Organizational Purpose and Performance of National Health Non-Governmental Organizations in Kenya

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Submitted 22nd May 2022, Accepted 19th July 2022 and Published 25th September 2022

ABSTRACT

The purpose of this study was to assess the influence of defining organizational purpose on the organizational performance of national health non-governmental organizations (NGOs) in Kenya. The study utilized positivism research philosophy and a cross-sectional research design. The target population of the study was 564 chief executive officers (CEOs) and program directors of 282 national NGOs registered with the NGO coordination board. A sample size of 234 was selected using a random stratified sampling technique. Data collection was through a structured questionnaire while inferential and descriptive statistical techniques were used for data analysis. Structural equation modeling (SEM) was applied to test and explain the study hypothesis. Statistical package for social sciences (SPSS) Version 26 and Analysis of Moment Structures (AMOS) version 26 software was used for the analysis. The study findings determined that defining organizational purpose had a statistically significant positive influence on the organizational performance of national health NGOs in Kenya (r squared = 0.41, beta = 0.642, CR = 7.534, p < 0.05). The study concludes that defining organizational purpose is vital for the organizational performance of national health NGOs in Kenya. The study hence recommends to the top management of national health NGOs in Kenya to clearly articulate the purpose of their organizations thus making employees and managers satisfied and committed to its achievement.

Key Words: National health NGOs, Organizational Purpose, Organizational Performance
I. INTRODUCTION

In the rapidly evolving and dynamic environment, one of the effective factors for the success of organizations is improved organizational performance, and firm survival entails clearly articulating the organizational purpose during the process of strategic planning (Alosani, Yusoff, & Al-Dhaafri, 2019). An organization’s purpose entails the reason for the existence of the organization. It incorporates the vision, mission, and value statements that could be very narrow or broad in scope, and could influence the organization while choosing strategic opportunities (Katsioloudes, 2002). According to Campbell (2007), the central purpose is to explain for whose benefits the organization is in business, including explaining the organization’s philosophy or reason for existence; a strategy that describes the commercial logic explaining what business the organization should be in and how it will benefit; values represent the emotional and moral logic of purpose that will make employees and managers be satisfied and committed to its achievement, and standards of behavior translate ideas of strategy into policy guidelines. Further, Adler and Heckscher (2018) described shared purpose as the organization’s commitment to fulfilling its intended purpose and reason for existence, can be a powerful driver of organizational performance by providing guidance and motivation to its members’ combined problem-solving efforts.

Additionally, Gede (2022) argued that articulating and clearly communicating organizational purpose could create and sustain a widely shared commitment toward an organization’s ultimate purpose in large, complex, business enterprises facing dynamic environments. The definition of organizational purpose entails defining the mission, vision, and strategic objectives of the organization which is linked to the resource-based view theory of the firm (Gulati et al., 2016). The component of strategy and culture (values and standards of behavior) are usually added to the purpose to ensure that organization’s purpose can be lived as it is translated into corporate reality. Organizational value statements refer to public communications of organizational beliefs that are designed for internal use and ostensibly used to guide decision-making and behavior inside the organization (Allison, 2019). Similarly, the authenticity of an organization’s purpose is based on its rooted reality. Thus, an ambitious purpose described a significant value or outcome an organization intends to realize for a cause it strongly believes in (Khalifa, 2012). A well-defined organizational purpose can be explained to be the product of a genuine feeling or responsibility to play a major role to obtain results valued by both the organization and its stakeholders.

In Kenya, the NGO sector makes an immense contribution and supports the government’s development efforts toward the achievement of the Sustainable Development Goals (SDGs) and Kenya Vision 2030 (NGOs Coordination Board, 2019). Health NGOs have been pivotal in promoting population health, social development, and universal access to health services. However, NGOs continue to face various challenges due to limited institutional capacities, reduced government support, weak regulatory systems, changes in traditional philanthropy, and diminishing resources that hinder their performance (Nielsen & Neergaard, 2018). This study provided in-depth insights into the role played by the definition of organizational purpose on organizational performance and hence could guide policymaking in the NGO sector. While Usoh and Preston (2017) argue the importance of defining organizational purpose and organizational performance, a detailed review of the literature confirms the paucity of literature on this relationship, especially in the context of NGOs in developing countries with calls for more research (Njiru & Muriithi, 2018; Ongonge, 2013; Robert & Peter, 2012; Sandada, 2015). This study was
hence a vital addition to the existing empirical literature, and thus can inform the management of NGOs on the significant role of defining organizational purpose for the performance of national health NGOs in Kenya. The objective of this study was to establish the influence of the definition of organizational purpose on the organizational performance of national health NGOs in Kenya. Since its conceptualization by Penrose (1959), Resource Based View (RBV) has continuously advanced and occupied a pre-eminent position in strategy research. Generally, RBV theorists assert that differences in the level of performance among firms could be explained by the firm’s nature and its possession of valuable, rare, inimitable, and non-substitutable (VRIN) resources and capabilities (Yini & Lei-Yu, 2014). RBV holds that organizations are heterogenous in their resource endowments and these differences in resource endowments contribute to and therefore explain, the difference in organizational performance (Sanchez, 2016). Resources include capabilities, knowledge, assets, organizational processes, firm characteristics, and information and can as well be described in terms of physical, human, and or organizational capital (Barney, 2001). This research used RBV as the conceptual foundation to explain the relationship between articulation of organizational purpose and organizational performance. Articulation of organizational purpose and efficiently communicating it to all stakeholders to internalize it is a strategic resource that is inimitable and rare, and hence could provide the organization with a competitive edge in the marketplace (Lockett, Thompson, & Morgenstern, 2009; McGahan & Porter, 1997).

The purpose of an organization comprises the rationale for its existence. It includes vision, purpose, and value statements that may be highly specific or very wide in scope, and they can impact the organization's strategic decisions (Katsioloudes, 2002). The mission statement is considered to be the starting point in the strategic planning process (Khalifa, 2011). The organization’s mission describes the fundamental and unique purpose of business, in addition to business definition and scope, defining the organization’s target customers and the value to offer them, and related issues. The other aspect of purpose is a vision statement; a well-developed organization’s vision comprises two major components: core ideology and envisioned future (Collins & Porras, 1991). Objectives, on the other hand, are specific and measurable outcomes that the organization seeks to achieve (Bart, 2001; Bartkus, Glassman, & McAfee, 2000). By having objectives, an organization ensures to channel all its resources, capabilities, and competencies towards the realization of the organization’s objectives and its overall purpose (Adler & Heckscher, 2018). The dependent variable is organizational performance which was measured using three constructs; project management success, project success, and NGO success (Ramadan & Borgonovi, 2015). The following null hypothesis was tested:

$$H_0: \text{Organizational purpose has no significant influence on the organizational performance of national health NGOs in Kenya.}$$

A detailed review of the literature identified studies that investigated the link between organizational purpose and organizational performance in the context of the NGOs (Amagoh, 2015; David et al., 2018; Mungai, 2015; Ongonge, 2013). Amagoh (2015) suggested articulation of corporate purpose as one of the main issues that need to be addressed adequately by management in order to realize improved NGO performance and effectiveness. However, the study adopted a case study approach focusing on Action Aid and the results were not conclusive in the context of national NGOs. Similar to this, David et al. (2018) confirmed a positive link between strategic objectives and the performance of NGOs in Nigeria, as well as confirmed the influence of

II. METHODOLOGY

The positivist research philosophy and a descriptive research design were employed in this study. This study was guided by the positivistic philosophy, which is based on facts, objectivity, neutrality, measurement, and validity of results (Cooper & Schindler, 2014). Descriptive research helped to gain an accurate profile organizational purpose and performance in the national health NGOs based on the questions asked during data collection to gain insight into the field (Saunders et al., 2016). The target population for this study was 564 CEOs and program directors of 282 national health non-governmental organizations in Kenya registered with the NGO Coordination Board (NGOs Coordination Board, 2019). This study adopted the stratified random sampling technique which entailed grouping the national health NGOs into eight regions and proportionately distributing the sample based on the percentage of the population in each region. The sample calculation formula by Yamane (1967) was utilized and this led to a sample size of 234 CEOs and program directors. Primary data for the study was obtained using the questionnaire survey strategy, where structured questionnaires were used. For data analysis, this study adopted both descriptive and inferential statistics, which were guided by the hypothesis of the study. Descriptive analysis through means and standard deviations was aided by the Statistical Package for Social Sciences (SPSS) version 26. Structural equation modeling (SEM) through analysis of a moment structures (AMOS) version 26 was used to test the influence of organizational purpose on the organizational performance of national NGOs in Kenya.

III. RESULTS

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

A. Descriptive Statistics for Organizational Purpose and Organizational Performance

The study sought to establish the extent that the surveyed health NGOs engaged in the description of organizational purpose on a four-point Likert scale (strongly disagree to strongly agree). The means (M) and standard deviations (SD) were used to assess the extent that the national health NGOs defined their organizational purpose. Table 1 shows the findings of the descriptive statistics of the constructs measuring organizational performance.

Table 1:
Descriptive Statistics for Organizational Purpose

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision statement</td>
<td>1.11</td>
<td>4.00</td>
<td>3.4890</td>
<td>.43692</td>
</tr>
<tr>
<td>Mission statement</td>
<td>1.00</td>
<td>4.00</td>
<td>3.4537</td>
<td>.43530</td>
</tr>
<tr>
<td>Objectives</td>
<td>1.09</td>
<td>4.00</td>
<td>3.5046</td>
<td>.42495</td>
</tr>
</tbody>
</table>

The findings summarized in Table 1 indicate that respondents strongly agreed that NGOs engaged in articulating objectives (M = 3.50, SD = 0.425). Respondents agreed that their NGOs had vision statements (3.49, SD = 0.437) and also agreed that their national health NGOs had mission statements (M=3.45, SD = 0.435). These findings implied that the surveyed national health NGOs had defined their organizational purpose. The findings also indicate that all the items had standard deviations less than 1 indicating that the responses closely converged around the means.

B. Confirmatory Factor Analysis for Organizational Purpose

The researcher conducted CFA to examine the extent that the collected data for the organizational purpose variable fitted the study’s empirical model. This section provides results of the CFA for organizational purpose variable and fits a CFA model to indicate how well the observed constructs explained the first order latent constructs of the vision statement, mission statement, and objectives and how these in turn explained the organizational purpose. There were 9 items (VS1 – VS9) used to measure the vision statement, 5 (MS1 – MS5) for measuring the mission statement, and 11 (SO1 – SO11) used to measure objectives. Scale purification was however conducted and items with loadings below 0.5 towards their respective latent variables were eliminated from further analysis. Figure 2 indicates how the remaining items explained the first-order latent variables and organizational purpose.
Figure 2:

Model Fit for Organizational Purpose

\[ \chi^2 = 301.573; \chi^2/df = 2.285; DF=132; CFI=0.971; RMSEA=0.064 \]

Figure 2 displays the summary of the fit indices provided by the CFA output. The Chi-square/df value was 2.285 showing good fitness of the model. The value of the comparative fit index (CFI) was 0.971, while the RMSEA value was 0.064, indicating that the model was a good fit. The findings also indicate that the items in the CFA model had loadings of over 0.7 towards the first-order latent variables of vision statement, mission statement, and objectives. Hence, these three constructs had significant loadings toward organizational purpose. This implied that the model met the construct validity criterion.

C. SEM of the Organizational Purpose on Organizational Performance

Diagnostic tests to assess the assumptions of SEM were conducted before fitting the paths for the SEM. The diagnostic tests conducted included tests of outliers, a linearity test, a test of normality of residuals, and a test of heteroscedasticity. All these tests were conducted and no regression assumption was violated. The SEM path model to examine the influence of defining organizational purpose on the organizational performance of national health NGOs in Kenya was fitted. The findings in Figure 3 indicate that the \( r \) squared was 0.41. This indicates that 41 percent of the variance in organizational performance (OP) of national health NGOs in Kenya was explained by their definition of organizational purpose. The implication is that 59 percent of the variance in organizational performance of the national health NGOs in Kenya was explained by other factors not included in the model, and the error term.
Path Model Regression Coefficients: The research generated the regression path coefficients to enable the study to test the hypothesis relating to influence of organizational purpose on organizational performance. The regression estimates for the path model are summarized in Table 2.

Table 2:

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Estimate</th>
<th>Beta</th>
<th>S.E</th>
<th>CR</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>.132</td>
<td>.121</td>
<td>1.091</td>
<td>0.116</td>
<td></td>
</tr>
<tr>
<td>Vision statement &lt;- OP</td>
<td>1.106</td>
<td>0.911</td>
<td>10.498</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Mission statement &lt;- OP</td>
<td>1.003</td>
<td>0.938</td>
<td>9.422</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Objectives &lt;- OP</td>
<td>1.000</td>
<td>0.870</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP &lt;- OP</td>
<td>.608</td>
<td>0.642</td>
<td>.081</td>
<td>7.534</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Findings summarized in Table 2 show that organizational purpose had a statistically significant positive influence on organizational performance $(\beta = 0.642, CR = 7.534, p < 0.05)$. Using these results, the study rejected the null hypothesis and accepted the alternative hypothesis. This led to the inference that defining organizational purpose has a significant positive influence on the organizational performance of national health NGOs in Kenya. The derived regression equation from Table 2 was:

$\text{Organizational Performance} = 0.132 + 0.642 \times \text{Organizational Purpose} + \epsilon$
These findings imply that a unit change in defining organizational purpose would lead to a direct change of 0.642 units in organizational performance of national health NGOs, when all other factors are held constant.

The SEM model's fitness was tested and Table 3 provides the results.

**Table 3:**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Result</th>
<th>Threshold</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/DF</td>
<td>2.213</td>
<td>&gt;3</td>
<td>Acceptable</td>
</tr>
<tr>
<td>CFI</td>
<td>0.902</td>
<td>&gt;0.90</td>
<td>Good</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.073</td>
<td>&lt; 0.08</td>
<td>Acceptable</td>
</tr>
</tbody>
</table>

The findings summarized in Table 3 show the summary of the fit indices provided by the SEM output. The Chi-square/df value was 2.213, CFI was 0.902, and RMSEA was 0.073, which all indicated that the model was a good fit, and hence the developed paths and coefficients were reliable and efficient. The study results showed that organizational purpose had a statistically significant positive influence on organizational performance of national health NGOs in Kenya. This finding is in line with several studies which have shown links between indicators of defining purpose with organizational performance. For instance, Adler and Heckscher (2018) described shared purpose as the organization’s commitment to fulfilling its intended purpose and reason for existence can be a powerful driver of organizational performance by providing guidance and motivation to its members' combined problem-solving efforts. Similarly, the findings from this study support the findings by Gartenberg *et al* (2019) that organizations with middle-level employees with strong beliefs in the purpose of their organization and clarity as relates to the path towards that purpose experience better performance.

The findings from this study that defining organizational purpose through the vision statement influences organizational performance support the findings by Gede (2022), who investigated the impact of spiritual leadership (vision, hope/faith, and altruistic love) on financial and non-financial performance in Indonesia. The research found that all three aspects of organizational commitment were positively influenced by spiritual leadership characteristics that included vision. Furthermore, the characteristics of organizational commitment had a considerable impact on financial success. These findings also relate to the findings by Gulati *et al*. (2016) who studied the impact of vision statement quality on the financial and growth-related performance of US hospitals. The study's findings revealed a favorable correlation between vision statements and one of the four performance indicators assessed for the targeted geographic areas. The similarity between the findings from this study and the findings by Gulati *et al*. (2016) could be due to the similarity in the study context since both studies were conducted in the health sector.
IV. CONCLUSION

The study findings indicated that defining organizational purpose has a significant and positive influence on organizational performance of national health NGOs in Kenya. Therefore, the study concludes that defining organizational purpose is vital for organizational performance of national health NGOs in Kenya. To enhance their performance, national health NGOs engaged in articulating objectives, developing vision statements, and designing mission statements that were aimed at guiding their NGOs towards the attainment of their organizational performance objectives. This study identified key concerns that relate to organizational purpose and its link with organizational performance and recommended contextualized approaches that can be considered for adoption to enhance the performance of national health NGOs.

V. RECOMMENDATIONS

The study recommends to the top management of national health NGOs in Kenya that seek to accomplish their organizational performance objectives to clearly articulate the purpose of their organizations. In defining the organizational purpose, top management should explain to all key stakeholders the benefit derived by the organization being in business. This should include articulating the organization's philosophy or reason for existence, describing the commercial logic detailing what business the organization should be in and how it will benefit, and explaining the emotional and moral logic of purpose that should make employees and managers satisfied and committed to its achievement. Likewise, the management also has a duty to have values and norms to guarantee that the organization's purpose can be lived as it is transformed into corporate reality.

This study focused on the link between organizational purpose and organizational performance among health NGOs in Kenya. While this study satisfactorily addressed the research objective, there are other areas that are related to the topic that can benefit from further research. First, this study was conducted among national health NGOs in Kenya and hence its findings may not be generalizable among other NGOs in Kenya. Therefore, further research is recommended on organizational purpose and performance among NGOs in other sectors such as governance and human rights. NGOs are also one pillar of non-state actors which include faith-based organizations, think tanks, and community-based organizations among others. Finally, this study was purely quantitative. Further research could adopt the qualitative approach and use other data collection methods such as focus group discussions and interviews to probe the issues which constituted the findings of this study.

VI. REFERENCES


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