

THE IMPACT OF GRANTS' CAPABILITIES ON PERFORMANCE OF LOCAL NGOS: EVIDENCE FROM DEVELOPING MARKET

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Abstract

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This study aimed at assessing grants capacity and performance of local non-governmental organizations (NGOs) in Jordan. It also aimed to find answers to key research questions: *How do grants' capabilities affect the performance of local NGOs?* Can NGOs maintain peer connections with local actors? Finding out the impact of different grants' capabilities on the performance of local NGOs in Jordan will allow updating and order to inform the capacity building programs that are provided to local NGOs in Jordan by various stakeholders. NGOs performance proxy developed through two bases: American Association of Retired Persons (AARP) & common performance. While, grants' capabilities are measured through five dimensions: *governance and humanitarian principles, human resources, financial and accounting practices, procurement practices, and programmatic and monitoring practices*. Different methods (interviews, questionnaires, and focus groups discussions) were used to collect the data from 69 local NGOs. The sample represents six groups located in different geographical areas. The study result indicates that there is a significant impact of the governance and human resource capacities on the performance of local NGOs in Jordan; while, there is no significant impact of the remaining grants' capabilities factors on the performance of local NGOs. Finally, the study outlined the main challenges that local NGOs in Jordan face regarding access to funds.

Keywords: Grant, NGOs, INGOs, Due Diligence, Civil Society, Jordan

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1. INTRODUCTION

Civil society organizations (CSOs) and networks had witnessed a dramatic growth and changes over

the last two decades as a result of the process of democratization, technological information, and economic liberalization. The diversity of organizational types (e.g., transnational coalitions,

international non-governmental organizations (INGOs), global trade unions, community-based initiatives) is supported by unprecedented communication capacity via the Internet and global media. They include social and political movements, indigenous people's groups, youth organizations, women's groups, environmental, human rights, consumer groups, faith-based initiatives, professional associations, trade and industry organizations, chambers of commerce, philanthropic foundations, universities, policy think-tanks, and scientific and research institutes. Those entities work individually and collectively at all levels of society. They have an impact on many aspects of peoples' lives ranging from their political and civil rights to economic, social and cultural rights (Nelson, 2007; Fifka, Kühn, Adau, & Stiglbauer, 2016; Meaux et al., 2021).

In Jordan, the role of non-governmental organizations (NGOs) is in constant increase. NGOs in Jordan are aiming at helping and increasing the well-being of the vulnerable groups in the community by providing and implementing aid programs in various aspects of their lives. Some of these programs are: camp management and coordination, health, water sanitation and hygiene (WASH), food security and livelihoods (FSL), protection, and education (Tabassum, 2012).

Jordan has been affected by different crises: the Palestinian crisis in 1948, the Iraqi crisis in 2003, and finally the Syrian crisis in 2011. All these crises directly affected the economic, social, demographical, and political environments in Jordan and emphasized the crucial role that local NGOs play in helping the Jordanian government to face these crises and challenges. As a result of these challenges, NGOs in Jordan have diversity in their form, culture and structure.

International non-governmental organizations in Jordan are trying to meet the needs of vulnerable people in collaboration and coordination with local NGOs. The relationship between INGOs and local NGOs has different types, but when it comes to grant/fund relationships, is called a partnership. To build a partnership between INGOs and NGOs; INGOs usually go through a due diligence process, also called partner capacity assessment (PCA). This process is varied between different INGOs but shares the same concept and goals.

The due diligence process is a critical step in getting the fund. In this step, INGOs aim to assess the grant's capabilities that local NGOs have to evaluate their eligibility for fund reception. Many barriers are facing local NGOs to pass this step and get funded by INGOs. In this study, the researchers aimed at exploring these barriers as a first objective. Other objectives include investigating how grants capabilities of local Jordanian NGOs can affect their performance and how these capabilities could be improved. Thus, the main objective of this study can be summarized by investigating the impact of the grants capabilities on the performance of local NGOs in Jordan with the aim to provide stakeholders in the field of NGOs in Jordan with guidance and advice to improve the performance and grants' capabilities of local NGOs.

This study contributes to the literature through linking the academic literature on performance measurement in the NGOs field with practical

concepts which are the grant capabilities and due diligence process that are conducted by different stakeholders in the field of NGOs in Jordan. As well as, the research methodology that has been followed was unique in the way of data collection; all participants were provided with one-day training on the study concepts which contributed to improving the quality and reliability of the collected data. Finally, geographical coverage: this study reached out to a sample from different areas in Jordan; North, Central, and South, which make it geographically representative, since it counted for 70% of the total number of local NGOs in Jordan. In addition, this study (according to the researcher's knowledge) is the first study that tests the impact of the grants capabilities on the performance of the local NGOs in Jordan and the region.

The study is organized as follows, Section 2 is a review of literature and hypotheses development, Section 3 research methodology that has been used to conduct empirical research, and Sections 4, 5 and 6 presents the data analysis, discussion and conclusion.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

NGOs are considered independent from the public and from for-profit sectors. They may ask for help from these sectors to obtain resources (Salamon & Anheier, 1992). Ramadan and Borgonovi (2015) argued different definitions and frameworks of performance measurement and management in the NGOs sector. They pointed out a variety of interpretations of the performance measurement among NGOs, but also came to a summary of the most mutual and agreed upon components that have been addressed by the different actors in the field of NGOs. Most of the existing performance measurement frameworks highlighted the programmatic indicators. Ramadan and Borgonovi (2015) study stressed the importance of encouraging researchers and NGOs' actors to include the organizational process, functions, and financial aspects in the matrix and methodologies that are used in the process of measuring the NGO's performance. However, due to their non-quantifiable and multiple goals, these organizations' performance is typically difficult to measure. Strategic management, which is widely accepted as a modern management tool for dealing with long-term uncertainties, would provide significant assistance to non-governmental organizations (Aborass, 2021).

Carvalho (2005) pointed out that performance can be measured through specific components: human factors successful new approaches, achievement of objectives, improving the well-being of users, sustainability financial stability, success in controlling costs, effectiveness in attracting resources, quantitative analysis of revenues higher than expenses, approved public funding and rising of helped people, growth of revenues, volunteers, and donors and sponsors.

In order to effectively mobilize for the resolution of diverse social problems, a thriving civil society is typically defined as overlapping networks of autonomous volunteer associations (Rodionov, Medeuov, & Rodionova, 2021).

The argument is made that NGOs should work together to maximize their limited resources and broaden their reach into other social and political milieu as well as their efficacy against their opponents (Matthews, 2016).

Ferreira, Carvalho, and Teixeira (2017) conducted interviews with three managers from three different non-governmental development organizations (NGDOs) and compared the annual report of NGDOs for three different years from 2010 to 2012 to examine the possible existence of an association between the fund sources and organizational performance. They adopt three dimensions for measuring the organization's performance (human component, sustainability, and quantitative component), and determined the funding diversity through the annual report of these organizations. They provide empirical evidence for a positive association between additional and greater funds on the organization's performance and found that the diversity of funds plays a critical role in improving performance since it reduces the independence of these organizations.

Moreover, NGOs and donors must collaborate in a variety of ways, including finding reliable and stable funding and involving the community in decision-making processes, which will increase the NGOs' efficiency, performance, success, and chances of remaining active and fully operational (Tall, Matarneh, Sweis, Sweis, & AlBalkhy, 2021).

The diversity of funding is crucial for the sustainability of any organization, affecting organizational performance positively. The external funds might bring a vast range of advantages like stability, since some incentives endure over time, needing only to communicate the intent of the return to receive or renew itself automatically contributing to a more positive performance of the organization (Salamon & Anheier, 1997; Moon & Jung, 2007; Lu, 2015; Shepherd, Williams, & Patzelt, 2015).

Lewinsky (2015) and the International Council of Voluntary Agencies (ICVA) conducted a study to identify the different tools and methodologies of PCA. Different funders and INGOs are used to assess the grants capacity of the organization to evaluate their ability to receive and manage the fund in different contexts. The study found that INGOs need to develop the capacity of local NGOs not just for the purpose of delivering the projects' output and meeting the grants agreement obligation, but also to help these organizations be able to access more fund opportunities and to be mature as organizations. Additionally, this study reported that most of the used tools for PCAs driven by financial and accountability measures with less focus on the NGO's performance. Where it gives the indicator that the due diligence exercises conducted to meet the funder's intent of limiting the risks that are associated with providing the grants to local NGOs and being more accountable to how the resources are being managed, controlled, and spent. The study also found that there is no clear correlation between the lengthy partner assessments and the increased quality of performance of the NGOs.

Lewinsky (2015) and Carter (2018) recommended that the funder should not solely be driven by finance and accounting, management, and audit capacities, instead, it should give attention to

other essential areas such as the type of partnership and how these partners could improve the role of local NGOs. The funder is accountable to plan for long-term partnerships for transformational change beyond transactional service provision. This approach will encourage the funder to put in the required efforts to improve the performance of the local and small NGOs beyond just adhering to the funder's requirements, rules, and regulations and how this commitment is being reported back on.

However, Lewis (2003) conducted a study aimed to improve the understanding of the nature of NGO management as a field of research and practice by establishing a conceptual framework. Lewis's (2003) study mentioned that improving the performance of NGOs and raising their effectiveness level should not be looked at based on the assumption that NGO management practices field is a standalone field, rather than it is recommended to build on other fields of management like generic management, public management and third sector one, keeping in mind the distinctive aspects of NGOs.

The rationale behind encouraging the NGO actor to build on what is existed in other management fields has been presented by Lewis (2003) as follows. First, generic management, which exists in any organization and is driven by the main management principles like the fact that any NGO is in need for having an accounting system and recruitment one, most of these practices and researches are being developed in a business field. Second, the third sector organizations, it is known that the third sector organizations have unique attributes that could not be met in generic management, such as volunteer involvement and fundraising strategies. Third, NGOs are sharing many principles with public management, such as building an accountability mechanism, especially those NGOs that are active in public services. Fourth, is development management, which refers to the learning practices that NGOs follow in the field of poverty reduction. Lastly, findings refer that many of the NGOs that are externally funded are being directed by their funders to improve their performance quality throughout improving their organizational performance as a whole, not just the capacities that are directly linked with, which caused in some cases a resistance by NGO's leaders as it is perceived in the form of external obligation.

The Civil Society Index Analytical Report for Jordan (CIVICUS, 2010) conducted a study to assess the status of civil society in Jordan. The study abided by the methodology which was designed by CIVICUS (2010) and focused on five main dimensions to measure different levels of civil society's status. This study highlighted some of the strengths of the civil society in Jordan. Although organizations are working in rural areas, there is a good infrastructure, media, communication capacity and there is a good degree of independence in the financial and administrative manners with various structures.

Also, some of the weaknesses have been reported such as: civil society organizations are working in a political and biased environment which in turn affects negatively their impact. A poor capacity of leadership and financial management was documented especially in a transparent manner.

Moreover, public confidence in CSOs has been negatively affected by the perceptions of foreign funding. This study calls to focus on empowering the role and culture of voluntary work, emphasizing a legal frame that governs voluntary work and contributed to improving the efficiency and effectiveness of voluntary work on the individual, institutional and societal levels.

The debate regarding the NGOs and their performance has not taken the appropriate space, nor has it been discussed according to nature and the characteristics of the sample in previous studies. There are many approaches that are used to measure performance in the field of NGOs and these approaches are based on how researchers look at the measurement process.

Performance measurement is the utilization of objectives, indicators, and information to assess NGOs' interventions and services (Lindblad, 2006; Savaş & Karakaş, 2019; Mamabolo & Myres, 2020). Moreover, Ferreira and Otley (2009) treated the performance measurement as a mechanism of assessing people, teams, and the overall organization, while Miller (2007) viewed performance measurement as a program assessment method that evaluates the efficiency and effectiveness of a program and its impact.

According to the American Association of Retired Persons (AARP), the performance measurement concept is more effective under the performance matrix to operationally define. This matrix stated that the performance of NGOs could be measured through four main areas: the inputs which refer to the resources and stewardship, the outcomes that are directly related to the people, the outputs that address organizational leadership and integration, and finally the impact tackles social impact and value (Ramadan & Borgonovi, 2015; Aboramadan & Borgonovi, 2016; Gunawan, Fiarni, & Ryana, 2017). Accordingly, this study followed the AARP performance matrix to define the performance through four dimensions: resources and stewardship (inputs), people (outcomes), organizational leadership and integration (outputs), social impact and value (impact).

Moreover, the grants refer to the Agreement between local NGOs and INGO, in which INGO provides financial and technical support to local NGOs to implement an agreed project within a specific timeline, scope, and budget. Thus,

the grant capabilities are being assessed by INGOs through a due diligence process. Grants' capabilities are part of the organizational capacities and functions, and it refers to the direct link between the identified capabilities and the ability and eligibility to receive a grant. In this study, five main due diligence templates used by the INGOs in Jordan have been reviewed. also, to consult some literature that is tackling the due diligence exercise (Lewinsky, 2015). This review aimed to come up with five main capabilities to be assessed under this research. Those selected capabilities are *governance and humanitarian principles, human resources, financial and accounting practices, procurement practices, and programmatic and monitoring practices*.

To achieve the study objectives and to provide understanding of the impact of grants capabilities that local NGOs have on its performance. The following hypotheses are adopted:

H1: The different dimensions of grants capabilities impact the performance of local NGOs in Jordan.

There are sub-hypotheses as follows:

H1a: Governance and humanitarian principles impact the performance of local NGOs in Jordan.

H1b: Human resources practices impact the performance of local NGOs in Jordan.

H1c: Financial and accounting practices impact the performance of local NGOs in Jordan.

H1d: Procurement practices impact the performance of local NGOs in Jordan.

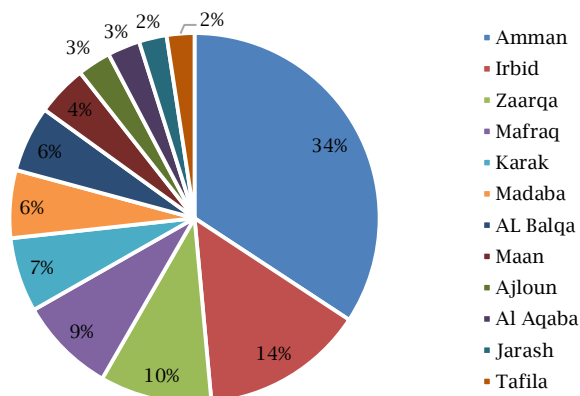
H1e: Programmatic and monitoring practices impact the performance of local NGOs in Jordan.

3. RESEARCH METHODOLOGY

3.1. Population and sample selection

The population of this study was the local NGOs in Jordan which have legal registration at the Ministry of Social Development (MoSD) and active in relief work in Jordan, the population number as published by the MoSD in Jordan is 1197. Figure 1 shows that the high number of local NGOs in Jordan is located in Amman with 34% which equals 410, Irbid indicates 14% which equals 171 and Zarqa comes as the third governorate in Jordan that has a high number of NGOs with 10% that equal to 117.

Figure 1. Percentage of local NGOs in Jordan



Note: Developed by the researcher based on the publication by MoSD.

In this study, interviews with key informant people from local NGOs, MoSD, and the Ministry of Planning and International Cooperation (MoPIC) were conducted to get a background on the main attributes of the population study and to find a way to reach the sample. The main output of these interviews was the founding that there is a coordination body that represents the population called the General Union of voluntary societies in Jordan, which has twelve groups, one at each governorate in Jordan.

Given the fact that there is a high number of local NGOs that are registered at MoSD while the active number is small compared with the registered gave a challenge for this study. To overcome this challenge and to reach out for the sample, coordination with the union's groups was a must. Their representatives have been asked to nominate the active NGOs to be interviewed. Thus, the sample under this study is considered a judgment sample.

Due to the high study's population and the researcher's capacities in terms of finances and manpower, the researchers coordinated with the union's groups at each governorate to reach out to the nominated sample, inform them about the study and coordinate a meeting with them to participate in the data collection stage. Six out of twelve groups were responsive and willing to facilitate the data collection process. 69 local NGOs have participated in this research. These six groups are located in different geographical areas, which makes the sample geographically representative; in the northern region at Irbid, in the middle region in Amman, Zarqa and Madaba, in the southern region in Aqaba and At-Tafilah.

3.2. Data collection method

During the instrument's testing phase, it was reported that a high percentage of participants are not aware of the used terminologies, which makes it difficult for them to answer accurately. Based on that, it was recommended to follow administered questionnaire method in collecting the data for validity and reliability purposes.

In order to facilitate the data collection and motivate the local NGO representatives to participate in filling the research instrument, one-day training was held for survey participants. Training has been coordinated with the union's groups at each governorate, where the union groups' representatives were responsible for inviting the active local NGOs to the groups and handling all logistic issues. 69 questionnaire tools have been filled, and 105 participants have attended the training. Collecting the data through the personal administered questionnaire, focus group discussion (FGDs), and training methods have a significant contribution to the validity and reliability of the collected data.

3.3. Items measurement

According to Worth (2020), the majority of NGOs have some sort of performance reporting system, hence it may be assumed that these NGOs initially measured their performance. Ebrahim (2010) recognized accountability as the primary motivation

for performance measurement in NGOs while LeRoux and Wright (2010) found the capacity building to be the primary driver of this practice.

Others have hypothesized that mimetic isomorphism is the reason why NGOs use performance measuring systems that are quite similar to those used in the corporate sector (Tahajuddin, Hasan, & Kassim, 2021). According to the idea of mimetic isomorphism, organizations that are subject to societal pressure copy other, more successful organizations in their surroundings. However, a number of experts and professionals who work for NGOs contradict the aforementioned assertions and contend that, generally speaking, NGOs monitor performance solely because donors request it (Wadongo & Abdel-Kader, 2014). However, there isn't any concrete information on Jordanian NGOs that can be compared to the perspective surrounding this topic.

However, regarding prior facts and keeping in mind that this research is focusing on INGOs as a grantor and local NGOs as a receiver. This study adopts a unique strategy in multi-stages to develop the research's instrument. First, a meeting was initially organized with INGO staff in Jordan in an attempt to find out more about the procedure that INGOs follow to decide whether or not to award a grant to a local NGO. Then, reviewing existing tools and drafting the first research instrument's version, including two main areas: *performance measurement* and the *grants capabilities*. Then, testing the first draft: the first draft has been tested through three FGDs, at each focus group 7-9 local NGOs' representatives have participated. Participants provided their notes and challenges that they faced in filling out the draft version of the instrument and their recommendations. Finally, developing the final version: the instrument has been updated based on the notes and recommendations presented at the testing phase. Four main modifications have been made to the first draft.

In this regard, this study considered the performance of the local NGOs as a dependent variable: 14 questions have been included in the research's instrument to measure this variable. These questions were developed on two bases. First, the AARP performance matrix that is tackling four main areas: *inputs, outcomes, outputs, and impact* (Datar, Epstein, Leonard, & Goodwin, 2007). Second, the common performance questions that are used by INGOs in the due diligence process to measure the performance of local NGOs. Figure 2 shows the study model that includes dimensions and elements of NGO performance and grants capabilities variables.

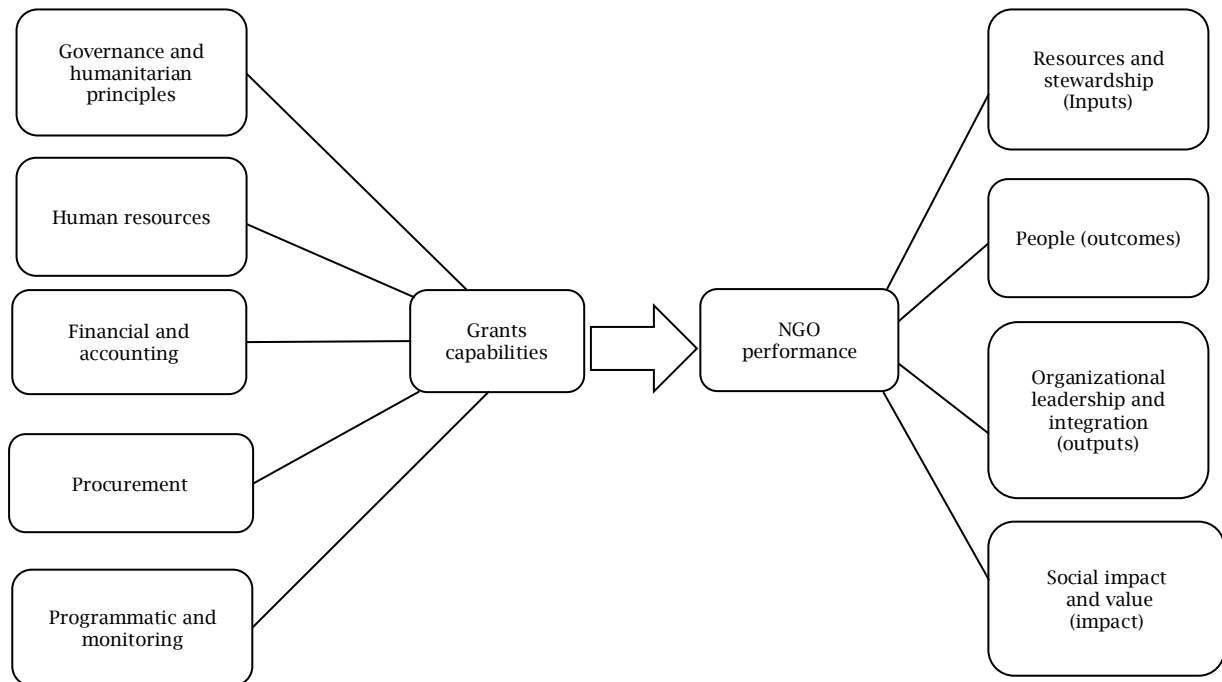
Moreover, grants capabilities refer to the ability of the local NGOs to obtain and implement a grant from INGOs. This study dealt with grants capabilities as independent variables, and it has been measured through five dimensions, which are considered sub-independent variables that formulate together the grant capability: *governance and humanitarian principles, human resources, financial and accounting practices, procurement practices, and programmatic and monitoring practices*.

Governance and humanitarian principles: this variable refers to the governance shape that the local NGOs follow, such as board aspects, vision, mission and strategy, and the awareness degree of

the humanitarian principle at the local NGOs' level. *Human resources*: refers to the practices that local NGOs follow in dealing with employees. *Financial and accounting practices*: refers to the practices that local NGOs follow in the field of *financial and accounting practices* and that ensure all activities and process in this field is well documented and monitored in a timely manner with focusing on guidelines, dealing with an auditor, using techniques and transparency. *Procurement practices*: this

variable refers to the procurement practices that local NGOs follow to ensure that procurement activities are implemented in line with the segregation of duty principles and follow certain control mechanisms over the NGOs' resources. *Programmatic and monitoring practices*: refers to the practices that are followed by local NGOs to report and monitor the projects. Dimensions and elements of NGO are shown in the figure below.

Figure 2. Dimensions and elements of NGO performance and grants capabilities variables



Note: Developed by the researchers based on the interviews with staff from INGOs.

4. DATA ANALYSIS

4.1. Sample's characteristics

To obtain information about the characteristics of the sample and their experiences with grants, a questionnaire was used that included six questions. The descriptive analysis of the answers to each question is as follows:

1. *Has your NGO ever received a grant or not?* This question is used to assess if the sample is familiar with grants or not. The frequency of the answers: 44 of the participated sample in this study reported that they have received at least one grant, whereas 25 have reported that they have not ever received a grant. This provides evidence that the sample is aware of the study field and they have the required knowledge to participate.

2. *What is the number of received grants?* 28 out of those 44 organizations who answered that they received a grant reported that they received between 1 to 3 grants, followed by 8 reported that they received between 4-6 grants, 4 received between 7-9 grants, and finally 4 have received more than 9 grants.

3. *What is the average duration of grant reception?* 14 out of those 44 organizations reported that the average duration per grant is between one to three years, followed by 11 organizations that

reported their average duration of more than three years. The duration between six months and one year was reported by 10 organizations and the least frequency was for the duration that less than six months that being reported by 9 organizations.

4. *What is the average volume of received grants?* 26 out of 44 reported the financial volume between 10,000-50,000 USD. Less than 10,000 USD was reported by 11 organizations, 5 organizations chose the value between 50,000-150,000 USD and just 2 organizations picked the value that is above 150,000 USD.

5. *What are the donor types that NGOs work with?* 14 out of 44 local NGOs reported that they received funds from governmental donors, while INGOs were reported as a source of funds by 8 local NGOs, and local NGOs were also reported by 3 organizations as sources of funds. 19 organizations reported that they receive funds from other sources.

6. *When was the first grant received?* 22 organizations out of 44 answered that they received the first grant 5 years ago, while 10 organizations picked the answer between one and three years. 8 organizations reported that the first grant was received less than one year ago, and just 4 organizations chose the option between three and five years ago.

4.2. Descriptive statistics

Under this research, the organizational performance at local NGOs in Jordan has been assessed based on the range from 1-4, while: number/option 1 refers to weak performance; number/option 4 indicates a very strong performance. The results, presented in Table 1, show a wide range of performance from 1 (weak) to 3.7 (strong). The mean equals 1.8, which

puts the performance of local NGOs in Jordan between the weak and fair, nearer to the fair one.

As mentioned previously, the performance of local NGOs has been measured against four main areas: inputs, outcomes, outputs, and impact. The mean of the questions that are testing these areas indicated that: local NGOs have a fair social impact with a 2.16 score, followed by fair inputs with a 1.98 score. The outputs come at a third degree with a 1.95 score, and finally, the outcomes fall into a 1.90 score.

Table 1. Descriptive results

Variables	N	Min.	Max.	Mean	Std. dev.	Skewness		Kurtosis	
						Stat.	St. error	Stat.	St. error
Organizational performance	69	1.000	3.714	1.860	0.5283	1.119	0.289	1.618	0.570
Governance and humanitarian principles	69	2.100	4.000	3.518	0.4173	-1.27	0.289	1.216	0.570
Human resources	69	1.000	3.600	2.389	0.6080	-0.400	0.289	-0.316	0.570
Financial and accounting practices	69	1.600	3.900	3.046	0.4629	-0.964	0.289	1.392	0.570
Procurement practices	69	1.200	3.900	2.684	0.6813	-0.531	0.289	-0.672	0.570
Programmatic and monitoring practices	69	1.500	3.900	2.898	0.5872	-0.464	0.289	-0.486	0.570

However, Table 1 shows that the *governance and humanitarian* capabilities of local NGOs in Jordan are varied with a minimum of 2.1 (fair) and a maximum of 4 (very strong), the mean equals 3.5 (strong) which put the local NGOs in Jordan in a level of having strong *governance and humanitarian* capabilities. *Human resources* capabilities come at a minimum of 1 (weak) and a maximum of 3.6 (very strong), and *human resources* mean is 2.3, which categorized the *human resources* capabilities at local NGOs in Jordan as fair. While the *financial and accounting* capability started at a minimum of 1.6 (fair) to reach its maximum of 3.9 (very strong), the mean for finance capacity at local NGOs in Jordan is considered strong where it equals 3. Hence, the *procurement* capacity at local NGOs in Jordan has a weak minimum of 1.2 and a very strong maximum of 3.9 with a good mean of 2.6. The results in Table 1 document a minimum of 1.5 the *programmatic and monitoring* capability at

local NGOs starts to reach its maximum of 3.9. Mean equals 2.8, which classified the *programmatic and monitoring* capability at local NGOs as good.

5. DISCUSSION

5.1. Correlation analysis

The validity and reliability are considered critical indicators of the correlation analysis, where the correlation results are built based on the collected information on the characteristics of the examined variables. These characteristics are affected by the way and techniques that have been followed and used to obtain these characteristics (Williams, 2007; Pallant, 2020). However, the correlation analysis (Table 2) was used in this study to assess the impact of the independent variable with its dimensions (grants capabilities) on the dependent variable (*organization performance*).

Table 2. Spearman rank correlation

	Organizational performance	Governance and humanitarian principles	Human resources	Financial and accounting practices	Procurement practices	Programmatic and monitoring practices	Grants capabilities
Corr. coeff.	1	0.399**	0.517**	0.194	0.127	0.142	0.395**
Sig. (2-tailed)		0.001	0	0.11	0.3	0.244	0.001
N	69	69	69	69	69	69	69

Note: Significant level ***, **, * = p-value < 1%, 5%, 10% respectively.

Table 2 shows there is a significant impact of grants capabilities on the performances of local NGOs in Jordan. Similarly, correlation analysis was conducted between the performances of local NGOs with each dimension of the grants capabilities and found that there is a significant impact of the *governance and humanitarian principles* and *human resources* capability on the organizational performance at the 0.01 level. However, the insignificant impact of *financial and accounting practices*, *procurement practices*, and *programmatic and monitoring practices* on the organizational

performance in local NGOs in Jordan has been documented.

5.2. Regression analysis

This research has computed the multiple regression analyses to test to which extent the grants capabilities of local NGOs impact local NGOs' performance. This study provides an assumption that there is no impact of the independent variables (grants capabilities of local NGOs) on the dependent variable (local NGOs' performance). The independent variable has five dimensions: each of them is

considered as an independent variable, the regression analyses are used to test the impact of each dimension.

Based on multiple regression results presented in Table 3, the calculated R-square showed that the independent variables could interpret 38% of the dependent variable. Also, Tables 3 and 4 indicate that the model is accepted as $F > 2$ (7.797), and Durbin-Watson (DW) index was 1.541, which falls within the range of 0 to 4, meaning that there is no autocorrelation problem. Also, Table 3 shows that no multicollinearity problem has existed among the study variables in the multiple linear regression models. Tolerance should be > 0.1 (or $VIF < 10$) for all variables, which were within the accepted range. All the above measures are considered within the accepted range.

Table 3. Multiple regression analysis results

Variables	Beta	T	Sig.	Collinearity statistics	
				Tolerance	VIF
(Constant)		-0.280	0.781	-	-
Governance and humanitarian principles	0.239	2.303	0.025	0.915	1.093
Human resources	0.538	4.866	0.000	0.807	1.240
Financial and accounting practices	-0.077	-0.684	0.496	0.774	1.291
Procurement practices	-0.064	-0.498	0.620	0.594	1.684
Programmatic and monitoring practices	0.088	0.745	0.459	0.702	1.425
R	0.616				
R ²	0.380				
Adjusted R ²	0.330				
Durbin-Watson	1.541				

Table 4. ANOVA

Model	Sum of squares	df	Mean square	F	Sig.
Regression	7.206	5	1.441	7.709	0.000 [*]
Residual	11.778	63	0.187		
Total	18.984	68			

Note: Significant level ***, **, * = p-value < 1%, 5%, 10% respectively.

Consistent with the study expectations, the *governance and humanitarian principles* have a significant positive association with the performance management of NGOs as presented in Table 3 ($T = 2.303$, p-value = 0.025). Likewise, *human resources* practices provide a high significantly positive effect on the performance management of NGOs in the local Jordanian environment ($T = 4.866$, p-value = 0.000). However, the local NGOs' representative has reported same indications. Jordanian government has a strong monitoring mechanism for NGOs' work, especially on the income sources, and all community members who are active in humanitarian work should be registered at the MoSD, since all local NGOs in Jordan are requested and obliged by law to submit annual reports. These are the main reasons for the governance part. For *human resources* dimension, local NGOs in Jordan count on volunteers, where the financial sources are limited. Most NGOs' leaders reported that the number of paid staff is limited, and there are a high number of

volunteers who are executing the needed work and delivering the aid.

On the contrary, each of the *financial and accounting practices*, the *procurement practices*, and the *programmatic and monitoring practices* did not significantly influence the performance management of NGOs in the Jordanian environment. Table 3 shows insignificantly association for each dimensions ($T = -0.684$, p-value = 0.494; $T = -0.498$, p-value = 0.620; $T = 0.745$, p-value = 0.459) respectively. These results could be linked to the size of local NGOs, where the finance, procurement, and programing and monitoring capacities are not reaching the level that allows them to influence performance. Correspondingly, as reported by the local NGOs' representative, the work environment of local NGOs in Jordan is affected by the local culture, religion, and norms. This confirmed that community members are focusing on delivering aid to the needy people more than adhering to the rules and regulations, and best practices in the field of procurement, finance, and programming. On the other hand, prior literature mentioned that homophily is influenced by group size; the larger a group, the simpler it is for its members to develop homophilous intragroup ties; whereas it can quickly form more cohesive relations thanks to shared traits, backgrounds, and/or experiences (Wimmer & Lewis, 2010; Rodionov et al., 2021).

However, the descriptive results show a fair awareness degree of the grants capabilities in the selected sample. Also, the results indicated that local NGOs in Jordan have weak to fair performance. This supports what has been indicated by prior literature (Simadi & Almomani, 2008) that clients have fair satisfaction toward the services that are provided by local NGOs in Jordan, and client satisfaction has a direct link with performance. This study found that a high number of local NGOs in Jordan (84%) have an annual budget that is less than 50,000 USD. This result supports the results that are published by the Registry of Societies¹, which indicated that the annual budget is less than 50,000 JOD for more than half of the local NGOs in Jordan. However, this result is constant with prior studies that concerned the NGOs in developing markets, where studying NGOs in emerging countries typically identifies the main sources of funding by foreign help. In contrast with developed countries, three main sources of funding dominated by NGOs: contributions, grants and contracts from the government, and generated income (Suárez & Marshall, 2014; Suárez & Gugerty, 2016; Meaux et al., 2021; Rodionov et al., 2021; Tall et al., 2021).

The most powerful NGOs receive funding from sources outside of local civil society. Therefore, they are not suffering from pressure to work with anyone outside of what is required for their roles as grant operators and/or training coordinators. This study found that the income of local NGOs almost comes from national sources, as 82% of NGOs reported that the type of donor is national, governmental, local NGOs, and others. This result also consists of the result that is published by the Registry of Societies in 2012, where it is indicated that 67 % of the local NGOs are receiving their income from local sources.

¹ <http://www.societies.gov.jo/Default/Ar>

6. CONCLUSION

Given that local NGOs operate in Jordan in a unique environment that is affected by various indicators such as the political, social, and economic situation of the neighbour countries, the population aspects of Jordan, the culture, and religion dominate the work and atmosphere of the NGOs.

This study introduced a new technique of the data collection field that fits the culture in the Middle East. As mentioned in the methodology, training was developed to provide the study sample with background information on the research topic and ensure that accurate information is provided by the participants. The training allowed the researchers to mix different data collection methods and overcome the challenge of sample participation resistance. This study presented the main challenges that are faced by local NGOs in Jordan, which open the door for main stakeholders like INGOs and MoSD to take their role in helping local NGOs overcome these challenges.

NGOs field in Jordan is considered one of the active employment fields where the number of refugees that are hosted by the Jordanian government is high. This encouraged the Jordanian government to take a significant role in organizing and leading the humanitarian work through initiating, formulating, and expanding required governmental bodies to serve this role and having active coordination channels with INGOs, UN agencies, and donors. The humanitarian field in Jordan has been affected by the Syria crisis that dramatically developed since 2011. Local NGOs in Jordan are result oriented rather than process and procedures; this has an impact on the way that local NGOs deliver aid and impacted their performance. Also, this study indicates that local NGOs in Jordan are performing well and have a good understanding and awareness of the grants concepts and the type of actors that are active in the humanitarian field in Jordan.

This study found that there is a significant impact of the governance and human resources capacities that local NGOs in Jordan have on performance, whereas the finance, procurement, and programmatic and monitoring capacities have no significant impact on the performance of local NGOs in Jordan.

However, the results of this study are restricted to some limitations. For instance, questionnaires and focus group discussion methods are the only used tools/approaches for data collection. This limited the ability to use a case study method that might help in testing how much the performance of NGO could be affected by the development degree of grants capacity at the same NGO. The data that is being collected under this study is sensitive, and it has been answered by the NGOs' representatives which might be biased in the favour of the local NGOs by the respondents.

Regardless of the inherent limitations, this study contributes to the literature through linking the academic literature on performance measurement in the NGOs field with practical concepts, which are the grant capabilities and due diligence process that are conducted by different stakeholders in the field of NGOs in Jordan. As well as, the research methodology that has been followed was unique in the way of data collection; all participants have been provided with one-day training on study concepts which contributed to improving the quality and reliability of the collected data. To the researchers' knowledge, it is the first study that tests the impact of the grants capabilities on the performance of the local NGOs in Jordan and the region.

Finally, according to study results and information received from different stakeholders involved with the NGOs field, this study suggests recommendations for three main stakeholders in the field of humanitarian NGOs in Jordan. First, for local NGOs' leaders and representatives, it is very important to improve the coordination between local NGOs and activate the current local NGOs networks, such as the General Union of Voluntary Societies. Second, the INGOs have to design capacity building programs that are building the organizational capacity of local NGOs rather than operational ones focusing on improving the delivery methods and providing clear training and guidelines for local NGOs on how to have access to grants opportunities that INGO offer. Third, the local authorities in Jordan have to encourage open discussions with local NGO members and provide solutions for the challenges that limit local NGOs from obtaining the required permissions.

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