



Strategic management: the case of NGOs in Palestine

NGOs in
Palestine

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Abstract

Purpose – The purpose of this paper is to explore whether non-governmental organizations' (NGOs) managers think and use strategy in their daily operations, to assess the impact of its applications on the performance of NGOs and to test the validity of the “dynamic model of strategic management” originally used for small and medium-sized enterprises (SMEs) in the Gaza Strip, Palestine.

Design/methodology/approach – This empirical study is concerned with NGOs' managers located in the Gaza Strip in Palestine. Survey questionnaire was the main data collection instrument. A combination of qualitative and quantitative approaches, triangulation, is employed for data analysis.

Findings – It was discovered that most NGOs used strategic management systems and perceived strategic management as an important tool for increasing the quality of service delivery, achieving goals and increasing overall organizational performance. Moreover, the principles of the “dynamic model” developed for SMEs are applicable to the NGOs in Palestine.

Research limitations/implications – This research focused on local NGOs in Gaza Strip, while the contribution and significance of local NGOs and the civil society sector as a third sector is recognized around the world, inclusion of a number of international NGOs in the study would have yielded more significant results and would have helped to identify best practices in the sector.

Practical implications – NGOs in Palestine and elsewhere must become more strategic in their planning and operations in order to increase their performance, productivity and efficiency in providing quality service.

Originality/value – This first-time study contributes to the current stock of knowledge and our present understanding of strategic management, as perceived by NGO managers, by contextualising its use in Palestine.

Keywords Palestine, Non-governmental organizations, Management strategy, Strategic management, Strategic planning, Managers

Paper type Research paper

1. Introduction

Nowadays, the need for thinking strategically and the belief that practicing strategic management yields positive effects on the organizations' performance has been widely recognised (Joyce and Woods, 2001; Analoui and Karami, 2003; Harrison, 2003; Pitts and Lei, 2003; Pearce and Robinson, 2007; Wheelen and Hunger, 2008; Hitt *et al.*, 2011). Non-profit making organisations including non-governmental organizations (NGOs) are no exception. They too now run their organizations as businesses and public bodies (Lubelska, 1996; Courtney, 2002), simply because they have had to face the reality of working in a more globally competitive environment (Lindenberg, 2001) and are



investing seriously in improving their professional competences by using strategic management (Wilson-Grau, 2003).

A review of the literature reveals that little has been written about strategic management in NGOs compared with what has been written about large companies (corporations). Generally speaking, NGOs, especially those operating in the Gaza Strip (GS), for the most part are small and since 1994 their number has grown substantially, as the sector has been extended. Naturally, they have been subject to a high level of competition, in so far as scarce donor resources and donors' requirements such as greater financial accountability, and stronger evidence of program influence are concerned. Therefore, thinking strategically and using strategic management are very much a part of today's NGOs reality (Linenberg, 2001; Analoui and Karami, 2003), and those who utilize this distinctive value, will gain a particular advantage over other types of organizations in order to secure the donors funds (Hailey, 2000).

This paper is based on the results of a recent empirical study of the NGOs in GS which aims to explore the perception of the NGO manager in GS as to whether or not they think and use strategy in their daily operations and if so what would be the implication of this for their performance. To achieve this, first a brief overview of the literature is carried out, then the scope of the study, the data collected and the analysis and discussion of the results will be presented accordingly. Finally, salient conclusions will be reached and a number of recommendations for NGOs will be put forward.

2. Strategic management and NGOs: a brief overview

With the increasing expansion of the number of NGOs around the world, managing these important organisations has posed a challenge. NGOs, like other business organisations, have started to discover models and tools which will help them to manage and develop themselves in a way that is true to their mission and values (Lubelska, 1996; Wilson-Grau, 2003). Real efforts have been presented in some specialist areas such as marketing, finance, HR and information technology. However, there has also been a need to find proper methods to enable NGOs to address some of the most fundamental questions about their purposes – what they are trying to achieve, and how they are going to determine and achieve their missions and goals. These fundamental questions fall clearly into the realm of the concept of strategy and strategic management (Courtney, 2002).

Not surprisingly, NGOs have invested heavily in improving their capacity and competences. One endeavor has been the use of strategic planning for their daily operations. Smillie and Hailey (2001, p. 36) claim that:

[...] much has been written about strategic planning, strategic management, and strategic choices in non-profit organizations. It is even suggested that if development is going to be sustainable, managers must give added prominence to strategy.

According to Lindenberg (2001) the NGO sector has been challenged seriously by the problem of how to accommodate tools from other sectors, such as strategic management, that may allow them to improve organizational performance within an organizational culture that is strongly suspicious of both private and public sector techniques and motivations. It is reported that most NGOs nowadays periodically implement a multi-annual process sharply concentrated on placing the organization in a position to accomplish its mission and long term goals (Wilson-Grau, 2003).

However, the adoption of this technique in NGOs was not without controversy. There was a long-standing concern amongst some people that NGOs are becoming increasingly business-like and have therefore been losing their distinctive identity and values. Strategic management has even been regarded as yet another commercial tool which has been forced on an unwilling sector which is losing its soul (Courtney, 2002).

Whilst, Gil-Estallo *et al.* (2006) assert that NGOs have a mission, strategy and goals different from those organizations looking for profits, others argue that NGOs are also concerned with utilising management principles at least as good as those used by private companies. Salbi (1997) asserts that achieving goals, surviving and flourishing require responding and adjusting to social, economic and political environments and the changes therein. She adds, that strategic planning is essential in every type of organization, be it NGO, a government, community, political or business institution.

There are a wide range of views, models and techniques which can be described under the title of strategic management (Courtney, 2002). Indeed they have gradually provided a useful cookbook for many NGOs from which to choose and implement any of the proper techniques to suit their own purposes and to help in achieving their goals. It can be concluded that more than ever NGOs are embracing strategy in order to rapidly change within their operating environment (Akingbola, 2006).

Wright *et al.* (1994) emphasize that strategic management plays a vital role in enhancing organizational effectiveness in all types of organizations, large or small, international or domestic, diversified or single product, and profit or non-profit. Miller and Cardinal (1994) assert that research has revealed that organizations which practice strategic management concepts and techniques generally do better than those that do not. The idea of using strategic management in non-profit organizations or NGOs has been reviewed. Two opinions have been presented. Courtney (2002) stresses that the adaption of the concept of strategy in NGOs was not without controversy. There was a long-standing concern amongst some people that NGOs have been becoming increasingly like business and are therefore losing their distinctive identity and values. Another opinion says that strategic management is just another commercial tool being foisted on an unwilling sector which is losing its soul.

The achievements of a non-profit social services organization (NPSO) often depend on formulating strategies suitable for the competitive and environmental realities that the organization confronts. These realities are gradually more significant given the increased demands for services, in the company of decreased funding caused by government cutbacks and societal changes (Roller, 1996).

One interesting study about employing strategic management in public and private sector frameworks for NGO repositioning, was the study of Lindenberg (2001). Gil Estallo *et al.* (2006) assert that NGOs have a mission, strategy, and goals different from those organizations looking for profits. On the other hand, NGOs are concerned about using management and information systems which are at least as good as those used by private companies. Salbi (1997) asserts that achieving, surviving and flourishing requires responding and adjusting to the social, economic and political environments and the changes therein. She adds therefore strategic planning is essential in every type of organization, be it NGO, a government, community, political or business institution.

Siciliano (1997) carried out a study of 240 YMCA organizations and revealed that regardless of organization size those organizations that used a formal approach to strategic planning had higher levels of financial and social performance than those

with less formal processes. The better performers also assigned the responsibility for planning to a strategic planning subcommittee of the board rather than to the board's executive committee or to an outside consultant agency.

2.1 Strategic management models

Pearce and Robinson (2007) define a strategic management model as the structure which promotes understanding and integration of all the main stages of strategy formulation and implementation.

Analoui and Karami (2003) stress that there are different models of the strategic management process and different models of the strategy process within the organization have been proposed by strategic management scholars (Wright *et al.*, 1994; Morden, 2007; Wheelen and Hunger, 2008; Hitt *et al.*, 2011). These models are generally similar in the phases of strategic management process. They add that the models of strategic management process start with environmental analysis continue with strategy development and implementation and end with evaluation of the implemented strategies.

The literature review illustrates that a number of models have been proposed for strategic management in NGOs (Miles and Snow, 1978; Porter, 1980; Berry, 1998; Lindenberg, 2001; Wilson-Grau, 2003). The basis for all of these models is similar in their employed concepts.

2.2 Dynamic SME's strategic management model

A dynamic small and medium-sized enterprises (SME's) strategic management model has been developed by Analoui and Karami (2003). According to them the strategic management process models have tried to answer six essential questions: what is our business? Where are we now? Where do we want to be? How are we going to get there? Which way is the best? and Shall we do it? They add that the majority of the strategic management process's models take a broad view of stakeholders and are competitor driven rather than customer oriented. Furthermore, the dynamic SME's strategic management model as an expansion of the basic strategic management model introduces a customer value based model of strategic management.

The dynamic SME strategic management model comprise of four phases:

- (1) *Awareness.* Understanding the strategic situation.
- (2) *Strategy formulation.* Prepare appropriate strategies.
- (3) *Strategy implementation.* Making the chosen strategy happen.
- (4) *Strategy control and development.* Evaluate and get lessons for future improvement and development.

Moreover, the dynamic SME strategic management model describes a process by which SMEs determine their purposes, objectives and required level of achievement; decide upon actions for accomplishing those objectives in a suitable timescale and regularly in a change environment; implement the actions and evaluate progress made by assessing the outcome. This will outline a foundation for learning from the actions taken for future development.

The following are some reasons behind choosing this model to be tested in NGOs in GS.

This model has been developed to be used in SMEs which are closer to NGOs than big corporations where many other models have been developed and used. NGOs and SMEs are similar in some aspects such as their size, the number of employees, and some of the managerial issues and management initiatives.

Reviewing the content of the model shows that it is simple in comparison with other models which have been developed for big corporations; this is necessary for small NGOs like those in GS. Furthermore, study of the details of the content of this model shows that there is nothing which is not applicable to NGOs.

To the researcher's knowledge this model has not to date been tested in NGOs. Dynamic SME's strategic management model as an expansion of the basic strategic management model introduces a customer value based model of strategic management and NGOs, which is useful as service organizations, are customer oriented.

3. Scope of the study

The West Bank and Gaza Strip (WBG) are parts of Palestine; both were occupied by Israel in 1967 and added to East Jerusalem (EJ), while other parts of Palestine were occupied in 1948. From 1922 Palestine was under British mandate according to the League of Nations Resolution 1922. After the war of 1948 Israel was established as a state and GS came under the Egyptian administration and West Bank (WB) came under Jordanian administration until the occupation of WBG by Israel in 1967. The occupation continued for 27 years until a treaty between Israel and the Palestinian Liberation Organization (PLO), which took place in 1993 and was followed by the Oslo Agreement and the Paris Economic Protocol in April 1994. In September 2000 the second Intifada (Alaqsa Intifada) began and since then the Palestinian territories of WBG have been in a constant state of political and economical turmoil. The WB is an area of about 5,655 km² (PASSIA, 2004). The population of WB is about 2,336,254; while GS measures 360 km² and its population is 1,363,513 (PCBS, 2004).

GS lies on the eastern shore of the Mediterranean Sea. It is a small strip of land bound to the south by Egypt. It has one of the highest annual population growths in the world (4 percent). About 3,737,494 Palestinians are registered as refugees (UNRWA, 2000). A high number of refugees immigrated to GS during the Israel-Arab War in 1948. The population of GS increased gradually after the Gulf War in 1992 and the peace treaty in 1993 which makes GS one the most densely populated areas in the world (Al-Madhoun, 2003). Moreover, the population of GS is predominantly young, 48.5 percent of the population is under the age of 15.

There is no stark difference between WB and GS in general. Both territories are under the same occupation, they are from the same ethnic group, and they have the same culture, customs, traditions and religion (predominantly Moslems). Al-Madhoun (2003) stresses that:

[...] comparisons between WB and GS have shown that the WB has a larger share of the manufacturing sector of the purchasing power in Palestine. This might well be due to several factors such as the greater isolation that has been imposed on GS, the easier access from WB to Israel and the World (input-output) markets, the market which serves the WB is bigger (Al-Madhoun, 2003).

Currently this picture has changed in Palestine; both WB and GS have experienced the worst decline in economic growth and degradation in economic conditions. This downturn has been mainly the result of the Israeli closure policies and the frequent

Israeli military attacks on Palestine. Some statistics show that the economic situation in GS is the World's worst, for example, those living under the poverty line constitute nearly 81 percent of the population in GS in comparison with WB 59 percent (CIA, 2005).

Most of the structural problems and strategic choices affecting the WBG are quite similar (Al-Madhoun and Analoui, 2002). Palestinian NGOs have played a critical role in providing economic and social services to the poor and marginalized people in the WBG, and in building democratic institutions in the Palestinian society (Sullivan, 2001). As a result of the occupation and what stemmed from it such as orphans, the disabled, elderly people without care, wide destruction, and a lack of services in the main fields (Health and Education), there is a requirement for many initiatives to meet these urgent needs. Arguably, this has been the main motivation for starting many relief NGOs as well as advocacy NGOs (Shubair, 2003). This brief background illustrates the importance of NGOs and their development role for the Palestinian territories and the need for contextualizing the strategic management in Palestinian NGOs, the very topic of this empirical research; The NGOs in GS have been the case and setting for this research.

3.1 Main aims and objectives of the study

Analoui and Karami (2003) stressed that research in strategic management, particularly in small and medium size enterprises, has become one of the most important fields of research in academia and industry. Since most NGOs in GS conveniently fall into the category of small, therefore, the framework of analysis adopted to examine the research questions of the study has been borrowed from the above writers, who unlike other writers on strategic managers, place emphasis on the need for awareness on the part of the strategist. Thus, the objectives are to:

Explore whether or not, NGOs' managers think and use strategy in the management of their daily operations. Assess the impact of applications of strategic management, if any, on the performance of NGOs in GS from the managers' perspective, and examine the extent to which the "dynamic model of strategic management" applies to NGOs in GS.

3.2 Methods employed

Saunders *et al.* (2007) state that the questionnaire can be used for both descriptive and explanatory research. They add that the questionnaire will enable researchers to identify and describe the variability in different phenomena. Regarding analytical research they mention that a questionnaire will enable researchers to examine and explain relationships between variables in particular cause and effect relationships. This research is an explanatory research and therefore the researchers have employed descriptive, analytical, comparative and statistical methods involving both qualitative and quantitative approaches. The data had to be collected from a population of 657 NGOs all over GS. Therefore, based on the nature of the data which was required, the type of the research (explanatory) and the large research population, the delivery and collection questionnaire is the main data collection technique in this study.

A questionnaire was specifically designed for this research. It was distributed to more than 20 percent of GS NGOs ($n = 127$). The researcher used stratified random sampling where the NGOs have been divided into five geographical areas. The areas are North Gaza, Gaza City, Middle Area, Khanyones and Rafah, and the sample size

was divided amongst the above areas in the same ratios that they are represented by population (Table I).

The questionnaire design was composed of two parts to accomplish the aim of the research, as follows:

- The first section contained the demographic profile about the sample and their organization and consists of 11 questions.
- The second section contained information about Management Process and Strategic Planning and consists of 22 questions.

Most questions follow the Likert Scale as illustrated in Table II. According to the nature of the question for each group as follows:

The researcher reviewed the questionnaire in two stages. First, it was reviewed by a number of academic researchers experienced in questionnaire design. Also, a draft was passed to ten faculty members in the Islamic University of Gaza. Second, the questionnaire was piloted by some NGOs in GS. Two tests have been applied to the scouting sample in order to measure the consistency of the questionnaire. The first test is the Half Split Method and the second is Cronbach's coefficient α .

As shown in Table III, all the corrected correlation coefficients values are between 0.0 and +1.0 and the significant (α) is less than 0.05. So all the corrected correlation coefficients are significant at $\alpha = 0.05$. It can be said that according to the Half Split method, the result ensures the reliability of the questionnaire.

Subject	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Registered	927	832	731	597	534	481	411	319	209	123
Closed	270	217	163	136	134	86	58	8	0	0
Still open formally	657	615	568	461	400	395	353	311	209	123

Table I.
The number of NGOs in GS

Source: Ministry of Interior (2003)

Scores	1	2	3	4	5
Level	Very low importance	Low importance	Average	High importance	Very high importance
	Not significant	Limited significant	Significant	Very significant	Fundamental
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	Very low	Low	Average	High	Very high
	Poor	Below average	Average	Above average	Outstanding

Table II.
Likert scale

p-value	Spearman-Brown coefficient	Person-correlation	Section
0.000	0.8409	0.7255	All question of questionnaire measured according to Likert scale

Table III.
Half split method

MRR
35,6

As shown in Table IV, the Cronbach's coefficient α was calculated for the first field of the causes of claims, the second field of common procedures and the third field of the particular claims. The Cronbach's coefficient α equal. This is considered high; the result ensures the reliability of the questionnaire.

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3.3 Contribution of research

This study represents an important contribution both theoretically and practically. From a theoretical aspect, it is a first time study about strategic management in NGOs in Palestine. Also it develops contextualizing strategic management in NGOs in Palestine and fills a gap in the strategic management in NGOs' literature. Practically it provides policy implications for NGOs and their effectiveness and presents HR development implications for designing and implementing training for managers of NGOs in Palestine. Furthermore, it provides guidelines for senior managers to improve their strategic management skills, and guidelines for consultants who work in the field of strategic management in general, and strategic management in NGOs in particular, in Palestine. Finally, it presents guidelines for the universities who are involved in teaching strategic management in Palestine.

4. Data analysis and findings

4.1 Demographic profile of the respondents

Demographic data provided valuable information concerning who took part in the survey. The analysis of the data and the relevant findings are briefly discussed.

From the total number of 122 respondents, 45 (36.9 percent) from the sample NGOs were "Executive Managers"; eight (6.6 percent) were "Managers"; 27 (22.1 percent) held the position of "Senior Manager"; nine (7.4 percent) were "Supervisors", and the remaining 33 (27.0 percent) fell into the category of "Others". (In the case of NGOs in GS many respondents who are members of the Board of Directors or are project organizers also play the role of manager, therefore we have this percentage (33 percent) as other). The results reflected the resources of the research data which was generally speaking the top management, which indicates also the value of these data. Table V shows the frequency distribution of the managerial position of the respondents.

Table IV.
Cronbach's coefficient α

Section	No. of items	Cronbach's coefficient α
All question of questionnaire measured according to Likert scale	56	0.9261

Table V.
Categories of the respondents

Job title within the NGO	Frequency	%
Executive manager	45	36.9
Manager	8	6.6
Senior manager	27	22.1
Supervisor	9	7.4
Other (who play the role of managers)	33	27.0
Total	122	100.0

4.2 Respondents' gender, age and strategy

Regarding gender 68.5 percent ($n = 87$) from the sample were "male", and 31.5 percent ($n = 40$) were "female". This result proves that most of top management positions and particularly the executive ones in NGOs were occupied by men rather than women. This is expected as a cultural issue in a conservative community like GS. However, 31.5 percent is a high percentage when compared with other areas and fields. Perhaps this result is related to the special nature of the NGOs. The above result is in line with the work of Wady and El-Ashgar (2009). They comment that it is reasonable to find a higher percentage of female participation in NGOs.

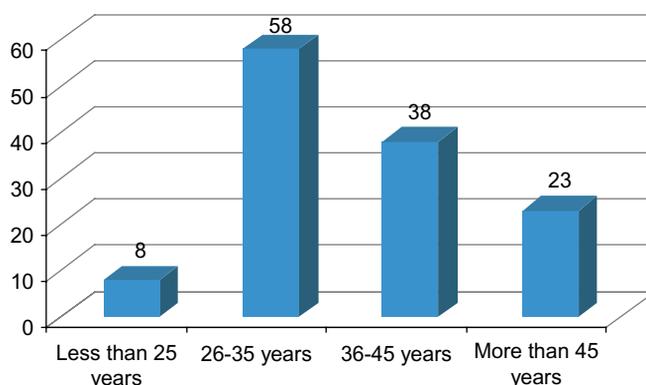
The reason for measuring the age of the respondents was to explore the relationship between the age of the respondents and their managerial characteristics. Figure 1 shows the classification of the respondents' age groups. The age of the respondents was classified into four groups; group one: less than 25 years; group two: 26-35 years; group three: 36-45 years and group four: more than 45 years. Karami (2003, 2007) and Karami *et al.* (2006) revealed that there was no significant correlation between the age of respondents and the choosing of a strategic orientation in small and medium sized enterprises.

Preliminary data analysis shows there is no difference in the opinion of the correspondents about the identification NGOs manager's perceptions and attitudes toward developing and implementing effective strategies at significant level ($\alpha = 0.05$) due to age.

4.3 Work experiences of the respondents

Hambrick and Masson (1984) assert that career experiences other than functional track record can be expected to have a significant effect on the types of actions taken by a manager or an entire top management team. Furthermore, Karami (2003, 2007) and Karami *et al.* (2006) revealed that there is a strong and significant correlation between the professional expertise of the CEOs and emphasis on formal strategy development in the studied firms.

In this study the result shows that 22.8 percent ($n = 29$) of the sample had "less than five years", 42.5 percent, ($n = 54$) the largest percentage, had "six-ten years", whilst another 15.7 percent ($n = 20$) reported having "11-15 years". About 11.8 percent



Source : Data analysis

Figure 1.
The age groups of the
respondents

($n = 11$) from the sample showed “16-20 years”, 4.7 percent ($n = 6$) claimed to have “21-25 years” experience, and the lowest percentage, 2.4 percent ($n = 3$) was the “more than 25 years” group.

Moreover, ANOVA test has been used and the result shows that the p -value equals 0.596 which is greater than 0.05 and the value of F -test equals 0.739 which is less than the value of critical value which equals 2.29. That means there is no difference in the opinion of the correspondents about the identification of NGOs manager’s perceptions and attitudes toward developing and implementing effective strategies at significant level ($\alpha = 0.05$) due to years of experience (Figure 1).

4.4 Educational level of the respondents and strategy

Sebba *et al.* (2009) reviewed the literature and concluded that education level is positively correlated with regard to innovation, change and growth.

In this study, it was discovered that there seems to be little or no difference amongst the respondents with regard to the NGOs manager’s perceptions and attitudes toward developing and implementing effective strategies at significant level ($\alpha = 0.05$) due to the level of educational qualification.

4.5 Strategic awareness of the managers

Berry (1998) claims that it is significant to realize that in studying management practice in small firms, the role of the entrepreneur is decisive. The entrepreneur’s personal goals, characteristics and strategic awareness will all extensively impact on the development of the business. Karami *et al.* (2006) revealed that the strategic awareness of the CEOs represents an important part in the formulation of business strategies. In the present study, it has been found that 56 percent of the studied NGOs reported that, a methodical approach to strategic planning has been set up in their organisations. The association between managers’ awareness of the significance of strategic management and the set up of such an approach was investigated in this section. It has been revealed that environmental scanning (awareness of the current status) is significantly ($t = 8.29, p < 0.000$) important. The respondents perceived the external opportunities as tremendously significant ($t = 5.49, p < 0.000$). Thus, the association between the strategic awareness of the managers and the setting up of a strategic planning approach within the surveyed NGOs was significant. Therefore, the strategic awareness of the managers significantly impacts on the setting up of a methodical approach to strategic planning within the NGOs. Furthermore, the respondents perceived that setting up a strategic management approach significantly impacts upon the overall performance of the NGO ($t = 14.45, p < 0.000$).

The results show that there is an association between strategic awareness and strategic planning. The data analysis shows that the strategic awareness of managers plays a vital role in the formulation of the business strategies ($t = 17.79, p < 0.000$). In other words, it can be said that where the managers of the NGO put more weight on strategic awareness, then they also place more emphasis on formal strategic planning. However, where the managers show a clear lack of strategic awareness they tend to not put emphasis on formal strategic planning. The above findings are in agreement with the work of Karami (2003) and Karami *et al.* (2006).

It is generally agreed that training is a very important factor in helping managers to improve their managerial skills in general and strategic management skills

in particular (Analoui, 2007). Since managers play a crucial role in the success of the business, to improve managerial competencies and effectiveness by offering the managers opportunities to attend management training programs would be appropriate (Pickett, 1998; Willcocks, 1998; Analoui, 2002; Al-Madhhoun and Analoui, 2002).

Argote and Ingham (2000) in the special issue of organizational behaviour and human decision processes on the foundations of knowledge transfer in organizations, argue that the creation and transfer of knowledge are a basis for competitive advantage in firms. In the present research the results show that 81.1 percent of the respondents have participated in some form of strategic planning training, which reflects a high level of strategic awareness amongst managers.

4.6 Significance of strategic management

Wright *et al.* (1994) emphasize that strategic management plays a vital role in enhancing organizational effectiveness in all types of organizations, large or small, international or domestic, diversified or single product, and profit or non-profit. Miller and Cardinal (1994) assert that research has revealed that organizations which practice strategic management concepts and techniques generally do better than those that do not. The adoption of this technique in NGOs was not without controversy. There was a long-standing concern amongst some writers that NGOs have been becoming increasingly business-like and are therefore losing their distinctive identity and values. Others argue that strategic management is just another commercial tool that has been forced on the sector (Courtney, 2002; Lindenberg, 2001). Gil-Estallo *et al.* (2006) assert that NGOs have a mission, strategy, and goals different from those organizations looking for profits. While Akingbola (2006) emphasizes that more than ever NGOs are embracing strategy in response to the rapid change in their operating environment.

In the present study the data analysis shows that more than half of the surveyed NGOs ($n = 70$, 56.0 percent) have established a strategic management system in their NGOs. Therefore, important proportions of NGOs view strategic management as significant. Moreover, the result shows that 71.3 percent from the NGOs have a “written strategic plan”, 83.1 percent of the NGOs have a “written business plan”, and 78.6 percent of the NGOs have a “written mission statement”. All the previous results emphasise the high level of formality in strategic planning and indicate the importance of strategic management in the studied NGOs.

4.7 Strategic management approach and organizational factors

With the aim of seeing the impact of a strategic management approach on organizational variables within the studied NGOs, the respondents were asked to rate its impact on the research variables such as, overall performance of the NGO, quality of the service, achieving goals, etc. The results of *t*-test have been shown in Table VI.

As discussed above, it is generally and broadly agreed that thinking strategically and practicing strategic management have positive effects on the organizations' performance. The data analysis shows that the impact of a strategic management approach on the overall performance of the NGO in GS is significantly important ($t = 14.45$, $p < 0.000$). Surprisingly and interestingly data analysis showed that the impact of a strategic management approach on the quality of service is significantly important ($t = 15.18$, $p < 0.000$) and is ranked according to weight mean first. This result corresponds with other studies in similar size organisations (Karami, 2007).

Therefore, it can be concluded that managers of NGOs in GS believed that employing strategic management techniques significantly impacted the overall performance of the organisation (taking into consideration the results concerning the impact of a strategic management approach on overall performance, the quality of the service and achieving goals). These results are in agreement with other studies (Wasddell, 1980; Coghlan, 1987; Kanauft *et al.*, 1991; Steiner *et al.*, 1994; Bart and Tabone, 1998; Chauhan, 1998) which all demonstrate how various strategic planning and management techniques have been used beneficially in specific organizations and subsets of the voluntary non-profit sector (Courtney, 2002).

Furthermore, it has been discussed that environmental changes are one of the main influences upon the performance of all organizations including NGOs, and at the same time are largely beyond the control of the management of the organization. Therefore, it is no accident that managers refer to a “turbulent environment” within which they have to manage people and operations (Luffman *et al.*, 1996). Moreover, they are aware that NGOs do not exist in a vacuum but in an ever changing and, as stated, a sometimes turbulent external environment which can have serious implications for the organization and its future (Courtney, 2002). The present study confirms that the impact of a strategic management approach which is adjustable to environmental factors changes is significantly important ($t = 8.81, p < 0.000$).

Finally, as for the impact of employing a strategic management approach on NGO internal environmental factors, the findings of the data analysis support the notion of the significant impact of a strategic management approach on the internal environmental factors of the surveyed NGOs. For instance, managers believed that employing strategic management techniques in NGOs significantly assists in solving organizational problems ($t = 10.19, p < 0.000$) and reducing organizational conflict ($t = 8.33, p < 0.000$). Furthermore, in this research the findings show that employing a strategic management approach in NGOs significantly helps in organizational development.

5. Proposed model for successful strategic management process in NGOs

As mentioned earlier, one of the research objectives was to test the suitability of the dynamic model of strategic management originally developed by Analoui and Karami (2003). According to the above writers strategic management process models have tried to answer six essential questions: what is our business? Where are we now? Where do we want to be? How are we going to get there? Which way is the best? How shall we do it? They add that the majority of the strategic management process's models take a broad view of stakeholders and are competitor driven rather than customer oriented. Thus, the above framework as an expansion of the basic strategic

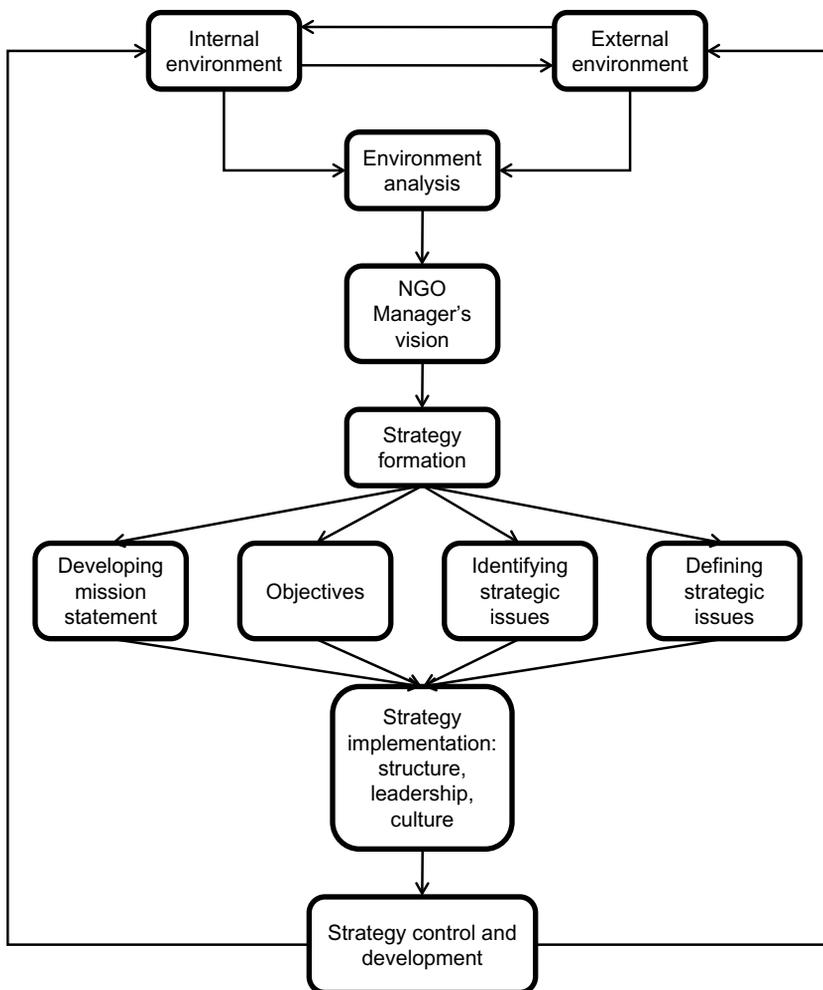
Variable	<i>t</i> -test	<i>p</i> -value	Association
Overall performance of the NGO	14.45	0.000	Significant
Quality of the service	15.18	0.000	Significant
Achieving goals	13.85	0.000	Significant
Adjustable with environmental factors changes	8.81	0.000	Significant
Sorting out organizational problems	10.19	0.000	Significant
Reducing organizational conflict	8.33	0.000	Significant
Helping in organizational development	10.13	0.000	Significant

Table VI.
Strategic management
approach and
organizational factors

management model introduces a customer value based model of strategy which is particularly relevant to the nature and operations of the NGOs.

Reviewing the content of the model shows that it is simple but comprehensive in comparison with other models which have been developed for big corporations. This mixture of simplicity and comprehensiveness is necessary for understanding the strategy in small NGOs like those in GS. Furthermore, the details of the content show that it is applicable to service providing organisations and NGOs alike. Moreover, the proposed model has not been tested in NGOs context elsewhere (Figure 2).

The results show that managers of NGOs, by and large, are “aware” of the importance of strategy and the application of strategic management as a tool for their planning, implementation and evaluation in GS.



Source: Analoui and Karami (2003, p. 59)

Figure 2.
Dynamic NGOs strategic
management model

It is also suggested here that the strategic management process in NGOs is profiled by a dynamic sequence of the following activities:

An analysis of the present situation of the NGOs in terms of their needs, services, beneficiaries, their distinctive competitive advantages, the personal objectives of the stakeholders and subsequently, definition of the services and the activities in terms of mission and values for meeting specified beneficiary needs.

Analysis of the external environment including evaluating opportunities and threats in relation to the competitors, donors, the economy, socio-political influences and technology in order to improve value to the beneficiaries:

- analysis of the internal environment including evaluating capabilities, strengths and weaknesses;
- identifying key improvement factors and strategic issues which will affect the future direction of the NGOs;
- defining strategic alternatives (options) in terms of objectives and grand strategies;
- implementing change to improve internal processes and service by enhancing recipients (beneficiaries) capabilities. This aspect of capacity building is crucial for NGOs strategic operations;
- monitoring improved beneficiary value and NGO performance; and
- review and learn from the strategies adopted with a view to future development of the strategic management capability of the NGO.

6. Conclusion and recommendations

The present study aimed to explore whether NGOs' managers think and use strategy in their management, to assess the impact of the application of strategic management on the performance of NGOs in GS from the managers' point of view, and to examine the suitability of the dynamic model of strategic management in context of non-profit making organisations. Moreover, the intention was to discover whether or not the proposed strategic dynamic model is applicable to NGOs in Palestine. Some 20 percent of all NGOs operating in GS were involved in this first time study which has made it a contribution to theory and practice. Major findings of the study were as follows:

- More than half of the NGOs had already established a strategic management system in their operations. Therefore, a significant percentage of NGOs viewed strategic management as "important" for their operation, survival and development.
- Managers of the studied NGOs perceived adopting a strategic management approach as an important factor for increasing quality of services, achieving goals and increasing overall organizational performance.
- Employing strategic management techniques in NGOs significantly helps in solving organizational problems, reducing organizational conflicts, and organizational development.
- Those NGOs with a strategic management are more flexible in terms of dealing and adapting to the environmental factors.

- There is no disparity of opinion of the respondents about the identification of NGOs manager's perceptions and attitudes toward developing and implementing effective strategies due to age, years of experience, or level of educational qualification.
- The managers' environmental awareness in NGOs is considerably important. There is a significant association between the strategic awareness of the managers and initiating a strategic planning approach. Moreover, the managers' strategic awareness and their perception of the benefits deriving from a formal strategic planning approach within the NGO has a considerable impact upon the success of the NGO.

6.1 Policy implications

In view of the above findings, the following are strongly recommended:

The donors from the international community, the Islamic world, and the Arab world should continue to support the Palestinian NGOs and they have the right to ask the Palestinian NGOs to show transparency, accountability, and to be moderate and well managed. On the other hand, they should respect the Palestinian national agendas and priorities, and not use the assistance as a political tool.

The PNA should allow the NGOs the freedom to work; the relationship between NGOs and PNA should be a cooperative and collaborative one.

For the NGOs in Palestine and other NGOs around the world, strategic management should be a reality in use and not just on paper. It should be the operating managerial culture. This is vital in order to achieve a high level of performance and increased productivity and efficiently.

Finally, the PNA ought to formulate a comprehensive strategic plan, and the Palestinian NGOs should consider this plan when they formulating their own plans, strategies and operations.

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