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Factors Affecting Financial Sustainability of Local Non - Governmental Organizations In Tanzania: A Case Of Bukoba Municipal Council

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ABSTRACT
This study investigated the factors affecting the financial sustainability of local non - governmental organizations in Tanzania using a case of Bukoba Municipal Council. The study had three specific objectives which were; to explore multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability; to examine the influence of leadership competencies on strategic financial management in LNGOs; to study the influence of donor's funding policies on the financial sustainability of LNGOs. This study adopted a descriptive case study research design with a sample size of 135 respondents. This study employed interviews, questionnaire, and documentary in data collection tools. SPSS and content data analysis were employed for data analysis. The study found that sources such as social entrepreneurship activities, fundraising events, tapping international funding streams, sourcing from corporate donors and partners, owning and managing own business, consultancy as well as training for fee are commonly used, and also it was found that the majority of LNGOs' leaders have low academic qualifications on strategic financial management. Finally, the study recommends that the LNGOs leaders should seek for training from the reputable financial institutions to upgrade their leadership competencies on strategic financial managements particularly on the capability to handle a number of projects, skills on financial governance, as well as having enough practices and approaches on strategic financial management.

Keywords: *Financial, Resource Mobilization, Financial Sustainability and Local Non-Government Organizations.*

INTRODUCTION

The importance of financial sustainability as a general objective for organizations and specific objective for non-governmental organizations (NGOs) of all types cannot be overstated. The ever-dwindling donor funding environment during the past couple of decades has necessitated a rethink by all organizations regarding how they build their internal capacities to enhance their ability to deliver on their respective operational mandates. The challenges faced by Local Non-Governmental Organizations (LNGOs) pose peculiar issues of concern for all concerned stakeholders on how to remain operational for the foreseeable future. Most embassies of economically developed countries representing their interests in developing countries also fund and support activities of domestic NGOs a result of structural adjustment programs adopted by the Tanzanian economy in the 1980s and early 1990s. The role of civil society in development and service delivery in Tanzania expanded dramatically, encouraging explosive growth in the non-government sector. The NGO Policy of 2000 and the subsequent Tanzania Non-Governmental Organizations Act of 2002 were formulated to establish the legislative framework to allow local NGOs to operate freely and effectively [1].

Apart from regular and mandatory registration, the local NGOs work became free of all business which led to the creation of hundreds of LNGOs which all claim to work for the good of the general public. According to the 2015 Tanzania Report on Contribution of NGOs in Development, as analyzed by Ministry of Health, Community Development, Gender, Elderly and Children (MoHCDGEC), about 6,893 NGOs local non-government organization, 38 international organization and 18 UN agencies are actively operating in Tanzania. Local Non-Governmental Organizations (LNGOs) contribute in socio-economic development of any country. In Tanzania, LNGOs are increasingly recognized by the government and treated as potent drivers of social and economic development. The Government of Tanzania cooperates with LNGOs and other stakeholders; including funders, disadvantaged people themselves, other sectors of civil society and the wider public to bring about positive change to the community [2]. Traditionally, the NGOs have relied on the benevolence, kind-heartedness and generosity of others to cover the costs of their activities through grants, aid donations and contributions. Viravaidya & Hayssen [3] argue that today however, NGOs find it difficult to mobilize financial resources in traditional way due to bureaucratic procedures from the donor agencies and as most sources of funds are unable to meet the growing needs of these organizations, this in turn tends to rise costs associated with operations in these LNGOs.

In Tanzania, and generally in Bukoba Municipal Council where this study was conducted, NGOs continue to solicit funds from various sources including local grants from Organization like Foundation for Civil Society (FCS); Grants from foreign aid agencies such as USAID, DFID, CIDA, PCF and so on. Statistics indicate that many LNGOs in Tanzania still depend highly on foreign aid for them to strive which is in corresponding to the 2014 World Bank (WB) report that emphasizes on Tanzania as a country remains heavily dependent on foreign aid. Thus, it is crucial to comprehend what financial resources are existing and take steps to maximize them in a dynamic environment. Understanding rules and regulations together with national financial policies of the state open doors for LNGOs to put together strategies on how to sustainably secure greater resources; especially financial resources which in turn will bring huge benefit to any NGOs that work together for the potential of achieving success as cited by Harir [4]. Based on this context, there is a need for local NGOs to understand government rules, regulations and strategies that might directly or indirectly influence proper and sustainable financial mobilization in local NGOs in Tanzania. Therefore, this study seeks to investigate the factors affecting financial sustainability of local non - governmental organizations in Tanzania; a case of Bukoba municipal council. The enormous developmental functions are undertaken by LNGOs demand availability of funds and effective and efficient mobilization of financial resources. With the recognition of the vital role played by NGOs at the grassroots level in the task of providing basic social services, LNGOs require more stable and secure funding. This will generally be achieved only if the state within which that NGO is operating has well-defined and structured rules and regulations. Availability of funds to NGOs is, without doubt, one of the factors that determine and lead to the growth of the sector; as most NGOs fail worldwide even after promising initial periods, owing to problems with financing as cited by Gyamfi [5].

However, Local Non-Governmental Organizations in the development sphere continue to lack a stable financial base as a result they wither and sometimes die. The extent to which the effects are felt by LNGOs differ according to the sectors and context in which they engage and the criticality of the funding source. Turary [6] argues that the continuity of the NGOs is determined by the continuity in raising money and its financial sustainability strategies. If the organization is not doing well financially then it won't survive. Furthermore, when a leader with a vision launches a Local Non-Governmental Organization (LNGO), the NGO's motivation and decision-making often become intertwined with the leader's personality and character to the effect that it may collapse when the NGO leader departs. Tanzania has a higher percentage of inactivity and mortality of LNGOs due to unsustainable funding. As such it was worthwhile to undertake the study to investigate various factors affecting financial sustainability of local non - governmental organizations in Tanzania; a case of Bukoba Municipal Council. The general objective of this paper is to investigate the factors affecting financial sustainability of local non - governmental organizations in Tanzania; a case of Bukoba municipal council. Specifically, this paper intended to i) explore multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability ii) examine the influence of leadership competencies on strategic financial managements in LNGOs and iii) study the influence of donor's funding policies on the financial sustainability of LNGOs.

Theoretical Literature Review

Resource Dependence Theory

Resource dependence theory (RDT) is concerned with how organizational behaviour is affected by external resources the organization utilizes, such as raw materials. This theory is important because an organization's ability to gather, alter and exploit raw materials faster than competitors can be fundamental to success. The theory originated in the 1970s with the publication of The External Control of Organizations: A Resource Dependence Perspective by Jeffrey Pfeffer and Gerald R. Salancik [7]. The basic assumption of RDT is ensuring organizational survival by minimizing any situation of uncertainty and dependency and characterizes an organization as an open system, dependent on contingencies in the external environment [7]. Resource dependency theory (RDT), examines the relationship between organizations and the resources they need to operate. The theory is based upon the following belief for tenets: organizations are dependent on resources; these resources ultimately originate from the environment of organizations; the environment to a considerable extent contains other organizations; the resources one organization needs are thus often in the hands of other organizations; resources are a basis of power; legally independent organizations can therefore be dependent on each other [7]. Local NGOs rely more on external funders (donors), face instability in the flow of funding, and deal with volatile demands [8].

Accordingly, organizational behaviour reflects the NGO's management of its dependence on an external resource and the ensuing demands of a donor controlling the resources. The magnitude of resource dependence often determines the financial behaviour of an NGO which in turn affect the financial sustainability of the NGOs [9]. If an NGO fails to meet the conditions set by the external funders, the donors may withdraw the funding making the NGO face financial sustainability issues. The NGO may not be able to fund the projects due to the instability of funding flows. The study needed to adopt this theory because it underpins the idea that resources are key to organizational success and that access and control over resources is a basis of power. Further to that, Resources are often controlled by organizations, not in the control of the organization needing them, meaning that strategies must be carefully considered to maintain open access to resources. Organizations typically build redundancy into resource acquisition to reduce their reliance on single source e.g. by liaising with multiple donors and suppliers. In a sense of that, this study adopted this resource dependency theory to see how local non-government organizations in Bukoba appreciate the fundamental principles of this theory.

Resource Mobilization Theory

Resource mobilization theory emerged in the 1970s and is associated with the work of resource mobilization theorists McCarthy and Zald [10]. The theory argues that affluence and prosperity tend to foster social activities. Prosperous societies generate several resources that can aid resource mobilization [10]. In resource mobilization theory, mobilization is the process of forming crowds, groups, associations, and organizations for the pursuit of collective goals. Organizations do not "spontaneously emerge" but require the mobilization of resources [11]. Resource-based theory focuses on a set of contextual processes (resource management decisions, organizational dynamics and political changes) that condition the realization of this structural potential. It takes the issues, the actors and the constraints as given, and focuses instead on how the actors develop strategies and interact with their environment to pursue their interests. The theory, therefore, employs a 'purposive model' of action and explains organization actions about the strategic instrumental level of action [12]. The theory stresses the ability of an organization to acquire resources and to mobilize people towards accomplishing organization's short term and long-term goals. In non-governmental organizations, a resource in the form of 'money' is the most important and crucial for organization financial sustainability. Without this resource, organizations cannot activate the other resources in their possession to achieve sustainability. The success of any community organization agency lies in its ability to raise enough funds (monetary resources), or to convert other resources in such a way that it can be exchanged for the money, or to plan its activities into fundable projects [13]. Critics point out that resource mobilization theory fails to explain social movement communities, which are large networks of individuals and other groups surrounding social movement organizations, and providing them with various services [14]. Critics also argue that it fails to explain how groups with limited resources can succeed in bringing social change and that it does not assign enough weight to grievances, identity and culture as well as many macro-sociological issues [15].

The theory implications of the study are that LNGO financial sustainability depends on how well the NGOs mobilize resources. However, sustainable resource mobilization cannot be achieved nowadays since the donors have become more concerned about how the mobilized resources are applied; this requires financial accountability. If resources are mobilized from a large pool of donors who contribute insignificant portions, then they may not be concerned on financial accountability aspect. The theory proposes that the main determinant of financial sustainability in the NGOs is its resource mobilization and utilization effectiveness. Hence, under this circumstance, financial accountability will not affect the financial sustainability of NGOs directly. Many at times NGOs face dictation of priorities from donors hence organizations shift focus or are not eligible to apply for the funds as they are not meeting the donor priorities. Government policies and political climate are noted by Frostenson [16] to increase bureaucratic red tape for NGOs mobilizing resources externally and hence cause financial instability. In practice, on occasions of political instability, donors do not release funds or at times, they reduce or impose severe measures.

Empirical literature review

Muriithi [17] stated that the sustainability of NGOs is influenced positively by several management factors and management capabilities. These included proper governance structures, top management that understands the purpose of the organization and take the lead in its achievement, a leadership with all the required qualification, skills, competence and experience, management that adopts staff policies that motivate and retains employees within the organization. Leadership approaches adopted also helped the organization to meet its objectives. Hayson [18] researched in Tanzania to assess the sustainability of water project done by a certain organization in Singida and Dodoma primary schools. Both Qualitative and quantitative methods were used to collect information. A purposive survey was undertaken covering 38 villages in six different districts. The study revealed a positive correlation between project sustainability and fund management. Moreover, the water project in the said areas failed to sustain due to improper management of the project fund. Saungweme [19] from the regression analysis ascertained that sound financial management practices had the largest influence on the financial sustainability of Local Non-Government Organizations, followed by financial diversification, then own income generation and good donor relationship management. He also found the survival ratios like self-sufficiency to be very low with 22 days being the maximum. Ali [20] concurs by stating that majority of the NGOs in Tanzania are financially unsustainable.

Conceptual framework

Figure below above illustrates the independent variables for the research which are centred on; financial Diversifications, Financial Management and Leadership & Management Competency. The proposed indicators of the applicability of variables as related to the financial sustainability of local non-government organizations would be, but not limited to the following; - multiple sources of funding, amount of own funding, change in own funds, institutional capacity on fundraising, number of successful audits, donor relationship management, financial reports to donors, amount of back up funds, adherence to donor priorities, academic qualifications, number of projects handled, years of experience and good governance practices & approaches. The dependent variable from the above conceptual framework is the Financial Sustainability of the LNGO under the study. The researcher believes that the possibility of many programs and activities of these local non-government organizations in their pursuit of contributing to community development can rely on the above independent variables. However, other intermediate factors that lay intermittent role in enhancing financial sustainability of local NGOs include, but not limited to the prevailing political climate, legislation, policies and regulations enacted by the government to guide the sector as well as priorities set by potential donors and funding agencies.

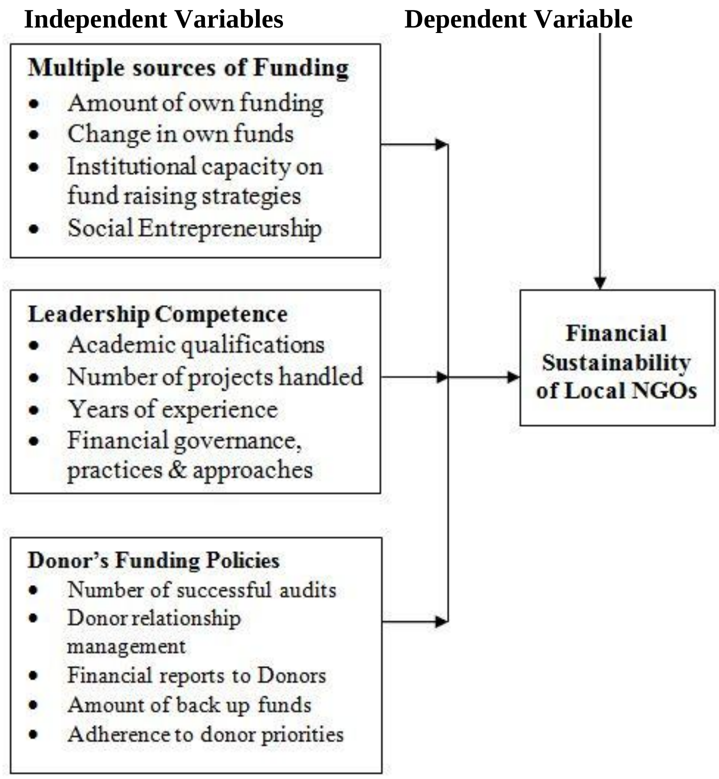

Figure 2.1: A Diagrammatic Representation of the Study's Conception
Source: - Author's Creation (2019).

METHODOLOGY

The population of this study involved employees from12 Local Non-Governmental Organizations (LNGOs) selected from a list of 38 Local Non-Governmental Organizations found within Bukoba Municipal Council. Respondents were divided into two categories namely: - "Project and Finance Administration Managers" and "General Staff Members" who were current employees of the local non-governmental organizations under the study. This population was deemed to be a reliable representation to respond to the research questions and provide the data of the current study. A sample size of 135 respondents was deemed as an adequate size relative to the goals of the study. The sample size therefore comprised of 12 Project and Finance Administration managers and 123 general staff members of the organizations under this study. Data were analysed descriptively.

RESULTS AND DISCUSSIONS

Multiple Sources of Financial Diversification Strategies used by LNGOs to Ensure Financial Sustainability

Social Entrepreneurship Activities

Figure 4.1 indicates that responses from 40 people who represented 30% of the studied population reported that to a high extent, Social Entrepreneurship Activities is part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability, 73 people who represented 53% of the studied population reported that to a very high extent, 16 people who represented 12% of the studied population said to a medium extent, 5 people who represented 4% of the studied population dwelled in the segment of to a little extent, while only 1 person who represented 1% of the studied population reported that not at all Social Entrepreneurship Activities are part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability.

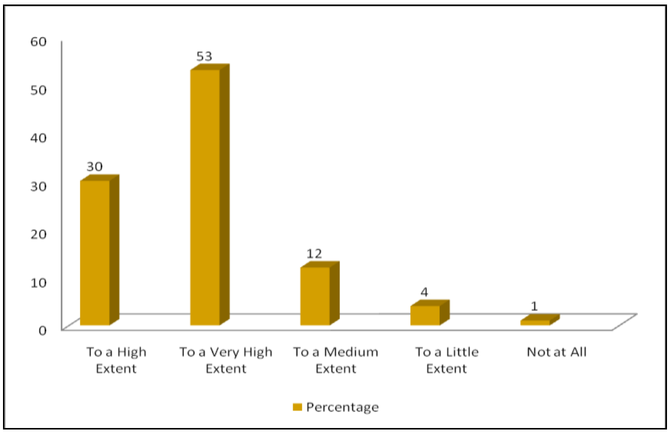

Figure 4.1: Social Entrepreneurship Activities as Part of Multiple Sources of Financial Diversification Strategies

Fundraising Events

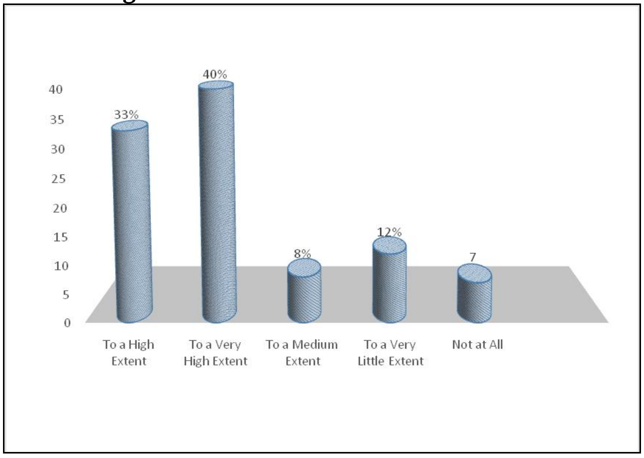

Figure 4.2: A Figure Showing How Fundraising Events can influence Financial Sustainability
Source: Field Data (2019)

Figure 4.2 indicates that responses from 44 people who represented 33% of the studied population responded that to a high extent, fund raising events are part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability, responses from 54 people who represented 40% of the studied population reported that to a very high extent, responses from 10 people who represented 8% of the studied population said to a medium extent, responses from 17 people who represented 12% of the studied sample reported that to a little extent, while responses from 10 people who represented 7% of the studied population they reported that not at all fundraising events as part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability.

Tapping International Funding Streams

Figure 4.3 indicates that responses from 67 people who represented 49% of the studied population responded that to a very high extent that tapping international funding streams is part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability, responses from 38 people who represented 28% of the studied population reported that to a high extent, responses from 14 people who represented 10% of the studied population said to a medium extent, responses from 9 people who represented 8% of the entire studied population said to a little extent, while responses from 7 people who represented 5% of the studied population reported that not at all that tapping international funding streams as part of multiple sources of financial diversification strategies used by LNGOs to insure financial sustainability.

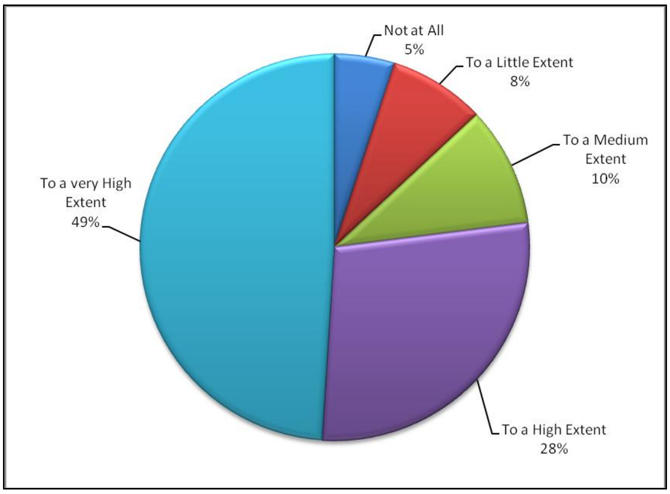

Figure 4.3: Tapping International Funding Streams as part of Multiple Sources of Financial Diversification Strategies
Source: Field Data (2019)

Sourcing from Corporate Donors and Partners

Figure 4.4 below indicates that responses from 45 people who represented 33.3% of the respondents under this study responded that to a high extent that Sourcing from Corporate Donors and Partners is part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability.

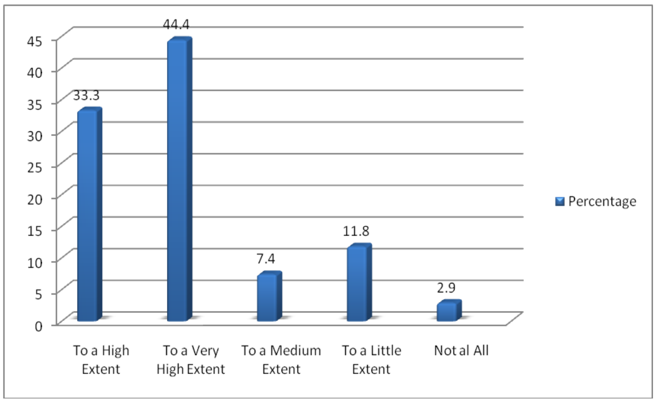

Figure 4.4: A Figure Showing How Sourcing from Corporate Donors and Partners can Influence Financial Sustainability
Source: Field Data (2019)

Responses from 60 people who represented 44.4% of the studied population reported that to a very high extent, responses from 10 people who represented 7.4% of the studied population said to a medium extent, responses from 16 people who represented 11.8% of the studied sample said to a little extent, while responses from 4 people who represented 2.9% of the studied population reported that not at all that Sourcing from Corporate Donors and Partners is part of multiple sources of financial diversification strategies used by LNGOs to insure financial sustainability.

Owning and Managing own Business

Figure 4.5 indicates that responses from 88 people who represented 65% of the entire respondents, sample responded that to a high extent that Owning and Managing own Business is part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability, responses from 34 people who represented 25% of the studied population reported that to a very high extent, responses from 8 people who represented 6% of the studied population said to a medium extent, responses from 4 people who represented 3% of the studied population said to a little extent, while responses from only 1 person who represented 1% of the entire population sample of this study reported that not at all that Owning and Managing own Business is part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability.

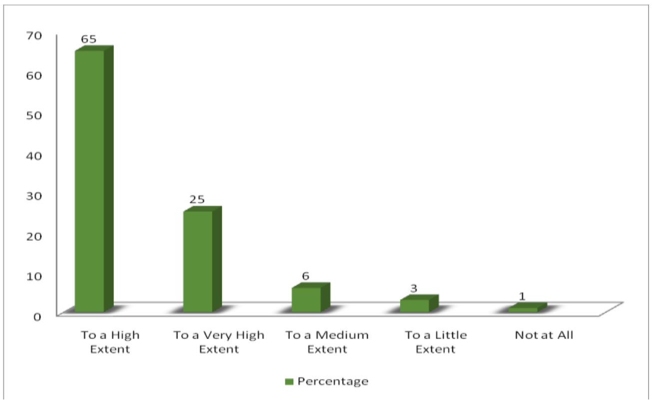

Figure 4.5: Owning and Managing own Business as part of Multiple Sources of Financial Diversification Strategies
Source: Field Data (2019)

Consultancy and Training for a Fee

The results are presented in the Graph 4.6, Figure 4.6 indicates that responses from 40 people who represented 30% of the respondents from the entire population sample reported that to a high extent, consultancy and training for a fee can be part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. Responses from 68 people who represented 50% of the studied population reported that to a very high extent, responses from 16 people who represented 12% of the studied sample said to a medium extent, responses from 8 people who represented 6% of the entire population sample said to a little extent, while responses from 3 people who represented 2% of the study sample reported that not at all that Consultancy and Training for a Fee as part of multiple sources of financial diversification strategies is a part of multiple sources of financial diversification strategies used by LNGOs to insure financial sustainability

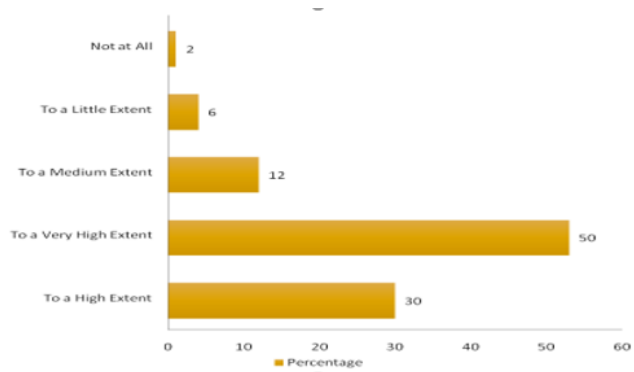

Figure 4.6: Consultancy and Training for a Fee as part of Multiple Sources of Financial Diversification Strategies

Responses from 68 people who represented 50% of the studied population reported that to a very high extent, responses from 16 people who represented 12% of the studied sample said to a medium extent, responses from 8 people who represented 6% of the entire population sample said to a little extent, while responses from 3 people who represented 2% of the study sample reported that not at all that Consultancy and Training for a Fee as part of multiple sources of financial diversification strategies is a part of multiple sources of financial diversification strategies used by LNGOs to insure financial sustainability. The first specific objective of the study was to explore multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. The study found out that the minority of the respondents reported that not at all Social Entrepreneurship Activities is part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. It was also revealed that to a very high extent, the majority of the respondents reported that social entrepreneurship activities can be taken as part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. It was further revealed that the LNGO shave been always finding opportunities to be trained on social entrepreneurship skills and these skills have been supporting us as an NGO to establish income generating activities.

Moreover, it was found that most of LNGOs' activities that they have been doing they operate under more than one sector by focusing on building capacity to their staff on social protection issues, social entrepreneurship skills training, business development issues, training on agricultural practices, advocacy and lobbying for resource mobilization, exhibition and demonstration of cultural groups, provision of relief assistance, poultry and bee keeping activities. The study also found that Fundraising Events was found to be a part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. Descriptive results indicated that 55% of the majority of the respondents responded that to a high extent those fund-raising events is part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. It was further revealed that the LNGOs have been hosting a lot of fundraising events/activities annually which have been helping them to get donations from various donors by making sure it reflects the interests of the target audiences.

Furthermore, the results indicate that local non-governmental organizations, if they want to maintain their financial sustainability, can benefit from fundraising activities. This is in line with Burnett [21], who acknowledged the need for what he termed the fundraising partnership–to work with individual donors, to consider each particular donor as different in terms of providing context, inspiration for contribution and the general standard of care that charities provide. Furthermore, tapping international funding streams was also found to be a part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. It was found out that 49% of the respondents responded that to a high extent that tapping international funding streams is a part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability.

Apart from that, it was found out that sourcing from corporate donors and partners as part of multiple sources of financial diversification strategies is being used by LNGOs to ensure financial sustainability. It was revealed that 47% of the respondents responded that to a high extent that sourcing from corporate donors and partners is part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. Besides, owning and managing own business was also found as part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. It was further revealed that 65% of the respondents responded that to a high extent that Owning and Managing own Business is part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. Moreover, in this study, Consultancy and Training for a Fee was also found out to be as part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. It was revealed that 30% of the majority of the respondents reported that to a high extent that Consultancy and Training for a Fee as part of multiple sources of financial diversification strategies is a part of multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability.

The Influence of Leadership Competencies on Strategic Financial Managements in LNGOs

Table 4.6 indicates that responses from 17 participants the majority of the which represent 12.5 percent of the entire studied population reported that the management team is qualified enough to hold their positions, responses from 26 participants who represented 19.2 percent of the studied population reported that their LNGOs has training programs for both employees and management, responses from 31 participants who represented 22.9 percent of the studied population reported that their LNGOs has got management team who are highly experienced, responses from 13 participants who represented 9.6 percent of the studied population reported that their LNGOs have had more projects implemented under the current management team. Responses from 14 participants who represented 10.3 percent of the studied population reported that the management in their LNGOs regularly communicates to the employees; responses from 20 participants who represented 14.8 percent of the studied population reported that the management of their LNGOs are well trained. Responses from 2 participants who represented 1.4 percent of the studied population reported that their organization embraces individual in-kind gifts, membership fees and donations, responses from 12 participants who represented 8.8 percent of the studied population reported that their organization rely on private charities and grants. These results suggest that leadership competencies have a medium contribution to strategic financial management in the studied LNGOs.

Table 4.6: Influence of Leadership Competencies on Strategic Financial Managements in LNGOs

Leadership competencies on strategic financial managements	Frequency	Percentage
The management team is qualified enough to hold their positions	17	12.5
My firm has training programs for both employees and	26	19.2

management		
The management of my firm is highly experienced in financial managements	31	22.9
My firm has had more projects implemented under the current management team	13	9.6
The management in my firm regularly communicates to the employees	14	10.3
The management of my firm is well trained	20	14.8
My organization is encouraging individual gifts, membership charges and donations	2	1.4
My organization is constantly applying for private charities and grants	12	8.8

The second specific objective of the study was to examine the influence of leadership competencies on strategic financial managements in LNGOs. During the study, the respondents were asked to indicate their response based on the influence of leadership competencies on strategic financial management in LNGOs based on the statement such as academic qualifications, the number of projects handled, years of experience, as well as financial governance, practices and approaches. The study found that the majority of the respondents reported with a percent of 12.5 of the entire studied population that the management team was qualified enough to hold their positions. These results suggest that the majority of LNGOs leaders have satisfactory academic qualifications and experienced enough on strategic financial management.

It was further found out that the majority of the LNGOs leaders were found to have minimal experience in strategic financial management and managing employees in their LNGOs. It was revealed that the majority of the respondents reported with a percent of 22.9 of the entire studied population on having long experience. These results suggest that there is a need to empower the LNGOs leaders on strategic financial managements since the majority of the LNGOs leaders have less experience in strategic financial management. Moreover, it was further found out that responses from the studied population, that majority of the LNGOs leaders were found to have the management style in their LNGOs which allow them to regularly communicate with their employees. Descriptive results evidenced the majority of the respondents reported by 10.3 percent of the studied population that the management in their LNGOs regularly communicates to the employees. These results suggest that the LNGOs are active enough to communicate with the employees. These results are in line with Sera [22] who found that the majority of the LNGOs leaders regularly communicate to the employees to supervise them on how to maintain cost-effective guidelines and procedures when managing their financial assets. The study also found out that training programmes for both employees and management in LNGOs is still very minimal.

Based on the descriptive statistic results it was revealed that the majority of the respondents reported with a percent of 19.2 that LNGOs has training programmes for both employees and management. In this case, the results depict that more efforts need to be done in offering these LNGOs on the aspect of training programmes for both employees and management. Data from field further revealed that individual donations, membership charges and various gifts from like-minded stakeholders play a role by 8.8 percent. Again, financial support from different charities and grant applications was found to be vital in maintaining financial sustainability. Several number of 11 responses who represent 8.1 of the entire studied population reported that their leaders were good in lobbying financial grants and grabbing charities and donations from various donor funding opportunities.

The Influence of Donor's Funding Policies on Financial Sustainability of LNGOs

Respondents were asked to put their opinions on the influence of donor's funding policies on the financial sustainability of their LNGOs in the study area. Respondents came forward with their level of satisfaction on the variables as indicated in the figure above. Results in figure 4.9 indicate that possible donor's funding policies on the financial sustainability of LNGOs in the study area as rated by respondents were: - number of successful internal and external audits (31%), Minimum amount of disallowable funds on audit reports (19%), number of successful financial reports approved by donors (14%), adherence to various donor priorities (26%) and amount of back up funds (10%).

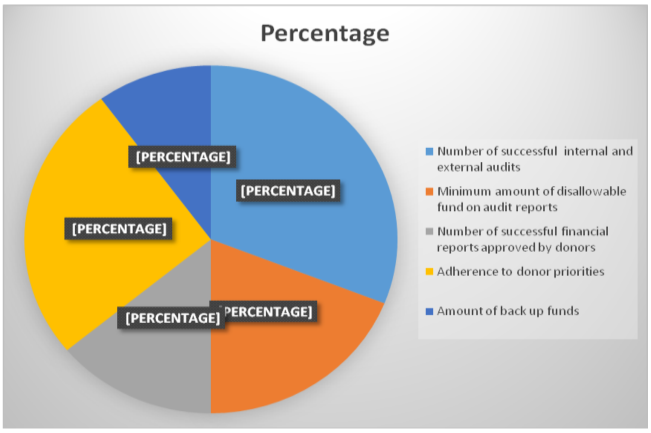

Figure 4.7: Possible Donor's Funding Policies on the Financial Sustainability of LNGOs in the Study Area
Source: - Field Data (2019)

The Financial Sustainability of LNGOs

Table 4.7 indicates that the majority of the respondents reported with a mean of 4.15 and standard deviation of 0.802 that LNGOs have inadequate funding to implement their projects, with a mean of 4.44 and standard deviation of 0.774 that LNGOs have a high level of unpaid debts by customers, with a mean of 4.85 and standard deviation of 0.990 that LNGOs have a high level of unnecessary expenses which are not provided in the annual budget, with a mean of 4.68 and standard deviation of 0.704 that LNGOs have a strategic plan on which its activities are based, with a mean of 4.84 and standard deviation of 0.766 that LNGOs promotes its employees to increase their morale in the workplaces. These results suggest that donor's funding policies influence financial sustainability of LNGOs.

Table 4.7: The Financial Sustainability of LNGOs

Statement	Mean	Std.

		Deviation
Has inadequate funding to implement their projects	4.15	.802
Has a high level of unpaid debts by customers	4.44	.774
Has a high level of unnecessary expenses which are not provided in the annual budget	4.85	.990
Has a strategic plan on which its activities are based	4.68	.704
Promotes its employees	4.84	.766

The third specific objective of the study was to examine the influence of donor's funding policies on financial sustainability of LNGOs. During the study, the respondents were asked to indicate their response based on the following the statement such as; number of successful audits, disallowable fund managements, financial reports to donors, amount of back up funds, and adherence to donor priorities. It was further found out that the majority of the LNGOs leaders were found to have no major issues regarding donor's funding policies on a number of successful audits which depicted have a high influence on financial sustainability in LNGOs. This was evidenced by descriptive results whereby the majority of the respondents reported with 31% that donor's funding policies on a number of successful internal and external audits have an influence on financial sustainability for their LNGOs. These results suggest that donor's funding policies have significant contributions on a number of successful audits have an influence on financial sustainability.

These results concur with Viravaidya & Hayssen [3] who found out that donor's funding policies on a number of successful audits have high contributions on financial sustainability in LNGOs. It was further found that donor relationship management policies on a number of disallowable funds on audits influence financial sustainability in LNGOs. Based on the descriptive results it was revealed that 19% of responses from the studied population regarding donor relationship management policies on number of disallowable funds during the audits have influence on financial sustainability in LNGOs. It was also found out that donor's funding policies on financial reports approved by donors influence financial sustainability in LNGOs. It was revealed by the majority of respondents who by 14% reported that donor's funding policies on financial reports to donors have influence on the financial sustainability of their local NGOs. These results also suggest that donor's funding policies have significance contributions on number of successful audits have influence on financial sustainability in local NGOs. These results are in line with Kiragu & Njue [23] who found that donor's funding policies on financial reports to donors have influence on financial sustainability in LNGOs.

Furthermore, it was further found that donor's funding policies on the amount of back up funds have the influence on financial sustainability in LNGOs. It was revealed that the majority of the respondents reported with 10% on donor's funding policies regarding how the amount of back up funds have influence on financial sustainability in their local NGOs. These results suggest that backup funds policies have a high influence on financial sustainability in LNGOs. These results concur with Doppelt [24] who found out that donor's funding policies on amount of back up funds have high contribution to financial sustainability in LNGOs. Furthermore, it was further found that donor's funding policies on adhering to donor priorities have influence on financial sustainability in LNGOs. This was revealed by the majority of the respondents by 26% regarding the adhering to donor priorities to have a significant influence on financial sustainability in LNGOs. These results suggest that donor's funding policies on adhering to donor priorities have significance contributions on the influence on financial sustainability in LNGOs. These results are in line with Graham [25] who found that adhering to donor priorities have found to have a significant influence on financial sustainability in LNGOs when there is adherence to the donors' priorities. Finally, the study found out that donor's funding policies have an influence on the financial sustainability of LNGOs. It was further revealed that the majority of LNGOs still have an inadequate funding to implement their projects, high level of unpaid debts by customers, high level of unnecessary expenses which are not provided in the annual budget, despite having a strategic plan on which its activities are based, as well as promoting its employees.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study conclusions were based on the research questions developed from the objectives of the study. The first specific objective of the study was to explore multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. Based on the results of this study, this study concludes that sources such as social entrepreneurship activities, fundraising events, tapping international funding streams, sourcing from corporate donors and partners, owning and managing own business, consultancy as well as trainings for a fee are common multiple sources of financial diversification strategies found to be the common sources used by LNGOs to ensure financial sustainability. The second specific objective of the study was to examine the influence of leadership competencies on strategic financial managements in LNGOs. Based on the majority of LNGOs' leaders it was concluded that the majority of LNGOs' leaders have low academic qualifications on strategic financial managements, low capability to handle number of projects, low experience, as well as having enough skills on financial governance, practices and approaches on strategic financial managements. In this case, leadership competencies have a low influence on strategic financial managements in LNGOs. The third specific objective of the study was to examine the influence of donor's funding policies on financial sustainability of LNGOs. This study concluded that donor's funding policies such on number of successful audits, relationship management policies on number of successful audits, donor's funding policies on financial reports to donors, donor's funding policies on amount of back up funds, as well as adherence to donor priorities, were found to have high influence on financial sustainability.

Recommendations

The study conclusions were based on the research questions developed from the objectives of the study. The first specific objective of the study was to explore multiple sources of financial diversification strategies used by LNGOs to ensure financial sustainability. Since the study found that LNGOs rely much on the sources such as tapping international funding streams, fundraising events, sourcing from corporate donors and partners, this study recommends that the LNGOs should not only rely on tapping international funding streams, sourcing from corporate donors and partners, fundraising events, since these sources are unpredictable, therefore, they cannot highly guarantee to ensure financial sustainability. In this case therefore they should rely on the social entrepreneurship activities, owning and managing their own business, consultancy as well as trainings for a fee. Since the study found that leadership competencies have low influence on strategic financial managements in LNGOs, this study recommends that the LNGOs leaders should seek for training from the reputable financial institutions to upgrade their leadership competencies on strategic financial managements particularly on capability to handle number of projects, skills on financial governance, as well as having enough practices and approaches on strategic financial managements. Moreover, the study found out that there is a low experience on strategic financial management to the majority of the LNGOs leaders to efficiently manage their organizations, this study recommends that the LNGOs should hire or outsource the personnel with experience for strategic financial management. Besides, since the study found out that donor's funding policies influence financial sustainability of LNGOs, this study recommends the LNGOs to be committed to the donor's funding policies since they were found to have an influence on financial sustainability of LNGOs.

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