and skills to achieve development goals. They hence under perform and don't produce effective outcomes that really benefit the community. On the other hand, imposing regulations and rules on projects may restrain the organization to apply especially if it doesn't meet the requirements. That is the case of many small or new local NGOs.

**H9** is supported meaning that an NGO which establishes strong relationships with the government and international organizations achieves better performance results than the one with weak relationships ( $\beta=0.492$ ,  $t= 5.331$ ,  $p<0.05$ ).

It is made clear that holding good relationships with funders' financial base and maintaining such relationships would ease the flow of financial input for the organization; therefore, more financing results in widening the scope of work, and thus improving performance. Also, strong and high public relations with the government could contribute to further collaboration and cooperation and speed up the work and implementation of the organizations' projects. Collaboration with the government may further produce effective outcomes by outreaching more easily a wider range of the community and responding to their real needs when the government may not be able to do so. In this respect, the non-profit sector may play the role of a complement and not substitute to the government.

**H10** suggested that an organization with a great number of full timers perform better than the one with a less staff. However results were not significant and the hypothesis is thus rejected ( $\beta=0.085$ ,  $t= 1.327$ ,  $p>0.05$ ).

An organization may display a large number of employees yet could not reach its expected goals while another, with fewer employees may achieve better outcomes and have greater access to projects and funds. This may be due as to how efficient the organization allocates its human resources. This is also explained by the fact that the non-profit sector requires, rather than a large number of staff, a talented staff with good

experience and/or educational and cultural background. Highly qualified staff strengthens the organization in terms of knowing what to do, and how to do it, along with being able to adapt to different situations. The field of work in this sector is not very consistent, which necessitates the workers to be as aware as their managers in order for their work to succeed and have impact on the community.

Finally, H11 which suggests that an NGO with a large number of volunteers do not perform as good as an organization with fewer volunteers, was also rejected as results shows insignificance ( $\beta=-0.07$ ,  $t=-1.187$ ,  $p>0.05$ ).

In fact, having more staff “for free” is always advantageous for the organization in the sense that it becomes able to achieve its end results more efficiently with less money and time.

However, volunteerism is not an important issue for the NGOs any longer, since these organizations are moving progressively towards full-time employment. They should not rely exclusively on volunteerism anymore to achieve their goals since volunteers normally could not be controlled, especially if their interests diverge from those of the organization.

## **X. Conclusion**

The results show that performance is especially influenced by the presence and length of a strategic plan, years of experience, level of reputation, external forces influencing the organization, along with its relation with the government and the international organizations. However, results reveal that the organizational management of a non-profitable organization does not necessarily affect the overall performance.

Before drawing any conclusions, we ought to reveal some of the problems encountered during our research and analysis. First, the lack of a consistent database for NGOs urges us to collect them from many different sources including Ministry of Social Affairs, Ministry of Interior, United Nations Development Programme (UNDP), European Union, etc. Another problem we have faced is the low response rate from the

local organization's part, which reduces the size of the sample and made us rely more on the indicators acquired from our extended literature review. In addition, some NGOs were reluctant to inform on the financial aspects. Also, many responses were based on personal views which undermine the objectivity of the responses. However, we've tried to be as consistent and objective as possible. In this respect, we have focused in our analysis and research on the data provided by our literature review first and then validated them through the interviews and questionnaires held.

After studying the performance of the Lebanese Non-Governmental organizations that are operating in the field of human development, it should be notified, first, that this preliminary study is intended to be a first step in reevaluating the performance and action of these organizations, with the aim of reconsidering their approach and formulating the adequate means and plans to achieve their humanitarian goals. These organizations can still play a significant role in improving the status of the country at the economical, social and cultural levels.

Along this line of thought, we can use the results of our research to draw on some conclusions about the issues that we've addressed and are still confronting the sector, i.e. the incapacity to achieve tangible end results, duplication of projects and efforts and outsourcing the know-how.

First, we have noticed that not all NGOs have a clear vision and well-defined mission - reason for being- before conducting its operations. They are more focused around getting short term benefits and thus operate with no sense of direction. Even when they have a vision, they still need to direct goals towards that vision, through setting a practical long-term strategy, based on the priorities of the region in which they operate. Setting a strategic plan and disseminating it throughout the organization might be of more help and importance than focusing on the day-to-day management of the organization.

Second, among the external forces that affect the organizational performance, the political ownership and manipulation of NGOs constitute a major concern that need to be

addressed thoroughly. A non-governmental organization should work on building a good reputation in order to succeed and be accepted by the community members that represents its beneficiaries. However, the image of the organization should be built based on the outcome it provides to its customers and not on the political status of its owners as is the case of most Lebanese NGOs. Many politicians who own such organizations use them for personal purposes: either to build up a certain reputation and image, or for financial benefits. They may often manipulate its action to their own interest and thus pose certain constraints on the work process of the organization which makes it harder to assess the real overall performance. In addition, it may eventually weaken the credibility of the concerned organization and put its "reason for being" under question.

Last but not least, non-governmental organizations should strive to encourage full-time employees to ensure the continuity and effectiveness of their implemented projects, since volunteers alone cannot produce the required services in the desired manner. Therefore, organizations in this sector should come up with a new concept of volunteerism where it no longer means working for free.

These recommendations are based on the results of our analysis, and thus can serve as a preliminary step towards enhancing the performance of the Non-Profit Sector. However, along our research, other issues came out that seem important to take into consideration and that can be useful as a basis for future research and in-depth analysis.

On one hand, we've noted that Lebanese NGOs operate according to an outdated legal mechanism since they are still subject to an old legislation that goes back to the Ottoman law of 1909. Within such legislative framework, they often work with no control, accountability or transparency. In consequence, their performance becomes questionable and difficult to be properly assessed. Therefore, an updated legislation should be developed in a way that lead these organizations and makes them conform to the new requirements of the region. In this way, more beneficiaries could also be reached by satisfying their real demands and needs.

On the other hand, the lack of coordination and cooperation among NGOs or between them and the government or the international organizations, may not only lead to

impede performance but also to possible duplication and overlapping of efforts. Thus, the importance of a good relationship with the other players lies in reaching an effective implementation and control of development projects and promoting community welfare. In this regard, a mechanism can be established that serves as a database for all that relates to the civil sector activity. Its role is also to coordinate, authorize, and facilitate the activities of such sector while avoiding the duplication of their work and thus saving more financial and human efforts.

In conclusion, it should be emphasized that the road for prosperity and "renaissance" in the country and the region cannot surpass the civil society sector for it represents and deals with the whole community. Attention should be more directed to non-governmental institutions since they are in more direct contact with the citizens and their needs. Another reason for inducing attention is the fact that the developed countries and their international organizations are getting more and more involved in the country's development by channeling their projects and funds through such sector.

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**XII. ANNEX 1**  
***A SAMPLE OF THE QUESTIONNAIRE***

**The Non-Profit sector in Lebanon:  
Evaluating Performance and Corporate strategy**

**I. General Information**

1. Name of your organization: \_\_\_\_\_ Date of Establishment: \_\_\_\_\_

2. What is your title/position relative to the organization (Check by putting (x)):

\_\_\_\_\_ Manager    \_\_\_\_\_ Full-timer    \_\_\_\_\_ Volunteer    \_\_\_\_\_ Other (specify): \_\_\_\_\_

3. In what field does the organization mainly engage in (check all that applies):

\_\_\_\_\_ Agriculture    \_\_\_\_\_ Environment    \_\_\_\_\_ Gender    \_\_\_\_\_ Human Rights  
\_\_\_\_\_ Education    \_\_\_\_\_ Childhood    \_\_\_\_\_ Youth    \_\_\_\_\_ Community Development

Others (specify): \_\_\_\_\_

4. Geographic Scope of activity (check all that applies):

\_\_\_\_\_ Local (community/village)    \_\_\_\_\_ Provincial    \_\_\_\_\_ National    \_\_\_\_\_ Arab and International

5. Number of Employees:

	Paid	Volunteers
Full-timers		
Part-timers		

6. Organization's annual operating budget (Check by putting (x)):

\_\_\_\_\_ below 100,000 \$    \_\_\_\_\_ 100,000\$-500,000\$    \_\_\_\_\_ 500,000\$-1 Million\$    \_\_\_\_\_ above 1 Million \$

7. Major Sources of Finance (please specify the % of the total budget for each:

a) Owners and/or Shareholders: \_\_\_\_\_ % of the total budget

b) Funders: \_\_\_\_\_ % of the total budget

c) Others (please specify): \_\_\_\_\_ % of the total budget

8. Approximate number of projects per year exceeding 10,000 USD in budget:

\_\_\_\_\_

## II. Organizational structure and management

1. How does your organization set its corporate strategy? Check by putting (x):

☐ On yearly basis      ☐ 5-year basis      ☐ don't have corporate strategy  
☐ 3-year basis      ☐ no change (consistent strategy)

2. Please check (x) whether the below criteria are met in your organization:

	1 Totally invalid	2 somewhat invalid	3 Maybe	4 somewhat valid	5 Totally valid
My organizational performance meets the organization's expected goals and targets					
The organization has a clear and well established structure					
Organizational goals are well understood and disseminated amongst all employees					
The operation of the organization is usually based on a well defined strategic plan					
The organization doesn't have a specific work plan; it based its operation on opportunities available in the market					

3. Rate (x) the factors that were the most critical to accomplish your organization's objectives?

	1 Unimportant	2 Somewhat unimportant	3 Neutral	4 Somewhat important	5 Very Important
Financial resources					
Human (capabilities)					
Presence of an effective corporate strategy					
Technological capacities					
Efficient allocation and management of resources					
networking with external environment					
Reputation					
Sustainability of projects					
Other (Specify):					

### III. Employees Management (internal stakeholders)

1. Please check whether these criteria are met in your organization (check all that applies):

	1 Totally invalid	2 somewhat invalid	3 Maybe	4 somewhat valid	5 Totally valid
Employees have the adequate skills to perform their job so that organizational objectives are reached					
Sufficient training is given to perform better					
Employees feel secure/satisfied about their job					
Working conditions are adequate to get the job done					
Job description is clear to the employee					
Manager-Employee relationship is relatively good					
Employees are confident of their leader's capability					
Personal aspirations and goals conflict with those of the organization					
Volunteers are committed to the organization and its goals					
Volunteers are skillful and well-trained to do their job					

#### IV. External Environment

1. Check (x) to what extent do these following external forces impact your organization:

	1 (no impact on the organization)	2 (Minimal impact)	3 (Moderate impact but can overcome it)	4 (High impact)	5 (Very high impact- impede the work of the organization)
Competitors					
Customers (beneficiaries)					
Economical forces					
Political forces					
Regulations/ Laws					

2. How many projects did your organization undertake in which it collaborated with the government? \_\_\_\_\_

3. How many projects your organization had undertaken in which it collaborated with the international organizations (funders)? \_\_\_\_\_

4. How many projects in partnership with the government are institutionalized beyond the project life cycle? \_\_\_\_\_ % of all your projects with the government

5. How many projects in partnership with the international organizations are institutionalized beyond the project life cycle? \_\_\_\_\_ % of all your projects with the international organizations

1. Rate the extent of your organization's relation with the following parties. Check by putting (x)

	1 Very low	2 somewhat Low	3 Neutral	4 somewhat High	5 Very High
Government					
international organizations (funders)					

7. What obstacles do you think they impede the performance of your organization?

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Thank you for your time and cooperation!

### XIII. ANNEX 2

#### *A SAMPLE OF THE INTRODUCTORY LETTER*

**Dima El Hassan**  
**Lebanese American University**  
January 16, 2006

#### **To Whom It May Concern**

I'm Dima El Hassan, an MBA student at the Lebanese American University (I.D. 200200625). I am currently conducting research on: "Lebanese Non-Profit sector: Evaluating Corporate Strategy", under the supervision of Dr. Michel Soto Chalhoub, professor of Management. This project is part of my requirements for the MBA program at the Lebanese American University.

Your candid help and co-operation in answering the enclosed questionnaire would highly contribute to the results of this project. It should not take you more than 15 minutes. You can send it back either as an attachment via this e-mail address ([dimaelhassan@gmail.com](mailto:dimaelhassan@gmail.com)) or via fax (01-793300). I would be grateful if you could return it as soon as possible.

Also note that in an effort to respect the privacy of your opinions, the data collected will be processed and presented in aggregated form and will not disclose the individual answers.

We thank you again for your precious time and help.

Best Regards,

Dima El Hassan  
ID# 200200625  
Lebanese American University

#### **XIV. List of NGOs contacted<sup>8</sup>**

Ajiyalouna  
Al Aataa Humanitarian Welfare Association  
Al Hadi Institution for Deaf and Blind Children  
Al Huda Association\*  
Al Kafaat\*  
Al Mabarrat Association\*  
Al Nida Association\*  
Al Rahma Center for Social Services  
Al Ru'ya Association for Rehabilitation and Care  
Al Shouf Cedar Society (ACS)  
Al Younbouh Association\*  
Amane Association\* —  
Anamilouna\*  
Animal Encounter Association\*  
Anta Akhi Association\*  
Arab NGO Network for Development\*  
Arc en Ciel Association\*  
Armenian Educational and Social Association  
Armenian Fund for Economic Development  
Assabil Association  
Assembly of Professionals and Technicians in Lebanon\*  
Association for Charity and Culture\*  
Association for Forest Development and Conservation (AFDC)\*  
Association for Protecting the Environment- Tyr  
Association for Rehabilitation of Disabled and Ill People (Beit Said)\*  
Association for Volunteer Services\*  
Association of the Friends of Ibrahim Abd El Al  
Beirut Association for Social Development (BASD)  
Caritas Lebanon  
Catholic Youth Club  
Center for Conflict Resolution and Peace Building (CCRP)  
Child and Mother Welfare Society  
Children Care Association\*  
Children Land Association\*  
Children Municipal Council (CMC)\*  
Chronic Care Center (CCC)  
Community Association for Student Support (CASS)  
Dar Al Amal Association  
Dar Assadaka  
Development for People and Nature Association

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<sup>8</sup> The NGOs with a mark (\*) are the ones that responded to the questionnaire sent.

Development Studies Association (DSA) \*  
 Developmental action with out Borders / Naba'a \*  
 Druze Welfare Association  
 Enlightenment and Benevolence Association  
 Environnement Sans Limites  
 Family Planning Association \*  
 Farah Social Foundation  
 Fares Foundation  
 Foundation for Human and Humanitarian Rights  
 Friends of the Disabled \*  
 Ghassan Kanafani Cultural Foundation  
 Green Line Association \*  
 Haramoun Cultural Association  
 Hariri Foundation \*  
 Hasbaya Cass \*  
 Houda Charity Association  
 Imam Al Sadr Foundation (ISF)  
 Inaash- Association for Development of Palestinian Camps  
 Institute for Human Rights  
 Irfan Establishment \*  
 Islamic Association for Higher Education and Scientific Guidance  
 Islamic Charity Emdad Committee  
 Jaafarih Welfare Association  
 Jabal Aamel Women Association  
 Jeunesse Anti-Drogue (JAD)  
 Jihad Al Binaa Foundation for Development (JBDA)  
 Joint Christian Committee for Social Service (JCC) \*  
 Joseph Skaff Foundation  
 Junior Achievement Lebanon (JAL)  
 KAFA Association \*  
 Khiam Rehabilitation Center for Victims of Torture (KRC) \*  
 Koura Development Council (KDC) \*  
 Landmines Resource Center \*  
 Lebanese Association for Human Rights  
 Lebanese Association for Popular Action  
 Lebanese Association of SOS Children's Villages \*  
 Lebanese Autism Society  
 Lebanese Council of Disabled People  
 Lebanese Council of Women (LCW)  
 Lebanese Environment Forum (LEF)  
 Lebanese Foundation for Permanent Civil Peace (LFPCP)  
 Lebanese Transparency International \*  
 Lebanese Union for Child Welfare (LUCW)  
 Lebanon Peace \*  
 Makassed Philanthropic Islamic Association  
 Makhzoumi Foundation



Mines Advisory Group\*  
 Mohammad Khaled Social Foundation  
 Moustafa Saad Charity Foundation\*  
 Mouvement Social\*  
 Mufti Al Sheikh Hassan Khaled Institution for Studies and Development  
 Music and Fine Arts Promotion Association  
 Nabil Breir Social Foundation  
 National Association of Medical Social Care and Vocational Training  
 National Committee for Public Schools (NCPS)\*  
 National Rehabilitation and Development Center (NRDC)\*  
 Offre Joie Association  
 Oum Al Nour Association\*  
 Pontifical Mission\*  
 Rene Moawad Foundation (FRM)  
 Reserve of Bentael\*  
 Rural Family Support Association\*  
 Safadi Foundation\*  
 Saida Patrimoine et Environnement\*  
 Sidon Orfan Welfare Society\*  
 Social Relief and Welfare Organization in Saida  
 Social Rural Association  
 Society for Protection of Nature in Lebanon (SPNL)\*  
 Socio-Medical Association (SMC)\*  
 Syriac League\*  
 Women Work Association  
 Work and Education Association  
 Young Men's Christian Association (YMCA)\*  
 Young Women Moslem Association\*  
 Youth Association for Blind\*  
 Youth Social Awakening Union  
 جمعية مكتبة أطفال صيدا الشعبية\*