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Strategic Agility and Sustainable Performance of Non-Governmental Organizations in the Lake Region Economic Bloc, Kenya

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ABSTRACT

Strategic agility has increasingly become a critical determinant of sustainable organizational performance in dynamic and uncertain operating environments. Non-Governmental Organizations (NGOs) in Kenya continue to face sustainability challenges stemming from donor dependence, shifting community needs, regulatory pressures, and heightened accountability demands. Despite the important role played by NGOs in socio-economic development, the NGO sector sustainability index in Kenya remains within the “sustainability evolving” stage, indicating persistent organizational vulnerabilities. Although strategic agility has been widely associated with organizational adaptability and resilience in private sector studies, limited empirical evidence exists on its influence on the sustainable performance of NGOs in Kenya. This study examined the effect of strategic agility on the sustainable performance of NGOs operating within the Lake Region Economic Bloc (LREB), Kenya. Specifically, the study assessed the influence of responsiveness, decision-making, technological capabilities, and leadership unity on sustainable performance. Guided by Dynamic Capability Theory and the Resource-Based View (RBV), the study adopted a positivist philosophy and explanatory correlational research design. Data were collected from 217 executive directors and managers selected from 518 registered NGOs operating within the LREB region using structured questionnaires administered through Kobo Toolbox. Reliability and validity tests confirmed the adequacy of the research instrument, with all Cronbach’s alpha coefficients exceeding the recommended threshold of 0.70. The findings revealed that strategic agility significantly and positively influenced sustainable performance among NGOs ($R^2 = 0.567$, $p < .001$), explaining 56.7% of the variation in sustainability outcomes. Decision-making ($\beta = 0.238$, $p = .021$) emerged as the strongest predictor of sustainable performance, followed by responsiveness ($\beta = 0.224$, $p = .003$), leadership unity ($\beta = 0.185$, $p = .049$), and technological capabilities ($\beta = 0.177$, $p = .033$). The study concludes that strategic agility is a critical organizational capability that enhances sustainable performance through improved adaptability, responsiveness, operational efficiency, and organizational resilience. The study recommends that NGOs strengthen agile decision-making structures, invest in responsive organizational systems, enhance leadership cohesion, and adopt appropriate technological capabilities to improve long-term sustainability.

INTRODUCTION

Non-Governmental Organizations (NGOs) play a significant role in promoting socio-economic development, particularly in developing countries where governments often face resource limitations in addressing poverty, healthcare, education, environmental conservation, humanitarian support, and community empowerment (Banks, Hulme, & Edwards, 2015; Lewis & Kanji, 2009). In Kenya, NGOs complement government initiatives through service delivery, advocacy, social protection programs, and implementation of development interventions across diverse sectors (NGO Coordination Board, 2023). Despite their important developmental role, many NGOs continue to experience sustainability challenges associated with donor dependency, governance weaknesses, resource constraints, and rapidly changing operating environments (Njeru, 2020; Kaburu, 2022).

The operational environment for NGOs has become

increasingly volatile, uncertain, complex, and ambiguous due to globalization, technological disruptions, shifting donor priorities, changing regulatory frameworks, and evolving stakeholder expectations (Doz & Kosonen, 2010; Teece, 2018). Consequently, organizations are increasingly required to develop adaptive capabilities that enable them to respond quickly and effectively to environmental changes. Strategic agility has therefore emerged as an important organizational capability that enables institutions to sense environmental changes, make timely decisions, reconfigure resources, and sustain organizational performance in dynamic environments (Lee & Lee, 2017; Vrontis *et al.*, 2023).

Strategic agility refers to an organization’s ability to rapidly adapt to changing internal and external conditions through responsiveness, flexible decision-making, technological adaptability, and unified leadership (Doz & Kosonen, 2010). Agile organizations are better positioned to identify opportunities, manage uncertainty, and

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sustain operational effectiveness despite environmental turbulence (Palanisamy *et al.*, 2021). Within the NGO sector, strategic agility is particularly important because NGOs operate in environments characterized by unpredictable donor funding, shifting community needs, policy changes, and increasing accountability demands. The Kenya NGO Coordination Board (2023) reported that the NGO sector sustainability index improved from 47% to 53%, indicating gradual progress within the sector. However, the sector remains within the “sustainability evolving” category, reflecting persistent challenges in organizational resilience, financial sustainability, operational efficiency, and long-term performance. This situation underscores the need for NGOs to develop adaptive and resilient organizational capabilities capable of enhancing sustainability in increasingly uncertain environments.

Existing literature presents growing evidence linking strategic agility to organizational performance and resilience. Studies conducted in private sector organizations have established that strategic agility improves competitiveness, innovation, adaptability, and long-term survival (Shams *et al.*, 2021; Vrontis *et al.*, 2023). In Kenya, studies by Muema (2019) and Cheruiyot (2022) demonstrated that strategic agility positively influences competitive advantage and business performance within private hospitals and hospitality firms respectively. However, limited empirical studies have examined the relationship between strategic agility and sustainable performance within the NGO sector, particularly in Kenya.

Most existing studies focus on commercial organizations and emphasize financial or competitive outcomes while overlooking the multidimensional nature of sustainable performance among NGOs. Furthermore, few studies have specifically examined the influence of responsiveness, decision-making, technological capabilities, and leadership unity on NGO sustainability within the socio-economic context of the Lake Region Economic Bloc (LREB).

This study therefore sought to examine the effect of strategic agility on the sustainable performance of NGOs operating within the Lake Region Economic Bloc in Kenya. Specifically, the study focused on responsiveness, decision-making, technological capabilities, and leadership unity as dimensions of strategic agility influencing sustainable performance.

LITERATURE REVIEW

Theoretical Review

Dynamic Capability Theory

This study was anchored on Dynamic Capability Theory (DCT), advanced by Teece, Pisano, and Shuen (1997). The theory posits that organizations achieve sustainable performance by integrating, building, and reconfiguring internal and external competencies in response to rapidly changing environments. Dynamic capabilities enable organizations to sense opportunities and threats,

seize opportunities through effective decision-making, and transform organizational structures to maintain competitiveness and sustainability (Teece, 2018).

Within the NGO context, strategic agility represents an operational manifestation of dynamic capabilities. NGOs operating in uncertain environments must continuously adapt to changing donor expectations, community needs, technological developments, and regulatory requirements. Responsiveness, flexible decision-making, technological adaptability, and leadership unity therefore become essential capabilities that enable NGOs to remain sustainable and effective.

Resource-Based View (RBV)

The Resource-Based View (RBV), developed by Barney (1991), emphasizes the importance of valuable, rare, inimitable, and non-substitutable organizational resources in achieving superior performance. In the NGO sector, strategic agility dimensions such as responsive leadership, agile decision-making systems, adaptive technological infrastructure, and organizational flexibility constitute strategic resources capable of enhancing sustainability. The RBV complements Dynamic Capability Theory by explaining how internal organizational capabilities contribute to long-term sustainable performance.

Empirical Literature Review

Empirical studies across different sectors and geographical contexts demonstrate that strategic agility significantly influences organizational sustainability, adaptability, resilience, and performance. Strategic agility enables organizations to respond effectively to environmental uncertainties, rapidly changing stakeholder expectations, technological disruptions, and competitive pressures (Doz & Kosonen, 2010). Organizations that possess agile capabilities are more likely to sustain operational effectiveness and achieve long-term organizational success.

Globally, Vrontis *et al.* (2023) established that strategic agility positively influences organizational competitiveness and sustainability by enhancing responsiveness to market and environmental changes. The study emphasized that organizations capable of rapidly sensing and responding to external dynamics are better positioned to maintain resilience and long-term performance. Similarly, Shams *et al.* (2021) found that strategic agility improves organizational adaptability, innovation, and survival in uncertain operating environments. The authors noted that agile organizations are capable of making timely strategic decisions and reallocating resources efficiently in response to emerging challenges and opportunities.

Palanisamy *et al.* (2021), in a study involving manufacturing Small and Medium Enterprises (SMEs) in Malaysia, established that strategic agility significantly enhances organizational performance through improved responsiveness, operational flexibility, and innovation capability. The study further demonstrated that organizations with adaptive technological systems and

flexible leadership structures were more resilient during periods of environmental turbulence.

In the healthcare sector, Muema (2019) examined the influence of agility strategies on competitive advantage among private hospitals in Nairobi County, Kenya. The findings revealed that strategic agility positively influenced organizational performance by improving responsiveness to patient needs, operational efficiency, and decision-making effectiveness. The study concluded that agile organizational systems enable institutions to cope with rapidly changing environments and maintain service quality.

Similarly, Cheruiyot (2022) examined strategic agility and hotel business performance in Kenya and established that responsiveness, leadership adaptability, and technological flexibility positively influenced organizational resilience and business survival. The study emphasized that organizations operating in dynamic environments require adaptive leadership and flexible operational systems to sustain performance.

Within the African context, Otsupius and Akintaro (2020) examined the relationship between strategic agility and organizational sustainability among management development institutions in Nigeria. The findings established that strategic sensitivity, leadership unity, and resource flexibility significantly influenced organizational sustainability. The study concluded that organizations with agile capabilities were better positioned to manage uncertainty and sustain long-term performance.

Despite the growing body of empirical evidence linking strategic agility to organizational performance, several gaps remain evident in the literature. First, most existing studies have focused on private sector organizations such as manufacturing firms, hospitals, and hospitality businesses while giving limited attention to Non-Governmental Organizations (NGOs). Second, many studies have emphasized competitive advantage, profitability, and business survival rather than holistic sustainable performance encompassing operational sustainability, financial sustainability, organizational capacity, innovation adaptability, and community engagement.

Third, few studies have specifically examined the influence of responsiveness, decision-making, technological capabilities, and leadership unity on the sustainable performance of NGOs operating within developing countries such as Kenya. Furthermore, limited empirical evidence exists regarding NGOs operating within the Lake Region Economic Bloc (LREB), despite the region's heavy reliance on NGO interventions for socio-economic development.

This study therefore sought to bridge these gaps by examining the effect of strategic agility on the sustainable

performance of NGOs in the Lake Region Economic Bloc, Kenya, with specific focus on responsiveness, decision-making, technological capabilities, and leadership unity.

MATERIALS AND METHODS

The study adopted a positivist research philosophy and explanatory correlational research design to establish the relationship between strategic agility and sustainable performance among NGOs in Kenya. The target population comprised 518 registered NGOs operating within the Lake Region Economic Bloc (LREB). Using Yamane's (1967) sampling formula, a sample size of 226 NGOs was determined.

Primary data were collected from executive directors and senior managers using a structured questionnaire administered through the KoboToolbox platform. Out of the 226 targeted respondents, 217 successfully completed the questionnaire, yielding a response rate of 96.02%.

Strategic agility was measured using four dimensions: responsiveness, decision-making, technological capabilities, and leadership unity. Sustainable performance was measured using indicators including financial sustainability, operational sustainability, organizational capacity, innovation adaptability, and community engagement.

Content validity was achieved through expert review, while construct validity was assessed using factor analysis. Reliability analysis using Cronbach's Alpha confirmed strong internal consistency for all constructs, with coefficients exceeding the recommended threshold of 0.70.

Data analysis involved descriptive statistics, Pearson correlation analysis, and multiple regression analysis using Statistical Package for Social Sciences (SPSS) version 26.

The regression model was specified as follows:

$$SP = \beta_0 + \beta_1R + \beta_2DM + \beta_3TC + \beta_4LU + \varepsilon$$

Where:

- SP = Sustainable Performance
- R = Responsiveness
- DM = Decision-Making
- TC = Technological Capabilities
- LU = Leadership Unity
- β_0 = Constant
- β_1 – β_4 = Regression coefficients
- ε = Error term

RESULTS AND DISCUSSION

The findings revealed that strategic agility significantly and positively influenced sustainable performance among NGOs operating within the Lake Region Economic Bloc (LREB), Kenya.

Table 1: Regression Results for the Effect of Strategic Agility on Sustainable Performance of NGOs

Variable	Unstandardized Coefficient (B)	Standardized Coefficient (β)	t-value	p-value	Interpretation
Constant	1.598	—	18.114	.000	Baseline level of sustainable performance
Responsiveness	0.150	0.224	2.990	.003	Significant positive effect
Decision-Making	0.152	0.238	2.324	.021	Strongest positive predictor
Technological Capabilities	0.105	0.177	2.149	.033	Significant positive effect
Leadership Unity	0.105	0.185	1.977	.049	Significant positive effect

Model Summary

Statistic	Value
R	0.753
R Square (R^2)	0.567
Adjusted R^2	0.559
Standard Error of Estimate	0.5027
F-Statistic	69.436
Significance (p-value)	.000

Dependent Variable: Sustainable Performance

Predictors: Responsiveness, Decision-Making, Technological Capabilities, Leadership Unity

The regression model was statistically significant ($F = 69.436$, $p < .001$) and explained 56.7% of the variation in sustainable performance ($R^2 = 0.567$). This indicates that strategic agility is a strong predictor of sustainability among NGOs operating within the LREB region.

Among the dimensions of strategic agility, decision-making emerged as the strongest predictor of sustainable performance ($\beta = 0.238$, $p = .021$). The findings suggest that NGOs with flexible, timely, and evidence-based decision-making systems are better positioned to respond to donor expectations, environmental uncertainties, and changing community needs. Agile decision-making enhances organizational adaptability and contributes significantly to long-term sustainability.

Responsiveness was the second strongest predictor ($\beta = 0.224$, $p = .003$), implying that NGOs capable of proactively sensing and responding to environmental changes are more likely to sustain operational effectiveness and stakeholder confidence. Responsive organizations are better able to manage emerging risks, identify opportunities, and adapt to changing operational conditions.

Leadership unity also had a significant positive effect on sustainable performance ($\beta = 0.185$, $p = .049$). This finding indicates that cohesive leadership enhances strategic alignment, organizational coordination, and collective commitment toward sustainability objectives. Unified leadership enables organizations to implement adaptive strategies effectively and maintain institutional stability during periods of uncertainty.

Technological capabilities significantly influenced

sustainable performance as well ($\beta = 0.177$, $p = .033$). The findings suggest that technological adaptability enhances communication, information management, operational efficiency, and service delivery within NGOs, thereby strengthening organizational sustainability.

Overall, the findings support Dynamic Capability Theory, which posits that organizations capable of sensing environmental changes, making timely decisions, and reconfiguring resources are more likely to achieve sustained performance in turbulent environments. The results further affirm the Resource-Based View by demonstrating that strategic agility dimensions constitute valuable organizational capabilities that enhance NGO sustainability.

CONCLUSION

The study concludes that strategic agility significantly influences the sustainable performance of NGOs in Kenya. Strategic agility capabilities, including responsiveness, decision-making, technological capabilities, and leadership unity, enhance organizational adaptability, operational efficiency, stakeholder confidence, and long-term sustainability. The findings demonstrate that NGOs operating in dynamic and uncertain environments require agile organizational systems capable of responding effectively to changing donor expectations, regulatory demands, and community needs. Decision-making and responsiveness emerged as the most influential dimensions of strategic agility, emphasizing the importance of adaptive governance and proactive organizational responsiveness.

Recommendations

Based on the findings, the study recommends that:

1. NGOs should strengthen agile decision-making structures to improve organizational responsiveness and adaptability.
2. NGO management should invest in continuous environmental scanning and responsive organizational systems to enhance sustainability.
3. NGOs should adopt affordable and appropriate technological solutions to improve operational efficiency, communication, and service delivery.
4. Leadership teams should promote organizational cohesion and strategic alignment to support agile

implementation and sustainable performance.

5. Donors and policymakers should support organizational capacity-building initiatives aimed at strengthening strategic agility within NGOs.

Future studies should examine the moderating influence of organizational culture, leadership styles, and stakeholder pressure on the relationship between strategic agility and sustainable performance among NGOs.

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