

**DETERMINANTS OF THE SUSTAINABILITY OF NON-  
GOVERNMENTAL ORGANISATIONS: A CASE OF NON-  
GOVERNMENTAL ORGANIZATIONS IN NAIROBI COUNTY,  
KENYA**

**BY**

**LINDA FAITH OKAALET**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT FOR  
THE REQUIREMENTS OF THE AWARD OF THE DEGREE OF MASTER  
OF ARTS IN PROJECT PLANNING AND MANAGEMENT, UNIVERSITY OF  
NAIROBI.**

**2015**

**DECLARATION**

I hereby declare that this research report has not been presented for the award of degree to any other university or institution of higher learning.

Signature..... *Linda* ..... Date: *15/08/2015* .....

Linda Faith Okaalet

L50/71754/2014

This research report has been submitted with my approval as the University Supervisor

Signature..... *T. Maitho* ..... Date: *18-8-2015* .....

Prof T. MAITHO

Department of Public Health, Pharmacology and Toxicology

University of Nairobi

## **DEDICATION**

I wish to dedicate this research report to my husband, Charles Kibuchi, my parents Peter and Sarah Okaalet, my siblings Peter Okaalet Jr, Immanuel Okaalet and Mercy Okaalet, who have supported me throughout this process and have been a source of encouragement.

## **ACKNOWLEDGEMENT**

I wish to acknowledge first and foremost, God, for enabling me to have the privilege to further my studies. Secondly I wish to thank my supervisor, Professor T. Maitho, for guidance during the preparation of the research project, he took time out of his very busy schedule to correct, encourage and work with me through this process. His advice enabled me to make corrections and broaden my understanding not only of how to tackle the study, but to analyze and evaluate, and for that I am truly grateful.

I also like to thank my lecturers, Professor J.H Kidomo, Professor C.M Gaku, Professor G.P Pokharyal, for providing the ground information and taking us through the coursework, giving us the tools and knowledge of understanding various concepts, techniques and designs.

I wish also to thank my classmates for the support and discussion they provided during and even after coursework, for the ability to grow together, working on various assignments and even establishing friendships.

I would also like to thank the staff of the Extra Mural Department of the Nairobi University for their constant guidance and support throughout this process. Last but not least I would like to thank the Library staff who directed me and availed their time and service to me through my research for this report.

## TABLE OF CONTENTS

	Page
<b>DECLARATION .....</b>	<b>ii</b>
<b>DEDICATION .....</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>iv</b>
<b>TABLE OF CONTENTS .....</b>	<b>v</b>
<b>LIST OF TABLES.....</b>	<b>ix</b>
<b>LIST OF FIGURES.....</b>	<b>xi</b>
<b>ABBREVIATIONS AND ACRONYMS.....</b>	<b>xii</b>
<b>ABSTRACT .....</b>	<b>xiii</b>
<b>CHAPTER ONE: INTRODUCTION.....</b>	<b>1</b>
1.1 Background to the study .....	1
1.2 Statement of the Problem.....	2
1.3 Purpose of the Study.....	3
1.4 Objectives of the study.....	3
1.5 Research Questions.....	3
1.6 Significance of the Study .....	4
1.7 Limitation of the Study .....	4
1.8 Delimitation of the Study .....	4
1.9 Basic assumptions of the study .....	4
1.10 Definitions of Significant Terms.....	4
1.11 Organization of the Study .....	5
<b>CHAPTER TWO: REVIEW OF LITERATURE.....</b>	<b>6</b>
2.1 Introduction .....	6

2.2 History of NGOs in Kenya.....	6
2.3 Governance of NGOs in Kenya.....	7
2.4 Kenya’s Vision 2030: NGOs under the Social Pillar .....	9
2.5 Project implementation and the sustainability of NGOs.....	10
2.6 Information disclosure and the sustainability of NGOs.....	10
2.7 Organizational management and sustainability of NGOs.....	11
2.8 Financial Management and the sustainability of NGOs .....	12
2.9 Knowledge Gap .....	12
2.10 Conceptual Framework .....	13

**CHAPTER THREE: RESEARCH METHODOLOGY ..... 15**

3.1 Introduction .....	15
3.2 Research Design .....	15
3.3 Target Population .....	15
3.4 Sample size and sampling technique .....	15
3.5 Research Instruments.....	17
3.5.1 Pilot Study .....	17
3.5.2 Validity of the instruments .....	17
3.5.3 Reliability of the instruments .....	17
3.6 Data Collection Procedure .....	18
3.7 Data Analysis .....	18
3.8 Ethical Considerations .....	18
3.9 Operationalization of Variables.....	18

**CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION..... 21**

4.1 Introduction .....	21
------------------------	----

4.2 Questionnaire Response Rate.....	21
4.3 Background Information of the NGOs .....	21
4.3.1 NGO Sector Division.....	21
4.3.2 Number of Years NGOs have been Registered.....	22
4.3.3 Size of NGO .....	22
4.4 Project implementation and the sustainability of NGOs.....	23
4.5 Information disclosure and the sustainability of NGOs.....	25
4.6 Organizational Management and the sustainability of NGOS .....	27
4.8 Sustainability of NGOS .....	33
4.9 Correlation Analysis .....	35
<b>CHAPTER FIVE: SUMMARY OF FINDINGS,DISCUSSION AND CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>36</b>
5.1 Introduction .....	36
5.2 Summary of Findings.....	36
5.3 Discussion of Findings.....	38
5.3.1 Project implementation and the sustainability of NGOs in Nairobi County.....	38
5.3.2. Information disclosure and the sustainability of NGOs in Nairobi County.....	38
5.3.3 Organization Management and the sustainability of NGOs in Nairobi County.....	39
5.3.4 Financial management and the sustainability of NGOs in Nairobi County.....	40
5.4 Conclusions .....	41
5.5 Recommendations of the Study.....	43
5.6 Suggestions for Further Research.....	43
5.7 Contribution to Knowledge.....	43

<b>REFERENCES .....</b>	<b>45</b>
<b>APPENDICES .....</b>	<b>49</b>
APPENDIX I: INTRODUCTION LETTER .....	49
APPENDIX II: QUESTIONNAIRE FOR NGO STAFF. ....	50



## LIST OF TABLES

	<b>Page</b>
Table 3.1 Sample Size of Respondents.....	16
Table 3.2 Operationalization of variables.....	19
Table 4.1 NGO Sector Division .....	21
Table 4.2 Number of Years NGOs have been Registered .....	22
Table 4.3 Size of NGO .....	23
Table 4.4 Presence of M&E System.....	23
Table 4.5 Frequency of Project Monitoring and Evaluation.....	24
Table 4.6 Importance of Project Completion.....	24
Table 4.7 Importance of Donor Reports .....	25
Table 4.8 Importance of sharing reports with external donors .....	25
Table 4.10 Frequency of Donor Reports .....	26
Table 4.11 Frequency of External Reports .....	27
Table 4.12 Importance of Strategic Plans .....	27
Table 4.13 Importance of Organizational Structure to Organizations Management .....	28
Table 4.14 Availability of Strategic Plans in NGO.....	28
Table 4.15 Strategic Plan Adherence within NGO .....	29
Table 4.16 Staff Training Frequency in NGO .....	29
Table 4.17 Leadership Styles within NGO .....	30
Table 4.18 Income Level of NGO.....	30
Table 4.19 Audits of NGO.....	31
Table 4.20 Accountability Accreditation Standards within NGO.....	31
Table 4.21 Management of Funds influence of organization credibility .....	32
Table 4.22 Funds used as per requirement in NGO .....	32

Table 4.23 Funds Source of NGO .....	33
Table 4.24 Fund Reserve of NGO.....	33
Table 4.25 Capacity Building of NGO .....	34
Table 4.26 Statutory Requirement Fulfillment .....	34
Table 4.27 Submission of Financial Statements .....	34
Table 4.28 Correlation Analysis.....	35
Table 5.1 Contribution to Knowledge .....	44

## LIST OF FIGURES

	<b>Page</b>
Figure 1: Conceptual Framework.....	14

## **ABBREVIATIONS AND ACRONYMS**

<b>M &amp; E</b>	Monitoring and Evaluation
<b>NGO</b>	Non- governmental Organization
<b>SPSS</b>	Statistical Package for Social Sciences

## **ABSTRACT**

The purpose of this study was to investigate the determinants influencing the sustainability of Non-governmental Organizations, a case of Non-governmental Organizations in Nairobi County, studying the objectives under the variables of project implementation, information disclosure, organizational management, and financial management. The study was a descriptive survey study and a sample of 93 respondents was selected for the study. To collect data, self-administered questionnaires were used and data was analyzed using the Statistical Package for Social Sciences in order to obtain descriptive statistics and the data was presented using tables. Some of the result findings revealed that although 80% of the NGOs had M&E systems, 36.3% reported to carrying out monitoring and evaluation of their projects only twice a year. Similarly, although majority 43.8% agreed that donor reports are important, 52.5% reported to sharing these reports only twice a year. With regard to organizational management 88.3% reported to having strategic plans and 77.5% adhere to these plans, which is important. While under financial management 41.3%, the majority reported that their organizations utilize their funds as per the requirements. In addition some of the recommendations made were that, the NGO Board should increase the number of times the financial statements are required by registered NGOs. NGOs should ensure that all projects are monitored monthly or quarterly. The results of the study contributed to the knowledge reference of interested stakeholders on criteria's of sustainability to assess before embarking on projects with NGOs, which require them to meet certain standards before they are given an approval sign, efficient organizational and financial management.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the study**

Non-governmental Organizations are organizations that are not formed with the goal to make profit, thus they are non-profit organizations. They provide a variety of services and humanitarian functions, provide various types of aid, monitor policies and encourage political participation at the community level. They are formed with the hope of improving the livelihood of individuals and communities. Some are organized around specific issues, such as human rights, environment, health or relief, just to name a few, while others take a more general development role and undertake different issues as one NGO. (Teegan et al, 2004)

Edwards (2000) defines NGOs as, “A subset of civic organization, defined by the fact that they are formally registered with government, receive a significant proportion of their income from voluntary contributions (usually alongside grants from government), and are governed by a board of trustees rather than the elected representatives of a constituency. If civil society were an iceberg, then NGOs would be among the more noticeable of the peaks above the waterline, leaving the great bulk of community groups, informal associations, political parties and social networks sitting silently (but not passively) below.”

The NGO's Co-ordination Act NO. 19 of 1990 defines a "Non-Governmental Organization" as “ means a private voluntary grouping of individuals or associations, not operated for profit or for other commercial purposes but which have organized themselves nationally or internationally for the benefit of the public at large and for the promotion of social welfare, development charity or research in the areas inclusive of, but not restricted to, health, relief, agriculture, education, industry and the supply of amenities and services.”

## **1.2 Statement of the Problem**

Non-governmental Organizations were formed with the hope of providing humanitarian services; provide various forms of relief and aid. NGOs are none profit organizations and therefore most of the funds received are from donors, governments or individuals; the NGOs and the donors are therefore in control of how the funds are allocated and utilized.

However, in the recent decade, the question of who NGO's are accountable to has begun to erupt, "A-lot of the money allocated to the organizations is spent on unnecessary activities such as too many conferences and little of it trickling to the ground. A lot of it does not go to development initiatives. There is great need to monitor how the money is being spent, little supervision remains an obstacle towards climate change," says Charles Mugo, the chief registrar of the NGO Coordination Board.

As a result as of 2011, over 600 NGO's in Kenya have been deregistered; emphasizing the need for accountability measures and systems to be put in place and for the NGO's to be more transparent with their project implementation, information disclosure, organization management and financial management, in order for the NGO projects to become more sustainable.

The year 2014 alone, saw over 500 NGO's being deregistered in Kenya, with 80% of these being in Nairobi County, while 15 of them speculated to be funding terrorism - which has been on the rise ever since the KDF soldiers were deployed to Kismayu in 2010, leading to terror attacks in different parts of the county, from Lamu, Nairobi and Garissa – while others are said not to have presented their audit reports (Standard Newspaper, 2014). The deregistration of the high number of NGO's was a sad realization and raised an alarm, not only for the NGO community, whose reputation has been affected, but to the NGO Board to be more alert when it comes to the process of registration and scrutiny, before an organization is given the green light to operate in this country, but it also raised caught the attention of the public, who believe that organizations are being placed in the country to aid, develop or provide relief, not knowing, that there are those with ulterior motives. Such speculations and accusations reinforce pessimistic thinking about NGOs, which argue that NGO projects are rarely sustainable, because they utilize funds for their own purposes.

This study will therefore investigate the NGOs in Nairobi County, as that is where majority of the NGOs are located in Kenya.

### **1.3 Purpose of the Study**

The purpose of the study was to investigate the determinants of sustainability of general development NGO's, looking at the variables of project implementation, information disclosure, organizational management and financial management.

### **1.4 Objectives of the study**

The following were the objectives of the study:

- i. To assess how project implementation determines sustainability of NGOs in Nairobi County;
- ii. To assess the extent to which information disclosure determines sustainability of NGOs in Nairobi County;
- iii. To establish how organization management determines sustainability of NGOs in Nairobi County;
- iv. To establish how financial management determines the sustainability of NGOs in Nairobi County;

### **1.5 Research Questions**

The research questions of the study were:

1. How does project implementation determine the sustainability of NGOs in Nairobi County?
2. To what extent does information disclosure determine the sustainability of NGOs in Nairobi County?
3. How does organization management determine the sustainability of NGOs in Nairobi County?
4. To what extent does financial management determine the sustainability of NGOs in Nairobi County?



## **1.6 Significance of the Study**

The results of the study contributed to the knowledge reference of interested stakeholders on criteria's of sustainability to assess before embarking on projects with NGOs, such as the importance of linking NGOs to accreditation firms, which require them to meet certain standards before they are given an approval sign. The information gathered also helped the NGO Board assess and evaluate their registration process, as well as reaffirm the need for NGOs to always involve stakeholders, like beneficiaries in their project planning processes.

## **1.7 Limitation of the Study**

The study was affected by time constraints, as it was carried out over a short period of time. To overcome this limitation, the researcher maximized on any available time for the research project. In addition the study was limited to just 3 sectors in the NGO community, and was generalized to the other sectors.

## **1.8 Delimitation of the Study**

The study was carried out on NGOs in Nairobi County. The researcher also had a qualified research assistant to assist with the data collection, from the targeted general development, health and education NGO staff in Nairobi County.

## **1.9 Basic assumptions of the study**

The basic assumptions of the study were that feedback would be received on time, participants would be truthful in answering the questions and the sample was representative of the target population.

## **1.10 Definitions of Significant Terms**

**Financial Management** This is the resourceful and effective management of funds in order to achieve the organizations objectives.

**General Development NGO** This is a Non-governmental Organization that carries out projects in more than one sector under their docket.

**Information Disclosure** This is the act of releasing information relating to an organization to involved parties.

<b>Large NGO</b>	These are NGOs that employ more than 500 staff
<b>Non-governmental Organizations</b>	These are organizations that are not for profit, whose aim is to provide humanitarian services to local communities.
<b>Organizational Management</b>	This is the process of planning, controlling, leading, staffing and structuring the organization.
<b>Project Implementation</b>	This is a specified set of project activities that are carried out to achieve certain objectives over a set period of time.
<b>Small NGO</b>	These are NGOs that employ less than 50 staff.
<b>Sustainability</b>	This refers to the survival of systems and process that have been implemented in a particular area or organization.

### **1.11 Organization of the Study**

The study was organized into five chapters. The first chapter covers the background of the study, the problem statement, the main and specific objectives of the study, the research questions, significance of the study, the limitation and delimitation of the study, as well as the basic assumptions of the study. Chapter two covers the review of literature and chapter three gave the research methodology. Chapter four contains the data analysis, presentation and interpretation of the finding. Chapter five contains the summary of findings, conclusion, discussion and recommendations.

## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

#### **2.1 Introduction**

This chapter presents an analysis of existing literature on the topic. It covers the history of NGOs within Kenya, the governance of the NGOs in Kenya and the variables under study: project implementation, information disclosure, organizational management and financial management.

#### **2.2 History of NGOs in Kenya**

Over the years, the rise of NGO's arose with a voice to the voiceless, governments had neglected their civil duty to the public and so it was this civil society activism that led the way for the rise of the NGO's after World War II. Since then the number of NGO's has increased greatly; different kinds of NGO's have emerged, relief, development, aid, etc., sometimes presenting a threat to the country's governments, but other times presenting opportunities for partnership. In Kenya the number of NGO's rose from 125 in 1974 to over 4200 in 2006 and now almost 10 years later there are over 5000 NGO's in Kenya. (Republic of Kenya, 2013). The reason for the increase in the number of NGO's in Kenya has been linked to service provision and development (Obyian, 2005; Oyugi, 2004), local politics and collective action (Boulding& Gibson, 2009)

Scott (1999) believes that NGO placements are not random, but rather countries are strategically chosen. Sometimes the choice of a country depends on the need of that particular country, perhaps due to issues of extreme poverty, lack of infrastructure, education and health care facilities, illness, just to name a few. Other times, the donor may have a vested interest in a particular country and still other times it may be due to a states' influence to work in a particular country.

NGO's in Kenya are registered under the NGO Board, whose mandate is to "To enable the charitable sector to compliment the government in national development through effective regulation, capacity development and policy advisory" (NGO Bureau, 2015).

The Kenyan government defines an NGO as: “A private voluntary grouping of individuals or associations not operated for profit or for other commercial purposes but which have organized themselves nationally or internationally for the benefit of the public at large and for the promotion of social welfare, development, charity or research in the areas inclusive but not restricted to health relief, agricultural, education, industry and supply of amenities, and services” (Republic of Kenya., 1992). NGO’s registered under the NGO Board are involved in activities such as governance, programs aimed at helping disadvantaged communities – like women, orphans and vulnerable children, youth, the disabled- , environment, peace, health, agriculture, refugee relief and education.

### **2.3 Governance of NGOs in Kenya**

The NGO Co-ordination Board is the governing authority of all registered NGOs in the Kenya. Therefore, all NGOs operating within Kenya must adhere to the rules and regulations set by the NGO Co-ordination Board, which they have developed and compiled to form the NGO Act of Kenya. Some of the key Acts of the NGO Co-ordination Board are highlighted in this section.

The preamble of the NGO Act of Kenya states that it is “An Act of Parliament to make provision for the registration and co-ordination of Non-Governmental Organizations in Kenya.”

Part II of the NGO Act consists of the Establishment, Functions and Powers of the Board Establishment of the Board. Where the functions of the Board shall be, to facilitate and coordinate the work of all National and international Nongovernmental Organization operating in Kenya; to maintain the registration of national and international Non-Governmental Organizations operating in Kenya, with the precise sectors, affiliations and locations of their activities; to receive and discuss the annual reports of the Non-Governmental Organizations; to advise the Government on the activities of the Non-Governmental Organization and their role in development within Kenya; to conduct a regular review of the register to determine the consistency with the reports submitted by the Non-Governmental Organizations and the Council; to provide policy guidelines to the Non-Governmental Organizations for harmonizing their activities to the national

development plan for Kenya; to receive, discuss and approve the regular reports of the Council and to advise on strategies for efficient planning and coordination of the activities of the Non-Governmental Organizations in Kenya; and to develop and publish a code of conduct for the regulation of Non-Governmental Organizations and their activities in Kenya. (NGO Co-ordination Act Of 1990)

The NGO CO-ordination Act of 1990 also states the NGO Board will also create and sustain a documentation center on the NGO's and their activities in Kenya; therefore all the NGOs registered in Kenya are required to submit documents to the NGO Board.

Part III of the NGO Co-ordination Act of 1990 discusses the registration and licensing of the NGOs, the process stated in the Act begins with the submission of the application for registration to the NGO Boards executive director, by the anticipating NGO. This application must include the head office and address of the organization, other offices the organization may have, which sector the organization wishes to work in and the specific areas – district, province, county – where the activities will be carried out, the proposed budget, the timeframe of the project, the funding sources, the international relationship and certificates of incorporation and the certified copy of a planned constitution for the said NGO.

The NGO Co-ordination Act of 1990 also includes the charges that come with the registration of an NGO in Kenya; these charges are determined by the Minister, after which the Ngo is issued with a certificate, which gives the NGO permission to work in any area in the country, or in the areas specified in the NGOs application form. “A registered Non-Governmental Organizations shall by virtue of such registration be a body cooperate with perpetual succession capable in its name of, suing and being sued; taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property; entering into contracts; and doing or performing all such other things or acts necessary for proper performance of its functions under this Act, which may lawfully be done or performed by a body corporate. “

The Act also includes a section titled Refusal of registration. 14 of 1991, Sch. 14, where the Board may decline registration of an applicant if, firstly, the Board is assured that the planned project is not in country's interest. Secondly, the Board may decline an application if is assured that the information given in the application is fabricate or

incorrect thirdly, if the council, which is a body elected by the Board, advises that the applicant should not be registered.

Cancellation of certificate.14 of 1991, Sch. 16. An issued certificate can be cancelled by the Board if, the agreed upon terms are dishonored, secondly, if the Act is broken and thirdly, on the recommendation of the council to cancel a NGOs certificate. The Board issues a notice to the NGO and the cancellation takes effect after 14 days.

However, the NGO Co-ordination Act of 1990 also includes Appeals. Section 11 of 1992, Sch. 19, in the event where an organization is not pleased with the decision made by the NGO Board, the organization has sixty days to make an appeal to the minister, stating their displeasure. After which the Board Council must also issue their own written comments on the issue to the minister. The minister then issues the verdict within thirty days from the date of the appeal. In the event that the verdict is not in favor of the organization, the organization then has twenty eight days to state another appeal to the High Court against the Ministers verdict. The decision that the high court makes on the issue will be final, in the event that the decision is again not in favor of the organization, therein the organization is no longer to exist, and the Board council then advises the Board on how the Organization assets are to be dispersed.

(NGO Co-ordination Act of 1990)

#### **2.4 Kenya's Vision 2030: NGOs under the Social Pillar**

Kenya developed a national development plan with the aim to transfer the county into a newly industrialized middle income country by 2030, with increase in the quality of life for all citizens. The plan has 3 pillars; economic, social and political. The economic pillar seeks to average economic growth at 10% per year and sustain it there. The social pillar aims to ensure equality on social development in the country, while the political pillar seeks to ensure a people centered, result oriented and accountable democratic system. Under the social pillar, Kenya seeks to ensure equality on the social development in the country, as such the NGOs in the country fall under this pillar, and the country seeks to have equality with regards to the location of NGOs in the country as well as the development, in terms of developing all counties equally.

## **2.5 Project implementation and the sustainability of NGOs**

Ebrahim (2003) stresses that for any NGO to be sustainable when it comes to project implementation, it must have a project contractor or manager to ensure the delivery of services, to be able to delegate responsibilities and take charge of the project as well as construct and design it. In addition, the implementation must advocate for participation of the community in project activities; sustainable project implementation involves hearing from the community to know how to ensure effectiveness and maintain the project, even after its life cycle ends, the community have the ability and training to continue what was started. Furthermore, technical knowledge ought to be provided to the local beneficiaries to ensure that the local members are not simply being ‘spoon fed’, but that the skills taught will have a lasting impact on the beneficiaries.

With regards to project implementation, organizations have a duty to carry out projects and objectives that were set. The organizations achieve this by effectively carrying out the said objectives and have systems in place, for example monitoring and evaluation systems to ensure that objectives and activities are taking place and measures taken in the event that they are not or need to be improved. (Brown and Moore, 2001)

## **2.6 Information disclosure and the sustainability of NGOs**

Externally, NGOs are held accountable by donors or funding bodies who often employ experts and impose technical criteria to assess the data collection and analysis for particular programs (Ebrahim, 2003). They are accountable to these resource providers “as a matter of prudence, as a matter of law, and as a matter of ordinary morality” (Brown and Moore, 2001). This accountability involves information from the NGO being disseminated to the donors, who analyze it. NGOs with regular information disclosure internally and externally, allow for stakeholders and the public to be aware of their project activities, making them more credible and usually their projects endure.

However, there is also the political dilemma faced by NGOs, given their goal of giving voice to those less powerful. Transparency of their actions and performance can only make it easier for vested interests to identify and therefore oppose what they are doing. At worst, it could lead to “the deregistration and closure of the organization for being subversive” (Edwards & Hulme, 1996). On the other, transparency could lead to the

government and the public promoting their activities, enabling them to be more sustainable.

Every individual has a basic right to participate in decisions on matters which might impact upon them, and this right exists irrespective of the power which that individual holds in relation to others (Gray et al., 1997). In addition individuals and organizations are only accountable to those who are able to affect the individual or organization, for Gray these both ensure that the projects are sustainable.

## **2.7 Organizational management and sustainability of NGOs**

Internally, like businesses, NGOs have their own organizational structure and processes that “effect mechanisms of responsibility and obligation to others” (Wapner, 2002). They are held accountable to their members in that failing to satisfy members’ needs will result in loss of patronage in terms both of membership and financial support (Wapner, 2002). NGOs are also held accountable to their Boards of Directors or equivalent. Like corporations, NGO boards often include outside experts and are made up of people not involved in the day to day operations of the organization, giving them a broader and more objective perspective. Boards can remove managers and shape the broad outline of campaign work and therefore act as monitors, evaluators, and reviewers provide an additional, internal layer of accountability (Wapner, 2002). This internal layer provides structure and direction to the organization, which are crucial aspects when it comes to how sustainable the organization and its activities will be.

In addition, those organizations that share their strategic, long term, short term goals and objectives, have a higher rate of being sustainable, because it is not just the directors or project managers who buy into the projects, but the whole staff as they have been included. (Meyer, 1999).

Managers are therefore charged with the responsibility to direct the organization, its mission, vision and values; which therefore, may lead to them opening up themselves to public or external scrutiny, and for assessing their performance in relation to their goals (Ebrahim, 2003a). Ebrahim and Fry, recognize the fact that organizational management is driven by a sense of duty and which promotes the fact that what is driving the behavior in



this case is intrinsic, that is the individuals or organizations' values and morals, as compared to extrinsic motivators, like donors, or the community.

## **2.8 Financial Management and the sustainability of NGOs**

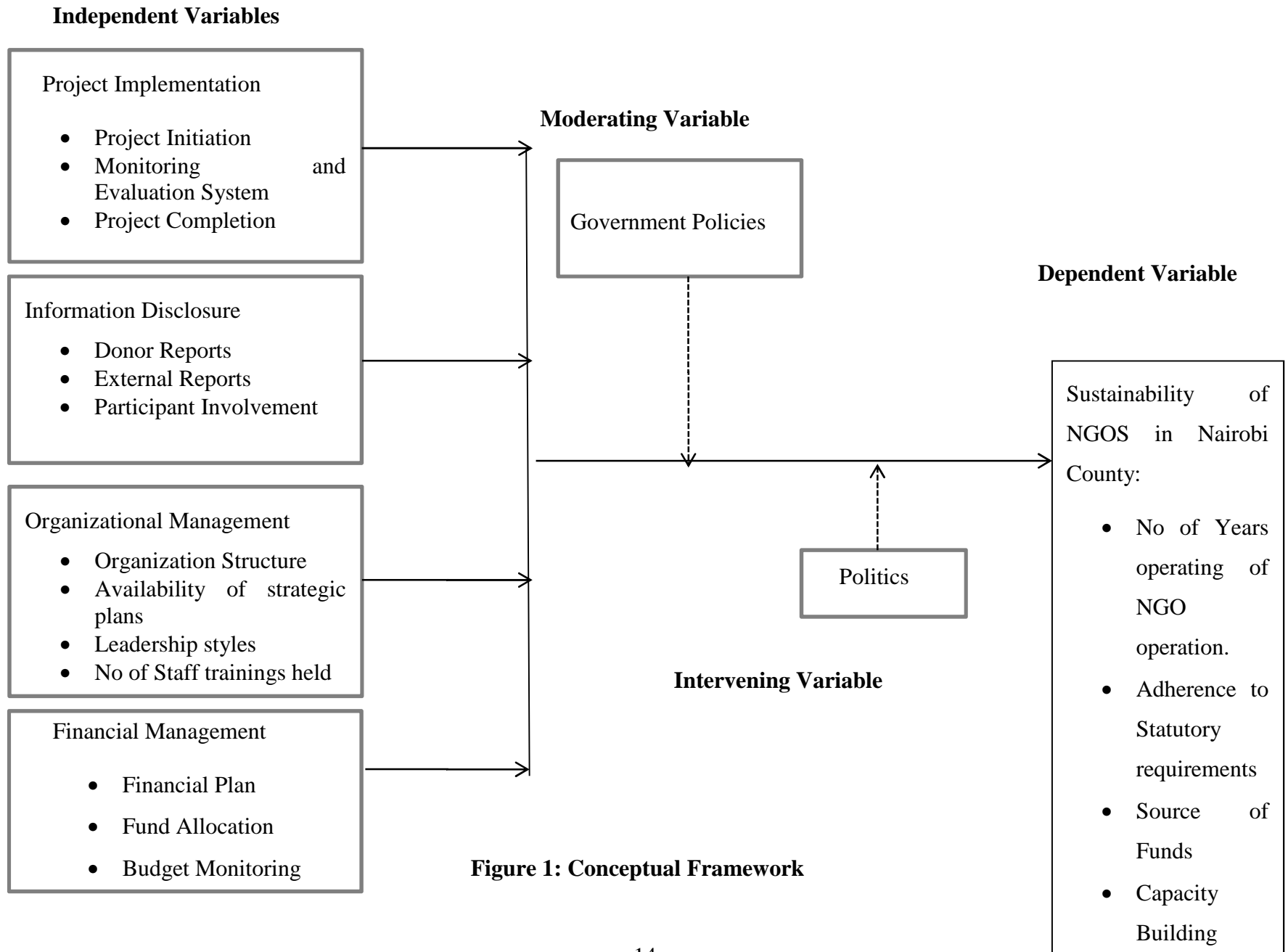
Jacobs (2008) discusses the importance of financial management for the sustainability of NGOs and NGO projects, he begins by emphasizing the need of keeping of records, and the organization must ensure that all transactions are detailed. Secondly, he emphasizes the need for internal controls, so that the money is not misused. Controls like, a safe for cash, authorization of all expenditure, budget is adhered to, monitoring cash inflow and outflow, having regular audits, and carrying out bank reconciliation every month - which means checking that the amount of cash you have in the bank is the same as the amount that your cashbook tells you that you ought to have. This last control is particularly important. It proves that the amounts recorded in the cashbook and the reports based on it are accurate. Thirdly, budgeting, accurate budgets need to be prepared to know how much money is needed where and to allocate it as such. A budget is only useful if it is worked out by carefully forecasting how much you expect to spend on your activities. The first step in preparing a good budget is to identify exactly what you hope to do and how you will do it. List your activities, then plan how much they will cost and how much income they will generate. Finally, financial reporting, internally, to the management, to the donors and even to the affected communities; financial reporting involves giving an account of how the money has been spent. This has got to be one of the most crucial areas to be accountable over, as the fund usage will determine the existence or cessation of an NGO. Those that are accountable to with their finances and are able to be transparent about them, not just internally but to all stakeholders involved, have a longer life cycle and are able to carry out various projects.

## **2.9 Knowledge Gap**

Research on the sustainability of NGOs has focused more on the financial aspect, which determines the sustainability of NGOs in a country, however there has been limited research on other variables. In addition, most research has investigated specific areas under one of these variables, for example, M& E systems, Fund usages, just to name a few, however, very little research has looked at the variables in this study in their totality.

## **2.10 Conceptual Framework**

Figure 1 shows the Conceptual Framework, on the relationship between the independent and dependent variables. It also shows the moderating and intervening variables which affect other variables in the study.



**Figure 1: Conceptual Framework**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This Chapter presents the research methodology which was used in the study. The Research methodology gave information regarding the research design of the study, the target population, and the methods of data collection, validity and reliability of research instruments, data analysis, ethical considerations and operationalization of the variables.

#### **3.2 Research Design**

This study used descriptive survey design; the survey design is well suited to studies in which individuals are used as a unit of analysis in order to measure generalizations (Kothari, 1999). The design was chosen for this study because the variables were not manipulated and the study simply described the state of the determinants on the sustainability of NGOs, in addition the results would be used to measure and make generalizations as the above definition states.

#### **3.3 Target Population**

The target population is the group elements that are significant to the study, because they have the information the researcher is searching for. (Hair et al, 2011). According to the NGO Council there are over 6000 registered NGOs in Kenya, of which 2400 are based in Nairobi. For this study the selected population will be chosen from the 3 sectors that have the highest number of NGOs in Nairobi County; general development, health and education sector. There are about 600 general development NGOs, 480 health NGOS and 288 education NGOS in Nairobi, therefore when these NGOs are added up the total comes to 1366, which was the target population. (NGO Council, 2015)

#### **3.4 Sample size and sampling technique**

Mugenda and Mugenda (1999), state that 10% of the target population is representative enough to form the sample size. The following formula by Yamene (1967) was used to calculate the sample size; using the target population of 1366, the sample size was 93.

$$n = \frac{N}{1 + N(e)^2}$$

Where N is the population size, n is the sample size, e is the level of precision.

$$n = 1366 / 1 + 1366(.1)^2$$

$$n = 1366 / 14.66$$

$$n = 93$$

The sampling technique is the method which is used to select the participants of the study, from the sample size. Stratified sampling was used in this study; samples were grouped into subgroups, based on the sector of operation. A total of 93 respondents were selected for the study as shown in Table 3.1 and the selected sample was then chosen at random.

**Table 3.1 Sample Size of Respondents**

<b>NGO Sector</b>	<b>Total Number of NGOs in Nairobi</b>	<b>Sample Size of Respondents</b>
General Development	600	41
Health	480	33
Education	288	19
<b>TOTAL</b>	<b>1366</b>	<b>93</b>

### **3.5 Research Instruments**

The Research instruments are used to carry out the research and to collect data from the selected respondents of the study. For this study, questionnaires were used to collect data.

#### **3.5.1 Pilot Study**

A pilot study is an initial investigation that is conducted prior to the actual study, to test the research instruments and ascertain their clarity and make necessary adjustments before the actual study is conducted (Coolican, 2013). Mugenda and Mugenda (1999) states that 10% of the target population is representative enough, therefore the pilot study was conducted on 10 respondents from NGO staff in Ngong District, in order to test the research instruments. The pilot study was carried out in Ngong District and not in Nairobi County where the actual study took place, in order to draw a comparison between the two areas.

#### **3.5.2 Validity of the instruments**

Validity is the assurance that the measurements used, determine what the researcher seeks to measure, the significance of the instruments used to the study. In order to ensure content validity, questions posed in the questionnaire were proof read to ensure relevance to the variables of the study. In addition, experts in the field were used to ensure content validity, by examining the questions posed in the questionnaire.

#### **3.5.3 Reliability of the instruments**

Reliability consistently gives the same results using the same measurements. Baker (1992) stated that reliable instruments give the same measurement reliably and recurrently. To ensure reliability of the instruments, test re test method of reliability was used when carrying out the pilot study, in Ngong District with 10 NGO staff, the same questionnaire was given to the same people on two occasions, once the scores are correlated, the reliability score of 0.7 indicated that the test was reliable. (Kumar, 2008)

### **3.6 Data Collection Procedure**

Primary data was collected, after a research permit from the National Commission of Science and technology was obtained. Secondly, permission was requested from the sample organization before commencing. Questionnaires were then used to collect data. Kumar (2008) has described a questionnaire as a list of written questions which are answered by the respondents. When collecting primary data a questionnaire is one of the best tools to use. (Mugenda and Mugenda, 1999)

### **3.7 Data Analysis**

Data analysis is the process of gathering all the information collected and editing it, to draw conclusions, make comparisons, analyze patterns and apply different techniques. (Cooper and Schindler, 2001) For this study, once questionnaires were completed, they were coded accurately. The coded data was then analyzed through descriptive and inferential statistics, the statistical software package known as Statistical Package for Social Sciences aided in the statistical analysis of the data. The data was then presented using tables.

### **3.8 Ethical Considerations**

Ethical considerations are the thoughts turns into action taken into account by the researcher when carrying out research that involves participants. For this study, the researcher informed the respondents on the purpose of the study and ensured that permission was sought first before handing out the data collection tools. The researcher also gave the participants adequate time to answer questions, as well as assured confidentiality for those that do not desire to disclose their identity. In addition, the researcher ensured all participants after, during and before the study that the data was handled in confidence.

### **3.9 Operationalization of Variables**

The operationalization of variables is given in Table 3.2

**Table 3.2 Operationalization of variables**

<b>Objective of Study</b>	<b>Type of Variable Independent</b>	<b>Indicators</b>	<b>Measurement</b>	<b>Measurement Scale</b>	<b>Tools of Analysis</b>	<b>Data Analysis</b>
To determine how project implementation influences the sustainability of NGOs	Effective Project Implementation	Project Initiation Monitoring and Evaluation System Project completion	Number of projects initiated Number/percentage of NGOs with monitoring and evaluation system Number of projects completed	Nominal	Percentages and mean	Descriptive and Inferential statistics
To assess the extent to which information disclosure influences the sustainability of NGOs	Information disclosure	Donor Reports External Reports Participant involvement	Number of times donor reports are sent. Number of times external reports are sent Percentage of NGOs that involve their participants in	Nominal	Percentages and mean	Descriptive and inferential Statistics



			their projects,			
To determine how organization management influences sustainability of NGOS	Organization Management	Organization Structure Strategic Plan Leadership Styles Staff Training	Percentage of NGOs with organization structure.  Percentage of NGOs with strategic plans.  Styles of Leadership  Number of staff trained	Nominal	Percentages and mean	Descriptive statistics
To establish how financial management influences the sustainability of NGOs	Financial Management	Financial plan Fund allocation Budget Monitoring	Availability and follow through of plan.  Actual versus Budget Spending  Audit reports	Nominal	Percentages and means	Descriptive statistics
	<b>Dependent</b> Sustainability of NGOs	Years of operation Statutory Requirements Funds received Capacity building	Number of years in the country  Number times statements are sent to NGO Board  Percentage of restricted versus unrestricted funds  Percentage of set capacity building opportunities	Nominal	Percentages and mean	Descriptive statistics

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

This chapter gives the data analysis, findings and interpretation. Results are presented in tables. The analyzed data was arranged under themes that reflect the research objectives.

#### 4.2 Questionnaire Response Rate

Questionnaires were distributed to 93 NGO staff out of these 80 questionnaires were returned. This was mainly due to constraint of time and funds. This makes an 80% questionnaire return rate. Sekaran (2003) recommends 30% as an adequate response rate for descriptive surveys. Based on these assertions, this implies that the response rate for this research was adequate for analysis.

#### 4.3 Background Information of the NGOs

The background information of the NGOs provides the response in terms of which sector the respondent belonged to, as well as the number of years the NGOs have been registered and the size of the NGO. This information enables the researcher to further understand the respondents and target population.

##### 4.3.1 NGO Sector Division

The respondents were asked to state which of the three sectors their organization falls under, the questionnaire and the findings are summarized in Table 4.1.

**Table 4.1 NGO Sector Division**

Sector	Frequency	Percentage
General		
development	21	26.3
Health	25	31.3
Education	34	42.5
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings showed that from the respondents, 26.3% were from the General Development sector, 31.3% were from the Health sector and 42.5% were from the Education sector.

#### **4.3.2 Number of Years NGOs have been Registered**

The respondents were asked to state the number of years their organization has been registered under the NGO Board, and the responses are summarized in Table 4.2

**Table 4.2 Number of Years NGOs have been Registered**

<b>Years Registered</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 3 years	9	11.3
4 to 5 years	9	11.3
6 to 10 years	33	41.3
More than 10 years	29	36.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings showed that 22.6% of the NGOs research had been registered for 0 – 5 years, while 41.3% had been registered for 6 – 10 years and 36.3% had been registered for more than 10 years.

#### **4.3.3 Size of NGO**

The respondents were asked to indicate the size of their organization, and the findings are summarized in Table 4.3.

**Table 4.3 Size of NGO**

<b>Organization</b>		
<b>Size</b>	<b>Frequency</b>	<b>Percentage</b>
Small	30	37.5
Large	50	62.5
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that 37.5% of the NGOs were small sized NGOs, while 62.5% of the NGOs were large.

#### **4.4 Project implementation and the sustainability of NGOs**

Respondents were asked questions regarding the implementation of projects, focusing on presence of M&E systems, project monitoring, project evaluation and project completion. It is assumed that the initiation of the project corresponds to the year the organization was registered. The findings are summarized in the Tables 4.4, 4.5 and 4.6.

**Table 4.4 Presence of M&E System**

<b>M and E</b>		
<b>system</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	64	80
No	16	20
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that 80% of the NGOs had M&E systems within their organizations, while 20% of the NGOs studied did not have an M&E system within their organization.

**Table 4.5 Frequency of Project Monitoring and Evaluation**

<b>M &amp; E</b>		
<b>Frequency</b>	<b>Frequency</b>	<b>Percentage</b>
Monthly	14	17.5
Quarterly	12	15
bi annually	29	36.3
Annually	17	21.3
Total	72	90
Missing		
System	8	10
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings showed that 17.5% NGOs monitor and evaluate their projects monthly, while 15% monitor and evaluate their projects quarterly, 36.3% monitor and evaluate their projects bi annually, that is twice a year and 21.3% monitor and evaluate their projects annually.

**Table 4.6 Importance of Project Completion**

<b>Project</b>		
<b>Completion</b>	<b>Frequency</b>	<b>Percentage</b>
Disagree	4	5
Indifferent	12	15
Agree	40	50
Strongly		
agree	24	30
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings showed that 5% of the NGO staff questioned disagreed with the statement that 'it is important for projects to be completed', 15% were indifferent towards the statement, and 50% agreed with the statement and 30% strongly agreed with the statement.

## 4.5 Information disclosure and the sustainability of NGOs

Respondents were asked questions regarding information disclosure within their NGOs, focusing on donor reports, participant involvement and external reports. The results are summarized in Tables 4.7, 4.8, 4.9, 4.10 and 4.11.

**Table 4.7 Importance of Donor Reports**

<b>Donor reports are important</b>	<b>Frequency</b>	<b>Percentage</b>
Disagree	9	11.3
Indifferent	12	15
Agree	35	43.8
Strongly agree	24	30
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings showed that 11.3% of the respondents disagreed with the statement, ‘donor reports are important’, 15% were indifferent towards the statement, 43.8% agreed with the statement, while 30% strongly agreed with the statement.

**Table 4.8 Importance of sharing reports with external donors**

<b>Sharing reports</b>	<b>Frequency</b>	<b>Percentage</b>
Disagree	8	10
Indifferent	18	22.5
Agree	29	36.3
Strongly agree	25	31.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings showed that 10% of the respondents disagreed with the statement, 'it is important to share reports with external donors', 22.5% were indifferent towards the statement, 36.3% agreed with the statement and 31.3% of the respondents strongly agreed with the statement.

**Table 4.9 Participant Involvement in NGO Projects**

<b>Participant</b>		
<b>Involvement</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	71	88.8
No	9	11.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings showed that 88.8 % of the respondents involve participants in their projects, while 11.3% do not involve participants in their projects.

**Table 4.10 Frequency of Donor Reports**

<b>Donor report</b>		
<b>frequency</b>	<b>Frequency</b>	<b>Percentage</b>
Monthly	9	11.3
Quarterly	13	16.3
biannually	42	52.5
Annually	16	20
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that 9 out of 80 respondents send donor reports monthly, 13 send their donor reports quarterly, 42 send their donor reports bi annually and 16 send their donor reports annually.

**Table 4.11 Frequency of External Reports**

<b>External reports frequency</b>	<b>Frequency</b>	<b>Percentage</b>
Monthly	4	5
Quarterly	12	15
biannually	47	58.8
Annually	17	21.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that out of the 80 respondents, 4 send external reports monthly, 12 send external reports quarterly, 47 send external reports bi annually and 17 send external reports annually.

#### **4.6 Organizational Management and the sustainability of NGOS**

Respondents were asked questions regarding organizational management, focusing on strategic plans, organizational structure, staff training and leadership styles within their organizations. The results are summarized in Tables 4.12, 4.13, 4.14, 4.15, 4.16 and 4.17.

**Table 4.12 Importance of Strategic Plans**

<b>Strategic plans are important</b>	<b>Frequency</b>	<b>Percentage</b>
Disagree	12	15
Indifferent	14	17.5
Agree	37	46.3
Strongly agree	17	21.3
<b>Total</b>	<b>80</b>	<b>100</b>



The research findings revealed that 15% of the respondents disagreed with the statement, 'strategic plans are important within the organization', 17.5% of the respondents were indifferent towards the statement, 46.3% strongly agreed, while 21.3% agreed with the statement.

**Table 4.13 Importance of Organizational Structure to Organizations Management**

<b>Organization structure importance</b>		
<b>importance</b>	<b>Frequency</b>	<b>Percentage</b>
Disagree	4	5
Indifferent	13	16.3
Agree	33	41.3
Strongly agree	30	37.5
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that 5% of the respondents disagreed with the statement, 'I believe organizational structure affects the organizations management', 16.3 % of the respondents were indifferent towards the statement, 41.3% of the respondents agreed with the statement, while 37.5% strongly agreed with the statement.

**Table 4.14 Availability of Strategic Plans in NGO**

<b>Strategic Plans</b>		
<b>Plans</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	67	83.8
No	13	16.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that 83.8 % of the respondents have strategic plans within their organizations, while 16.3% do not have strategic plans within their organization.

**Table 4.15 Strategic Plan Adherence within NGO**

<b>Strategic plan adherence</b>		
	<b>Frequency</b>	<b>Percentage</b>
Yes	62	77.5
No	9	11.3
Total	71	88.8
Missing System	9	11.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that 77.5% of the respondents adhere to their organizations strategic plan, while 11.3% do not adhere to their strategic plan.

**Table 4.16 Staff Training Frequency in NGO**

<b>Staff Training</b>		
	<b>Frequency</b>	<b>Percentage</b>
Weekly	12	15
Monthly	42	52.5
Quarterly	26	32.5
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that 12 out of the 80 respondents have weekly staff training in their organizations, 42 out of the 80 respondents have monthly staff training, while 26 out of the 80 respondents have quarterly staff training.

**Table 4.17 Leadership Styles within NGO**

<b>Leadership</b>		
<b>Style</b>	<b>Frequency</b>	<b>Percentage</b>
Transformational	41	51.3
Participative	17	21.3
Transactional	22	27.5
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that 51.3% of the respondents use the transformational leadership style in their organization, 21.3% use the participative leadership style within their organization, while 27.5% use the transactional leadership style within their organization.

#### **4.7 Financial accountability and the sustainability of NGOS**

Respondents were asked questions on the influence of the financial accountability on the sustainability of NGOs, focusing on income levels, audits and accreditation standards.

The results are summarized in Tables 4.18, 4.19, 4.20, 4.21, 4.22, 4.23 and 4.24.

**Table 4.18 Income Level of NGO**

<b>Income Level</b>	<b>Frequency</b>	<b>Percentage</b>
less than 500,000	4	5
501,000- 1000,000	55	68.8
more than 1000,000	21	26.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings on the NGOs income level revealed that 5% of the respondents have an income level of less than Ksh500, 000 within their organization, 68.8% of the

respondents have an income level of Ksh501, 000 – 1,000 000, and 26.3% have an income level of more than KSh1, 000, 000.

**Table 4.19 Audits of NGO**

<b>Audits</b>	<b>Frequency</b>	<b>Percentage</b>
Internal audits	12	15
External	12	15
Financial manual	14	17.5
Internal audit, external audit and Finance manual	38	47.5
	4	5
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings on the NGOs audit system revealed that 15% of the respondents only carry out internal audits within their organization, another 15% only carry out external audits within their organization, 17.5% utilize the financial manual and 47.5% have internal and external audits and they also have and utilize a financial manual.

**Table 4.20 Accountability Accreditation Standards within NGO**

<b>Accountability accreditation standards</b>		
<b>Accountability accreditation standards</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	72	90
No	8	10
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings on the accountability and accreditation standards in NGOs revealed that 72% of the respondents adhere to accountability accreditation standards, while 8% do not adhere to any accountability accreditation standards

**Table 4.21 Management of Funds influence of organization credibility**

<b>Fund Management</b>	<b>Frequency</b>	<b>Percentage</b>
Disagree	4	5
Indifferent	8	10
Agree	46	57.5
Strongly agree	22	27.5
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings on fund management revealed that 5% of the respondents disagreed with the statement, 'management of funds influence organization credibility', 10% of the respondents were indifferent in their response to the statement, 57.5% agreed with the statement and 27.5% strongly agreed with the statement.

**Table 4.22 Funds used as per requirement in NGO**

<b>Funds used as per requirement</b>	<b>Frequency</b>	<b>Percentage</b>
Disagree	8	10
Indifferent	13	16.3
Agree	26	32.5
Strongly agree	33	41.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings on fund usage revealed that 10% of the respondents disagreed that funds are used as per the requirements in their organization, 16.3% of the respondents were indifferent, 32.5% agreed that funds that funds are used as per the requirement in their organization, and 41.3% strongly agreed.

**Table 4.23 Funds Source of NGO**

<b>Fund</b>		
<b>Source</b>	<b>Frequency</b>	<b>Percentage</b>
Multiple sources	63	78.8
Single	17	21.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings on fund sourcing revealed that 78.8% of the respondents' organizations receive funding from multiple sources, while 21.3% of the respondents' organizations receive funding from a single source.

**Table 4.24 Fund Reserve of NGO**

<b>Fund</b>		
<b>reserve</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	64	80
No	16	20
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings on fund reserves revealed that 80% of the respondents' organizations have fund reserves, while 20% of the respondents' organizations do not have fund reserves.

#### **4.8 Sustainability of NGOs**

Respondents were asked questions on their organizations sustainability, focusing on capacity building, fulfillment of statutory requirements and financial statements. The results are summarized in Tables 4.25, 4.26 and 4.27.

**Table 4.25 Capacity Building of NGO**

<b>Capacity</b>		
<b>Building</b>	<b>Frequency</b>	<b>Percentage</b>
Training	29	36.3
Recruiting	35	43.8
Others	16	20
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that with regard to capacity building, 36.3% of the respondents' organizations sustain their capacity through training, 43,8% sustain their capacity through recruiting, while 20% sustain their capacity through other methods, like mentorship and apprenticeship.

**Table 4.26 Statutory Requirement Fulfillment**

<b>Statutory</b>		
<b>Requirement</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	71	88.8
No	9	11.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that 88.8% of the respondents' organization fulfills the country's statutory requirements, while 11.3% of the respondents' organizations do not fulfill statutory requirements.

**Table 4.27 Submission of Financial Statements**

<b>Financial</b>		
<b>Statement</b>	<b>Frequency</b>	<b>Percentage</b>
Quarterly	29	36.3
Annually	42	52.5
Monthly	9	11.3
<b>Total</b>	<b>80</b>	<b>100</b>

The research findings revealed that 36.3% of the respondents submit their financial statements quarterly, while 52.5% submit their financial statements annually.

#### 4.9 Correlation Analysis

The Table 4.28 presents the results of the correlation analysis. The results presented shows that project implementation ( $r=0.251$ ,  $p=0.7$ ), information disclosure( $r=0.357$ ,  $p=0.1$ ), organization management ( $0.241$ ,  $p=0.2$ ), financial management( $r=0.318$ ,  $p=0.9$ ) and sustainability are positively and significantly related.

**Table 4.28 Correlation Analysis**

		<b>Mean Sustainability</b>
Mean Sustainability	Pearson Correlation	1.000
	Sig.(2-tailed)	
Mean Project Implementation	Pearson Correlation	0.251
	Sig.(2-tailed)	0.7
Mean Information disclosure	Pearson Correlation	0.357
	Sig.(2-tailed)	0.1
Mean Organizational Management	Pearson Correlation	0.241
	Sig.(2-tailed)	0.2
Mean Financial Management	Pearson Correlation	0.318
	Sig.(2-tailed)	0.9

\*Correlation is significant at the 0.05 level (2-tailed)

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



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter details the summary of the findings, discussions, conclusions and offers recommendations from the findings of the study.

#### **5.2 Summary of Findings**

A summary of the research findings is given below.

This study investigated the determinants that influence the sustainability of NGOs in Nairobi County, by measuring the influence of project implementation on the sustainability of NGOs in Nairobi County, the influence of information disclosure on the sustainability of NGOs in Nairobi County, the influence of organization management on the sustainability of NGOs in Nairobi County and the influence of financial management on the sustainability of NGOs in Nairobi County.

The respondents of the study were all NGO staff from three sectors in the NGO field, General Development, Health and Education. The findings from the study were that majority (42.5%) were from the Education sector. In addition, NGOs that had been registered with the NGO Board for 6 – 10 years were the majority, with regards to years of registration with 41.3%.

With regards to project implementation within the NGOs studied, the findings revealed that most (80%) of the NGOs, had an M & E system within their organization. However, in terms of the frequency of monitoring and evaluation projects, 29 (36.3%) out of the 80 respondents, the highest number, reported that they monitor and evaluate their projects twice a year. In addition, 50% and 30% agreed and strongly agreed that it is important for projects to be completed.

Under information disclosure majority (43.8%) of the respondents, agreed that donor reports are important, in addition, the majority, (36.3%) also agreed that is important to

share reports with external donors. Moreover, 88.8% stated that their organizations involve participants in their projects. With regards to the frequency of sending donor and external reports, majority, 42 (52.5) out of the 80 respondents and 47 (58.8) out of the 80 respondents respectively, reported that they share these reports bi annually.

With regards to organization management, majority agreed that strategic plans and organizational structure are important in organization management, 46.3% and 41.3% respectively. Furthermore, most respondents, 83.8% reported to having strategic plans within their organization and 77.5% who were also the majority reported that their organizations adhere to these strategic plans. In addition, with regards to staff training, majority, 52.5%, reported that they are trained monthly, while most, 51.3%, respondents reported transformational leadership style is used in their organization.

The findings under financial management, were that majority, 68.8% of the respondents organizations had an income level Ksh501,000 – KSh1,000,000. While most respondents, 47.5%, reported to conducting internal and external audits, as well as a using a financial manual and 90% who were the majority stated that their organizations adhere to accredited accountability standards. In addition, 57.5%, which was the majority, agreed that the way in which funds are managed has an influence on the sustainability of an organization. Furthermore, 41.3%, the majority strongly agreed that their organizations use funds as per the requirements.

With regards to sustainability, majority (78.8%) of the respondents reported to receiving funds from multiple sources, with most respondents, 80% reporting that their organization does have fund reserves. Furthermore, most respondents stated involvement as the major way in which stakeholder relationships are maintained. Under capacity building, it was found that most organizations, 43.8% use recruiting as their major mode sustenance. 88.8% who were the majority reported that their organizations fulfill the country's statutory requirements and majority, 52.5% reported to submitting their financial statements annually. In addition the correlation matrix revealed that there was a positive and significant relation between the independent variables and the dependent variable of sustainability.

### **5.3 Discussion of Findings**

This section gives a detailed discussion of findings from the study.

#### **5.3.1 Project implementation and the sustainability of NGOs in Nairobi County.**

The research findings on the influence of project implementation on the sustainability of NGOs found that although majority, 80% of the organizations do have monitoring and evaluation systems in place within their organizations, most of these organizations, 36.3% reported to conduct monitoring and evaluation of their projects only twice a year. Brown and Moore (2001) states that organizations have a duty to carry out projects and objectives set and they achieve this by having systems in place, for example a monitoring and evaluation system, to ensure objectives are taking place and take measures in the event that they are not. However, with the majority, 36.3% only conducting M&E of their projects twice a year, this prevents an organization taking timely measures to correct or improve on a project. Two times in a year, means that projects are already far gone, meaning that organizations have to allow the project to continue with the issues or scrap it all together. Furthermore, according to Ebrahim (2003) this will have an effect on the sustainability of the NGO, as stakeholders may take note of the insufficient monitoring and evaluation of the project and pull out of the project. However, from the findings 50% of the respondents did agree that it is important for projects to be completed, meaning that organizations are concerned that projects are completed, the only question however, is if that concern applies to the standard in which projects are completed. In addition, the findings also revealed that there is positive and significant relationship between project implementation and the sustainability of NGOs.

#### **5.3.2. Information disclosure and the sustainability of NGOs in Nairobi County**

Information disclosure is the act of releasing information relating to an organization to involved parties. For Gray et al (1997) every individual involved in a project in some way or another has a basic right to participate in decision making and from the findings we can see that majority of the organizations agree with Gray, with 88.8% stating that they do involve participants in their study, which is a major advantage when it comes to the

sustainability not just of the project but of the organization itself. However, transparency of NGOs actions and performance may make it easier for vested interests to identify and propose or oppose their actions, at worst it could lead to the deregistration and closure of the organization or it could lead to promotion of their activities making them more sustainable.(Edwards & Hulme, 1996). From the findings, majority 43.8% agree that it is important to share donor reports and 36.3% also the majority, agree that it is important to share external reports. Therefore, organizations do see the need for transparency and information disclosure. However, 42 (52.5%) out of the 80 respondents and 47(58.8%) out of the 80 respondents, who are the majority, report that they share the donor and external reports, respectively, bi annually, which is twice a year. This again raises concerns that although organizations realize the importance of sharing the reports, their actions do not reflect the same. NGOs with regular information disclosure internally and externally allow stakeholders and the public to be aware of their activities, so when most NGOs are only submitting their reports twice a year, it raises concerns not just for the donors but also to the public on what kind of activities are taking place but also the lack of efficiency and effectiveness on the part of the organization.

Furthermore, most respondents stated involvement as the major way in which stakeholder relationships are maintained, which is a major factor in the sustainability of an NGO, the more the stakeholders are involved in the organizations activities the more vested the stakeholders are in the organization and the longer life span it will have. The findings also revealed that there is positive and significant relationship between information disclosure and the sustainability of NGOs.

### **5.3.3 Organization Management and the sustainability of NGOs in Nairobi County**

Literature reviewed revealed that it is important for NGOs to have their own organizational structure and processes will affect their mechanisms (Wapner, 2002). The study findings revealed that most organizations, 46.3% agreed that organizational structure is important to organization management. In addition, 41.3% who were the majority also agreed that strategic plans are important to organization management and most 83.8% have strategic plans within their organizations and the majority, 77.5% adhere to these plans. These findings agree with Meyer (1996) who states that

organizations that have and share their strategic plans have a higher rate of being more sustainable than those that do not. Under organizational management, it was found that majority 51.3% of the organizations use transformational leadership as their leadership style, where there is a leader with a vision, who shares it with the team and they work together towards attaining it. Transformational leadership styles focus on team-building, motivation and collaboration with employees at different levels of an organization to accomplish change for the better. Transformational leaders set goals and incentives to push their subordinates to higher performance levels, while providing opportunities for personal and professional growth for each employee (Bass, 1998). This ensures that employees are more vested in the organization and in its mission, vision and projects, which makes an organization more sustainable. In addition, with regards to staff training, majority of the respondents, 52.5% reported that staff training occurs monthly in their organizations, this further reinforces the transformational leadership style and encourages the whole staff to buy into the organization.

Under capacity building, it was found that most organizations, 43.8% use recruiting as their major mode sustenance, although recruitment benefits the organization with expertise that may not have been present previously, it may sometimes take the organization a step back, the individual maybe have a skill set, but may not know the organization, its projects, vision and mission, therefore, some form of training will still be required (McNough,2013). Finally, 88.8% who were the majority reported that their organizations fulfill the country's statutory requirements, and majority, 52.5% reported to submitting their financial statements annually, which are both major factors with regards to the sustainability of an organization, if these requirements are not met, it is highly likely that the NGO will be deregistered. The findings also revealed that there is positive and significant relationship between organization management and the sustainability of NGOs.

#### **5.3.4 Financial management and the sustainability of NGOs in Nairobi County**

The findings for financial management revealed that most respondents, 47.5%, reported to conducting internal and external audits, as well as a using a financial manual. According to Jacobs (2008) controls are one of the most crucial areas with regards to

financial management and the sustainability of NGOs, controls like audits, both internal and external enable the organization to not only be accountable but to also ensure that money is not misused. Audits also enable the organization to use their resources as indicated, this was also one of the important findings in the study, 57.5%, which was the majority, agreed that the way in which funds are managed has an influence on the sustainability of an organization and 41.3%, the majority strongly agreed that their organizations use funds as per the requirements. Fund usage is such a crucial area; the way funds are used could be the deciding factor between the growth and failure of an organization. In addition, 78.8% the majority of the respondents reported to receiving funds from multiple sources; organizations with multiple sources of funds are said to be more sustainable than those that are funded from a single source, due to the fact that in the even that one of the funders pulls out, if your organization had multiple sources of funds, it may have to do some restructuring, but it will be able to continue. However, with a single source of funds, in the event that it pulls out, the NGO will have to cease its operations and will no longer exist (Wapner,2002) Therefore, it was good to see this reflected in the findings, furthermore, majority of the respondents, 80% reported that their organization does have fund reserves, which is a place where money is put away for emergency use, this again may help the NGO continue with its operations in the even that funds are depleted, and Hawkens (2002) agrees, that for a certain amount of time, and in that time, can allow the NGO to source for other funds. The findings also revealed that there is a significant and positive relationship between financial management and the sustainability of NGOs.

## **5.4 Conclusions**

The following conclusions were made from the study.

The number of NGOs in the country may continue to increase, to deal with issues and areas that are not being addressed, to provide humanitarian services and various forms of relief. Project implementation involves the specific set of activities that are to be carried out to achieve specific objectives at a certain period of time, while NGOs are initiating the projects and have system in place to monitor and evaluate them, there are challenges regarding the frequency of the monitoring and evaluation of the projects. This is also the

case with information disclosure, where NGOs realize the importance of sharing information, like reports, the frequency of sharing these reports does not reflect what they believe to be important as important. However, when it comes to the management of these organizations the NGOs are doing a good job in terms of having strategic plans and organizational structures and adhering to these plans and structures, as well as getting their employees to buy into their vision and mission and equipping them through training to better at their jobs. NGOs are also doing relatively well with regards to their financial management, reporting to spending as per the requirements as well as having controls like internal and external audits and utilizing a financial manual, however, the issue of the submission of reports also arises as financial reports are reports that need to be submitted more frequently. In addition, having multiple sources of funds, fund reserves and fulfillment of the country's statutory requirements are major boosts in terms of sustaining the organization.

While this study only investigated a small portion of this sector, as it only looked at three sectors in the NGO field, there are areas that we can commend these organizations and there are areas where there is room for improvement.

## **5.5 Recommendations of the Study**

The following recommendations were made from the findings of the study:

- i. The NGO Board should ensure that the number of times financial statements are required from the registered NGOs be increased to at least bi annually or quarterly.
- ii. NGOs should ensure that all projects are monitored monthly and/or quarterly.
- iii. The NGO community should create sustainability criteria not just for the organization but also for the projects that all NGOs should abide by, to ensure more sustainable NGOs and NGO projects.
- iv. The NGO Board should rework the registration process in order to ensure that only credible NGOs and those which adhere to the criteria's set and requirements of the Board should be registered.

## **5.6 Suggestions for Further Research**

The following suggestions for further research were made based on the findings of the study:

1. A study be done on accountability and its influence on the credibility of NGOs
2. A study be done on the factors influencing the success of monitoring and evaluation systems.
3. A study be done on the effects of capacity building on NGO projects.

## **5.7 Contribution to Knowledge**

This section highlights the contributions of the study which will add knowledge to the area of study.



**Table 5.1 Contribution to Knowledge**

No	Objectives	Contribution to knowledge
1.	To determine how project implementation influences the sustainability of NGOs in Nairobi County	The role played by the project cycle on NGO sustainability
2.	To assess the extent to which information disclosure influences the sustainability of NGOs in Nairobi County	The role played by the NGOs in the dissemination of information as well as stakeholder involvement
3.	To determine how organization management influences the sustainability of NGOs in Nairobi County.	Role played by the NGOs management
4.	To establish how financial management influences the sustainability of NGOs in Nairobi County.	Acquisition of knowledge on the NGOs management of their funds.

## REFERENCES

- Abdusalyamova, L. (2002). *NGOs in Central Asia*. Alliance, Vol 7, No 2, March 2002.
- Behn, R. D. (2001). *Rethinking Democratic Accountability*. Washington, DC: Brookings Institution Press.
- Bernard, B. (1998). *Transformational Leadership*. APH Publishing
- Boulding, C., & Gibson, C. (2009). *Supporters or challengers? The effects of NGOs on local politics in Bolivia*. Comparative Political Studies, 42(4), 479–500.
- Brown, D.L., & Moore, M.H. (2001). *Accountability, Strategy, and International Nongovernmental Organizations*. Nonprofit and Voluntary Sector Quarterly, Vol. 30 No. 3.
- Burton, B., (2003). *Australia: Conservative Group to Advice Government on Accrediting NGOs"*.
- Cochran, W.G. (1977). *Sampling Techniques*. New York. John Wiley and Sons.
- Cooper, R. D & S.P Schindler.(2001) *Business Research Methods*. New York: McGraw-Hill.
- Cornwall, A., Lucas, H., & Pasteur, K. (2000). *Introduction: accountability through participation: developing workable partnership models in the health sector*. IDS Bulletin, 31(1), 1–13.
- Ebrahim, A. (2003a). *Accountability in practice: mechanisms for NGO*, World Development, Vol. 31 No. 5.
- Ebrahim, A. (2009). *Placing the normative logics of accountability in 'thick' perspective*, American Behavioral Scientist, Vol. 52 No. 6.
- Edwards, M. (2000). *NGO Rights and Responsibilities: A New Deal for Global Governance*, The Foreign Policy Centre/NCVO, London.
- Edwards, M., & Hulme, D., (1996a), *Beyond the Magic Bullet? Lessons and Conclusions*, In Edwards, M. and Hulme, D. (Eds.), *Beyond the Magic Bullet*. NGO

Performance and Accountability in the Post-Cold War World, Connecticut, Kumarian Press.

Edwards, M., & Hulme, D. (1996b). *Too close for comfort? the impact of official aid on nongovernmental organizations*. *World Development*, 24(6), 961–973

Fox, J. A., & Brown, L. D. (Eds.). (1998). *The struggle for accountability: The World Bank, NGOs, and grassroots movements*. The MIT Press: Cambridge, MA

Fry, R.E. (1995), *Accountability in organizational life: problem or opportunity for nonprofits?*, *Nonprofit Management and Leadership*, Vol. 6 No. 2.

Gonella, C., Pilling, A., & Zadek, S. (1998). *Making values count: contemporary experience in social and ethical accounting, auditing, and reporting*. London: The Association of Chartered Certified Accountants.

Gray, R., Dey, C., Owen, D., Evans, R. & Zadek, S. (1997), *Struggling with the praxis of social accounting: stakeholders, accountability, audits and procedures*, *Accounting, Auditing & Accountability Journal*, Vol. 10 No. 3.

Hair, J., Wolfinbarger, M., Honey A., Samouel P. & Page M. (2011). *Essentials of Business Research Methods*. Routledge

Hawken, P. (2002). *The Ecology of Commerce: A Declaration of Sustainability*. Harper Business.

Kenya Aids Indicator Surveys, (2013).

Kothari, R. (1999). *Research Methodology: Methods and techniques*. Delhi: WishwaPrakashan.

Krejcie, R.V., & Morgan, D.W., (1970). *Determining Sample Size for Research Activities*. *Educational and Psychological Measurement*.

Kumar, R. (2008). *Research Methodology*. APH Publishing,

McNough, W. (2013) *The Upcycle: Beyond Sustainability*. North Point Press

Meyer, C. A. (1999). *The economics and politics of NGOs in Latin America*. Westport, CT and London: Praeger.

- Mugenda, O. & A. Mugenda. (1999). *Research Methods: Quantitative and Qualitative Approaches*. Nairobi: Act Press.
- Mutua, M. (2008). *Human Rights NGOs in East Africa: Political and Narrative Tensions*. Pennsylvania Press.
- Obiyan, A. S. (2005). A critical examination of the state versus nongovernmental organizations (NGOs) in the policy sphere in the global south: *Will the state die as the NGOs thrive in sub-Saharan Africa and Asia?* *Journal of Asian and African Studies*, 4(3), 301–327
- Oyugi, W. O. (2004). *The role of NGOs in fostering development and good governance at the local level in Africa with a focus on Kenya*. *Africa Development*, 29(4), 19–55.
- Republic of Kenya. (2015) NGO Council: *NGO Database*.
- Republic of Kenya, (1992). *Statute Laws (Miscellaneous Amendments) Act, 23*.
- Roberts, J. (1991). *The possibilities of accountability, Accounting Organizations and Society*, Vol. 16 No. 4.
- Roberts, J. (2001). *Trust and control in Anglo-American systems of corporate governance: the individualizing and socializing effects of processes of accountability*, *Human Relations*, Vol. 54 No. 12.
- Roberts, J. & Scapens R. (1985). *Accounting systems and systems of accountability – understanding accounting practices in their organizational contexts*, *Accounting, Organizations and Society*, Vol. 10 No. 4.
- Schweitz, M. L. (2001). *NGO network codes of conduct: accountability, principles, and voice*. Paper presented to the International Studies Association Annual Convention, Chicago, Illinois, February.
- Sekaran, U. (2003). *Research method of business: A skill building approach* (4<sup>th</sup> ed). New York, NY: John Willey & Sons, Inc.
- Sinclair, A. (1995). *The chameleon of accountability: forms and discourses*, *Accounting, Organizations and Society*, Vol. 20 Nos 2-3.

Teegan, H., Doh, J. & Vachani, S. (2004).The importance of nongovernmental organizations (NGOs) in global governance and value creation: *an international business research agenda*, Journal of International Business Studies, Vol. 35 No. 6.

The NGO's Co-ordination Act NO. 19 of 1990

Unerman, J. & O'Dwyer, B. (2006).*Theorising accountability for NGO advocacy*, Accounting, Auditing & Accountability Journal, Vol. 19 No. 3.

Wapner, P., (2002a). *Defending Accountability in NGOs*, Chicago Journal of International Law, Vol. 3 No. 1.

William E & Dijkzeul, D. (2015).*The NGO Challenges for International Relations Theory*.Routledge. Brown, Mutliparty Social Action and Mutual Accountability, 89-111. Jordan, A Rights Based Approach to Accountability, 156 -7, Ebrahim, Towards a reflective accountability in NGOs, 193 – 224

Yamene, T. (1967).*An Introductory Analysis*. 2<sup>nd</sup>Edition., Harper and Row: New York

## APPENDICES

### APPENDIX I: INTRODUCTION LETTER

Linda Faith Okaalet

P.O.BOX 30819 -00100 Nairobi, Kenya

Tel: 0707 516 742

Email: [faith.okaalet@gmail.com](mailto:faith.okaalet@gmail.com)

29<sup>th</sup> June 2015

To whom it may concern

RE: DATA COLLECTION FOR STUDY ON DETERMINANTS OF THE  
SUSTAINABILITY OF NGOS IN NAIROBI COUNTY

Dear Sir/Madam,

My Name is Linda Faith Okaalet, a student of the University of Nairobi, School of Continuing and Distance Education. I am currently undertaking my research project as a requirement of the degree Master of Arts in Project Planning and Management. I am therefore carrying out a study on determinants of the sustainability of NGOs in Nairobi County.

The purpose of this letter is to kindly request for your assistance in the data collection process for this study. I would like to request permission to collect information from you and assure you that the data that will be provided by respondents will be treated with utmost confidentiality and only used for the purpose of this research. The details of respondents and other sources of information shall also be kept confidential.

Yours Faithfully,



Linda Faith Okaalet

L50/71754/2014

## APPENDIX II: QUESTIONNAIRE FOR NGO STAFF.

### Instructions

Kindly tick the appropriate box, fill in the box and circle the appropriate answer for the relevant questions.

### Section A: NGO BACKGROUND INFORMATION

1. Number of years you have been registered?

(a) Less than 3 years ( )

(b) 4 to 5 years ( )

(c) 6 to 10 years ( )

(d) More than 10 years ( )

2. Sector you are involved in?

(a) General development ( )

(b) Health ( )

(c) Education ( )

3. Size of your organization?

(a) Small ( )

(b) Large ( )

### Section B. Project Implementation

a. Do you have a monitoring and evaluation system?

Yes  No

b. How frequently are your projects monitored?

i) Monthly    ii) Quarterly    iii) Bi annually    iv) Annually

c. How frequently are your projects evaluated?

- i) Monthly    ii) Quarterly    iii) Bi annually    iv) Annually

	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly Agree</b>
It is important for projects to be completed				
Project managers are crucial during project implementation				

**Section C: Information Disclosure**

	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly Agree</b>
Donor reports are important				
It is important to share reports with external donors				

a. Do you involve local participants in your projects? If yes, how?



Yes

No

b. How frequently are donor reports given?

i) Monthly    ii) Quarterly    iii) Bi annually    iv) Annually

c. How frequently are external reports given?

i) Monthly    ii) Quarterly    iii) Bi annually    iv) Annually

**Section D: Organizational Management**

	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly Agree</b>
Strategic plans are important				
I believe that organizational structure affects the organizations management				

a. Why do NGOS need strategic plans?

.....

b. Does your organization have a strategic plan?

Yes                       No

c. If the answer to the above question is yes, is the strategic plan adhered to?

Yes                       No

d. How frequently is staff trained?



(b) No

.....

	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly Agree</b>
Management of funds influence organization credibility				
Funds are used as per requirements				

**SECTION F: Sustainability**

a. Are funds received for projects from multiple or single sources?

- (a) Multiple sources
- (b) Single source

b. What percentage of received funds is restricted and what percentage of received funds are unrestricted?

.....

c. Does your organization have a fund reserve?

- (a) Yes
- (b) No

d. How does your organization maintain relationships with the following Stakeholders?

Donors:.....

Project

Beneficiaries:.....

Volunteers:.....

e. How do you sustain capacity building in your organization?

Training

Recruiting

Others (please specify).....

f. Does your organization fulfill the country's statutory requirements?

Yes

No

If yes, how often do you submit financial statements?

i) Monthly    ii) Quarterly    iii) Annually

	<b>Disagree</b>	<b>Indifferent</b>	<b>Agree</b>	<b>Strongly Agree</b>
The organization receive funds from multiple sources				
The organization has fund reserves				

Thank you for your time.