



Stakeholders Engagement And Performance of Non-Governmental Organizations In Ethiopia

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Abstract: The objective of the study was to examine the influence of stakeholders' engagement on the performance of NGOs in Ethiopia. The study utilized a mixed-methods approach (descriptive survey and correlational research designs) to collect quantitative data using a survey questionnaire. The study's unit of analysis was the local NGOs, while the units of observation were the CEOs and board chairpersons of the sampled organizations. The systematic sampling technique and SPSS aided in data analysis. Suitable responses for analysis were received from 475 out of 654 questionnaires distributed. Among these, there were 276 responses from CEOs and 199 from board chairpersons. Stakeholders' engagement influenced performance. However, there is a moderate level of stakeholder engagement among NGOs in Ethiopia. The study reveals that stakeholders' engagement significantly positively influences the performance of local NGOs in Ethiopia. It has also been established that there is a moderate level of stakeholder engagement among NGOs in Ethiopia. These findings provide insights for enhancing stakeholders' engagement among the local NGOs in Ethiopia and offer recommendations for future research. The findings were cross-sectional and can be generalized to local NGOs in Ethiopia. Therefore, future studies should consider a wider scope in terms of period and include other international NGOs in Ethiopia and those outside Ethiopia. Evaluation was also done based on internal stakeholders; hence, future studies should also consider views from external stakeholders.

Keywords: Stakeholders, Stakeholders Engagement, Performance, Non-Governmental Organization

1. Introduction

Non-Governmental Organizations (NGOs) are crucial players in addressing socio-economic challenges in developing countries, particularly in Ethiopia. These institutions promote development through advocacy, capacity support, and public participation. Additionally, they play a vital role in advocating for marginalized communities and providing essential services (Weldegebreliel, 2022). Consequently, they bridge gaps in both public and private sector service delivery (Salamon, Sokolowski, & Haddock, 2017). Often, these organizations rely on the support and collaboration of multiple stakeholders to effectively achieve their objectives. Thus, the concept of stakeholder engagement and its influence on NGOs has drawn the attention of researchers and policymakers (Alhamami, 2023; Awiti, Ng'onga, Mande, Imbambi, & Buseika, 2020; Freeman, 2017; Magero & Muchelule, 2019; Mevlja, 2019; Muhumed, 2019). The underlying principle is that integrating stakeholders' interests and views into managerial decision-making yields positive outcomes for NGOs (Freeman, 2017). Collaborative activities are expected to contribute to creating value for all involved parties, ultimately fostering organizational success through stakeholder engagement (Heikkinen, Kujala, & Inha, 2019; Magero & Muchelule, 2019).

Stakeholder engagement encompasses the active involvement of individuals who may be affected by an organization's activities (Kujala, Sachs, Leinonen, Heikkinen, & Laude, 2022). This process includes stakeholder mapping, building positive relationships through networking and partnerships, encouraging open communication, and integrating stakeholders' perspectives into decision-making processes (Slabbert & Barker, 2014). Effective stakeholder engagement has the potential to enhance the performance and impact of NGOs, ensuring their sustained contribution to Ethiopia's development (Ditlev-Simonsen, 2022).

NGOs encompass various facets of economic development, providing basic services in education, environmental conservation, agriculture, healthcare, and finance. They also support capacity building and awareness creation (Kefa & Iravo, 2018). Nevertheless, the lack of genuine partnerships has been identified as a significant obstacle for NGOs in achieving their objectives (Weldegebreliel, 2022). Meaningful stakeholder engagement is deemed essential to strengthen NGO performance in the country. Numerous studies have emphasized the importance of stakeholder engagement in NGO performance (Magero & Muchelule, 2019; Mevlja,

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2019; Muhumed, 2019; Weldegebriel, 2022). Heikkinen et al. (2019) argue that NGOs are the ultimate stakeholder organizations as they support stakeholder engagement activities. Various stakeholders, including beneficiaries, donors, government agencies, local communities, and employees, have distinct expectations, interests, and concerns that NGOs need to address and consider in their decision-making processes. Engaging these stakeholders promotes transparency, accountability, legitimacy, trust, and goodwill (Sciulli & Adhariani, 2023).

Studies conducted in other countries have provided valuable insights into the relationship between stakeholder engagement and NGO performance. For instance, Magero and Muchelule (2019) established that stakeholder participation is pivotal in ensuring the sustainability of NGO interventions among women-supported projects in Kibera, Kenya. Mevlja's (2019) study confirmed that external stakeholder influence significantly affects NGO performance compared to internal influence, identifying public relations, advocacy, fundraising, and regulations as key drivers of NGOs' missions. However, Awiti et al. (2020) demonstrated that stakeholder participation does not moderate the relationship between strategic management and the performance of NGOs supporting HIV and AIDS interventions in Nyanza, Kenya. These conflicting results underscore the contextual influence on the actual impact of stakeholder engagement on NGO performance. Furthermore, stakeholder interests are highly dynamic, with the Ethiopian context presenting unique challenges and opportunities, demanding a thorough examination of stakeholder engagement and its implications for NGO performance in the country.

Every stakeholder's understanding of an organization's functioning and the reasons for its importance varies (Tahajuddin, Hasan, & Kassim, 2021). However, the concept of performance is multifaceted and differs based on industry. Unlike for-profit entities, where financial investors prioritize safety and profitability, NGOs are driven by a mission to advance public welfare and pursue objectives related to society, the environment, or humanitarian causes (Abiddin, Ibrahim, & Aziz, 2022). These variations create diverse perspectives and interests in the concept of performance. Even among NGOs, there are minor variations in performance perspectives based on NGO classification and mission. For instance, Willets (2002) categorizes NGOs into operational and campaigning NGOs. Operational NGOs primarily aim to execute development projects for underserved populations, requiring financial support, equipment, or volunteer labor (Abiddin et al., 2022). Thus, their performance is assessed based on resource utilization and goal attainment. Conversely, campaigning NGOs focus on influencing policy-making processes, relying more on ideas, experience, expertise, and time from other members and individuals (Willets, 2002). These differences lead to variations in performance indicators. Nonetheless, regardless of the dimension, evaluating NGO performance is crucial to ensure their effectiveness, efficiency, and accountability, ultimately improving outcomes and impact on the communities they serve within the socio-economic sphere.

Overall, as non-profit, government-independent entities primarily motivated by social causes for the communities they serve (Tahajuddin et al., 2021), NGOs' performance evaluation extends beyond simple financial metrics. It involves assessing their ability to achieve their mission, deliver services, engage stakeholders, and create meaningful change (Salamon et al., 2017). One of the key performance indicators for NGOs is the accountability matrix. To donors and regulators, NGOs must demonstrate transparency and accountability not only for the resources granted but also for their actions. NGOs are expected to report clearly on finances, activities, and how effectively they achieve their objectives. Accountability here refers to how NGOs commit to considering stakeholders' expectations in their decision-making processes and strive to fulfill this commitment (Tahajuddin et al., 2021). Jordan (2015) identifies three main areas of accountability for NGOs: effectiveness, organizational reliability, and legitimacy. Additionally, there is a growing demand for performance measurement systems based on institutional and community capacity-building levels, continuous improvement, operational effectiveness, and efficiency in meeting beneficiaries' needs. Capacity building and continuous learning are of interest as they enhance organizational impact, increase knowledge generation, transfer, and intervention sustainability. In summary, NGO performance measurement needs to encompass measures for operational effectiveness, good governance practices, financial management, advocacy efforts, partnership development, and stakeholder satisfaction (Salamon et al., 2017). These performance perspectives broadly categorize into two: accountability matrices covering financials, transparency, and good governance, and matrices supporting operational effectiveness encompassing goal attainment, efficiency, meaningful change, legitimacy, reliability, continuous learning, capacity building, knowledge generation and management, sustainability, advocacy, and stakeholder satisfaction. Thus, for this study's purpose, NGO performance was investigated from these two perspectives of accountability and operational effectiveness.

The varying results regarding the exact influence of stakeholder engagement on performance, the highly dynamic interests of stakeholders, differences in performance indicators, and the significant role of context in determining the actual impact of stakeholder engagement on performance highlight the need for research to establish the influence of stakeholder engagement on local NGOs' performance in Ethiopia. Moreover, the unique challenges and opportunities presented by the Ethiopian context necessitate a comprehensive examination of stakeholder engagement and its current implications for NGO performance in the country. The study aimed to examine the influence of stakeholder engagement on the performance of Non-Governmental Organizations (NGOs) in Ethiopia.

2. Literature Review And Hypothesis Development

The study was guided by stakeholder theory, a concept primarily attributed to Freeman (1984), which defines stakeholders as "individuals or groups that can affect or be affected by the achievement of organizational

objectives." According to this theory, organizations must strive to balance the interests of their diverse stakeholders to ensure a certain level of satisfaction among each stakeholder. Fundamentally, this theory revolves around managing stakeholder relationships and navigating their differing interests (Preble, 2005).

The theory is founded on shared interests that form the basis for all organizational value creation. It embraces the concept of the common good, extending beyond the interests of internal organizational players and funders. Therefore, the notion of the common good underscores the mutual responsibilities among all stakeholders, both towards each other and the organization. Evaluating the social connections that an organization maintains with its internal and external stakeholders is crucial. This evaluation helps recognize the common good of society and delineate the corresponding rights and duties arising from this shared interest. As highlighted by Freeman (2017), incorporating stakeholder interests into managerial decision-making leads to positive outcomes for all stakeholders. This recognition stems from understanding that stakeholder interests are interlinked. If one stakeholder pursues its interests at the expense of others, it might prompt others to withdraw their support or seek alternative avenues to create stakeholder value.

Within the NGO operational ecosystem, various groups have vested interests in the performance, health, and success of the NGOs. These encompass the served or advocated-for populations, internal staff, and external entities such as government bodies, regulators, associations, other NGOs, and development partners. Therefore, the soundness of any managerial decision within NGOs must consider how these stakeholders might be impacted or how they may affect the NGOs based on the decision. For instance, decisions made by NGOs should account for their obligations to beneficiaries and how decisions made by other institutions might affect the NGO's objectives. Thus, establishing positive relationships and partnerships with stakeholders is of utmost importance.

The stakeholder theory holds particular relevance and applicability in this study due to its influence on NGOs' governance. As Alhamami (2023) notes, this aligns with the increasing role and significance of stakeholders, ensuring their involvement in every aspect of the organization to foster accountability, transparency, and performance. This is because NGOs cannot afford to make decisions without considering their impact on other stakeholders. The success or failure of the organization can significantly affect stakeholders (Donaldson & Preston, 1995).

The process of stakeholder engagement involves various stages, including stakeholder mapping, building positive relationships through networking and partnerships, fostering open communication, and integrating stakeholders' perspectives in decision-making processes (Slabbert & Barker, 2014).

2.1. Stakeholders Mapping

Stakeholder mapping encompasses determining a comprehensive list of stakeholders throughout the spectrum, involving their identification, analysis, and prioritization in addressing issues. Establishing trust and shared values between an organization and its stakeholders is pivotal, acting as a binding factor that strengthens their interdependencies (Minyu, 2012).

Stakeholders' interests and expectations exhibit dynamism, necessitating strategic prioritization and engagement based on stakeholders' identities and interests. This entails not only mapping and analyzing communities directly impacted by initiatives but also those potentially affected (Joash, 2015).

2.2. Stakeholders Networking And Partnership

Understanding the impact of NGOs necessitates a crucial stakeholder approach (Oakley, 2013). NGOs can strategically benefit by aligning their values with stakeholders' interests and engaging in strategic decision-making, which leads to increased demand, efficiency, innovation, and resilience (Harrison, Bosse, & Phillips, 2010). NGOs face complex decision-making due to balancing diverse stakeholder needs (Mukasa, 2006). Establishing networks and strategic collaborations with governments and other stakeholders reduces internal and external tensions, enhancing service delivery, fundraising, and good governance within NGOs (Norrell, 2016). It's imperative that those involved fully understand their roles and support decisions for mutual benefit (Inglis & Minahan, 2004).

2.3. Information Sharing

Continuous information sharing in NGOs relies on actions fostering information exchange among stakeholders. Partnerships should view sharing as value-added, supporting coordination and aiding governance through actionable information (Knoepke et al., 2019). Strong relationships and alliances with stakeholders enable long-term cooperation, mutual benefits, and improved future performance (Noland & Phillips, 2010).

2.4. Research Hypothesis

Several studies have aimed to understand the role of stakeholders' engagement in managing NGOs. However, these studies have relied on varying sub-constructs and measurement indicators. Particularly, the impact of non-stakeholders' involvement in NGOs has been highlighted as a significant challenge to their performance (Laasonen, 2010). There's a general assumption that since non-profit network organizations heavily depend on stakeholders for various resources, the continued existence of a non-profit organization is entirely contingent on the support of its stakeholders (Heikkinen, Kujala, & Inha, 2019). In this framework, collaborative activities

contribute to creating value for all involved parties, and the organization essentially thrives through its stakeholders. Additionally, due to the aligned interests of stakeholders, the relationships within a non-profit network organization make substantial contributions to the organization's overall agenda (Inha, 2015). Stakeholder participation has also been deemed crucial for the sustainability of NGO projects and interventions (Magero & Muchelule, 2019). Nevertheless, some studies have shown minimal or no effect of stakeholder engagement on NGOs' performance (Ariti, Vliet, & Verburg, 2018). These conflicting results underscore the significant role played by the context in determining the actual impact of stakeholders' engagement on NGO performance. Moreover, stakeholders' interests are highly dynamic, and the Ethiopian context presents unique challenges and opportunities. Hence, there is a need for empirical research to determine the implications of stakeholders' engagement for NGO performance. Based on the above discussion, a hypothesis was developed as follows:

H0: *There is no significant relationship between stakeholders' engagement and performance of Non-Governmental Organizations in Ethiopia.*

3. Methodology

A mixed-methods approach was employed to investigate the influence of stakeholders' engagement on the performance of NGOs in Ethiopia. This study combined descriptive survey and correlational research designs to collect comprehensive and dependable quantitative data aimed at explaining this relationship. The population consisted of 2,201 locally registered NGOs in Ethiopia (ACSO, 2022). The sampling frame, comprising all 2,201 registered local NGOs in Ethiopia, was obtained from the Ethiopian Authority for Civil Society Organizations (ACSO, 2022).

The sample size was determined using Fisher's formula: $N = \frac{Z^2 p(1-p)}{e^2}$ (where N= required sample size; Z= 95% level of confidence; p = proportion set at 0.5; and e = margin of error set at 0.05). The calculation resulted in a sample size of 327 NGOs. Subsequently, one CEO and one board chairperson were selected from each NGO to participate in the study, resulting in a total of 654 respondents. Therefore, a total of 654 questionnaires were distributed using research assistants.

The NGOs were considered as the units of analysis, with the board chairpersons and chief executives of the sampled institutions serving as the units of observation. Systematic sampling was employed, selecting every sixth NGO from the sampling frame to participate in the study.

Out of the 654 questionnaires distributed, 475 suitable responses were received for analysis, including 276 from CEOs and 199 from board chairpersons. Quantitative data were collected using a survey questionnaire developed through a literature review and underwent expert opinions and pre-testing before use. The questionnaires were distributed to the chief executive officers and board chairpersons of the sampled organizations.

A drop-and-pick strategy was employed, where completed questionnaires were left at the NGO head offices and collected within three weeks. The questionnaire cover letter included a statement on research ethics, informing respondents that participation was voluntary and all information provided would be kept confidential. The Likert scale used in the questionnaire was developed based on the literature review and was reviewed by experts before undergoing a pilot study and final implementation in the research.

Statistical analysis was utilized for quantitative data analysis. Before analysis, the data underwent cleaning, coding, and entry into SPSS. The combination of descriptive survey and correlational research designs aimed to triangulate data for a comprehensive understanding of the relationship between stakeholders' engagement and the performance of local NGOs in Ethiopia. This approach facilitated the interpretation of findings from the larger population, contributing to an in-depth comprehension of the relationship between stakeholders' engagement and NGO's performance in Ethiopia.

4. Results / Analysis

The study achieved a 72.6% response rate, with 58.14% of the respondents being chief executive officers and 41.86% being board chairpersons. This distribution indicates a fair representation of the key respondents in the study. The majority of the respondents were male (84.75%), while females accounted for 15.25%, indicating male dominance in the top leadership of local NGOs in Ethiopia. The findings also revealed that the majority (83.65%) had worked in the NGO field between 1 to 10 years, 12.06% for 11 to 20 years, and 4.29% for over 20 years. This suggests that most respondents had been with their organizations long enough to comprehend the nature of its performance and stakeholders' engagement. Additionally, the majority of the respondents held master's degrees (44.8%), followed by bachelor's degrees (38.8%), Certificate/Diploma (10.6%), PhD (4.4%), and ESLCE (1.4%).

The study findings, summarized in Table 1, reveal that although the majority (44.8%, $M=3.17$, $SD=1.14$) of the respondents agreed that their organizations conduct stakeholders mapping, 25.15% of the respondents were neutral, and the remaining 30.05% did not agree. Secondly, a majority of the respondents (61.38%, $M=3.6$, $SD=.907$) indicated that their organizations have established networks and partnerships with other stakeholders. Furthermore, the majority agreed (72.65%, $M=3.84$, $SD=.784$) that their institutions share information with other stakeholders. Overall, the study established that there was a moderate level of stakeholders' engagement among the sampled local NGOs in Ethiopia (57.59%, $M=3.49$, $SD=.967$).

Table 1: Descriptive Statistics for Stakeholders Engagement

Indicators for Stakeholders' Engagement	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std.Dev
Stakeholders Mapping							
The organization maps out stakeholders varying interest, expectations, power, and responsibility	7.2	22.0	22.2	36.9	11.7	3.24	1.137
There is analysis of stakeholders' prioritization based on their relative usefulness of engagement	10.4	20.5	28.1	31.1	9.9	3.10	1.150
Subcategory	8.8	21.25	25.15	34.0	10.8	3.17	1.144
Networking and Partnerships							
The organization builds and nurtures strategic relations with key stakeholders (community, donors, government, NGOs, private sector, etc.)	7.5	17.8	28.8	36.5	9.4	3.23	1.083
The organization has adequate networking and partnerships with stakeholders	0.9	13.4	22.4	47.3	16.0	3.64	.935
We make decisions with stakeholders based on dialogue	0.2	8.8	32.0	48.6	10.4	3.60	.799
There is organizational trust among stakeholders	0.9	4.8	17.0	55.7	21.6	3.92	.809
Subcategory	2.38	11.2	25.05	47.03	14.35	3.6	0.907
Information Sharing							
There is open and effective communication and responsiveness among stakeholders	0.4	5.7	19.0	61.7	13.3	3.82	.746
We always make adequate consultation with the stakeholders	0.0	13.6	23.0	53.5	9.9	3.60	.844
The organization provides information to stakeholders on issues, alternatives or decisions	0.7	2.8	24.5	54.9	17.1	3.85	.753
Stakeholders' engagement promotes transparency and accountability	0.4	2.4	16.9	47.5	32.7	4.10	.791
Subcategory	0.38	6.13	20.85	54.4	18.25	3.84	0.784
Grand Aggregate	4.43	13.73	24.24	43.785	13.81	3.49	0.967

Source: Calculated by the Author

The study aimed to explore the respondents' satisfaction level with various stakeholder groups. According to Table 2, the findings revealed that most respondents (40.6%) remained neutral regarding their satisfaction level with the government as a stakeholder group. However, 62.1% expressed satisfaction with donors, 46.4% with NGOs, 73.2% with the community, and 77.2% with customers/clients as stakeholder groups. Conversely, satisfaction with the government as a stakeholder group was notably lower at 37.7%.

Table 2: Level of Satisfaction with Stakeholder Groups

Stakeholders' groups	Completely dissatisfied	Dissatisfied	Neutral	Satisfied	Completely satisfied	Mean	Std. Dev.
Government	6.3%	15.4%	40.6%	35.3%	2.4%	3.12	.917
Donors	7.2%	10.8%	19.9%	51.1%	11.0%	3.48	1.058
NGOs	3.1%	10.6%	40.0%	44.2%	2.2%	3.32	.811
Community	1.3%	4.3%	21.1%	56.4%	16.8%	3.83	.803
Customers/Clients	2.0%	5.8%	15.0%	55.3%	21.9%	3.89	.879
Aggregate	3.98%	9.38%	27.32%	48.46%	10.860	3.528	0.894

Source: Calculated by the Author

Regarding performance, a majority (73.0%) of the respondents indicated the availability of an internal system of checks and balances that divides power and authority between management and the board. Conversely, 22.8% reported that such internal systems were not available, while 4.1% were uncertain. These findings suggest that the majority of local NGOs had accountability structures in place.

Findings from Table 3 revealed that 53.5% of the respondents agreed that the public perception of NGO results was satisfactory. Additionally, 37.2% agreed on the government's perception of NGO outputs being satisfactory. However, only 28.5% agreed on the media's perception of NGO impact, while 46.7% disagreed. Furthermore, 26.9% agreed that NGOs were accountable and transparent to stakeholders, and 34.9% agreed that NGOs complied with government requirements. Despite a majority (53.5%) of the public expressing satisfaction with NGO performance in Ethiopia, there appears to be an indictment of poor performance from regulatory authorities and the media. This discrepancy might suggest differing perspectives on performance among stakeholders, emphasizing the need for increased stakeholder engagement to foster better mutual understanding.

Table 3: Descriptive Statistics for performance

Performance Indicators	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	Std.Dev
The public perception of NGOs results is satisfactory	8.0	20.9	17.5	38.7	14.8	3.31	1.189
The government perception on outputs of NGOs is satisfactory	8.7	23.8	30.2	29.8	7.4	3.03	1.088
The media perception on the impact of NGOs is satisfactory	16.7	30.0	24.8	22.3	6.2	2.71	1.166

NGOs are accountable and transparent to the stakeholders	18.0	24.0	31.0	22.9	4.0	2.71	1.127
The NGOs comply with government requirements	22.0	15.9	27.2	25.3	9.6	2.75	1.347
Aggregate	14.68	22.92	26.14	27.8	8.4	2.9	1.183

Source: Calculated by the Author

To test the study hypothesis, a simple linear regression analysis was conducted. The Cronbach's alpha for the 8-stakeholder engagement and 5-performance measurement items were .793 and .783 respectively, indicating the reliability and adequacy of the scales for analysis. The regression results revealed that stakeholders' engagement explained 50.7% of the variance (Adjusted R² = .507, F (1,473) = 487.7, $p < .05$). Notably, stakeholders' engagement significantly predicted performance ($\beta = .630$, $t = 22.084$, $p < .05$).

Table 4: Model Summary Table for Stakeholders Engagement and Performance

Source	SS	Df	MS	Number of obs	=	474
Model	167.413	1	167.413	F (1, 473)	=	487.701
Residual	162.367	473	.3432	Prob > F	=	.0000
Total	329.780	474	.6956	R-squared	=	.508
				Adj R-squared	=	.507
				Std. Error of the Estimate	=	.58589
Performance	Coef.	Std. Err.	Beta	T	P> t	
Constant	.896	.095		9.459	.0000	
Stakeholders Engagement	.630	.029	.712	22.084	.0000	

Source: Calculated by the Author

5. Discussion

The primary objective of the study was to examine the influence of stakeholders' engagement on the performance of non-governmental organizations in Ethiopia. To contextualize the study objective, it explored the extent of stakeholder engagement among local Ethiopian NGOs. The research revealed a moderate level of stakeholders' engagement among Ethiopian NGOs. This finding aligns with Zikargae, Woldearegay, and Skjerdal's (2022) research, indicating that Ethiopian NGOs in the Amhara region aim to enhance relationships through communication but have not fully demonstrated how various communication types, knowledge, channels, and networks serve and promote stakeholder engagement. Similarly, it echoes findings that the lack of genuine partnerships has been a weak link for NGOs in accomplishing their objectives (Weldegebriel, 2022). These findings suggest that NGOs have not fully optimized the operationalization of stakeholder engagement concepts in their management and governance systems.

The study investigated the relationship between the level of stakeholders' engagement and performance. The findings indicated a positive relationship between performance and stakeholders' engagement among local NGOs in Ethiopia. This implies that when an NGO actively embraces stakeholders' engagement in its activities and decision-making processes, it is more likely to achieve enhanced performance. This positive effect aligns with Dwivedi and Dwivedi's (2021) findings, which revealed that stakeholders' participation significantly impacts performance. Enhanced stakeholders' engagement is expected to foster ownership, empowerment, project acceptability, leadership accountability, transparency, and legitimacy while nurturing trust and goodwill (Sciulli and Adhariani, 2023). These aspects are crucial drivers for good governance, synergy development, commitment, and overall support from key stakeholders toward the NGO's initiatives for better outcomes. Therefore, the success of NGOs is anticipated to be influenced by the extent of these positive engagements.

6. Conclusion

This study contributes to existing knowledge concerning the impact of stakeholders' engagement on NGO performance by examining the relationship between stakeholders' engagement and NGO performance in Ethiopia. The findings reveal a positive correlation between stakeholders' engagement and the performance of local NGOs in Ethiopia. Moreover, it has been determined that there exists a moderate level of stakeholder engagement among NGOs in the Ethiopia. While the study observed low practices related to stakeholder mapping and prioritization, it also found strong efforts directed toward network and partnership development, as well as information sharing with stakeholders. From these findings, it can be concluded that NGOs aiming to improve their performance should consider augmenting their engagement strategies, particularly focusing on enhancing stakeholder mapping and prioritization.

The insights garnered from this research offer valuable guidance for NGOs, policymakers, academics, and other stakeholders, providing them with a foundation to formulate effective strategies for stakeholders' engagement that can elevate the performance and impact of NGOs. Furthermore, in terms of theory development, this study aligns with the propositions of stakeholders' theory by showcasing that stakeholders' engagement bolsters organizational capacity for networking, partnership building, information gathering, and sharing. This, in turn,

contributes to value creation in managerial decision-making processes, ultimately enhancing organizational performance.

7. Limitations And Future Recommendations

The findings of this study can be applied to local NGOs within Ethiopia. However, it is important to note that international NGOs and those operating outside the country may exhibit different operational contexts, necessitating separate investigations. As this study adopts a cross-sectional approach, it might not present a comprehensive view of the impact of stakeholders' engagement across various timeframes. Hence, future research endeavors should aim for a broader scope, encompassing different periods and involving international NGOs and NGOs operating beyond Ethiopia's borders. Additionally, since this evaluation primarily relied on internal assessments, upcoming studies should aim to incorporate viewpoints from external stakeholders for a more comprehensive understanding.

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