



---

**Electronic Theses and Dissertations**

---

2021

# Influence of financial accountability on financial sustainability of Non-Government Organizations in Nairobi County, Kenya.

---

Wanjohi, Humphry  
*Strathmore Business School*  
*Strathmore University*

**Recommended Citation**

Wanjohi, H. (2021). *Influence of financial accountability on financial sustainability of Non-Government Organizations in Nairobi County, Kenya* [Thesis, Strathmore University]. <http://hdl.handle.net/11071/12696>

Follow this and additional works at: <http://hdl.handle.net/11071/12696>

**INFLUENCE OF FINANCIAL ACCOUNTABILITY ON FINANCIAL  
SUSTAINABILITY OF NON-GOVERNMENT ORGANIZATIONS IN NAIROBI  
COUNTY, KENYA**

**BY**

**HUMPHRY WANJOHI**

**ADMISSION NUMBER: 113412**

**A PROJECT SUBMITTED TO STRATHMORE BUSINESS SCHOOL IN THE  
PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF COMMERCE OF STRATHMORE UNIVERSITY**

**NOVEMBER, 2021**

## DECLARATION

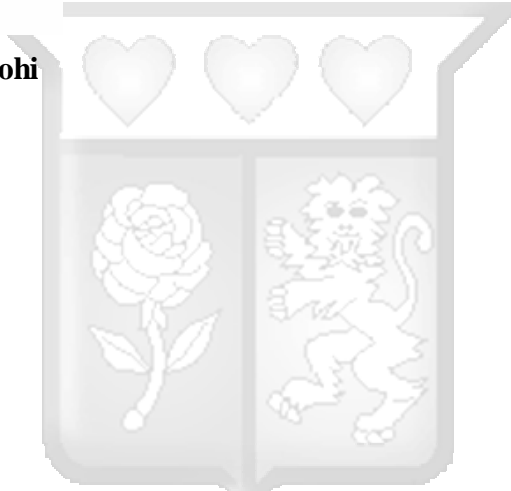
I declare that this project is my original work and has not been previously submitted and approved by Strathmore University or any other Institution for the award of a degree. To the best of my knowledge and belief; this project is original and borrowed materials has been done with due reference.



Sign.....

Date: 10<sup>th</sup> November 2021

**Humphry Githui Wanjohi**



Approval

This project has been reviewed and approved for examination purposes.



Sign.....

Date: 10<sup>th</sup> November 2021

**Dr. Mumbi Maria Wachira**

## TABLE OF CONTENTS

<b>DECLARATION.....</b>	<b>ii</b>
<b>LIST OF FIGURES .....</b>	<b>v</b>
<b>LIST OF TABLES .....</b>	<b>vi</b>
<b>ABBREVIATIONS AND ACRONYMS.....</b>	<b>vii</b>
<b>OPERATIONAL DEFINITION OF TERMS.....</b>	<b>viii</b>
<b>ABSTRACT .....</b>	<b>ix</b>
<b>CHAPTER ONE .....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>1</b>
1.1 Back ground of the Study .....	1
1.2 Statement of the Problem.....	7
1.3 Objective of the Study.....	8
1.4 Research Questions .....	9
1.5 Significance of the Study .....	9
1.6 Scope of the Study .....	10
<b>CHAPTER TWO .....</b>	<b>11</b>
<b>LITERATURE REVIEW .....</b>	<b>11</b>
2.1 Introduction.....	11
2.2 Theoretical Framework .....	11
2.3 Empirical Review.....	14
2.4 Research Gaps.....	20
2.5 Conceptual Framework .....	22
2.6 Operationalization of Variables .....	24
<b>CHAPTER THREE .....</b>	<b>25</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>25</b>
3.1 Introduction.....	25
3.2 Research Philosophy .....	25
3.3 Research Design.....	25
3.4 Target Population.....	26
3.5 Sample Size and Sampling Technique .....	26
3.6 Data Collection Instruments .....	27
3.7 Data Analysis and Presentation .....	29
3.8 Diagnostic Tests .....	30

3.9 Ethical Considerations .....	30
<b>CHAPTER FOUR.....</b>	<b>31</b>
<b>DATA ANALYSIS, PRESENTATION AND INTERPRETATION .....</b>	<b>31</b>
4.1 Introduction.....	31
4.2 Response Rate .....	31
4.3 General Information.....	31
4.4 Descriptive Statistics.....	33
4.5 Diagnostic Tests .....	42
4.6 Inferential Statistics.....	42
4.7 Chapter Summary .....	46
<b>CHAPTER FIVE .....</b>	<b>47</b>
<b>DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS .....</b>	<b>47</b>
5.1 Introduction.....	47
5.2 Discussion .....	47
5.3 Conclusions .....	49
5.4 Recommendations .....	50
5.5 Suggestions for Further Studies .....	51
<b>REFERENCES.....</b>	<b>52</b>
<b>APPENDICES .....</b>	<b>59</b>
Appendix I: Research permit .....	59
Appendix II: Authorization Letter .....	60
Appendix III: Introduction Letter .....	61
Appendix IV: Participant Information and Consent Form .....	62
Appendix V: Questionnaire .....	64
Appendix VI: List of NGOs in Nairobi .....	68

## LIST OF FIGURES

Figure 2.1: Conceptual Framework .....	23
Figure 4.1: Gender of Respondents .....	32
Figure 4.2: Age of Respondents.....	32
Figure 4.3: Length of Service in Organization .....	33
Figure 4.4: Respondents Level of Education.....	33



## LIST OF TABLES

Table 3.1: Target Population.....	26
Table 3.2: Sample Size.....	27
Table 3.3: Reliability Analysis .....	29
Table 4.1 Response Rate .....	31
Table 4.2 Influence of Financial Planning on Financial Substantiality .....	34
Table 4.3: Model summary .....	35
Table 4.4: Analysis of Variance.....	35
Table 4.5: Table of coefficient.....	36
Table 4.6 Financial Monitoring and Evaluation on Financial Sustainability .....	36
Table 4.7 Model Summary.....	37
Table 4.8: ANOVA.....	38
Table 4.9: Table of Coefficients .....	38
Table 4.10 Influence of Financial Controls on Financial Sustainability .....	39
Table 4.11: Model Summary .....	40
Table 4.12: Summary of One-Way ANOVA results .....	40
Table 4.13: Coefficients .....	41
Table 4.14 Financial Sustainability of Non-Government Organization .....	41
Table 4.15 Shapiro-Wilk Test of Normality .....	42
Table 4.16 Correlation Matrix and Multi collinearity .....	43
Table 4.17: Model Summary .....	44
Table 4.18: ANOVA <sup>a</sup> .....	44
Table 4.19: Coefficients .....	45

## **ABBREVIATIONS AND ACRONYMS**

<b>ANOVA</b>	Analysis of Variance
<b>GDP</b>	Gross Domestic Product
<b>KPLC</b>	Kenya Power and Lighting Company
<b>MFIs</b>	Micro Finance Institutions
<b>NACOSTI</b>	National Commission for Science, Technology and Innovation
<b>NGOs</b>	Non-Governmental Organizations
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>SME</b>	Small and Micro Enterprises
<b>SPSS</b>	Statistical Package for the Social Sciences
<b>USAID</b>	United States Agency for International Development



## OPERATIONAL DEFINITION OF TERMS

- Financial controls** It is the process through which managers guarantee that resources are acquired and utilised effectively and efficiently in order to achieve the organization's goals (Nturibi, 2014).
- Financial evaluation** it is the process of determining the viability of various projects, budgets, businesses, and other finance-related subsidiaries in order to agree on their investment viability (Odhiambo, 2013).
- Financial monitoring** It is concerned with comparing actual expenditures to project budgeted prices (Mawanda, 2018).
- Financial planning** It entails examining a company's overall financial flows, anticipating the implications of various investments, financing, and dividend decisions, and weighing the effects of various options (Odhiambo, 2013).
- Financial sustainability** It is defined as a company's constancy in producing favourable results that not only cover costs but also help the company develop (Gofman, 2017).

## ABSTRACT

NGOs play an important part in Kenya's health care system, public governance, social aid and welfare, conservation, economic growth, and development by contributing around Ksh. 80 billion to the country's GDP each year. Most local NGOs in Kenya still lack a strong financial base, and as a result, many of them run out of money after only a few years. This study therefore seeks to establish the influence of financial accountability on financial sustainability of non-government organizations in Nairobi County, Kenya. Specifically, the study sought to examine the influence of financial planning on financial sustainability of non-government organizations in Nairobi County, Kenya. To establish the influence of financial monitoring and evaluation on financial sustainability of non-government organizations in Nairobi county, Kenya. To assess the influence of financial controls on financial sustainability of non-government organization in Nairobi county, Kenya. This study was anchored on resource mobilization theory and resource dependency theory. The study adopted a descriptive survey research design. The target population which was the unit of analysis was NGOs in Nairobi County, Kenya. According to the Nairobi County 2018 report, there are 325 registered NGOs in Nairobi County. From the unit of analysis, the research identified the unit of observation which was the 989 employees from the NGOs selected. The study sample size was 285 respondents which was picked using stratified random sampling. The questionnaire was the selected instrument or tool for data collection for the study. Quantitative data was collected and analyzed by the use of descriptive statistics, this include; percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, tables, graphs and pie charts. Partial regression was done to establish the influence of financial accountability on financial sustainability of non-government organizations in Nairobi County, Kenya. The study found that financial planning was statistically significant to financial sustainability of non-government organizations ( $\beta=0.446$ ,  $p=0.001$ ). The study found that financial monitoring and evaluation had a strong positive correlation with financial sustainability of non-government organization ( $\beta=0.501$ ,  $p=0.001$ ). The study revealed that a strong positive correlation between financial controls and financial sustainability of non-government organizations ( $\beta=0.459$ ,  $p=0.000$ ). The study recommends that the management of NGOs should work on improving financial planning with the aim of improving financial sustainability of the NGOs. The study also recommends that the management of NGOs should work on improving practices of financial monitoring and evaluation. This can be done by conducting frequent financial monitoring and evaluation activities. The study recommends that the management of NGOs should improve on their financial control's practices. This can be done by using efficient communication systems and holding individuals in the organization accountable.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Non-governmental organizations'(NGOs) long-term survival and effectiveness are dependent on their financial viability. The constancy of firms in providing good outcomes that not only cover costs but also stimulate firm growth is referred to as financial sustainability (Gofman, 2017). Financial sustainability, according to Keister (2018), is a company's capacity to cover annual budgets without limits. It signifies that an organization's income or revenue is more than its operational costs. According to Gakuu and Kirimi (2014), a financially sustainable companies are those with the ability of satisfying all of its resource and financing commitments as well as meet its goals. Financial sustainability is a metric used by NGOs to assess how self-sufficient they are and how able they are in meeting financial responsibilities and allocate resources effectively in order to fulfil their missions while meeting the needs of their stakeholders (Karanja & Karuti, 2014).

NGOs play a critical role in delivering education, social help, health and other social welfare practices in third world countries like, therefore their financial viability cannot be overlooked (Hope, 2011). Furthermore, NGOs assist in raising public awareness about critical problems of concern, such as monitoring government and other institutions' operations for the community's benefit (Goddard & Assad, 2016). NGOs need transparency, accountability and integrity in order to fulfil their goals. Financial accountability gives NGOs legitimacy and credibility, contributes to their reputation and adds to their sustainability. Good financial accountability limits fraud and mismanagement. It also empowers beneficiaries and other stakeholders since information is power (Fremont-Smith, 2018).

Concerns regarding NGOs accountability have grown during the last two decades, according to Jordan and Tuijl (2012). This is owing to a series of financial losses, whether through theft, a lack of paperwork or accountability, and the rapid influx of NGOs around the world. This threat has also been exacerbated by the NGOs' ambiguous intentions among stakeholders. NGOs, according to Weidenbaum (2009), try to hold various members of society accountable, such as the government and huge corporations.

They rarely, however, put in place governance structures or systems that allow their stakeholders to hold them accountable.

Financial sustainability has also become something of a buzzword in the NGO sector given donor fatigue in rich nations. Economic recession all across the globe has dramatically influenced trends in donations, particularly from individuals, as most citizens in the developed economies have less disposable income to continue giving to non-profit organizations at the levels they had in previous years. In a survey of 800 non-profits at the end of 2018, 75 percent of non-profits reported feeling the effects of the downturn, with 52 percent already experiencing cuts in funding (Renz, 2019).

In many developed Countries like the United States of America, and Europe, NGOs have been playing the role of watchdog as they control the state by keeping it accountable. The NGOs have been able to sustain their operations based on their high levels of accountability and frequent engagement of their stakeholders. In Nepal, most of the NGOs are closing down as a result of poor financing. Most of the researchers' blame this on the NGOs unaccountability. The reducing accountability of NGO owes to limited participation from beneficiaries, opaque decision making, misappropriation of donor funds, and lack of documentation. NGOs in Nepal are also accused, as long as they are paid by the donor agencies, they try to run their services but do not really care whether things improve or not (Acharya, 2019)

In Africa, most of the NGOs have been accused of having a poor resources management strategy resulting in poor service delivery and financial sustainability. Even if they have fund they are not able to utilize it in appropriate manner. In Zimbabwe, most of the local Non-governmental organizations are financially unsustainable and risk closing down and stopping service delivery to the needy not reached by government or private sector programmes if external donors pull out (Maxwell, 2018). In 2017, a reports by the Independent Development Trust signalled that many NGOs in South Africa were in serious financial difficulty, and that a number had collapsed. Abdelkarim (2018) noted that it is only NGOs capable of building sound financial systems and attracting or generating steady income flows that will be able to continue to exist in the near future.

In Kenya, NGOs face a slew of issues, including ineffective boards, a lack of strategic planning activities, poor financial accountability, inadequate recording methods, a lack of

appropriate policies and processes, significant staff and volunteer turnover, and reliance on a small sources of funds (Padilla, Staplefoote & Morganti, 2012). Kenya's NGO viability is dependent on donor money (Odhiambo, 2013), emphasizing a widespread need for accountability. Financial sustainability is impossible for NGOs without the ability to generate resources, which necessitates financial accountability.

As elaborated in this section, the prominent aspect of NGOs around the world is a lack of accountability (USAID, 2010) because of weak institutional frameworks and inadequate leadership practices and mindsets. This is evidenced by empirical data which make the problem more frequent in developing/emerging countries. NGOs with good accountability mechanisms can have consistent income flows, allowing them to meet organizational goals and thereby ensuring their financial viability (Karanja & Karuti, 2014; Njoroge, 2013; Odhiambo, 2013).

### **1.1.1 Financial Accountability**

For the past two decades, financial accountability within NGOs has been on the rise across the world (Kristin, 2014). This is primarily due to a rise in the number of money lost due to fraud, embezzlement, and a lack of accountability, as well as the introduction of more NGOs (Kristin, 2014). Furthermore, management and stakeholder confusion about non-governmental organizations' aims contribute to the perception of NGOs' lack of responsibility (Mawanda, 2018). Furthermore, because NGOs are not driven by the urge of making profits, most sources of funds are donors who need to see accountability of their funds (Jordan & Tuijl, 2012). Furthermore, donor support has been declining, with Bezjian, Holmstrom, and Kipley (2013) suggesting that in order to secure long-term donor financing, non-governmental organizations must employ proper financial sustainability measures.

Viswesvaran (2016), refer to financial accountability as the requirement to provide information to parties both inside and outside the organization. It is the process of identifying, measuring and communicating economic information to permit informed and rational decisions to be made. Accountability refers to the final responsibility for the success or failures of an organization. Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. An organization or an institution is accountable to those who will be

affected by its decisions or actions. Since NGOs get most of their funding from donors, accountability for NGOs is usually to the donors, the beneficiaries, the employees and other stakeholders (Wells, 2019).

According to Kamaruddin and Ramli (2018), the major aspects of financial accountability includes financial planning, financial monitoring and evaluation and financial control. Financial planning necessitates budget openness and the participation of all participants in the budgeting process. Stakeholders dislike lack of transparency in financial planning, which has an influence on NGOs' funding streams and, as a result, their financial viability (Odhiambo, 2013). Financial objectives, that attempt to achieve the predicted financial earnings are referred to as accountability, whilst monitoring and reporting try ensuring that the financial sector achieves transparency (Kristin, 2014).

Lin (2017), state that financial accountability is about making sure that funds have been spent as agreed and according to appropriate rules and regulations. Harrison (2019) states that financial accountability is the operational transparency that requires demonstrating how donations to an NGO have been used and how effective the NGO is in achieving its goals. Koh and Woo (2008) contend that financial accountability is the financial honesty and avoidance of fraud that makes sure that money is spent and recorded as agreed and according to appropriate rules and that accurate reports are given to stake holders in a timely manner.

Sulaiman and Alhaji (2019) assessed the financial viability of Malaysia's state institutions. Tuckman and Chang's method was used to analyze the financial health of non-profits. Using content and ratio analysis of their 2014 audited reports, the study analysed four components which include the equity balance, revenue concentration, administrative costs, and operating margin ratios of seven institutions were determined. Across all four components, just one waqf institution was judged to be financially sustainable according to the findings. Chelangat (2018) investigated the role of accountability in the public sector's financial sustainability. The findings revealed that accountability has a substantial and favorable impact on an organization's long-term viability. Munayo (2018) investigated the relationship between financial sustainability in the public sector and budget management, value management, financial controls, governance, and accountability. It was concluded that strengthening the stated financial management practices was likely to lead to improved financial sustainability. Financial

sustainability was favorably and statistically associated with financial controls, value management, governance, and accountability.

Internal pressure from important stakeholders seeking capital maximization, as well as external pressure from regulatory bodies such as the NGO coordination board, may drive financial accountability of NGOs in Kenya. In 2016, the board deregistered approximately 1,252 of Kenya's 4,000 non-governmental organizations (NGOs) that had breached the terms and conditions of their registration certificates. In addition to the responsibility standards expected by regulatory authorities and external stakeholders, NGOs must create internal accountability systems (Odhiambo, 2013).

### **1.1.2 Financial Sustainability**

According to Johnson and Scholes, (2007) sustainability refer to a measure of the ability of an organization to fulfil its objectives and meet the stakeholders' requirements. It entails the ability of firm to effectively grow, develop and function effectively for a long period of time. For organizations to be financial sustainable, proper strategies which cover foundations, fundraising and advocacy are required (Dorothy, 2017). Sustainability in organizations is categorised into three main groups including financial sustainability, organization sustainability and sustainability in service provision (Johnson & Scholes, 2007).

In NGOs, financial sustainability measures their self-sufficiency and ability to accomplish the financial obligations and resource utilization in fulfilling its missions while serving the stakeholders' needs (Karanja & Karuti, 2014). This is promoted from both a broad base and interdisciplinary approach in ensuring that the firm remains relevant and current spending does not hinder future generations spending (Pearce & Robinson, 2003). For the NGOs to remain sustainable, sound financial management, reliable financial sources and financial accountability are essential to facilitate increased cash inflows, projections and market developments (Nturibi, 2004).

A long-term NGO is one that can fulfil its goal while also meeting the demands of its major stakeholders, notably its beneficiaries and supporters. As a result, rather than being a goal in itself, sustainability should be viewed as a continuous process. It is a process in which diverse strategic, organizational, programmatic, social, and financial aspects interact (Williams, 2015). Financial sustainability, on the other hand, is critical for all sorts of NGOs and civil society organizations' long-term existence and effectiveness. The

problem is figuring out how to reach such levels of financial stability (Saungweme, 2014). According to (Aipinge, 2015), the more diverse a company's funding sources are, the more financially self-sufficient and long-term it is. In other words, an NGO's capacity to diversify revenue and acquire fresh sources is critical to its long-term financial viability.

Due to financial difficulties, major non-governmental organizations throughout the world have dissolved. Childhood Development & Aid (CDA), a prominent British NGO, was forced to close its doors in 2002 owing to inept financial management. For five years, the organization relied on limited grants since its general reserves were negative (Williams, 2015). Academy for Educational Development (AED), another American NGO, has closed its doors. In 2010, the NGO ran into financial difficulties after USAID withdrew its financing due to business malfeasance, misuse of finances, and a lack of internal controls (Hedgpeth & Boak, 2011). According to Alymkulova and Seipulnik (2015), NGOs in Central Asia are unable to continue and fund their operations. They attribute the NGOs' financial insolvency to decreasing donor financing, reduced regional allocations, donor concentration on new markets, and reduced amounts for social programming. According to Muriithi (2014), 72 percent of African NGOs are unsustainable owing to their overdependence on foreign donors as their sole source of income. In their study on the financial sustainability of NGOs, Okorley and Nkrumah (2012) discovered that 26% of NGOs in Ghana were not financially viable. The lack of money was discovered to be the most significant issue affecting the viability of NGOs.

To allow increasing cash inflows, forecasts, and market developments, NGOs must have solid financial management, trustworthy financial sources, and financial accountability (Nturibi, 2014). The firm's financial condition and strength have been connected to the organization's financial sustainability. When a company does not achieve sustainability, it will be unable to attract new contributors or generate more income (Anthony & Young, 2013). Liquidity, net income, profitability, funding diversity, and the firm's solvency are all factors that may be used to determine financial sustainability (Karanja & Karuti, 2014).

### **1.1.3 Non-Government Organizations in Kenya**

The role of NGOs in Kenya is crucial towards development in a number of areas, such as health, politics, economy, agriculture and development of culture. In a country, NGOs

play a critical role in both public and commercial development. They have various benefits in this regard, including exempt to corporate tax, and exemption to VAT on a broad range of goods and services (Karanja & Karuti, 2014). As a result of their participation in reforms, NGOs are seen as essential actors in advocacy, contributing to the creation of broad policy debates and even the improvement of people's health. Kenya's NGOs on the other hand, are blamed of having strained relationships with Kenyan residents, owing to political, historical, and cultural issues (Ebrahim & Kasturi, 2010).

With funders abandoning their projects and initiatives, foreign engagement in NGOs and donor funding has decreased dramatically over the years. This has also resulted in a shift towards more humanitarian oriented relief and recovery of the funds donated. This has affected the operations of NGOs in Kenya where they have to be accountable for them to access more funds. The withdrawal of donor funding has led to their reduced activities as a result of financial unsustainability which is the most crucial factor for sustaining operation of NGOs (Karanja & Karuti, 2014).

## **1.2 Statement of the Problem**

In Kenya, non-governmental organizations (NGOs) perform an important role in delivering health, promoting governance and growing and developing the economy, providing roughly Ksh. 80 billion to the Kenyan economy each year (NGO Coordination Board, 2017). For NGOs to be stable and expand, they must have a strong financial foundation (OECD, 2011). When donor money ceases, however, most NGOs close their doors (Kerine, 2015).

Financial accountability has thus been ascendant among NGOs, with demands from funders, taxpayers, and clients for non-profits to be more transparent about their fundraising and spending, how they are governed, and utilization of resources (Ebrahim & Kasturi, 2017) Specifically, NGOs are facing growing scrutiny from regulators and donors to better account for the impact and integrity of their activities as they are seen to influence politics and financing political activities (OECD, 2016). Therefore, lack of accountability is likely to have more negative effect on financial sustainability of the public governance NGOs compared to organizations offering basic services.

There has been an increase in the number of NGOS registered in Kenya in the recent past. However, despite the benefits accrued from the NGOs, most of them have not been

financially sustainable with only 10% of the NGOs achieving the desired financial sustainability levels (Nuka, 2010). Further, seventy percent of the NGOs collapse before six years of operation. This problem is accrued to inadequate funds to finance their operations and poor levels of financial accountability (NGO Council, 2016).

The effect of financial accountability on the financial sustainability of NGOs in Kenya has not been fully addressed in empirical studies. Omeri (2015) analysed the factors influencing financial sustainability of NGOs in Nakuru County. The study established that financial sustainability could be achieved through diversification on sources of funds, competence of personnel managing the NGOs projects and having a strategic financial plans to guide the institution. Karanja and Karuti (2014) found out that funding in NGOs is a challenge and this has led many projects to end abruptly and therefore the NGOs need to focus on more sources of funding their projects and partnering with more donors rather than concentrating on a single donor. Likewise, Abongó and Ombaba (2018) study discovered that good management of finances is crucial for communities that are funded by donors in order to be financially sustainable. Murithi (2014) study discovered that, despite the fact that NGOs had reporting systems that enable accountability and transparency, sustainability levels remained low.

From the above studies, knowledge on financial sustainability has been critically assessed but a very fundamental aspect of financial accountability is lacking. Very few studies have been able to show the nexus between financial accountability and financial sustainability of NGOs. As a result, the problem of NGO financial sustainability in connection to financial accountability has yet to be thoroughly investigated, resulting in a research vacuum. Based on this knowledge gap, this study sought to establish the influence of financial accountability on financial sustainability of non-government organizations in Nairobi County, Kenya.

### **1.3 Objective of the Study**

#### **1.3.1 General Objective**

The general objective of the study was to establish the influence of financial accountability on financial sustainability of non-government organizations in Nairobi County, Kenya

### **1.3.2 Specific Objective**

The study was guided by the following specific objectives

- i. To establish the influence of financial planning on the financial sustainability of non-government organization in Nairobi county, Kenya
- ii. To establish the influence of financial monitoring and evaluation on the financial sustainability of non-government organization in Nairobi county, Kenya
- iii. To establish the influence of financial controls on the financial sustainability of non-government organization in Nairobi county, Kenya

### **1.4 Research Questions**

The study sought to answer the following research questions

- i. Does financial planning influence the financial sustainability of non-government organization in Nairobi county, Kenya
- ii. Does financial monitoring and evaluation influence the financial sustainability of non-government organization in Nairobi county, Kenya
- iii. Does financial controls influence the financial sustainability of non-government organization in Nairobi county, Kenya

### **1.5 Significance of the Study**

#### **1.5.1 Managers of NGOs**

It is expected that the study will be useful to the management of non-profit organizations, as they can provide information on financial viability and whether accountability procedures are strengthened. From the assessment on the previous literature, managers have disregarded financial accountability as one of the key determinant of financial sustainability. The data might be therefore critical for NGO leaders and shareholders who want to enhance their organizations' financial sustainability by implementing best financial accountability practices.

#### **1.5.2 Donor Community**

The study might be useful to the donor community in determining if the NGOs they sponsor would be more financially viable if financial accountability procedures were strengthened. Further donor communities might use this study to come up with financial

accountability frameworks which can be used by the NGOs. The study would help NGO authorities since it would provide information on NGOs' financial practices and long-term viability.

### **1.5.3 Policy Makers**

The study findings may be important to policy makers, as they may be able to recognize the significance of financial accountability in ensuring long-term financial viability NGOs. Hence, they would be able to come up with strategies and policies that may improve accountability of the NGOs, hence ensuring their sustainability.

### **1.5.4 Scholars**

Scholars may find the study useful since it adds to information in accountability and financial viability of NGOs'. Because this link hasn't been extensively examined in the literature, the study may throw additional light on it and serve as a foundation for future studies. As a result, the findings may stimulate more study, thereby contributing to the current hypothesis.

## **1.6 Scope of the Study**

This study sought to establish the influence of financial accountability on financial sustainability of non-government organizations in Nairobi County, Kenya. Specifically, the study sought to determine the influence of financial accountability (financial planning, financial monitoring and evaluation and financial controls) on financial sustainability of non-government organization in Nairobi County, Kenya. The study was conducted in Nairobi County as it is the head quarter of most of Non-Governmental organizations in Kenya. The study targeted 325 non-governmental organizations within Nairobi Country. The targeted NGOs are registered and operate in Nairobi County. The target population was 989 senior managers and heads of finance and accounting. These employees were targeted because they handle the organizations finances. For instance, they are involved in making of budgets and allocating funds for the different activities in the organization. Hence, they were able to provide information for this study.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter focused on literature review on the influence of financial accountability on financial sustainability of non-government organizations in Nairobi County, Kenya. The theoretical review, empirical review, research gaps, and conceptual framework were all covered. Theoretical analysis discussed resource mobilization theory and resource dependency theory. The empirical review discussed studies done on accountability, financial planning, financial monitoring and financial controls. The gaps the study sought to fill are identified in the research gaps. The conceptual framework showed the relationship between the study variables.

#### 2.2 Theoretical Framework

The goal of this study was to determine the impact of financial accountability on the financial sustainability of nongovernmental organizations in Nairobi County, Kenya. It was based on resource mobilization theory and resource dependence theory.

##### 2.2.1 Resource Mobilization Theory

In the 1970s, resource mobilization theory was popularized by McCarthy and Zald, two resource mobilization theorists (1977). Both prosperity and affluence, according to this idea, impact societal activity. As a result, a successful organization is able to create resources that allow for resource mobilization (McCarthy & Zald, 1977). According to the idea, organizations do not appear out of nowhere, but rather require resource mobilization in order to flourish. Resource mobilization includes the establishment of groups, alliances, or businesses with the goal of achieving common goals (Lin et al., 2003). The theory emphasizes an organization's capacity to mobilize and acquire resources, as well as a person's ability to achieve the goals of the organization (Tam & Kiang, 2012). The finances that are required for financial sustainability to be maintained and enhanced in NGOs are the most important resources that must be properly mobilized.

According to Leslie (2018), the assumptions of the resource mobilization theory may be summarised in to costs, mobilization of resources, the organisation or state or society suppressed or repressed and the movement outcomes. First, the participants weigh the costs and benefit of participating in collective actions, Second, mobilisation of resources

may take place within or outside the aggrieved group, Third, organisation and mobilisation of resources is very important for the success of the collective action, Fourth, the costs of participating in collective actions are related to the society or the state and Fifth, no direct correspondents between the degree of mobilisation and movement success.

Critic's points out that resource mobilization theory fails to explain social movement communities which are part of a large network of individuals and providing them with various service. A few empirical studies provide evidence for these theoretical contentions. For example, a study of social movement organizations in the U.S. by McCarthy, Britt, and Wolfson (2016), illustrates how institutionalized regulatory rules and resource dependence encourage social movement organizations formalization. They show how social movement organizations dependence on Internal Revenue Service (IRS) regulations regarding tax-exempt status for non-profit organizations channels toward moderate goals and tactics. To get tax-exempt status, and the legitimacy it confers, social movement organizations cannot participate in partisan campaign activities or many other forms of political activity. Social movement organizations need the non-profit status not only to obtain tax exemptions, but to get discounts from other federal institutions, such as the Unites States Postal Service, and to meet the eligibility requirements of largest funding institutions (Bhattarai, 2010).

The study's theoretical consequence is that the financial viability of NGOs is dependent on their capacity to mobilize resources. However, as donor concerns have increased regarding resource mobilization, sustainable resource mobilization is no longer possible; this necessitates financial accountability. If funds are raised from a large number of contributors who each donate a small amount, they may not be worried about financial accountability. The idea proposes that the efficacy of resource mobilization and use is the most important predictor of financial sustainability in NGOs. As a result, this theory addressed the impact of financial accountability on nongovernmental organizations' financial sustainability in Nairobi County, Kenya.

The theory also assists in the better understanding of the need of acquiring resources both financial and non-financial and also need of coming up with ways of reducing expenditure of financial resources such financial planning and monitoring in the organization in order to enhance sustainability of NGOs. This theory supported the general objective, the first and the second objective of the study.

### 2.2.2 Resource Dependency Theory

Pfeffer and Salancik developed the resource dependence hypothesis (1978). According to Resource Dependence Theory (RDT), organizations are resource-insufficient and must seek and maintain resources from outside sources. External actors, according to Pfeffer and Salancik (1978), impose pressure on the organization's resources. These actors see specific benefits in their interactions with the organization and wield power through resource control. The more the reliance on external resources, the greater the influence of the needs of specific individuals managing these resources. The organization's task is to handle incompatible and competing requests proactively and effectively.

Local NGOs are more reliant on outside funders (donors), experience financing insecurity, and have to deal with fluctuating needs (Moore, 2010). As a result, organizational conduct (financial accountability) reflects the NGO's management of its reliance on an external resource, as well as the needs of a donor in charge of those resources. The extent of resource reliance typically affects an NGO's financial accountability, which has an impact on the financial well-being of the organization (Scott, 2004). Failure of an organization in satisfying the requirements of its funders can result in funders withholding financing, putting the NGO in financial jeopardy. Due to the insecurity of financial flows from donors, who want accountability in order to support NGOs' programs, the NGO may be unable to fund the projects.

According to Muhammad (2016), resource dependency theory is based on two assumptions in an effort to bring into light the ways of integrating the organizational resources to enhance sustainability. First, the theory assumes that organizations in a given environment are unrelated in the sense that their resources differ and the way that they integrate those resources is also different. Secondly, the theory assumes that due to immobility of some of the resources that make the strategies of an organisation environment differ, the heterogeneity of the firms may persist for a long period of time.

One criticism of this theory is that it has been found to focus on the intangible assets or resources of the organization more than the tangible resources. In this context, skills, capabilities and information of the organization have been found to be the most available unique resources for every organization (Huang, 2016). The uniqueness of the resource is

determined by how much the organization is able to make use of the available resources without exposure of its systems and procedures to the competitors (Heinemann, 2017).

In their study, Prasad, Zakaria, and Altay, (2016) studied role of financial accountability on NGOs Sustainability in India. It was noted that resource providers have the necessary power to pressure non-governmental organizations (NGOs) to adopt financial accountability and to specify the expected outcomes. NGOs' resource dependence on governments and donor agencies could lead to widespread adoption of financial accountability, revolutionizing how NGOs deliver humanitarian services and thus enhancing outcomes.

In relation to the study, NGOs financial sustainability depends on the acquisition of external resources. However, the NGOs need to be accountable for the resources they acquire. This implies NGOs dependence on donor resources would determine financial accountability which further affects the financial sustainability of the NGOs. The study used resource dependency theory to determine the impact of financial accountability on nongovernmental organizations' financial viability in Nairobi County, Kenya.

### **2.3 Empirical Review**

In general, an empirical review establishes the present state of knowledge on the issue under investigation. The researcher offered published data, quotations, and summaries from papers in the empirical review to demonstrate the current level of knowledge, as well as a description of the author's original work and analysis.

#### **2.3.1 Accountability and Sustainability in NGOs**

In Ghana, Agyemang et al. (2009) investigated the link between accountability of NGOs and service delivery. It was discovered that effective NGOs have implemented functional accountability strategies such as incorporating more stakeholders, financial monitoring and communicating effectively with the public. Any accountability methods that did not provide the desired results were abandoned by the NGOs. This research is comparable to Unerman and O'Dwyer (2010), who investigated NGO accountability and sustainability concerns in a changing context globally; combination of slowing economy and global warming. The study revealed variations in practice with regard to the substantive implementation of key downward accountability mechanisms. The challenges to substantive implementation had arisen due to insufficient attention to oversight of

downward accountability within locally-based partners. There are disparities in the findings because the study by Agyemang focus was in Ghana while the study by Unerman and O'Dwyer (2010) covered the global environment. It is beneficial to understand NGOs accountability in a specific nation and also globally. The differences can be identified and hence a solution can be sought. Further, the only variable that is related to the current study is financial monitoring and evaluation since its addressed by both studies. Other two variables were never a part of the two researchers therefore leaving a conceptual gap.

In Kisumu County, the accountability of donor financing by non-governmental groups was investigated by Odhiambo (2013). According to the findings, donor financing is found to be expected to keep a basic record of their finances, including a comprehensive statement on income, financial state and cash flow. It was also evident that engagement of community members by NGOs lacks supervision and level of contentment by employees with payment benefits wasn't established. This study to a larger extent is related to the current study though it was limited to NGOs operating in Kisumu County. The other gap established in this study was the failure to establish the extent to which accountability influenced sustainability.

This research is comparable to that of Mbugua (2013), who investigated the impact of financial accountability on nonprofit organization performance in Kenya. According to the study, NGOs that used financial standards to ensure financial accountability in their organizations received more donor support, which led to greater performance. The study also discovered a link between NGOs' financial performance and their financial accountability in Kenya. Odhiambo study is about accountability of donor funding by NGOs while Mbugua study is about how financial accountability affects NGOs performance. Further, none of the two studies addressed the accountability issue which was addressed by current study. However, the studies provide an understanding of accountability in NGOs.

Gitonga (2018) studied the aspects that influence NGO's sustainability in Nairobi. This study established that human resource involvement of the community and development of funds all had a beneficial impact on NGOs' long-term viability, according to the research. The study capitalised on human resource involvement which is an aspect of stakeholder's engagement. This study therefore failed to show how financial accountability affected sustainability. This study, like Karanja and Karuti (2014), aimed to determine the aspects

that influence the financial wellness of NGOs in Kenya with specific focus of Isiolo County. The study adopted descriptive design. The study discovered that NGO financing was difficult to come by, posing a threat to their financial viability. The study determined that obtaining money for non-profits is difficult, and that government laws obstruct the smooth operation of non-profits. The findings of the study differed because the study by Gitonga aimed to find out how HR, involvement of the community, and fund development affect the long-term viability of non-profits while Karanja and Karuti study sought to find out how funding affect NGO sustainability. Further, though the studies focused on sustainability of NGOs they did not mention the issues of accountability in NGOs. The studies provide an understanding on factors affecting NGO's sustainability.

In Nairobi, Kenya, Mukanga (2011) conducted research on international NGOs' sustainability practices. International non-governmental organizations use a variety of tactics to stay afloat, according to the report. Building stronger ties between the public and private sectors, well defined rules and procedures, having a strong management team, and participating in strategic management were shown to be the most often employed tactics. This study did not investigate any accountability aspect as spelt out by the current study. Further, the primary area of focus was only the international NGOs disregarding the local NGOs which are facing more sustainability challenges. This study differs from that of Gitonga (2018) since it focused on sustainability strategies adopted in NGOs. However, the study did not discuss the accountability of the NGOs.

### **2.3.2 Financial Planning and Financial Sustainability in NGOs**

Financial planning, whether on paper or on a computer, is a vital tool. Organizations can use financial plans to define all of the key actions necessary to meet their financial goals. Financial plans make it possible to identify the person who is accountable for ensuring that the objectives are met effectively and on schedule. Budgeting, setting overhead ceilings and financial reporting are all part of financial planning (Hassan & Forhad, 2013).

Juma (2012) used a descriptive study methodology to investigate the determinants impacting the how sustainable projects funded by donors are in Bungoma County, in acknowledgment of the significance of planning and maintaining sustainability of finances. When auditing was done quarterly, the study discovered that the project finance system had a significant impact on project sustainability. The study also established that

budgeting eased the running of the projects since the projects had to be implemented no the defined scopes. The gaps from this study emanates from its geographical restrictions and failure to factor other financial planning aspects such as monitoring financial controls which are now addressed by the current study.

Divecha (2014) looked at the impact financial strategies had on sustainability of NGOs. According to the results, income diversification strategy, strategic partnership, strategic financial management and participation of NGOs in income generating activities accessing foreign income sources, fundraising and plans on development, and corporate donor sourcing were all suggested as ways to help NGO's improve their financial viability. The findings of the studies are different since Juma's used project finance system to measure NGOs sustainability while Divecha used diversification strategy, strategic partnership, strategic management of finances measuring NGOs sustainability. However, the studies provided information on financial planning in NGOs.

Juma (2012) and Divecha (2014) studies also relate to Wachira (2018) research on financial sustainability determinants of government owned entities in Kenya. The study results indicated that, financial resource utilization, working capital management, financial investments and financial risk management had significant positive influence on financial sustainability. The gap exhibited by Wachira (2018) is on its area of study. NGOs operations and sources of finances are totally different from government owned entities and therefore the findings cannot be generalised to other NGOs.

Obo (2009) used a descriptive study approach to investigate microfinance sustainability in Ethiopia. The study discovered that the purpose and vision of microfinance organizations did not adequately articulate the requirement for sustainability. Strategic plans, on the other hand, pointed to independent sustainability of MFI, implying the organizations may be self-sustaining if they have the proper structures. With the exemption of MFIs owned by the government, it was evident that Ethiopian MFIs are not operationally or financially self-sufficient. The regulatory environment should be made more flexible, and MFI mergers should be encouraged, according to the recommendations. This study was confined to the financial sector and only addressed strategic positioning elements such as purpose, vision, strategic planning and structuring, failing to factor in financial planning therefore leaving a conceptual gap.

In contrast, Ayom (2013) investigated internal factors that influence performance of NGOs in South Sudan. Descriptive design was adopted and health performance management depending on NGO's internal control. The payment processes used by Management Sciences for Health were discovered in the study. It had a good reaction, with the majority of people agreeing that it worked effectively and enhanced efficient financial reporting. This study only concentrated on the NGOs dealing with health issues, disregarding other NGOs in different sectors. Further, the dependent variable was performance which is different from sustainability. Lastly, the study was carried out in Southern Sudan which its political environment is different from the Kenyan case.

### **2.3.3 Financial Monitoring and Evaluation and Financial Sustainability in NGOs**

Mosago (2013) investigated effect of monitoring finances on performance of non-governmental organizations in Kenya, where a multiple regressions analysis was employed. The result showed that financial monitoring positively contributes to INGOs' programme performance. This study focussed on only the international NGOs and therefore the status of local NGOs not established. Further performance was measured as the dependent variable which is different from sustainability, the current study dependent variable.

In Nairobi County, Kenya, Chelangat (2018) investigated the effect of financial monitoring on financial sustainability of public governance non-governmental organizations. The study used a descriptive research methodology, systematic sampling technique, multiple regression model, with regulatory framework as a moderating variable. Effective internal auditing, financial monitoring, and effective presentation of the financial reports were proven to have a good and substantial influence on public governance NGO financial sustainability. The study provided the financial monitoring activities in NGOs. However, the study findings possibly differed with the current study because the study was conducted in different contexts and covered different concepts.

Kamwana and Muturi (2014) investigated effects of managing finances on world bank's funded projects success. Case study of KPLC. The study used a descriptive research approach to collect data from 500 KPLC workers using questionnaires. With a coefficient of determination of 0.89, it was evident that financial plans, monitoring, assessing and controlling all played a role in influencing performance. This is in line with Ernest (2012), who investigated the organizational variables that affect the viability of local

NGOs in Ghana and came to the same conclusion. The studies clearly explained the effects of financial management on performance. However, none addressed sustainability as the study dependent variable. Infact Kamwana and Muturi (2014) study KPLC as the case study which is the Kenyas Main electricity distributor.

NGO accountability and long-term development were investigated by Owolabi (2010). It was revealed that the NGOs under examination were largely answerable to their owners or other stakeholders with economic clout and that they performed frequent monitoring and review of fund applications. The stakeholders on whom the organizations have an influence receive little attention in terms of responsibility. While Kakumani and Prabhakar (2014) discovered monitoring and assessment methods increased donor confidence, impacting the amount of funding accessible to businesses. This study relates to that of Kamwana and Muturi (2014) who used monitoring and evaluation to determine financial accountability. These studies provided information on financial monitoring and evaluation but not in NGOs.

#### **2.3.4 Financial Controls and Financial Sustainability in NGOs**

Wakiriba, Ngahu and Wagoki (2015) conducted research in national government agencies from Nyandarua County. They focused on the influence of financial controls and management in Kenya's public sector. The study focused on 30 respondents from Mirangine Sub County and utilized a descriptive method. According to the findings, the internal controls of the public sector under investigation was effective with clear responsibilities, monitoring, and managerial commitment. However, because the internal audit role has not been expanded to other departments, there are flaws in the application of financial controls.

This research is related to Owizy (2016), who evaluated the efficacy of internal control in government ministries using the Benue State Ministry of Finance as the case study. According to the findings of the study, the Benue State Ministry of Finance prepares yearly budgets on time and maintains appropriate spending tracking to avoid financial irresponsibility. As a result, the ministry of finance was advised to closely adhere to the regulations with the aim of guaranteeing there is budgetary slack. The studies focused on financial control in the public sector. The studies differ because one focused on Kenyan public sector while the other focused on Nigerian public sector.

Mbuva (2014) investigated the variables impacting the financial viability of SMEs in Machakos County. It was discovered that the availability of government loans, financial innovation, capital structure, and financial management had an impact on sustainability of finances by the SMEs. In terms of government loan accessibility, the study found that women entrepreneurs had a favorable opinion about government loan rules, procedures, and payback conditions. In their study on NGOs financial sustainability, Padilla et al. (2015) discovered that efficient management was critical in ensuring that company practices are transparent, efficient, accountable as they help the company accomplish its goals. The research shed light on the topic of financial viability. However, one research looked at financial sustainability in small businesses, while the other looked at financial sustainability in non-profit organizations.

Lambert (2015) examined the influence of non-governmental groups in Ghana that support girls' education. NGOs were competing for private aids, funding from foundations and government subsidies, according to the survey. They struggled to get money for the projects they wanted to finish on a regular basis. As a sector, NGOs have traditionally relied on a steady stream of fresh donations, which as long as NGOs have enough contributors is manageable. The financial controls that need to be implemented to increase accountability in NGOs were not included in this study.

#### 2.4 Research Gaps

Author	Title	Methodology	Findings	Gaps
<b>Financial Planning</b>				
Divecha (2014)	Impact of financial strategies on sustainability of NGOs	Descriptive Survey	Financial diversification helped NGO's improve their financial viability	The study failed to provide information on financial planning in NGOs.
Obo (2009)	Microfinance sustainability in Ethiopia.	Descriptive study	Ethiopian MFIs are not operationally or financially self-sufficient	This study was confined to the financial sector and only addressed strategic positioning elements such as purpose, vision, strategic planning and structuring, failing to factor in financial planning therefore leaving a conceptual

				gap.
Ayom (2013)	Internal factors that influence performance of NGOs in South Sudan	Descriptive design	Payment processes, enhanced efficient financial reporting	This study only concentrated on the NGOs dealing with health issues, disregarding other NGOs in different sectors. Further, the dependent variable was performance which is different from sustainability.
Wachira (2018)	Financial sustainability determinants of government owned entities in Kenya	Descriptive Survey	Financial resource utilization, working capital had significant positive influence on financial sustainability	NGOs operations and sources of finances are totally different from government owned entities and therefore the findings cannot be generalized to other NGOs.
Juma (2012)	Determinants impacting the how sustainable projects funded by donors are in Bungoma County	Descriptive study	Project finance system had a significant impact on project sustainability	Geographical restrictions and failure to factor other financial planning aspects such as monitoring financial controls which are now addressed by the current study.
<b>Financial Monitoring and Evaluation</b>				
Mosago (2013)	Effect of monitoring finances on performance of non-governmental organizations in Kenya	Descriptive Survey: multiple regression	Financial monitoring positively contributes to INGOs' programme performance	This study focussed on only the international NGOs and therefore the status of local NGOs not established..
Chelangat (2018)	Effect of financial monitoring on financial sustainability of public governance non-	Descriptive research methodology	Effective internal auditing, financial monitoring, and presentation influenced governance of NGO	The study was conducted in different contexts and covered different concepts.

	governmental organizations			
Kamwana and Muturi (2014)	Effects of managing finances on world bank's funded projects success. Case study of KPLC	Descriptive research approach	Financial plans, monitoring, assessing and controlling all played a role in influencing performance	The study failed to address sustainability as the study dependent variable. Further KPLC is not an NGO but the Kenyas Main electricity distributor.
<b>Financial Controls</b>				
Lambert (2015)	Influence of non-governmental groups in Ghana that support girls' education	Descriptive Survey	NGOs were competing for private aids, funding from foundations and government subsidies, according to the survey	The financial controls that need be implemented to increase accountability in NGOs were not included in this study.
Owizy (2016)	The efficacy of internal control in government ministries using the Benue State Ministry of Finance	Descriptive design	Benue State Ministry of Finance prepares yearly budgets on time and maintains appropriate spending tracking to avoid financial irresponsibility.	The studies differ because one focused on Kenyan public sector while the other focused on Nigerian public sector
Wakiriba, Ngahu and Wagoki (2015)	The influence of financial controls and management in Kenya's public sector	Descriptive Survey	Internal controls were effective with clear responsibilities, monitoring, and managerial commitment	The internal audit role has not been expanded to other departments, therefore there are flaws in the application of financial controls.
Mbuva (2014)	Variables impacting the financial viability of SMEs in Machakos County	Descriptive Survey	Availability of government loans, financial innovation, capital structure, and financial management had an impact on sustainability of finances by the SMEs	This study analysed SMEs which are profit making organisations and by an large different from NGOs

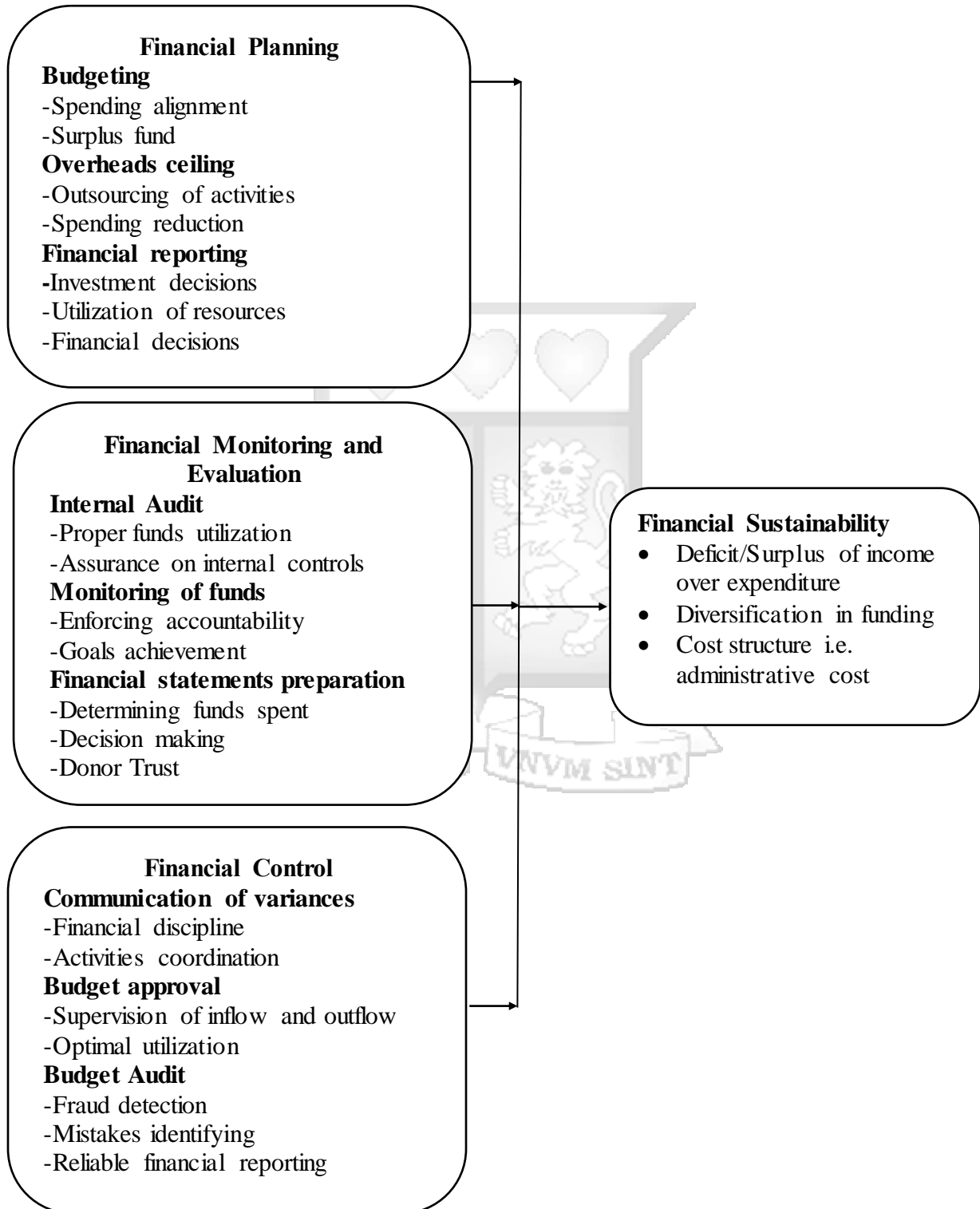
## 2.5 Conceptual Framework

The relationship between different variables in a study is shown through a conceptual framework. The conceptual framework in this study helped to clarify the independent and

dependent variables. Financial planning, financial monitoring and assessment, and financial controls were the independent factors. Financial sustainability of NGOs in Nairobi County, Kenya was the dependent variable.

**Independent Variables**

**Dependent Variable**



## 2.6 Operationalization of Variables

Table 2.1: Operationalization of Variables

Objectives	Variable	Measurement scales	Sources
<b>Dependent variable</b>			
<b>Financial Sustainability</b>	<ul style="list-style-type: none"> <li>Deficit/Surplus of income over expenditure</li> <li>Diversification in funding</li> <li>Cost structure i.e. administrative cost</li> </ul>	Ordinal	Mukanga (2011) in international NGOs in Kenya (diversification); Gitonga (2018) in NGOs (surplus of income/cost structure)
<b>Independent variables</b>			
<b>Financial Planning</b>	<ul style="list-style-type: none"> <li>Budget control</li> <li>Ceilings on overheads</li> <li>Financial reporting</li> </ul>	Ordinal	Ayom (2013) NGOs in South Sudan (Budgeting, financial reports); Juma (2012) development projects in Bungoma County (overheads)
<b>Financial Monitoring and Evaluation</b>	<ul style="list-style-type: none"> <li>Internal Audit</li> <li>Monitoring of funds</li> <li>Financial statements preparation</li> </ul>	Ordinal	Ernest (2012) NGOs in Ghana (financial reports preparation); Kakumani and Prabhakar (2014) government corporations (monitoring and internal audit)
<b>Financial Control</b>	<ul style="list-style-type: none"> <li>Communication of variances</li> <li>Budget approval</li> <li>Budget Audit</li> </ul>	Ordinal	Lambert (2015) NGOs in Ghana (communication variance); Owizy (2016) government ministries (budget approval and audit)

Source: Researcher (2021)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The methodology approach for the study was described in this chapter, which highlighted the research design, target population, sampling strategy, data collecting tools, and data analysis and presentation.

#### **3.2 Research Philosophy**

Research refers to the process of discovering knowledge as well as understanding and turning it into knowledge that is acceptable in a particular discipline (Ryan, Scapens & Theobald, 2002). Research philosophy plays a significant role in the development of knowledge and what is assumed regarding the view of researchers regarding the world. The major ideologies of research, according to Saunders, Thornhill, and Lewis (2009), are positivism and interpretivism. As per positivists, reality is stable and can be seen and described from the perspective of its aims, but interpretivists claim that the only way to understand reality is through subjective interpretation and inference. The study's conceptual underpinning was positivism, and it used qualitative and quantitative data to accomplish triangulation. By using the positivistic approach through observation of factual information that exists within the chosen sample, this study aimed at maintaining objectivity and rid the results and conclusions of biasness that may result if the interpretivist philosophy was applied.

#### **3.3 Research Design**

A research design is a framework for determining which collection methods and kinds to use to answer a given research question. It's a strategy for each activity, from hypotheses until statistical analyses, as well as a framework for articulating the interconnections between the study's variables (Kerlinger, 2007). In this study, a descriptive survey research approach was employed. This design, according to Creswell and Clark (2003), focuses on the what, how, and who of a phenomenon, which is the focus of this investigation. The study used descriptive survey research design because it provides details on the relationship between financial accountability on financial sustainability according to the existing theories to create a better comprehension of the research topic. Berg (2008) corroborated this assertion, arguing that descriptive survey research is

designed to provide statistical data while allowing for generalizability and flexibility in the conclusions. As a result, this research design was appropriate.

The study was primarily quantitative and cross-sectional. Quantitative research quantifies an issue by creating numerical data or data that may be converted into statistics (Taket, 2010). A cross-sectional study is a form of observational research that examines data from variables collected across a sample population at one moment in time (Cohen, Manion & Morrison, 2011).

### 3.4 Target Population

A population is such a well set of elements that are being examined in generalizing the results. The target population which was the unit of analysis was NGOs in Nairobi County, Kenya. Most of the NGOs have their headquarters in Nairobi which is the capital city of Kenya. Therefore, Nairobi County was deemed representative for the purposes of giving a better overview of the state of NGOs in Kenya. According to the Nairobi County 2018 report, there are 325 registered NGOs in Nairobi County (Appendix V). From the unit of analysis, the research identified the unit of observation which was the employees from the NGOs selected. From the unit of observation, the study targeted all the senior managers and heads of finance and accounting. The senior managers and heads of finance and accounting were selected because they handle the organization finances and therefore deemed to have the required information on the influence of financial accountability on financial sustainability of non-government organizations in Nairobi County, Kenya. The population distribution is as shown in Table 3.1

**Table 3.1: Target Population**

Category	Frequency	Percent
Senior Managers	458	46.3
Heads of Finance and accounting	531	53.7
<b>Total</b>	<b>989</b>	<b>100</b>

### 3.5 Sample Size and Sampling Technique

Sampling is a method of selecting a subset of a population to take part in the study. Sampling is a process used in statistical analysis in which a predetermined number of observations are taken from a larger population. The respondents were chosen using a stratified sample approach. There were two stratas in this case and this the senior manager's strata and the head of finance and accounting strata. From the first strata a

sample of 132 respondents was picked randomly. In the second strata, a sample of 153 respondents was selected randomly. Stratified random sampling, according to Cooper (2006), is a type of random sampling in which the population is divided into two or more relevant and significant groups depending on one or more attributes. Because it is bias-free, this sampling approach was utilized. Yamane (1967) method for determining sample size was used to estimate the sample size. The formula is  $n = N / [1 + N (e)^2]$

Where  $n$  = sample size,

$N$  = population size

$e$  = error term (0.05)

Hence,  $n = 989 / [1 + 989 (.05)^2] = 285$

The study sample size was 285 respondents. This represented 28.82% of the target population.

**Table 3.2: Sample Size**

Category	Frequency	% sample	Sample Size
Senior Managers	458	28.82%	132
Heads of Finance and accounting	531	28.82%	153
<b>Total</b>	<b>989</b>	<b>28.82%</b>	<b>285</b>

### 3.6 Data Collection Instruments

The questionnaire was chosen as the study's data-gathering device or tool. Questionnaires were preferred as a method of data collection since they can be used to cover wide area of study and they are also relatively cheap and enables the researcher to avoid interview biases. A questionnaire is a measuring tool whose primary purpose is to communicate what the researcher needs to know and to elicit appropriate replies from respondents in terms of empirical data in order to achieve the desired results (Kothari, 2014). The questionnaire was created with the study aims in mind and was designed to answer the research questions. There were both open-ended and closed-ended questions on the survey. Closed-ended questions elicited more organized replies, allowing for more concrete recommendations. Closed ended questions were utilized to assess the ranking of various qualities, which helped to reduce the amount of similar replies and generate more varied results. The open-ended questions supplied extra information that the closed-ended ones may not have gathered.

There were six sections to the questionnaire. The first section contained demographic information about the respondents; section two provided information on financial

planning; section three provided information on financial monitoring; section four provided information on financial controls; and section five provided information on financial sustainability of non-government organization.

To introduce the researcher, the university sent a letter of introduction. The National Commission for Science, Technology, and Innovation also granted the researcher a research permission. The questionnaire was self-administered by the researcher. Research assistant were also employed to help in data collection. The researcher was ready to answer any questions that arose during the data gathering process. The data was collected over a two-week period, giving respondents adequate time to complete the questionnaire.

### **3.6.1 Validity of the Research Instrument**

According to Thietart (2001), the major issues with validity are whether the measured data is meaningful and exact, and if we can generalize from the results. In this study, it was raised if the interviewer had measured correctly, and whether all of the interview questions were appropriate and in line with the study's aim and purpose. As a result, the study distributed questionnaires to 20 respondents, who assisted the researcher in determining if the respondents provided the main component of required information via the questionnaire. In most of the questions only little adjustments were made to ensure that the statements were language user friendly to the respondents.

### **3.6.2 Reliability of the Research Instrument**

The degree to which a research instrument produces the same outcomes or data on several trials is referred to as reliability (Kothari, 2004). Piloting enabled the data collection instruments to be pre-tested for dependability by addressing any discrepancies that emerged from the devices and confirming that they assess what is expected. Comprehension of the research instruments to the responders was also necessary to increase the instrument's dependability. The reliability of a measure was also improved by putting comparable items on it, evaluating a broad sample of people, and employing consistent testing techniques.

Cronbach's Alpha was adopted in determining the reliability of data collection tool. SPSS was used to compute reliability. The coefficients values for Cronbach alpha ranges from 0 to 1. The larger the value, the more reliable the measures are and vice versa. Cooper and Schindler (2008) found 0.7 to be an acceptable level of reliability. In this study, 0.70 Cronbach's Alpha was considered acceptable. From the reliability results in Table 4.2

financial planning had an alpha value of 0.786, financial motoring had an alpha value of 0.791 and financial controls had an alpha value of 0.798. It is seen that all the variables had alpha value of above 0.70 an indication that they were all reliable.

**Table 3.3: Reliability Analysis**

Variable	Cronbach's Alpha	Items
Financial Planning	0.786	7
Financial Monitoring and Evaluation	0.791	7
Financial Controls	0.798	7

### 3.7 Data Analysis and Presentation

Coding of the data was done in SPSS version 23. Gathering and analysis of the data was done using descriptive statistics for quantitative data; they included percentages, means, standard deviations, and frequencies. Bar charts, tables, graphs, and pie charts were used to illustrate the data. To convey research findings, this was accomplished by counting replies, computing percentages of response variations, and summarizing and interpretation of data in accordance with the study goals. To evaluate qualitative data, narrative analysis was utilized.

Multiple regression analysis was done to establish the influence of financial accountability on financial sustainability of non-government organization in Nairobi County, Kenya. Multiple regression analysis was done to explain the relationship between one dependent variable and two or more independent variables as a predictive study. The equation for regression was:

$$\text{FinSus} = \beta_0 + \beta_1 \text{FinPlan} + \beta_2 \text{FinMon} + \beta_3 \text{FinCon} + \varepsilon$$

Where Y represents the dependent variable (financial sustainability), 0 represents the regression constant, 1, 2, and 3 represent the coefficients of independent variables, and FinPlan represents financial planning, FinMon represents financial monitoring and assessment, and FinCon represents financial control. Further, partial regression was done based on each independent variable. The degree of significance of the developed model was determined using ANOVA.

### 3.8 Diagnostic Tests

Before computing regression analysis, it is important to first ensure that the data meets the assumptions for regression analysis (Field, 2009). The assumptions are discussed in sub-sections below.

For regression output to be accurate, dependent and independent variables must have linear relationship. Outliers are common in linear regression thus it's critical to keep an eye on them (Creswell & Plano-Clark, 2006). Scatter plots can be used to test for linearity. If the fitted line is linear, then the linearity assumption is met. If there was any doubt about the linearity of the data, the Analysis of Variance (ANOVA) test was employed.

If  $F = \frac{R^2(k-1)}{(1-R^2)/(n-k)}$  is significant, then the linearity assumption is valid..

Regression analysis require the error term to have zero mean and constant variance (0, 2). All other elements are captured by the error that have an impact on the dependent variable but are not taken into account in the model. The missing elements, on the other hand, are believed to have a minor influence and are at best random. The error term must be normal for OLS to work (Gujarati, 2004). The Shapiro-Wilk test was used to determine if the error term was normal or not.

Multicollinearity is whereby the independent variables have a high degree of association between themselves. Presence of Multicollinearity in a data results to increase in the standard errors which could make the variables to be insignificant when they really are significant (Osborne & Waters, 2016). Multicollinearity was tested using (variance inflation factor). If  $VIF > 5$  but less than 10, this is an indication of moderate presence of multicollinearity. If  $VIF \geq 10$ , this indicates high multicollinearity.

### 3.9 Ethical Considerations

The university sent a letter of introduction. The National Commission for Science, Technology, and Innovation also granted a research permission. The researcher obtained an ethical approval from Strathmore University. The respondents participated in this study on voluntarily basis. Participants who agreed to be part of the study were asked to put it in paper form by signing the consent form.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

Data collected from the field was analyzed and presented in this chapter. The chapter included an examination of the respondents' general information, descriptive statistics, diagnostic tests, and inferential statistics. The response rate is described in part 4.2, while the demographic information of respondents is described in section 4.3, descriptive statistics and partial regressions are described in section 4.4, inferential statistics are described in section 4.5, and a summary of the research is provided in section 4.7.

#### 4.2 Response Rate

The research had a total of 285 participants. All of the respondents were given questionnaires, and 268 of them were completely filled out and returned. This resulted in a 94.0 percent response rate. According to Mugenda (2013), a response rate of 50% and above is sufficient for analysis and reporting, a response rate of 60% and above is adequate, and a response rate of 70% and above is outstanding. As a result, a 94 percent response rate was excellent and was used for further analysis and reporting. The commendable response rate was achieved as a result of the researcher's persuasion to the respondents through frequent calls and making the respondents understand the importance of this research to the NGO sector.

**Table 4.1 Response Rate**

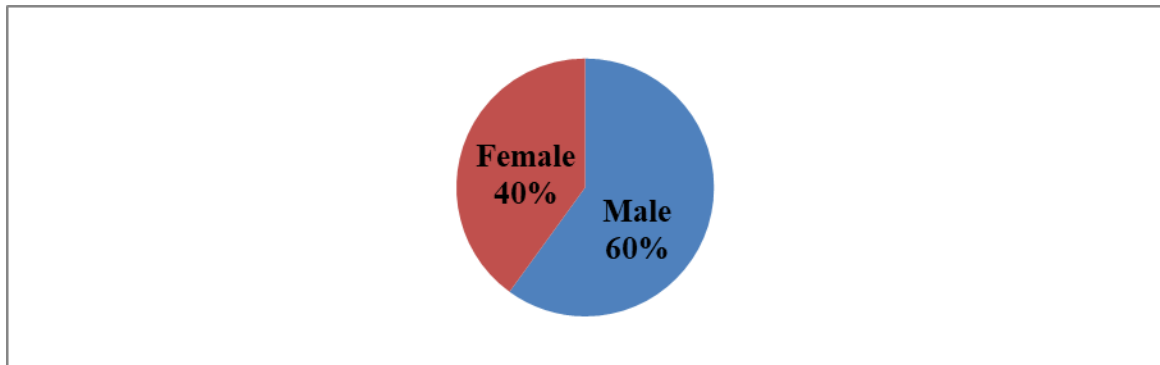
<b>Questionnaires</b>	<b>Frequency</b>	<b>Percent</b>
Responded	268	94.0
Un-responded	17	6.0
<b>Total</b>	<b>285</b>	<b>100.0</b>

#### 4.3 General Information

This section is an analysis of the general information of the respondents

##### 4.3.1 Gender of Respondents

The goal of the study was to figure out who was male and who was female. Figure 4.1 depicts the outcomes.

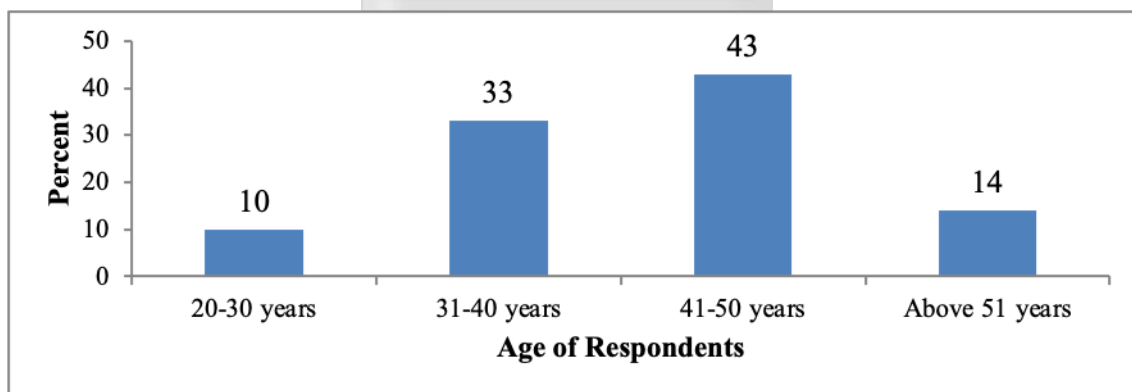


**Figure 4.1: Gender of Respondents**

The results show that 60% of the respondents were male while 40% were female. This shows that NGOs employ both men and women. These respondents participated in the study, though at different proportions, it means that the study was not gender biased.

#### 4.3.2 Age of Respondents

The age distribution of respondents was sought and the findings presented in Figure 4.2.

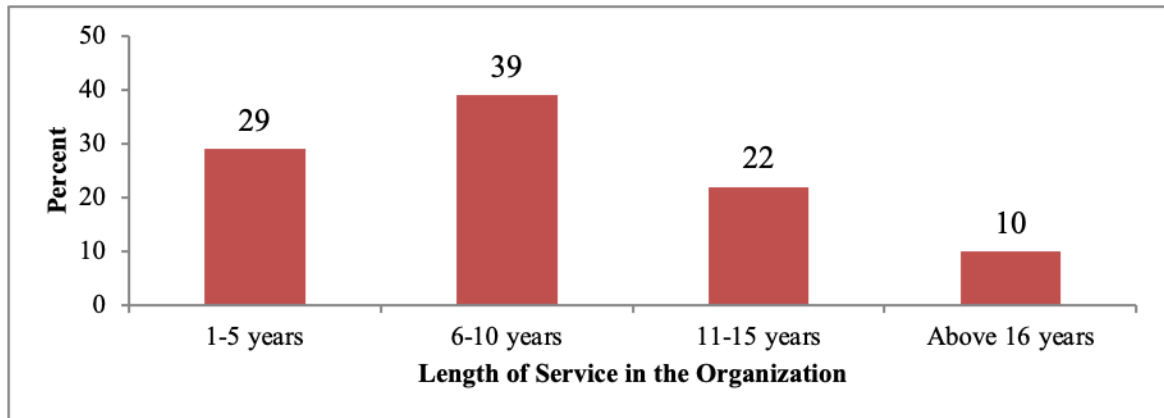


**Figure 4.2: Age of Respondents**

According to the findings, 43 percent of respondents are in the age bracket of 41 to 50, 33 percent were between the ages of 31 and 40, 14 percent were above 51, and ten percent were between the ages of 20 and 30. This implies that the respondents were of different age groups, hence, they have different experiences, which means they were able to provide a balanced view to the questions posed by the researcher.

#### 4.3.3 Length of Service in Organization

Duration of time the selected respondents had worked in their organization was sought and the results displayed in Figure 4.3.

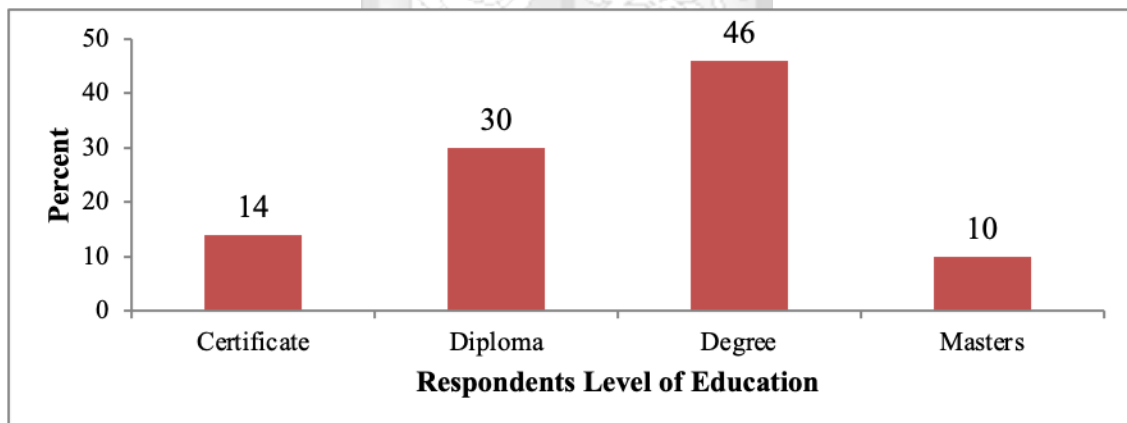


**Figure 4.3: Length of Service in Organization**

According to the data, 39 percent of had served in their company for 6-10 years, 29 percent for 1-5 years, 22 percent for 11-15 years, and 10 percent for more than 16 years. This suggests that respondents had previously worked for their respective companies for quite some time hence they were able to provide the information required in this study.

#### **4.3.4 Respondents Level of Education**

The level of education of the respondents was sought and results displayed in Figure 4.4.



**Figure 4.4: Respondents Level of Education**

According to the data, 46 percent of respondents have a bachelor's degree, 30 percent have a diploma, 14 percent have a certificate, and ten percent have a master's degree. This implies that employees in the NGOs have different educational qualifications.

#### **4.4 Descriptive Statistics**

This section is an analysis of the descriptive information based on the study objectives.

#### 4.4.1 Influence of Financial Planning on Financial Sustainability

Regarding the influence of financial planning, Table 4.2 presents the findings.

**Table 4.2 Influence of Financial Planning on Financial Substantiality**

Statements	Mean	Std. Dev
<b>Budgeting</b>		
In our organization, the management ensures organization spending is in line with set budget to avoid misuse of funds	4.119	0.989
In our organization, we set aside surplus funds for use in new organization needs not budgeted for	4.007	0.926
<b>Meanscore</b>	<b>4.06</b>	<b>0.957</b>
<b>Overheads</b>		
In our organization, we outsource some of the functions to minimize overhead costs	3.974	0.872
In our organization managers encourage employees to reduce their spending without sacrificing productivity, efficiency and quality	3.877	0.853
<b>Mean Score</b>	<b>3.92</b>	<b>0.86</b>
<b>Financial Reporting</b>		
In our organization financial reporting help stakeholders to make decisions on whether to continue with investments	3.914	0.831
In our organization financial reporting shows how the organization has utilized resources and devise ways to maximize organization resources	3.903	0.940
In our organization financial reporting helps in making important financial decision	3.933	1.045
<b>Mean Score</b>	<b>3.91</b>	<b>0.93</b>

The findings showed that in their organization, the management ensures organization spending is in line with set budget to avoid misuse of funds as shown by a mean of 4.119 and the organization sets aside surplus funds for use in new organization needs not budgeted for as shown by a mean of 4.007. The respondents also agreed that the firm outsources some of the functions to minimize overhead costs as shown by a mean of 3.974, financial reporting helps in making important financial decision as shown by a mean of 3.933 and financial reporting help stakeholders to make decisions on whether to continue with investments as shown by a mean of 3.914,

Further, financial reporting shows how the organization has utilized resources and devise ways to maximize organization resources as shown by a mean of 3.903 and managers encourage employees to reduce their spending without sacrificing productivity, efficiency and quality as shown by a mean of 3.877. On the overall mean score, budgeting had the highest mean score of 4.06 and a standard deviation of 0.957. This was followed by

overheads with a mean of 3.92 and finally financial reporting with a mean of 3.91 and a standard deviation of 0.93.

#### 4.4.1.1 Inferential Analysis

Regression model was developed to establish the relationship between financial planning and financial sustainability. The model was of the form: Financial sustainability =  $\beta_0 + \beta_1\text{Budg} + \beta_2\text{Over} + \beta_3\text{Fr} + e$

**Table 4.3: Model summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.512 <sup>a</sup>	0.437	0.424	0.15160

**a. Predictors: (Constant), X<sub>3</sub>, X<sub>2</sub>, X<sub>1</sub>**

The findings on model fitness are illustrated in the table above. The study revealed that all the elements of financial planning focused on in the study had a strong effect on financial sustainability of NGOs in Kenya. This is evidenced by the adjusted R<sup>2</sup> value of 0.424 which means that budgeting, overheads and financial reporting explained up to 42.4% of the financial sustainability of NGOs in Kenya. The R (51.2%) which is the correlation coefficient shows a strong positive correlation between the independent variables and the dependent variable.

**Table 4.4: Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.462	3	1.154	50.217	.000 <sup>b</sup>
	Residual	6.072	264	0.023		
	Total	9.534	267			

a. Dependent Variable: Y

**b. Predictors: (Constant), X<sub>3</sub>, X<sub>2</sub>, X<sub>1</sub>**

Analysis of variance (ANOVA) for the overall model is as shown in the table above. The results show that when combined, budgeting, overheads and financial reporting had a significant influence on financial sustainability of NGOs in Kenya. This is evidenced by the P-value of  $0.000 < 0.05$  and the F-calculated of 50.217 which is way higher than the F-critical (2.63).

**Table 4.5: Table of coefficient**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.449	0.712		3.438	0.001
Budgeting	0.390	0.046	0.210	8.478	0.003
Overheads	0.277	0.029	0.179	9.551	0.000
Financial reporting	0.189	0.040	0.093	4.725	0.000

The model now becomes:  $FS = 2.449 + 0.390Bud + 0.277Ov + 0.189Fr + e$

The model output reveals that a unit change in budgeting would lead to 39% improvement in the financial sustainability of NGOs in Kenya. A unit change in overheads management would lead to 27.7% improvement in financial sustainability of NGOs in Kenya while a unit change in financial reporting would lead up to 18.9% improvement in the financial sustainability of NGOs in Kenya. It can be noticed that all three independent variables had a positive and significant effect on the dependent variable, with budgeting having the highest coefficient while financial reporting having the least effect.

#### 4.4.2 Influence of Financial Monitoring and Evaluation on Financial Sustainability

On influence of financial monitoring and evaluation Table 4.6 presents the results.

**Table 4.6 Financial Monitoring and Evaluation on Financial Sustainability**

Statements	Mean	Std. Dev
<b>Internal audit</b>	4.086	1.012
In organization we conduct internal audit on quarterly to enhance properly utilization of donor funds		
In our organization internal audit provides assurance that internal control processes are operating effectively	4.097	1.062
<b>Mean Score</b>	<b>4.09</b>	<b>1.03</b>
<b>Monitoring of funds</b>	4.026	1.179
In our organization, monitoring of funds help in enforcing accountability related to spending		
In our organization, monitoring of funds helps to know whether the organization is achieving set targets	3.910	1.285
<b>Mean Score</b>	<b>3.96</b>	<b>1.23</b>
<b>Financial statements preparation</b>	4.015	1.223
In our organization preparation of financial statements helps to know		

how money was spent in the actual activities		
In our organization preparation of financial statements is important in organization decision making	4.026	1.134
In organization preparation of financial statements enhances donor trust in the organization activities	3.914	1.247
<b>Score</b>	<b>3.98</b>	<b>1.20</b>

From the results, the respondents generally agreed that internal audit provides assurance that internal control processes are operating effectively as shown by a mean of 4.097 and the firm conducts internal audit on quarterly to enhance properly utilization of donor funds as shown by a mean of 4.086. About monitoring of funds, the respondents indicate that monitoring of funds help in enforcing accountability related to spending as shown by a mean of 4.026 and monitoring of funds helps to know whether the organization is achieving set targets as shown by a mean of 3.910.

On financial statements, the respondents noted that preparation of financial statements is important in organization decision making as shown by a mean of 4.026, preparation financial statements helps to know how money was spent in the actual activities as shown by a mean of 4.015 and preparation of financial statements enhances donor trust in the organization activities as shown by a mean of 3.914. Internal audit had the highest mean of 4.09, followed by financial statements preparation (3.98) and finally monitoring of funds with a mean of 3.96.

#### 4.4.2.1 Regression Model

Regression model was developed to establish the relationship between Financial Monitoring and Evaluation and financial sustainability. The model was of the form:  $\text{Financial sustainability} = \beta_0 + \beta_1 Io + \beta_2 Mf + \beta_3 Fs + e$

**Table 4.7 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.554 <sup>a</sup>	.311	.298	.21195

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the above table the value of adjusted R squared was 0.298 an indication that there was variation of 29.8% on financial sustainability due to internal audit, monitoring of funds and financial statements preparations at 95% confidence level. R is the correlation

coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.554.

**Table 4.8: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.303	3	0.131	8.8125	.018 <sup>b</sup>
Residual	4.224	264	0.016		
<b>Total</b>	<b>4.527</b>	<b>267</b>			

Table 4.8 summarizes the observed means for each dependent variable across experimental condition and the associated F ratios and *p* values obtained from the one-way ANOVAs conducted for the primary analyses. From the findings, the *p*-value was 0.018 which is less than 0.05 and hence the model is good in predicting how the three independent variables (internal audit, monitoring of funds and financial statements preparations) influence financial sustainability. Further, the F-calculated (8.812) was more than the F-critical (2.63). This shows that the model was fit in predicting the influence of the independent variables on the dependent variable. When *t* calculated is greater than *t* critical, the null hypothesis is rejected.

**Table 4.9: Table of Coefficients**

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.161	0.129		9.00	0.00
Internal audit	0.382	0.064	0.211	5.96	0.039
Monitoring of funds	0.342	0.05	0.165	6.84	0.004
Financial statements Preparations	0.218	0.04	0.150	5.45	0.041

The established regression equation was; financial sustainability = 1.161 + 0.382 internal audit ( $X_1$ ) + 0.342 monitoring of funds ( $X_2$ ) + 0.218 financial statements preparations ( $X_3$ ). The beta shows the magnitude or the strength of each dependent variable. This shows the extent to which the dependent variable will change when the independent variable is increased by one unit in each case.

Its established that a unit increase in internal audit would cause an improvement in financial sustainability by a factor of 0.382. A unit increase in monitoring of funds would

cause an improvement in financial sustainability by a factor of 0.342 and a unit increase in financial statements preparation would cause an improvement in financial sustainability by a factor of 0.218. The study further revealed that the P-value were less than 5% in all the variables, which shows that all the independent variables were statistically significant and thus in position to make conclusion for the study.

#### 4.4.3 Influence of Financial Controls on Financial Sustainability

Pertaining the influence of financial controls on financial sustainability Table 4.10 presents the findings.

**Table 4.10 Influence of Financial Controls on Financial Sustainability**

<b>Statements</b>	<b>Mean</b>	<b>Std. Dev</b>
<b>Communication of variances</b>		
In organization financial controls promote financial discipline by ensuring efficient use of resources	3.985	1.074
In our organization financial control help in co-ordinating activities of different departments	4.067	1.059
<b>Mean Score</b>	<b>4.02</b>	<b>1.06</b>
<b>Budget approval</b>		
In our organization financial control helps in keeping adequate supervision on inflow and outflow of financial resources	3.940	1.119
In our organization financial control ensures optimal utilization of financial resources leaving no room for wastages.	3.978	1.037
<b>Mean Score</b>	<b>3.95</b>	<b>1.07</b>
<b>Budget audit</b>		
In our organization budget audit help prevent and detect fraud in accounting and management reporting	3.922	1.181
In our organization budget audit helps in identifying mistakes that may result in poor decision making	3.985	1.169
In our organization budget audit allows for reliable financial reporting and accountability	3.993	1.109
<b>Mean Score</b>	<b>3.96</b>	<b>1.15</b>

From the findings, the respondents generally agreed that financial control help in co-ordinating activities of different departments as shown by a mean of 4.067 and financial controls promote financial discipline by ensuring efficient use of resources as shown by a mean of 3.985. In regard to frequency on budget approval, the respondents indicate that financial control helps in keeping adequate supervision on inflow and outflow of financial resources as shown by a mean of 3.940 and financial control ensures optimal utilization

of financial resources leaving no room for wastages as shown by a mean of 3.978. Respondents also indicated that, budget audit allows for reliable financial reporting and accountability as shown by a mean of 3.993, budget audit helps in identifying mistakes that may result in poor decision making as shown by a mean of 3.985 and budget audit help prevent and detect fraud in accounting and management reporting as shown by a mean of 3.922. From the above findings, communication of variance had the highest mean (4.02), followed by budget audit (3.96) and finally budget approvals with a mean of 3.95.

#### 4.4.3.1 Regression Model

Regression model was developed to establish the relationship between Financial Controls and Evaluation and financial sustainability. The model was of the form: Financial sustainability=  $\beta_0 + \beta_1 Cv + \beta_2 Bap + \beta_3 Ba + e$

**Table 4.11: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.593 <sup>a</sup>	.358	.336	.21746

The model had an average adjusted coefficient of determination ( $R^2$ ) of 0.336 which implied that 33.6% of the variations on financial sustainability are explained by the independent variables (communication of variance, budget approval and budget audit).

The study further tested the significance of the model using ANOVA technique. The findings are tabulated in Table below.

**Table 4.12: Summary of One-Way ANOVA results**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	21.633	3	7.211	30.299	.000 <sup>b</sup>
Residual	62.832	264	.238		
Total	84.465	267			

Critical value = 2.63

From the ANOVA statistics, the study established the regression model had a significance level of 0.000%. This is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value ( $30.299 < 2.63$ ) an indication that communication of variance, budget approval and budget audit all have

significant effects financial sustainability. The significance value was less than 0.05 indicating that the model was significant.

In addition, the study used the coefficient table to determine the study model. The findings are presented in the Table 4.13 below.

**Table 4.13: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.583	.358		4.42	.000
Communication of variance	.217	.036	.216	6.02	.028
Budget approval	.376	.084	.304	4.47	.003
Budget audit	.293	.087	.230	3.36	.032

From the regression model obtained above, a unit change in communication of variance while holding other factors constant would positively change financial sustainability by a factor of 0.217. Results show that a unit change in budget approval while holding the other factors constant would positively change financial sustainability by a factor of 0.376. Results also show that a unit change in budget audit while holding the other factors constant would positively change financial sustainability by a factor of 0.293.

#### 4.4.4 Financial Sustainability of Non-Government Organization

Concerning nongovernmental organization financial sustainability Table 4.14 presents the findings obtained.

**Table 4.14 Financial Sustainability of Non-Government Organization**

Statements	Mean	Std. Dev
In our organization funding is diversified from different donor for each activity	3.881	0.903
Our organization has the ability to meet its recurring expenses from investment made	3.731	0.816
Our organization have adequate financial resources to run our operations	3.638	0.759
In our organization annual statement of income and expenditure always has surplus	3.750	0.908
In our organization we have a positive operating margin ratio	3.597	0.872

From the findings, the respondents agreed that in the organization funding is diversified from different donor for each activity as shown by a mean of 3.881, in the organization annual statement of income and expenditure always has surplus as shown by a mean of 3.750, the organization has the ability to meet its recurring expenses from investment made as shown by a mean of 3.731, the organization have adequate financial resources to run our operations as shown by a mean of 3.638 and in the organization there is positive operating margin ratio as shown by a mean of 3.597.

#### 4.5 Diagnostic Tests

Before computing multiple regression analysis, the study tested whether the data met the assumptions for regression analysis. The assumptions that were tested were normality test.

##### 4.5.1 Normality Test

This study used Shapiro Wilk test to test for normality. Results were presented in Table 4.15

**Table 4.15 Shapiro-Wilk Test of Normality**

	Shapiro-Wilk		
	Statistic	df	Sig.
Financial Planning	.651	268	.037
Financial Monitoring and Evaluation	.804	268	.040
Financial Controls	.747	268	.041

In this test, the null hypothesis is that the data is from a normal population. Therefore, if the p-value obtained is below the selected significance (0.05) we accept the null hypothesis that the data follows a normal distribution. As shown in Table 4.6 all the significance values were below 0.5; we therefore accept the null hypothesis that the data is from a normal distribution. Therefore, the normality assumption for regression analysis is met.

#### 4.6 Inferential Statistics

Multiple Regression and correlation analysis were covered in this section.

### 4.6.1 Correlation Analysis

Correlation analysis is used in determining the extent and the direction of relationship between study variables. Pearson moment correlation was used in this study and the findings obtained are presented in Table 4.16.

**Table 4.16 Correlation Matrix and Multi collinearity**

		Financial sustainability	Financial planning	Financial monitoring and evaluation	Financial controls
<b>Financial sustainability</b>	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	268			
<b>Financial planning</b>	Pearson Correlation	.512**	1		
	Sig. (2-tailed)	.000			
	N	268	268		
<b>Financial monitoring and evaluation</b>	Pearson Correlation	.554**	.348**	1	
	Sig. (2-tailed)	.000	.036		
	N	268	268	268	
<b>Financial controls</b>	Pearson Correlation	.593**	.265**	.124**	1
	Sig. (2-tailed)	.000	.054	.061	
	N	268	268	268	268

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

<b>Multicollinearity</b>	<b>Tolerance</b>	<b>VIF</b>
Financial Planning	.778	1.286
Financial Monitoring	.685	1.459
Financial Controls	.671	1.491

The results in Table 4.16 showed strong positive relationship between financial planning and financial sustainability of non-government organization as shown by  $r = 0.793$ , statistically significant  $p = 0.000 < 0.01$ ; there was a strong positive correlation between financial monitoring and evaluation and financial sustainability of non-government organization as shown by  $r = 0.809$ , statistically significant  $P = 0.000$ ; and here was a strong positive correlation between financial controls and financial sustainability of non-government organization as shown by  $r = 0.786$ , statistically significant  $P = 0.000$ . The results show that financial planning, financial monitoring and evaluation, financial controls and financial sustainability significantly relate with NGOs in Nairobi Kenya.

On the multicollinearity test, the study established that the VIF values were below 10 an indication that the variables did not have strong relationship among themselves.

Therefore, the multicollinearity assumption for regression analysis was met and thus the findings could not be misleading.

## 4.6.2 Overall Multiple Regression Analysis

### 4.6.2.1 Model Summary

The model summary is used to look at how the dependent variable varies when the independent factors change.

**Table 4.17: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.692 <sup>a</sup>	.596	.584	.11402

a. Predictors: (Constant), financial planning, financial monitoring and evaluation, financial controls

The study looked at how changes in financial planning, financial monitoring and evaluation, and financial controls affect the financial sustainability of non-profit organizations. Financial sustainability of nongovernment organizations varied by 58.4% owing to variations in financial planning, financial monitoring and assessment, and financial controls. The remaining 41.6 percent suggests that there are other elements that impact nongovernmental organizations' financial sustainability that were not addressed in the research. R depicts the relationship between the variables, and the data revealed that the variables were closely connected, as evidenced by a value of 0.692.

### 4.6.2.2 Analysis of Variance

The ANOVA test is used to see if the data in the research is significant.

**Table 4.18: ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	62.257	3	20.752	373.865	.000 <sup>b</sup>
Residual	14.654	264	0.056		
Total	76.911	267			

a. Dependent Variable: Financial sustainability

b. Predictors: (Constant), financial planning, financial monitoring and evaluation, financial controls

The processed data (population parameters) obtained a significance level of 0.001 based on ANOVA statistics. Because the p-value is less than 5%, the data is excellent for

drawing inferences about the population's parameter. The estimated F (373.865 > 2.639) was higher than the crucial F. This demonstrates that financial planning, financial monitoring and assessment, and financial controls have a substantial impact on nongovernmental organizations' financial sustainability.

#### 4.6.2.3 Coefficients

The regression equation was

$$Y = 1.164 + 0.446X_1 + 0.501X_2 + 0.459 X_3 + \epsilon$$

The equation above shows that maintaining financial planning, financial monitoring and assessment, and financial controls constant, the variables have a substantial impact on nongovernmental organizations' financial sustainability, as indicated by a constant value of 1.164 in Table 4.19.

**Table 4.19: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.164	.131		8.885	.000
1 Financial Planning	.446	.103	.399	4.330	.001
Financial Monitoring and Evaluation	.501	.109	.455	4.596	.001
Financial Controls	.459	.104	.406	4.413	.000

a. Dependent Variable: Financial sustainability

From the findings in Table 4.19, financial planning is statistically significant to financial sustainability of non-government organizations as shown by ( $\beta = 0.446$ ,  $P = 0.001$ ). This shows that financial planning had significant positive relationship with financial sustainability of non-government organizations. This implies that a unit increase in financial planning will result to increase in financial sustainability of non-government organizations.

Financial monitoring and evaluation is statistically significant to financial sustainability of non-government organizations as shown by ( $\beta = 0.501$ ,  $P = 0.001$ ). This shows that financial monitoring and evaluation had significant positive relationship with financial sustainability of non-government organizations. This implies that a unit increase in financial monitoring and evaluation will result to increase in financial sustainability of non-government organizations.

Financial controls are statistically significant to financial sustainability of non-government organizations as shown by ( $\beta = 0.459$ ,  $P = 0.001$ ). This shows that financial controls had significant positive relationship with financial sustainability of non-government organizations. This implies that a unit increase in financial controls will result to increase in financial sustainability of non-government organizations.

#### **4.7 Chapter Summary**

This chapter has analyzed and presented data collected from the field. The diagnostic test results showed that the study data is from a normal population and hence can be used in the analysis. The results indicated that firm spending is usually in line with set budgets, firms outsource functions to reduce costs and financial reporting guides financial decisions. The study also found that firms conduct internal audit semi-annually and annually, monitoring of funds promotes accountability and financial statements improves donor trust. Further, financial control ensures financial discipline, budget is approved at the right time and budget audit promotes financial reporting and accountability.

The findings also revealed a statistically significant link between financial planning, financial monitoring and assessment, financial controls, and nongovernmental organization financial sustainability in Nairobi County, Kenya. Financial planning, financial monitoring and evaluation, and financial controls all have a substantial impact on the financial sustainability of non-government organizations.



## CHAPTER FIVE

### DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter provided a summary of the research findings as well as conclusions taken from the findings and recommendations made in response to them.

#### 5.2 Discussion

The main purpose of the study was to establish the influence of financial accountability on the financial sustainability of non-government organizations in Nairobi County, Kenya. The main objective was addressed by establishing the influence of financial planning, financial monitoring and evaluation and financial controls on the financial sustainability of NGOs in Nairobi county, Kenya. The research outcomes were produced using primary data analysis that comprised of descriptive analysis, and correlation analysis. The ensuing sections discussed the research outcomes based on the specific objectives of the study.

##### 5.2.1 Financial Planning and Financial Sustainability

Financial planning was shown to have a strong significant association with the financial sustainability of NGOs in the study. The study also revealed that most firm management ensures organization spending is in line with a set budget to avoid misuse of funds and NGOs sets aside surplus funds for use in a new organization needs not budgeted. Further, organizations outsource some of their functions to minimize overhead, financial reporting helps in making important financial decisions, and managers encourage employees to reduce their spending without sacrificing productivity, efficiency, and quality. The findings concur with those of Wachira (2018) whose results indicated that financial resource utilization, working capital management, financial investments, and financial risk management significantly and positively affected financial sustainability. The findings fail to concur with those of Mbuva (2014) who investigation factors influencing financial sustainability of women owned SMEs in Kenya in Machakos County and established that most of the expenditures in the NGOs was minimally controlled in Kenya.

Also, financial reporting help stakeholders to make decisions on whether to continue with investments and financial reporting shows how the organization has utilized resources

and devise ways to maximize organization resources. These findings concur with those of Divecha (2014) who found that income diversification strategy which includes fundraising campaigns and applying for grants and strategic financial management which includes investment and financing decisions enhance the financial sustainability of NGOs. The theory of resource mobilization emphasizes an organization's ability to mobilize and acquire resources from individuals in order to achieve short and long-term organizational goals (Tam & Kiang, 2012).

### **5.2.2 Financial Monitoring and Evaluation and Financial Sustainability**

The study established that financial monitoring and evaluation had a strong positive correlation with the financial sustainability of non-government organizations. The findings relate to those of Mosago (2013) who revealed that auditing positively contributes to NGOs' programme performance. Chelangat (2018) found that controlling, planning, and monitoring and evaluation of finances which include monitoring of funds and auditing positively and significantly affected NGO financial sustainability. The study also revealed that internal audit provides assurance that internal control processes are operating effectively, the firm conducts an internal audit quarterly to enhance proper utilization of donor funds and monitoring of funds help in enforcing accountability related to spending. The findings concur with Kamwana and Muturi (2014) that conducting audits to monitor usage of financial resources contributed to project performance.

In addition, preparation of financial statements was found to be important in organization decision making, preparation of financial statements helps to know how money was spent in the actual activities and preparation of financial statements enhances donor trust in the organization activities and monitoring of funds helps to know whether the organization is achieving set targets. These findings support those of Kakumani and Prabhakar (2014), who discovered that monitoring and assessment methods such as financial statement preparation increased donor confidence, impacting the amount of funding accessible to businesses. The findings contradict those of Edmund (2010) who studied the key factors influencing the sustainability of local NGOs in Ghana and established relatively low levels of financial monitoring in the NGOs because top management thought financial monitoring had not significant effect on financial sustainability.

### **5.2.3 Financial Controls and Financial Sustainability**

The study revealed that a strong positive correlation between financial controls and the financial sustainability of non-government organization. The findings support Wakiriba, Ngahu, and Wagoki (2015) who concluded that internal control system in public sectors had clear roles, supervised and committed to the management. The study also established that financial control helps in coordinating activities of different departments, financial controls promote financial discipline by ensuring efficient use of funds, a budget audit allows for reliable financial reporting and accountability and a budget audit helps in identifying mistakes that may result in poor decision making. The findings go in line with those of Owizy (2016) who established that in Nigeria to avoid financial irresponsibility, the ministry of finance develops the yearly budget in a timely manner and maintains appropriate spending tracking.

The results show that financial control guarantees the most efficient use of financial resources, leaving no space for waste; financial control also aids in maintaining appropriate oversight of financial resource input and outflow and budget audit help prevent and detect fraud in accounting and management reporting. The findings support Padilla et al. (2015) conclusions that efficient financial management techniques such as financial controls and budgeting are critical in improving transparency, efficiency, accuracy, and accountability, all of which help an organization accomplish its goals.

NGO's face competition for private donations, foundation funding, and government subsidies, according to Lambert (2015). Therefore, the NGOs should be able to account for the utilization of funds to get more donations. According to resource dependency theory, External actors make demands on the organization's resources, which are controlled by them. These actors see specific benefits in their interactions with the organization and wield power through resource control. The extent of resource reliance typically affects an NGO's financial accountability, which has an impact on the financial sustainability of the organization (Scott, 2004).

### **5.3 Conclusions**

The study found that financial planning was statistically significant to the financial sustainability of non-government organizations. This shows that financial planning had a significant positive relationship with financial sustainability of non-government

organizations. The study concludes that a unit increase in financial planning will result in to increase in financial sustainability of non-government organizations.

The study also found that financial monitoring and evaluation had a strong positive correlation with financial sustainability of non-government organization. Further, financial monitoring and evaluation had a significant positive relationship with financial sustainability of non-government organizations. The study concludes that financial monitoring and evaluation is positively related to financial sustainability of non-government organization

Furthermore, the study revealed that there is a strong positive correlation between financial controls and financial sustainability of non-government organization. Also, financial controls were statistically significant to financial sustainability of non-government organizations. The study concludes that financial controls is positively related to financial sustainability of non-government organizations.

#### **5.4 Recommendations**

The study found that financial planning influences financial sustainability in NGOs. The study therefore recommends NGOs management to work on improving financial planning with the aim of improving financial sustainability of the NGOs. Further, the management should adopt effective financial planning methods like budgeting, overheads ceiling and financial reporting so as to be able to gain credibility of donors.

Financial monitoring and evaluation significantly affected financial sustainability of NGOs. It is recommended that the management of NGOs should work on improving practices of financial monitoring and evaluation. This can be done by conducting frequent financial monitoring and evaluation activities such as internal audit, monitoring of funds and preparation of financial statements. This would ensure that the firm resources are properly utilized and enhance the confidence of donors, positively impacting on their financial sustainability.

Financial controls significantly affected on financial sustainability of NGOs. The study recommends that the management of NGOs should improve on their financial controls practices. This can be done by using efficient communication systems and holding individual in the organization accountable. This ensures proper use of firm resources and enhances financial sustainability.

The policy makers would understand the importance of financial accountability affected NGOs sustainability. It was therefore recommended for policy makers to formulate accountability standards that must be accomplished by NGOs which include financial planning and controls. This would result in enhanced accountability thus increasing sustainability levels of NGOs. The policy maker will design policies that will help NGOs to be more financially sustainable through accountability, this will help NGOs in delivering of services and development Agenda.

### **5.5 Suggestions for Further Studies**

This study aim was to establish the influence of financial accountability on financial sustainability of non-government organizations in Nairobi County, Kenya. This study recommends that another study to be conducted to determine the influence of financial accountability on performance of NGOs. The study should also be conducted in other counties in Kenya. The study also recommends that other studies should be conducted to cover 41.6% of financial accountability measures that were not discussed in this study. Further, other studies should adopt other methodologies like the qualitative methods and mixed methods research design to replicate this study. These methodologies would allow other studies to mix both quantitative and qualitative research and methods to improve the understanding of influence of financial accountability on financial sustainability of non-government organizations. Qualitative research would provide an opportunity to gather in-depth insights into a problem and also generate new ideas for research. The other studies would also provide a new understanding on financial accountability by using other measures not used in the current study.

## REFERENCES

- Abongó F. O. & Ombaba K. B. M., (2018). Financial Management Capacities and Financial Sustainability of Community Based Organizations in Turkana County, Kenya. *Africa International Journal of Multidisciplinary Research (AIJMR)*, 2 (3), 59-69.
- Agyemang, G., Awumbila, M., Unerman, J., & Dwyer, B. (2013). *NGO Accountability and Aid Delivery*. Technical Sustainability Report: ACCA Global Publication
- Aipinge, H.N. (2015). *An Analysis of the Sustainability of the United States Government (USG) Aid funded Nongovernmental Organizations (NGOs in the Namibian Health Sector)*. Unpublished Dissertation, Stellenbosch University.
- Alymkulova, Y & Seipulnik, K., (2015) Assessment of individual job performance: A review of the past century and a look ahead. In *Industrial Work & Organizational Psychology Volume 1*.
- Anthony, N., & Young, W., (2013). *Management Control in Non-profit Organizations*. Burr Ridge, IL: McGraw Hill.
- Ayom, A. A. (2013). *Internal Controls and Performance in NGOS: A Case of Management Sciences for Health South Sudan*. Unpublished Bachelor's Degree in Business Administration project, Cavendish University Uganda.
- Berg, J.K., (2008) *Asking Questions: A Practical Guide to Questionnaire Design*. San Francisco: Jossey Bass. ISBN 0-87589-546-8.
- Bezjian, J., Holmstrom, W., & Kipley, D. (2009). Creating not-for-profit organizational legitimacy during periods of economic constraints and diminishing donor resources. *The Business Renaissance Quarterly*, 4(4), 49-67.
- Booth, Y., (2017) A managerial perspective of dynamic capabilities in emerging markets: the case of the Russian steel industry. *Journal of East European Management Studies*, 16(3), pp. 215–236.
- Cohen, L., Manion, L. & Morrison, K. (2011). *Research methods in education* (), 7th ed. London, England: Routledge.
- Cooper, H., (2006) *An Introduction to Sampling*. Dubuque, Iowa: Kendall/Hunt Publishing Company.

- Chelangat, V., Sang, P.K., & Simiyu, E. (2018). Effect of Financial Planning On Financial Sustainability of Public Governance Non-Governmental Organizations in Nairobi County, Kenya.
- Creswell, J & Plano-Clark, W. G. (2006). *Sampling Techniques*, 2nd Ed., New York: John Wiley and Sons, Inc.
- Creswell, Y., & Clark, K., (2003) *Social Statistics*. New York: McGraw-Hill Book Company.
- Divecha, K (2014) Sustainability of non-profit organizations: An empirical investigation. *Journal of World Business*, 45(4), 346-356.
- Dorothy, W., (2017) Cultural Capital and the Sustainability of NGOs' Development Programs in Zimbabwe: An Integrative Approach. *Journal of Sustainable Development*; 5, 10
- Ebrahim, A., & Kasturi, R., (2010). *The Limits of Non-profit Impact: A Contingency Framework for Measuring Social Performance*. Harvard Business School, Working Paper 10-099.
- Field, A. P. (2009). *Discovering statistics using SPSS*. London, England: SAGE.
- Gakuu, J., & Kirimi, M., (2014) *An examination into factors affecting sustainability of donor funded community development projects in Bungoma County*. Unpublished MBA Thesis, Kenyatta University
- Gitonga, I., (2018). *Determinants Influencing Sustainability of Orphans Donor Funded Project Of Church Based Organisation In Kenya: A Case Of Zoe Ministry*. MBA Project, Kenyatta University.
- Goddard, A., & Assad, M., (2016). Accounting and Navigating Legitimacy in Tanzanian NGOs. *Accounting, Auditing & Accountability Journal*, 19 (3), 377-404.
- Gofman, M. (2017). Efficiency and stability of a financial architecture with too-interconnected-to-fail institutions. *Journal of Financial Economics*, 124(1), 113-146. Green,
- Carothers, S. (2015). *Responding to the Closing of Democratic Space*. Center for Strategic and International Studies. <https://www.csis.org/analysis/responding-closing-democratic-space>.

- Gujarati, D.N. (2004). *Basic Econometrics*. New York: McGraw Hill Book Co.
- Habeeb, R., (2013) Exploring Sarbanes–Oxley’s effect on attitudes, perceptions of norms, and intentions to commit financial statement fraud from a general deterrence perspective. *Journal of Accounting and Public Policy*, 29(5), 439-458.
- Harrison, W., Horngern, C., Thomas, C. & Suwardy, T. (2011). *Financial Accounting. International Financial Reporting Standards*. 8th ed, Sage Publication: London.
- Hassan, A. & Forhad, A. (2013). The role of NGOs in the Sustainable development in Bangladesh. *Present Environment and Sustainable Development*, 7(2), 124-144
- Hedgpeth, D. & Boak, J. (2011). *USAID suspends District-based nonprofit AED from contracts amid investigation*. Washington Post.
- Hope, K.R. (2011). Investing in capacity development: Towards an implementation framework. *Policy Studies*, 32(1), 59–72.
- Jalali, T., (2013) Role of non–governmental organizations in promoting sustainable agriculture development in Karnataka. *International NGO Journal*: 6 (2), pp. 057-061
- Johnson, G., & Scholes K., (2011). *Exploring corporate strategy*. Dorling Kindersley (India) P Source: Pvt ltd, New Delhi.
- Jordan, L., & Tuijl, P. V. (2012). *NGO Accountability: Politics, Principles and Innovations*. London: Routledge
- Juma, K., (2012). *An Examination into Factors Affecting Sustainability of Donor Funded Community Development Projects in Bungoma County*. MBA Project, Kenyatta University.
- Kakumani, K., & Prabhakar, J (2014) “Evaluating organizational performance: rational, natural, and open systems models”, *American Journal of Evaluation*, 34, 3, 385-401.
- Kamwana, C., & Muturi, W., (2014). Effects of Financial Management on Performance of World Bank Funded Projects in Kenya: A Case of KPLC Projects. *European Journal of Business Management*, 2(1), 370-384.
- Kamaruddin, M. I. H., & Ramli, N. M. (2018). The impacts of internal control practices on financial accountability in Islamic non-profit organizations in Malaysia.

- International Journal of Economics, Management and Accounting, 26(2), 365-391.
- Kangiri (2015). Strategies for financial sustainability of civil society organizations: case study of Nairobi County (Executive Master's Thesis). United States International University – Africa.
- Kangiri (2015). Strategies for financial sustainability of civil society organizations: case study of Nairobi County (Executive Master's Thesis). United States International University – Africa.
- Karanja, J., & Karuti, J., (2014). Assessment of Factors Influencing Financial Sustainability of Non-Governmental Organisations in Isiolo County, Kenya. *International Journal of Economics, Commerce and Management*, 2(9).
- Keister F. (2018). *Foundations of behaviour research* (3rd ed.). New York: Holt, Rinehart, and Winston.
- Kerine L. O. (2015) Factors Influencing Financial Sustainability of Non-Governmental Organizations: A Survey of NGOs in Nakuru County, Kenya.
- Kerlinger, H., (2007) *Introductory Statistics* (5th ed. ed.). Wiley. ISBN 0-471-61518-8.
- Kothari, C., (2014). *Research methodology Methods and Techniques*. 3rd ed. New Delhi: New Age International (P) Ltd., p.63.
- Lambert, R., (2015) “*The Sampling Problem in Research Design.*” *Agriculture Education Magazine*. pp 106-107, 114-115.
- Lin, W., Hwang & Becker, J. (2003). A fuzzy neural network for assessing the risk of fraudulent financial reporting. *Managerial Auditing Journal*, 18 (8), 657-665.
- Ludwig, G., & Pemberton, J., (2011). A managerial perspective of dynamic capabilities in emerging markets: the case of the Russian steel industry. *Journal of East European Management Studies*, 16(3), 215–236.
- Mawanda, R. (2018) A fuzzy neural network for assessing the risk of fraudulent financial reporting. *Managerial Auditing Journal*, 18 (8), 657-665.
- Mawanda, S., (2018). *Effects of Internal Control System on Financial Performance in an Institution of Higher Learning in Uganda: A case of Uganda Martyrs*. Unpublished Thesis, Uganda Martyrs University.

- Mbugua, P., (2013). *The Effects of Financial Accountability on the Performance of Non-Governmental Organizations in Kenya*. Unpublished Thesis, University of Nairobi.
- Mbuva, C (2014) *Factors that determine sustainability of non-profit organizations in Kenya*. Unpublished MBA Thesis, United States International University – Africa.
- Mbuya, J.G., & Osodo, O.P., (2018) The Influence of Source Of Funding On The Financial Sustainability Of Non-Governmental Organizations In Uasin Gishu County, Kenya. *International Journal of Non-Governmental Organizations (NGOs) and Essays*. 3(1):11-19.
- McCarthy, J., & Zald, M., (1977). Resource Mobilization and Social Movements: A Partial Theory. *The American Journal of Sociology*, 82(6), 1212-1241
- Moore, M.H. (2010). Managing for value: organizational strategy in for-profit, non-profit, and government organizations. *Non-profit and Voluntary Sector Quarterly*, 29(1), 183-204. Scott, 2004
- Mosago, G (2013) *Strategies adopted by non-governmental organizations to achieve financial sustainability in Kenya*. Unpublished MBA Thesis, University of Nairobi
- Mugenda, A. and O. Mugenda, (2013). *Research methods: Quantitative and qualitative approaches*. Nairobi: ACTS Press.
- Muriithi, C.W. (2014). *Factors that Determine Sustainability of Non-Profit Organizations in Kenya*. Unpublished Dissertation, United States International University.
- Ngahu, S., & Mutinda, M., (2016). Determinants of Financial Sustainability for Non-Governmental Organizations in Nakuru County, Kenya. *IOSR Journal of Business and Management* 18(9)
- NGO Coordination Board (2017). *List of Registered NGOs*. Retrieved from the NGO Board website: <http://www.ngobureau.or.ke> on 21<sup>st</sup> November 2019.
- Njoroge, B., (2013). *An Investigation on The Factors Influencing Sustainability of NGOS in Kenya*. MSC Finance Project, University of Nairobi.

- Nturibi, D., (2014). *A case study of the integrated community care and support project in Kenya*. Family Planning Promotion Services, Nairobi. Unpublished Thesis, UoN.
- Nuka, D. (2010). *Sustainability of NGOs in Kosova: Challenges of the third sector and the ways forward*. Kosova, UR: (MBA Thesis) American university in Kosova,.
- Obo, D., (2009). *Microfinance in Ethiopia, Elixir or Poison?* PhD thesis. Institute of Social Studies, Hague, Netherlands
- Odhiambo, J. R., (2013) *Strategies adopted by non-governmental organizations to achieve financial sustainability in Kenya*. Unpublished MBA Thesis, University of Nairobi
- Odhiambo, O., (2013). *Accountability of donor funding by Non-Governmental organizations in Kisumu County*. Unpublished MBA Project, University of Nairobi.
- OECD (2011). *What do we know about multilateral aid? The 54-billion-dollar question*, 1-11. OECD
- OECD (2017). *Public Governance: Policy Framework for Investment User's Toolkit*. Retrieved from [www.oecd.org/investment/pfitoolkit](http://www.oecd.org/investment/pfitoolkit).
- Okorley, E.L., & Nkrumah, E. E. (2012). *Organizational factors influencing sustainability of local Non-Governmental Organizations in Ghana*. *International Journal of Social Economics*, 39(5),330-341.
- Omeri, L., (2015). *Factors influencing financial sustainability of NGOs in Nakuru County, Kenya*. *International Journal of Economics, Commerce and Management* 3(2), 56-96.
- Osborne, U., & Waters, J.K., (2016) *Sampling Techniques*, 2nd Ed., New York: John Wiley and Sons, Inc.
- Owizy, K (2016) *Effects of Internal Control System on Financial Performance in an Institution of Higher Learning in Uganda: A case of Uganda Martyrs*. Uganda Martyrs University.
- Owolabi, A.A. (2010). *NGO Accountability and Sustainable Development in Nigeria*. Unpublished Thesis, Lagos: Pan-African University

- Pearce, A. & Robinson, R. B. (2013). *Strategic managements: formation, implementation and control*. McGraw Hill.
- Pfeffer, R., & Salancik, Y., (1978) *Successful Models of Non-Governmental Organizations in Consultative Status: Best Practices in Education*.
- Ryan, H., Scapens, T., & Theobald, R., (2002) *Applied Linear Regression* (2nd ed.). New York: Wiley. ISBN 9780471879572. Retrieved 23 February 2013.
- Saunders, H., Thornhill, K., & Lewis, J., (2009) *Asking Questions: A Practical Guide to Questionnaire Design*. San Francisco: Jossey Bass. ISBN 0-87589-546-8.
- Saungweme, M. (2014). *Factors influencing financial sustainability of local NGOs: The case of Zimbabwe*. Unpublished Dissertation, Stellenbosch University.
- Sulaiman, J & Alhaji, K., (2019) Resource Mobilization and Social Movements: A Partial Theory. *The American Journal of Sociology*, 82, 6, pp. 1212-1241
- Taket, A. (2010). In Liamputtong L (ed). *Research methods in health: Foundations for evidence-based practice*. Oxford University Press: South Melbourne.
- Tam, K. & Kiang, M. (2012). Managerial applications of neural networks: the case of bank failure prediction. *Management Science*, 38(7), 926–947.
- Unerman, J & O'Dwyer, T., (2010) *Enhancing the financial sustainability of Non-Governmental Organizations*. London: Routledge
- United States Agency for International Development (USAID, 2010). *NGO Sustainability Index for Sub-Saharan Africa*. Bureau for Africa: Office of Sustainable Development.
- Wakiriba, R., Ngahu, N & Wagoki, J (2015) Determinants of Financial Sustainability for Non-Governmental Organizations in Nakuru County, Kenya. *IOSR Journal of Business and Management*, 18(9), 81-88
- Weidenbaum, Y., (2009) *Successful Models of Non-Governmental Organizations in Consultative Status: Best Practices in Education*.
- Williams, K.S, (2015). *Non-profit Financial Sustainability*. Unpublished Dissertation, Dalhousie University.
- Yamane, Taro (1973). "Statistics: an introductory analysis." New York: Harper & Row.

# APPENDICES

## Appendix I: Research permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 508657	Date of Issue: 24/November/2020
<b>RESEARCH LICENSE</b>	
	
<p>This is to Certify that Mr. Humphry Wanjohi of Strathmore University, has been licensed to conduct research in Nairobi on the topic: <b>INFLUENCE OF FINANCIAL ACCOUNTABILITY ON FINANCIAL SUSTAINABILITY OF NON-GOVERNMENT ORGANIZATIONS IN NAIROBI COUNTY, KENYA</b> for the period ending : 24/November/2021.</p>	
License No: NACOSTI/P/20/7919	
508657 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code 
<p>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</p>	

## Appendix II: Authorization Letter

---

C/O Strathmore P.O. Box 59857, Nairobi, Kenya,  
P.O. Box 59857 00200, Nairobi, Kenya,  
Cell: +254 789 414467, Twitter: @strathmore  
Email: info@sbu.ac.ke or visit www.sbustrathmore.edu



20<sup>th</sup> November 2020

### **RE: FACILITATION OF RESEARCH – HUMPHRY WANJOHI**

This is to introduce Humphry Wanjohi who is a Master of Commerce (MCOM) Student at Strathmore University Business School, admission number MCOM/113412. As part of our MCOM Program, Humphry is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MCOM course. To this effect, Humphry would like to request for appropriate data from your organization.

Humphry is undertaking a research paper on **"Influence of financial accountability on financial sustainability of non-government organizations in Nairobi County, Kenya."** The information obtained shall be treated confidentially and shall be used for academic purposes only.

Our MCOM seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Caroline Tiara".

Caroline Tiara  
Manager – Graduate Programs.  
Strathmore University Business School.



### **Appendix III: Introduction Letter**

Dear respondent

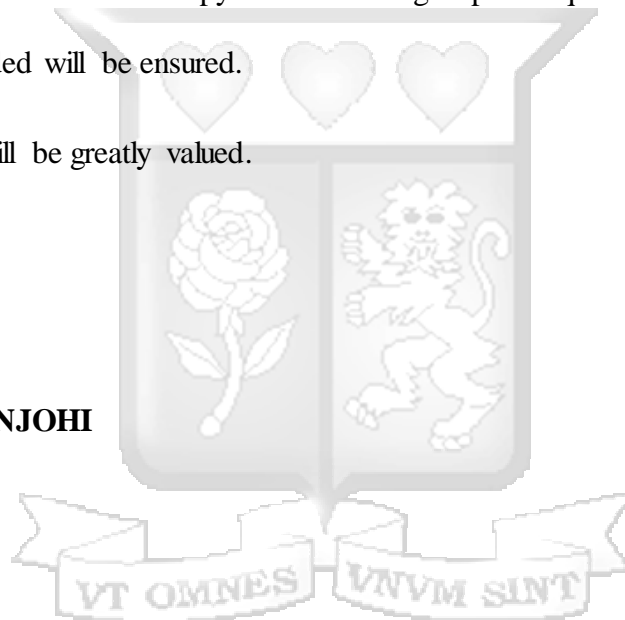
#### **RE: RESEARCH DATA COLLECTION**

I am a Strathmore University postgraduate student working on a research project on **INFLUENCE OF FINANCIAL ACCOUNTABILITY ON FINANCIAL SUSTAINABILITY OF NON-GOVERNMENT ORGANIZATIONS IN NAIROBI COUNTY, KENYA**. The information being gathered is only for academic reasons, and you will be provided with a copy of the findings upon request. Confidentiality of the information provided will be ensured.

Your assistance will be greatly valued.

Yours faithfully

**HUMPHRY WANJOHI**



## **Appendix IV: Participant Information and Consent Form**

### **INFLUENCE OF FINANCIAL ACCOUNTABILITY ON FINANCIAL SUSTAINABILITY OF NON-GOVERNMENT ORGANIZATIONS IN NAIROBI COUNTY, KENYA**

Investigator : **Humphry Wanjohi**

Institutional affiliation : **Strathmore Business School (SBS)**

#### **INFORMATION SHEET**

This research is done in partial fulfilment of the requirements for a **Master of Commerce** degree from **Strathmore University**. Respondents will take part in the survey at their own discretion. The questionnaire will be filled out by those who agree to participate. Participants will have the option to leave the research if they are uncomfortable.

The research will include staff from NGOs who are specifically targeted. The study's goal is to recruit 989 people, but only 285 are anticipated to show up. In two weeks, the research will begin. The responders will be identified through their respective Nairobi-based NGOs.

Respondents will be asked if they want to participate in the study, and those who say yes will sign the permission form. They will be informed about the study's purpose and what is expected of them when filling out the questionnaire.

Because the study is solely for academic reasons, there will be no hazards. The research will contribute to the corpus of knowledge on financial accountability and long-term financial viability.

No one will be forced to take part in the research. The research is completely optional. Non-participation will not result in any penalty. Participants who decide to stop participating will not be penalized. If you don't feel comfortable answering a question, you can skip it. The data will be stored in a university database and will be kept strictly secret.

**In case of further questions, you can contact;**

Student's Name; **HUMPHRY WANJOHI, ADMIN NO 113412**

E-mail: **wanjohihumphry@yahoo.com** Phone: **0708246110**

Supervisor's Name at Strathmore Business School.....

E-mail .....Phone.....

**For Independent Questions Contact:**

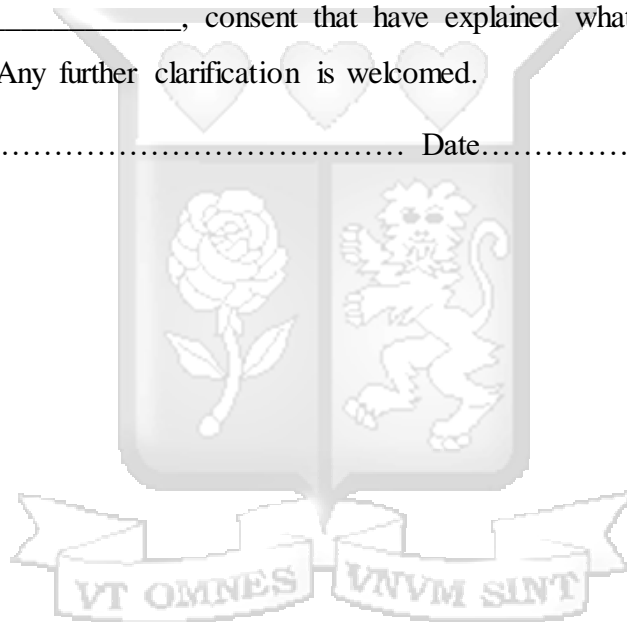
The Secretary–Strathmore University Institutional Ethics Review Board, P. O. BOX 59857, 00200, Nairobi, email ethicsreview@strathmore.edu Tel number: +254 703 034 375

I, \_\_\_\_\_, agree to participate in the study since I understand what is required of me.

Signature ..... Date.....

I, \_\_\_\_\_, consent that have explained what the study is all about to the participant. Any further clarification is welcomed.

Signature ..... Date.....



**Appendix V: Questionnaire**

**Part A: Demographic Information**

1. What is your gender?

Male

Female

2. What is your age?

20-30 years

31-40 years

41-50 years

Above 51 years

3. How long have been working in the organization?

1-5 years

6-10 years

11-15 years

Above 16 years

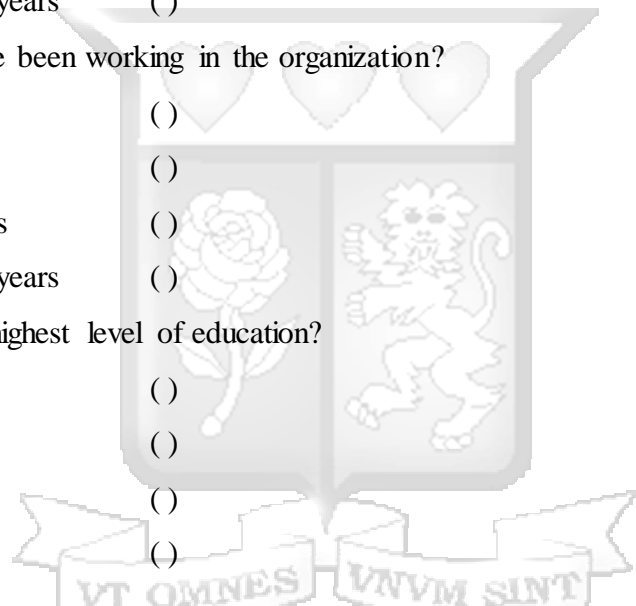
4. What is your highest level of education?

Certificate

Diploma

Degree

Masters



*For section B to E use the scale 1- Strongly Disagree, 2-Disagree, 3-Moderate 4-Agree, 5- Strongly Agree to indicate the level to which you agree/disagree with each of the statements*

**Part B: Financial Planning**

Statements	1	2	3	4	5
<b>Budgeting</b>					
In our organization, the management ensures organization spending is in line with set budget to avoid misuse of funds					
In our organization, we set aside surplus funds for use in new organization needs not budgeted for					
<b>Overheads</b>					

In our organization, we outsource some of the functions to minimize overhead costs					
In our organization managers encourage employees to reduce their spending without sacrificing productivity, efficiency and quality					
<b>Financial Reporting</b>					
In our organization financial reporting help stakeholders to make decisions on whether to continue with investments					
In our organization financial reporting shows how the organization has utilized resources and devise ways to maximize organization resources					
In our organization financial reporting helps in making important financial decision					

5. How does financial planning influence financial sustainability of non-government organization in Nairobi County?

.....  
.....  
.....

**Part C: Financial Monitoring and Evaluation**

Statements	1	2	3	4	5
<b>Internal audit</b>					
In organization we conduct internal audit on quarterly to enhance properly utilization of donor funds					
In our organization internal audit provides assurance that internal control processes are operating effectively					
<b>Monitoring of funds</b>					
In our organization, monitoring of funds help in enforcing accountability related to spending					
In our organization, monitoring of funds helps to know whether the organization is achieving set targets					
<b>Financial statements preparation</b>					
In our organization preparation of financial statements helps to know how money was spent in the actual activities					
In our organization preparation of financial statements is important in					

organization decision making					
In organization preparation of financial statements enhances donor trust in the organization activities					

6. How does financial monitoring and evaluation influence financial sustainability of non-government organization in Nairobi County, Kenya?

.....

.....

.....

**Part D: Financial Controls**

Statements	1	2	3	4	5
<b>Communication of variances</b> In organization financial controls promote financial discipline by ensuring efficient use of resources					
In our organization financial control help in co-ordinating activities of different departments					
<b>Budget approval</b> In our organization financial control helps in keeping adequate supervision on inflow and outflow of financial resources					
In our organization financial control ensures optimal utilization of financial resources leaving no room for wastages.					
<b>Budget audit</b> In our organization budget audit help prevent and detect fraud in accounting and management reporting					
In our organization budget audit helps in identifying mistakes that may result in poor decision making					
In our organization budget audit allows for reliable financial reporting and accountability					

7. How do financial controls influence financial sustainability of non-government organization in Nairobi County, Kenya?

.....

.....

**Part E: Financial Sustainability of Non-Government Organization**

Statements	1	2	3	4	5
In our organization funding is diversified from different donor for each activity					
Our organization has the ability to meet its recurring expenses from investment made					
Our organization have adequate financial resources to run our operations					
In our organization annual financial statements always reports surpluses					
In our organization we have a positive operating margin ratio					

**THANK YOU**



## Appendix VI: List of NGOs in Nairobi

1. “Rocha Kenya
2. Abanyala Floods Relief Services
3. Abha Light Foundation
4. Action Aid International Kenya
5. Action for Children In Conflict Uk In Kenya
6. Action for Empowerment – Kenya
7. Action Nowkenya
8. Adopt A Village in Africa – Kenya
9. Advanced Initiatives for Population And Development
10. Adventist Development and Relief Agency International
11. Adventist Health System East – Central Africa
12. Adventures in Mission – Kenya
13. Afriafya
14. Africa Alliance Of Ymcas
15. Africa Community Development Foundation
16. Africa Digna
17. Africa Health and Development International
18. Africa Peace Forum
19. Africa Refugee Relief and Development Organization
20. Africa Village Empowerment
21. African Biological Safety Association
22. African Christian Mission International
23. African Collaborative Centre For Earth System
24. African Conservation Tillage Initiative
25. African Family Health
26. African Institute for Development Policy Research And Dialogue
27. African Media Initiative
28. African Medical And Research Foundation
29. African Network For Agriculture, Agroforestry And Natural Resources Education
30. African Network For Internationalization Of Education
31. African Network For The Prevention And Protection Against Child Abuse And Neglect – Kenya Chapter
32. African Population And Health Research Centre Kenya
33. African Virtual University
34. African Wildlife Foundation

35. African Woman And Child Feature Service
36. Afrika Able Organization
37. Agricultural Growers Resource Organization Development Economic Viability
38. Amurt (International)
39. Anppcan. African Network For The Prevention And Protection Against Child Abuse And Network
40. Ashoka East Africa
41. Association Christian Resource Organization Serving Sudan
42. Aviation Sans Frontieres – Belgium
43. Awake Citizens Corps Kenya
44. Baobab International Africa
45. Basic Needs Uk In Kenya
46. Baylorcollege Of Medicine Children’s Foundation – Kenya
47. Beacon Of Hope
48. Best Buddies Kenya
49. Better Poverty Eradication Organization
50. Bible Translation And Literacy (E.A
51. Business Services Market Development Project
52. Call Africa
53. Care Highway Humanitarian Aid
54. Caring For Kenya’s Kids
55. Caring Citizens International Foundation
56. Best Buddies Kenya
57. Better Poverty Eradication Organization
58. Bible Translation And Literacy (E.A)
59. Business Services Market Development Project
60. Call Africa
61. Care Highway Humanitarian
62. Caring Citizens International Foundation
63. Caring For Kenya’s Kids
64. Carolina For Kibera Organization
65. Centrale Humanitaire Medico – Pharmaceutique
66. Centre For Economic And Liberitarian Affairs
67. Centre For Heritage Development In Africa
68. Centre For Legal Rights, Education, Advocacy And Development

69. Centre For Social Responsibility And Accountability
70. Centre Humanitaire Medico-Pharmaceutique
71. Chalbi Scholars Organization
72. Child Refuge Centres International
73. Childslife International
74. Chosen Children International
75. Christadelphian Meal – A – Day Fund
76. Church World Service And Witness
77. Citizens Against Violence Organization
78. Citizens’ Network For Foreign Affairs
79. Climate Cohesion Foundation
80. Coast Women In Development
81. Col’or Kenya
82. Compassion To The Regions Beyond
83. Computers For Schoolskenya
84. Consortium For National Health Research
85. World Fair Trade Organisation
86. Co-Operative Housing Foundation ( Chf ) International
87. Daasanach Development Organization
88. Development Policy Management Forum
89. Development Training And Research Africa
90. Dream Again Foundation
91. East African Wildlife Society
92. Electoral Institute For The Sustainability Of Democracy In Africa
93. Elewana Education Project
94. Engender Health
95. Family Health Options Kenya
96. Farm Strategies Organization
97. Festus Molenje Memorial Children And Youth Foundation
98. Fh Association
99. Filmaid – Kenya
100. Filsan Organisation
101. Footsteps Into Change Organization
102. Forum Syd Swedish Ngo Centre For Development Cooperation
103. Foundation For Sustainable Development-Kenya

104.	Freddy Janam Africa Foundation
105.	Free The Children
106.	Freedoms House Foundation -Kenya
107.	Friendly Action Network Organization
108.	Friends Of Ozone – Africa
109.	Full Gospel Churches Of Kenya Development Projects
110.	Generations Alive Africa
111.	Ghetto Light Youth Organization
112.	Girls Leading Our World Initiative
113.	Glad’s House
114.	Global Coaching Centre Foundation
115.	Global Deaf Connection /Kenya
116.	Global Health Action
117.	Global Implementation Solution
118.	Good News Productions International-Africa
119.	Gua Africa
120.	Haki Water Organization
121.	Hand In Hand Eastern Africa
122.	Hatua Likoni Organization
123.	Hearth To Hearth Ministries Inc
124.	Heavenly Treasures Kenya
125.	Help A Child Africa
126.	Heshima Kenya
127.	Himilo Relief And Development Association
128.	Hope For The Nations Kenya
129.	Hope In Action Association – Kenya
130.	Horn Of Africa Refugee Support Organization
131.	Adeso
132.	Human Appeal International (Kenya)
133.	Human Quality Assessment Services
134.	Human Rights Watch
135.	Humanitarian And Charitable One Trust Kenya
136.	I – Link Community Services Organization
137.	I Serve Africa
138.	Ima World Health

139.	Incas Foundation
140.	Independent Medico-Legal Unit
141.	Indiana Institute For Global Health – Kenya
142.	Information Training And Outreach Centre For Africa
143.	Initiatives For Development Of East African Region
144.	Institute For Enhancing Participatory Learning
145.	Institute Of Environment And Water Management
146.	International Centre For Reproductive Health
147.	International Child Support
148.	International Executive Service Corps
149.	International Friendship League Of Kenya
150.	Intersos Kenya
151.	Intrahealth International
152.	Islamic Relief-Kenya
153.	Matanya’s Hope
154.	Joining Hands Together Africa
155.	Just Say No To Drugs Organ
156.	Kenya Alliance For Advancement Of Children
157.	Kenya Connect
158.	Kenya Education Partnerships
159.	Kenya Education Project
160.	Kenya Enterprise Opportunity
161.	Kibera Transformation And Development Programme
162.	Kickstart International Inc.
163.	Kingdom Driven Ministries
164.	Kito International
165.	Kivuli Project
166.	Komaza Kenya
167.	Kosmos Solutions International
168.	Ladder Foundation
169.	Landmine Action (Keny
170.	Lena Foundation
171.	Liverpool Vct, Care And Treatment
172.	Maahad Daawah Organisation
173.	Maasai Association – Kenya

174.	Macheo Children's Centre
175.	Magna Children At Risk
176.	Make Way Partners
177.	Mani Tese-Kenya Branch
178.	Map International
179.	Margaret Okari Children's Foundation
180.	Jitegemee Children Program
181.	Jam International
182.	James Njuguna Foundation
183.	Jami Iyatu Taalimil Quran
184.	Mathare Youth Sports Association
185.	Matibabu Foundation
186.	Med25 International Kenya
187.	Medical Assistance In Africa
188.	Middle East Reformed Fellowship (Merf
189.	Mines Advisory Group
190.	Mkomani Clinic Society
191.	Mothers 2 Mothers Kenya
192.	Movement Against Substance Abuse In Africa
193.	Mumias Kids Centre
194.	Muslim Education And Welfare Association
195.	National Association For The Prevention Of Starvation – Kenya
196.	National Democratic Institute For International Affairs
197.	Noble Actions International Organization
198.	Nomad Charities – Kenya Chapter
199.	Nub Relief, Rehabilitation And Development Organization
200.	Oasis Of Friends Restoration Centre
201.	One Million African Stories
202.	Onekid Oneworld
203.	Open Arms International
204.	Opening Village Doors Foundation
205.	Operation Smile Mission In Kenya
206.	Pamoja Women Development Programme
207.	Pan African Climate Justice Alliance
208.	Pastoralist Intergrated Support Programme

209.	Peace Building, Healing And Reconcilliation Programme
210.	Peepoople Kenya
211.	Pharmaccess Foundation
212.	Pinnacle Appropriate Technologies Foundation
213.	Plan International
214.	Plant Resources Of Tropical Africa
215.	Platform For Land Use Sustainability – Kenya
216.	Poverty Eradication Network
217.	Programme For Appropriate Technology In Health (Path)
218.	Project Lighthouse Kenya
219.	Redeemed Integrated Development Agency
220.	Refugee Education Trust- Kenya
221.	Regional Institute For Social Enterprises (Rise)
222.	Relief International – Kenya
223.	Retrak International
224.	Riana Development Foundation
225.	Riders For Health
226.	Rieko Kenya
227.	Rural Agency For Community Development And Assistance (Racida)
228.	Rural Development Through Social Appropriation Of Technologies ( Rudesat
229.	International
230.	Sadiki Development Programme
231.	Safety Foundation For Development
232.	Save The Children Fund (Uk)
233.	Sayari Think Tank
234.	Seas Of Life Missions Kenya
235.	Servant Leadership And Environmental Conservation International
236.	Shinebean Kenya
237.	Sinapis Organization
238.	Sisdo Micro Finance
239.	Skills Active Forward Kenya
240.	Social Initiative For Development
241.	Somali Canadian Education And Rural Development Organization
242.	Somali Minority Rights And Aid Forum
243.	Source – Net Women Empowerment Program

244.	Southern And Eastern African Trade Information And Negotiations Institute
245.	Spurgeon Child Care Kenya
246.	Staff Of Hope Incorporated Organization
247.	Stichting Centre On Housing Rights And Evictions
248.	Strengthening Community Partnership And Empowerment
249.	Sustainable Development And Peace Building Initiatives
250.	Tact Africa
251.	Take Heart Association Project
252.	Teach A Child Africa-Kenya Chapter
253.	Tear Fund
254.	Technology For Health In Africa(Weltel Africa)
255.	Terre Des Hommes Foundation
256.	The 410 Bridge International
257.	The African Conservation Foundation – Kenya
258.	The Development Assistance For Rural Enterprise (Dare) Foundation
259.	The Education Kenya International Fund
260.	The International Service For The Acquisition Of Agri – Biotech Applications (Isaaa Africenter)
261.	The Kalonzo Musyoka Foundation
262.	The Kenya Organisation For The Environmental Education
263.	The Kenyan Runner Foundation
264.	The Palmhouse Foundation
265.	The Salminis Home For The Orphans In Kenya
266.	The Salvation Army Kenya
267.	The Samburu Project – Kenya
268.	The Turning Point Trust-Kenya
269.	The Windle Charitable Trust
270.	The World Student Christian Federation
271.	The Youth Agenda
272.	Think Impact Kenya
273.	Thread Of Life Organization
274.	To Love Children Educational Foundation International – Kenya
275.	Total Action Guild Of Kenya
276.	Touch A Life International
277.	Ugunja Community Resource Centre

278.	Ujima Foundation For Training And Development
279.	Undugu Society of Kenya
280.	Unite 4 Africa Inc.
281.	United Global Volunteers International
282.	University of Washington Global Assistance Program Kenya
283.	Upendo Children's Development Organization
284.	Uplifting Men and Youth In Africa
285.	Upper Tana Environmental Conservation and Management Agency
286.	Uweza Foundation
287.	Value Addition and Cottage Industry Development Initiative Africa
288.	Veterinaires Sans Frontieres Norway
289.	Veterinaires Sans Frontiers Belgium (Vsf-Dzp)
290.	Veterinaires Without Borders
291.	Veterinaries Sans Frontiers (Vsf) Switzerland
292.	Viafrica Kenya Foundation
293.	Vihda Association
294.	Vijana Against Aids and Drug Abuse
295.	Vijiji Projects
296.	Vision Africa Give A Child A Future
297.	Voluntary and Community Development Project
298.	Volunteers for Africa
299.	Water And Development (Maji Na Ufanisi
300.	Water for All Organization
301.	Water Organization Kenya
302.	Watershed Corp Kenya
303.	Watoto Education Initiative
304.	Wezesha By Grace
305.	Willing Hearts International Society – Canada
306.	Woman to Woman Africa
307.	Women and Health Alliance International
308.	Women Aviators in Africa
309.	Women in Law and Development In Africa (Wildaf)
310.	World Concern International
311.	World Corps Kenya
312.	World Neighbours – Kenya

313.	World Vision Kenya
314.	World Youth Channel
315.	Worldlife Foundation Kenya
316.	Wycliffe Bible Translators Africa
317.	Youth Agenda
318.	Youth Alive! Kenya
319.	Youth for Education In Sudan
320.	Youth Net Africa
321.	Youth Opportunities Upheld (Y.O.U), Inc. Kenya
322.	Youth Support-Kenya
323.	Zeitz Foundation
324.	Zoa Refugee Care-Netherlands
325.	Zuia Mtoto Asipotee”

