EFFECT OF CASH FLOW ON THE FINANCIAL SUSTAINABILITY OF NON-GOVERNMENTAL ORGANIZATIONS IN NAIROBI COUNTY

BY

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DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

Signature……………………………………Date 25/11/2022……………………

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The research project has been submitted for examination with my approval as university supervisor

Signature…………………………… ……… Date. November 25, 2022……………

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DEDICATION

My commitment and ascription of this successful work to my husband, my son, my parents and friends for being the hallmarks that enabled this academic study to be realistic and achievable. The unwavering support and prayers were the fulcrum towards the holistic achievement and systematic undertakings. The numerous challenges that popped up during the academic journey were addressed comprehensively and intensively. These great people understood my longer academic-hours and cared, lifted me and remained the epitome of my success.

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May God Bless and Reward You Abundantly

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LIST OF ABBREVIATIONS

CCC	Cycle of Cash Conversion
CCE	Cost of Capital Expenditure
CFF	Cash Flow Forecasting
DF	Degree of Freedom
FCF	Free Cash Flow
FP	Financial Performance
FS	Financial Sustainability
KNBS	Kenya National Bureau of Statistics
MFI	Micro Finance Institutions
NGO	Non-Governmental Organization
NPV	Net Present Value
OCF	Operating Cash Flow
OECD	Organization for Economic Co-operation and Development
ROA	Return on Assets
ROE	Return on Equity
SD	Standard Deviation
VIF:	Variance Inflation Factor

ABSTRACT

The fast-paced commercialization, trending changes and continuous improvement at alarming speed is clarion call systematic and extensive management of cash flows. The global economic progression relies on the cash flow to operate to its optimum. Consequently, the cash flow is a crucial indicator of operational business. Many firms have recorded their profitability nature in financial statements yet facing great financial distress. The researcher was keen on investigating the effects of cash flow on the financial sustainability of non-governmental organizations with 46 NGOS sampled NGOs from Nairobi County. Subsequently, the cash flow is integral for the firm's stability. It unlocks immense avenues for productivity and continuous improvement. Cash flow is the bedrock for business stability which triggers financial sustainability in the long run. Additionally, the secondary data was gathered to enhance conclusive findings relating to Cash flow, firm size, board independence and board structure. In addition, descriptive technique was useful for the successful testing of hypotheses thereby leading to credible and accurate results. The 46 NGOs are selected by picking every 25^{th} NGO from the 1143 NGOs in Nairobi County. Furthermore, the data collected was subjected to intensive scrutiny, classification, review, coding and cleaning. The procedure was paramount in ensuring that the data is free from error, complete and accurate before analysis via SPSS. Correlation of variables and the R squares. R which is 0.686, shows that there is 68.6% correlation among the variables in this study. The correlation coefficient is 0.471. It implies that 47.1% change in financial sustainability is caused by Board structure, Firm size, Board independence and Cash flow. The remaining 52.9% change in dependent variable are caused by factors not prioritized and captured in this examination. As a consequence, ANOVA test was essential in giving interpretation that postulates if the model is statistically significant for modelling or not. The F statistics is 50.137 with significance of 0.000 which is less than the p-value of 0.05. The outcome blueprinted that whenever all factors are held unchanged, financial sustainability has a positive effect of 2.0% hence an increment of 2.0% (β_0=0.20). From empirical viewpoint, a change in cash flow by a singular unit is replicated on the same directional change of financial sustainability by 0.214 if all factors are maintained unchanged (β=0.214, p=0.000<0.05). Moreover, an addition of a single unit of firm size triggers insignificant decrement in financial sustainability by 0.046 whenever other variables are held constant (β=-0.046, p=0.088>0.05). Nonetheless, the advancement in one unit of board independence translated to insignificant improvement on the financial sustainability by 0.197 if other factors are kept unchanged (β=0.197, p=0.238>0.05). Finally, a change in the board structure by an additional one unit registered a substantial positive deviation in the financial sustainability of 1.490 (β=1.490, p=0.000<0.05). The research study recommends a future research study on effects of politics or macroeconomic variables on the financial sustainability of NGOs in the country using primary and secondary dataset

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The global economic progression relies on the cash flow to operate to its optimum. The cash flow is a crucial indicator of operational business. Many firms have recorded their profitability nature in financial statements yet facing great financial distress. This has been associated with failure to keep accurate records of incoming and outgoing cash that portrays the financial fitness of a firm. According to Turgut, Cheruiyot and Sang (2021) cash flow is the cornerstone for immense business activities such as; operating, financing and investing. Ekwunife and Okoro (2022) postulates cash flow as a cornerstone for quality financial health of the business. Mwenda (2021) elucidates that financial sustainability is built on higher cash inflow than outflows. In a nutshell, cash flow is critical for prospective reforms, prudential management, and supreme performance.

The study is anchored by free cash flow theory. Moreover, the agency theory and stewardship theory reinforce the relationships in the study. The free cash flow theory coined by Jensen (1988). The theory illustrates that managers prefer investing in projects having negative NPV than paying dividends since it may benefit the business in the long-run. Moreover, the theory pinpoints the importance of elimination of agency problems and agency cost. This translates to increased effectiveness in the investment. Agency theory embedded by Jensen and Meckling (1976) opines the supreme milestone achieved through consideration of all the separation of control and ownership. Stewardship theory by Davis and Donaldson (1991) posits that governance

of the organization offers a road map for the business management, coordination, operation, investment and funding to promote the shareholders' interest.

The ultramodern operation of NGOs guides them to abide by the accounting policies and provide periodic reports to the donors and regulatory bodies. The cash flows in NGOs is the epicenter of their performance, operations and survival in the market. Mwendwa (2021) states that discharging fundamental mandates of NGOs requires predictable and sound cash inflow. According to IMF (2020) the cash flow in the NGOs should adjust and cope with the prevailing financial environment. The financial sustainability in NGOs reduces the financial gaps amid the rich and the poor by enhancing unprecedented levels of capital flows, technological innovations and economic growth.

1.1.1 Cash Flow

The cash flow is pivotal in the business undertakings. According to Njogu (2018) it is paramount in accomplishing the projects with positive NPV. The managers provide a critical framework useful in the activities of business. In addition, it ensures prudent utilization of resources to realize the mandates. The management is driven towards the shareholders' interest, hence, must always prioritize the activities and action as guided by the investors. Wahome (2017) blueprints the motivating factors among the management between the personal interest and business objectives. Fathi and Manian (2017) demonstrated cash flow using liquidity and efficiency ratio. It is worthwhile stating that, it postulates the generation and optimization of a firm's money after the deduction of CCE from the OCF.

The cash flow is the lifeblood of business operations. Murigu, Kiragu and Kiai (2018) posit that cash flow fuels the growth of a business. Besides being grounded on financial hypotheses, it plays a significant part in survival, stability and sound health of a firm. It heightens the operation of NGOs through the global cash flows, technological advancement, benchmarking, prerequisite standards and sophistication of international financial markets. Therefore, it dictates the operation, accountability and transparency among NGOs to ensure the core activities are prioritized and implemented.

The metrics for cash flow have varied from primary to secondary data. It is imperative to coin that the success of a company relies on cash flow efficiency. According to Ekwunife and Okoro (2012) cash equilibrium is pivotal in enhancing the solvency of the firm. The business needs a consistent and guaranteed cash flow to accomplish their objective and remain healthy. Bingilar and Oyadonghan (2014) exemplify cash flow as a cornerstone for overall advancement including; policies, capital structures and dividend payment in businesses. The research has maximized operating, financial and investment activities to explain cash flow. This study employs operating activities as a ratio of capital expenditure.

1.1.2 Financial Sustainability

Financial sustainability is critical in enhancing solvency and financial effectiveness. According to Rahman and Sharma (2020) financial sustainability demonstrates the optimum benefit and wealth in longevity. The firms implement strategies that fuel the performance, systematic growth and financial stability. Sunday and Babatunde (2017) posit that the financial environment is evolving periodically. Therefore, the longevity of financial strategies can translate to business stability. The donors require NGOs to have

financial sustainability plans, strategies and tactics before funding. Moreover, NGOs provide timely implementation plans, progress reports and status of projects to donors (WorldBank, 2020). Financial sustainability is therefore a nerve center for rapid economic transformation, fostering growth and alleviating poverty.

According to Omware and Jagongo (2016) financial sustainability depicts the degree of financial soundness. It is a mandatory ingredient towards a well-functional firm towards an unforeseeable future. Mwendwa (2021) opines that the financial sustainability is a bedrock for reengineering, withstanding challenges, building effective financial capacity and streamlining operation towards exceptional performance. The continuous improvement translates to a concrete financial sustainability of firms including NGOs. The board and donors of NGOs examine the effectiveness and productivity of firms before funding. The efficient maximization of resources in the long-run portrays financial sustainability. Therefore, financial sustainability is a pivotal tool showing the accomplishment of objectives while attracting investors and donors.

The financial sustainability has received minimal attention. It is underrepresented despite its role in eliminating insolvency and enhancing business continuity. According to Watson (2012) FS is a crucial control metric complementing the shareholders' wealth. It is critical in risk aversion, firm growth and financial performance. Gleibner, Gunther and Walkshausl (2022) coined the four critical metrics for financial sustainability are; organizational growth, firms' capability to survive without relying on others, level of general acceptable earning risk and its exposure. Finally, it addresses the risk attractiveness of earning a profile. Financial sustainability is measured using the sustainability index posted by NGOs Board in the annual financial statements.

1.1.3 Cash Flow and Financial Sustainability

Cash flow is the bedrock for business stability which triggers financial sustainability in the long run. Rahman and Sharma (2020) opined that cash flow can be optimized to realize maximum returns. The exceptional performance portrays worthiness and wealth of a firm. The comparison of firms' performance over several years can portray the business financial sustainability, growth and its potential. The predictable cash flow can be utilized in expounding the financial sustainability.

The cash flow blueprints the incoming and outgoing cash in the organization while the financial sustainability relates to the stability and predictable incomes. Therefore, both are intertwined and the core centers of the NGOs. According to Makau (2021) cash flow starts from the amount sourced to finance the business through debts and equity, the expenditure on business products targeted to reinforce the profitability as well as productivity. Additionally, it incorporates the operational cost driven towards effectiveness and efficiency. Financial sustainability exemplifies the accomplishment of organizational objectives against targets Abubakar, Sulaiman and Haruna (2018).

1.1.4 Non-Governmental Organizations (NGOs)

Non-Governmental Organizations play a significant role in economic prosperity. NGOs are charitable organizations motivated to resolve humanitarian challenges emanating from agricultural, environmental, and industrial development. According to GoK (2022) postulated that NGOs are very important in guaranteeing quality lifestyle, mobilization of resources and transformation. Odhiambo (2019) illustrated the importance of donation, charities and grants in the poverty alleviation and the provision of basic utilities.

NGOs Coordination board was founded in 1990 under Cap (19). Its mandate is to regulate, license, register and facilitate the NGOs in Kenya. NGOs are problem solvers aiming at enhancing the access to basic needs, agricultural prosperity, environmental protection and risk mitigation. The availability of the regulator is critical in enhancing standardized policies (Mwendwa, 2021). The bold objectives of NGOs are designed to solve the prevailing problems. The immense global challenges have led to the establishment of many NGOs to solve a wide-spectrum of problems.

1.2 Research Problem

The cash flow is integral for the firm's stability. It unlocks immense avenues for productivity and continuous improvement (Mwendwa, 2021). The futuristic policies are stipulated to ensure the organization is profit making and its earnings are predictable. Worldbank (2020) posits that cash flow is a pillar for financial prosperity. The achievement of an organization's mandate of delivery of maximum shareholders' wealth is possible through quality cash flow. The proper utilization of the resources at the disposal gears the long term business stability. Nevertheless, the critical role of cash flow has been tested by the researchers but came up with controversial findings hence mounting pressure for more research.

Contextually, NGOs are the drivers of poverty alleviation. Besides the provision of fundamental utilities, it goes against all odds to enhance efficiency. According to David (2011) the vision and mission of a firm epitomizes the financial capability and sustainability of the business. The well-organized objectives unlock the cash flow movement. Empirically, Murigu, Kiragu and Kiai (2018) opines that good governance, cash flow and sound policies enhance the financial sustainability. The financial distress

can be avoided through prudent pursuit of organizational goals to achieve the objectives. Several studies have focused on cash flow but not in NGOs hence motivating the prevailing study.

Regionally and internationally, cash flow has been used to explain various predictor variables. Ekwunife and Okoro (2022) postulated that cash flow compels the business to grow. Bingilar and Oyadonghan (2014) encapsulates that the organization goals fuel the business sustainability. Ogbeide and AKanji (2017) illustrates that capital structure guarantees the future cash flow, financial growth and the investment in the positive NPV projects. Therefore, it is the cornerstone towards continuous improvement.

Locally, Mwendwa (2021) analyzed the governance versus the financial sustainability and concluded that the corporate management is the cornerstone for prospective changes in business. Turgut, Cheruiyot and Sang (2021) postulates that the cash flow enhances the business to navigate against the prevailing challenges. It can promote the elevation and sizing of opportunities in the environment. In addition, the dynamic changes ranging from technological innovation, legal framework and targets guide the cash flow management towards financial stability.

In summary, the general reviews expose the controversial findings by the preceding researchers. The financial environment is dynamic hence demands for accountability, transparency and adherence to standards in the management of incoming and outgoing cash. The immense studies done internationally leave the contextual gaps. Moreover, Mwendwa (2021) elaborates the importance of cash flows in warranting solvency, financial health and capital inflows. The study concentrated on corporate governance and

not cash flows. Omware and Jagongo (2016) stipulated the significance of cash flow in protecting financial soundness, risk aversion, risk mitigation, reengineering and fostering unique performance. In a nutshell, there are still contextual, conceptual and methodology gaps which are being addressed by the study. This research is geared to answer the question on; what is the effect of cash flow on financial sustainability of NGOs?

1.3 Research Objective

The objective of the study is to examine the effect of cash flow on the financial sustainability of NGOs in Nairobi County.

1.4 Value of the Study

The study is pivotal to the NGOs management team in their policy formulation globally, regionally and locally. It elucidates the dynamic changes in the commercial environment. Moreover, it builds insightful knowledge useful in the planning, organizing and coordination of core activities. It unlocks the foundation of knowhow while setting pace for future scholars. The study will reinforce the understanding of financial sustainability and cash flow among others.

The academician will access practical knowledge for reference and citing. The comprehensive analysis of preceding studies provides an avenue for scrutinizing loopholes and knowledge gaps. The study is a bedrock for benchmarking other studies. It increases awareness and usefulness in ensuring NGOs are operational at optimum. It increases the understanding of the market, the prerequisites for NGOs undertakings and the current state of NGOs.

The study elaborates the importance and the weakness of the theories. Furthermore, it illuminates the prevailing association, assumptions and their role in the study. The researcher can do an intensive review and come up with far-reaching outcomes. Therefore, the study will be useful in promoting creativity and innovation leading to problem solving. This study highlights the cash flow and financial sustainability at the same time creating convergence and divergence with theories thereby increasing understanding, criticisms and efficiency.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter pinpoints the theoretical framework relevance for this research, the weaknesses and the contributions. Moreover, it elucidates the determinants of financial sustainability prioritized in this study. Additionally, it accentuates the global, regional and local reviews which are bedrock for the research. It also enhances the synthesis and recapitulation of research loopholes. It concludes by specifying the existing knowledge gaps and the attempts by the current study.

2.2 Theoretical Framework

The theories anchoring this study include; free cash flow theory, agency theory and stewardship theory. Free cash flow theory embedded by Jensen (1988) emphasizes that management prefers re-investment on projects with negative NPV to payment of dividend. This is because re-investment may be beneficial in future. Agency theory formulated by Jensen and Meckling (1976) exemplifies the advantages realized through separation of control and ownership of a firm. Donaldson and Davis (1991) demonstrate the importance of good stewardship instead of control mechanisms that are costly to the organization. The theory presupposes that board are driven towards bold objectives and gain satisfaction through their accomplishment.

2.2.1 Free Cash Flow Theory

Michael Jensen (1988) developed free cash theory. It shows that management which has access to free cash flow in a firm may choose to invest in negative present value instead of paying dividend to shareowners. The presupposition of the theory elaborates the cash

flow as the amount that remains after the firm has invested on positive NPV projects. In other words, free cash flow are readily available funds that have not been utilized in the firm.

Free cash flow has a number of limitations. In general, free cash flow can result in poor usage of a firm's resources, hence leading to the agency cost at the end in key shareholders' wealth (Buus, 2015). Moreover, it fuels the conflict of interest by management due to free cash flow and no opportunity to invest in. In addition, the cash available might be misused by investing in the wrong investment. Finally, wrong allocation of the resources, free cash flow might encourage inefficient resource distribution in an organization.

This theory is of much use in this study. It is used to exemplify how an organization is affected by finances through FCF. It is relevant in understanding how the money is generated and spent. Moreover, it is crucial in promoting financial health of an organization by explaining where the cash outflows and inflows. The theory uncovers the unexpected predicaments and resolve by offering prudent solutions on the management, investment, operation and financing the projects. Moreover, the theory tracks down the cash available versus the positive NPV projects. It is a cornerstone for appropriate allocation of resources. Therefore, NGO need to maximize this theory to improve the cash flow mechanisms.

2.2.2 Agency Theory

Jensen and Meckling advanced agency theory in 1976. It explains the relationship between shareholders and managers. The owners of the organization give full control and

decision-making functions to the managers. Managers are required to work in order to achieve the goals that favor the shareholders. The management is responsible for their actions and they are held responsible by the stakeholders. In a nutshell, theory epitomizes the supremacy realized through the separation of ownership and control to lubricate the optimization of shareholders' wealth.

Cherotich (2019), firm's goals are entrusted to management by the founders of the firm. The management may misappropriate all the resources while using authorities given to them by the shareholders. The egocentric pursuits amount to conflict of interest. Moreover, an erroneous act of commission by the management results in extra overhead cost. This is a big setback simply because managers' negligence will be absorbed and end up at the company's expense. In accordance with Stephen and Mitnick (1996) theory of agency is two-principal arrangement where the shareholders grant authority and power to the managers (managers as their agents), agents need to act in best interest of the power givers. Thus noticing personal interest is difficult therefore corporate governance could be extorted without them knowing. Furthermore, as per Adams and Ferreira (2009) moral risks and costs of agency are more frequent in organizations since it is unethical and costly when managers work on their personal gains.

Agency theory is relevant and vital in coming up with solutions for agency challenges. Therefore, the theory gives direction to both shareholders and managers on a harmonious way of coming up with solutions for conflict of interest. Furthermore, maximization of founders' resources and efficiency leads to NGOs success and long-term sustainability. The theory outlines setbacks and predicaments and strives to provide remedy to avoid the

immense and expensive agency cost. Therefore, as stipulated by the above mitigations useful in resolving problems, this theory is important to the study.

2.2.3 Stewardship Theory

This theory was advanced by Donaldson and Davis (1991). The theory encourages improvement of the organization's performance in continuous manner through maximization of the shareholders' resources. Stewards act as agents and it has an influence on the company's performance. The stewardship theory insists that corporate governance is the steward of the company. The governance needs to utilize their resources fully to optimize the shareholders' value. The theory presupposes that governance is a professional, competence, experience, accountable and transparent body. Moreover, it assumes that the governance is driven by the accomplishment of firms' objectives.

The theory has an assumption that the corporate governance is efficient and cannot misappropriate resources at their disposal in absentia of regulatory and control mechanisms. Nevertheless, failure to acknowledge crucial role of regulatory approaches may result in misuse of resources, egocentric pursuits and future challenges. Jaskiewicz and Klein (2007) prefers the compensation as well as rewards to the cost of agency. Nonetheless, the theory fails to track down the distinction between organization interest and personal interest. Therefore, the stewards may utilize the organization's resources for personal gains.

Despite above criticisms, the theory is of great positive impact in this sector. As a result of emphasizing satisfaction and motivation, the stewards are associated with the

company's achievement. The theory assesses procedures for initiating structures that improve stewardship. Furthermore, it accentuates the process of building an autonomy unit in order to lower the cost of monitoring activities. In addition, organization and steward's objectives need to be aligned to fit the overall organization demands, resources maximization and increment of shareholders' wealth. The alignment of the goals will enhance NGOs financial sustainability. Furthermore, alignment is critical in promoting operational efficiency.

2.3 Determinants of Financial Sustainability

The center stage of every firm is to maximize the shareholders' wealth. Therefore, critical pillars must be put in place to enhance financial stability. The aspiration of NGOs lies in improvement of well-being, access to food, agricultural productivity and social economic development among the less advantaged people (Mwendwa, 2021). NGOs must enhance their financial sustainability through commitment and strategic management. The cornerstone of financial sustainability prioritized in this research are; cash flow, firm size, board independence and capital structure. They are the powerhouse for financial performance, improving financial health and reinforcing financial sustainability.

2.3.1 Cash Flow

The business strives to unlock their potential and reap immensely from their growth. Moreover, the financial trajectories give chief attention to cash flow. The profitable firms may exhibit negative cash flow. Putri and Puryandani (2018) pointed out the significance of cash flow in business productivity and the financial performance. NGOs rely on the well-wishers for financial support and the global and local institutions for donations. Hence, cash flows must be managed prudently to eliminate the numerous drawbacks. The

donors are attracted towards firms with bold vision driven by unified cash flow management and the greatest standard of professionalism. The cash flow is the power for financial sustainability, transformation and financial performance.

2.3.2 Firm Size

Firm size defines the organizational strength in a team of resources. The utilization of resources creates more avenues for business prosperity, innovation, financial fitness and stability. Firm size is measured by analyzing the assets at their disposal during a specific period among other techniques. Njogu (2018) stated that the large firm size has great resources at the disposal, access to a large market and can maximize that in business continuity. The business strives to enhance the operation and increase their size.

Cash flow is crucial for an organization to know about its financial flow. Since cash flow aids in coming up with better strategic decisions for daily business of an organization. When there are correct cash flow records an organization is aware about the exact amount of funds that it has at a particular time. This is of great importance when it comes to execution of an organization's plans and decisions, because verdict must be enhanced with accurate data. However, without accurate statements of cash flow it might result in making wrong choices and it is a risk for the organization activities. In a nutshell, firm size is a recipe for financial sustainability.

2.3.3 Board Independence

Board Independence gives a center stage to financial sustainability. It forms crucial bedrock for corporate governance. Moreover, the ideas, experience and knowledge among the independent management team increase objectivity. According to Feizizadeh

(2012) the independent team consists of a non-executive board offering vast knowledge, experience, innovation and creativity which drives the business in longevity. The mega projects in the organization results from the critical steps undertaken by the non-executive directors.

2.3.4 Board Structure

Board structure explains the compositions and governance of the organization. The firm advocates for good structures with a well-diverse team. The proficiency and competence among the directors increase the financial performance of the business (Njogu, 2018). The organization should take a frontline in advocating and executing quality structures that enhance performance. The going concern is jeopardy whenever the incompetent governance is put in place. Therefore, this study was motivated to give an extensive overview of board structure and financial sustainability.

2.4 Empirical Reviews

Putri and Puryandani (2021) scrutinized how the leverage, profitability and cash flow influences the investment decision-making. The pivotal areas of research were the companies undergoing the financial challenges. The study maximized Altman Z to factor in companies experiencing financial distress. The research optimized purposive sampling after looking at all 699 firms cited in the Indonesia Stock Exchange. The research timeframe spanned from 2017-2019. Moreover, it was aided by descriptive statistical computation. The findings illustrated that leverage and cash flow do not influence investment decision-making among firms exhibiting financial distress. Profitability exhibited a positive association with investment decision-making among firms with financial distress. The study was done in Indonesia focusing on financial incapacitated

firms while the prevailing study examines the NGOs, financial sustainability versus the cash flow to bridge the contextual and knowledge gap.

Ali, Ormal and Ahmad (2018) analyzed the effects of FCF on profitability. The study was done in Germany's Automobile Companies. The research optimized time series computation spanning from 2007-2016. The outcomes concluded that FCF affects the profitability positively and substantially. The metrics used in profitability was ROA. Nevertheless, leverage expounds on the negative but insignificant correlation with ROA. The prevailing study analyzes the cash flow versus the financial sustainability in Nairobi County in Kenya.

Khidmat and Rehman (2014) assessed the influence of FCF on the performance. The study analyzed 123 firms quoted in KSE. The firms were assembled from 8 varying sectors to give conclusive findings. The research period covered a span of 7years with an interval of 2003-2009. The findings associated agency cost to FCF. Moreover, the research blueprinted a negative correlation amid FCF and FP. The research was accomplished in Pakistan and there is room for updated study in Kenya focusing on NGOs in Nairobi County.

Manian and Fathi (2017) examined the FCF versus the performance prediction. The study was driven by controversial information relating to firms, cash flow and performance. The study prioritized 102 firms listed at Tehran Stock Exchange. The timeframe of study was 2011-2015 culminating to 5 years. The outcomes posit that FCF influenced ROE significantly and positively. The study was spearheaded in Iran and there is a need for Kenyan study focusing on cash flow, sustainability and NGOs in Nairobi County.

Lai, Latiff and Qun (2017) studied impacts of FCF on performance. The study was undertaken in Malaysia with keen focus on panel data. The data generated cover a period of 5years spanning from 2008-2012. The results coined a significant but negative correlation existing between FCF and ROE. The study was done in Malaysia while the current study is focusing on Kenya context, specifically Nairobi County. Moreover, the other research analyzed performance while the prevailing study scrutinizes financial sustainability.

Atika Yuliarti, Diyani (2018) analyzed determinants of stock returns. The research factored in firm size, current ratio, market book ratio, ROE and cash flow activities. The study scrutinized 7 pharmaceutical firms quoted in Indonesia Stock Exchange (ISE). The research period related to 2011-2016 cumulating to 6 years. The study maximized multiple analysis techniques to reach a conclusive outcome. The study illustrated the importance of cash flow in informing the stock returns. The prevailing study scrutinizes the cash flow and financial sustainability of NGOs in Nairobi County in Kenya.

Ekwunife and Okoro (2022) analyze the impact of cash flow on the survival of corporate firms. The study concentrated on manufacturing companies in Nigeria as well as Ghana. The timeframe for the scrutiny was 2013-2017 hence it was adequate for analysis. The data sourced was computed using the panel regression. Moreover, the preliminary computation like descriptive and correlation enhanced the findings. The research recommended increasing financing and operating activities to enhance the survival of companies.

Ikechukwu, Nwakaego and Celestine (2015) researched on the impacts of FCF on the profitability. The context of study was the Nigerian banking sector. The research concentrated on three commercial banks to blueprint the far-reaching outcome. The research period covered 5 years ranging from 2009 to 2013. The conclusive results opined that financial and operational cash flow exhibited a substantial effect on profitability. Nevertheless, investing cash flow showed negative correlation to profitability. The study limited their research to financial firms in Nigeria and the study of NGOs in Nairobi County in Kenya bridges the Knowledge gap.

Ogbeide and Akanji (2017) analyzed the effects of FCF on performance. The research scrutinized Nigerian Insurance Companies. The researcher maximized time series covering 6 years. The study analysis period was 2009-2014. The findings illustrated that FCF influenced performance through statistical insignificance. The current study focuses on NGOs, cash flow and financial sustainability in Nairobi County in Kenya.

Turgut, Cheruiyot and Sang (2021) maximized CCC as well as the CFF models. The study maximized descriptive research design to expound on the survey analysis. The study targeted a population of 102 SMEs. The sampled respondents were 81 using the simple random sampling. The technique was chosen due to its efficiency in primary data analysis. Moreover, the reliability as well as validity tests were done to enhance accuracy and relevance. Moreover, descriptive statistics was computed to illustrate the nature of data. Additionally, inferential computation using SPSS expounded on regression and 5% significance level. The study opined that SME operators were incapable of projecting the cash flow in longevity. The prevailing research analyzes NGOs hence bridging conceptual gaps.

Mwendwa (2021) scrutinized corporate governance influence on the financial sustainability. The research was driven by the financial instability of NGOs. The study concentrated on; board size, CEO Duality, composition and diversity. The historical data was used to do descriptive and inferential analysis thereby enhancing the far-reaching conclusion. The study opined that corporate governance affects financial sustainability. The research examined corporate governance while the prevailing study assesses the cash flow thereby bridging the conceptual gap.

Mutende, Mwangi and Ochieng (2017) examined the FCF in relation to the performance. The researcher's pivotal area was firms cited in NSE. Moreover, the period of concentration was 2006 to 2015 which was adequate for far-reaching computation. The findings stipulated that FCF affected the FP significantly and positively. Nonetheless, the current study's cornerstone is cash flow verse the financial sustainability of NGOs in Nairobi County in Kenya.

2.5 Summary of Literature Review and Existing Research Gaps

Putri and Puryandani (2021) demonstrated that leverage and cash flow affected the investment decision-making for the firms facing the financial crisis. The study was spearheaded in Indonesia with different economic status and geographic location from Kenya. Moreover, they did not analyze the NGOs which is the cornerstone of the current study. Therefore, the research on cash flow versus financial sustainability bridges the contextual and conceptual gaps.

Rhidmat and Rehman (2014) findings opined a negative correlation between FCF and FP in Pakistan while in Iran, Manian and Fathi (2017) blueprinted a positive association

between FCF and FP. Moreover, Lai, Latiff and Oun (2017) concluded on negative correlation between FCF versus FP. The contradicting results may be associated with different measurement methods, timeframe and the empirical techniques used. Therefore, the current study fills the empirical, contextual and conceptual gaps.

Regionally, Ekwunife and Okoro (2022) stipulated that cash flow is crucial for the survival of businesses in Ghana and Nigeria. Locally, Turgut, Cheruiyot and Sang (2021) coined that the incapability of SMEs to do cash flow forecasting resulted in the collapse of many businesses. Mwendwa (2021) posits that corporate governance plays a significant role in financial sustainability. Despite several studies, the presence of a knowledge gap cannot be overlooked. It spans from contextual, conceptual and empirical gaps.

2.6 Conceptual Framework

This section accentuates schematic representation of regressed versus the predictor variables. It provides an overview in a snapshot and proclaims the existing association. The regressor variables are cash flow, firm size, board independence and the capital structure. Moreover, the predicted variable is financial sustainability as postulated in the figure below.

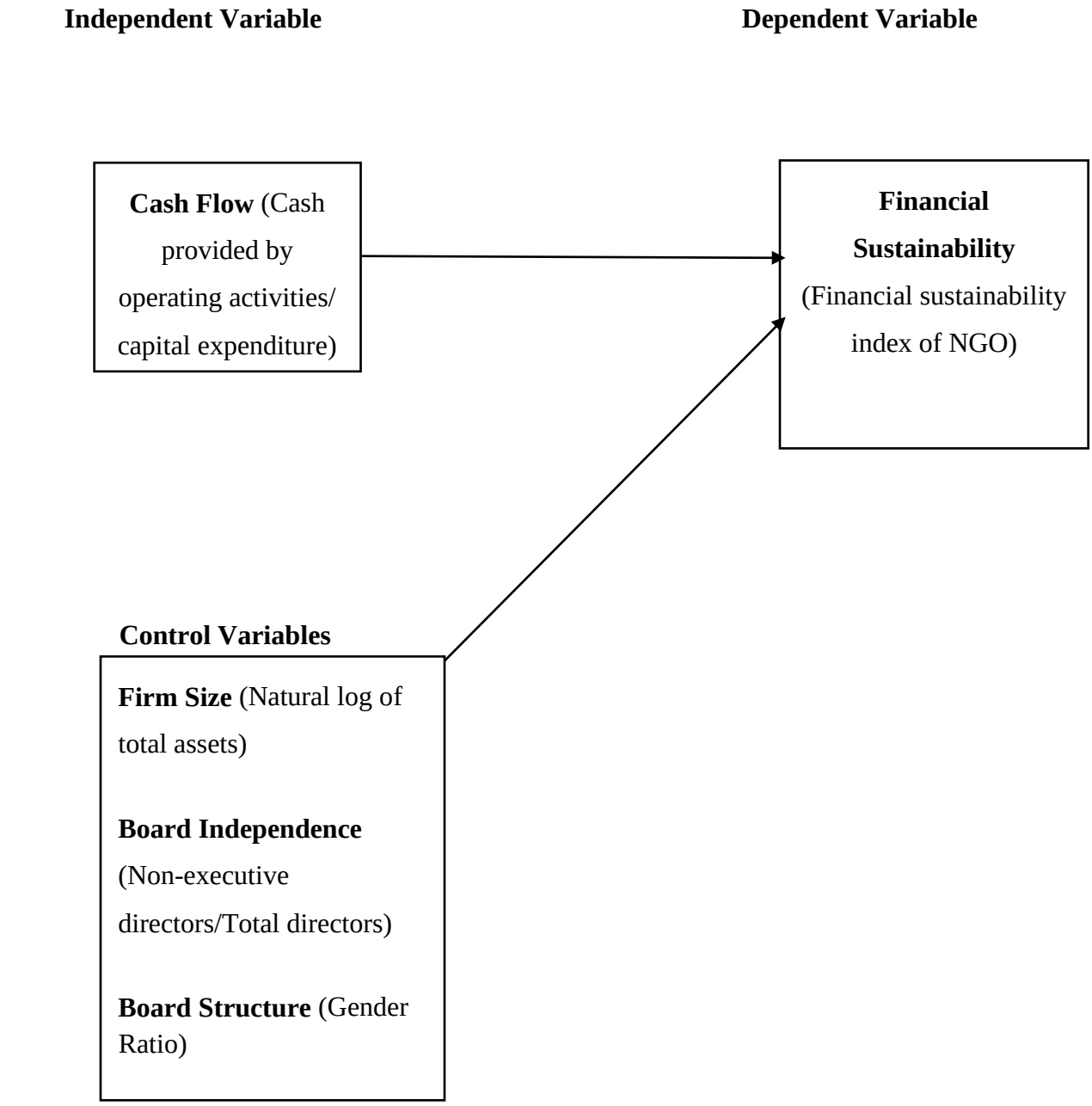

Figure 2.1 Conceptual Model (Source: Researcher 2022)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The research methodology is the epicenter of the research due to the incorporation of design, techniques, data collection and analysis. According to Cooper and Schindler (2014) the research methodology is a roadmap towards quality results. This section coins the research methodology relevance to the research objective. In addition, it pinpoints the sufficient population, reliable data sourcing method and prudent data analysis techniques. The data relates to cash flow and the financial sustainability of NGOs.

3.2 Research Design

Research design is crucial in the provision of a solution towards the research problem. It is a fundamental bedrock in data collection, analysis and the research objective. According to Soet, Muturi and Oluoch (2018), the design is a yardstick for the quality findings. The study employs the descriptive quantitative research technique to explain the existing association. It is suitable for explaining cash flow and financial sustainability.

According to Rahman and Sharma (2020) descriptive technique is useful for the successful testing of hypotheses thereby leading to credible and accurate results. The design is a master plan that warrants paramount findings with little impediments. It strives to increase coherency while handling data. In a nutshell, it increases the logical and systematic process of computation of correlation amid the cash flow and financial sustainability.

3.3 Population

The population is the lifeblood of the research study. The active NGOs and fully registered were 1143 in Nairobi while Kisumu has 397 and Kiambu 342. From the list of fully active and registered firms, it was clear that Nairobi is the nerve center of NGOs. Therefore, the research selected Nairobi due to its critical role in hosting headquarters and the largest number of NGOs. It is imperative to posit that NGOs are cardinal for economic prosperity of a county and national government. The study expounds by utilizing sufficient population to reach a conclusive finding. Since the population is the assemblage of elements that possess the similar characteristics, the study was keen to analyze the NGOs in Nairobi County. The study came up with conclusive findings about NGOs.

3.4 Sample

The study maximized the systematic random sampling method by selecting 46 NGOs regulated by NGO coordination board. KNBS (2020) posit that NGOs working locally were approximately 63%. According to Mwendwa (2021) international NGOs operating in Kenya are estimated to be 19%. According to KNBS (2020) there are more than 3000 NGOs in Kenya when all the counties are combined with Nairobi leading with 1143 NGOs. The NGOs are crucial in agricultural productivity, health, humanitarian welfare and safety. The systematic sampling was critical in sampling 46 NGOs with their headquarters in Nairobi City County. The 46 NGOs were selected by picking every 25^{th} NGO from the 1143 NGOs in Nairobi County. The research targeted top NGOs listed by NGO Board in 2021 and has been operational for more than 5 years.

3.5 Data Collection

The data were collected from historical techniques from published statements of the NGO-Coordination Board. The secondary data was gathered to enhance conclusive findings relating to Cash flow, Firm size, Board independence and Board structure. The data on board independence were sourced from individual NGOs and their website updates. The data collected were subjected to thorough and comprehensive procedure of review, classification, cleaning, editing and coding for statistical computation. The information was obtained from NGOs Annual Financial reports. Moreover, information from KNBS and individual firms. Finally, the secondary information was garnered from published journals and donor reports.

3.6 Data Analysis

The data collected was subjected to intensive scrutiny, classification, review, coding and cleaning. The procedure was paramount in ensuring that the data was free from error, complete and accurate. Therefore, it boosted logical and coherent undertakings. The descriptive and inferential computation through SPSS promotes in-depth understanding, discussion and presentation. The data was tabulated to relay the correlation in a snapshot.

3.6.1 Diagnostic Test

The study was motivated to run the diagnostic test to expound on the nature, magnitude and traits exhibited by the data. Additionally, it gave prominence to the direction and strength of correlation. Linearity test stipulates the line of goodness-of-fit. It was done by the use of Kolmogorov-Smirnova and Shapiro-Wilk. Moreover, multicollinearity analysis was spearheaded using the Variance Inflation Factor to illustrate the existing correlation

among the explanatory variables. Furthermore, Durbin Watson was employed in the comprehensive computation of autocorrelation. It coins the pattern, abnormalities and trend. In summary, normality tests were pivotal in explanation of pattern and clarification of p-value. Autocorrelation explains the uneven distribution and its remedial action is either capturing, restructuring data or fitting models. Multicollinearity elaborates on the association among the regressor variables. The remedial process was to eliminate the highly correlated variable.

3.6.2 Analytical Model

Empirical model was very important in the explanation of correlation among many explanatory variables versus the explained variable. Resnik (2003) indicated that the analytical model gives a bold association in the form of multiple linear regression. The model is;

$$Y=\alpha_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+ \beta_4X_{4+}\varepsilon$$

Whereby:

Y= Financial Sustainability (NGOs Financial Sustainability Index).

α_0=y intercept of the regression (constant variable)

X_1= Cash flow (Cash provided by operating activities/ capital expenditure)

X_2= Firm size (Natural Log of total assets)

X_3= Board Independence (Non-Executive directors/total directors)

X_4 =Board Structure (Gender ratio)

ε= error term

3.6.3 Significance Test

The research was driven towards establishing the relation amid the regressor variables (Cash Flow, Firm Size, Board Independence and Board Capital Structure) in conjunction with predicted variables (Financial Sustainability). Regression analysis, F-Test and T-Test will be undertaken. Values $P \leq 0.05$, and $P > 0.05$ will be interpreted and concluded to illustrate the significance and insignificance consecutively

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION OF RESULTS AND DISCUSSION

4.1 Introduction

This chapter is the epicenter of conclusive data analysis and comprehensive discussion. Consequently, its presentation is the heart of this chapter thereby transiting coherently and logistically from the previous chapter. In a nutshell, this section focused on analyzing the data that was collected from the field. Researchers performed four main analyses: Correlation analysis, Descriptive statics, diagnostic tests and the regression analysis. The independent variables include Cash flow, Firm size, Board independence and Board structure against dependent variable; Financial sustainability. The researcher was keen on investigating the effects of cash flow on the financial sustainability of non-governmental organizations with 46 NGOS sampled.

4.2 Descriptive Statistics

This rigorous mathematical computation reinforces the data visualization. It was fundamental for measuring variability, least and highest values. It also denoted the range of dataset thereby depicting the overall dispersion of the dataset. In summary, it provided insight and reflected the degree of spread through averaged squared deviations. In a nutshell, descriptive statistics explained the minimum, maximum, mean and standard deviation of each variable. As seen from table 4.1 below, financial sustainability had minimum of -.1955, maximum of 3.0658, mean of 0.4912 and 0.4255. This implies that average financial sustainability for the 46 NGOs was 0.4912 for the study's timeframe. Cash flow recorded a minimum of -0.1977, highest of 4.7801, average of 0.7967 and SD

0.6563. This implied that the average cash flow was 0.6562 for the investigation period of 2017-2021. Firm size recorded a lowest of 0.2060 and a highest of 6.4894 with average of 0.1932. Board independence and board structure had minimums of 0.1090 and 0.0133, maximums of 0.9219 and 0.8381 with mean of 0.431040 and 0.1814 respectively.

Consequently, descriptive data allows meaningful derivation of information, conclusive results and giving trends as well as determining the pattern. From the conclusive data presented, it can be concluded that board structure posted the minimal variability as demonstrated by SD 0.1086. Additionally, firm size posted the greatest variability through SD of 0.7869. In summary, the descriptive aided in the simplification of data and extensive findings.

Table 4.1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Sustainability	230	-.1955	3.0658	.491176	.4255062
Cash flow	230	-.1977	4.7801	.796732	.6562693
Firm size	230	.2060	6.4894	1.193212	.7869498
Board Independence	230	.1090	.9219	.431028	.1441129
Board Structure	230	.0133	.8381	.181353	.1086420
Valid N (listwise)	230				

4.3 Correlation Analysis

The investigation was motivated to undertake crucial analysis of association among variables. This was pivotal in demystifying the magnitude and direction of the

connection. As a result, it was possible to pinpoint the actionable insight available for execution. The Researcher expedited the correlation analysis to ascertain the nature in which the study variables correlated. Consequently, the correlation's supremacy was on prediction, risk analysis and speculating the opportunities. As a result, holistic decision making embodied by greater degree of accuracy was well-structured on the correlation analysis. According to Mwendwa (2021) correlation analysis is crucial for revealing new opportunities and correcting errors.

From extensive correlation analysis, a practical simplicity from rigorous insight was one of undoubtedly product. As seen from the table 4.2 below, cash flow, board independence, firm size and board structure posted a positive correlation towards financial sustainability. The two variables depicted strong positive correlation towards financial sustainability; hence cash flow (r=0.620) whereas board structure (r=0.639). Nevertheless, board independence registered a positive even though weak positive interaction with the financial sustainability (r=0.639). Firm size depicted a weak positive correlation towards the financial sustainability as seen by (r=0.012). It is worthwhile stating that correlation analysis was a pointer of the strength of association as well as the direction of movement.

Table 4.2 Correlation Analysis

Correlations						
		Financial Sustainability	**Cash flow**	**Firm size**	**Board Independence**	**Board Structure**
Financial Sustainability	Pearson Correlation	1	.620**	.012	.367**	.639**
	Sig. (2-tailed)		.000	.858	.000	.000
	N	230	230	230	230	230
Cash flow	Pearson Correlation	.620**	1	.113	.397**	.718**
	Sig. (2-tailed)	.000		.087	.000	.000
	N	230	230	230	230	230
Firm size	Pearson Correlation	.012	.113	1	.190**	.122
	Sig. (2-tailed)	.858	.087		.004	.065
	N	230	230	230	230	230
Board Independence	Pearson Correlation	.367**	.397**	.190**	1	.489**
	Sig. (2-tailed)	.000	.000	.004		.000
	N	230	230	230	230	230
Board Structure	Pearson Correlation	.639**	.718**	.122	.489**	1
	Sig. (2-tailed)	.000	.000	.065	.000	
	N	230	230	230	230	230

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

4.4 Diagnostic Test

The detection is fundamental for estimating the sensitivity and specificity. Researcher undertook the conclusive diagnostic test to find out the suitability of the data in modelling. Normality test, autocorrelation test and the multicollinearity test were performed here. The objective was to enhance accurate observation, minimize bias and aid the interpretation of the results. In this scenario, the study aimed at eliminating biases while upgrading accuracy.

4.4.1 Normality Test

The researcher utilized the Kolmogorov-Smirnoff and Shapiro-wilk test to find out the normality test. The rule is that if the significance value of each variable on both sides is less than 0.05, then it implies that data was obtained from a normal distribution and if the significance values were greater than 0.05, then implied that the data had been obtained from a non-normal distribution.

From the table 4.3, the significance values obtained were less than 0.05, this shows that the data was obtained from a normal distribution. The data followed the normal distribution hence showing to be insightful and informative. The outcome has been tabulated in table 4.3

Table 4.3 Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	**Df**	**Sig.**	**Statistic**	**df**	**Sig.**
Financial Sustainability	.181	230	.000	.652	230	.000
Cash Flow	.180	230	.000	.646	230	.000
Firm size	.258	230	.000	.567	230	.000
Board Independence	.108	230	.000	.938	230	.000
Board Structure	.185	230	.000	.650	230	.000

a. Lilliefors Significance Correction

4.4.2 Autocorrelation

Researcher utilized the Durbin-Watson value obtained from the model summary. The autocorrelation blueprints the degree of similarities amid the stipulated time series as well as the lagged version versus the successive timeframe. The rule in this test is that if the Durbin Watson value lies between 1.50 and 2.50 then the value lies within an acceptable range. From the table the Durbin value is 2.557, thus standing within acceptable range.

Table 4.4 Autocorrelation Test

Model	**Durbin-Watson**
1	2.557

4.4.3 Multicollinearity Test

This mathematical analysis was spearheaded to give logistic evidence on connection amid the predictor variables. The multicollinearity test was performed to ascertain if the independent variables in this research had a multicollinearity issue. The assessment wanted to explore the inter-association connecting the two explanatory variables. Empirically, highly correlated regressor is greatly recommended for removal in the examination. However, this undertaking posted desirable outcome without an alarming situation.

Consequently, the research strived to eliminate variability, extreme sensitivity, and instability triggering biasness and wrong conclusion. The rule in this test is that if the tolerance values are greater than 0.2 and the VIF values are less than 10, then there is no multicollinearity problem. The findings showed that all the variables had Tolerance values greater than 0.2 as articulated by 0.482, 0.982, 0.740 and 0.435 and VIF values less than 10 as shown by 2.706, 1.040, 1.351 and 2.297 thus implying that there was no multicollinearity problem. This is shown under table 4.5 below.

Table 4.5 Multicollinearity Test

Model		Collinearity Statistics	
	(Constant)	Tolerance	VIF
1	Cash Flow	.482	2.076
	Firm size	.962	1.040
	Board Independence	.740	1.351
	Board Structure	.435	2.297

4.5 Regression Analysis

It is a mathematical technique for the evaluation of inter-relationship amid variables under investigation. Subsequently, it is paramount in the understanding of the data point, representation and nature. Simply put, it postulates how the typical value of regressed variables adjust correspondingly as to the regressor's changes. It is imperative to mention that quality decision making is well-crafted through regression analysis. The regression analysis helped in determining the relationship between the response and the explanatory variables. Researcher utilized both the model summary table and the coefficient of determination tables from the SPSS tool to come up with a conclusion.

4.5.1 Model Summary

This is the epicenter of the explanation of movement of predicted variable as a consequence of adjustment on the predictor variable. The model can be expounded as quality or bad depending on the outcome. In summary, it expounds on the good-fit

mechanisms while indicating the percentage of variance. Therefore, it posits the unbiased how the dataset was fitted without alarming too low and too high figures in the observation. The table 4.6 shows the correlation of variables and the R squares. Therefore, R which is 0.686, shows that there is 68.6 % correlation among the variables in this study. The correlation coefficient is 0.471. It implies that 47.1% change in financial sustainability was caused by board structure, Firm size, Board independence and Cash flow. The remaining 52.9% change in dependent variable were caused by factors not captured in this examination.

Table 4.6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.686[a]	.471	.462	.3121404	2.557

a. Predictors: (Constant), Board Structure, Firm size, Board Independence, Cash flow

b. b. Dependent Variable: Financial Sustainability

4.5.2 ANOVA

This candid examination and rigorous mathematical calculation are fundamental for partition of variance in a dataset to a numerical component section. Importantly, the comparison of identifiable values translated to meaningful decisions. Furthermore, it increases the statistical power and eliminates the random variability. As a result, ANOVA test was essential in giving interpretation that postulates if the model was statistically significant for modelling or not. The F statistics is 50.137 with significance of 0.000 which is less than the p-value of 0.05. This then implies that the model is statistically significant and can be used for modelling.

Table 4.7 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.540	4	4.885	50.137	.000[b]
	Residual	21.922	225	.097		
	Total	**41.462**	**229**			

a. Dependent Variable: Financial Sustainability

b. Predictors: (Constant), Board Structure, Firm size, Board Independence, Cash flow

4.5.3 Coefficient of Determination

The findings in table 4.6 were used in generating the mathematical model for predicting the future. From column B of the unstandardized coefficients if all the factors were held constant the financial sustainability has a positive outcome of 0.020 hence an increment of 2.0% (β_0=0.20). From empirical viewpoint, a change in cash flow by a singular unit is replicated on the same directional change of financial sustainability by 0.214 if all factors are maintained unchanged (β=0.214, p=0.000<0.05). Moreover, an addition of a single unit of firm size triggers insignificant decrement in financial sustainability by 0.046 whenever other variables are held constant (β=-0.046, p=0.088>0.05). Nonetheless, the advancement in one unit of board independence translated to insignificant improvement on the financial sustainability by 0.197 if other factors are kept unchanged (β=0.197, p=0.238>0.05). Finally, a change in the board structure by an additional one unit registered a substantial positive deviation in the financial sustainability of 1.490 (β=1.490, p=0.000<0.05).

Table 4.8 Coefficients of Determination

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.020	.068		.297	.766	-.114	.155		
	Cash flow	.214	.045	.330	4.725	.000	.125	.303	.482	2.076
	Firm size	-.046	.027	-.085	-1.713	.088	-.098	.007	.962	1.040
	Board Independence	.197	.166	.067	1.184	.238	-.131	.525	.740	1.351
	Board Structure	1.490	.288	.380	5.177	.000	.923	2.057	.435	2.297

a. Dependent Variable: Financial Sustainability

The mathematical equation thus looks like,

$$\mathbf{Y=0.20+0.214X_1-1.425X_2+0.197X_3+1.490X_4+\varepsilon}$$

Whereby:

Y= Financial Sustainability (NGOs Financial Sustainability Index).

α_0=y intercept of the regression (Constant Variable)

X_1= Cash flow (Cash provided by Operating Activities/Capital Expenditure)

X_2= Firm size (Natural Log of Total Assets)

X_3= Board Independence (Non-Executive Directors/Total Directors)

X_4 =Board Structure (Gender ratio)

ε= error term

4.6 Discussion of the Findings

The general mathematical model generated showed that $\mathbf{Y=0.077+0.617X_1+1.425X_2-0.205X_3-0.163X_4+\varepsilon}$. These results demonstrated the direction and the strength that each variable had on the financial sustainability. It was evident that the more cash flow, board independence and board structure replicated the more the financial sustainability attained by the firms. The findings further suggested that the firms had a task on increasing the firms' capacity and improving its size since it portrayed an inverse interaction with the financial sustainability.

From empirical computation an increase in a single unit of cash flow improves the financial sustainability by 0.214 units. The positive correlation postulates that both the variables moved in the same directions ($\beta=0.214$, $p=0.000<0.05$). The examination concurred with the Putri and Puryandani (2018) quality cash flow is the lifeblood of the organization. The business relies on cash inflows to spearhead their activity with minimal mishaps. The unified cash flow operation provides a holistic avenue for prudent maximization of resources.

Additionally, the findings posit that unitary advancement of firm size translates to a decrement in the financial sustainability by 0.046 though insignificant. Firm size is the nerve center of the organization through the utilization of assets to generate maximum returns ($\beta=-0.046$, $p=0.088>0.05$). The findings were inconsistent with Njogu (2018) opinion that large firms have greater resources at their disposal and can optimize to generate great returns while promoting the going concern of the business. Atika Yuliarti, Diyani (2018) postulated that firm size is fundamental for the quality performance.

It is imperative to indicate that board independence is crucial for business. As Feizizadeh (2012) the independence boost the organization through broad and wide experience as well as innovation and creativity. Onguka, Iraya, and Nyamute (2020) defined the importance of board independence as approaching issues from different angles. Moreover, the board structure posted an insignificant positive correlation with financial sustainability thereby contrasting Mwendwa (2021) association of diversity with quality substantial performance.

Moreover, the board structure registered and positive interrelation with the financial performance. In fact, the findings opined that an increment by one unit of board structure translates to a substantial positive advancement in the financial sustainability by 1.490 (β=1.490, p=0.000<0.05). This outcome is in concurrence with Ondigo (2016) call for optimum and seamless structure that upgrade efficiency and effectiveness.

The secondary data that had been generated for this research study was from a normal distribution. This was proved by the analysis done in the Kolmogorov-Sminova test and the Shapiro-wilk test. The data also had no multicollinearity problem in that tolerance values of each variable were greater than 0.2 and the Variance of Inflation VIF values less than 10. Furthermore, autocorrelation spearheaded through the Durbin-Watson cleared the data as free from predicaments and obstruction that can lead to biasness and wrong conclusions.

From the regression analysis, the R square value tabulated was 47.1%. This was the change caused by the independent factors on the dependent variable. The ANOVA value 0.000 < (p=0.05) indicated that the model was statistically significant. This study concurs

with some preceding studies. Mutende, Mwangi and Ochieng (2017) pinpointed the connection amid the cash flow and performance. Moreover, Manian and Fathi (2017) expounded that cash flow improves the operational activities thereby increases survival rate of the firms. In addition, Ekwunife and Okoro (2022) postulated that increasing the financing and operating activities translate to the sustainability of the business.

Maria and Fathi (2017) accentuates that cash flow is essential for improvement in the performance (ROE). Nevertheless, the examination by Lai, Latiff and Qun (2017) pinpoints an inverse interrelation between FCF and performance, hence contradicting these inferences. From the inference, the cash flow is supreme in the financial stability. Therefore, NGOs have an upper hand in prudential management, utilization, tapping idle resources and enhancing the cash flow to realized strong financial sustainability.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter is a roadmap for the generalization of the findings. As a result, summarizing the outcome is a master plan for conclusive and intensive information. Consequently, the study undertakes prudent recommendation for policies and practices aiding the conclusive analysis. The investigation gives systematic yet rigorous investigation into pertinent knowledge thereby giving reliable results. Nonetheless, the study delineates the limitation and suggested sections for further scrutiny.

5.2 Summary of the Study

The assessment was expedited extensively to empirically postulate the effect of cash flow on the financial sustainability of NGOs in Nairobi County. Therefore, systematic descriptive computation was undertaken to give a general view of dataset. From the findings on standard deviation, there was average variability hence good for research undertaking. From findings in the descriptive analysis, the financial sustainability had an average of 0.4912 with a SD of 0.4255. Cash flow showed an average of 0.7967 and SD 0.6563 while firm size had a mean of 1.1932 and SD of 0.7869. Board independence had an average of 0.4310 and SD of 0.1441. The board structure had an average of 0.1813 and SD 0.1086. From extensive scrutiny there was minimal deviation and variability hence the dataset was critical for explaining the financial performance.

The correlation analysis that was done through Pearson showed that the cash flow. Board independence and board structure had negative correlation towards financial

sustainability. Firm size had a negative non-substantial correlation towards the dependent variable. These findings are not in concurrence with postulations by Mutende, Mwangi and Ochieng (2017) that quality cash flow is paramount for business stability in the long run. Additionally, Turgut, Cheruiyot and Sang (2021) concluded on the positive correlation between FCF and performance though it gave great knowledge on the longevity operation, it did not address the financial sustainability. Moreover, Ogbeide and Akanji (2017) posits that cash flow has an insignificant effect on performance hence disagreeing with the current analysis. However, Ikechukwu, Nwakaego and Celestine (2015) was inconsistent with current outcome by pinpointing negative associations. Moreover, Khidmat and Rehman (2014) posits a negative correlation between investing cash flow and performance thereby contradicting the study.

It is imperative to note that the Kolmogorov-Smirnova and the Shapiro-wilk test shows that the data was obtained from a normal distribution. This pinpointed that the process was systematic hence dependable solutions were realizable. This was evident by the significance values of each variable being less than 0.05 for each variable. The autocorrelation Durbin Watson value of 2.557 lied within the acceptable range of Durbin Watson values. The multicollinearity test also proved that the independent variables had no multicollinearity problem. This concurred with Mutende, Mwangi and Ochieng (2017) accentuation that diagnostic tests clear the dataset from wrong conclusions.

Subsequently, the regression analysis had an R correlation of 0.686 which showed that variables correlated at 68.6.7%. The R-Square posted 0.471 thereby expressing that 47.1% of change in financial stability were caused by board Structure, Firm Size, Board

independence and Cash flow while, the remaining 52.9% change were as a result of other factors not captured in this assessment. The significant value 0.000 in the ANOVA table showed that the model was statistically significant in that it was less than the p-value of 0.05. Mutende, Mwangi and Ochieng (2017) stated that cash flows are intertwined with the performance and long-term sustainability.

5.3 Conclusion

The investigation was motivated to sharpen and deepen a meaningful understanding. As a consequence it was underpinned by the preceding studies. Ali, Ormal and Ahmad (2018) FCF influence the profitability significantly while Manian and Fathi (2017) concluded that cash flow is cardinal for quality performance. Moreover, it created a clearer picture and initiated a framework for longevity performance. The investigation permitted meaningful interpretation through systematic analysis.

It is imperative to accentuate that unstandardized coefficients indicated the autonomous figures was 0.20 hence indicating when all factors are constant financial sustainability increased by 0.20. Moreover, an increase in one unit of cash flow caused an increase in the financial sustainability significantly by 0.214 when factors are kept constant ($\beta=0.214$, $p=0.000<0.05$) hence concurring with Mwendwa (2021). Subsequently, an increase in just a unit of firm size causes insignificant decrement on the financial sustainability by 0.046 only when other factors are held constant ($\beta=-0.046$, $p=0.088>0.05$). Nevertheless, the positive adjustment on the board independence by one unit caused a reduction on the financial sustainability by 0.197 if other variables are held

unchanged (β=197, p=0.238>0.05). To wrap-up a positive change in board structure translates to a increase in financial sustainability by 1.490 units (β=1.490, p=0.000<0.05).

kwunife and Okoro (2022) recommended for extensive financing as well as operating activities of cash flow to appraise the survival of the business. Ikechukwu, Nwakaego and Celestine (2015) contend that investing activities are a major obstruction to performance. The correlation analysis showed a negative correlation between the firm size and the financial sustainability. These findings dictated that the direction and the trend of firm size verse the financial and concluded on the inverse interactions.

The coefficient of determination showed that cash flow and firm size had inverse effects on the financial sustainability while board independence and board structure had a positive effect towards the dependent variable. This therefore meant that if the NGO firms focus on improving the cash flow and the firm size while suppressing the board independence and board structure then there could be more positive returns on financial sustainability. Ogbeide and Akanji (2017) postulated that FCF causes changes in the performance that are insignificant. However, from the pragmatic and solution-oriented investigation, cash flow affects the performance of NGOs significantly.

5.4 Recommendations

The study delved into the cash flow versus the financial sustainability of NGOs. The extensive research aimed at arriving at a conclusive outcome. The findings indicated that cash flow is positively intertwined with the financial sustainability. This recommends for strategies and policies that protect the NGOs through accountability, transparency and maximum utilization of resources. Additionally, the study recommends for intensification

of the operating and financing activities to enhance performance and longevity survival. In addition, the minimization of risk through proper prediction of cash flow the fundamental for the study.

The outcome concludes that firm size is cardinal for improvement of the organizational assets, maximizing the effectiveness and efficiency thereby reducing untapped resources. On the firm size, this research recommends that the NGOs should work on increasing the firm size. As seen from the model generated in the coefficients, an increase in the firm size further increases the returns on the financial sustainability of the various NGOs. This is special for eliminating the challenges facing the NGOs. To safeguard on the resources of the NGOs, this research recommends that the laws of how to increase accountability and effectiveness should be put in place. This research also recommends that the NGOs should be fully independent and should put in place laws that would prevent the government from indulging into its issues.

The outcomes posit board independence was insignificantly and positively correlated with financial sustainability. As a remedy, the study recommends continuous vetting of the board members to ensure merit-based qualifications are considered. In addition, the government and NGOs board should streamline the requirement of non-executive directors to increase competency and proficiency in the NGOs. NGOs have been recommended to ensure they fully maximize their expertise to generate revenue, otherwise if the firms don’t maximize their non-executive board, they tend to continue recording a decrease in financial sustainability.

Moreover, the board structure showed a positive association. The study recommends extensive and pragmatic examination of board composition and in-depth scrutiny of their outcome. The careful investigation of board structure can give chief latitude to the correlation with sustainability. Cognizant of the outcome the study recommends for policies guiding the appointment of board members and its structural composition. In brief, NGOs should seize opportunities and maximize their potential to deliver unique services, hence proving their sustainability.

5.5 Limitations of the Study

The data in this research study was obtained from the secondary sources. The secondary sources do not fully expound the image of the firms. The research study only covered 46 of the NGOs registered; this number is not a full representation of the number of the NGOs in the country.

5.6 Areas of Further Research

The research study recommends a future research study on effects of politics or macroeconomic variables on the financial sustainability of NGOs in the country using primary and secondary dataset. The study can analyze the electioneering period one year to election and one year after election. The research also calls for a study on the effects of the accountability of the financial performance and the role the government plays in improving the NGOs.

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APPENDICES

Appendix I: NGOs in Nairobi County

1.	ABANYALA FLOODS RELIEF SE
2.	ACTION AID INTERNATIONAL KENYA
3.	ACTION NOWKENYA
4.	ADOPT A VILLAGE IN AFRICA – KENYA
5.	ADVANCED INITIATIVES FOR POPULATION AND DEVELOPMENT
6.	ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
7.	ADVENTIST HEALTH SYSTEM EAST - CENTRAL AFRICA
8.	AFRICA REFUGEE RELIEF AND DEVELOPMENT ORGANIZATION
9.	AFRICAN POPULATION AND HEALTH RESEARCH CENTRE KENYA
10.	AFRICAN WILDLIFE FOUNDATION
11.	AFRICAN WOMAN AND CHILD FEATURE SERVICE
12.	BEACON OF HOPE
13.	BETTER POVERTY ERADICATION ORGANIZATION
14.	FORUM SYD SWEDISH NGO CENTRE FOR DEVELOPMENT COOPERATION
15.	GHETTO LIGHT YOUTH ORGANIZATION
16.	HORN OF AFRICA REFUGEE SUPPORT ORGANIZATION
17.	HUMAN APPEAL INTERNATIONAL (KENYA)
18.	HUMAN QUALITY ASSESSMENT SERVICES
19.	HUMAN RIGHTS WATCH
20.	HUMANITARIAN AND CHARITABLE ONE TRUST KENYA
21.	I SERVE AFRICA
22.	IMA WORLD HEALTH
23.	INCAS FOUNDATION
24.	INDEPENDENT MEDICO-LEGAL UNIT
25.	KIBERA TRANSFORMATION AND DEVELOPMENT PROGRAMME
26.	LADDER FOUNDATION
27.	LIVERPOOL VCT, CARE AND TREATMENT
28.	PROGRAMME FOR APPROPRIATE TECHNOLOGY IN HEALTH (PATH)
29.	PROJECT LIGHTHOUSE KENYA
30.	REGIONAL INSTITUTE FOR SOCIAL ENTERPRISES (RISE)
31.	RELIEF INTERNATIONAL – KENYA
32.	SUSTAINABLE DEVELOPMENT AND PEACE BUILDING INITIATIVES
33.	VIJANA AGAINST AIDS AND DRUG ABUSE
34.	VISION AFRICA GIVE A CHILD A FUTURE
35.	VOLUNTARY AND COMMUNITY DEVELOPMENT PROJECT
36.	WATER AND DEVELOPMENT (MAJI NA UFANISI)
37.	WATER ORGANIZATION KENYA
38.	WATERSHED CORP KENYA

39.	WATOTO EDUCATION INITIATIVE
40.	WORLD CORPS KENYA
41.	WORLD NEIGHBOURS – KENYA
42.	WORLDLIFE FOUNDATION KENYA
43.	WYCLIFFE BIBLE TRANSLATORS AFRICA
44.	YOUTH SUPPORT-KENYA
45.	ZOA REFUGEE CARE-NETHERLANDS
46.	ZUIA MTOTO ASIPOTEE

Appendix II: NGOS Data Collection

Financial Sustainability	Cash Flow	Firm Size	Board Independence	Board Structure
0.5141	0.8289	1.1274	0.5120	0.1782
0.4196	0.6919	0.5342	0.4471	0.1536
0.5625	0.9106	0.8723	0.4048	0.1866
0.4526	0.7437	0.7062	0.3860	0.1631
0.4522	0.7466	0.8901	0.4132	0.1618
0.4999	0.8287	0.9294	0.4233	0.1741
0.4684	0.7747	1.1192	0.3884	0.1671
0.6433	1.0413	0.8427	0.4718	0.2127
0.4539	0.7494	0.9294	0.4248	0.1687
0.5178	0.8455	1.0717	0.4091	0.1865
0.4935	0.7994	1.0858	0.3554	0.1940
0.4311	0.7024	0.7774	0.4559	0.1752
0.6537	1.0415	1.1274	0.6105	0.2240
0.4483	0.7267	0.8485	0.4791	0.1732
0.6289	0.9933	1.0621	0.3814	0.2150
0.8354	1.3082	1.0621	0.3918	0.2679
0.8289	1.3098	0.7241	0.3223	0.2613
0.6234	0.9950	2.1713	0.3457	0.2108
0.4498	0.7284	0.6292	0.3496	0.1671
0.4337	0.7042	0.8190	0.4597	0.1643
0.4166	0.7263	0.7444	0.5919	0.1675
0.3868	0.6858	1.4324	0.3924	0.1673
0.2474	0.4855	0.8867	0.3659	0.1451
0.6597	1.1198	1.8595	0.3917	0.2486
0.4564	0.8009	0.9864	0.3364	0.2084
0.8681	1.4293	0.7540	0.5433	0.3068
0.6303	1.0630	5.8551	0.4510	0.2503
1.1999	1.9336	0.8252	0.6947	0.3888
0.6457	1.0838	1.8691	0.7029	0.2524
3.0658	4.7801	0.7087	0.9219	0.8381
0.4326	0.7032	2.1560	0.3395	0.1686
0.1947	0.3426	0.7325	0.3855	0.1139
1.1289	1.7691	0.9697	0.7670	0.3366
0.2444	0.4143	0.6850	0.4197	0.1159
0.8458	1.3361	1.5154	0.5110	0.2610
0.6410	1.0254	0.5427	0.5694	0.2076
0.5783	0.9252	0.9223	0.4902	0.1904

0.7860	1.2401	1.1595	0.4628	0.2486
0.7378	1.1681	1.1595	0.5239	0.2340
0.7699	1.2160	0.8986	0.4917	0.2436
0.7243	1.1449	1.3226	0.4240	0.2397
0.0765	0.1559	1.2424	0.7221	0.0856
0.5730	0.9192	1.2424	0.5672	0.2089
0.4981	0.8101	0.5928	0.3503	0.1925
0.7103	0.6651	0.9826	0.3834	0.1684
0.8614	1.2508	0.5694	0.3868	0.1816
0.4318	0.7078	0.9534	0.4157	0.1590
0.4322	0.7161	0.9794	0.4040	0.1575
0.4778	0.7895	1.1694	0.4372	0.1674
0.4486	0.7437	0.8836	0.4105	0.1631
0.6136	1.0009	0.9794	0.5300	0.2021
0.4335	0.7319	1.1508	0.5069	0.1587
0.4938	0.8231	1.2028	0.4925	0.1748
0.4795	0.7991	0.8495	0.4778	0.1743
0.4199	0.7010	1.2288	0.4601	0.1610
0.6309	1.0272	0.9429	0.4608	0.2153
0.4270	0.7025	1.1434	0.4484	0.1786
0.5932	0.9567	1.1434	0.5154	0.2155
0.7898	1.2595	0.7715	0.6377	0.2585
0.7900	1.2595	2.3387	0.5163	0.2576
0.6013	0.9570	0.6497	0.3572	0.2092
0.4367	0.7027	0.8576	0.4004	0.1720
0.4153	0.6801	0.9014	0.3673	0.1615
0.4154	0.6801	1.6550	0.4216	0.1609
0.3857	0.6316	1.0573	0.4181	0.1517
0.2502	0.4257	2.1228	0.6509	0.1201
0.6239	1.0533	1.0682	0.5016	0.2193
0.4303	0.7585	0.7771	0.7713	0.1788
0.8241	1.3695	6.3640	0.8584	0.2851
0.5996	1.0351	0.8551	0.8409	0.2352
1.1430	1.8544	1.9984	0.3792	0.3753
0.6174	1.0539	0.7326	0.3704	0.2473
2.9163	4.5626	2.3177	0.7255	0.8048
0.4065	0.7226	0.7585	0.3410	0.1970
0.1806	0.3815	1.0184	0.8487	0.1412
1.0670	1.7286	0.7325	0.3994	0.3546
0.2341	0.4005	1.6420	0.6549	0.1206
0.8045	1.2750	0.5766	0.7322	0.2616

0.6101	0.9820	0.9923	0.4040	0.2119
0.5514	0.8865	1.2522	0.5740	0.1907
0.7469	1.1908	1.2522	0.5474	0.2379
0.7027	1.1223	0.9663	0.5300	0.2230
0.7333	1.1674	1.3561	0.4984	0.2288
0.1120	0.2108	0.2105	0.1597	0.0855
0.1010	0.1994	0.2229	0.2122	0.0805
0.0928	0.1867	0.2060	0.2548	0.0805
0.0939	0.1883	0.2832	0.1938	0.0881
0.0947	0.1922	0.2843	0.2129	0.0913
0.0936	0.1805	0.3171	0.1090	0.0919
0.3429	0.5679	1.2820	0.3183	0.1541
0.5663	0.4471	1.2820	0.3429	0.1338
0.4872	0.6817	0.4575	0.3188	0.0914
0.3052	0.5141	1.0155	0.3149	0.1283
0.1949	0.3528	0.8495	0.3110	0.0999
0.1954	0.3536	0.9977	0.3118	0.0984
0.2437	0.4289	1.0214	0.2841	0.1132
0.2117	0.3834	1.2291	0.3574	0.1042
0.3859	0.6592	0.9836	0.3898	0.1472
0.1963	0.3629	1.0548	0.2434	0.1019
0.2603	0.4600	1.1816	0.3491	0.1206
0.2450	0.4346	1.2446	0.3244	0.1188
0.1824	0.3369	0.9361	0.3757	0.1059
0.3953	0.6541	1.2349	0.5153	0.1709
0.1905	0.3391	0.9739	0.3927	0.1177
0.3657	0.6056	1.2054	0.3539	0.1549
0.5716	0.9204	1.1875	0.2597	0.2039
0.5782	0.9207	0.8316	0.2438	0.2034
0.3733	0.6058	2.2789	0.2989	0.1566
0.1929	0.3410	0.7546	0.2219	0.1078
0.1772	0.3169	0.9444	0.4015	0.1034
0.1776	0.3167	0.9681	0.5170	0.1018
0.1457	0.2682	1.6561	0.3147	0.0952
-0.0138	0.0724	1.0121	0.2461	0.0638
0.3994	0.7100	1.9849	0.2622	0.1711
0.1967	0.4129	1.1118	0.2878	0.1336
0.6090	1.0472	0.8460	0.4921	0.2371
0.3741	0.6798	5.9471	0.3699	0.1892
0.9440	1.5504	0.9506	0.6214	0.3260
0.3897	0.6997	1.9946	0.6481	0.1927

2.8103	4.4038	0.8083	0.7951	0.7803
0.1679	0.3573	2.2555	0.2083	0.1373
-0.0698	1.3813	0.8579	0.3009	0.0783
0.8724	0.0277	1.0951	0.6928	0.2760
-0.0142	0.9456	0.8104	0.3298	0.0640
0.5878	0.6323	1.6408	0.4360	0.2061
0.3836	0.5369	0.6681	0.4680	0.1504
0.3205	0.8559	1.0477	0.3510	0.1343
0.5270	0.7799	1.2849	0.4318	0.1808
0.4801	0.8284	1.2849	0.4419	0.1674
0.5138	0.7564	1.0240	0.3103	0.1833
0.4656	0.5273	1.3798	0.3640	0.1688
-0.1826	0.4102	1.2996	0.6911	0.0133
0.3152	0.2774	1.3678	0.5635	0.1418
0.2409	0.4832	0.7182	0.3799	0.1259
0.1513	0.3139	1.1080	0.2935	0.1072
0.2868	0.6938	0.9261	0.2562	0.1407
0.4840	0.3809	1.1080	0.2466	0.1127
0.4998	0.3407	0.9026	0.2756	0.0933
0.2206	0.5958	1.3127	0.3472	0.1072
0.1909	0.3199	1.0268	0.3356	0.0980
0.3567	0.4197	1.0869	0.4286	0.1367
0.1772	0.4049	1.2428	0.3678	0.0960
0.2370	0.3145	1.3127	0.4615	0.1100
0.2222	0.6296	0.9904	0.3957	0.1069
0.1623	0.3256	1.3542	0.2787	0.0942
0.3735	0.5791	1.0528	0.4008	0.1474
0.1786	0.8599	1.3022	0.4173	0.1015
0.3445	0.8598	1.3022	0.4352	0.1443
0.5314	0.5572	0.8790	0.5424	0.2036
0.5322	0.3029	2.4642	0.4299	0.2002
0.3380	0.2910	0.7930	0.3297	0.1472
0.1729	0.2910	0.9830	0.2682	0.1060
0.1646	0.2442	1.0090	0.2888	0.1037
0.1653	0.0384	1.7625	0.3747	0.1068
0.1288	0.6316	1.1828	0.2903	0.0924
0.3849	0.3288	2.2482	0.5927	0.0592
0.1892	0.9564	1.2919	0.4266	0.1517
0.5629	0.6131	1.0009	0.6937	0.1048
0.3392	1.4664	6.4894	0.7385	0.2039
0.8833	0.6597	0.9805	0.7114	0.1558

0.3582	4.1793	2.1238	0.3306	0.3005
2.6601	0.3395	0.8246	0.3192	0.1757
0.1506	1.3402	2.4097	0.6443	0.7437
0.3535	0.0545	0.8840	0.2678	0.1341
0.2927	0.9172	1.1438	0.7939	0.0795
0.4890	0.5821	0.8320	0.2726	0.2948
0.5521	0.5000	1.7415	0.5236	0.0894
0.6852	0.7882	0.7020	0.6475	0.2260
0.5033	0.8865	1.1177	0.3299	0.1494
0.5941	1.0940	1.3776	0.4841	0.1388
0.5170	0.8195	1.3776	0.4724	0.1812
0.4214	0.9494	1.2036	0.4286	0.1907
0.5642	0.8284	1.0646	0.3592	0.2226
0.4553	0.6837	0.8036	0.1287	0.1750
0.4561	0.9011	0.8748	0.5348	0.1942
0.5042	0.7332	1.0884	0.4777	0.1833
0.4727	0.7371	0.4952	0.4867	0.1573
0.9492	0.8102	0.8511	0.4620	0.1937
0.7752	0.7617	0.7532	0.4106	0.1745
0.5141	1.0283	0.9193	0.4000	0.1777
0.4987	1.1176	0.9430	0.3125	0.1917
0.4359	0.8289	1.1328	0.3146	0.1848
0.6582	0.8130	0.8718	0.3689	0.2259
0.4522	0.7169	0.7117	0.3002	0.1605
0.6265	1.0585	1.0562	0.4153	0.1782
0.8323	0.7466	1.1037	0.3281	0.1728
0.8331	1.0225	0.7774	0.4718	0.1559
0.6279	1.3317	1.1095	0.5630	0.2130
0.4545	1.3319	0.8664	0.5099	0.1618
0.4302	1.0158	1.0954	0.4456	0.2048
0.4311	0.7487	1.0954	0.3215	0.2554
0.4006	0.7025	0.7241	0.3900	0.2587
0.2584	0.7024	2.1868	0.4099	0.2109
0.6764	0.6540	0.6446	0.3496	0.1712
2.8254	0.4361	0.8011	0.4967	0.1786
0.1771	1.0660	0.8248	0.5972	0.1752
0.8737	4.3597	1.5307	0.4469	0.1626
0.5716	0.3168	0.9672	0.3378	0.1271
0.3677	-0.0464	1.9399	0.3442	0.2265
0.3075	1.3823	0.8553	0.8716	0.7515
0.5140	0.0261	2.3205	0.2144	0.1039

0.4690	0.9685	0.8969	0.2974	0.0458
0.5010	0.6616	1.1342	0.6955	0.2707
0.4530	0.5824	0.8495	0.2998	0.0568
-0.1955	0.9019	1.5815	0.4395	0.2058
0.3000	0.8251	0.6088	0.4258	0.1635
0.2245	0.8723	0.9884	0.3994	0.1604
0.1431	0.7966	1.2257	0.4177	0.2141
0.2777	-0.1977	1.2257	0.3996	0.2122
0.1733	0.5631	0.9981	0.3165	0.2185
0.1748	0.4329	1.3540	0.3209	0.2081
0.2200	0.2673	1.2737	0.5890	0.0511
0.1908	0.4758	1.2737	0.5151	0.1699
0.3567	0.3038	0.6500	0.3738	0.1493
0.1784	0.3053	1.0398	0.3726	0.0995
0.2378	0.3795	0.8579	0.3643	0.1350
0.2232	0.3352	1.0398	0.3099	0.1044
0.1650	0.5861	1.0658	0.3431	0.0986
0.3762	0.3077	1.2736	0.3164	0.1094
0.1814	0.4052	0.9878	0.3760	0.0983
0.3469	0.3804	1.0658	0.4471	0.1366
0.8447	0.2972	1.2217	0.3642	0.1008
0.8605	0.6161	1.2736	0.4607	0.1131
0.3408	0.3137	0.9358	0.4345	0.1112
0.1759	0.5679	1.3678	0.3069	0.1054
0.1614	0.8709	1.0820	0.3885	0.1585
0.1622	1.2508	1.3158	0.2678	0.1130
0.4364	0.5625	1.3158	0.3331	0.1541
0.4366	0.3165	0.9261	0.4519	0.2010
0.5159	0.3052	2.2799	0.3783	0.1816

Appendix III: Summarized Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Sustainability	230	-.1955	3.0658	.491176	.4255062
Cash flow	230	-.1977	4.7801	.796732	.6562693
Firm size	230	.2060	6.4894	1.193212	.7869498
Board Independence	230	.1090	.9219	.431028	.1441129
Board Structure	230	.0133	.8381	.181353	.1086420
Valid N (listwise)	230				

Diagnostic test

Normality test

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Financial Sustainability	.181	230	.000	.652	230	.000
Cash flow	.180	230	.000	.646	230	.000
Firm size	.258	230	.000	.567	230	.000
Board Independence	.108	230	.000	.938	230	.000
Board Structure	.185	230	.000	.650	230	.000

a. Lilliefors Significance Correction

Multicollinearity test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Cash Flow	.482	2.076
	Firm size	.962	1.040
	Board Independence	.740	1.351
	Board Structure	.435	2.297

Autocorrelation Test

The value is between 0 and 4. It lies within the required values of autocorrelation.

Model	Durbin-Watson
1	2.557

Regression Analysis

ANOVA Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.540	4	4.885	50.137	.000[b]
	Residual	21.922	225	.097		
	Total	41.462	229			

a. Dependent Variable: Financial Sustainability

b. Predictors: (Constant), Board Structure, Firm size, Board Independence, Cash flow

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	**.686[a]**	**.471**	**.462**	**.3121404**	**2.557**

a. Predictors: (Constant), Board Structure, Firm size, Board Independence, Cash Flow

b. Dependent Variable: Financial Sustainability

Regression coefficient

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.020	.068		.297	.766	-.114	.155		
	Cash flow	.214	.045	.330	4.725	.000	.125	.303	.482	2.076
	Firm size	-.046	.027	-.085	-1.713	.088	-.098	.007	.962	1.040
	Board Independence	.197	.166	.067	1.184	.238	-.131	.525	.740	1.351
	Board Structure	1.490	.288	.380	5.177	.000	.923	2.057	.435	2.297

a. Dependent Variable: Financial Sustainability