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The American University in Cairo

School of Global Affairs and Public Policy

**THE IMPACT OF STRATEGIC PLANNING ON MISSION ACHIEVEMENT IN
EGYPTIAN NONPROFIT ORGANIZATIONS: AN ASSESSMENT USING THE
BALANCED SCORECARD APPROACH**

A Thesis Submitted to the

Public Policy and Administration Department

**in partial fulfillment of the requirements for (the degree of
Master of Public Policy and Administration)**

By

Nashwa.A.Ghoneim

Supervised By:

Laila El Baradei, Ph.D.

**Visiting Professor of Public Administration &
Associate Dean, School of Global Affairs & Public Policy**

May, 2012

Abstract

The relationship between strategic planning and organizational performance has rarely been examined in the public and nonprofit sectors. Moreover, most of the existing research has been confined to examining the nonprofit sector in the western society and very little has been conducted about strategic planning in nonprofits in developing countries like Egypt. This study empirically examines the effect of strategic planning on Egyptian nonprofit organization's performance effectiveness. An assessment of performance effectiveness was made using the multiple perspectives of the balanced scorecard. A fifth dimension was added to the balanced scorecard, developed originally by Niven (2008), which is volunteers' development. A retrospective cross sectional survey research design was used to compare the performance of strategic planning nonprofits versus that of non strategic planning nonprofits. A purposive sample of forty Egyptian nonprofit organizations was selected for participation in the study. Results have indicated a statistically significant difference between the mean composite scores of strategic planning activities in strategic versus non-strategic planning nonprofits along four out of five domains of the BSC performance effectiveness scale. These domains were namely; customer processes, internal business processes, employees learning and growth, volunteers' development except for financial processes. Results however, did not show that most of the Egyptian nonprofits are fully aware of the BSC as a tool for assessing their performance effectiveness.

Dedication

First, I would like to thank ALLAH, the most gracious and generous, for blessing me to be able to complete my Master's program. ALLAH has blessed me with so many wonderful blessings especially my spectacular family. My amazing and loving supervisor, esteemed Prof. Laila El-Baradei, has been my constant support every step of the way, so I dedicate this work to all of them.

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Chapter One: Introduction

1.1. Introduction to the Problem

The nonprofit sector in Egypt is mostly highly fragmented and ignores the formal aspects of strategic planning practices. This might be due to their belief that they do not possess enough resources to enable them to engage in formal strategic planning processes (Robinson, 1992).

However, nowadays many of these nonprofit organizations (NPOs, hereafter) are becoming obliged to respond to the highly challenging environmental forces that could threaten their survival. It would be useful to know if these forces are helping or hindering movement towards strategic planning. These external forces include: donors' budget cuts, staff shortage, organization size and scope of operations, changing customers' demands, frequent policy changes, comparability, intense competition with other existing as well as emerging nonprofits, competition for international donors' funds, accountability pressures imposed by multiple stakeholders groups including public administrators, legislators, and citizens, staff and volunteerism retention, and finally continuous government failure to satisfy public needs which increase the public demand for the services offered by these organizations (Eisenberg, 2004). Zade (nd) argued that in response to these pressures, strategic management was recently introduced to the public and nonprofit sector, especially by the end of the 1980s and the beginning of the 1990s, in order to address the basic values of accountability and social responsibility embedded in this sector. This period, he argued, was marked as the new public management (NPM) era which is characterized by formulating strategic plans, ensuring a close board commitment, and focusing on multiple stakeholders' demands while paying a close attention to the external environment.

Various scholars in the reviewed literature have pointed out to the importance of nonprofit organizations engaging in formal strategic planning and utilizing the balanced scorecard for performance effectiveness measurement. However, the literature revealed a *lack* in the study of strategic planning and performance measurement in nonprofit organizations compared to a considerable research done in the for profit sector. This was justified due to the fears of having multiple stakeholders' group with varying estimates of what constitutes effective performance of their respective nonprofits (Stone and Bush, 1996). However, this can no longer be scientifically acceptable given the growing importance of the nonprofit sector in both developed and emerging economies and the intense legitimacy challenges imposed on its growth and survival by multiple stakeholders.

Strategic planning is an integral part of organizational strategy (Kriemadis and Theakou, 2007). They argue that strategy has been used in the very early history and can be traced back to the military. The notion has been widely spread to the for profit sector. Bryson (1995) mentioned that this thought has been also transferred to the nonprofit sector to enable organizations to adapt effectively to the highly competitive

environment which is full with comparators rather than competitors as is the situation in the for profit sector.

Franklin (2011) asserted that strategic planning is a critical part of the strategic management process which helps nonprofit organizations formulate and realize strategies aimed at greater performance effectiveness, improved accountability measures, and sustainable competitive advantage (Jansen et al., 2006). Therefore, they need to adopt formal strategic planning aspects into their operations.

Strategic planning is important for nonprofit organizations to assess the degree to which their mission has been achieved and take necessary actions to achieve it (Franklin, 2011). Crittenden, Stone, and Robertson (2004) argued that nonprofits could achieve greater benefits by applying strategic planning which outweigh the costs involved in the implementation process. He suggested that nonprofits need to be aware of these potential benefits and how they will improve their performance as ultimately measured by mission achievement.

Handoussa (2008), in Egypt human development report, 2008 concluded that the yardstick for nonprofit organizations' success lies in the quality of their work not the quantity (as measured by their count). By quality she means, relevance of activities to sector needs, efficiency in operations, matching competence benchmarks, in addition to the practice of good governance. The researcher agrees with this contention in that effective nonprofit organizations have to manage their performance with regard to the dimensions Handoussa (2008) referred to which are more relevant to the multiple dimensions of performance measurement presented by the balanced scorecard (as a composite indicator of performance effectiveness).

The balanced scorecard allows nonprofit organizations to include multiple indicators to measure their performance (Stone, Bigelow, and Crittenden, 1999). It can therefore add more consistency and flexibility to nonprofit strategic planning efforts. This is because it considers resource allocation decisions with strategy development, focuses on performance measurement from multiple perspectives, and offers an effective tool for monitoring nonprofit's success (Munive-Hernandez et al., 2004).

The relationship between strategic planning and organizational performance has rarely been examined in the public and nonprofit sector (Stone and Brush, 1996; Stone, Bigelow, and Crittenden, 1999). Moreover, most of the research has been confined to examining the nonprofit sector in the western society and very little has been conducted in nonprofits in developing countries like Egypt. However, there appears to be an ongoing interest in the study of strategic planning in public and nonprofit sector. Kriemadis and Theakou (2007) and Robinson (1992) recommended that future research efforts should investigate the impact of strategic planning on organizations' operational and financial outcomes. They also advocate the necessity of advancing the study and practice of strategic planning in public and nonprofit sector.

1.2. Research Problem

1.2.1. Background of the Problem

Traditionally, nonprofit organizations tried only to generate sufficient revenues to cover their operations and be able to serve public needs but they did not seek to make profits, unlike for profit organizations. This is because they perceived themselves to be primarily mission driven with their work focusing on achieving their mission by satisfying society's needs. Recently, however accountability pressures from various stakeholders groups on the efficient use of scarce resources are becoming increasingly intense and although it is still not all about profits, yet efficiency considerations are among the important criteria for assessing NPOs' performance. Thus, in response to these demands many nonprofits are becoming obliged to apply formal strategic planning processes and utilize a balanced approach to measuring performance effectiveness as guided by their mission and vision statements. The balanced scorecard can be used effectively to assess performance effectiveness by reflecting the perceptions of multiple perspectives attached to organization success. This tool along with formal strategic planning processes will allow these organizations to develop some measurable effective performance indicators beyond the mere financial measures (Franklin, 2011).

Eisenberg (2004) concluded that many nonprofit organizations have not yet mastered the practice of strategic planning. A survey conducted by Knowlton (2001) to uncover gaps in nonprofit management practices discovered that well known strategic management practices, employed in the private business sector, are not used in philanthropic and nonprofit organizations. Knowlton's (2001) survey reported that less than 50% of respondent nonprofit organizations utilize strategic planning practices. He argued that the limited use of these techniques highlights a major opportunity for performance improvement. LeRoux (2005) recommended that nonprofits also have to adopt a more entrepreneurial approach in managing their businesses. In other words, they are encouraged to become "social entrepreneurs" as Eisenberg (2004) calls.

1.2.2. Statement of the Problem

Little research has been directed toward examining how strategic planning can be used to improve nonprofits' effectiveness using a multiple performance measurement tool like the balanced scorecard especially in the third world developing countries (Blackmon, 2008; Franklin, 2011; and Kaissi, Begun, and Nelson, 2008). The current research attempts to fill in this gap by studying how strategic planning can be used as means for improving performance effectiveness in nonprofits operating in Egypt using the balanced scorecard as the assessment approach.

1.3. Research Questions

The current research intends to answer the following main and sub questions;

Main Research Question

Q. To what extent are nonprofit organizations in Egypt, that utilize strategic planning, effective in achieving their mission as measured by the *five* perspectives of the balanced scorecard?

Sub Questions

1. What is the relationship between strategic planning and performance effectiveness as measured by mission achievement in Egyptian nonprofit organizations?
2. What is the relationship between strategic planning and customer processes in Egyptian nonprofit organizations?
3. What is the relationship between strategic planning and internal business processes in Egyptian nonprofit organizations?
4. What is the relationship between strategic planning and employees' learning and growth in Egyptian nonprofit organizations?
5. What is the relationship between strategic planning and financial processes in Egyptian nonprofit organizations?
6. What is the relationship between strategic planning and volunteers' development in Egyptian nonprofit organizations?

1.4. Research Objectives

The current research aims to achieve the following objectives;

1. Measure, roughly, the percentage of Egyptian nonprofit organizations in the target sample which apply formal strategic planning tools.
2. Obtain respondents' perceptions – strategic planners – of the impact of strategic planning processes on their organizational performance effectiveness given the *five* perspectives of the modified balanced scorecard.
3. Examine how formal strategic planning processes can help nonprofit organizations in improving their performance effectiveness as indicated by mission accomplishment.
4. Verify that strategic planning can *positively* enhance performance of nonprofit organizations (Niven, 2008).

1.5. Conceptual Framework

This section will discuss the model used in the study, the major research variables and how they are theoretically and operationally developed.

1.5.1. Study Model

The researcher relied on the empirical model proposed by Blackmon (2008) to measure the relationship between strategic planning and performance effectiveness in Egyptian nonprofit organizations using the balanced scorecard approach. A retrospective survey instrument, based on the efforts of Blackmon (2008), was adopted and modified to measure the proposed relationships among research constructs. Modifications were applied to the dimensions of performance assessment offered by the balanced scorecard. A fifth dimension which is volunteers' development was added to the four dimensions of the balanced scorecard (customer processes, internal business processes, employee learning and growth, financial processes). This was due to researcher's belief that volunteers have an important role in the work of nonprofits in Egypt. Hence, the researcher has developed a scale, composed of six items, to measure volunteers' development and it was incorporated into the original BSC performance effectiveness scale. Therefore, the current research model is considered as an extension to the model developed earlier by Blackmon (2008) that has been modified to fit application into the different context within which nonprofits operate in Egypt. The research model is shown in the following figure.

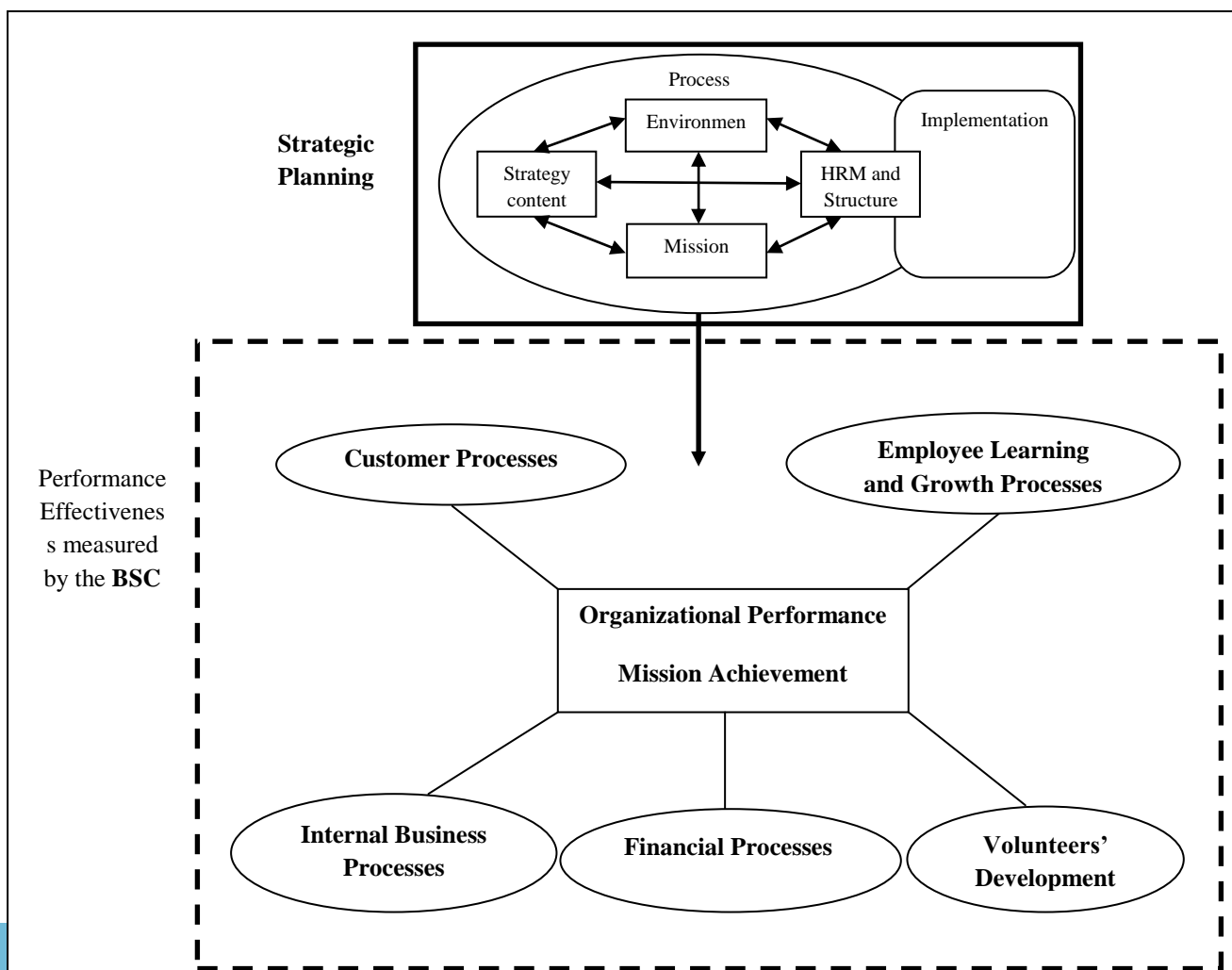


Figure (1-1): Research Model

Based on the figure, the research model is divided into two parts; the first part represents the dimensions of the strategic planning process which focuses on strategy content, environmental assessment, human resource management and organization's structure, and mission achievement as developed by Rhodes and Keogan (2005); the second part represents performance effectiveness as measured by the five perspectives of the balanced scorecard which include customer processes, internal business processes, employee learning and growth, financial processes, and volunteers' development.

1.5.2. Research Variables

The current research built upon three main types of variables.

- **Independent variable(s)**: these variables included strategic planning, mission achievement, customer processes, internal business processes, employees learning and growth, financial processes, and volunteers' development.
- **Dependent variable**: this includes organization performance as the only dependent variable in the study.
- **Control variable(s)**: these variables included demographics of respondents' age, gender, and number of years in tenure in addition to organization's sector, size in terms of the number of employees, and annual operating budget.

1.5.3. Theoretical/ Operational Definitions of Research variables

The following table represents a summary of the theoretical as well as operational definitions of the variables included in the study model depicted earlier.

Table (1-1) Theoretical and Operational Definitions of Research Variables

Research Variable	Theoretical Definition	Operational definition	
Strategic Planning	A future-oriented plan for achieving organizational objectives while managing the external environment (Robinson, 1992).	Is measured using six items developed by Blackmon (2005) in the BSC performance effectiveness scale.	
Strategy content	<i>“Actions and decisions taken to achieve organization’s mission”</i> (Rhodes and Keogan, 2005, p.125).	Measured using nine items in the BSC performance effectiveness scale (Blackmon, 2008).	The five components of the strategic planning model adopted from (Rhodes and Keogan,
Environment	(Rhodes and Keogan, 2005) stated that internal environment analysis examines strengths, weaknesses, resources, structure, processes, and culture. Whereas, external environment analysis examines opportunities, threats, competition, economic, technological, social, and stakeholders’ aspects.	Measured using one items in the BSC performance effectiveness scale (Blackmon, 2008).	
Human resources management and structure	Human resource management is concerned with actions taken to manage the depository of human capital available to the organization. Whereas, organization’s structure is reflected by centralization, board control, outsourcing decisions, division of labor, degree of formalization, and decision making authority allocation (Rhodes and Keogan, 2005).	Measured using one items in the BSC performance	

		effectiveness scale (Blackmon, 2008).	2005, p.125).
Mission	Defines the purpose of organization's existence and communicates it to potential stakeholders and how this to be achieved (Kaplan and Norton, 2001).	Measured using one item in the BSC performance effectiveness scale (Blackmon, 2008).	
Implementation	Refers to the execution of strategies developed by managers and is interrelated with the other components of the strategic planning model including human resources management, organization's structure, operational plans, and monitoring (Rhodes and Keogan, 2005).	Measured using one items in the BSC performance effectiveness scale (Blackmon, 2008).	
Mission Achievement	Is a measure of how well the organization is able to achieve the initial mandate for which it has been created.	Is measured by 15 items using 7-point Likert scale developed by Blackmon (2008) in the BSC performance effectiveness scale.	
Customer processes	One dimension of the balanced scorecard which incorporate performance effectiveness as perceived by various customer segments including donors who provide organizations with funds, beneficiaries who receive services without normally paying for them and the general public (Kaplan and Norton, 2001)	Is measured by 11 items using 7 point Likert scale developed by Blackmon (2008) in the BSC performance effectiveness scale.	

Financial processes	It captures information about how efficiently they are using scarce resources and public/donor funds to offer quality services (Niven, 2008).	Is measured by 4 items using 7-point Likert scale developed by Blackmon (2008) in the BSC performance effectiveness scale.
Internal business processes	It captures measures regarding organizational operations and processes necessary to meet customers' expectations and increase their satisfaction (Kaplan and Norton, 2000; Niven, 2008).	Is measured by 9 items using 7-point Likert scale developed by Blackmon (2008) in the BSC performance effectiveness scale.
Employees' learning and growth	Is concerned with activities performed to manage information sharing, and provide an adequate organizational climate conducive to improving overall organization's performance as represented by mission achievement (Niven, 2008).	Is measured by 9 items using 7-point Likert scale developed by Blackmon (2008) in the BSC performance effectiveness scale.
Volunteers' development	Is concerned with apply extensive internal controls and sophisticated volunteers' training and development techniques (Stirling, Kilpatrick, and Orpin, 2011)	Measured by six items using 7-point Likert scale developed by the researcher and incorporated into the BSC performance effectiveness scale.
Performance effectiveness	Is a comprehensive view of how well the organization achieves its initial goals/objectives and succeed in the world in which it competes.	A composite score of the five domains of the BSC measured using 36 items with a 7-point semantic differential scale presented by the BSC performance effectiveness scale (Blackmon, 2008).

1.6. Study Contents

The research will be organized as follows:

Chapter One: Introduction.

Chapter Two: Literature Review.

Chapter Three: Methodology.

Chapter Four: Analysis of Research Findings.

Chapter Five: Discussion, Conclusions, and Recommendations.

Chapter Two: Literature Review

2.1. Introduction

The current study attempts to build upon the recommendations by Neuman (2006) and Robinson (1992) to empirically examine the material effect of strategic planning on nonprofit organizations' performance effectiveness. Neuman (2006) suggested that future research has to examine the effect of strategic planning on other measures of nonprofits' performance effectiveness that are beyond the financial measures. Robinson (1992) on the other hand suggested that future research should be directed towards examining the impact of strategic planning on nonprofits' performance especially on their financial and operational results. His study has examined the strategic planning activities conducted by social service nonprofit organizations, using a survey instrument, to come up with a recommended approach of strategic planning. Therefore, an assessment of performance effectiveness will be made using the multiple perspectives of performance measurement offered by the balanced scorecard. The balanced scorecard, which originally consists of four perspectives list, will be modified to include a fifth perspective which is volunteers' development. This fifth dimension is important for nonprofit organizations' performance effectiveness as indicated by Brudney (2005); Chang and Gang (2010); and Lysakowski (2005) who recommended that nonprofits have to carefully manage their volunteers to derive effective performance results. The modified tool will be used to assess the impact of strategic planning on nonprofit organization's performance as reflected by mission achievement and also compare the performance of strategic versus non strategic nonprofit planners. The study also applies the model originally developed by Blackmon (2008) in a different context that is the Egyptian nonprofit organizations.

The literature review will begin with reviewing the extant literature maintained on strategic management in nonprofit organizations, strategic planning in nonprofit organizations, strategic planning models in general and a decomposition of the strategic planning model adopted in the current research, strategic planning processes, nonprofit organizations in general and in Egypt specifically, and finally the balanced scorecard.

The literature review focuses on prior studies extracted from journals, periodicals, text books, theoretical concepts and paradigms of strategic planning practice and the use of the balanced scorecard in the public and nonprofit sector. The review covers a variety of sources; approximately hundred sources were consulted, during the time frame starting from the 1980s up to the latest of the twentieth century (2011).

2.2. Strategic Management in nonprofit organizations

Strategic management in nonprofit organizations covers diverse aspects. At the top of these aspects is organization's mission followed by human resource management, organization's structure/culture, and internal and external environments

(Blackmon, 2008). It enables nonprofits to align their strategic goals to their mission achievement. It allows them to train employees and develop volunteers leading to improved organizational culture and more effective performance (Verschoor, 2005). It also involves an evaluation of organizational internal as well as external environments to suggest possible changes that can be examined and implemented through strategic plans (Drucker, 2005). Also, managing nonprofits strategically in the best interest of satisfying the needs of various stakeholder groups improves organization's accountability (Sinickas, 2006).

Robinson (1992) and Drucker (2005) contended that strategic management practices, as evident from the private business sector, are about achieving organization's mission while attending to the factors brought about by the internal as well as external environments in addition to communicating its purpose of existence to the multiple constituencies with whom it interacts. Therefore, mission statements in nonprofit organizations could either impose some restrictions or offer opportunities for them according to the strategic orientation they adopt (Brown and Iverson, 2004). Robinson (1992) argued that strategic management is important to handle the various environmental factors which could challenge the long term continuity and viability of organizations.

Strategic management is more comprehensive than strategic planning in that it starts by environmental scanning to formulate strategies and follows up through the implementation process and finally focuses on evaluation and control of the entire process (Trainer, 2004). Cheng and Campo-Flores (1980) argued that strategic management is a broader activity concerned with implementing and monitoring the execution of strategic plans. However, applying strategic management is not a panacea; Alexander (1991) contended that nonprofit organizations strategic management efforts may fail due to improper implementation aside from strategic planning efforts.

Blackmon (2008) argued that one of the most important strategic management tools is strategic planning. Robinson (1992) also suggested that strategic planning is a major activity in the application of strategic management. Therefore, a detailed discussion about strategic planning is presented in the following section.

2.3. Strategic Planning in nonprofit organizations

The definition of strategy can be limited to the narrow view of strategic management as the framework for strategic planning process in nonprofit organizations. Accordingly, it is defined as a future-oriented plan for achieving organizational objectives while managing the external environment (Robinson, 1992). This is what the current research builds upon.

Strategic planning is concerned with the setting and implementation of strategic plans (Robinson, 1992). Bryson (1995) considered strategic planning as a tool used to locate organization current standing and allocate scarce resources in order to achieve specified goals over a future period of time. It also recognizes and incorporates external environmental forces into the planning process. This process

ranges from three up to twenty years and is formulated at the top level of the organization. Also, collaboration and formal commitment to strategic plans must be gained from all concerned stakeholders (Anthony, 1985). This will ultimately be reflected into better serving community's needs which will raise community awareness about the direct and indirect contributions of nonprofits to their lives (Edwards, Yankey, and Altpeter, 1998).

Steinner (1979) mentioned that strategic planning is characterized by four main aspects; first: a systematic recognition of external environmental opportunities and threats in order to formulate well informed decisions regarding the exploitation of possible opportunities or mitigation of threats. Second: a continuous process which starts with setting organization goals and objectives and develops strategies and plans to achieve these goals and objectives. Third: an attitude of strategic management to constantly plan for an organization's future as an integral part of the broader strategic management efforts. Fourth: a link between strategic plans, medium range plans, short range plans, and operating budgets.

Strategic planning captures many factors each of which gains a different weight when evaluated by each stakeholder group. For example, the study of Crittenden, Stone, and Robertson (2004) identified ten strategic planning factors and discussed how each factor could influence nonprofits' performance. The factors examined included (scope of planning, formality of planning, level of participation, external interdependence, administrative informality, implementation responsiveness, constraints identification, strategic planning routinism, subjective planning, and resource allocation). Thus, nonprofit organizations have to analyze the impact of each strategic planning factor on its performance as guided by the balanced scorecard assessment. This in turn will enable them to focus their future strategic planning efforts on strengthening those factors.

The two terms of strategic management and strategic planning are used interchangeably, in many cases, but the general understanding is that strategic management is more comprehensive, in that it includes the application and evaluation of the results of strategic plans, than strategic planning (Franklin, 2011). Strategic planning should not also be confused with long range plans. Bryson (1988) pointed out the differences between them in the following; first: strategic planning focuses on resolving critical strategic issues whereas long range planning focuses on merging organizational goals and objectives into its current programs. Second: strategic planning covers both internal and external environment assessments which might not be highly considered by long range planning. Third: strategic planning is linked to organization vision and mission statement which is lacked in long range planning. Fourth: strategic planning considers a wide range of change scenarios necessary for organization's future survival and sustainability.

Ohmae (1982) contrasted strategic planning and business plans. On the one hand, he argued that nonprofit organizations should device business strategies which aim at operational improvement in the form of efficient internal business processes, improved employees' learning, and a more streamlined organization structure. On the other hand, he considered strategic planning as essential for maintaining

organization's position relative to other competitors. This complies with Drucker's (1990) approach to the role of strategy in nonprofit organizations whereby it is viewed as a continuous process of strategic planning which aims at improving their product/service offerings, internal business processes and employees' learning and growth.

Most of the authors used strategic planning and strategy interchangeably. Augier and Teece (2008); Edwards, Yankey, and Altpeter (1998); Grant (2008); and Ohmae (1982) argued that nonprofit organizations should devise business strategies which aim at operational improvement. They suggested that these strategies should be formulated with respect to various factors such as efficient internal business processes, improved employees' training, current organization's position in the market in which it operates, type of management and leadership style, and a more streamlined organizational structure which are all necessary for organization's success and sustainability. Edwards, Yankey, and Altpeter (1998) added other aspects including fund raising, board development, continuous strategic planning, public relations, alliance management, and revision of prior policies and procedures. Lapiana and Hayes (2005) argued that nonprofits' strategies are not set once and for all instead they need to be constantly developed to keep up with the challenging stakeholders' demands and this is what strategic planning is concerned about.

Drucker (2005) suggested that well formulated strategies can be communicated to multiple stakeholder groups through strategic plans which serve as a framework for guiding organization's strategic decision making process. Sharing information through strategic plans brings together all parties concerned with nonprofit's business to collaborate in developing long run strategic plans aimed at improved performance and accountability measures.

The dimensions targeted for focus by formulating strategic plans, as being addressed by the two views of Drucker (1990), and Ohmae (1982) capture the multiple dimensions of performance measurement offered by the balanced scorecard which are customer processes, internal business processes, employees learning and growth processes, and financial processes. This sheds a light into the importance of evaluating organization's strategic planning efforts on its performance effectiveness using the balanced scorecard.

- ***The Benefits of Strategic Planning to Organizations***

Franklin (2011) and Ramanathan (1982) asserted that strategic planning is a critical part of strategic management, which helps nonprofit organizations craft and realize strategies aimed at greater performance effectiveness, improved accountability, and sustainable competitive advantage. This is due to its ability to align the behaviors of any organization with its future desires and also to the fact that the rules guiding strategies, tools, and strategic planning theories apply similarly to both types of organizations i.e., for profit and non for profit organizations (Ramanathan, 1982).

Strategic planning enables nonprofit organizations to improve their performance as directly manifested in an improved reputation, credibility, coalitions and partnerships building, and increased membership rates (Jansen et al., 2006). They also admitted that a regular exercise of strategic planning helps nonprofits stay in compliance with the rules and obligations imposed by the government, which will consequently lead to improved accountability measures.

Strategic planning allows nonprofit organizations to better understand their external environment and address the challenges imposed by both internal and external environments then formulate strategic plans aimed at effective performance (Cothran and Clouser, 2006 and Moxley, 2004). They argued that nonprofit organizations use mission-based strategic planning to communicate their purpose to various stakeholders groups. This improves their legitimacy and secures more stakeholders' support which is important for their mission achievement. It will also enable them to diversify resources and maximize revenues through the efficient use of limited resources thus, enables them to effectively manage social changes (Mallin and Finkle, 2007)

Franklin (2011) added that nonprofits which are strategic planners are having a better chance for serving public needs successfully than non strategic planning counterparts. However, Helmig, Jergers, and Lapsley (2004) claimed that strategic planning can be challenging for some nonprofits. These nonprofits are found to have hardships in establishing a vivid mission and communicating a clear dedication to improve the quality of life in their society. Thus, nonprofits that are not strategic planners are supposed to follow this category and consequently there is a critical need to make them aware of the importance of strategic planning and how it could favorably enhance their performance.

- ***The relationship between Strategic Planning and Nonprofit Organizations' Effectiveness***

Despite the different methodologies used in conducting prior research on the relationship between strategic planning and nonprofit organizations' performance, most findings reported a significantly positive relationship between the two constructs (Al-Shammari and Hussein, 2007; Blackmon, 2008; Franklin, 2011; French, Kelly, and Harrison (2004); Giffords and Dina, 2004; Griggs, 2002; Neuman, 2006). Different methodologies have been employed in their prior research efforts to find out the relationship between strategic planning and performance effectiveness in nonprofit organizations. The study conducted by both Al-Shammari and Hussein (2007); French, Kelly, and Harrison (2004); and Griggs (2002) for instance utilized a quantitative research design using the questionnaire as a tool to measure the link between strategic planning and organizational performance. The studies conducted by Blackmon (2008) and Franklin (2011) employed a retrospective cross sectional research design using the questionnaire as a tool for data collection to examine the same relationship. Giffords and Dina (2004), on the other hand, used a case study research design to investigate the same relationship. The study conducted by Neuman

(2006) on the impact of strategic planning on hospitals' performance has also revealed a *positive* association between both constructs. He suggested that future research should examine this relationship while considering other measures of performance that are beyond the financial indicators. Although they differ in their respective methodological approaches, their findings were very similar.

Cothran and Clouser (2006) and Stone and Bush (1996) found a positive relationship between formal strategic planning and nonprofit organizations' performance as measured by more resource acquisition and improved legitimacy. Cothran and Clouser (2006) considered high performing organizations as those which strategically plan for their activities on a regular basis.

The results of the study of Stone, Bigelow, and Crittenden (1999) which has been done to examine the impact of strategic planning on organizational performance in nonprofit organizations, has revealed that formal strategic planning leads to improved organizational growth in terms of fund raising and membership rate.

The results of the previous research done in this area have also shown a significant correlation between strategic planning and one or more of the dimensions of performance effectiveness. For instance, most results reported a significant statistical correlation between strategic planning and financial performance (French, Kelly, and Harrison, 2004; Hodges and Kent, 2007; Kaissi, Begun, and Nelson, 2008; Stone and Bush, 1996). However, few studies have examined the correlation between strategic planning and multiple indicators of organizational performance as those provided by the balanced scorecard. Only the studies performed by Blackmon (2008) and Franklin (2011) did consider the examination of this broader correlation among constructs. This in fact leaves a room to empirically examine this relationship in a broader context and apply the methods implemented in a western context to the Egyptian context.

In conclusion, there is a perceived *paucity* in studying strategic management in nonprofits organizations and there is a specific *gap* in the study of the relationship between strategic planning practices and nonprofit organizations' performance, in general and in the Middle East in specific. Also, most of the research done about the nonprofit sector in Egypt has neither tackled the issue of strategic planning in nonprofits and its linkage to organizational performance nor examined this relationship using multiple indicators of performance effectiveness assessment such as the balanced scorecard. Thus, there is a strong impetus to examine this relationship in nonprofits within the Egyptian context using the balanced scorecard as the primary assessment tool and this is what the proposed research intends to do.

Following is a compilation of strategic planning models developed so far in the extant literature.

2.4. Strategic Planning Models

Nonprofit organizations have a wide range of strategic planning models and approaches which can be used to accomplish their performance (Franklin, 2011). Trainer (2004) added that these models serve as a chart in guiding the strategic planning processes thus, they offer clarity, save workload, and focus organization's attention on important strategic planning practices.

An array of strategic planning models developed in the literature is listed in the following table.

Table (2-1): A Compilation of Strategic Planning Models

Author(s)	Model name	Model description	Type of organizations suitable for this model
Andreasen and Kotler (2003)	Goal-based strategic planning	<ol style="list-style-type: none"> 1. Map goals that will add value to the organization. 2. Devise strategic plans to pursue these goals. 	Nonprofit organizations
Andrews, Roland, Christensen	Harvard policy model	<ol style="list-style-type: none"> 1. Align strategy. 2. Fit the organization. 3. Top-down management. 4. SWOT analysis. 	Nonprofit organizations
Anonymous (2005)	Resource management approach to strategic planning	<ol style="list-style-type: none"> 1. Address organization's mission. 2. Set strategies for budget control. 3. Make strategic decisions to fulfill these strategies. 4. Manage strategy and decisions' implementation. 	Nonprofit organizations
Anonymous (2005)	SWOT approach	<ol style="list-style-type: none"> 1. Conduct SWOT analysis. 2. Identify strategies at strategic business level. 3. Agree on senior leadership values. 4. Set organizational obligations toward the 	Nonprofit organizations

		community it serves.	
Blackmon (2008)	Centralized management	<ol style="list-style-type: none"> 1. Develop holistic strategies. 2. Seek cost effectiveness and operational efficiency. 	Nonprofit organizations
Blackmon (2008)	The stakeholder	<ol style="list-style-type: none"> 1. Identify stakeholders. 2. Fulfill stakeholders' needs. 	Nonprofit organizations
Blackmon (2008)	The competitive analysis	<ol style="list-style-type: none"> 1. Determine bargaining power of customers and suppliers. 2. Determine threats from substitutes and new market entrants. 3. Determine the level of competitiveness. 4. Identify barriers to exit from the industry. 	Nonprofit organizations
Blackmon (2008)	Strategic negotiations	<ol style="list-style-type: none"> 1. Locate power structures in the organization. 2. Determine bargaining power of customers and suppliers. 3. Determine negotiation possibilities. 4. Determine strategy context. 	Nonprofit organizations
Blackmon (2008)	Framework for innovation	<ol style="list-style-type: none"> 1. Develop innovative management. 2. Create an entrepreneurial culture. 	Nonprofit organizations

		3. Conduct environmental analysis.	
Henderson (1989)	Portfolio	<ol style="list-style-type: none"> 1. Set growth rate. 2. Develop marketing mix. 3. Manage cash flows (in and out). 	Nonprofit organizations
Bryson (1988)	8-steps strategic planning model	<ol style="list-style-type: none"> 1. Get managers' support on necessary strategic planning functions and resource commitment. 2. Align strategic planning efforts with organization's mandate and mission. 3. Clarify mission which reflects various stakeholders' concerns. 4. Assess external environment for opportunities and threats. 5. Assess internal environment for strengths and weaknesses. 6. Determine critical strategic issues. 7. Develop strategies to tackle these issues. 8. Formulate organization's vision for future status once strategies are implemented. 	Public and nonprofit organizations
Asnoff (1965)	Strategic issues management	<ol style="list-style-type: none"> 1. Analyze the environment. 2. Set goals and objectives. 	Nonprofit organizations

Kriemadis and Theakou (2007)	Basic strategic planning	<ol style="list-style-type: none"> 1. Set the mission statement. 2. Choose goals to achieve this mission. 3. Determine strategies to reach these goals. 4. Set action plans to implement strategies. 5. Follow up and update action plans. 	Small strategic planning beginner nonprofit organizations
Kriemadis and Theakou (2007)	Issue-based strategic planning	<ol style="list-style-type: none"> 1. Perform SWOT analysis. 2. Undertake strategic analysis to identify major issues. 3. Formulate strategies to address these issues. 4. Set organization vision, mission, and values. 5. Set action plans to implement strategies. 6. Create a strategic plan document including all issues, strategies, action plans, mission, vision, and values. 7. Develop yearly operating plan document. 8. Develop budget for each year's plan. 9. Carry out operations for the first year. 10. Follow up and update the strategic plan. 	Evolving nonprofit organizations
Kriemadis and	Alignment model	<ol style="list-style-type: none"> 1. Set organization mission and strategies. 	Nonprofit organizations that

Theakou (2007)		<ol style="list-style-type: none"> 2. Identify issues that need adjustments. 3. Determine how to execute these adjustments. 4. Formulate adjustments as strategies in the strategic plan. 	needs to fine tune strategies
Kriemadis and Theakou (2007)	Scenario planning	<ol style="list-style-type: none"> 1. Identify critical external forces. 2. Set several scenarios (best case, worst case, and reasonable case) that might occur with each identified force. 3. Forecast organization's reaction/ strategy for each proposed scenario. 4. Address strategies to respond to external forces. 5. Determine the appropriate strategies to respond to changes. 	Well developed nonprofit organizations
Kriemadis and Theakou (2007)	Organic (self organizing) strategic planning	<ol style="list-style-type: none"> 1. Determine organization cultural values. 2. Set organization vision. 3. Frequently determine processes needed to achieve organization's vision. 4. Update the planning process continually. 5. Focus on learning. 6. Communicate plans to various stakeholder groups. 	Nonprofit organizations with unique cultural values

<p>Montanari, Morgan, and Bracker (1990)</p>	<p>5-stage, 11-steps strategic planning model</p>	<p>Stage 1: <u>Mission review</u>.</p> <ol style="list-style-type: none"> 1. Overview organization's mandate. <p>Stage 2: <u>Environmental assessment</u>.</p> <ol style="list-style-type: none"> 2. Conduct an advocate and adversary analysis. <ul style="list-style-type: none"> • Advocates: sponsors and supporting stakeholders. • Adversaries: competitors. 3. Determine environmental range which represents society's needs of the served segment. 4. Analyze strategic capabilities and determine definite strengths and weaknesses vs. potential ones. <p>Stage 3: <u>Develop strategy</u></p> <ol style="list-style-type: none"> 5. Formulate strategy. 6. Set objectives. 7. Develop programs. 8. Create budgets. <p>Stage 4: <u>Implementation</u></p> <ol style="list-style-type: none"> 9. Revise organization's structure. 	<p>Nonprofit organizations</p>
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		<p>10. Review information system.</p> <p>Stage 5: <u>Strategy evaluation</u></p> <p>11. Set accountability measures.</p>	
Moxley (2004)	Vision-based strategic planning	<ol style="list-style-type: none"> 1. Set an organization's vision and communicate it to all stakeholders' groups. 2. Change organization's structure and/or its roles to manage transformational processes by leaders. 	Nonprofit organizations
Munive-Hernandex et al., (2004)	4-stages strategic planning model	<ol style="list-style-type: none"> 1. Develop mission and objectives. 2. Analyze the organization. 3. Assign objectives, strategies and plans to each functional level. 4. Allocate resources to implement plans. 	Nonprofit organizations
Nutt (1984)	Formal strategic planning model	<ol style="list-style-type: none"> I. <u>Strategic planning phase</u> <ol style="list-style-type: none"> a. Formulate broad goals and objectives based on external environment assessment for possible opportunities. b. Identify internal strengths or competencies that are useful in capturing available opportunities. c. Determine strategic options. II. <u>Project planning phase</u> 	Nonprofit organizations

		<ul style="list-style-type: none"> a. Identify opportunities to set objectives. b. Figure out alternative strategies to develop specific program options. c. Add details to describe each alternative. d. Evaluate alternatives and select the ones agreed upon for implementation. e. Implement the chosen alternative. <p>III. <u>Environmental phase</u></p> <ul style="list-style-type: none"> a. An ongoing scanning of external environment for signs about performance which might necessitates another round of strategic planning. 	
Peter Lorgange	Strategic planning system	<ul style="list-style-type: none"> 1. Utilize system approach. 2. Develop mission. 3. Devise strategies. 4. Develop budgets. 5. Control the process. 	
Rhodes and Keogan (2005)	Strategy Dimensions in Nonprofit Organizations	<ul style="list-style-type: none"> 1. Formulate mission. 2. Develop strategy content. 3. Analyze internal and external environments. 4. Review organizational structure and human 	Nonprofit organizations

		resource approach. 5. Strategy development process and implementation.	
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Source: author's compilation.

Based on the previous table, it can be noted that the various models developed so far in the literature about strategic planning share some common aspects of strategy as developed by Bryson (1988). These aspects include formulation of vision, mission, values, environment analysis, developing goals, objectives, and action plans in addition to following up with the implementation of those plans (Blackmon, 2008). These models also share some similarities and differences and consequently each model can be applied to a certain type of organization according to its strategic orientation. However, it can be noted that most of these models, regardless of their level of comprehensiveness, lacks integrating human resources management and organizational structure/culture into their strategic planning efforts as a process.

The current study addresses the utility of using strategic planning in nonprofit organizations operating in Egypt using the model developed by Rhodes and Keogan (2005). This model links strategy implementation to human resource management and organizational structure since they are all interrelated. This model provides a comprehensive foundation to evaluate strategic planning practices in nonprofit organizations (Blackmon, 2008). It is considered comprehensive because it spans the traditional aspects of strategic planning processes to cover the implementation stage, which is mainly the concern of the broader strategic management arena. The model also enables organizations which are using it to evaluate their performance effectiveness using the multiple aspects of the balanced scorecard which are mostly covered by the model. Finally it has been empirically examined before in the research efforts of Blackmon (2008) and Franklin (2011) which gives it more credibility to be duplicated in different research contexts.

The current research adopted this robust model as being used in the prior research efforts of Blackmon (2008) and Franklin (2011). Also, Cesnovar (2006) provided support to this model since it enables nonprofits to organize their structure, offer them with a formal strategic planning process, allows them to deal with internal as well as external environments, and manage their human resources leading to favorable changes in organizational performance.

The model is illustrated in the following figure.

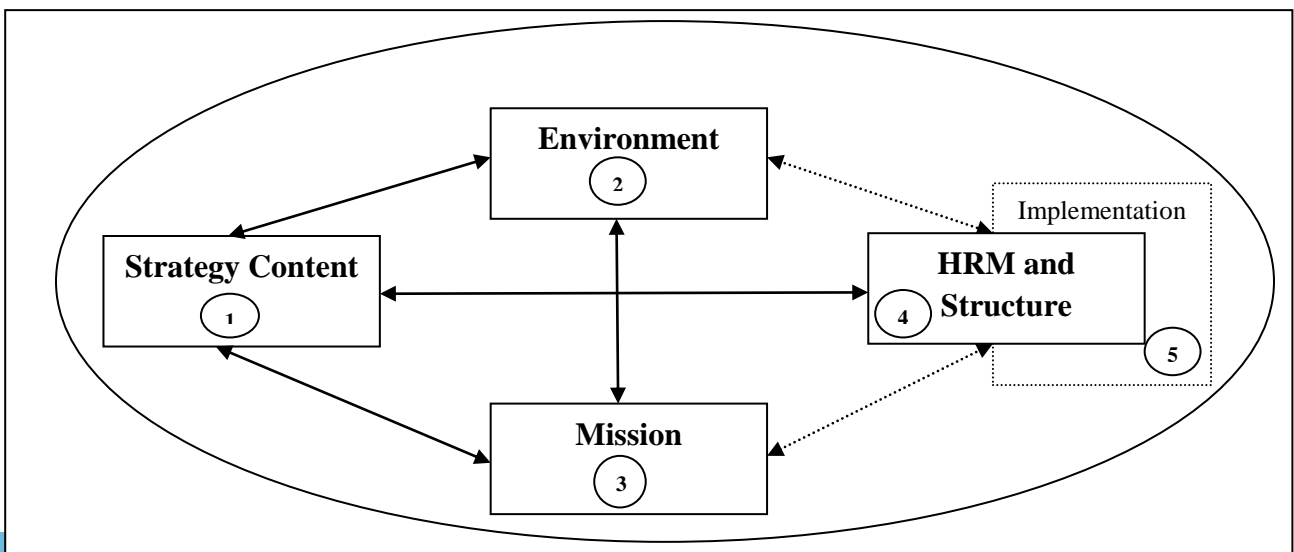


Figure (3-1): Model of Strategy Dimensions in Nonprofit Organizations

The model is composed of five main components. First: *mission* which covers nonprofits' purpose of existence, core values, behavioral standards, and strategy. Second: *strategy content*, which covers generic strategic decisions developed to fulfill the mission. Third: *environment*, which covers the analysis of internal as well as external environments of the nonprofit organization. Forth: *organization's structure and Human Resources approach* which represent the main elements to implement nonprofit's strategy. Fifth: *process*, which refers to strategy development that addresses deliberate and emergent strategic decisions of the nonprofit organization (Rhodes and Keogan, 2005, 125-127).

The following sections represent what the literature has revealed about each of the components of the selected strategic planning model developed above.

2.4.1. Strategy content

The first component of Rhodes and Keogan (2005) strategic planning model is strategy content. They described strategy content in terms of "*actions and decisions taken to achieve organization's mission*" (p.125). This is quite important for nonprofit organizations strategic planning efforts because it allows them to focus their actions on achieving their mission.

Strategies developed for nonprofits can either be cooperative leading to improved financial resources or competitive leading to goal displacement. The selection of any strategy content depends mainly on nonprofit's funding needs (Stone, Bigelow, and Crittenden, 1999).

Rhodes and Keogan (2005) discussed two approaches to developing strategy content in organizations. There are; the planned approach which is a top-down formal strategy development process and the emergent approach which is an informal learning based process to strategy development. According to the selected approach, organizations can take strategic actions and decisions of either "changing their environments, changing current relationships with these environments, or changing the organization itself" (Andrews et al., 2006, 54). The strategic action selected will have a strong impact on organization's performance.

Therefore, formulating strategy content is dependent upon an assessment and examination of the various factors that exist in organization's environments.

2.4.2. Environment(s)

The second component of Rhodes and Keogan's (2005) strategic planning model is environment. They divided nonprofit organizations' environments into internal and external in their model of strategy dimensions for nonprofit organizations. They mentioned that internal environment analysis examines strengths, weaknesses, resources, structure, processes, and culture. Whereas, external environment analysis examines opportunities, threats, competition, economic, technological, social, and stakeholders' aspects. The external analysis involves

techniques such as “*PEST, Porter five competitive forces model, scenario planning, and stakeholders’ mapping*” (p.127) or SWOT analysis. Thus, the adopted strategic planning model is more comprehensive since it considers the wider aspects of environmental analysis.

Nonprofit organizations’ internal environment is composed of organization’s capacity, management, leadership, and internal networkings. This might create dilemmas in managing the internal environment which becomes somehow complex (Blackmon, 2008).

Nonprofit organizations’ external environment is composed of government regulatory bodies, private organizations, other nonprofits, citizens, donors, and beneficiaries (Barman, 2002). As majority of nonprofit organizations are based on donors’ funds, Stone, Bigelow, and Crittenden, 1999 argued that external funders have a greater influence on nonprofits’ strategic management efforts.

Nonprofit organizations respond to external environmental forces in a number of ways; they can differentiate themselves compared to others competing in the same market, they can also adopt efficient business responses based on the type of the organization itself (Blackmon, 2008).

2.4.3. Mission

The third component of Rhodes and Keogan’s (2005) strategic planning model is mission. Developing mission statements in nonprofit organizations is an integral part of their strategic planning efforts and should be considered as the core of the balanced scorecard assessment process (Blackmon, 2008). The mission has to be aligned with the organizations’ goals and objectives to facilitate the implementation of strategic plans. It can either impose restrictions or provide opportunities for the organization depending on its chosen strategic direction (Brown and Iverson, 2004). However, in all cases, missions have a long lasting effect on nonprofit strategic planning practices (Rhodes and Keogan, 2005).

2.4.4. Human resources management and structure

The fourth component in Rhodes and Keogan (2005) strategic planning model is human resources management and structure. Several authors advocated the strategic view of human resources management and that it has to be incorporated into nonprofit’s overall strategic planning efforts so that it can further be utilized as a strategic rather than traditional support function to promote for greater competitive advantage (Cakar, Bititci, and MacBryde, 2003; Macpherson, 2001).

The researcher agrees with authors’ contention about the strategic role of human resources management and how it can be an integral part of organization’s strategic planning efforts. Accordingly, the payoffs of managing human capital strategically have to be measured in terms of employees’ continuous learning and growth potential which is one of the key performance measurement indicators presented by the balanced scorecard.

Nonprofit organization's structure on the other hand as reflected by centralization, board control, outsourcing decisions, division of labor, degree of formalization, and decision making authority allocation is one of the critical parts of strategic planning (Rhodes and Keogan, 2005). The various dimensions of organization's structure need to be aligned to organization's strategic orientation to facilitate the implementation of strategic plans (Blackmon, 2008).

2.4.5. Implementation

The fifth component in Rhodes and Keogan (2005) strategic planning model is implementation. Effective strategic planning is not a guarantee to successful strategic management efforts in either for profit or nonprofit organizations. The implementation stage carries the greater weight in making strategic management efforts successful. Implementation is interrelated with the other components of the strategic planning model developed by Rhodes and Keogan (2005). These components include human resources management, organization's structure, operational plans, and monitoring. Thus, implementation is a critical component of organization's strategic planning model as a tool to promulgate for better strategic management practices in nonprofits.

Apart from which model is adopted by the organization, the models reviewed revealed a number of steps or processes to be implemented by nonprofit organizations during their strategic planning practices. Following is a discussion about strategic planning processes that nonprofit organizations can adopt.

2.5. Strategic Planning Processes

Strategic planning is best viewed as an ongoing process (Nicolae and Robinson, 1992). This process is neither a mechanistic nor a linear process but rather it is a constantly evolving process that is sensitive to continuous changes in the external environment (Kriemadis and Theakou, 2007). This process is concerned with; first: managing organization's long term viability (for more than 3 years). Second: identifying major opportunities and threats presented in the external environment which might influence organization's mission achievement. Third: identifying major strengths and weaknesses as represented by internal resources and capabilities of the organization. Fourth: selecting strategic issues that may affect organization's ability to achieve its mission. Fifth: setting goals and formulating strategic plans to address these strategic issues. Finally: setting a written plan to guide resource allocation and performance effectiveness assessment of the organization (Kriemadis and Theakou, 2007).

O'shannassy (2003) considered strategic planning as a process which involves; problem solving, stakeholder analysis, and strategic intent and also abides by input/time constraints. Poister and Streib (2005) stated that this process adds cohesion to organization's future. Lyles, Baird, Orris, and Kuratko (1993) added that the process derives organizational change.

Cothran and Clouser (2006) stated that the strategic planning process should be creative and dynamic. This would require strategic planners to go back and forth before reaching a final strategic decision. The process also entails revising old decisions with new information and changes brought about by the changing circumstances faced by the organization. Moxley (2004) argued that, according to the dynamic nature of the process, the organization needs to periodically evaluate progress in accomplishing its strategic plans. This might entail some modifications in the original plan to incorporate changes brought by the changing external environmental conditions. This complies with Mintzberg's (1974) contention that strategic planning is an iterative dynamic process rather than one that follows a prescribed sequence of steps.

Strategic planning is necessary for nonprofit organizations as a continuous process of rebalancing organizational internal capabilities with external changes in public and social needs of nonprofit organization's beneficiaries which are left unfulfilled by the government (Ramanathan, 1982). This continuous rebalancing process is critical due to changes occurring in four domains; a) public/social needs of people, b) the mix of public and social services offered by other nonprofits, c) the ways of delivering services to targeted beneficiaries, and finally, d) employees' expectations. Therefore, this argument suggests that assessing organizational effectiveness, according to the nature of strategic planning processes, requires a multi-perspective tool to performance measurement like the one offered by balanced scorecard.

The strategic planning process is also defined as a multi-dimensional process that involves an organizational board, key stakeholders, employees, and representatives from the served clientele. These multiple constituencies guide the process through a formal strategic planning committee. This allows them to work together in a team work to reach a shared vision, mission, and goals (Cothran and Clouser, 2006). They advocated that although the process may seem to be time consuming, benefits derived outweigh incurred costs. Accordingly, there is a need to evaluate organization's performance using a multi perspective performance evaluation tool like the balanced scorecard.

Strategic planning process, in nonprofit organizations, is concerned about programming rather than planning. It builds on planners' analytical skills and leaders' experience to produce sound strategic actions and decisions (Mintzberg, 1974). This process aims at crafting proactive strategic actions in anticipation of future environmental events. It utilizes strategic tools such as scenario analysis, Delphi technique, cost-benefit analysis, and technology assessment (Mack, 2005).

Strategic planning process is composed of environmental analyses which cover both the internal and external environments. Analysis of the internal environment focuses on critical success factors, gap analysis, competitive advantage, revenue sources, and risk. Analysis of the external environment focuses on business life cycle, innovation, industry attractiveness, and dynamism (Trainer, 2004).

The perception of strategic planning efforts as a process which integrates the various aspects of environmental assessment, organizational structure/culture, strategy content, mission development, and implementation complies with the strategic planning model developed by Rhodes and Keogan's (2005) and adopted in the current research.

Following is a discussion about nonprofit organizations in general and a specific focus on nonprofits in Egypt.

2.6. Nonprofit organizations

Franklin (2011) noted that nonprofit organizations need to function at the highest level of operational efficiency and performance effectiveness because they are using public and donors' funds. Nicolae advocated that nonprofits need to use strategic planning due to their exclusive reliance on public and donors' funds. Consequently, they can utilize strategic planning to retain public credibility by being accountable to the donating bodies who want to make sure that their money is best channeled through nonprofit activities for some good reasons (Franklin, 2011).

Competition in the nonprofit sector comes in various distinct forms. Wilson and Butler (1986) argued that, in the nonprofit sector, it appears primarily in the form of competition to secure donors' money to guarantee financial sustainability. Nonprofit planners compete against each other to gain a competitive advantage for more funds. Bryce (1987) added that nonprofits' competition also comes in the forms of recruiting competent staff and executives with efforts to retain them by offering some benefits in return.

Nonprofit organizations are subject to intense competition from the for profit businesses as well which might render them vulnerable. The for-profit sector can supply the market with the products and services that should otherwise be provided by the government or the markets, in more efficient ways. Therefore, nonprofits need to develop effective strategic plans to supplement government failure and compete efficiently with the for profit sector in delivering social and developmental services at the lowest cost possible (Skloot, 2000; Stone, Bigelow, and Crittenden, 1999).

A key factor in determining nonprofit ability to compete efficiently and effectively with the for profit business sector is their motive to adapt strategic planning practices that lead to performance improvement and mission achievement (Macedo and Pinho, 2006). The use of strategic plans allows nonprofits to advocate for the exceptional values embedded in their programs as manifested in the promotion of legitimate mission and vision (Augier and Teece, 2008; Miles, Snow, Meyer, and Coleman, 1978).

The current situation of the nonprofit sector with regard to their expanded size and importance in the economy is alarming (Harris, Mainelli, and O'Callaghan, 2002). Franklin (2011) considered nonprofits as primary advocates of public needs which are needed for necessary social changes. Harris, Mainelli, and O'Callaghan (2002) argued that nonprofits have an obligation towards the various stakeholder

groups with whom they interact. Thus, they have to justify how the scarce resources are efficiently and effectively channeled through their programs. Niven (2008) suggested that nonprofits need a balanced approach to communicate their competence in managing their limited funds to improve their performance. The use of this balanced approach allows nonprofits to be more accountable to the government and other concerned stakeholders.

The public services offered by nonprofit organizations are becoming highly diverse due to continued government failure to satisfy public needs. This includes providing services in areas such as community servicing, health, education, social, charitable contributions (Franklin, 2011). Dart (2004) stated that nonprofits offering quality public services are unlike for profit organizations in that the former are having mission as their bottom line while the latter are having financial targets at their bottom line operations.

Chen, Chen, and Chen (2010) mentioned that nonprofit organizations have a multifaceted role which includes; rights protection, lives enrichment, voiceless advocating, youth nurturing, future guardians, environmental watchdogs, and haven for destitute (p.33). They also have a great responsibility in building strong boards, developing effective leadership skills, finding more diverse funding channels, marketing for their programs, training their staff, and developing volunteers. For these activities to be performed adequately strategic planning is needed to be associated with periodic performance evaluation (Franklin, 2011).

Zuckerman (2004) admitted that successful nonprofits are the ones that capture external environmental opportunities through regular strategic planning practice. He contends that these high performing organizations capitalize on a clear vision, mission, and a strong leadership for strategy execution. He also mentioned that their growth is contingent upon aligning their strategic plans to emerging opportunities showing up in the external environment.

- *Nonprofit Organizations in Egypt*

The population expansion bubbles and the increased urbanization in Egypt have been associated with diverse social and economic troubles that the state could not afford to handle at its arms length. As a result of reducing state per capita spending on basic public services like education, health, and housing, intellectual, and political since the 1980s, many new types of nonprofit organizations have emerged to manage the negative consequences of the so called “*state distrust of the civil society*” (Kandil, 1993, p.1). She also declared that the emergence and success of these nonprofits pointed largely to state’s inability to compete with grass-roots efficiency of the highly organized and independent nonprofits in satisfying the needs of the poor and the general public.

The Egyptian civil society comprises six major types of nonprofit organizations. These include; associations and private foundations governed by law, professional groups, business groups, foreign foundations, advocacy organizations, Islamic wakf and Christian charities (Kandil, 1993, p.6). Latowsky (1997) reported

that the non government sector in Egypt consists of from 14,000 to 15,000 private nonprofit organizations registered with the ministry of social affairs (p.6). He asserted that Egypt's non government sector is the largest in all Arab countries and among the oldest largest south non government sectors.

According to the structural/ operational definition mentioned by Kandil (1993), the nonprofit organizations in Egypt are defined as “*self governing and private entities that are neither subject to decisive control of any outside entity nor functioning as a unit of the state*” (p.11). This definition requires nonprofit organizations to utilize volunteerism either in form of labor or donations from their board members.

Handoussa (2008) declared that the number of nonprofit organizations in Egypt is continuously increasing. However, there is a difficulty in estimating their accurate figure. She reported that the ministry of social solidarity has estimated the total number of nonprofits in Egypt to be **21,500** in 2007. These organizations are mainly concentrated in the north where urbanization and well developed social capital prevail. She indicated that **7,652** nonprofits operate in Lower Egypt primarily in Cairo and Giza and **7,502** operate in Upper Egypt.

The following table provides information about the geographic distribution of nonprofit organizations working in Egypt as of the statistics provided by the Egyptian Human Development Report, 2008.

Table (2-2): NPOs numbers per Governorate

#	Governorate Name	NGOs number per Governorate
1	Port Said	212
2	Cairo	2788
3	Suez	280
4	Alexandria	1467
5	Damietta	252
6	Ismailia	262
7	Gharbeya	513
8	Aswan	255
9	Qalyobia	682
10	Giza	1399
11	Dakahliya	761
12	Menoufeia	791
13	Sharkia	1109
14	Kafr-El Sheikh	262
15	Qena	641
16	Beni Suef	250
17	Menia	976
18	Suhag	469
19	Asuit	456
20	Fayoum	318

(Adopted from Hassan (2010); Source: Egyptian Human Development Report 2008, 68)

As seen in the previous table, nonprofit organizations are largely concentrated in Cairo, Alexandria, and Giza governorates.

Kandil (1993) reported that the nature of the relationship between the state and nonprofit organizations is somehow contradictory. This is due to, on the one hand, state failure to provide the public sector with basic public services in critical areas which necessitates the emergence of nonprofit organizations. On the other hand, the state fails to put policies that would encourage the nonprofit sector to flourish, for example, the existence of law 32 which is detrimental to the growth of nonprofit sector. Also, there are fears that state distrust of the civil society can fall back to the nonprofit sector reducing its public legitimacy. A key to overcoming this dilemma is the formal application of strategic planning to improve their public accountability views.

Hassan (2010) mentioned that among the determinants of nonprofits' success is the relevance of services provided to social needs, which is a sole assessment of customers (this resembles the customer perspective of the balanced scorecard). He mentioned also that the effectiveness of these organizations is based on well known performance benchmarks (this represents the financial and internal business processes perspectives of the balanced scorecard) and the application of strong governance mechanisms. Thus, effectiveness of nonprofit organizations should be evaluated using a multi-dimensional approach like the balanced scorecard.

Following is a discussion about the balanced scorecard as a multi-dimensional strategic management performance measurement tool.

2.7. The Balanced Scorecard

Since many nonprofit organizations are primarily mission-driven and the balanced scorecard is centered on achieving mission (as the *goal*) while linking together organization's strategy (as the *core*), internal business processes, employees' learning and growth, customer processes, financial processes, and volunteers' development (as proposed), it is becoming a significantly important strategic exercise for these organizations. Niven (2008) declared that achieving nonprofit organizations' missions will not occur in one day. He suggested that the multiple perspectives of the balanced scorecard should be considered in assessing organizational effectiveness. This is because information feedback gained from these perspectives helps organizations to make necessary adjustments leading to mission achievement.

Kaplan and Norton (1992) first introduced the balanced scorecard as a performance measurement instrument and then developed it further to become a more comprehensive performance management tool. The balanced scorecard in a broader perspective allows organizations to share their strategies with multiple stakeholder groups. It also enables each distinct class of stakeholders to receive feedback on how well it has contributed to achieving effective organizational performance. Thus, mapping out organization's strategies helps each aspect in understanding and assessing organization's success.

Kaplan and Norton (2000) suggested that nonprofit organizations have to adapt the balanced scorecard to measure their performance using other perspectives that are beyond the mere financial indicators. These perspectives include; internal business processes, employees' learning and growth, and customers processes. The researcher modifies the balanced scorecard to include a fifth dimension which is volunteers' development. This is due to the belief that nonprofits' performance depends on to a great extent on the efforts of volunteers.

Niven (2008) mentioned that once nonprofit organizations formulate proper strategies and strategic plans considering their environments, applying the balanced scorecard will be easier and convenient because it will be based on the strategy with the target of achieving the mission.

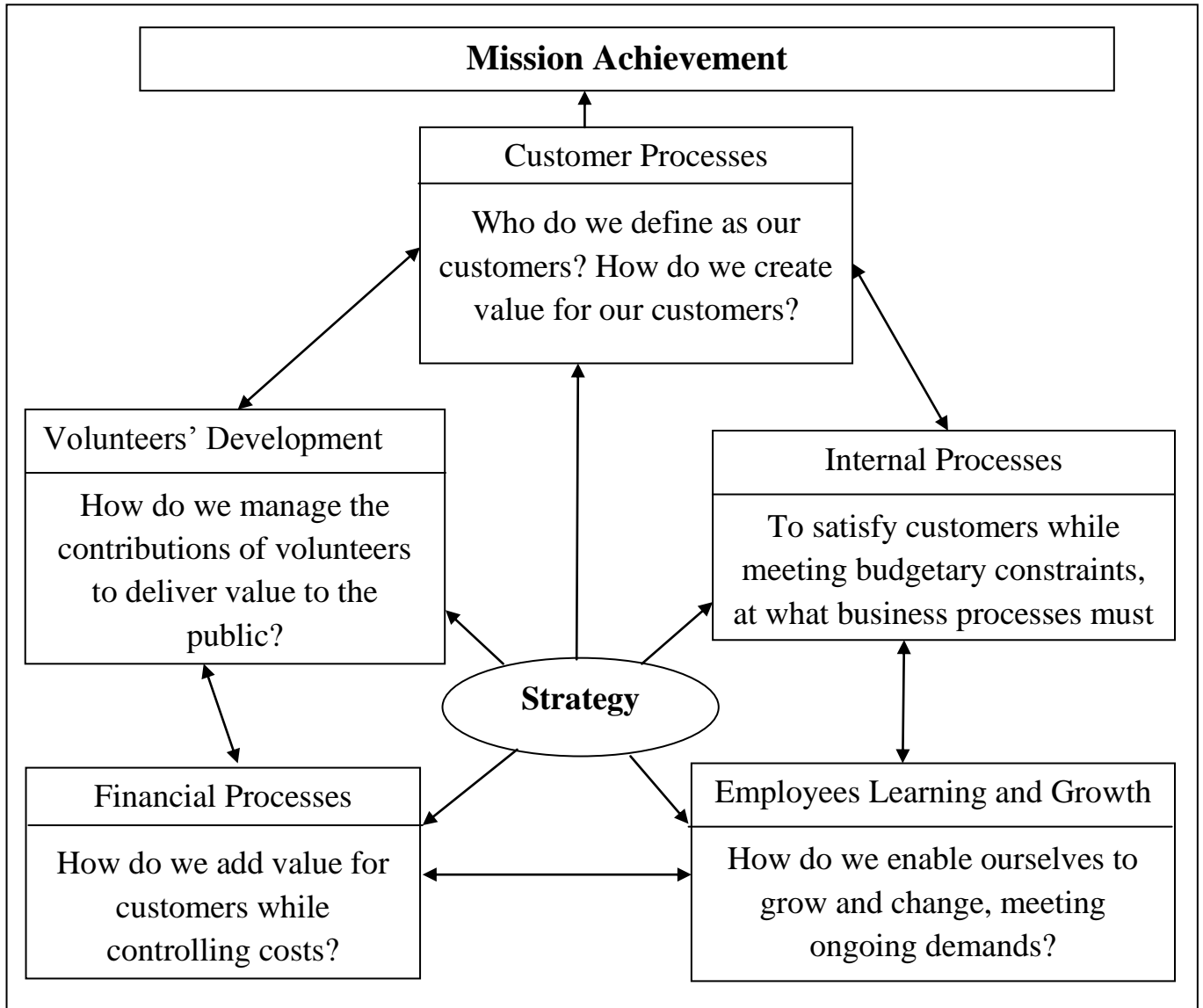
Using the balanced scorecard in nonprofit organizations can add more consistency and flexibility to their strategic planning efforts. This is because the balanced scorecard considers resource allocation within strategy development, focuses on measuring performance, and finally offers an effective tool for monitoring organizational success using a multi-perspective framework (Munive-Hernandez et al., 2004).

Fang and Lin (2006) utilized the balanced scorecard as a performance evaluation tool to measure their enterprise resource planning systems (ERP). Fang and Lin (2006) and Kaplan (2001) indicated that it provides valuable measures of effectiveness that go beyond the mere financial indicators.

Kaplan and Norton (1992) tailored the balanced scorecard by supplementing financial processes with performance indicators from internal business processes, employees' learning and growth, and customers' processes. They argued that the latter three measures are considered leading performance indicators in that they predict organizational future based on certain strategic actions/ decisions. Whereas, the sole financial processes are considered "lag" performance indicators as they reflect upon previous actions/decisions made by the organization.

Prior studies have proven that the balanced scorecard can be applied appropriately for the nonprofit sector (Kaplan, 2001). The following figure (2-2) illustrates how the balanced scorecard tool was adapted for use in the public and nonprofit sector.

Figure (2-2): The Balanced Scorecard for Public and Non-for-Profit Organizations



Source: This figure was adopted and modified from Franklin (2011, 38).

An illustration of figure (2-2) is given in the following section.

The balanced scorecard measures nonprofit organization's performance by collecting data from the *five* perspectives which it presents. This measurement process portrays causal relationships between the impacts of strategic planning on organization's performance in a more accountable fashion (Kaplan and Norton, 2000).

The balanced scorecard was adapted for application to nonprofit organizations whereby the *mission* becomes the focal point as it provides a clear direction to the organization (Niven, 2003). Niven (2008) argued that the balanced scorecard in nonprofit organizations centers on *strategy* (i.e., strategic plans) as its core with the

intention to achieve mission as the ultimate goal. He asserted that the balanced scorecard is important for nonprofit organizations due to its ability to provide feedback regarding organizational progress towards achieving its mission as guided by the concrete strategy(s) on hand.

The customer perspective comes after the mission directly. In public and nonprofit organizations, the *customer perspective* gains a greater weight because their satisfaction justifies mission achievement (Niven, 2008). He argued that nonprofit organizations have a diverse customer base including donors who provide organizations with funds, beneficiaries who receive services without normally paying for them and the general public (Kaplan and Norton, 2001). Thus, the customer perspective of the balanced scorecard has to incorporate performance effectiveness as perceived by various customer segments. Based on assessment information gained from the customer perspective, the organization can easily identify critical performance measures in the other four perspectives (internal business processes, employees' learning and growth, financial processes, and volunteers' development).

Kaplan and Norton (1992) also argued that monitoring customer processes through the balanced scorecard helps nonprofits collect information about customers' perceived value, service quality, delivery time and costs, and customers' satisfaction. Thus, they will be able to align their strategic plans to the achievement of higher customer intimacy, superior service quality perception, and operational Excellency.

The *financial perspective* of the balanced scorecard is imperative for nonprofit organizations because it captures information about how efficiently they are using scarce resources and public/donor funds to offer quality services. Information obtained from this perspective improves organizational accountability towards the public and enhances its fund raising potential. Consequently, makes mission achievement much imminent (Niven, 2008).

Managing the financial perspective in the balanced scorecard is important. This is because nonprofits need to select the most cost efficient manner to provide quality services (while working under significant budget constraints that require maximum use of available resources to achieve goals.) Thus, the financial perspective is concerned with adding customers' value while working with tight budgets (Kaplan and Norton, 2004).

The *internal business process perspective* captures measures regarding organizational operations and processes necessary to meet customers' expectations and increase their satisfaction (Kaplan and Norton, 2000; Niven, 2008). In other words, internal business processes are more about value chain management. Revising and improving internal business processes is dependent upon performance measures identified by the customer processes perspective of the balanced scorecard. Thus, this perspective can pursue diverse objectives which all aim at improving customers' value perception (Niven, 2008).

The success of nonprofit organizations depends on the depository of skills and competencies implicitly held by its staff which represents its human capital.

Therefore, there is an obligation on nonprofit organizations to continuously improve *employees' learning and growth* potential, manage information sharing, and provide an adequate organizational climate conducive to improving overall organization's performance as represented by mission achievement (Niven, 2008).

Employees' learning and growth captures information about human capital and information technology needed to achieve competitive advantage (Kaplan and Norton, 2000). This dimension is mainly concerned with evaluating the skills, knowledge, and competencies held by organizational human capital and finding out ways to continuously improve them.

Due to increased professionalism pressures in human resources management in nonprofit organizations, they are called upon to apply extensive internal controls and sophisticated volunteers' training and development techniques (Stirling, Kilpatrick, and Orpin, 2011). Therefore, a new dimension is introduced to the balanced scorecard which is *Volunteers' Development*.

The literature on volunteers' development in general and in relationship with nonprofit organizations' performance has been largely overlooked. However, the area of volunteers' management and development becomes highly important due to the extensive government reliance on nonprofits' ability to deliver public services.

Chang and Gang (2010) considered volunteers as "*the most unique human resources in nonprofit organizations*" (1). They defined them as individuals who do not care about material rewards in providing public services to the society. They admitted that nonprofit organizations have to attract volunteers, retain them for the common good of the entire society which will allow them to achieve their own sense of self-worth.

Volunteers are unlike paid staff in that they focus more on *relational* and communicative than *transactional* matters. The former are highly linked to their socio-emotional aspects (Stirling, Kilpatrick, and Orpin, 2011).

Research has indicated serious problems with volunteers' management and development in nonprofit organizations. These problems include; insufficient volunteerism, inefficient volunteers' management, invalid encouragement, and flaws in offering adequate training (Chang and Gang, 2010, p.1). Chen, Chen, and Chen (2010) declared that dissatisfied volunteers could negatively influence nonprofit organization's performance.

Chang and Gang (2010) recommended nonprofit organizations to take serious steps to improve volunteers' management and development. These include; improving volunteers' management efficiency, systematically training volunteers, provide effective incentives and motivations for volunteers (p.3-4). All these procedures are critical to facilitate nonprofits' social responsibility by properly building upon volunteers' management and development. Lysakowski (2005) asserted that volunteers need to feel highly involved in the nonprofit organizations in

which they supply their labor. High volunteers' involvement allows their passion to be attached to organization's mission achievement.

Brudney (2005) distinguished nonprofit organizations' performance based on their ability to mobilize the voluntary participation of hundreds of citizens who ignore the expectations of getting remunerated in return of their labor. Thus, the current research attempts to examine the impact of volunteers' development on nonprofit organizations' performance. Therefore, the current research made a clear modification to the BSC by incorporating a fifth dimension, that is volunteers' development, in an effort to empirically examine how well strategic planning nonprofits which develop distinct programs for volunteers' management have achieve more effective performance results compared to other non strategic planners.

Reviewing the literature on nonprofit strategic planning has revealed that there is a significant impact of strategic planning on organizations' performance effectiveness. Therefore, nonprofit organizations have to strategically plan to improve their performance effectiveness measures. However, strategic planning processes and the selection of the best approach is subject to nonprofit organization's own interpretation (Giffords and Dina, 2004).

Chapter Three: Methodology

3.1. Introduction

The current study attempted to build upon the recommendations given by Neuman (2006) and Robinson (1992) to empirically examine the effect of strategic planning on nonprofit organization's performance effectiveness of Egyptian nonprofit organizations. An assessment of performance effectiveness was made using the multiple perspectives of performance assessment offered by the modified balanced scorecard tool. The balanced scorecard organizational effectiveness scale measured the organizational outcomes, as captured by organizational change, along five major perspectives (customer processes, internal business processes, employees' learning and growth, financial processes, and volunteers' development) for nonprofits that apply formal strategic planning protocols. The performance of these nonprofits was compared to the performance of other nonprofits that do not normally use strategic planning protocols. Measurement of performance in both two types of nonprofits was taken using a retrospective cross-sectional survey research design. This is because the application of strategic planning, in investigated organizations, was proposed to occur prior to the launch of the study, specifically, five years ago. Meanwhile, budget and time constraints have influenced the research design and the ability to conduct experimentations. On the other hand, organizational change was measured for the last two operating years as respondents were instructed in the questionnaire.

The following sections will present details on the methodology used during the research. This will cover research strategy, design, questions, population/sample, instrumentation of research variables, data collection, statistical techniques, and methodological limitations.

3.2. Research Strategy

In an attempt to shed light on the relationship between strategic planning and performance effectiveness in Egyptian nonprofit organizations, the current study adopted a descriptive approach using a quantitative survey method for data collection and analysis. The use of quantitative methods offers the researcher more insights to work with and consequently helps in making a more accurate evaluation of the phenomenon under investigation (Lancellotti, 2004). Other advantages of quantitative designs include; testing hypotheses and causal relationships, improved validity and reliability of measurement, standardized measurement tool, duplicability, generalizability, researcher independence, and statistical rigor (Amaratunga et al., 2002).

3.3. Research Design

A retrospective cross-sectional survey research design was employed to measure performance effectiveness of nonprofit organizations both those that apply strategic planning processes and the others that do not follow formal strategic planning protocols. The latter were used as the control group in the study. A retrospective survey design was employed because the application of strategic planning was assumed to occur prior to the conduct of the study, mainly 5 years ago. Nonprofit organizations were asked to report about changes in their performance that happened during the last two operating years. These criteria were based on the previous work of both Blackmon (2008) and Franklin (2011) and upon which the survey instrument was designed. This research design is associated with the fixed method (Amaratunga, Baldry, Sarshar, and Newton, 2002). The fixed method approach is used when the phenomenon of interest is quantified and the design of the research is agreed upon prior to the collection of data (Amaratunga, Baldry, Sarshar, and Newton, 2002, 95). This research design method is basically “*theory driven*” which means that there is a robust theoretical support for the examined relationships thus, it is primarily used for confirmatory rather than exploratory studies. The examined relationships are depicted in a conceptual framework which allows for the examination of some causal relationships in a non-experimental research design (96).

3.4. Research Questions

The current research intended to answer the following main and sub research questions;

Main Research Question

Q. To what extent are nonprofit organizations in Egypt, that utilize strategic planning, effective in achieving their mission as measured by the *five* perspectives of the balanced scorecard?

Sub Questions

1. What is the relationship between strategic planning and performance effectiveness as measured by mission achievement in Egyptian nonprofit organizations?
2. What is the relationship between strategic planning and customers’ processes in Egyptian nonprofit organizations?
3. What is the relationship between strategic planning and internal business processes in Egyptian nonprofit organizations?
4. What is the relationship between strategic planning and employees’ learning and growth in Egyptian nonprofit organizations?
5. What is the relationship between strategic planning and financial processes in Egyptian nonprofit organizations?

6. What is the relationship between strategic planning and volunteers' development in Egyptian nonprofit organizations?

3.5. Population and Sample

The target population for the study was comprised of Egyptian nonprofit organizations working in Cairo and Alexandria Governorates. There was no adequate population frame for Egyptian nonprofits available to pick a random sample of nonprofits for inclusion in the study. Therefore, a purposive sample of 40 nonprofit organizations – 20 nonprofits in greater Cairo and 20 in Alexandria - was selected and was contacted for participation in the study. The purposive sampling is a non probability sampling technique that can be used in quantitative research designs. It allows the researcher to draw the sample that would best fit the research intended objectives (Dolores and Tongco, 2007). The researcher has chosen the sampling elements based on their years of operations whereby only nonprofits with more than 5 years in operations were selected. Another consideration was given to the application of strategic planning protocols and this was used in selecting 20 strategic planner nonprofits versus 20 non-strategic planner nonprofits where the latter have served as the control group for the study. Furthermore, 10 nonprofits from each governorate were selected as strategic planners and the other 10 as non strategic planner nonprofits. The 40 completed questionnaires were needed to yield a confidence level of 95% which also reduced the likelihood of the occurrence of type I error.

3.6. Instrumentation / Measurement of Research Variables

The BSC performance effectiveness scale developed by Blackmon (2008) was based theoretically on the balanced scorecard approach. This scale was used later in its entirety by Franklin (2011) which provides preliminary support for the validity and reliability of the scale. It was originally developed to measure performance effectiveness of nonprofit organizations using the four perspectives of the balanced scorecard. The scale captures information about the BSC domains which include; customer processes, internal business processes, employee learning and growth, and financial processes. The modified scale incorporates the fifth domain which is volunteers' development. The new modified scale intended to find out some causal relationships between strategic planning and nonprofit organization's performance effectiveness using the five domains of the BSC.

The BSC organizational performance effectiveness scale is divided into nine sections, each section contains questions with specific formats; the first one was general information about the organization with forced response questions mainly multiple choice format. The second section contained items measuring the level of strategic planning activities performed by the nonprofit organization which contained closed ended answers that are limited to (yes/no). The third section contained items measuring mission achievement where answers were offered along a 7-point Likert

scale that ranged from (never to always) with a neutral midpoint. The fourth section contained items measuring customer processes where answers were offered along a 7-point Likert scale that ranged from (strongly disagree to strongly agree) with a neutral midpoint, Kaplan and Norton (2001) have identified two types of customers in nonprofit organizations; clients who are service recipients without paying for the services obtains, and donors who pay for the costs of the services offered to clients. The fifth section contained items measuring internal business processes where answers were offered along a 7-point Likert scale that ranged from (strongly agree to strongly disagree) with a neutral midpoint. The sixth section contained items measuring employee learning and growth where answers were offered along a 7-point Likert scale that ranged from (strongly disagree to strongly agree) with a neutral midpoint. These dimensions assess organization's base of human capital in terms of knowledge, competencies, and skills, organizational structure, and information technology infrastructure available to allow them achieve a competitive advantage (Blackmon, 2008). The seventh section contained items measuring financial processes where answers were offered along a 7-point Likert scale that ranged from (strongly disagree to strongly agree) with a neutral midpoint. This dimension of the BSC examines the most cost effective way of running nonprofits with limited financial resources. The eighth section contained items measuring volunteers' development where answers were offered along a 7-point Likert scale that ranged from (strongly disagree to strongly agree) with a neutral midpoint. Finally the last section contained items measuring overall organizational change as a reflection of performance effectiveness where answers were offered along a 7-point semantic differential scale that ranged from (unfavorable change to favorable change). Respondents were asked to respond to the last section by recalling information about organizational changes that have occurred during the last two operating years. This section contained questions about the five domains of the BSC presented separately in earlier sections. This cross validation improves the validity of the survey instrument due to re-measurement (Blackmon, 2008).

The questionnaire was translated from English to Arabic language to overcome the language barrier. Problems related to translation's validity and reliability were both addressed by the back-translation procedure in order to make sure that the same meaning was maintained. This was in accordance with the verbatim translation concept of the questions as suggested by Rode (2005). This technique allows the translation from one language to another which sticking to the original meaning of the source words.

The questionnaire was subject to face validity tests. Face validity pertains to whether "the scale "looks valid" to the examinees who take it, the administrative personnel who decide on its use and other technically untrained observers (Anastasi, 1988, p.144)." Three faculty members in the American University in Cairo were consulted to provide their expert opinion on whether the scale "looks valid" or not and they all approved the face validity of the entire scale items.

Questioning was structured so that general questions were asked first to encourage participants to complete the survey followed by more specific questions

about the five domains of the BSC (Dillman, 2007). The strategic planning section asked respondents to indicate whether or not their organization have conducted any strategic planning activities during the past five years and if yes to determine specifically which activities have been performed. The last section which captured assessment information about organizational performance effectiveness asked respondents to recall information about organizational change that have occurred during the last two operating years. Information about organizational performance change was collected along the five dimensions of the BSC; customer processes, internal business processes, employee learning and growth, financial processes, and volunteers' development in addition to mission achievement which is a core goal for nonprofit organizations (Niven, 2003). This offers the advantages of cross validation for the measurement instrument.

The direction of questioning using either 7-point Likert or semantic differential scales was maintained the same throughout the various sections of the questionnaire. For example, the overall organizational change scale was arranged so that (1) is inferior performance and (7) is superior performance thus, higher scores were given to responses approaching (7) and this indicated a superior performance in subsequent data analysis.

The survey instrument was examined for validity and reliability. Validity was field tested by asking academic scholars to review the instrument and provide their expert feedback. It was given to three scholars in the public policy and administration department at the American University in Cairo, School of Global Affairs and Public Policy. No comments were received for any further modifications. Further examination of the other dimensions of instrument validity and reliability will be found later in the analysis of research findings chapter.

Appendix (A) presents a detailed theoretical underpinning of the survey instrument as developed by Blackmon (2008). Appendix (C) presents the survey instrument in English.

3.7. Data Collection

The primary tool of collecting data was a self-administered face to face interview using the survey instrument. The survey tool for data collection is rooted in the fixed method research paradigm with the positivistic deductive research approach (Gummesson, 2003). According to this approach, interpretation of research results will be limited to the constructs measured by the questionnaire. This might risk the problem of "self-presentation biases" (Hanges and Shteynberg, 2004, p.353) which can be overcome using implicit measurements which were incorporated into the BSC performance effectiveness scale developed by Blackmon (2008). However, quantitative data collection using the survey instrument has the advantages of tool standardization, researcher independence, reliability, validity, and duplicability (Amaratunga, et al., 2002).

The research protocol followed a sequence of procedures. Senior executives from each nonprofit were asked to participate in the face to face interview and answer the survey questions. Key contact persons in selected nonprofits included; chief executive officers, executive directors, financial officers, or members in management teams who were assumed to possess more accurate information and a better assessment of their organizational performance throughout the previous operating years. Data collection personnel were asked to collect data from some nonprofits located in remote areas in both two governorates in order to help in accelerating the data collection process. They were primarily post graduate researchers and a prior meeting with each was conducted by the researcher to make sure that they are quite familiar with the survey items and that all concepts are well understood in order to improve the reliability of the data collection process. The data collection strategy was designed to contact three contacts per each investigated nonprofit, however only one senior executive was contacted because some nonprofits, especially non strategic planners and small size nonprofits, lacked the formal administrative hierarchy that could allow for multiple contact data collection. Telephone numbers of nonprofits included in the sample were reached through the telephone directory and some referrals. A preliminary phone call was placed to schedule for a meeting with each senior executive and a brief introduction about the research objectives was given to encourage participation in the study. Next, a visit was made as scheduled either by the researcher or the data collection agent and a face to face interview was conducted to ensure respondent's full understanding of the questions asked. Answers to the survey questions were recorded as obtained from each respondent. A second visit was made for some cases when the contact person has excused for having a busy day. However, a number of nonprofits refused to participate in the study due to some conservative concerns and others did not reply back to the researcher.

The process of data collection took a total of two months starting from February 1st till the beginning of April, 2012. A total of 40 completed questionnaires from 40 different NPOs in Cairo and Alexandria were obtained out of 50 questionnaires distributed over selected nonprofit organizations. Thus, the response rate was 80%. Finally, the total number of questionnaires entered into the SPSS program for analysis was 40 valid questionnaires. Appendix (D) presents the AUC institutional review board approval for the researcher to conduct the study. Also, appendix (B) presents the introductory letter presented to respondents in selected nonprofits which represents their implicit consent to participate in the study.

3.8. Statistical Techniques Used

The validity (content, convergent, and discriminant) and reliability of the survey instrument were first examined. Quantitative data analysis techniques were used to analyze the quantitative data obtained by the survey instrument. These techniques aim primarily at testing some causal relationships among research variables (Amaratunga, at al., 2002). Descriptive statistics were used to analyze data generated from the first section of the survey which provided general information

about the organization and the demographics of key respondents. Cross tabulation was used to distinguish strategic from non-strategic planning nonprofits by testing simple relationships based on some criteria including sector and annual operating budgets. The sample was statistically examined for sufficiency to perform parametric statistical procedures prior to the statistical analysis. Correlation tests were used to examine research variables' freedom from multi-collinearity problems. A comparison of the mean composite scores for each research construct along the BSC domains was performed for strategic planner versus non-strategic planner nonprofits. An independent t-test with Levene's test for equality of variance was used to compare strategic planner versus non-strategic planner nonprofits along each of the following dimensions; mission achievement index, customer processes index, internal business processes index, employee learning and growth index, financial processes index, and volunteers' development index. Multiple regression analysis was used to test linear relationships between two or more research variables. It was mainly used to test the direction and strength of the causal relationship between organizational performance as the main dependent variable and strategic planning, mission achievement, customer processes, internal business processes, employee learning and growth, financial processes, and volunteers' development as the independent variables.

3.9. Methodological Limitations

The current research encountered the following methodological limitations.

1. The inability to conduct experimental research designs which can examine the application of strategic planning in sampled nonprofit organizations on their performance over a certain time range due to ethical issues, time and budget constraints.
2. The inability to select a probability sampling technique (randomization) due to the absence of an up-to-date directory of Egyptian nonprofits. Thus, the principle of generalizability was sacrificed.
3. Possible subjectivity resulting from researcher's good knowledge of the phenomenon under investigation (Rowley, 2002). This points to the likelihood that the researcher could be more knowledgeable of the constructs being measured than the respondents.
4. Difficulty to reach key contact persons in sampled nonprofit organizations using mail or internet surveys. Hassan (2010) reported that most nonprofit organizations in Egypt do not respond to E-mail inquiries regularly. Therefore, a data collection task force was employed to complete the questionnaires using face to face interviews with key contact persons in the selected nonprofits.
5. The inability to cover a wider and more representative sample of nonprofit organizations. This means difficulty to include nonprofits operating in Upper Egypt and those operating in other Lower Egypt governorates other than Alexandria and Cairo due to strict time and budget constraints.

6. The inability to generalize results beyond the specified research context due to the nature of the non-probability purposive sampling used for the research.

Chapter Four: Analysis of Research Findings

4.1. Introduction

This chapter discusses the findings of the empirical study conducted to measure the impact of strategic planning on Egyptian nonprofit organizations' performance effectiveness using the tents of the BSC approach. It includes two parts. The first part will present and discuss the results of the tests of convergent validity, tests of reliability, tests of discriminant validity, and descriptive statistics. The second part will present and discuss the results of hypotheses testing.

4.2. Assessing the Validity of Scale Items

A number of tests were performed before hypotheses testing. These tests included tests of content validity, convergent validity, discriminant validity, and reliability of scale items. Descriptive statistics were also performed.

Content validity was examined prior to data collection. Content validity refers to the extent to which the scale items reflect all facets of the social phenomenon or construct that it attempts to measure (Hair et al., 1998). It was examined by presenting the survey instrument to three academic professors in the American University in Cairo. They reviewed the scale items and the wording of questions and they approved the instrument for face validity. Furthermore, the translated questionnaire was sent for supervisor's check prior to obtaining the Institutional Review Board approval.

Convergent validity refers to the extent to which construct measures that are theoretically related proved to be related to one another in reality (Bagozzi, Yi and Phillips, 1991). Factor analysis was used to measure the convergent validity of all research variables. A confirmatory factor analysis with one factor extracted was performed on every group of items measuring a single variable. The KMO (Kaiser-Mayer-Olkin) value was used to test the sufficiency of the sample for the confirmatory factor analysis. No rotation method was selected because confirmatory factor analysis with one factor was specified and items with factor loadings of less than or equal .35 were suppressed because they deemed to have a high explanatory power of extracted construct variance (Hair, et al., 1998). The principal component extraction method was used to assess the convergent validity of strategic planning, mission achievement, customer processes, internal business processes, employee learning and growth, financial processes, volunteer development, and general organizational change.

Confirmatory factor analysis was used to examine the convergent validity of the items listed in the questionnaire. With respect to strategic planning, confirmatory factor analysis resulted in only one component. All six items measuring strategic planning were significant and had factor loadings above .5 and thus are considered practically significant (Hair, et al., 1998). The fifth item had a negative factor loading

because it was worded in a negative order. The procedure resulted into a percentage of variance extracted equals to 75.5%. Table (4-1) summarizes the results of the confirmatory factor analysis for strategic planning.

Table (4-1): Results of the Confirmatory Factor Analysis of Strategic Planning

Items	Components
	Factor 1
My organization has undertaken strategic planning activities within the last five years	.895
Our strategic planning activities included: a. Environmental assessment b. Development of mission statement c. Development of vision statement d. Development of values statement e. Development of strategy f. Development of objectives g. Development of performance measures h. Development of performance indicators i. Outside consultant	.961
My organization has a formal organizational evaluation system	.642
What types of performance measures are used a. Financial b. Customer measures c. Process effectiveness measures d. Funder defined measures e. Employee defined measures f. Volunteers' defined measures Other (please specify)902
My organization did not perform strategic planning activities because a. There is no need for formal planning b. We do not have time for formal planning c. We do not have the resources for formal planning d. Other (please specify) ...	-.844
We have a mission statement	.932

Confirmatory factor analysis with one factor extracted was used to examine the convergent validity of mission achievement. Only one component was extracted with all fifteen items having factor loadings above .5 and thus are considered practically significant. The procedure resulted into a percentage of variance extracted equals to 72%. Table (4-2) summarizes the results of the confirmatory factor analysis for mission achievement.

Table (4-2): Results of the Confirmatory Factor Analysis of Mission Achievement

Items	Components
	Factor 1
Our mission is used to monitor performance	.798
Our mission is used to make decisions	.822
I understand how my job helps to achieve our mission	.848
Our mission statement helps me understand how my organization sets priorities	.783
Strategy is important to our mission	.863
Our strategy is achievable	.822
My day to day duties help us to achieve our mission	.851
My co-workers day to day duties help us to achieve our mission	.737
Our mission is the driving force for this organization	.877
Our organization's actions are consistent with our mission	.901
Our organization's actions are consistent with our vision	.897
Our organization's actions are consistent with our core values	.875
We consistently meet the foundation for performance established in our mission statement	.858
We consistently meet the criteria for performance established in our vision statement	.859
We consistently meet the criteria for performance established in our values statement	.860

Confirmatory factor analysis with one factor extracted was used to examine the convergent validity of customer processes. Only one component was extracted with only nine out of eleven items having factor loadings above .5 and thus are considered practically significant. The other two items had no factor loadings with the extracted component and thus were deleted. The deletion of the two items has improved the percentage of variance extracted to 51%. Table (4-3) summarizes the results of the confirmatory factor analysis for mission achievement.

Table (4-3): Results of the Confirmatory Analysis of Mission Achievement

Items	Components
	Factor 1
We consistently meet the expectations of program participants	.655
The quality of services that we provide has improved	.813
the number of services that we provide has improved	.781

The type of services that we provide has improved	.830
The number of people that we serve has increased	.680
The demand for the services that we provide has increased	.572
We take actions to learn what programs participants need	.737
We take actions to learn what contributors expect	.715
We consistently meet the expectations of our community	.572

Confirmatory factor analysis with one factor extracted was used to examine the convergent validity of internal business processes. Only one component was extracted with all nine items measuring the construct having factor loadings greater than .5 and thus are considered practically significant. The procedure resulted into a percentage of variance extracted equals to 59%. Table (4-4) summarizes the results of the confirmatory factor analysis for internal business processes.

Table (4-4): Results of the Confirmatory Factor Analysis of Internal Business Processes

Items	Components
	Factor 1
We have improved our planning processes	.872
We provide quality programming	.833
We have improved our quality control processes	.844
We have improved our service delivery processes	.752
We have developed policies and procedures	.734
We consistently follow program quality protocols	.559
We consistently follow program service delivery protocols	.559
Program planning is based upon our mission	.877
Management makes it easy to achieve our mission	.798

Confirmatory factor analysis with one factor extracted was used to examine the convergent validity of employee learning and growth. Only one component was extracted with only seven out of the nine items, measuring employee learning and growth, having factor loadings greater than .5 and thus are considered practically significant. The other two items were deleted and this has improved the percentage of variance extracted to 54%. Table (4-5) summarizes the results of the confirmatory factor analysis for employee learning and growth.

Table (4-5): Results of the Confirmatory Factor Analysis of Employee Learning and Growth

Items	Components
	Factor 1
My job is directly related to our mission	.655
My job is satisfying	.636
My job gives me a sense of accomplishments	.666
In a normal work week I receive enough information to meet the information requirements for weekly task	.824
I have enough information to make optimal decisions to accomplish performance objectives	.884
I have established performance objectives	.741
My organization provides the training that I need to meet job requirements	.718

Confirmatory factor analysis with one factor extracted was used to examine the convergent validity of financial processes. Only one component was extracted with three out of four items having factor loadings greater than .5 and thus are considered practically significant. One item was deleted and this has improved the percentage of variance extracted to 79%. Table (4-6) summarizes the results of the confirmatory factor analysis for financial processes.

Table (4-6): Results of the Confirmatory Factor Analysis of Financial Processes

Items	Components
	Factor 1
We seem to be more effective at cost containment	.950
We seem to maintain low expenses	.920
We seem to appropriately allocate our financial resources across programs	.791

Confirmatory factor analysis with one factor extracted was used to examine the convergent validity of volunteers' development. Only one component was extracted with all six items having factor loadings above .5 and thus are considered practically significant. The procedure has resulted into a percentage of variance equals to 90%. Table (4-7) summarizes the results of confirmatory factor analysis of volunteers' development.

Table (4-7): Results of the Confirmatory Factor Analysis of Volunteers' Development

Items	Components
	Factor 1
Our organization foster a sound external environment to attract volunteers	.957
Our organization nurture an internal environment that allows volunteers to feel connected with the organization	.979
Our organization has an efficient management system for volunteers	.957
Our organization provides a systematic training for volunteers	.859
Our organization provides volunteers' support at all organizational levels	.958
Our organization matches volunteers' motivations to experiences	.970

Confirmatory factor analysis with one factor extracted was used to examine the convergent validity of general organizational change. Only one component was extracted with thirty three out of thirty six items having factor loadings above .5 and thus are considered practically significant. Three items did not report any factor loadings however they were not deleted because their deletion has neither improved the percentage of extracted variance nor the reliability of the scale. This procedure has resulted into a percentage of variance extracted to 59%. Table (4-8) summarizes the results of confirmatory factor analysis of general organizational change.

Table (4-8): Results of the Confirmatory Factor Analysis of General Organizational Change

Items	Components
	Factor 1
Annual operating budget	
Stakeholders support	.500
Board involvement	.793
Diversity in funding sources	
Employee morale	.718
Employee commitment	.828
Employee training	.700
Employee education	.824
Employee job proficiency	.914
Days of work missed	.707
Employee turnover	.603
Program expansion	.806
State grants	
Business contributions	.500

Individual contributions	.532
Work processes	.824
On-the job training	.757
Team work	.905
Community support	.700
Work climate	.852
Program quality	.918
Program participants	.911
Corporate image	.884
Corporate reputation	.668
Communication within the organization	.917
Understanding what is important to customers	.830
Customers program completion rate	.931
New customer program participation	.916
Customer retention	.857
Referrals from other organizations	.795
Referrals from customers	.767
Understanding of performance measures	.842
Use of performance measures	.838
Staff dedication	.896
Customer dedication	.876
Volunteer dedication	.675

Based on the tests of convergent validity, the independent variables are strategic planning, mission achievement, customer processes, internal business processes, employee learning and growth, financial processes, and volunteers' development. The dependent variable is general organizational change which captures changes in organizational performance effectiveness over the last two operating years and cross validates information collected about the five domains of the BSC in earlier sections of the questionnaire.

Based on this, the reliability of scale items was examined and presented in the following section.

4.3. Assessing the Reliability of Scale Items

Cronbach alpha coefficient was used to examine the reliability of research constructs. The procedure of calculating Cronbach alpha coefficients after item deletion was employed to improve the reliability of scale variables. The following table (4-9) summarizes the results of the internal reliability of research items.

Table (4-9): Reliability of Research Items

Construct	Cronbach alpha Coefficient	Items deleted	Cronbach alpha Coefficient after item deletion
Strategic Planning	.888		
Mission Achievement	.968		
Customer Processes	.788	1.We consistently meet the expectation of funding agencies. 2.We consistently meet the expectation of donors.	.819
Internal Business Processes	.902		
Employee Learning and Growth	.733	1. My job is boring. 2. My job is challenging.	.800
Financial Processes	.544	We seem to work well with other non-profits	.864
Volunteers' Development	.977		
General Organizational Change	.974		

The reliability analysis shows that Cronbach alpha coefficients for the variables strategic planning, mission achievement, internal business processes, volunteers' development, and general organizational change exceeded .8. Gliem and Gliem (2003) considered Cronbach alpha of greater than or equal .8 as a reasonable indicator of the internal consistency of scale items. The reliability of the other scale items was improved by deleting some items as guided by the results of the confirmatory factor analysis. This was achieved by computing Cronbach alpha when item(s) deleted. Cronbach alpha for customer processes was improved to .819 after deleting two items. Cronbach alpha coefficient for employee learning and growth was improved to .800 after deleting two items. Finally, Cronbach alpha for financial processes was improved to .864 after deleting one item. This again confirms with the criterion for reliability assessment set by Gliem and Gliem (2003) whereby Cronbach alpha coefficient of greater than .8 is considered a reasonable indicator of the internal consistency of scale items.

After conducting the tests of reliability, discriminant validity tests were performed for independent research variables to check for multi colinearity problems. Results are presented in the following section.

4.4. Discriminant Validity Tests

In order to test the discriminant validity of research variables, Cronbach alpha coefficient for each variable will be compared with its correlation with other variables (Sharma and Patterson, 1999). Independent research variables include strategic planning, mission achievement, customer processes, internal business processes,

employee learning and growth, financial processes, and volunteers' development. Table (4-10) will present the correlation matrix of independent research variables with alpha coefficient for each variable.

Table (4-10): Correlation Matrix of Independent Variables

		STRPLAN .888	MISSACH .968	CUSTPRO .819	BUSPRO .902	GROLEARN .800	FINPRO .864	VOLDEV .977
STRPLAN .888	Pearson Correlation	1	.774**	.554**	.694**	.559**	.322*	.488**
	Sig. (2-tailed)		.000	.000	.000	.000	.043	.001
	N	40	40	40	40	40	40	40
MISSACH .968	Pearson Correlation	.774**	1	.698**	.761**	.748**	.372*	.483**
	Sig. (2-tailed)	.000		.000	.000	.000	.018	.002
	N	40	40	40	40	40	40	40
CUSTPRO .819	Pearson Correlation	.554**	.698**	1	.715**	.674**	.263	.404**
	Sig. (2-tailed)	.000	.000		.000	.000	.101	.010
	N	40	40	40	40	40	40	40
BUSPRO .902	Pearson Correlation	.694**	.761**	.715**	1	.734**	.240	.407**
	Sig. (2-tailed)	.000	.000	.000		.000	.135	.009
	N	40	40	40	40	40	40	40
GROLEARN .800	Pearson Correlation	.559**	.748**	.674**	.734**	1	.500**	.448**
	Sig. (2-tailed)	.000	.000	.000	.000		.001	.004
	N	40	40	40	40	40	40	40
FINPRO .864	Pearson Correlation	.322*	.372*	.263	.240	.500**	1	.235
	Sig. (2-tailed)	.043	.018	.101	.135	.001		.145
	N	40	40	40	40	40	40	40
VOLDEV .977	Pearson Correlation	.488**	.483**	.404**	.407**	.448**	.235	1
	Sig. (2-tailed)	.001	.002	.010	.009	.004	.145	
	N	40	40	40	40	40	40	40

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Based on table (4-10) one type of comparison will be performed. This comparison will be between alpha coefficients for each variable and its correlation coefficients with all other variables. With respect to this type of comparison, significant correlations exist between most of the research variables, yet all of these correlations are lower than the alpha coefficients for each variable individually. For example, strategic planning and mission achievement are significantly correlated ($r = .774$) yet the reliability coefficients for both variables are .888 and .968 respectively, this means that respondents can discriminate between the two variables although they are correlated. This also means that for all other research variables respondents can discriminate between different variables. Thus, the independent variables correlate at an appropriate level as shown by their respective correlation coefficients and at the reported significance levels also they are free from multicollinearity problems.

4.5. Descriptive Characteristics of Respondent Nonprofit Organizations

The BSC performance effectiveness scale collected a sufficient amount of information about the demographics of respondent organizations. It captured information about the governorate in which the organization operates, respondent's position in the organization, his/her age, gender, number of years in tenure, the type of services provided by the organization, the size of the organization as indicated by the number of employees, and finally, the approximate size of annual operating budget in Egyptian pounds.

The following figure presents the distribution of respondent nonprofit organizations by governorate.

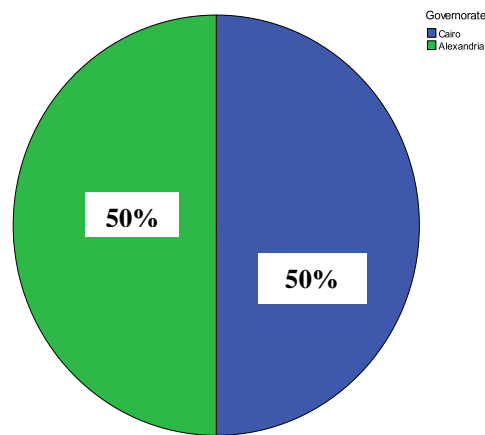


Figure (4-1): Distribution of Sample Organizations by Governorate

As presented in the previous figure, considerations were given to select 20 nonprofit organizations from each of the two governorates. In other words, 50% of the sample organizations were strategic planners and the other 50% were non strategic planners to allow for the sub group analysis that will be conducted afterwards.

The following table represents the distribution of respondent organizations by service category. Most nonprofits stated multiple service category provision in their mandates thus, these categories are not mutually exclusive and thus their cumulative frequencies do not sum up to a hundred percent. The frequency and corresponding percentages are provided in the table for each service category.

Table (4-11): Distribution of Sample Organizations by Service Category

Service Category	Frequency	Percentage
Youth Service Provider	19	47.5
Educational Service Provider	19	47.5
Human Rights Service Provider	13	32.5
Political Service Provider	4	10.0

Healthcare Service Provider	23	57.5
Orphans' Care	8	20.0
Social Services	4	10.0
Charity	1	2.5
Economic and Social Development	1	2.5
Eldery Care	1	2.5
Marketing and Promotional Services for Businessmen	1	2.5
Training and Employment Services	1	2.5
Cultural Exchange	1	2.5
Funding Projects	1	2.5
Widows' Care	1	2.5
Zakat	1	2.5
Religious Services	1	2.5

Based on table (4-11) and the analysis of the qualitative data, most of the organizations reported multiple service category provision. About 57.5 % of respondent organizations provided healthcare services. 47.5% provided both youth and educational services. 32.5% provided human rights services. 20% provided orphans' care services. 10% provided both political and social services. Only 2.5% reported a variety of other services including charity, economic and social development, elderly care, marketing and promotional services for businessmen, training and employment services, cultural exchange, funding projects, widows' care, zakat, and finally religious services.

Demographical data about the gender of respondents was collected and results are presented in the following table.

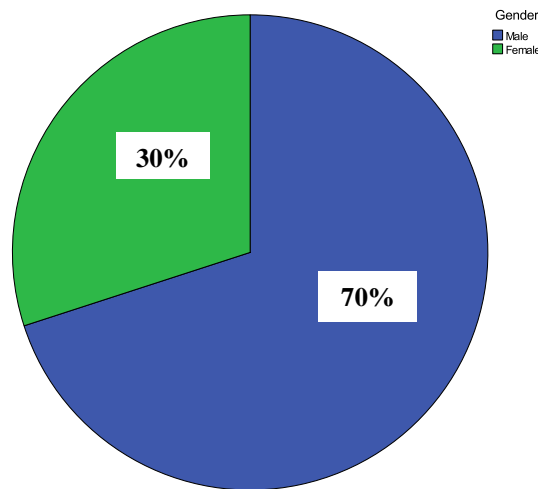


Figure (4-2): Distribution of Respondents by Gender

Based on figure (4-2), 70% of respondents were male and only 30% were female. This highlights the fact the women are misrepresented in the management of nonprofit organizations in Egypt.

Categorical data about the distribution of respondents by age category was collected and presented in the following table.

Table (4-12): Distribution of Respondents by Age

Age category	Frequency	Percentage
Less than 40	12	30
From 40 to 60	15	37.5
Above 60	13	32.5

Based on table (4-12), majority of respondents fell in the age bracket from 40 to 60 years old (37.5%). About 32.5% of respondents were above 60 years old and finally 30% were less than 40 years. This highlights the fact that majority of managerial holding positions in nonprofit organizations are captured by the elderly in Egypt and therefore youth are highly underrepresented.

The distribution of respondent by years of tenure in investigated organizations is presented in the following table.

Table (4-13): Distribution of Respondents by Tenure

Number of years in tenure	Frequency	Percentage
Less than 4 years	9	22.5
From 5 to 9 years	16	40
From 10 to 15 years	6	15
More than 15 years	9	22.5

Based on table (4-13), majority of respondents spent from 5-9 years in tenure in their organizations (40%). 22.5% of respondents spent less than 4 years in tenure and they were mostly found in non strategic planner organizations and also 22.5% spent more than 15 years in tenure. Finally, 15% spent from 10 to 15 years in tenure. This is a good indicator about the adequacy of information reported by respondents based on their accumulated professional experience in the examined organizations.

In addition to the data presented above, categorical data about the size of respondent organizations in terms of the number of employees were collected and presented in the following table. These categories are mutually exclusive.

Table (4-14): Distribution of Sample Organizations by Size (Number of Employees)

Size (Number of Employees)	Frequency	Percentage
Less than 20	9	22.5
Between 21-50	11	27.5
Between 51-100	7	17.5
Between 101-500	9	22.5
More than 500	4	10.0

Based on table (4-14), 27.5% of respondent organizations operate with a number of employees ranging from 21-50 employees. 22.5% operate with less than 20 employees and 22.5% operate with a number of employees ranging from 101-500 employees. 17.5% operate with a number ranging from 51-100 employees respectively. Finally, only 10% operate with more than 500 employees. This indicates the trend in most nonprofits to reduce overhead expense by reducing the size of paid employment.

Category data was also collected about organization's size in terms of annual operating budget. Table (4-15) presents the results of this analysis.

Table (4-15): Distribution of Sample Organizations by Annual Budget Size (in L.E)

Annual Budget	Frequency	Percentage
Less than 500,000	8	20
From 500,000 to 1,000,000	6	15
From 1,000,000 to 2,000,000	11	27.5
More than 2,000,000	9	22.5

Based on this table, 6 cases were missing because they did not report about their annual operating budget size. About 27.5% of respondent nonprofits operate with annual budget between one to two millions Egyptian pounds. About 22.5% of nonprofits operate with an annual budget of more than two millions. 20% of nonprofits operate with an annual budget of less than L.E 500,000. Finally, 15% of them operate with an annual budget of less than one million. This highlights the fact that Egyptian nonprofits are run by limited budgets.

Qualitative analysis of respondent's position within the organization was performed and results are presented in the following figure.

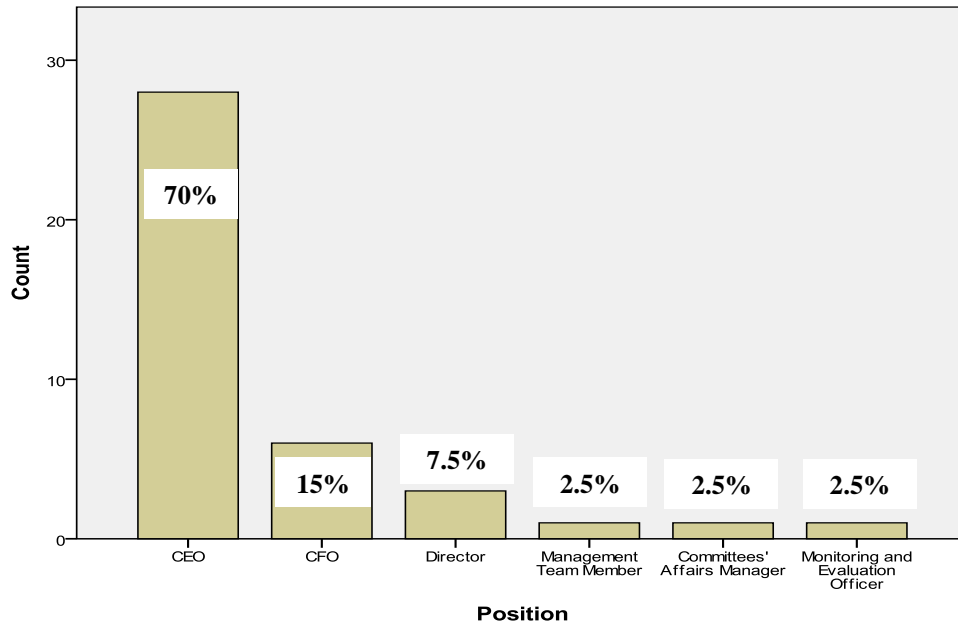


Figure (4-3): Distribution of Respondents by Position within Organizations

Based on figure (4-3), majority of respondents (70%) indicated their position as the CEO. Chief financial officers represented 15% of respondents, 7.5% were directors and 2.5% were management team members. Other reported positions included committees' affairs manager and monitoring and evaluation officer with 2.5% each. This gives credibility to the information supplied by respondents as a result of their respective positions within the organization.

The distribution of nonprofit organizations based on the use of strategic planning is presented in the following figure.

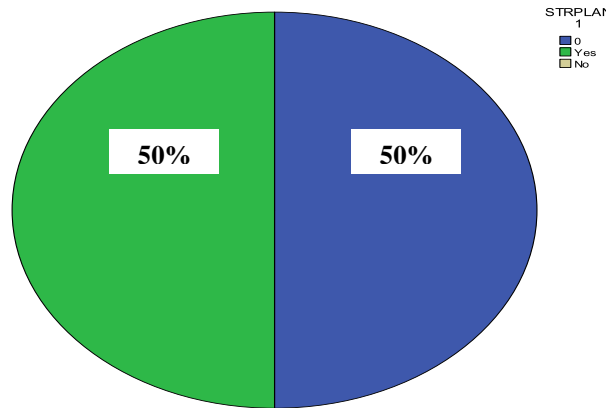


Figure (4-4): Distribution of Nonprofit Organizations by Strategic Planning

As shown in figure (4-4), the sample was divided equally into 20 strategic planners versus 20 non strategic planner organizations. Ten out of twenty nonprofits selected from each governorate were selected as strategic planners and the other 10 as non strategic planners. This was intended by the researcher in order to allow for comparisons and sub group analysis.

Fifty percent of respondent nonprofit organizations indicated that they conducted strategic planning during the last five years. According to their responses descriptive statistical procedures were performed to examine the distribution of strategic planner nonprofit by service category. The following table presented the results of the descriptive analysis.

Table (4-16): Distribution of Strategic Planning Organizations by Service Category

Service Category	Frequency	Percentage
Educational Service Provider	11	55
Human Rights Service Provider	8	40
Political Service Provider	4	20
Healthcare Service Provider	14	70
Orphan's Care	1	5
Economic and Social Development	1	5
Marketing and Promotional Services for Businessmen	1	5

Training and Employment Services	1	5
Cultural Exchange	1	5
Funding Projects	1	5
Widows' care	1	5

Based on table (4-16), both healthcare service and educational service providers performed strategic planning at higher rates compared to other service category providers (70% and 55% respectively). This was followed by human rights service providers and political service providers (40% and 20% respectively). Other service categories such as orphans' care, economic and social development, marketing and promotional services, training and employment services, cultural exchange, funding projects, and widows' care represented the smallest percentage of respondent strategic planner nonprofits (5% only) for each. This highlights a caveat regarding the initial sorting of NPOs according to service category because most NPOs may categorize themselves under more than one category in their respective mandates. That is why these categories are not mutually exclusive.

Strategic planner nonprofits ranked differently from non strategic planners on the size of annual operating budget thus, descriptive analysis was performed to examine the distribution of strategic planners by annual budget size and results are presented in the following table.

Table (4-17): Distribution of Strategic Planning Organizations by Annual Budget Size (in L.E)

Annual Budget	Frequency	percentage
Less than 500,000	3	15
From 500,000 to 1,000,000	2	10
From 1,000,000 to 2,000,000	5	25
More than 2,000,000	6	30

Based on table (4-17), data about annual operating budget of strategic planner nonprofits were missing in 4 cases which did not reveal information about it. About 30% of strategic planner nonprofits operate with an annual budget of more than two millions. 25% of them operate with an annual budget from one to two millions. 15% of them operate with an annual budget of less than L.E 500,000. Finally, 10% operate with an annual budget of less than one million. This means that budget considerations did not carry a significant weight in determining organization's orientation towards the use of strategic planning.

Respondents were asked to report the types of strategic planning activities conducted during the past five years. Their responses were limited to the nine types of strategic planning activities presented in the questionnaire. Responses are presented in the following table.

Table (4-18): Distribution of Strategic Planning Activities Performed by Strategic Planners

Strategic Planning Activity	Frequency	Percentage
Environmental assessment	14	70
Mission statement development	18	90
Vision statement development	17	85
Values statement development	17	85
Strategy development	18	90
Objectives development	20	100
Performance measures	20	100
Performance indicators	17	85
Outside consultant	8	40

Based on table (4-18), majority of strategic planner nonprofits (70% and more) have performed 8 out of 9 strategic planning activities. These activities included environmental assessment, mission statement development, vision statement development, values statement development, strategy development, objectives development, performance measures, and performance indicators. All strategic planner nonprofits (100%) have conducted two strategic planning activities which are objectives development and performance measures. This was followed by mission statement development and strategy development which were performed by 90% of respondent organizations. About 85% of them developed vision statement, values statement, and performance indicators. About 70% of them performed environmental assessment. Finally, 40% of them used the services of an outside consultant and this was mainly for legal or auditing consultations.

Non strategic planner nonprofits were also asked to indicate reasons for not conducting formal strategic planning protocols. They were given a choice of three reasons and a descriptive analysis to their responses was performed and presented in the following table.

Table (4-19): Distribution of Reasons for not Conducting Strategic Planning by non Strategic Planners

Reasons	Frequency	Percentage
No need for formal strategic planning	3	15
No time for strategic planning	16	80
No resources for strategic planning	17	85

Based on table (4-19), fifteen (15%) of respondent non strategic planners indicated the lack of need for conducting formal strategic planning protocols. About 80% of respondents indicated the lack of time and 85% indicated the lack of resources as factors for not conducting formal strategic planning protocols. Consequently, very little percentage of respondents denied the need for conducting formal strategic planning as indicated above and the main reasons behind not following strategic planning protocols were a result of resource and time constraints.

Qualitative analysis was performed to analyze respondents' opinions regarding the impact of the 25th of January revolution on their efforts to use strategic planning more formally. Results are presented in the following figure.

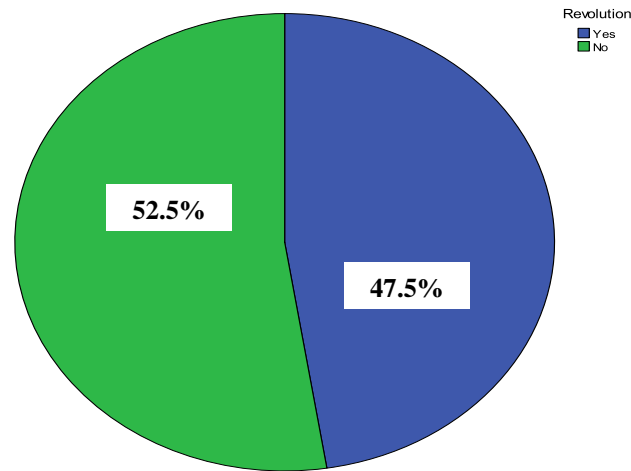


Figure (4-5): Distribution of the Impact of Revolution on Strategic Planning Efforts

Based on figure (4-5), 47.5% of respondent nonprofit organizations confirmed that the 25th of January revolution has impacted their efforts to use strategic planning more formally. However, 52.5% indicated no impact of the revolution on their intentions to use strategic planning protocols formally. A further qualitative analysis of these reasons was performed and a summary is presented in the following paragraph.

Most of respondents who claimed a positive impact of the Jan. 25th revolution on their strategic planning efforts reported some reasons for this claim. Some of them reported that post the revolution, they had to deviate slightly from their current mission to handle emerging cases and service needs in terms of new expanded service delivery programs. Others indicated their orientation towards each of the following; establishing cooperation programs with the Egyptian government to enhance the general status of the Egyptian economy and rebuild the society, coordinating with other nonprofits in providing emergent services, and some nonprofits targeted other countries with whom connections were prohibited prior to the revolution. Some nonprofits focused their efforts on strengthening and promoting the idea of human rights especially for enhancing the status of severely affected cases during the revolution. Some nonprofits focused on utilizing crisis management strategies to handle the emerging economic and political circumstances like establishing self generating income sources for sustainability of funding sources. Finally, among those who claimed no impact of the revolution on their strategic planning efforts, they claimed the lack of effective managerial skills and the need for more training on how to use strategic planning protocols in coordination with a general regulatory body like the ministry of social affairs.

It was very clear out of this qualitative analysis that responding to ongoing external environmental changes through the use of formal strategic planning protocols

is very important for the success and survival of nonprofits. This is what allowed strategic planning Egyptian nonprofits to manage the threats brought by the external environmental changes, that resulted from the 25th of January revolution, to remain effective in achieving their initial missions.

4.6. Comparisons of Strategic Planning Nonprofit Organizations to Non-Strategic Planning Nonprofit Organizations

Comparison was made between strategic and non strategic planners nonprofits using the data collected from the forty organizations along the five domains presented by the balanced score card performance effectiveness scale. The mean score for each variable was based on a composite score of the responses to the 7-point Likert scale items. Raw data from the responses to the Likert scale items ranged from strongly agree to strongly disagree and for the overall organizational scale, it ranged from unfavorable to favorable change. The composite score for each variable was calculated using the “compute variable” function in SPSS 18.0 and accordingly new variables were created and given symbols. The meanscore for strategic planning activities was represented by a composite score for the variable “STRPLAN”. The mean score for mission achievement was represented by the composite score “MISSACH”. The mean score for customer processes was represented by the composite score “CUSTPRO”. The mean score for internal business processes was represented by the composite score “BUSPRO”. The mean score for employee learning and growth was represented by the composite score “GROLEARN”. The mean score for volunteers’ development was represented by the composite score “VOLDEV”. Finally, the mean score for overall change in organizational performance was represented by the composite score “ORGPRFM”. Twenty nonprofits were classified as non-strategic planners and the other twenty were strategic planners. Comparisons were made using “STRPLAN” which takes either yes or no values and it was compared with each of the variables included in the questionnaire. Table (4-20) highlights the mean score for each variable presented by the BSC performance effectiveness scale.

Table (4-20): Comparison of the Mean Score for BSC Domain Constructs

Group Statistics					
Domain	strplan	N	Mean	Std. Deviation	Std. Error Mean
STRPLAN	No	20	.2579	.16984	.03798
	Yes	20	.7227	.12683	.02836
MISSACH	No	20	4.1033	1.40367	.31387
	Yes	20	6.2467	.81164	.18149
CUSTPRO	No	20	5.1389	.66263	.14817
	Yes	20	6.2056	.66303	.14826
BUSPRO	No	20	3.3056	.83294	.18625
	Yes	20	5.4389	.93622	.20935
GROLEARN	No	20	5.3286	.74750	.16715

	Yes	20	6.2214	.69751	.15597
FINPRO	No	20	5.9667	.68313	.15275
	Yes	20	6.3000	.70004	.15653
VOLDEV	No	20	3.2250	1.66164	.37155
	Yes	20	4.9903	2.09286	.46798
ORGPRFM	No	20	3.9514	.96254	.21523
	Yes	20	5.4583	.73606	.16459

Based on table (4-20), the mean composite score for each domain presented the BSC performance effectiveness scale was higher for strategic planning nonprofits than non-strategic planning nonprofits. It was also higher for strategic planners compared to non strategic planners with respect to mission achievement and overall organizational change. In order to determine the statistical significance of the differences between strategic planner and non-strategic planner nonprofits' mean composite scores, independent sample t-tests were performed.

For the independent t-test, the assumption of equal variances was taken into considerations when interpreting test results. When the Levene's test yielded results greater than .05, the principle of equal variances was assumed in determining the appropriate t-value; conversely, levels of significance below .05 indicated that equal variances assumptions cannot be assumed.

The strategic planning index represented the mean composite score for the ten strategic planning activities which measure the level of strategic planning activities performed by the nonprofit organization. The independent t-test was used to compare between the mean composite score of strategic planning activities for strategic planner versus non-strategic planner nonprofits. Table (4-21) presents the result of the t-test.

Table (4-21): T-test Comparing Strategic Planning to Non-Strategic Planning Nonprofit Organizations on the Strategic Planning Index

		Levene's test for equality of variances		Test for equality of means			
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference
STRPLAN	Equal variances assumed	1.856	.181	9.807	38	.000	.46481
	Equal variances not assumed			9.807	35.164	.000	.46481

Based on table (4-21), the Levene's test for equality of variances resulted in ($p > .05$) which indicated that equal variances were assumed. Accordingly, the significance level for the t-test was .000 ($p < .05$) at 95% confidence interval therefore,

the null hypothesis can be rejected. Thus the results of the Levene's test indicated a statistically significant difference in the mean composite scores on the strategic planning index between strategic planning nonprofits (Mean = .7227) and non-strategic planning nonprofits (Mean = .2579).

Independent t-test was also conducted to statistically compare strategic planning versus non-strategic planning nonprofits with respect to mission achievement index. The mean composite score for strategic planning nonprofits was compared with that of non-strategic planning nonprofits on the mission achievement domain of the BSC performance effectiveness scale. Table (4-22) presents the results of the t-test.

Table (4-22): T-test Comparing Strategic Planning to Non-Strategic Planning Nonprofit Organizations on the Mission Achievement Index

		Levene's test for equality of variances		Test for equality of means			
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference
MISSACH	Equal variances assumed	.894	.350	5.912	38	.000	2.14333
	Equal variances not assumed			5.912	30.428	.000	2.14333

Based on table (4-22), the Levene's test for equality of variances resulted in ($p > .05$) which indicated that equal variances prevailed. Therefore, the significance level for the independent t-test was .000 ($p < .05$) at 95% confidence interval thus, the null hypothesis can be rejected. The result of this test statistics indicated a statistically significant difference between the mean composite scores of strategic planner versus non-strategic planner nonprofits on the mission achievement domain of the BSC. The composite mean scores on mission achievement were (Mean = 6.2467) for strategic planner nonprofits and (Mean = 4.1033) for non-strategic planner nonprofits.

Independent t-test was also conducted to statistically compare strategic planning versus non-strategic planning nonprofits with respect to customer processes index. Mean composite score for strategic planning nonprofits was compared with that of non-strategic planning nonprofits on the customer processes domain of the BSC performance effectiveness scale. Table (4-23) presents the results of the t-test.

Table (4-23): T-test Comparing Strategic Planning to Non-Strategic Planning Nonprofit Organizations on the Customer Processes Index

		Levene's test for equality of variances		Test for equality of means			
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference

CUSTPRO	Equal variances assumed	.299	.588	5.089	38	.000	1.06667
	Equal variances not assumed			5.089	38.000	.000	1.06667

Based on table (4-23), the result of Levene's test for equality of variances was ($p > .05$) which indicated that equality of variances can be assumed. Accordingly, the significance level for equal variances was .000 ($p < .05$) at 95% confidence interval thus, the null hypothesis can be rejected. The result of this test statistics indicated a statistically significant difference between the mean composite scores of strategic planner versus non-strategic planner nonprofits on the customer processes domain of the BSC. The composite mean scores on customer processes were (Mean = 6.2056) for strategic planner nonprofits and (Mean = 5.1389) for non-strategic planner nonprofits.

Independent t-test was also conducted to statistically compare strategic planning versus non-strategic planning nonprofits with respect to internal business processes index. Mean composite score for strategic planning nonprofits was compared with that of non-strategic planning nonprofits on the internal business processes domain of the BSC performance effectiveness scale. Table (4-24) presents the results of the t-test.

Table (4-24): T-test Comparing Strategic Planning to Non-Strategic Planning Nonprofit Organizations on the Internal Business Processes Index

		Levene's test for equality of variances		Test for equality of means			
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference
BUSPRO	Equal variances assumed	.168	.684	7.613	38	.000	2.13333
	Equal variances not assumed			7.613	37.492	.000	2.13333

Based on table (4-24), the result of Levene's test for equality of variances was ($p > .05$) which indicated that equality of variances can be assumed. Accordingly, the significance level for equal variances was .000 ($p < .05$) at 95% confidence interval thus, the null hypothesis can be rejected. The result of this test statistics indicated a statistically significant difference between the mean composite scores of strategic planner versus non-strategic planner nonprofits on the internal business processes domain of the BSC. The composite mean scores on internal business processes were

(Mean = 5.4389) for strategic planner nonprofits and (Mean = 3.3056) for non-strategic planner nonprofits.

Independent t-test was also conducted to statistically compare strategic planning versus non-strategic planning nonprofits with respect to employee learning and growth index. Mean composite score for strategic planning nonprofits was compared with that of non-strategic planning nonprofits on the employee learning and growth domain of the BSC performance effectiveness scale. Table (4-25) presents the results of the t-test.

Table (4-25): T-test Comparing Strategic Planning to Non-Strategic Planning Nonprofit Organizations on the Employee Learning and Growth Index

		Levene's test for equality of variances		Test for equality of means			
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference
GROLEARN	Equal variances assumed	.139	.711	3.906	38	.000	.89286
	Equal variances not assumed			3.906	37.819	.000	.89286

Based on table (4-25), the result of Levene's test for equality of variances was ($p > .05$) which indicated that equality of variances can be assumed. Accordingly, the significance level for equal variances was .000 ($p < .05$) at 95% confidence interval thus, the null hypothesis can be rejected. The result of this test statistics indicated a statistically significant difference between the mean composite scores of strategic planner versus non-strategic planner nonprofits on the employee learning and growth domain of the BSC. The composite mean scores on employee learning and growth were (Mean = 6.2214) for strategic planner nonprofits and (Mean = 5.3286) for non-strategic planner nonprofits.

Independent t-test was also conducted to statistically compare strategic planning versus non-strategic planning nonprofits with respect to financial processes index. Mean composite score for strategic planning nonprofits was compared with that of non-strategic planning nonprofits on the financial processes domain of the BSC performance effectiveness scale. Table (4-26) presents the results of the t-test.

Table (4-26): T-test Comparing Strategic Planning to Non-Strategic Planning Nonprofit Organizations on the Financial Processes Index

		Levene's test for equality of variances		Test for equality of means			
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference
FINPRO	Equal	.073	.788	1.524	38	.136	.33333

	variances assumed						
	Equal variances not assumed			1.524	37.977	.136	.33333

Based on table (4-26), the result of Levene's test for equality of variances was ($p > .05$) which indicated that equality of variances can be assumed. Accordingly, the significance level for equal variances was .136 ($p > .05$) at 95% confidence interval thus, the null hypothesis cannot be rejected. The result of this test statistics indicated no statistically significant difference between the mean composite scores of strategic planner versus non-strategic planner nonprofits on the financial processes domain of the BSC. Although, the composite mean scores on financial processes were (Mean = 6.3000) for strategic planner nonprofits and (Mean = 5.9667) for non-strategic planner nonprofits.

Independent t-test was also conducted to statistically compare strategic planning versus non-strategic planning nonprofits with respect to volunteers' development index. Mean composite score for strategic planning nonprofits was compared with that of non-strategic planning nonprofits on the volunteers' development domain of the BSC performance effectiveness scale. Table (4-27) presents the results of the t-test.

Table (4-27): T-test Comparing Strategic Planning to Non-Strategic Planning Nonprofit Organizations on the Volunteers' Development Index

		Levene's test for equality of variances		Test for equality of means			
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference
VOLDEV	Equal variances assumed	.319	.575	2.594	38	.005	1.76528
	Equal variances not assumed			2.954	36.142	.005	1.76528

Based on table (4-27), the result of Levene's test for equality of variances was ($p > .05$) which indicated that equality of variances can be assumed. Accordingly, the significance level for equal variances was .005 ($p < .05$) at 95% confidence interval thus, the null hypothesis can be rejected. The result of this test statistics indicated a statistically significant difference between the mean composite scores of strategic planner versus non-strategic planner nonprofits on the volunteers' development domain of the BSC. The composite mean scores on volunteers' development were (Mean = 4.9903) for strategic planner nonprofits and (Mean = 3.2250) for non-strategic planner nonprofits.

Independent t-test was also conducted to statistically compare strategic planning versus non-strategic planning nonprofits with respect to overall organizational change index. Mean composite score for strategic planning nonprofits was compared with that of non-strategic planning nonprofits on the overall organizational change domain of the BSC performance effectiveness scale. Table (4-28) presents the results of the t-test.

Table (4-28): T-test Comparing Strategic Planning to Non-Strategic Planning Nonprofit Organizations on the Organizational Change Index

		Levene's test for equality of variances		Test for equality of means			
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference
ORGPRFM	Equal variances assumed	1.002	.323	5.562	38	.000	1.50694
	Equal variances not assumed			5.562	35.559	.000	1.50694

Based on table (4-28), the result of Levene's test for equality of variances was ($p > .05$) which indicated that equality of variances can be assumed. Accordingly, the significance level for equal variances was .000 ($p < .05$) at 95% confidence interval thus, the null hypothesis can be rejected. The result of this test statistics indicated a statistically significant difference between the mean composite scores of strategic planner versus non-strategic planner nonprofits on the organizational change domain of the BSC. The composite mean scores on organizational change were (Mean = 5.4583) for strategic planner nonprofits and (Mean = 3.9514) for non-strategic planner nonprofits.

4.7. Hypotheses Testing

Simple and multiple linear regression analysis were used to test research hypotheses. General organizational performance was the dependent variable as measured by the six domains of the BSC performance effectiveness scale. These domains are mission achievement, customer processes, internal business processes, employee learning and growth, financial processes, and volunteers' development. The organizational change scale captured information about these six domains to cross validate data obtained in earlier sections of the questionnaire. Multiple regression analysis was used to test research hypothesis using data collected from entirely completed questionnaires.

Research Hypothesis 1

Regression analysis was performed to test hypothesis 1 and determine if there was a positive relationship between strategic planning and organizational performance change in investigated nonprofit organizations. Results are presented in table (4-29).

Table (4-29): Regression Analysis of Strategic Planning and Organizational Performance Change – Hypothesis 1

Predictor	R2	Beta	Std. Error	T-Value	Sig.
Constant			.248	12.931	.000
Strategic Planning	.561	.749	..440	6.966	.000

Based on table (4-29), the R^2 indicates how well the data fits the model (Norusis, 2008). The R^2 for this model was .561 and the observed significance level for the F statistic was .000 which is less than the alpha of .05 for a 95% confidence interval. Thus, the null hypothesis can be rejected and research hypothesis 1 is supported. The beta coefficient for strategic planning was positive and high .749 and about 56% of the variations in organizational overall performance are explained as a result of using strategic planning activities by strategic planner nonprofit organizations.

Research Hypothesis 2

In order to test hypothesis 2, regression analysis was conducted to determine whether there was a positive relationship between strategic planning, mission achievement, and organizational change. Results are presented in table (4-30).

Table (4-30): Regression Analysis of Strategic Planning and Organizational Performance Change – Hypothesis 2

Predictor	R2	Beta	Std. Error	T-Value	Sig.
Constant			.380	5.090	.000
Strategic Planning Index	.561	.305	.589	2.120	.041
Mission Achievement Index	.693 ¹	.574	.104	3.999	.000

Based on table (4-30), the R^2 for research hypothesis 2 was .693 and the observed level of significance for the F statistic was .000 which is significant at alpha of .05 with a 95% confidence interval. Thus, the null hypothesis can be rejected and research hypothesis 2 is supported. Therefore, there is a positive relationship between strategic planning, mission achievement, and general organizational performance

¹ The value of the R^2 is for the entire model.

change. Also, approximately 69% of the variation in general organizational performance change can be explained by strategic planning activities and mission achievement. This means that mission achievement alone contributes to explaining about 13% of organizational performance change over strategic planning activities.

Research Hypothesis 3

In order to test hypothesis 3, regression analysis was conducted to determine whether there was a positive relationship between strategic planning, mission achievement, customer processes, and organizational change. Results are presented in table (4-31).

Table (4-31): Regression Analysis of Strategic Planning and Organizational Performance Change – Hypothesis 3

Predictor	R2	Beta	Std. Error	T-Value	Sig.
Constant			.702	.744	.462
Strategic Planning Index	.561	.294	.556	2.169	.037
Mission Achievement Index	.693	.386	.115	2.448	.019
Customer processes Index	.734	.281	.161	2.338	.025

Based on table (4-31), the R^2 for research hypothesis 3 was .734 and the observed level of significance for the F statistic was .025 which is greater than an alpha of .05 with a 95% confidence interval. Thus, the null hypothesis cannot be rejected and research hypothesis 3 is not supported. However, approximately 73% of the variation in general organizational performance change can be explained by strategic planning activities, mission achievement, and customer processes. Customer processes alone contribute to explaining about 4% of organizational performance change over strategic planning activities and mission achievement.

Research Hypothesis 4

In order to test hypothesis 4, regression analysis was conducted to determine whether there was a positive relationship between strategic planning, mission achievement, customer processes, internal business processes, and organizational change. Results are presented in table (4-32).

Table (4-32): Regression Analysis of Strategic Planning and Organizational Performance Change – Hypothesis 4

Predictor	R2	Beta	Std. Error	T-Value	Sig.
Constant			.709	.934	.357
Strategic Planning Index	.561	.251	.574	1.794	.081

Mission Achievement Index	.693	.330	.119	2.013	.052
Customer processes Index	.734	.220	.175	1.685	.101
Internal Business Processes Index	.744	.173	.122	1.161	.253

Based on table (4-32), the R^2 for research hypothesis 4 was .744 and the observed level of significance for the F statistic was .253 which is greater than an alpha of .05 with a 95% confidence interval. Thus, the null hypothesis cannot be rejected and research hypothesis 4 is not supported. However, approximately 74% of the variation in general organizational performance change can be explained by strategic planning activities, mission achievement, and customer processes, and internal business processes. Internal business processes alone contribute to explaining about 1% of organizational performance change over strategic planning activities, mission achievement, and customer processes.

Research Hypothesis 5

In order to test hypothesis 5, regression analysis was conducted to determine whether there was a positive relationship between strategic planning, mission achievement, customer processes, internal business processes, employee learning and growth, and organizational change. Results are presented in table (4-33).

Table (4-33): Regression Analysis of Strategic Planning and Organizational Performance Change – Hypothesis 5

Predictor	R2	Beta	Std. Error	T-Value	Sig.
Constant			.898	1.071	.292
Strategic Planning Index	.561	.239	.587	1.673	.104
Mission Achievement Index	.693	.369	.130	2.052	.048
Customer processes Index	.734	.234	.180	1.742	.091
Internal Business Processes Index	.744	.201	.130	1.266	.214
Employee Learning and Growth Index	.746	-.080	.196	-.552	.585

Based on table (4-33), the R^2 for research hypothesis 5 was .746 and the observed level of significance for the F statistic was .585 which is greater than an alpha of .05 with a 95% confidence interval. Thus, the null hypothesis cannot be

rejected and research hypothesis 5 is not supported. However, approximately 75% of the variation in general organizational performance change can be explained by strategic planning activities, mission achievement, customer processes, internal business processes and employees learning and growth. Employee learning and growth processes alone contribute to explaining about 0.2% of organizational performance change over strategic planning activities, mission achievement, customer processes, and internal business processes. Also, beta coefficient for employee learning and growth was negative which indicates a negative relationship between employee learning and growth and general organizational performance change in Egyptian nonprofit organizations.

Research Hypothesis 6

In order to test hypothesis 6, regression analysis was conducted to determine whether there was a positive relationship between strategic planning, mission achievement, customer processes, internal business processes, employee learning and growth, financial processes and organizational change. Results are presented in table (4-34).

Table (4-34): Regression Analysis of Strategic Planning and Organizational Performance Change – Hypothesis 6

Predictor	R2	Beta	Std. Error	T-Value	Sig.
Constant			1.072	.063	.950
Strategic Planning Index	.561	.206	.584	1.441	.159
Mission Achievement Index	.693	.364	.128	2.059	.047
Customer processes Index	.734	.243	.177	1.837	.075
Internal Business Processes Index	.744	.261	.132	1.618	.115
Employee Learning and Growth Index	.746	-.183	.215	-1.151	.258
Financial Processes Index	.762	.151	.166	1.470	.151

Based on table (4-34), the R^2 for research hypothesis 5 was .762 and the observed level of significance for the F statistic was .151 which is greater than an alpha of .05 with a 95% confidence interval. Thus, the null hypothesis cannot be rejected and research hypothesis 6 is not supported. However, approximately 76% of the variation in general organizational performance change can be explained by strategic planning activities, mission achievement, customer processes, internal business processes, employees learning and growth, and financial processes. Financial processes alone contribute to explaining about 1.6% of organizational

performance change over strategic planning activities, mission achievement, customer processes, internal business processes, and employee learning and growth.

Research Hypothesis 7

In order to test hypothesis 7, regression analysis was conducted to determine whether there was a positive relationship between strategic planning, mission achievement, customer processes, internal business processes, employee learning and growth, financial processes, volunteers' development, and organizational change. Results are presented in table (4-35).

Table (4-35): Regression Analysis of Strategic Planning and Organizational Performance Change – Hypothesis 7

Predictor	R2	Beta	Std. Error	T-Value	Sig.
Constant			.917	.309	.760
Strategic Planning Index	.561	.103	.512	.821	.417
Mission Achievement Index	.693	.337	.110	2.232	.033
Customer processes Index	.734	.212	.152	1.876	.070
Internal Business Processes Index	.744	.300	.113	2.171	.037
Employee Learning and Growth Index	.746	-.257	.185	-1.868	.071
Financial Processes Index	.762	.156	.142	1.778	.085
Volunteers' Development Index	.832	.315	.047	3.650	.001

Based on table (4-35), the R^2 for research hypothesis 5 was .832 and the observed level of significance for the F statistic was .001 which is less than an alpha of .05 with a 95% confidence interval. Thus, the null hypothesis can be rejected and research hypothesis 7 is supported. Accordingly, 83% of the variation in general organizational performance change can be explained by strategic planning activities, mission achievement, customer processes, internal business processes, employees learning and growth, financial processes, and volunteers' development. Volunteers' development alone contributes to explaining about 7% of organizational performance change over strategic planning activities, mission achievement, customer processes, internal business processes, employee learning and growth, and financial processes.

Based on the results of the multiple regression analysis presented above, it can be noted that volunteers' development only contributes to explaining variations in

overall organizational performance, of Egyptian nonprofits as a result of applying strategic planning, by 7% compared to 4, 1, .2, and 1.6% for customer processes, internal business processes, employees' learning and growth, and financial processes respectively.

4.8. Summary and Conclusions

This chapter included two main parts, the first part dealt with the tests of convergent validity, reliability, discriminant validity of research variables. The second part included hypotheses testing. Table (4-36) summarizes the results of hypotheses testing for each research hypothesis.

Table (4-36): Summary of Hypothesized Results

Hypothesis	Summary Description	Results
H1	There is a <i>positive</i> relationship between <i>strategic planning</i> and <i>organizational performance</i> in Egyptian nonprofit organizations as measured by the <i>Balanced Scorecard</i> .	Supported
H2	There is a <i>positive</i> relationship between <i>strategic planning</i> , <i>mission achievement</i> , and <i>organizational performance</i> in Egyptian nonprofit organizations as measured by the <i>Balanced Scorecard</i> .	Supported
H3	There is a <i>positive</i> relationship between <i>strategic planning</i> , <i>mission achievement</i> , <i>customer processes</i> , and <i>organizational performance</i> in Egyptian nonprofit organizations as measured by the <i>Balanced Scorecard</i> .	Not Supported
H4	There is a <i>positive</i> relationship between <i>strategic planning</i> , <i>mission achievement</i> , <i>customer processes</i> , <i>internal business processes</i> , and <i>organizational performance</i> in Egyptian nonprofit organizations as measured by the <i>Balanced Scorecard</i> .	Not Supported
H5	There is a <i>positive</i> relationship between <i>strategic planning</i> , <i>mission achievement</i> , <i>customer processes</i> , <i>internal business processes</i> , <i>employee learning and growth processes</i> , and <i>organizational performance</i> in Egyptian nonprofit organizations as measured by the <i>Balanced Scorecard</i> .	Not Supported
H6	There is a <i>positive</i> relationship between <i>strategic planning</i> , <i>mission achievement</i> , <i>customer processes</i> , <i>internal business processes</i> , <i>employee learning and growth processes</i> , <i>financial processes</i> and <i>organizational performance</i> in Egyptian nonprofit organizations as measured by the <i>Balanced Scorecard</i> .	Not Supported
H7	There is a <i>positive</i> relationship between <i>strategic planning</i> , <i>mission achievement</i> , <i>customer processes</i> , <i>internal business processes</i> , <i>employee learning and growth processes</i> , <i>financial processes</i> , <i>volunteers' development</i> , and <i>organizational performance</i> in Egyptian nonprofit organizations as measured by the <i>Balanced Scorecard</i> .	Supported

Based on the previous analysis, results indicated a statistically significant difference between the mean composite score of strategic planner versus non

strategic planner Egyptian nonprofit organizations. A statistically significant difference between strategic and non strategic planner nonprofits was found as a result of applying strategic planning activities formally. A statistically significant difference was also supported by the results of the regression analysis with respect to two out of six domains presented by the BSC performance effectiveness scale. These domains were mainly mission achievement and volunteers' development. However, a statistically significant difference was not found for customer processes, internal business processes, employee learning and growth, and financial processes. Finally, three out of seven hypotheses were supported based on the result of data analysis. Further discussion of the results obtained from hypotheses testing is presented in the following chapter.

Chapter Five: Discussion, Conclusions, and Recommendations

5.1. Introduction

This chapter discusses the major research findings, conclusions, policy recommendations and suggestions for future research efforts. The primary purpose of the research was to investigate the utility of using strategic planning protocols formally on performance effectiveness of Egyptian nonprofit organizations using the five domains of the balanced scorecard as the primary performance assessment tool. The research compared the outcomes of applying strategic planning protocols, within the past five years, on performance effectiveness of strategic planner nonprofits to those of non-strategic planner nonprofits during the last two operating years. This assessment was done using a retrospective cross sectional survey research design because treatment, i.e., application of strategic planning, was supposed to have occurred prior to the onset of the study. The five domains of the balanced scorecard developed by Niven (2003) established the foundation for assessing and comparing performance effectiveness of strategic versus non-strategic planner Egyptian nonprofits.

5.2. Main Research Findings

Based on the results of the descriptive analysis of the investigated nonprofits, it was found that the Egyptian nonprofit sector is highly fragmented and many of them provide services in multiple sectors. Majority of them operate mainly in providing health, educational and youth services. Female leadership was relatively misrepresented because 70% of management was represented by men compared to 30% of women. Also, there was a lack of youth leadership in the management of these nonprofits, majority of managers were either between 40 and 60 years or above 60 years old. This represents a great hindrance on the improvement and progress of their respective organizations given the challenges brought about by competing in the 21st century. Results indicated that majority of investigated nonprofits were medium sized as measured by the number of employees and the annual operating budget. This highlights the fact that Egyptian nonprofits try to minimize overhead cost of over staffing because they normally operate with budgets between one-two millions per year. Most strategic planning nonprofits focus their strategic planning activities on developing objectives and performance measures in addition to developing mission statements, strategies, vision and value statements, and performance indicators which are critical strategic planning activities. An adequate percentage of them perform environmental assessment and a very few percentage use the help of outside consultants due to financial constraints. On the other hand, majority of non-strategic planner nonprofits suffered lack of both resources and time to support their inclination to apply formal strategic planning protocols.

The results of the analysis support and reinforce the role of strategic planning on performance effectiveness of nonprofit organizations as theoretically hypothesized in the previous research efforts of (Al-Shammari and Hussein, 2007; Blackmon, 2008; Franklin, 2011; French, Kelly, and Harrison (2004); Giffords and Dina, 2004; Griggs, 2002) in some ways. Results also support the strategic planning model adopted for the current research which builds on five major components; strategy content, environments, mission, human resources management and organizational structure, and finally implementation with a process-view of strategic planning (Rhodes and Keogan, 2005). This model was used for comparing performance effectiveness of strategic planner nonprofits versus non-strategic planners. Results have shown a statistically significant difference between the mean composite scores of strategic planning activities between strategic versus non-strategic planner nonprofits along some domains of the BSC performance effectiveness scale. A statistically significant difference was found in four out of five domains embraced by the BSC performance effectiveness scale. These domains were customer processes, internal business processes, employee learning and growth, and volunteers' development. This conforms to the results obtained from the previous research efforts of both Blackmon (2008) and Franklin (2011). However, no statistically significant difference was revealed on the financial processes domain between strategic and non strategic planning nonprofits. This can be interpreted due to the financial and economic pressures imposed on the survival of Egyptian nonprofits which compel them to adhere to the maximum levels of financial efficiency. Analysis of both strategic and non-strategic planning nonprofits in Egypt indicated an overall orientation towards minimizing operating costs especially with those that lack self generating income sources. Moreover, most of nonprofits perceived themselves to be suffering from financial problems after the 25th of January, revolution due to the reduction of donations received from business organizations thus, they were inevitably forced to manage their financial resource in the most efficient ways possible. Therefore, the application of strategic planning did not materially contribute to explaining any differences between strategic versus non strategic planning nonprofits with regard to their financial processes as measured by the BSC scale.

Results of data analysis for each research hypothesis did not however mostly conform to the results obtained in prior research efforts of (Al-Shammari and Hussein, 2007; Blackmon, 2008; Franklin, 2011; French, Kelly and Harrison (2004); Giffords and Dina 2004; Griggs, 2002). Only three out of seven hypotheses were supported based on the results of hypotheses testing presented earlier. These hypotheses are as follows; the first hypothesis stated that there is a *positive* relationship between *strategic planning* and *organizational performance* in Egyptian nonprofit organizations as measured by the *Balanced Scorecard*. In other words, nonprofits that apply formal strategic planning protocols were more effective compared to other nonprofits that did not follow strategic planning. Strategic planner nonprofits were adhere to performing basic strategic planning activities which include; the development of objectives, performance measures, mission statements, strategies, vision and value statements, performance indicators, and environmental assessment. The second hypothesis stated that there is a *positive* relationship between *strategic planning*, *mission achievement*, and *organizational performance* in

Egyptian nonprofit organizations as measured by the *Balanced Scorecard*. This means that there is a statistically significant positive relationship between mission achievement and performance effectiveness in strategic planning nonprofits. Therefore, this finding conforms to what Rhodes and Keogan (2005) have mentioned about the role of missions in nonprofit organizations which have a long lasting effect on nonprofit strategic planning practices. Also, this confirms the fact that mission achievement is a primary indicator of performance effectiveness of nonprofits which are regarded as mission-driven organizations. The last hypothesis stated that there is a *positive* relationship between *strategic planning, mission achievement, customer processes, internal business processes, employee learning and growth processes, financial processes, volunteers' development, and organizational performance* in Egyptian nonprofit organizations as measured by the *Balanced Scorecard*. This means that there is a statistically significant positive relationship between strategic planning and NPOs' performance effectiveness as measured by volunteers' development which is the newly added domain to the BSC performance effectiveness scale. The first two hypotheses did all conform to prior research results reported by Al-Shammari and Hussein (2007); Blackmon (2008); Franklin (2011); French, Kelly and Harrison (2004); Giffords and Dina (2004); Griggs (2002). The third hypothesis was proposed in the current research as a result of the introduction of a fifth dimension to the BSC performance effectiveness scale which is volunteers' development. Volunteers' development is thus regarded as a main contribution of the current research

Results of hypotheses testing did not however give support to the other four proposed hypotheses which are presented as follows; the first hypothesis stated that there is a *positive* relationship between *strategic planning, mission achievement, customer processes, and organizational performance* in Egyptian nonprofit organizations as measured by the *Balanced Scorecard*. There was no statistically significant difference between the performance effectiveness of strategic versus non strategic planning nonprofits as measured by customer processes. This can be explained, as literally given by most of the investigated nonprofit respondents during the interview, due to their non inclination towards assessing performance from the customers' view points. Most of these organizations do not differentiate between the two main types of customers identified for nonprofits which are mainly beneficiaries and donors. They claimed that responding to all customers' needs is not affordable given their budget limitations and program priorities. Further, most of them had fears of expressing their reliance on donors' funds due to the sensitive political situations and the hostile governmental attitude towards foreign donor funds that characterized Egypt at the time of data collection. Instead they rely only on the individual and private sector contributions in running their organizations and they claimed that most of donors do neither question back where funds were spent nor ask for detailed explanation of service programs provided. Thus, they reported that they provide services passively with no regard to satisfying the needs and expectations of either beneficiaries or donors. The second hypothesis stated that there is a *positive* relationship between *strategic planning, mission achievement, customer processes, internal business processes, and organizational performance* in Egyptian nonprofit organizations as measured by the *Balanced Scorecard*. Although this hypothesis was

not supported but it conformed to the results obtained in the study conducted earlier by Blackmon (2008). Both of them have revealed no statistically significant difference between strategic and non strategic planning nonprofit with regard to internal business processes as a result of using strategic planning more formally. Most of these nonprofits are not quite keen to develop internal quality control systems and they reported that this would be very costly and resource consuming which most of them cannot afford. The third hypothesis stated that there is a *positive* relationship between *strategic planning, mission achievement, customer processes, internal business processes, employee learning and growth processes, and organizational performance* in Egyptian nonprofit organizations as measured by the *Balanced Scorecard*. This hypothesis was not supported which means that employees' learning and growth, as a dimension of effective performance assessment, did not statistically contribute to differentiate between strategic planning and non strategic planning nonprofits. This also can be explained due to the fact that most of the investigated nonprofits do not usually consider their human capital development as an important indicator for performance assessment. Consequently, they do not incorporate the dimension of employees' learning and growth in evaluating their performance effective results. Thus, customer processes, internal business processes, and employees learning and growth were highly overlooked in assessing performance effectiveness of investigated nonprofits as a result of applying formal strategic planning activities. The last hypothesis stated that there is a *positive* relationship between *strategic planning, mission achievement, customer processes, internal business processes, employee learning and growth processes, financial processes and organizational performance* in Egyptian nonprofit organizations as measured by the *Balanced Scorecard*. This hypothesis was not supported due to the fact that most Egyptian nonprofits are faced with severe budget cuts and financial instability which compel them to be highly financially efficient despite the use or not of strategic planning. This complies with Franklin's (2011) contention that nonprofit organizations need to function at the highest level of operational efficiency because they are using public/donors' funds. Thus, there would not be a materialistic difference between strategic and non strategic planning nonprofits with regard to financial efficiency considerations.

Results therefore, did not support Egyptian nonprofit organizations' awareness and use of the BSC performance effectiveness scale as a tool for assessing performance effectiveness within the investigated Egyptian nonprofit sample. This is because four out of five domains of the BSC performance effectiveness scale did not statistically contribute to explaining changes in performance effectiveness of the investigated nonprofits as a result of applying formal strategic planning processes. These domains were mainly customer processes, internal business processes, employee learning and growth, and financial processes. In other words, investigated nonprofits did not pay attention to the other four dimensions of the BSC in assessing their performance effectiveness. The new dimension of the BSC performance effectiveness scale which is volunteers' development did however; contribute to explaining the changes in nonprofits performance effectiveness as a result of applying strategic planning protocols. This might be attributed to the fact that most of the investigated nonprofits are run by volunteers who represent their real human capital

power because they are not financially enough equipped to employ paid staff and thus, this dimension carried a greater weight in explaining variations in performance effectiveness as a result of applying formal strategic planning tools. Also, post the revolution there was a remarkable trend of Egyptian youth towards more civic engagement into the civil society represented primarily by nonprofits. However, these results should be taken with care since they are interpreted mainly according to the perceptions and responses of the respondent nonprofit organizations which are not representative of the wider population of nonprofits in Egypt. Thus, they cannot be further generalized to the entire population of interest.

Based on the results of hypotheses testing, most of the investigated Egyptian nonprofits are currently neither managerially nor technically equipped to apply sophisticated performance assessment tools like the BSC. Most of these organizations are managed by elderly board members and managers who lack both the educational background and the learning potential to develop their managerial practices and follow the formal aspects of strategic management. However, these organizations operate only at higher levels of financial efficiency in order to guarantee their continuity and survival. No managerial considerations were given to customer processes, internal business processes, financial processes or employees' learning and growth as important indicators in performance evaluation and therefore, they did not carry any significant weight in measuring overall performance effectiveness based on the application of strategic planning processes. These nonprofits should therefore, apply formal strategic planning protocols as an integral part of their managerial efforts. They should try to overcome the perceived deficiencies in the four primary dimensions of the balanced scorecard, which are customer processes, internal business processes, employees learning and growth processes, and financial processes, that were not perceived as important for their performance effectiveness assessment efforts.

5.3. Research Significance

The nonprofit sector in Egypt is expected to further flourish after the 25th of January revolution with the excessive influx of foreign donors' money and the civic activism of the people. Therefore, the systematic tools of strategic planning have to be incorporated into current and emerging nonprofit organizations' strategic management practices. The boards of non-profit organizations need to be aware of the significance of strategic management tools on their organizational performance effectiveness as perceived by the *five* perspectives of the balanced scorecard. As the current research has indicated, most of them are only aware of the impact of mission achievement and volunteers' development on performance effectiveness however the other dimensions of performance effectiveness assessment were relatively ignored.

This study is significant also because it highlights that the combined use of strategic planning and the BSC can give nonprofits the ability to adhere to multiple stakeholders' accountability demands, show effective performance results, adequately assess performance as measured by mission achievement, focus on strategy as the

core of BSC application, report multiple indicators of performance effectiveness and organizational change that are beyond the mere financial data, defend their operations and the need of funders' money, and finally, encourage trust in nonprofit operations by improving their public image and reputation.

5.4. Research Implications

This research contributes to the study of strategic management in public and nonprofit organizations in various ways. Following is a brief about research theoretical and practical implications.

5.4.1. Theoretical Implications

1. Contribute to the theoretical argument and previous knowledge concerned with the important role of strategic planning in the management of nonprofits organizations.
2. Enrich the extant body of knowledge with the current status of nonprofit strategic management practices especially in developing countries like Egypt.
3. Contribute to the existing literature on performance measurement by modifying the balanced scorecard model to better reflect performance effectiveness of nonprofits as guided by the nature of their activities which depend extensively on volunteers' activism. Also, the modified model can be adapted and tested for further improvement in future research efforts.

5.4.2. Practical Implications

1. Communicate the important role of strategic management protocols on nonprofits' performance effectiveness as indicated by mission achievement and sustainable competitive advantage. Strategic planning can be used as a guide to strengthening and sustaining mission achievement in nonprofits.
2. Keep non-profits boards in Egypt aware of the intense accountability demands and the importance of incorporating the balanced scorecard into their performance effectiveness evaluation efforts.
3. Introduce the modified balanced scorecard to the public and nonprofit sector in Egypt as a strategic performance effective measurement tool. The new tool would allow them to improve their performance as mandated by the demands of the government, clients, and general public.

5.5. Assumptions and limitations of the research

The proposed research was based on the following assumptions while constrained by some limitations presented hereafter;

Assumptions of the research

1. An objective measurement of the proposed relationships between research constructs that is independent of the values held by the researcher to avoid the impact of researcher's bias on research results.
2. A moderately diverse sample of Egyptian nonprofit organizations will be targeted for two reasons. First: in order to better reflect differences among organizations in these sectors. The differences will be attributed to; the sector in which nonprofits operate, their respective mission and mandates, and the nature of activities performed by each organization. Second: to minimize sample bias, if it is confined to a single sector, and increase potential response rate.
3. The modified balanced scorecard model will be used as an effective means to measuring and comparing performance effectiveness of respondent nonprofit organizations (strategic vs. non strategic planners).

Limitations of the research

1. Scope limitations due to the inability to distinguish the various models of strategic planning used by nonprofit strategic planners and the impact of each model on their performance effectiveness as measured by mission achievement. The study only examined the application of the strategic planning model measured by the survey instrument developed by Blackmon (2008).
2. The difficulties faced by the researcher during the data collection period which has occurred within a very politically intense period and there was a generalized level of fear to submit any information about the civil society organizations working in Egypt. Respondents were very reluctant to supply information about their operating budgets, donors' funding ...etc.
3. Limiting the measurement of performance effectiveness to mission achievement. Other measures of performance effectiveness in the nonprofit sector can include sustainability, market leadership, input-output ratios, and other efficiency indicators.
4. This study was limited to analyzing the data generated through self reports of respondents which might carry a possibility for respondent's bias.
5. Limited Generalizability of research results to the wider nonprofit population in Egypt due of the misrepresentativeness of the purposive sample included in the research.

5.6. Policy Recommendations

The nonprofit sector in Egypt is highly fragmented and lacks the formal means necessary for effective performance reporting. Thus, the Egyptian government has to activate the role of the ministry of social affairs, as a solid regulatory body, in overseeing the role and supporting the needs of nonprofit organizations. The ministry of social affairs has to offer more professional training for the managers of nonprofits on how to use formal strategic planning protocols into their strategic management agenda. The ministry has a responsibility to offer them the technical and financial support needed. This will allow them to build their respective capacities and respond more effectively to rising accountability demands. Also, managers of these nonprofits can be trained on the use of formal performance evaluation tools like the BSC. This is because the BSC has proven to be effective in promoting for improved accountability, effectiveness, and success in the nonprofit sector (Franklin, 2011).

The Egyptian government can mandate the use of strategic planning and systematic performance assessment tools like the BSC as means to improve accountability measures over the nonprofit sector. For example, the government can recommend either something similar to the U.S. Government Performance and results Act (GPRA)² (Blackmon, 2008; and Franklin, 2011) or performance based budgeting system to the ministry of social affairs as an effective governance tool. The government can offer incentives and more funds to those who are adhering to following these protocols in reporting about their performance. Thus, this could allow nonprofits to justify how effective are they in offering valuable public services. Consequently, the ministry in charge can allocate more funds to only nonprofits which adhere to this act by using strategic planning and performance assessment in a systematic fashion.

The ministry of social affairs has to find some ways for mutual cooperation and coordination among nonprofits in providing the various public services needed by the society. This would overcome the lack of cooperation and overlap in service provision that currently characterize most of the nonprofits operating in Egypt. Stone, Bigelow, and Crittenden, 1999 discussed two types of strategies that can be used in nonprofit organizations. These are cooperative and competitive strategies. They argued that the former results in increased financial returns whereas the latter results in reduced employees' morale and displacement of goals. On the other hand, more inclusion of women and youth leadership should be encouraged and promoted through the managerial development of both Egyptian women and youth potentials.

² For complete information about the (GPRA) act you can visit, <http://www.whitehouse.gov/omb/mgmt-gpra/gplaw2m>

5.7. Suggestions for Future Research

Future research can be designed to overcome the limitations encountered in the current the research. The following are some guidelines for further research in the area of strategic management in nonprofit organizations.

1. Future research can examine the primary impediments to utilizing both strategic planning protocol in the management of Egyptian nonprofits and the balanced scorecard for performance effectiveness assessment.
2. Further research can examine and analyze the impact of different strategic planning models on improving nonprofits performance effectiveness. Based on this analysis, practical recommendations can be given on what are the strategic planning models that best suit the nature of nonprofit organizations in Egypt.
3. Further research can apply a mixed methods approach for this scientific inquiry. For example, the inquiry can start by a qualitative phase represented by interviewing each stakeholder group (customers, employees, financial executives, board members, and volunteers) respectively, in order to better reflect their own perceptions about and assessment of performance effectiveness of their organizations. This can add more insights on how to further develop the survey to be used in the second quantitative phase.
4. Further research can investigate the impact of strategic planning on nonprofit organizations' performance effectiveness using multiple indicators of performance effectiveness that are beyond the mere accomplishment of their mission statement.
5. Future research can examine organizational financial performance data to avoid self reporting bias of respondents about their performance effectiveness.
6. Further research can examine the impact of other intervening variables like the quality of management, their level of education, and the number of years in tenure on the correlation between strategic planning and performance effectiveness of nonprofit organizations.
7. A retrospective longitudinal research design can be adopted in future research efforts to measure the proposed relationships among research constructs. This will allow multiple measurements of the phenomenon to be made over wider time intervals.
8. Future research on nonprofit organizations needs to question if there is a direct, one to one, causal relationship between nonprofit organizations' performance and strategic planning or other factors might intervene (Griggs, 2002). The only way to measure this is to conduct experimentation and control for the effect of potential extraneous variables.

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APPENDICES

Appendix (A): Instrumentation Theoretical Underpinning³

BSC Perspective	Strategic Measure	Instrument Section
Mission Achievement	Shared mission, vision, values (Lee, 2006)	Section B - Q11
	Leadership practices aligned with mission (Lee, 2006)	Section C - Q12
	Leadership supports the mission, vision and values of organization, (Owen, Mundy, Guild & Guild, 2001)	Section E - Q14
	Stated values and actual values are the same (Owen, Mundy, Guild & Guild, 2001)	Section C - Q12
	System and processes support mission achievement (Owen, Mundy, Guild & Guild, 2001)	Section C - Q12 Section E - Q14 Section F - Q15
	Employees are held accountable for specific actions related to mission achievement (Owen, Mundy, Guild & Guild, 2001)	Section C - Q12 Section F - Q15
	Mission communicated to all employees (Owen, Mundy, Guild & Guild, 2001)	Section B - Q11
Financial	Diverse revenue streams, pay performance compensation, cost management (Yang, Cheng and Yang, 2005)	Section G - Q16 Section H - Q17
	Sustain the organization (Urrtia and Eriksen, 2005)	Section G - Q16 Section H - Q17
Customer	Customer service rates (Liagn and Hou, 2007)	Section D - Q13 Section H - Q17
	Improved quality of customer care (Yang, Cheng and Yang, 2005)(Urrtia and Eriksen, 2005)	Section D - Q13 Section H - Q17

³ This was adopted from the work of Blackmon (2008).

	Competitiveness Demand for services and level of service activity (Urrtia and Eriksen, 2005)	Section D - Q13 Section H - Q17
	Creation of new services (Urrtia and Eriksen, 2005)	Section D - Q13 Section H - Q17
	Customer satisfaction (Urrtia and Eriksen, 2005)	Section D - Q13 Section H - Q17
	Competitiveness (Urrtia and Eriksen, 2005) System that identifies who best customers are, repeat customers and barriers etc, (Owen, Mundy, Guild & Guild, 2001) Understand the needs and desires in the target population (Owen, Mundy, Guild & Guild, 2001)	Section D - Q13 Section H - Q17 Section D - Q13 Section H - Q17
	Adherence to public policy (Yang, Cheng and Yang, 2005)	Section D - Q13 Section H - Q17
Internal	Process improvement through service processes, planning processes, quality control and information technology (Yang, Cheng and Yang, 2005)	Section E - Q14 Section H - Q17
	Development of protocols and procedures (Urrtia and Eriksen, 2005)	Section E - Q14 Section H - Q17
	System and processes support mission achievement (Owen, Mundy, Guild & Guild, 2001)	Section E - Q14 Section H - Q17
Employee Growth & Learning	Number of employees, training hours, job retention, retention rate (Liagn and Hou, 2007)	Section H - Q17 Section G - Q16
	Personnel satisfaction and motivation (Urrtia and Eriksen, 2005)	Section H - Q17 Section G - Q16

Employee continuing education efforts (Urrtia and Eriksen, 2005)	Section H - Q17 Section G - Q16
Desire to service customer (Owen, Mundy, Guild & Guild, 2001)	Section H - Q17 Section G - Q16
Learning and skill development is encourage (Owen, Mundy, Guild & Guild, 2001)	Section H - Q17 Section G - Q16

Appendix (B): Introductory letter

Dear *Senior Executive*,

I am writing to ask you to assist me in a research project that examines organizational performance effectiveness and strategic planning in non-profit organizations. Even though your organization may not have yet conducted strategic planning, input from your organization is vital. Your input will help by improving the understanding of the impact that strategic planning has on organization performance from a multi-dimensional approach which is the balanced scorecard. It will also assist me in completing my dissertation and obtaining a masters degree in Public Policy and Administration. I am being supervised in this study by Dr. Laila El-Baradei with The American University in Cairo. Upon completion of this degree, I plan to develop additional tools that will assist in the management of non-profit organizations in Egypt. And hopefully, make your job less stressful and more fulfilling.

Participation is completely voluntary, and there is no right or wrong answer. The survey will take approximately 30 minutes to complete. In order for the survey to be useful, all questions must be answered. All responses are completely confidential and individual responses will not be reported. So, please complete all of the questions. A completed survey constitutes your **consent** to participate in this study.

Thank you for taking the time and attention in completing this survey. My research could not be completed without the support of senior executives like you.

Sincerely,

Nashwa Ghoneim.

nashwaghonei@aucegypt.edu

Appendix (C): Survey Instrument (English Version)

BSC organizational Effectiveness Scale

This scale is designed to measure organizational effectiveness using the tenets of the balanced scorecard. Please answer each section based upon your opinion of the conditions that exist within the organization that you work for. This is an anonymous survey no individual responses will be reported.

Section A. General Information

Please circle the response that most closely represents your organization.

1. My position in the organization is:

- a. Chief Executive Officer
- b. Chief Financial Officer
- c. Director
- d. Management Team member
- e. Other _____ (please specify).

2. My age is: Years

3. My gender is:

Male Female

4. Number of years in tenure in the current organization: Years

5. My organization is a:

- a. Youth service provider.
- b. Educational service provider.
- c. Human rights service provider.
- d. Political service provider.
- e. Healthcare service provider.
- f. Other _____ (please specify).

6. The size of my organization is:

- a. Less than **20** employees.
- b. Between **21** and **50** employees.
- c. Between **51** and **100** employees.
- d. Between **101** and **500** employees.
- e. Over **500** employees.

7. The size of our annual operating budget (in **Egyptian pounds**) is approximately:

Section B. Strategic Planning

Please indicate the response that most closely matches your agency's strategic planning efforts.

8.	My organization has undertaken strategic planning activities within the last five years	Yes	No
9.	Our strategic planning activities included: j. Environmental assessment k. Development of mission statement l. Development of vision statement m. Development of values statement n. Development of strategy o. Development of objectives p. Development of performance measures q. Development of performance indicators r. Outside consultant	Yes Yes Yes Yes Yes Yes Yes Yes Yes	No No No No No No No No No
10.	My organization has a formal organizational evaluation system	Yes	No
11.	What types of performance measures are used g. Financial h. Customer measures i. Process effectiveness measures j. Funder defined measures k. Employee defined measures l. Volunteers' defined measures Other (please specify)	Yes Yes Yes Yes Yes Yes Yes	No No No No No No No
12.	My organization did not perform strategic planning activities because e. There is no need for formal planning f. We do not have time for formal planning g. We do not have the resources for formal planning h. Other (please specify)	Yes Yes Yes	No No No
13.	We have a mission statement	Yes	No

Section C. Mission Achievement

This section is designed to access your opinion as it relates to your organization's effectiveness at achieving its mission. Please respond to the following statements based on your view of the organization's mission statement and mission achievement over the past operating year.

14. Please indicate your level of agreement with each statement with (1) being never and (7) always.

		Never			Neutral			Always
1	Our mission is used to monitor performance	1	2	3	4	5	6	7
2	Our mission is used to make decisions	1	2	3	4	5	6	7
3	I understand how my job helps to achieve our mission	1	2	3	4	5	6	7
4	Our mission statement helps me understand how my organization sets priorities	1	2	3	4	5	6	7
5	Strategy is important to our mission	1	2	3	4	5	6	7
6	Our strategy is achievable	1	2	3	4	5	6	7
7	My day to day duties help us to achieve our mission	1	2	3	4	5	6	7
8	My co-workers day to day duties help us to achieve our mission	1	2	3	4	5	6	7
9	Our mission is the driving force for this organization	1	2	3	4	5	6	7
10	Our organization's actions are consistent with our mission	1	2	3	4	5	6	7
11	Our organization's actions are consistent with our vision	1	2	3	4	5	6	7
12	Our organization's actions are consistent with our core values	1	2	3	4	5	6	7
13	We consistently meet the foundation for performance established in our mission statement	1	2	3	4	5	6	7
14	We consistently meet the criteria for performance established in our vision statement	1	2	3	4	5	6	7

15	We consistently meet the criteria for performance established in our values statement	1	2	3	4	5	6	7
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Section D. The Customer Perspective

The customer perspective concentrates on meeting or exceeding customer expectations. The statements below are designed to capture your opinion on your organization's performance in the area of meeting customer expectations. Please select the response that most closely represents your opinion concerning organizational performance.

15. Please indicate your level of agreement with each statement with (1) being strongly disagree and (7) strongly agree.

		Strongly Disagree			Neutral			Strongly Agree
1	We consistently meet the expectations of program participants	1	2	3	4	5	6	7
2	We consistently meet the expectations of funding agencies	1	2	3	4	5	6	7
3	We consistently meet the expectations of donors	1	2	3	4	5	6	7
4	The quality of services that we provide has improved	1	2	3	4	5	6	7
5	the number of services that we provide has improved	1	2	3	4	5	6	7
6	The type of services that we provide has improved	1	2	3	4	5	6	7
7	The number of people that we serve has increased	1	2	3	4	5	6	7
8	The demand for the services that we provide has increased	1	2	3	4	5	6	7

9	We take actions to learn what programs participants need	1	2	3	4	5	6	7
10	We take actions to learn what contributors expect	1	2	3	4	5	6	7
11	We consistently meet the expectations of our community	1	2	3	4	5	6	7

Section E. Internal Processes

Internal processes perspective pertains to how work is achieved within the organization. It concentrates on the procedures needed to achieve customer satisfaction.

16. Please indicate your level of agreement with each statement with (1) being strongly disagree and (7) strongly agree.

		Strongly Disagree			Neutral			Strongly Agree
1	We have improved our planning processes	1	2	3	4	5	6	7
2	We provide quality programming	1	2	3	4	5	6	7
3	We have improved our quality control processes	1	2	3	4	5	6	7
4	We have improved our service delivery processes	1	2	3	4	5	6	7
5	We have developed policies and procedures	1	2	3	4	5	6	7
6	We consistently follow program quality protocols	1	2	3	4	5	6	7
7	We consistently follow program service delivery protocols	1	2	3	4	5	6	7
8	Program planning is based upon our mission	1	2	3	4	5	6	7
9	Management makes it easy to achieve our mission	1	2	3	4	5	6	7

Section F. Employee Learning and Growth

Employee learning and growth has been identified as an important aspect of organizational performance. The following statements pertain to your organization's performance over the past year.

17. Please indicate your level of agreement with each statement with (1) being strongly disagree and (7) strongly agree.

		Strongly Disagree			Neutral			Strongly Agree
1	My job is directly related to our mission	1	2	3	4	5	6	7
2	My job is satisfying	1	2	3	4	5	6	7
3	My job is boring	1	2	3	4	5	6	7
4	My job is challenging	1	2	3	4	5	6	7
5	My job gives me a sense of accomplishments	1	2	3	4	5	6	7
6	In a normal work week I receive enough information to meet the information requirements for weekly task	1	2	3	4	5	6	7
7	I have enough information to make optimal decisions to accomplish performance objectives	1	2	3	4	5	6	7
8	I have established performance objectives	1	2	3	4	5	6	7
9	My organization provides the training that I need to meet job requirements	1	2	3	4	5	6	7

Section G. The Financial Perspective

The financial perspective considers the availability of financial resources available to the organization. Please respond based on your opinion concerning each statement.

18. Please indicate your level of agreement with each statement with (1) being strongly disagree and (7) strongly agree.

		Strongly Disagree			Neutral			Strongly Agree
1	We seem to be more effective at cost containment	1	2	3	4	5	6	7
2	We seem to maintain low expenses	1	2	3	4	5	6	7
3	We seem to work well with other non-profits	1	2	3	4	5	6	7
4	We seem to appropriately allocate our financial resources across programs	1	2	3	4	5	6	7

Section H. The Volunteers' Development Perspective

The volunteers' development perspective is concerned with how well your organization is focusing on the development of its volunteers.

19. Please indicate your level of agreement with each statement with (1) being strongly disagree and (7) strongly agree.

		Strongly Disagree			Neutral			Strongly Agree
1.	Our organization foster a sound external environment to attract volunteers	1	2	3	4	5	6	7
2.	Our organization nurture an internal environment that allows volunteers to feel connected with the organization	1	2	3	4	5	6	7

3.	Our organization has an efficient management system for volunteers	1	2	3	4	5	6	7
4.	Our organization provides a systematic training for volunteers	1	2	3	4	5	6	7
5.	Our organization provides volunteers' support at all organizational levels	1	2	3	4	5	6	7
6.	Our organization matches volunteers' motivations to experiences	1	2	3	4	5	6	7

Section I. General Organizational Change

Please indicate the level of change that has occurred in your organization over the past two years.

20. Please indicate your level of agreement with each statement with (1) unfavorable change and (7) favorable change.

		Unfavorable change						Favorable change
1	Annual operating budget	1	2	3	4	5	6	7
2	Stakeholders support	1	2	3	4	5	6	7
3	Board involvement	1	2	3	4	5	6	7
4	Diversity in funding sources	1	2	3	4	5	6	7
5	Employee morale	1	2	3	4	5	6	7
6	Employee commitment	1	2	3	4	5	6	7
7	Employee training	1	2	3	4	5	6	7
8	Employee education	1	2	3	4	5	6	7
9	Employee job proficiency	1	2	3	4	5	6	7
10	Days of work missed	1	2	3	4	5	6	7
11	Employee turnover	1	2	3	4	5	6	7
12	Program expansion	1	2	3	4	5	6	7
13	State grants	1	2	3	4	5	6	7
14	Business contributions	1	2	3	4	5	6	7
15	Individual	1	2	3	4	5	6	7

	contributions							
16	Work processes	1	2	3	4	5	6	7
17	On-the job training	1	2	3	4	5	6	7
18	Team work	1	2	3	4	5	6	7
19	Community support	1	2	3	4	5	6	7
20	Work climate	1	2	3	4	5	6	7
21	Program quality	1	2	3	4	5	6	7
22	Program participants	1	2	3	4	5	6	7
23	Corporate image	1	2	3	4	5	6	7
24	Corporate reputation	1	2	3	4	5	6	7
25	Communication within the organization	1	2	3	4	5	6	7
26	Understanding what is important to customers	1	2	3	4	5	6	7
27	Customers program completion rate	1	2	3	4	5	6	7
28	New customer program participation	1	2	3	4	5	6	7
29	Customer retention	1	2	3	4	5	6	7
30	Referrals from other organizations	1	2	3	4	5	6	7
31	Referrals from customers	1	2	3	4	5	6	7
32	Understanding of performance measures	1	2	3	4	5	6	7
33	Use of performance measures	1	2	3	4	5	6	7
34	Staff dedication	1	2	3	4	5	6	7
35	Customer dedication	1	2	3	4	5	6	7
36	Volunteer dedication	1	2	3	4	5	6	7

Source: the survey tool has been adapted and modified to suit the Egyptian context from the work of Blackmon (2008).

- Did the revolution of the 25th of Jan. impact your organizational efforts in utilizing strategic management more formally?

Thank you for your participation.

Appendix (D): Institutional Review Board Approval

2011-2012, case #54



THE AMERICAN UNIVERSITY IN CAIRO
OFFICE OF THE ASSOCIATE PROVOST FOR RESEARCH ADMINISTRATION

To: Nashwa Ghoneim (PPAD student)
cc: Laila El Baradei (PPAD)
From: Graham Harman, Associate Provost for Research Administration, Chair of the IRB
Date: December 20, 2011
Re: approval of study

This is to inform you that I reviewed your research proposal entitled “BSC Organizational Effectiveness Scale,” and determined that it used appropriate procedures to minimize risks to human subjects and that adequate provision was made for confidentiality and data anonymity of participants in any published record. I believe you will also make adequate provision for obtaining informed consent of the subjects. Thus, the proposal qualifies for exempt review, meaning that I have approved it without convening the full Institutional Review Board.

Thank you and good luck.

graham harman