

**THE DETERMINING FACTORS OF FINANCIAL SUSTAINABILITY OF GRANT-
FINANCED SEED COMPANIES IN KENYA**

JOHN WAMBUA KAVILU

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, this research proposal contains no material previously published or written by another person except where due reference is made in the research proposal itself.

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[Signature]..... 

[Date]...13 August 2021.....

Name of Candidate: John Wambua Kavilu

Admission no: MDF102762

Approval

The dissertation of John Wambua Kavilu was reviewed and approved for defense by:

[Signature].....  [Date]...13/8/2021...

Name of the Supervisor: Mumbi Maria Wachira, PhD

School/Institute/Faculty: Strathmore University Business School

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ABSTRACT

Agribusiness offers an avenue for farmers to access both market information and access to reasonable funding for improved on-farm practices for enhanced productivity. This study aimed at exploring the underlying factors that determine financial sustainability of grant funded seed companies in the Kenyan agribusiness scene. The study also aimed at finding out the factors influencing successful financing of seed companies in Kenya and to further investigate financial sustainability challenges that face seed companies in Kenya. The research gap is informed by the fact that despite widespread access to extensive funding packages from various grant instruments, most seed companies in Kenya have faced severe financial sustainability challenges. A cross-sectional descriptive research design targeting 138 employees of seed companies was integrated with the principal-agent and the resource-based view theories are used to deduce the various factors that affect the financial performance of seed companies in Kenya. An overarching factor raised found to limit the financial sustainability of grant-funded seed companies is the absence of sufficient knowledge on the strategic financing options available and actions needed to steer consistent profitability. The study established that the primary factors that determine successful funding, financial sustainability challenges, and available financial options available for grant-funded seed companies are closely linked with their financial sustainability. This study suggests that seed companies that do not have access to adequate should readjust their capacity and operations to accommodate available resources in order minimize overdependence on donor funding. The study recommends further research be carried on downstream seed companies such as aggregators and to segment grant financed companies according to the type of donors.

ABBREVIATIONS AND ACRONYMS

NGO	Non-Governmental Organization
BCN	Bank Conveyance Number
IFRS	International Financial Reporting Standards
ACCA	The Association of Chartered Certified Accountants (ACCA, 2018)
BCN	Bank Conveyance Number

CHAPTER ONE

INTRODUCTION

1.1 Background of the Research

According to Fyfe, Woodbridge, Roberts, Downey, Edinborough & Shennan (2014), approximately half of the global population depends on agriculture for income. Forty percent of the agricultural employees are salaried while the other 60 percent are self-employed – mainly as small-holder farmers (Fyfe et al. 2014). In sub-Saharan African countries, 70 percent of the labor force is in agribusiness that accounts for over 25 percent of GDP, and 20 percent of agricultural activities within the region. Agriculture remains traditional (the methods and processes are habitual, thus rarely change with time) and the participants are mainly smallholders and pastoralists (United Nations Economic Commission for Africa, 2019). Small holders rely on production that employs labor-intensive methods, as well as family labor. However, they often hire labor, especially in high seasons, such as harvesting. Since they are poor, hired laborers work in poor conditions. These challenges gave rise to cooperatives, as well as producer associations that produce and market agricultural products on behalf of small holders (Christodoulou & Gray, 2017).

In that regard, some countries have moved away from such aforementioned practices to more sustainable ones. In the Netherlands for instance, sustainable agribusiness offers dairy farmers a practical structure for understanding, assessing, and continuously refining the sustainability of their dairy processes with a basis on economic, social, as well as environmental criteria (DeWalt, 2014). Groups of farmers enable them to benchmark their farms using a comprehensive set of criteria dubbed “sustainability indicators”. The indicators include soil fertility, health, loss, and nutrients; pest management, farm economics, biodiversity, energy, social human capital, water, impact on local economy, and animal husbandry. Farm groups featured in such programs are good managers of finance, are attentive on animal husbandry, and they involve and support their local economies (Van Mansvelt, Stobbelaar, & Hendriks, 2013; DeWalt, 2014).

Agribusiness has been an avenue that enables farmers to access credit and market information. This is especially through reasonable financing options to access improved inputs and acquire better on-farm practices so as to increase production. It also forms avenues

for mobilizing farmers from a common objective, especially in service delivery and formulation of supportive agricultural policies that address development. In some countries, such as Tanzania and Ghana, farmers contribute to formulation of poverty reduction strategy, extension delivery, and crop marketing (Jayne & Muyanga, 2016).

Seed companies are a backbone of the agricultural sector and therefore more research should be conducted in this sector to ensure sustainability of agribusiness. According to Turi (2011), seed production was introduced in the first half of the twentieth century. Seed merchants from the Netherlands, UK, Denmark and Germany took their basic seeds of beans, peas, flowers and beans to Hungary production, since they were certain about the quality of seeds produced, translating into large profits for them. Exports from Hungary grew steadily even during the second world war, boosting the economy, as well as contributing to the success of vegetable and flower production businesses. These made the Hungarian agribusiness sector grow, making the country a traditional producer of seeds.

Several challenges threaten the financial sustainability of grant financed seed companies (Renoir & Guttentag, 2018). Such issues include lack of enough knowledge on factors that likely influence successful financing of seed companies (Bray, 2010). With enough knowledge of such factors, companies are more likely to gain financing from donor organizations. Further, minimal knowledge on the challenges facing companies that were previously financed by donor organizations impede financial sustainability of grant financed companies (Bray, 2010). With enough knowledge on the challenges, grant financed companies are more likely to learn and plan ahead to avoid financial difficulties.

Thirdly, lack of knowledge on the available financial options for seed companies challenges financial sustainability of seed companies (Renoir & Guttentag, 2018). According to Mungai (2014), companies with cash flow issues can leverage flexible lines of short-term or long-term loans, sales of shares, or donor funding to fulfill their financial obligations and realign on a path to financial growth sustainability. Donor companies that have exhausted or lost a particular source of funds could close down or reduce production, with the idea that there are no alternative sources of funds. With knowledge of available funding options, seed companies are more likely to be sustainable in seed production. This study therefore seeks to position its objectives within the three aforementioned dynamics, in order to provide information on factors influencing the financial sustainability of grant financed seed companies in Kenya.

1.1.1 Kenyan Agribusiness Context

In Kenya, agriculture dictates the economy. In 2016, approximately 75 percent of Kenyans generated their income from agribusiness. The figure represents a drop when compared with 80 percent of Kenyans that used agriculture as a source of income in 1980. This drop can be attributed to several factors such as climate change, diseases and pests, usage of outdated technology, depletion of soil nutrition due to continuous usage of land (KARI, 2019). Up to one-half of the total agricultural output in Kenya is non-marketed subsistence production. Agriculture is also the largest contributor to the gross domestic product (GDP) of Kenya. In 2017, agriculture accounted for up to 30 percent of the GDP of Kenya. It also accounted for 20 percent of salaried employment, as well as 50 percent of export revenue (Macharia, 2018). Despite the evident contribution of agriculture to the Kenya's economy, the sector faces unique challenges.

Poor rural roads and other poor key physical infrastructure, among other challenges, have led to high transportation expenses for agricultural inputs, as well as products. The challenges cause spoilage of perishable commodities when the commodities are in transit leading to high losses (Mwanda, 2010). The discussed list of challenges that Kenyan agriculture and farmers face is not exhaustive. Effective extension and advisory services to farmers, especially small-scale farmers, can help in solving some of the challenges. The government has a duty to solve some of the challenges, especially poor infrastructure, extension and training strengthening research, and facilitating the access to affordable inputs and credit to farmers. The farmers face the challenges due to lack of information and knowledge on how to avoid and solve them (Kitetu, 2015; DeWalt, 2014).

1.1.2 Kenyan Seed Company Sector

Kiambi & Mugo (2016), state that the farming seeds that are traded and used in Kenya comprise of local and imported seeds. As part of the trade business, there are exports of seed to Kenyan neighbors. The regulations that restrict the movement of seeds among these countries include seed certification and standards, variety testing and release procedures, phytosanitary measures, plant variety protection, and import and export requirements.

The Kenyan seed industry structure is made of formal, as well as informal systems. The two systems differ in their size and importance in line with the commodities they support (Kiambi & Mugo 2016). The categories of the informal seed sector in Kenya are farmer-based seed

systems, relief seed systems, and community-based seed systems. Regarding the farmer-based seed systems, farmers save seeds from harvests, exchange seeds with their neighbors, or purchase grains from the local market; and use the same as seed in subsequent planting seasons (Almekinders & Louwaars, 2009). Community-based seed systems involve groups of farmers that are organized as an association or cooperative. The groups get support of non-governmental organizations or state agents that assist them in entrepreneurial seed multiplication, and marketing of seeds. Regarding relief seeds, which are different from subsidies, they comprise of other critical seed system, especially during a disaster.

According to Kiambi & Mugo, 2016, the Kenyan formal seed sector is multi-faceted. It comprises of three main categories: the public formal seed systems, mixed public private seed systems and closed value chains. Regarding the public formal seed systems, the public sector carries out all the activities of the seed value chain. The participation of both the public and private sector in the seed value chain characterizes the mixed public private seed systems. Regarding the closed value chain seed systems, they refer to those seed systems that the private sector controls. The activities range from plant breeding to distribution of seed to farmers, including the marketing of their produce.

Financial sustainability challenges impede growth and production capacities of Kenya seed companies. According to Langyintuo et al., (2008), majority of seed variety releases by Kenyan seed companies have been authorized through existing public breeding pipelines, due to lack of enough funds to diverge production. It is estimated that less than 25% of the seed companies have invested in genetic improvement. This in return leads to production of seeds that might not sufficiently survive harsh weather, harsh climatic conditions or pest and disease infestation.

Kenyan farmers majorly depend on seed companies to obtain seeds, but the companies do not always provide the kind of seeds that the farmers require (Harry, 2004). This has forced Kenyan farmers to keep and re-plant old seed varieties, which are often susceptible to unpredictable climate change and infestation of diseases and pests. The Kenyan seed companies face huge challenges in obtaining finances required to conduct research, which is key for creating seeds that can sustain climate change, diseases/pest's infestation and different weather patterns in different areas (Harry, 2004).

1.2 Statement of the Problem

Despite widespread donor funding through various donor instruments, financial sustainability of donor funded companies or programs remains a challenge. One of the main challenges impeding financial sustainability of seed financed companies is the lack of knowledge on factors ensure successful financing of companies (Bray, 2010). Donors require information about recipients' ability to manage operations, as well as manage their finances. This is especially important in determining whether a recipient can manage funds awarded to them to run the desired project activities. Donors are therefore able to tell whether there would be returns on investment by assessing the capacity of companies receiving funds. Without knowledge on factors that ensure successful funding of donor companies, there is high likelihood that a company cannot secure funds, thus reducing its chances of financial sustainability (Bray, 2010). This is therefore a critical gap that the researcher seeks to fill, in a bid to inform grant financed companies of factors that would ensure successful donor funding. The researcher will be keen to specifically focus on seed companies as opposed to previous research that has focused all companies.

Further, it is critical for companies looking for donor funding to gain information on financial sustainability challenges that face companies which were previously funded by donors. With such information, it is possible to create buffers against possible challenges on operational management, influence of technology, resource management, capacity building and strategic planning (Bray, 2010). Creation of such buffers by assuming worst case scenarios would mean that a company is well prepared to utilize funds, as well as manage any challenges that might arise during a project's lifetime. The researcher outlined some of the challenges that face grant financed companies that were previously funded by donors. Previous studies have researched challenges facing donor funded companies (Bray, 2010), but this study will specifically focus on challenges facing seed companies.

Additionally, lack of knowledge about available financing options might inhibit the financial sustainability of donor funded companies. When most organizations decide to search for donors, it is easy to only consider international funders thus limiting the pool of possibly available funds (Renoir & Guttentag, 2018). Grant financed companies can easily drop project activities, reduce production, or even shut down completely due to the assumption that there are limited funds. In that regard, the researcher seeks to assess knowledge of

financial options as well as provide information on options that might be unknown to grant financed companies.

Donor-funded organizations have received substantial criticism, most of which are anchored on their survival, revenue production, and eventual financial sustainability. Although the factors surrounding the financial sustainability of donor-funded organizations has been explored extensively in previous data, there are a number of issues that render such studies inconclusive as far as this discourse reaches. The various factors that guide access to financing from donor organizations have been highlighted in several studies. Bray (2010) instrumentally articulates that such organizations offer funding premised on the presence of detailed information about recipients' ability to manage operations, as well as manage their finances. However, such studies have not explored extensively the specific factors that determine funding as a key driver of financial sustainability within agribusiness contexts. Also, conclusive mutli-sector studies have been established on the roles of donor-funding substructures as a key source of resource strength for donor-funded organizations as presented in Renoir & Guttentag (2018) and Bray (2010). There is need to establish clarity on the specific challenges that limit the financial sustainability of donor-funded companies in the seed companies, and to examine the various funding sources that could be leveraged to foster financial sustainability among such companies in the agricultural sector. In general, therefore, this research study seeks to determine factors influencing the financial sustainability of donor funded seed companies in Kenya.

1.3 Research Objectives

1.3.1 General Objective

The purpose of this study is to investigate the determining factors of the financial sustainability of grant financed seed companies in Kenya.

1.3.2 Specific Objectives

The study as guided by the following research objectives:

- I. To establish the factors influencing successful financing as a driver of financial sustainability of grant-funded seed companies in Kenya.

- II. To investigate financial sustainability challenges that face grant-funded seed companies in Kenya.
- III. To investigate financial options available to foster financial sustainability of grant-funded seed companies in Kenya.

1.3.3 Research Questions

- I. What are the factors influencing successful financing as a driver of financial sustainability of grant-funded seed companies in Kenya?
- II. What are the financial sustainability challenges that face grant-funded seed companies in Kenya?
- III. What are the various financial options available to foster the financial sustainability of grant-funded seed companies in Kenya?

1.4 Significance of the Study

Findings from this study are significant in the following ways:

1.4.1 To seed companies

Findings from the study will inform seed companies about key conditions that are necessary for them to secure grants. This will assist the companies to comply with the pre-conditions early enough to secure funding. Further, the findings will inform seed companies about the challenges facing the industry, thus assisting the companies in developing measures to buffer any foreseen challenge. Additionally, findings will inform companies about the various financial instruments available to them, thus helping them be aware of the financing options that are available to them.

1.4.2 To the government:

Seed companies are a backbone of the agricultural sector. By understanding the challenges facing their sustainability, the government can set up measures to curb the challenges in a bid to ensure enough food production for the country.

1.4.3 To researchers:

The study will act as a baseline for other studies that will be conducted. Since agriculture is a key sector in the country, more researchers will seek to answer more questions on the

sustainability of seed companies. Findings from this research will act as a source of background information, as well as a point of comparison of results.

1.5 Scope of the Study

The study aimed at determining factors influencing financial sustainability of grant financed seed companies in Kenya. Therefore, the study gathered data from seed companies. Specifically, the study seeks to: establish important success factors for the successful financing of seed companies, investigate financial sustainability challenges that face companies that were previously funded by donor organizations and determine various financial instruments available to seed companies in Kenya. As shown in appendix III, there are 140 registered agricultural companies. In this study, the researcher purposely targeted seed companies according to the inclusion criteria. That is, registered Kenyan seed companies, which are grant financed.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers literature review of the existing research literature on financial inclusion, its importance, the challenges faced and the strategies that can be utilized to promote financial inclusion to the bottom of the pyramid population. The chapter discusses the existing literature by other scholars and knowledge institutions on financial inclusion, looking deeper into the available literature with respect to the research questions.

2.2 Theoretical Review of Literature

2.2.1 Principal-Agent Theory

The Principal-Agent Theory was developed by Michael Jensen and William Meckling in the 1970s. The study will employ this theory which refers to a 'type of institutional analysis' that looks at the incentive problems which may occur in foreign aid and end up resulting in inefficient aid expenditure (Braun & Guston, 2003). Regarding the donor-beneficiary, there is an assumption that the foreign aid principal is the donor while the beneficiary is the agent. The principal agent theory associates with either moral hazard or adverse selection that addresses the need for delegation from the principal to the agent. The delegation results in imperfect monitoring that gives rise to uncertainty of the implemented projects. As such, it has been argued that recipient's compliance with donor agreements is subject to adverse selection and moral hazard.

Moral hazard appears in instances where beneficiaries receive incentives to follow supportive policies at the expense of the donor-aid agencies. The adverse selection which runs against the principal are associated with asymmetric information which favors the beneficiary (agent) over the funding agency (principal) (Braun & Guston, 2003). Moral hazard advances itself in recipient countries where agents who are the direct beneficiaries of the aid from the principal have incentives to portray development projects as making a difference in their lives when they know, it is not. The agents, who are the beneficiaries believe that it is better to get something than nothing and so they will end up lying about the benefits of the projects being funded by donors, this is especially when external sources fund the projects. This has made

benefactors of foreign aid have no incentive in raising concerns with the donor agency when they realize the full benefits of the projects are not forthcoming (Braun & Guston, 2003).

Perrow (1986) criticized that positivist agency researchers have only concentrated on the agent side of the 'principal and agent problem' and opined that the problem may also happen from the principal side. He observed that this theory is unconcerned about the principals, who deceive, shirk and exploit the agents. Furthermore, he added that the agents are unknowingly dragged into work with the perilous working environment and without any scope for encroachment, where principals act as opportunistic (Braun & Guston, 2003). He believed in another way that humans are noble and work ethically for the betterment of the firm.

The principal-agent theory fits this study as it focuses on the ability of recipients (donor funded companies in this case) to effectively and transparently manages resources. The theory focuses on delegating roles of managing funds to the recipient rather than the donor, thus stressing on the need for donor funded companies to be equipped and transparent about successes and failures of project activities. The theory evaluates the role of an agency, which in broad terms, represents the other in transactions, and the suitability of this relationship in business sustainability. This theory helps address the first and second specific objectives of the research which seek to lay out the factors that contribute to the financing of seed companies and to investigate financial sustainability of donor-funded seed companies in the Kenyan context.

2.2.2 Resource Based Theory (RBT)

The resource-based theory explains why companies with valuable, inimitable, rare, and well-organized resources may have a competitive edge over the others and enjoy superior performance. Resources are tangible and intangible in nature. Barney (1995) observes that the RBT enables a firm to bundle its resources. In other words, the resources and the pooling of the same distinguish firms from each other. It is an inside-out approach of analyzing a firm. It also implies that the internal environment of the organization is the starting point of an analysis.

The RBT theory is dependent on a firm's internal attributes when explaining the heterogeneity of companies in terms of strategy and performance. Based on this view, a company appears to be organized. A unique set of factors, known as resources and capabilities, are related sources of advantages to the firm. Resources are accumulated assets

of a company, including inputs that a firm can use to create, produce, and/or market its products. According to Amit & Shoemaker 1993, resources require legal protection. Thus, firms can exercise property rights over them making them operate independently. The resources are also factors in the production process that helps in the conversion of input into output that meet their related needs (Grant, 1991). As Barney (1995), contends, resources, such as capital, finance, skills of individual employees, patents, equipment, and talented managers, form the necessary inputs that the production process of a firm requires.

The resource-based theory is based on the view that the internal environment of a firm, in terms of resources, as well as capabilities, is more fundamental to the formulation of a strategic action than the external environment (Camison, 2005). Instead of emphasizing on the pooling of resources necessary to implement a strategy related to conditions and constraints that exist in an external environment, the resource-based theory recommends that the unique resources and capabilities of a company should provide the foundation of the strategy. The business strategy chosen should allow the firms to best exploit its core competencies relative to opportunities in the external environment (Robert, 2008).

A critique of the theory is that the RBV lacks substantial managerial implications or 'operational validity' (Priem & Butler, 2001). It seems to tell managers to develop and obtain Valuable, Rare, and Imperfectly Imitable and Non-substitutable (VRIN) resources and develop an appropriate organization, but it is silent on how this should be done (Miller, 2003). A related critique is that the RBV invokes the 'illusion of total control', trivializing the property-rights issues, exaggerating the extent to which managers can control resources or predict their future value (McGuinness & Morgan, 2000).

This theory befits the assessment of the financial sustainability of grant-financed seed companies. The basis of this research is to assess the factors that contribute to the financial success and sustainability of donor-funded seed companies in Kenya (Connor, 2002). The underlying principle of resource-based view, on the other hand, is that organizations that an access efficient amounts of resources not only achieve a sharper competitive edge, but also stand greater chances of financial and business sustainability. RBV therefore contributes abundantly to addressing both first and second objective since it assesses the role of resources in business success. The theory also contributes to the third specific objective of the research as it helps researchers to assess the financial options that are unique and valuable, and which provide seed companies with higher competitive advantage. It should be adopted in this

research due to its focus on the internal environment of a firm. The environment in this case includes the success factors and sustainability challenges affecting grant funded seed companies.

2.3 Empirical Review of Extant Literature

On this section, a review of existing literature on factors influencing financial sustainability of grant financed seed companies was examined. The chapter will be guided by objectives of the study.

2.3.1 Factors Influencing Successful Financing of grant-funded Seed Companies and how these factors contribute to their financial sustainability

Securing funding calls for strengthening organizational, as well as the operational capacities. There is a relationship between financial sustainability and certain factors that associate with the management, public image, leadership, service provision, and community participation of a company. Sometimes the factors contribute to, or impede, financial viability of a company (Bray, 2010). Foundations and other donors require access to up-to-date information about an organization's operations, as well as finances, as a way of ascertaining return on their investment (Bray, 2010). Participation in evaluation activities that outline financial and programmatic outcomes, as a result of funding support, demonstrates the value of an organization's operations. The move also helps to determine mission impact. Additionally, clearly and consistently communicating to funders and investors, regarding the evaluation efforts and findings, demonstrates accountability. According to Barney, (2005), the Resource-Based Theory assumes that a firm is a bundle of resources. The resources and their combination make firms different from each other. It is considered as taking an inside-out approach while analyzing the firm. In other words, the starting point of the analysis is the internal environment of an organization. Barney, 2005, further holds that resources, including skills of individual employees, raise the need for staff competence.

Another factor that would affect financing of seed companies is a marketing strategy, where a company should develop a strategy that clearly defines the social mission. During the marketing of services to high-need populations, it is important to communicate clearly and consistently that the mission and services of the organization specifically cater for the unique needs of the population. By doing so, nonprofits that operate in in low-resourced areas can establish their niche better and increase their competitiveness within the larger market.

Communicating the niche also helps in gaining the support of funders since it helps in passing information that an unmet need is being addressed through the services of the subject firm (Kirk et al., 2010; Renz et al., 2010). Poor Communications stands as a major challenge (Carman, 2001). NGOs have realized that there is poor communication within the sector.

2.3.2 Financial Sustainability Challenges That Face financial sustainability of Grant-Funded Seed Companies In Kenya

There are diverse challenges determined facing grant-funded seed companies within Kenyan agribusiness model as registered in various studies. Absence of Strategic Planning is a challenge that impedes the financial sustainability of grant-financed entities (Bray, 2010). Few grant-financed companies use strategic plans that enable them to own their values, mission, and activities. The challenge leaves some of the companies vulnerable to the preferences of donors. The challenge also makes it difficult for the companies to measure their operational impact over time. Many firms that operate in low-resourced areas do not have an optimal capacity to carry out formal evaluations within a complex environment that they operate in. In many cases, small firms fail to afford adequate technology that can enable them to maintain financial data, track services, and maximize other available information technology services. Small firms do not give information systems the priority needed to effectively develop tools that can aid agency activities since they treat the systems as secondary to their mission (Schneider, 2003). Often, the small firms choose limited computerized systems to fit budgets, as well as agency knowledge. However, they need training that is necessary for an effective use of the systems (Berlinger and Te'eni, 2009). Although this digital divide, which by definition limits the ability of many nonprofit organizations to conduct formal evaluations, causes concern for people focusing on organization management, it becomes even more critical in low-income minority communities with inequities of education, income, and opportunity that community members already face (Schneider, 2003).

Additionally, failing to select and optimize resources and approaches that work around capacity challenges is another challenge that hinders the sustainability of grant-funded companies. A good example is collaborating with university-based researchers to develop evaluation efforts can assist in measuring outcomes (Mulroy, 2003). That is, building capacity to conduct evaluations through collaborations. For donor funded firms, such as the seed companies, that mainly focus on providing goods and services, allocating limited

resources toward evaluation efforts can cause a significant strain on general operations and the ability to provide services. Despite this limitation, understanding and communicating outcomes is vital in strategic planning and reporting to funders and governing bodies. Companies in low-resourced areas could consider developing collaborative partnerships that leverage the systems and expertise of entities that have the skill sets, knowledge, and resources to conduct quality evaluation efforts (Zimmerman & Stevens, 2006; Mulroy, 2003).

Lack of proper internal controls is another factor that might lead to the collapse of donor funded institutions (Beam, 2011). Most donor funded entities lack financial or control acumen of their country representatives or chiefs of party. Field managers are hired almost exclusively for their program or technical know-how, instead of their business or financial sense. Subsequently, the entities often hire the field office finance manager whose loyalty is to the field manager (Beam, 2011). Some field managers, claiming ignorance, even go so far as to entirely delegate all financial matters to their “trusted” finance staff. It has been reported that finance employees perpetrate 70% of all scams (Blanton, 2012). Lacking a direct or broken-line reporting relationship to the firm’s Chief Finance Officer is a failure recipe. Organizations need to employ the conventional internal controls, such as, “the control of the entire accounting cycle that is to authorize, approve and execute transactions, should be a tiered process that several employees handle”. NGOs need to direct their controls to the kinds of “windows of opportunity” for fraud and embezzlement found in the many high-risk settings in which NGOs are now operating.

2.3.3 The link between the financial Options Available to grant-funded Seed Companies in Kenya and their financial sustainability.

Kenyan seed companies can receive funding from domestic sources. Although there could be weighty issues with domestic, economic, political and enabling environments for firms, a relatively robust private sector provides opportunities to mobilize domestic resources for organizations that can position themselves well to do so (Renoir & Guttentag, 2018). The companies interested in funding can develop sustainability models through corporate philanthropy, individual donations, local government funding, and social enterprises. By establishing Boards with well-regarded and well-connected community members, the organizations are connected to domestic resources through a combination of direct networks, strong strategic guidance, and an enhanced reputation.

As international funding decreases in many settings, domestic resources have become an increasingly important element in financial sustainability. A healthy ecosystem for domestic resources involves not only strong local mechanisms through which funding can be channeled, but also local CSOs with the necessary structures to connect with and manage this funding. Boards can serve as critical “bridges” to local resource bases, while social enterprise models (especially for organizations involved in some form of service delivery) continue to emerge as an alternative means of resource development (Renoir & Guttentag, 2018).

According to Davis (2013), another source of funding for seed companies could be unrestricted funds. In many cases, this funding does not come from institutional grants, but rather from a combination of sources scraped together: staff contributions, social enterprises or small side businesses like food or guesthouses, local membership programs, board donations, collections from local religious congregations, and crowdfunding from online sources Davis (2013). Even though the funds are relatively small in amount, the complete lack of restrictions on this funding allowed organizations to put in place structures and activities to greatly improve their financial position and expand their impact. It may seem unethical to an organization’s mission to collect funding that is not used for an immediate need Renoir & Guttentag (2018). However, the seed companies should show how having these reserves can significantly increase resilience and effectiveness.

According to Renoir & Guttentag (2018), international and local organizations can partner to provide financial support to organizations. When structured intentionally with local organizational sustainability in mind, partnerships between international and local organizations can be powerful tools for sustainability.

2.4 Research Gap(s)

Majority of the research conducted on financial sustainability of organizations focuses on non-governmental organizations and community-based organizations (Kirk & Nolan, 2010; Renz et al., 2010; Mulroy, 2003). Some studies have focused on agribusiness and agricultural firms (Kimar, 2006; Sigh, 2004; Wilkinson, 2009), but not on grant financed seed companies. This study stands to fill this gap by specifically addressing three study objectives: factors influencing successful financing of seed companies; financial sustainability challenges facing companies that were previously funded by donor organizations; and financial options available to seed companies in Kenya.

According to Bray (2010), there is a lack of enough knowledge on factors that likely influence successful financing of seed companies. This therefore hinders companies from accessing finances from donors, thus impeding financial sustainability. Bray (2010) further states that companies lack knowledge on factors on challenges facing companies that were previously funded by donors. Thirdly, Renoir & Guttentag (2018) found out that seed companies are not much aware of various financial options that are available to them. This might be due to limited access to information on seed companies' funding. This study will fill this gap by providing findings on the three aforementioned factors influencing financial sustainability of grant financed seed companies. Findings of the study will be made easily available to seed companies through publication as well as sharing the findings with targeted seed companies.

Further, most of the research on financial sustainability of grant financed institutions has been conducted in Western countries (Renoir & Guttentag, 2018; Davis, 2013; Schneider, 2003; Kirk & Nolan, 2010). This created a gap in research on factors affecting sustainability of companies in the African region and in Kenya. For that reason, this study focused on filling this research gap by conducting research on seed companies located in Kenya.

2.5 Conceptual Framework

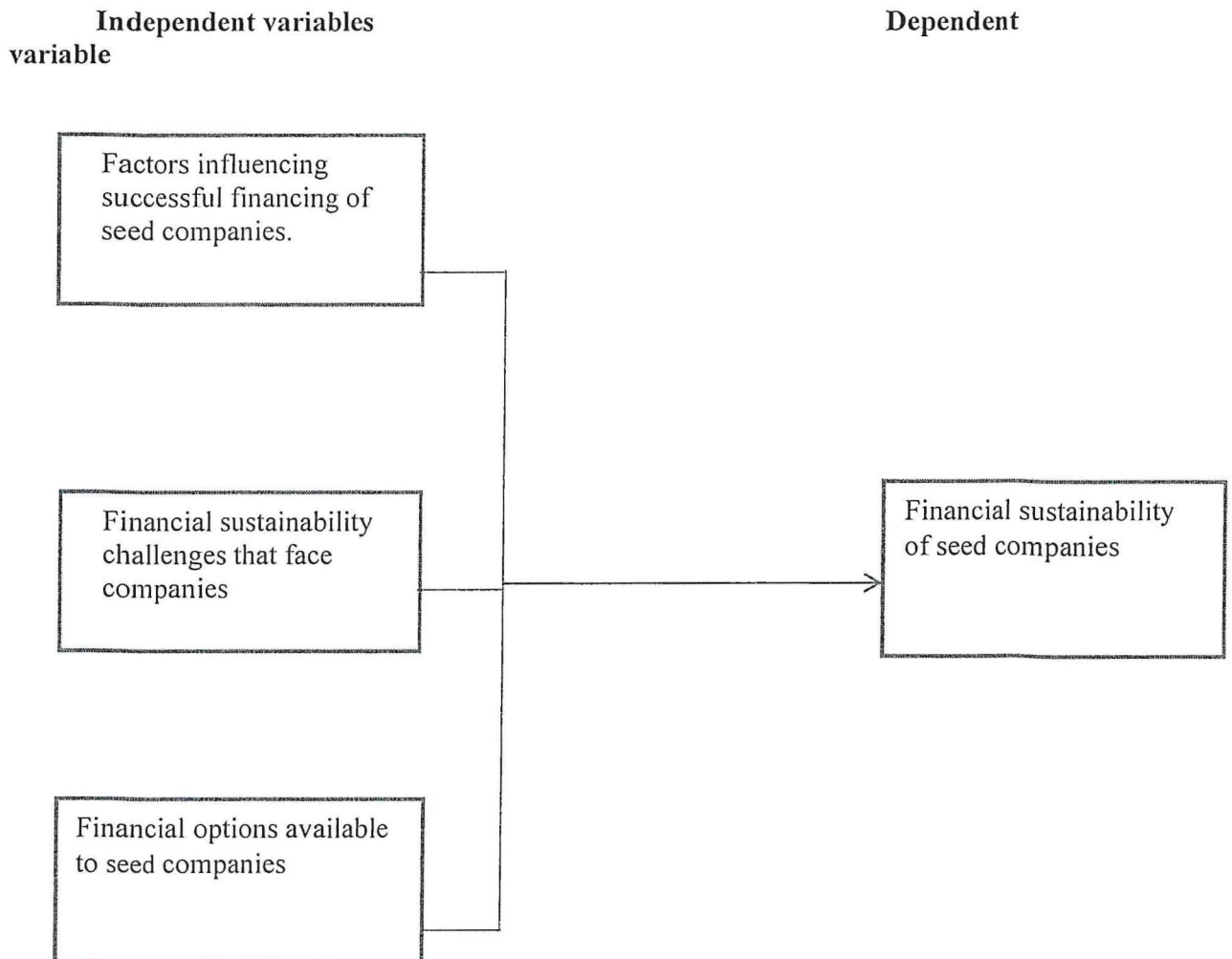


Figure 2.1: Conceptual framework

Source: Author, 2020

This study conceptualizes that factors influencing successful financing, financial sustainability challenges, and available financial options have an impact on the financial sustainability of donor funded seed companies. According to the Principal-agent theory, the agent (who is the recipient of funds from a donor) has more influence on the success of a donor-funded project. In this study, it is conceptualized that when a donor funded seed company is aware of factors influencing successful funding and challenges inhibiting financial sustainability, then the company will be better placed to be more successful accountable in obtaining and managing funds, thus achieving financial sustainability. Further,

from the resource-based theory, a company that is more aware and effectively manages its resources is more sustainable than other companies. In that regard, a donor funded seed company is likely to be financially sustainable when aware of available financial options.

2.5.1 Operationalization of Study Variables

Table 2.1: Operationalization of variables

Variables	Indicators	Measurement scales	Sources	Supporting theories
<i>The relationship between factors and financial sustainability</i>	<ul style="list-style-type: none"> ☐ Surplus of revenues over expenses ☐ Enough cash available to pay bills. ☐ Attracting required support from partners ☐ Acceptance by community Product prices are higher than ☐ production costs. Positive impact on the environment 	Ordinal	Bowman (2011); Robert (2008); Bray (2010)	Principal-Agent Theory; Resource Based Theory
<i>The success factors behind successful financing of seed companies.</i>	<ul style="list-style-type: none"> Presence of policies that aim to strengthen the organizations beyond their ☐ current capacities. Presence of strategic and effective and ☐ marketing strategies Presence of well thought approaches geared towards addressing cultural differences between company and ☐ community. Effective management of cash inflows ☐ and outflows Effective strategies of managing working ☐ capital for desired financial outcomes. Presence of sound financial risk management frameworks. 	Ordinal	Bray (2010); Barney (2005); Carman (2001); Mulory (2003)	Principal-Agent Theory
<i>Challenges facing the</i>	<ul style="list-style-type: none"> Failure to implement robust and strategic financial sustainability plans. 	Ordinal	Schneider (2003);	Principal-Agent Theory

<p><i>financial sustainability of grant-funded seed companies in Kenya.</i></p>	<p>Failure to design specific approaches to address capacity challenges.</p> <p>Lack of internal financial control systems to control and monitor cash circulation.</p> <p>Failure to implement grant-approval systems that can support the desired financial sustainability goals.</p> <p>Lack of qualified people to coordinate access to donor finance its effective utilization towards sustainability.</p> <p>Lack of shared decision-making strategies between company and donors.</p>		<p>Berlinger & Te'eni (2009); Mulroy (2003); Zimmerman & Stevens (2006); Beam (2011).</p>	
<p><i>Financial options available to seed companies in Kenya</i></p>	<p>Funding from local donors</p> <p>Unrestricted funding options</p> <p>Funding from international donors</p>	<p>Ordinal</p>	<p>Renoir & Guttentag (2018); Davis (2013)</p>	<p>Resource Based Theory</p>

2.6 Summary of the Chapter

This chapter has reviewed previously studies, in a bid to determine factors influencing financial sustainability of grant financed seed companies. From the chapter, this study is based on the Principal Agent Theory and the Resource Based Theory. The empirical review of literature was outlined as per the three objectives of this study. Further, the chapter has outlined a summary of literature review as well as the observed literature gaps that will be filled by this study.

RESEARCH METHODOLOGY

3.1 Introduction

The following sections will be covered under this chapter: research philosophy, research design, population and sampling, data collection methods, data analysis, research quality and ethical issues in research.

3.2 Research Philosophy

This study adopts both the positivism and post-positivism philosophies. The positivism philosophy assumes that reality is stable, observable, and can be objectively described (Morgan & Smircich 1980) using data collected from target companies, to determine factors influencing financial sustainability of grant financed seed companies in Kenya (Kirk et al., 2010). The post-positivist philosophy, on the other hand, argues that in seeking to find the truth, researchers must desist from viewing reality as absolute, but should instead verify facts surrounding reality only as approximations of it (Kirk et al., 2010). The second philosophy informed the use of closed questions in the questionnaires. From previous research, factors influencing financial sustainability of companies are fairly stable, observable and can be predicted using available data (Bray, 2010; Kirk et al., 2010). For this study, the financial sustainability of grant financed seed companies can be predicted by gathering data on factors influencing the sustainability. Therefore, by collecting data using the study's questionnaire, the researcher will objectively find factors influencing financial sustainability of grant financed seed companies in Kenya.

3.3 Research Design

This study adopted a cross-sectional descriptive research design. Cross-sectional research designs are types of research designs that analyze data from a population, or a representative sample, at a specific point in time (Levin, 2006). Further, descriptive research provides an accurate account of characteristics of a particular group, individual or event in real life situations and the state of affairs as it exists at present (Cooper & Schindler, 2011). In this case, the researcher captured data from seed companies in May 2020. Further, both

descriptive and inferential analyses were used to give findings on factors influencing financial sustainability of grant financed seed companies in Kenya.

3.4 Population of the Study

The researcher targeted employees (managers of departments, as well as employees from the finance units) working in grant funded seed companies in Kenya. Being at the helm of companies' operations, managers are aware of the key challenges affecting their companies in all the departments. Employees from the finance units are aware of the financial operations of seed companies. In that case therefore, the target population was better placed to provide information on factors influencing financial sustainability of grant financed seed companies. There are 140 registered seed companies in Kenya, some of which include East African Seed Co. Ltd, Kenya Seed Co. Ltd, Western Seed & Grain Co. Ltd, Agrifresh Kenya Limited, KALRO Seed Unit, Finlays Horticulture (K) Ltd, Simlaw Seeds, Syngenta East Africa Ltd, and KEFRI Seed Centre, AAA growers Ltd, and Lambwe Seed Growers Agencies (LASGA). (See appendix III for the complete list of seed companies in Kenya).

3.5 Sampling Techniques

The study's sampling design and sample size is as given in the sections below.

3.5.1 Sampling Design

The study employed a purposive sampling technique to capture data from the target seed companies. The purposive sampling method is a non-probability sampling technique that leverages the instrumental position of individuals with expert knowledge on a subject to gather important data needed for a study. That is, the researcher purposively selected companies that satisfy the sampling criteria. The sampling study's sampling criteria:

- a. Included Kenyan donor funded seed companies.
- b. Included employees in managerial positions and in the finance units.

The criteria above were used in order to only include Kenyan donor funded companies in the target population and interview managers and employees in the financial units of selected companies. Managers interviewed included project managers, managers in the financial departments, program managers and managers of the targeted companies. Further, the

researcher used simple random sampling to select several employees from each of the target companies. A breakdown of the sample size s as given below.

3.5.2 Sample Size

The study's sample size was calculated using the Cochran sample size formula as given below:

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

Where:

$n_0 = 385$: Cochran's sample size recommendation (Cochran, 1977).

$N = 215$: Population of employees in selected companies (includes all managers and employees in the financial units)

Therefore,

$$n = \frac{385}{1 + \frac{(385 - 1)}{215}} = 138$$

The sample size distribution per company was further calculated using probability sampling as given in table 3.2 below:

Table 3.2: Number of employees

Company	Number of employees	Population proportion	Sample number of employees
Freschco Kenya Ltd	17	7.9%	11
Crop Africa	20	9.3%	13
East African Seeds	18	8.4%	12
Oil Crop Development Ltd	17	7.9%	11
Olerai Farm	15	7.0%	10
Western Seeds Ltd	20	9.3%	13
Kisima Farm	18	8.4%	12

Kenya Highland Seed	16	7.4%	11
Drylands Seeds Ltd	20	9.3%	13
Leldet	18	8.4%	12
Afritec seed Ltd	16	7.4%	11
Bubayi Products Ltd	20	9.3%	13
Total sample size	215	100.0%	138

Therefore, the researcher targeted 138 employees of the selected donor funded seed companies in Kenya. This sample size included managers of key departments and employees as explained in section 3.5.1.

3.6 Data Collection Methods

A Likert structured questionnaire with close-ended and open-ended questions was administered by research assistants through phone calls. This was in an effort to conduct the study according to outlined Covid-19 guidelines on social distancing. The questionnaire was divided into five sections. The first section captured respondent information including duration of time worked in a company and the type of donor. The second section captured data on financial sustainability of companies. The third section collected data on success factors for successful financing of seed companies, the fourth section captured data on financial sustainability challenges that face seed companies, while the fifth section recorded data on financial instruments available to seed companies in Kenya. In order to improve the response rate, the questionnaire was made as short as possible (focusing on only key variables per section) so as to take minimal time. The respondents were clearly informed of the study's significance to them, which was to identify the determinants of financial sustainability of grant financed seed companies.

3.7 Data Analysis

Diagnostic checks of the collected data were conducted to process data before analysis. The diagnosis involved data cleaning, re-organization of the data, coding the responses and checks to ensure that the data captured aligns to the inclusion criteria outlined in section 3.5.1. Entries that do not meet the criteria were dropped from the dataset. After processing, data was analyzed using the SPSS (version 20) software. Data analysis involved descriptive and inferential statistical approaches.

Respondent information was analyzed using a descriptive approach to present frequencies and percentages of the responses. For the Likert scaled questions, analysis was conducted in two ways. First, a distribution of frequencies and percentages was presented. Here, the mean and standard deviation of responses were provided, in order to get the general feeling of responses. Inferential data analysis involved a chi-square test to assess the relationships between the study independent and dependent variables. Statistical tests were conducted at an alpha = 0.05 level of significance and the results will be presented using tables and figures.

The following model was used to measure the effect of working capital management on the capital structure.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where;

Y: financial sustainability

X₁: factors influencing successful financing of seed companies.

X₂: financial sustainability challenges that face companies that were previously funded by donor organizations.

X₃: financial options available to seed companies

ε is the error term.

β_0 , is the constant term.

β_1 , β_2 , β_3 , are the coefficients of independent variables.

3.8 Research Quality

The research quality was measured using reliability and validity tests. Validity measurement refers to the process of assessing how well the research methodology adopted measures the specific characteristics being measured. Validity test in this research was used to evaluate the level to which the questionnaire measures the various parameters aimed at answering the research questions. The validity test in this study was conducted by subjecting the questionnaire to reviews by the university supervisor. The questionnaire's reliability was measured using the Cronbach Alpha test. The Cronbach Alpha measures the internal

consistency of items measured in a research methodology. In this study, a Cronbach alpha value of 0.7 or more was considered to provide sufficient reliability.

Table 3.3: *Cronbach reliability test*

	Cronbach's Alpha Based on	
Cronbach's Alpha	Standardized Items	N of Items
.86	.072	23

From table 3.3, the Cronbach alpha test returned a value of 0.86, implying that the questionnaire provided sufficient reliability.

3.9 Ethical Issues in Research

For ethical clearance, the researcher obtained permission from relevant bodies before conducting the study. The researcher sought permission from Ethics Review Committee of Strathmore University, as well as obtained a research permit from the National Commission for Science, Technology, and Innovation (NACOSTI).

During data collection, the researcher obtained consent from the respondents through a letter of introduction explaining the study's purpose and significance. The respondents were informed that participation was totally voluntary and that they would be free to drop from the study at any point when they feel uncomfortable. Further, the respondents were assured that responses will be kept confidential (no revealing information will be captured), and that the data will be used for the purposes of this study only. Data collection was conducted privately for each respondent.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION, PRESENTATION AND INTERPRETATION

4.1 Introduction

The chapter presents data analysis, presentation, and interpretation of results. The study sought to determine factors influencing the financial sustainability of seed companies in Kenya. This chapter has multiple sections on the respondents' demographic characteristics; financial sustainability factors (success factors) influencing successful financing of seed companies; financial sustainability challenges that face companies that were previously funded by donor organizations; and financial options available to seed companies.

4.2 Response Rates

Table 4.1 shows the study's response rates.

Table 4.1: *Response rates*

Category	Frequency	Percentage
Target	138	100.0
Returned	113	81.9%

The study targeted 138 respondents. Of the target, 113 respondents successfully completed the questionnaire. Therefore, the study's response rate was 81.9%.

4.3 Respondents' demographic characteristics

An important requisite in the current study is that it seeks to determine the demographic information of the participants in the study. As such, respondents were requested to reveal information about their gender, age category, level of education, the duration they have spent in the organization and the positions they held in their respective companies. The section below presents descriptive statistics on the respondents' duration of employment in a company, as well as category of donors as reported by the respondents.

Table 4.2: **Gender of the respondents**

Gender	Frequency	Percentage	of
--------	-----------	------------	----

		participants
Male	78	69
Female	35	31
Total	113	100

Base on whether one was male or female, a majority of the respondents (69%) identified themselves as males while the rest (31%) identified themselves as females as revealed in *Table 4.5* above.

Table 4.3 Age characteristics of respondents

Age category	Frequency	Percentage
Below 25 years	7	6.1
25-35 years	25	21.8
36-45 years	34	30.30
46-55 years	32	28.70
Beyond 55 years	15	13.2
Total	113	100

The respondents were also requested to reveal information regarding their age categories (ranging from below 25 years to above 55 years), as opposed to revealing their exact ages. A majority of the respondents were aged between 36-40 (30%) followed closely by those aged between 25-35 years (21.8%) while those aged beyond 55 years were 13.2% of the respondent population. Only 7 respondents (6.1) were 25 years of age and below.

Table 4.4: Educational level of respondents

Education level	Frequency	Percentage
Certificate	5	4.2
Diploma	24	20.8
Bachelor's Degree	70	61.6
Master's degree and beyond	14	12.4
Total	113	100

The question on educational levels of respondents only considered post-secondary school levels where one is considered ready for practice. Only 4.2% of respondents had certificate level education, 20.8% of the respondents confirmed that they had attained a diploma certificate, 61.6% had bachelor's degrees while only 12.4% of participants had post-graduate level education.

4.3.1 Duration of Employment

Table 4.5: Duration of employment

Time of operation (years)	Frequency	Percentage
5 years or less	41	36.5
6-10	44	39.1
11-15	16	14.8
16 years and beyond	12	10.6
Total	113	100

Respondents showed varied durations of operation in Seed Companies. Only 10.6% (12 respondents) had served in their respective organizations for more than 16 years. Most of the respondents (44) had served for between 6 and 10 years, 16 had worked in their companies for between 11 and 15 years and 41 (36.5%) had only worked in their companies for five years or less.

Distribution of respondents' duration of employment is as given in table 4.5, table 4.6 and figure 4.1.

From the results in table 4.5, the respondents had a mean/average duration of employment of 3.77 years (SD = 1.696). The minimum duration of employment was 1 year and a maximum of 6 years. Further, most of the respondents had worked for 2 years.

Table 4.4: Frequencies on duration of employment

Years	Frequency	Percent
1	10	8.8
2	27	23.9
3	13	11.5

Years	Frequency	Percent
4	15	13.3
5	25	22.1
6	23	20.4
Total	113	100.0

Further analysis varied durations of employment among respondents from different seed companies involved in the study. Majority of the respondents 27(23.9%) had worked for 2 years. Additionally, 25 (22.1%) had worked for 5 years, 23(20.4%) for 6 years, 15(13.3%) for 4 years, 13(11.5%) for 3 years, while 10(8.8%) had worked for 1 year. The resource-based view theory implies that employees constitute a crucial aspect of organization’s resources. The different patterns of employee retention and longevity revealed in these results reflect diverse patterns of financing and financial sustainability experienced by different seed companies.

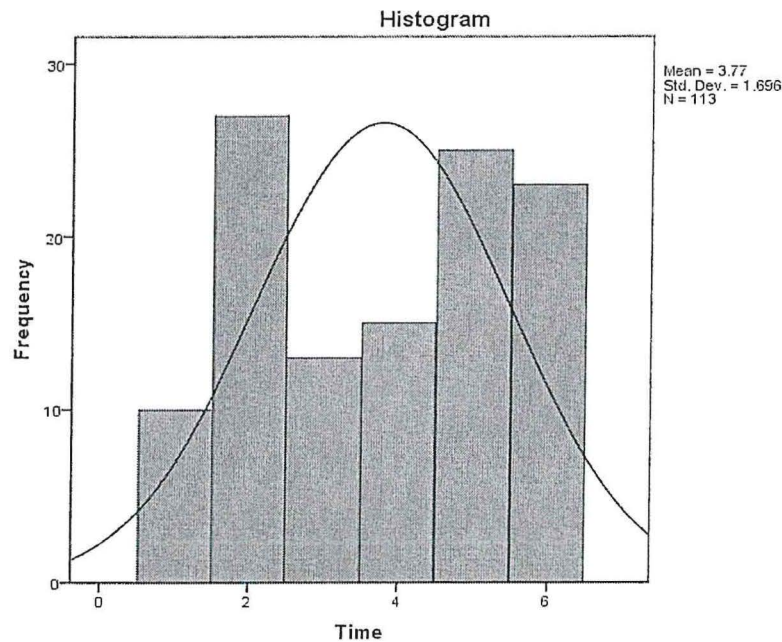


Figure 4.2: Pictorial distribution on duration of employment

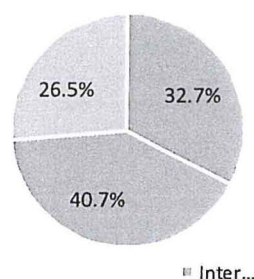
From the histogram on figure 4.1, duration of employment was normally distributed with a mean of 3.77 and standard deviation of 1.696.

4.3.2 Category of Donors

Distribution of the category of donors is as given in table 4.7 and figure 4.2.

Table 4.5: Frequencies on donor category

Category	Frequency	Percent
International	37	32.7
Local	46	40.7
Both	30	26.5



From the results above, majority of the seed companies were funded by local donors 46 (40.7%), 37 (32.7%) were funded by international donors, while 30 (26.5%) were funded by both local and international donors.

4.4 Financial sustainability

This section presents results on the financial sustainability of seed companies as reported by respondents.

Table 4.6: Frequencies on financial sustainability of seed companies

Financial sustainability	Mean	SD
a) The company has had surplus of revenues over expenses	2.99	1.40
b) The company had enough cash available to pay bills	2.12	1.19
c) The company has attracted required support from various parties	2.41	1.35
d) The company has widely been accepted by community and the local representatives	1.96	1.14
e) The company's product prices have been higher than production costs	2.50	1.45
f) There has been positive impact on the environment contributing to the positive impact to the economy	2.24	1.21

From the results on table 4.8, seed companies seem to have enough cash available to pay bills (Mean = 2.12, SD = 1.19). Similarly, results indicate that the companies have attracted required support from various parties (Mean = 2.41, SD = 1.35), they have been widely accepted by community and the local representatives (Mean = 1.96, SD = 1.14), and they have had positive impacts on the environment contributing to the positive impact to the economy (Mean = 2.24, SD = 1.21).

However, it is not clear whether seed companies have had surplus of revenues over expenses (Mean = 2.99, SD = 1.40), nor whether product prices have been higher than production costs (Mean = 2.50, SD = 1.45).

4.5 Success Factors Influencing Successful Financing of Seed Companies in Kenya

This section presents results on the factors influencing successful financing of seed companies in Kenya. Frequencies on factors influencing successful funding were reported. Further, a chi-square test was conducted to analyze the relationship between factors influencing successful funding and the financial sustainability of seed companies.

4.5.1 Frequencies on Factors Influencing Successful Funding

Table 4.7: Success factors influencing successful funding.

Success factors influencing successful funding	Mean	SD
a) The company has policies behind strengthening organizational and operational capacities	3.03	1.42
b) The company has an effective marketing strategy that clearly defines its social mission	3.27	1.39
c) The leadership works to address cultural differences between the company and target community	2.96	1.37
d) The company effectively matches the inflows and outflows of cash to maintain adequate cash	2.37	1.21
e) The company regularly analyzes current assets and liabilities in order to determine their working capital levels	2.38	1.10
f) The company has an established financial risks management framework	2.63	1.34

From the results in table 4.9, it is not clear whether companies have policies behind strengthening organizational and operational capacities (Mean = 3.03, SD = 1.42), there are effective marketing strategies that clearly define the companies' social missions (Mean = 3.27, SD = 1.39, nor whether seed company leaderships work to address cultural differences between the companies and target communities (mean = 2.96, SD = 1.37).

However, it is evident that seed companies effectively match the inflows and outflows of cash so as to maintain adequate cash (mean = 2.37, SD = 1.21), seed companies regularly analyze current assets and liabilities in order determine their working capital levels (Mean = 2.38, SD = 1.10), and that seed companies have established financial risk management frameworks (Mean = 2.63, SD = 1.34).

4.5.2 Chi-square Test on Relationship between Factors Influencing Successful Funding and the Financial Sustainability of Seed Companies.

A chi-square test was conducted to assess the relationship between factors influencing successful funding and the financial sustainability of seed companies. Results are as given in table 4.9.

Table 4.8: *Chi-square test on success factors and financial sustainability*

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	61.261 ^a	9	.038
Likelihood Ratio	72.183	9	.023
Linear-by-Linear Association	40.663	1	.017
N of Valid Cases	113		

From table 4.8, there is a significant relationship between factors influencing successful funding and the financial sustainability of seed companies ($\chi = 61.261$, $p = 0.038 < 0.05$). Therefore, factors in the previous section where respondents agreed/strongly agreed with significantly influence the financial sustainability of seed companies.

4.6 Financial Sustainability Challenges that Face grant-funded Seed Companies in Kenya

This section presents results on financial sustainability challenges facing seed companies in Kenya. Frequencies on financial sustainability challenges were reported. Further, a chi-square test was conducted to analyze the relationship between financial sustainability challenges and the financial sustainability of seed companies.

4.6.1 Frequencies on Financial Sustainability Challenges

Table 4.9: Financial Sustainability Challenges that Face Seed Companies in Kenya

Financial Sustainability Challenges	Mean	SD
a) The company does not have an effective strategic plan to ensure financial sustainability	3.09	1.49
b) The company does not have resources to address capacity challenges	2.34	1.32
c) The company lacks proper internal financial control to monitor funds	2.43	1.38
d) Approval of utilization of donor funds is not done within the time frame provided	3.12	1.34
e) Donors do not have designated people who coordinate donor finance for easy access	3.02	1.30
f) Donors have not established procedures and policies arrangements that include shared decision-making	2.91	1.47

On financial sustainability challenges, it is clear that seed companies do not have resources to address capacity challenges (Mean = 2.34, SD = 1.32).

In addition, the results indicate that it is not clear whether seed companies have effective strategic plans to ensure financial sustainability (Mean = 3.09, SD = 1.49), whether companies lack proper internal financial control to monitor funds (Mean = 2.43, SD = 1.38), whether approval of utilization of donor funds is not done within the time frame provided (Mean = 3.12, SD = 1.34), whether donors do not have designated people who coordinate donor finance for easy access (Mean = 3.02, SD = 1.30), nor whether seed companies have

established procedures and policies arrangements that include shared decision-making (Mean = 2.91, SD = 1.47).

4.6.2 Chi-square Test on Relationship between Financial Sustainability Challenges and the Financial Sustainability of Seed Companies

A chi-square test was conducted to assess the relationship between financial sustainability challenges and the financial sustainability of seed companies. Results are as shown in table 4.11.

Table 4.10: *Chi-square test on sustainability challenges and financial sustainability*

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	33.455 ^a	9	.041
Likelihood Ratio	31.447	9	.043
Linear-by-Linear Association	28.003	1	.044
N of Valid Cases	113		

From table 4.10, there is a significant relationship between financial sustainability challenges and the financial sustainability of seed companies ($\chi = 33.455$, $p = 0.041 < 0.05$). Therefore, identified financial sustainability challenges in the previous section influence the financial sustainability of seed companies.

4.7 Financial Options Available to grant-funded Seed Companies in Kenya

This section presents results on financial options available to seed companies in Kenya. Frequencies on available financial options were reported. Further, a chi-square test was conducted to analyze the relationship between available financial options and the financial sustainability of seed companies.

4.7.1 Frequencies on Financial Options

Table 4.11: *Financial options available to seed companies*

Financial Options	Mean	SD
-------------------	------	----

a) The company relies on funding from local donors such as individual donations, local government funding, and social enterprises	2.42	1.16
b) The company relies on unrestricted funds such as staff contributions, side businesses/investments, board donations and crowd funding to raise resources	2.82	1.51
c) The company acquires funds from international donors to raise resources	2.43	1.26

From results in table 4.13, it is evident that seed companies rely on funding from local donors such as individual donations (Mean = 2.42, SD = 1.16), and the companies acquire funds from international donors to raise resources majority of the respondents (Mean = 2.43, SD = 1.26).

However, respondents tended to be unsure on whether their companies rely on unrestricted funds such as staff contributions, side businesses/investments (Mean = 2.82, SD = 1.51).

4.7.2 Chi-square Test on Relationship between Financial Options and Financial Sustainability of Seed Companies

A chi-square test was conducted to assess the relationship between financial options available to seed companies and financial sustainability of seed companies. Results are as shown in table 4.13.

Table 4.12: *Chi-square test on financial options and financial sustainability*

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	51.973 ^a	12	.036
Likelihood Ratio	63.806	12	.031
Linear-by-Linear Association	48.717	1	.039
N of Valid Cases	113		

From table 4.14, there is a significant relationship between available financial options and the financial sustainability of seed companies ($\chi = 51.973$, $p = 0.036 < 0.05$). Therefore, identified financial options in section.

4.8 Regression Analysis

Regression analysis is a statistical method used to calculate and estimate relationships between an independent variable and a dependent variable as a way of assessing how strong the link between the variables, and to remodel the link between two variables. Under this section, a regression analysis was conducted to determine whether success factors influencing successful financing, financial sustainability challenges, and available financial options significantly predict the financial sustainability of grant financed seed companies. Results are as given below:

Table 4.13: *Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.541 ^a	.293	.197	.570

a. Predictors: (Constant), Financial options available, Financial sustainability challenges, Success factors

The model summary results indicate that success factors influencing successful financing, financial sustainability challenges, and available financial options explain a 29.3% change in financial sustainability of grant financed seed companies ($r^2 = 0.293$). The R value of 0.541 indicates that the determinants are moderately influence changes in financial sustainability.

Table 14: *Analysis of Variance (ANOVA)*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.639	3	1.213	3.733	.035 ^a
	Residual	35.427	109	.325		
	Total	39.066	112			

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.639	3	1.213	3.733	.035 ^a
	Residual	35.427	109	.325		
	Total	39.066	112			

a. Predictors: (Constant), financial options available, financial sustainability challenges, Success factors

b. Dependent Variable: Financial sustainability

The ANOVA results indicate that the regression model with success factors influencing successful financing, financial sustainability challenges, and available financial options as independent variables and financial sustainability as the dependent variable is statistically significant ($F = 3.733, p = 0.35$).

Table 4.15: Model coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	2.856	.357		8.001	.000
	Success factors	-.132	.076	-.116	-1.217	.029
	Financial sustainability challenges	-.104	.074	-.015	-.560	.033
	Financial options available	.149	.066	.070	.738	.024

a. Dependent Variable: Financial sustainability

Results in table 4.17 indicate that factors influencing successful financing significantly predict the financial sustainability of seed companies ($t = -1.217, p = 0.029$). A unit change in the success factors leads to a 13.2% decrease in financial sustainability of seed companies ($\beta = -0.132$).

Secondly, financial sustainability challenges significantly influence the financial sustainability of grant financed seed companies ($t = 0.560, p = 0.033$). A unit increase in

financial sustainability challenges would lead to a 10.4% decrease in financial sustainability ($\beta = -10.4$).

Lastly, financial options available to seed companies are significant predictors of financial sustainability ($t = 0.738, p = 0.024$). A unit increase in availability of financial options would lead to a 14.9% increase in the financial sustainability of grant financed seed companies ($\beta = 0.149$).

From the results, the regression model is as given below:

$$\text{Financial sustainability} = 2.856 - 0.132 (\text{success factors}) - 0.104 (\text{financial sustainability challenges}) + 0.149 (\text{available financial options})$$

4.9 Summary of Results

The research study had a response rate of 81.9%. Majority of the interviewed respondents had worked for 2 years in their companies, with the average duration of employment being 3.77 years. In addition, most of the seed companies in this study were being funded by local donors.

Considering success factors influencing financing of seed companies, it is evident that seed companies effectively match the inflows and outflows of cash so as to maintain adequate cash, they regularly analyze current assets and liabilities in order to determine their working capital levels, and the seed companies have established financial risk management frameworks.

On financial sustainability challenges, seed companies seem to have enough cash available to pay bills, the companies have attracted required support from various parties, companies have been widely accepted by community and the local representatives and they have had positive impacts on the environment contributing to the positive impact to the economy.

On financial sustainability challenges, it is clear that seed companies do not have adequate resources to address capacity challenges.

For financial options available to seed companies, the companies rely on funding from local donors such as individual donations and they also acquire funds from international donors to raise resources majority of the respondents.

From the regression analysis, it was confirmed that success factors influencing successful financing ($t = -1.217, p = 0.029$), financial sustainability challenges ($t = 0.560, p = 0.033$), and available financial options ($t = 0.738, p = 0.024$) significantly predict the financial sustainability of grant financed seed companies.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMENDATIONS

5.1 Introduction

The content of this chapter entails presentation and discussion about the key findings from the study, the main conclusions drawn from the findings, and recommendations premised on those findings. The conclusions and recommendations drawn from the findings of the research seek to address the specific objectives of the study and to answer its guiding questions.

5.2 Discussions

Discussions of the study's findings, as well as the demographic characteristics have been presented in this section. From the results, it is evident that grant financed seed companies effectively match the inflows and outflows of cash so as to maintain adequate cash. It is also evident that that grant financed seed companies do not have resources to address capacity challenges and companies rely on funding from local donors such as individual donations, local government funding, and social enterprises. The following section presents findings according to the objectives of the study, as well as linking the findings to previous studies.

5.2.1 Factors Influencing Successful Financing of Seed Companies in Kenya

From the findings of the study, it is evident that grant financed seed companies effectively match the inflows and outflows of cash so as to maintain adequate cash. Bray (2010) argues that foundations and other donors require access to up-to-date information about an organization's operations, as well as finances, as a way of ascertaining return on their investment. Such information includes balances in inflow and outflows of cash.

Additionally, results revealed that seed companies regularly analyze currents assets and liabilities in order determine their working capital levels. This finding connects well with the Pfeffer and Salancik's Resource-dependency Theory (RDT) which emphasizes on the important position that resources such as working capital assume in the financial success of organizations. RDT assumes that a firm is a bundle of resources (Barney, 2005). The theory also illustrates how overreliance on internally available financial resources, which may be

limited, might expose such companies to challenges of organizing and effectively managing operations for effective competitiveness. The resources and their combination make firms different from each other, as the findings imply. Therefore, seed companies that maintain good working capital levels is more likely to be funded.

Lastly, it is evident that grant financed seed companies have established financial risks management frameworks. According to Bray (2010), there is a relationship between financial sustainability and certain factors that associate with the management, public image, leadership, service provision, and community participation of a company. Sometimes the factors contribute to, or impede, financial viability of a company. This finding further anchors the resource-dependent theory as it offers proof that companies that sustain proper resource-management practices will attract public image, adequate leadership, and eventually financial sustainability.

Further, results from a chi-square test revealed that there is a significant relationship between factors influencing successful funding and the financial sustainability of seed companies. Regression analysis further confirmed that factors influencing successful financing significantly predict the financial sustainability of seed companies. The findings from the regression analysis are consistent with the Principal Agent Theory as it reflects on the link between the successful funding or strategic use of donor funding with financial sustainability of donor-funded seed companies. Therefore grant-funded seed companies that access and strategically plan donor funds will be financially sustainable.

5.2.2 Financial Sustainability Challenges that Face grant-funded Seed Companies in Kenya

In this study, the findings indicate that grant financed seed companies do not have resources to address capacity challenges. Schneider (2003) argues that many firms that operate in low-resourced areas do not have an optimal capacity to carry out formal evaluations within a complex environment that they operate in. Such firms do not give information systems the priority needed to effectively develop tools that can aid agency activities since they treat the systems as secondary to their mission.

Additionally, findings of this study reveal that companies lack proper internal financial control to monitor fund. Beam (2011) argues that most grant financed entities lack financial or control acumen of their country representatives or chiefs of party. This finding is

consistent with the principal-agent theory which emphasizes on the acquisition and strategic utilization of funding as an avenue to financial decisions. Field managers are hired almost exclusively for their program or technical know-how, instead of their business or financial sense. Subsequently, the entities often hire the field office finance manager whose loyalty is to the field manager. Donor-funded seed companies that do not implement best practices in fund management will fail in financial sustainability.

Results from a chi-square test showed that there is a significant relationship between financial sustainability challenges and the financial sustainability of seed companies. The results were seconded by a regression analysis which indicated that financial sustainability challenges significantly influence the financial sustainability of grant financed seed companies. Seed companies that do not implement strategies to overcome the outlined challenges experience limited chances of financial sustainability.

5.2.3 Financial Options Available to Seed Companies in Kenya

From the results, grant financed seed companies rely on funding from local donors such as individual donations, local government funding, and social enterprises. From Renoir & Guttentag (2018), a relatively robust local private sector provides opportunities to mobilize domestic resources for organizations that can position themselves well to do so. Companies interested in funding can develop sustainability models through corporate philanthropy, individual donations, local government funding, and social enterprises.

Further, Renoir & Guttentag (2018) argues that funding structured intentionally with local organizational sustainability in mind can be powerful tools for sustainability. In this study, results indicated that seed companies also acquire funds from international donors to raise resources.

Results from a chi-square test showed that there is a significant relationship between available financial options and the financial sustainability of seed companies. Regression analysis further confirmed that financial options available to seed companies are significant predictors of financial sustainability. Seed companies that can access adequate access to financial resources, as suggested in the resource-dependency theory, stand higher chances of financial sustainability.

5.3 Conclusions

From the findings, it is evident that factors influencing successful funding impact the financial sustainability of seed companies. Identified factors include matching the inflows and outflows of cash, regular analysis of current assets and liabilities, and presence of financial risks management frameworks. These findings have been supported by the literature review section of this study.

Secondly, financial sustainability challenges influence the financial sustainability of seed companies. Identified challenges include lack of resources to address capacity challenges and lack of proper internal financial control to monitor funds. This could be because the companies are unable to attract and retain skilled human resources due to financing challenges.

Lastly, financial options available to seed companies have a significant relationship with the financial sustainability of seed companies. The identified financial options include local donors and international donors. Even though unrestricted funds were found to be available financial options by a previous study (Davis, 2013), this study did not find the same relationship. This could have been so because local and international donor funding are the most popular funding channels.

5.4 Recommendations for Practitioners and Policymakers

The findings of the study indicate that grant-financed seed companies do not have resources to address capacity challenges. This study reveals that companies lack proper internal financial control to monitor funds, and this may lead to mismanagement of funds. Therefore, to boost the effectiveness of seed companies, the government and seed companies can design capacity building interventions in areas of financial management.

The study implies some level of dependency on donors (either local or international) to fund activities for a certain time period, international and local organizations can partner for financial support. When structured intentionally with local organizational sustainability in mind, partnerships between international and local organizations can be powerful tools for sustainability. There is a need for policymakers to design policies that promote access to sustainable finance in the seed sector. Policymakers should also look into having strategic partnerships with international organizations providing finance in the agriculture sector.

5.5 Research Areas for Further Study

For further research, a similar study should be conducted on another line of companies, such as those in the downstream of the seeds value chain, to compare and generalize results. Additionally, a different research design, such as mixed method design, should be used to test the effectiveness of factors identified in this study towards ensuring the financial sustainability of seed companies. A different research design would enable the researcher to have more control and manipulation of the data.

Additionally, for further research, it might be interesting to segment grant financed companies according to the type of donors in a study. After segmentation, an analysis should be conducted to investigate the determinants of the financial sustainability of grant financed seed companies. Such results would be useful to confirm whether the determinants are specific to the types of funding especially when you consider the terms of financing that are attached to different types of funds.

5.6 Limitations of the Study

The study collected information from the grant financed seed companies on their activities and factors that influence their financial sustainability. However, the study did not collect the opinions and information from donors to establish their perceptions and opinions regarding the determinants of financial sustainability of the seed companies.

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APPENDICES

APPENDIX I: Letter of introduction

Dear respondent,

I am John Wambua Kavilu, a student at Strathmore University, pursuing a degree in master's degree in Development Finance. As a partial fulfillment for award of the degree, I am required to carry out a research to determine factors influencing financial sustainability of grant financed seed companies in Kenya.

The exercise will take approximately 30 minutes. Participation in this exercise is totally voluntary and you are free to drop from the process at any point when you feel uncomfortable. Information captured in this questionnaire will be treated with utmost confidentiality and will only be used for the purposes of this research study only. **DO NOT** indicate your name on the questionnaire.

Thank you.

APPENDIX II: Research Questionnaire

DETERMINANTS OF FINANCIAL SUSTAINABILITY OF GRANT FINANCED
SEED COMPANIES IN KENYA
QUESTIONNAIRE

Instructions: Please tick [] or write down your response.

SECTION 2: RESPONDENTS' INFORMATION

1. Kindly indicate your job position:

2. How long have you worked for this company (in months):

3. Kindly indicate category of your donors

International [] Local [] Both []

SECTION 2: FINANCIAL SUSTAINABILITY

4. The following are statements assess our view on the **financial sustainability of projects**. Kindly indicate **how much you agree or disagree** with the statements.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
a) The company has had surplus of revenues over expenses					
b) The company had enough cash available to pay bills					
c) The company has attracted required support from various parties					
d) The company has widely been					

accepted by community and the local representatives					
e) The company's product prices have been higher than production costs					
f) There have been positive impact on the environment contributing to the positive impact to the economy					

SECTION 3: SUCCESS FACTORS FOR SUCCESSFUL FINANCING OF SEED COMPANIES

5. The following are statements assess our view on necessary success factors for successful financing of companies . Kindly indicate how much you agree or disagree with the statements.					
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
a) The company has policies behind strengthening organizational and operational capacities					
b) The company has an effective marketing strategy that clearly defines its social mission					
c) The leadership works to address cultural differences between the company and target community					
d) The company effectively matches the inflows and outflows of cash so as to maintain adequate cash					
e) The company regularly analyzes currents assets and liabilities in order determine their working capital levels					

f) The company has an established financial risks management framework					
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6. In your opinion, what are the other success factors necessary for successful financing of your project?

SECTION 4: FINANCIAL SUSTAINABILITY CHALLENGES THAT FACE COMPANIES

7. The following are statements assess our view on financial sustainability challenges that face your company . Kindly indicate how much you agree or disagree with the statements.					
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
a) The company does not have an effective strategic plan to ensure financial sustainability					
b) The company does not have resources to address capacity challenges					
c) The company lacks proper internal financial control to monitor funds					
d) Approval of utilization of donor funds is not done within the time frame provided					
e) Donors do not have designated people who coordinate donor finance for easy access					
f) Donors have not established					

procedures and policies arrangements that include shared decision-making					
--	--	--	--	--	--

8. What other sustainability challenges does your company face in your opinion?

SECTION 5: FINANCIAL INSTRUMENTS AVAILABLE TO SEED COMPANIES

9. The following are statements assess our view on financial options available to your company . Kindly indicate how much you agree or disagree with the statements.					
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
a) The company relies on funding from local donors such as individual donations, local government funding, and social enterprises					
b) The company relies on unrestricted funds such as staff contributions, side businesses/investments, board donations and crowd funding to raise resources					
c) The company acquires funds from international donors to raise resources					

10. In your opinion, what are the other available financial options to your company?

Thank you for your time!

APPENDIX III: List of seed companies in Kenya

Reg_No	Name	Address
800	Kenya Seed Co.Ltd	P. O. Box 553-30200 Kitale
801	East African Seed Co.Ltd	P. O. Box 45125-00100, Nairobi
804	Western Seed & Grain Co.Ltd	P. O. Box 1022 - 30200 Kitale
805	Kenya Malting Ltd	P. O. Box 260 Molo-20106, OR 41412-00100, Nairobi
808	ADC Seed Potato Project	P. O. Box 366 Molo, P. O. Box 47101 Nairobi
810	Pannar Seed Co. Ltd	P. O. Box 10383-00100, Nairobi
812	AgriFresh Kenya Limited	P. O. Box 63249-00619 Nairobi
818	Freshco International	P. O. Box 27659-00506, Nairobi
821	Charles Gerald Ltd	P. O. Box 64107-00620, Nairobi
832	East African Growers Ltd	P. O. Box 48125-00100, Nairobi
834	Hygrotech E.A Ltd	P. O. Box 41446-00100, Nairobi, OR 1484-20117 Naivasha, OR 13838-20100 Nakuru
835	Veterinary & Agronomic E.A Ltd	P. O. Box 38660-00623, Nairobi
836	KALRO Seed Unit	P. O. Box 57811 Nairobi, OR 340-90100, Machakos.
838	Monsanto Kenya Ltd	P. O. Box 47686-00100, Nairobi
839	Vegpro (K) Ltd	P. O. Box 32931-00600 Nairobi, P.O box 19226-00501, JKIA, Nairobi
840	Finlays Horticulture (K) Ltd	P. O. Box 10222-00400, Nairobi
841	Everest Enterprises	P. O. Box 52448 - 00200, Nairobi
842	Lagrotech	P. O. Box 1244 Kisumu
845	Simlaw Seeds	P. O. Box 40042-00100, Nairobi
847	Frigoken Ltd	P. O. Box 30500-00100, Nairobi
848	Kentalya Limited	P. O. Box 928-20117, Naivasha
849	Amiran (K) Ltd	P. O. Box 30327,00100 Nairobi
850	Redshank Ltd	P. O. Box 15342-20100, Nakuru
851	Kenya Highland Seed Co.	P. O. Box 63879-00619, Muthaiga, Nairobi
852	Sunripe (1976) Ltd	P. O. Box 41852-00100, Nairobi
853	Oil Crop Development Ltd	P. O. Box 2657 Nakuru

854	Greenland Agroproducers Ltd	P. O. Box 78025-0507 Nairobi
855	Agri-Seed Co	P. O. Box 616 Village Mkt 00621, Nairobi
856	Safari Seeds Limited	P. O. Box 39948-00623, Nairobi
858	Dryland Seeds Ltd	P. O. Box 1438-90100, Machakos
859	Crop Africa Ltd	P. O. Box 713-00502, Karen, Nairobi
860	Leldet Ltd	P. O. Box 16065 Nakuru 20100
861	MIAD	P. O. Box 210 Mwea
862	Pollen Ltd	P. O. Box 1037-00232, Ruiru
863	Suera Flowers Ltd	P. O. Box 2099-20300 Nyahururu, 62599- Nairobi
864	Alliance One Tobacco (K) Ltd	P. O. Box 4721-01002, Thika
865	Syngenta East Africa Ltd	P. O. Box 30393-00100, Nairobi
866	Amapop Seeds Limited	P. O. Box 148-00202 Nairobi
867	KEFRI Seed Centre	P. O. Box 20412 - 00200, Nairobi
869	Rehabilitation of Arid Environments	P. O. Box 1051, Nakuru
870	Murphy Chemicals Ltd	P. O. Box 20495 - 00200, Nairobi
871	Tree Biotechnology Project	P. O. Box 64159-00620, Nairobi
872	Dominion Farm Ltd	P. O. Box Private Bag Siaya
874	AAA growers Ltd	P. O. Box 32201-00600, Nairobi
878	Mount Elgon Orchards Ltd	P. O. Box 124-30200, Kitale
879	Savana Seeds Ltd	P. O. Box 12741-00100 Nairobi
880	Ole Rai Ltd	P. O. Box 414-20500, Narok
881	Elgon Kenya Limited	P. O. Box 46826-00100 Nairobi
882	Mwea Cotton Ginnery Ltd	P. O. Box 40 - 10303 Wanguru or P.O BOX 56737 - 00200
883	British American Tobacco Kenya Ltd	P. O. Box 1123 - 01000, Thika
884	GNASS Kenya Limited	P. O. Box 59816-00200, Nairobi
885	Green Africa Foundation	P. O. Box 9164-00200, Nairobi
886	Lambwe Seed Growers Agencies (LASGA)	P. O. Box 15, Ogongo
887	Agrichem and Tools Limited	P. O. Box 49430-00100, Nairobi

888	Carzan Flowers Limited	P. O. Box 1801-20117, Naivasha, Kenya
891	Green Forest Social Investment Ltd	P. O. Box 111-40100, Kisumu
892	Royal Seed Ltd	P. O. Box 42194 - 00100, Nairobi
895	Riftcot Ltd	P. O. Box 1191-00606, Sarit Centre, Nairobi. P.o Box 1023, Nakuru
896	Bayer East Africa Ltd	P. O. Box 30321-00100 Nairobi
897	Orion East Africa Limited	P. O. Box 10170-00100 Nairobi
898	Wilham Kenya Limited	P. O. Box 49125-00100 Nairobi
899	Color Vision Roses Ltd	P. O. Box 1994 - 20117
900	Uniseed	P. O. Box 29053 - 00625, Kangemi Nairobi
901	Lake Basin Development Authority	P.O Box 1516-40100, Kisumu
902	Genetic Technologies International Ltd	P.O Box 47430-00100, Nairobi
903	Seed Potatoes East Africa Ltd	P. O. Box 709-00621, Village Market
904	Syova Seeds Ltd	P.O. BOX 28576-00100 Nairobi
905	Lesiolo Grain Handlers Ltd	P.O. Box 9712-20112 Nakuru
906	Wakala Africa Limited	P.O. BOX 20342-00100 Nairobi
907	Migotiyu Plantations Ltd	P.O. Box 19, Mogotio
908	Milwar Enterprises	P. O. Box 791 - 20117, Naivasha
909	Kisima Farm	P.O. Box 64, Timau
910	Mwea Rice Growers Multipurpose Society	P.O Box 38, Wanguru
911	Mavuno Seeds	P.O Box 4475, Nairobi
912	Greenlife Crop Protection Africa Ltd	P. O. Box 24942 - 00100, Nairobi
913	Stokman Rozen Kenya Limited	P.O. BOX 2029-20117 Naivasha
914	Kenfap Services Ltd	P.O Box 43183-00100 Nairobi
915	Mulberry Commercial Agencies	P.O Box 42194-00100 Nairobi
916	Egerton University Seed Unit	P.O.Box 536-20115
917	Continental seeds Company	P.O Box 104242-00101 Nairobi
918	Gicheha Farms Ltd	P.O Box 236-00232 Ruiru
919	Osho chemical Industries Ltd	P.O Box 49916-00100 Nairobi

920	Turbo Highway Eldoret Ltd	P.O Box 712-30100 GPO Eldoret
921	Bilashaka Flowers Ltd	P.O Box 2040-20117 Naivasha
922	Pioneer Hi-Bred Kenya Ltd	P.O.Box 53384-00200
923	Ultravetis Seed Company Ltd	P.O Box 44096-00100 Nairobi
924	Selecta Kenya GMBH &Co.KG	P.O Box 64132-00620 Nairobi
925	Premier seed (E.A) Company limited	P.O Box 16088- 20100 Nakuru
926	Agrico East Africa Limited	P.O Box 63249-00619 Nairobi
927	Star Seeds Kenya Limited	P.O Box 3485-00506 Nairobi
928	Makongi Dairy Limited	P.O Box 4067-00200 Nairobi
929	Vegflo Seeds (Africa) Limited	P.O Box 949-00502 Nairobi
930	Agricultural development corporation	P.O Box 47101-00100
931	Rozzika Garden Centre Limited	P. O. Box 5295-00200 Nairobi
932	Advantage Seeds	P. O. Box 100-40300 Homabay
933	KVDA Seed Service	P. O. Box 2660 - 30100, Eldoret
934	Agroworld limited	P. O Box 112 -001000 THIKA
935	Beautyline Limited	P. O. Box 2035, Naivasha
936	Kakuzi Ltd	P. O Box 24- 01000 THIKA
937	Oserian Development Company Limited	P.O Box 2010-20117 Naivasha
938	Maseno University	P.O Box 333 Maseno Kenya
939	Redwing Ltd	P.O Box 7112-20110 Nakuru
940	De Ruiters East Africa	P.O Box 687-20117 Naivasha
941	Afriorganic Kenya Limited	P. O. Box 210 - 10406, Timau
942	Quest Agriculture Limited	P. O. Box 3097-00506 Nairobi
943	Reliefline (Kenya) Limited	P.O. Box 25914-00100 Nairobi
944	Olooseos Village	P.O.Box 562-00206 Kiserian
945	Bubayi Products Ltd	P.O.Box 539-30200 Kitale
946	Cooper K-Brands Limited	P.O. BOX 50596-00100 Nairobi
947	Premium Seed Limited (Formerly Intervet limited)	P.O. BOX 2000-01000 THIKA

948	Origins limited	P.O. BOX 13034-00200 Nairobi
949	Blooming Africa Ltd	P.O BOX 668-20116,GILGIL
950	Ahero Irrigation Research Staion	P.O BOX 1010,Kisumu
951	Mace Foods Ltd	P.O.Box 5858-30100
952	One Acre Fund	P.O.Box 28777-00100 Nairobi
953	HM Clause Kenya	P.O.Box 854-10400 Nanyuki
954	Green Pot Enterprises	P.O. Box 315-00618 Ruaraka
955	HY-GENE biotech seeds Ltd	P.O.Box 226 -00623 Nairobi
956	Castor Seed Kenya Limited	P.O BOX 39069-00623 NAIROBI
957	Starke Ayres Kenya Limited	P. O. Box 746-00521 Nairobi
958	Seed Savers Network Association	P.O.Box 334-20116 GilGil
959	University of Eldoret	P.O. Box 1125-30100
960	Ariff and Hagai seeds Ltd	P.O. Box 188-20300 Nyahururu
961	Mahindra and Mahindra s.Africa Ltd	P.O. Box 14596-00800 Nairobi
962	James Finlay Kenya Ltd	P.O. Box 71-20200 Kericho
963	Greenspec Ltd	P.O.Box 335-00502 Nairobi
964	Equatorial Nut Processors Ltd-Meru	P.O. BOX 27659 Nairobi
965	Savannah Fresh Horticultural farmers Co.	P.O.Box 635-10400 Nanyuki
966	Mara farming Ltd	P.O. BOX 1099-00502 Nairobi
967	Kenya Horticultural Exporters (1977) Ltd	P.O. Box 11097-00400 Nairobi
968	Charvi Investment Ltd	P.O. BOX 7029 Nakuru
969	Carnation Plants Ltd	P.O. BOX 54274-00200 Nairobi
970	Export Trading Company Inputs Kenya Ltd	P.O. BOX 57661-00200 Nairobi
971	Afritec seed Ltd	P.O BOX 1497-80200 MALINDI
972	Community Research in Environment and development	P.O BOX 641-50200 Bungoma
973	Africasia seed kenya limited	P.O BOX 2157-00606 Nairobi
974	African Agricultural	P.O.Box 30709-00100 Nairobi

	tech.Foundation	
975	Kenagro suppliers Ltd	P.O. Box 12775-00400 Nairobi
976	Agventure Limited	P.O. BOX 218 Timau
977	Agripom Kenya Limited	P.O. BOX 1893-20100 Nakuru