



INFLUENCE OF STRATEGIC PLANNING ON FINANCIAL SUSTAINABILITY OF NGOs IN THE ADVOCACY SECTOR IN KENYA

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Abstract

This study aimed to examine the influence of strategic planning on the financial sustainability of NGOs in the advocacy sector in Kenya. The study employed a mixed-methods research approach and adopted a cross-sectional survey design. The study's target population was 11,176 NGOs in the advocacy sector in Kenya, using a sample size of 384 NGOs, based on the Taro Yamane formula. 305 responses were received and analysed. Research instruments included questionnaires and checklists used to triangulate responses from questionnaires. Qualitative data was analyzed and presented in narrative statements, while inferential statistics were analyzed using the Pearson correlation coefficient and multiple regression analysis to test hypotheses. The correlation index between strategic planning and financial sustainability was positive and significant, $r(304) = .577; p \leq .05$. This inferred that as the level of strategic planning increases, the financial sustainability also increases. The T value for strategic planning was also significant: $T(304) = t = 15.860; \beta = 0.0408; P \leq .05$. This implied that for each unit increase in strategic planning, the financial sustainability of the NGOs could increase by 0.408 units. This inferred the rejection of the null hypothesis, and the conclusion made was H₁ (There is a significant influence of strategic planning on the financial sustainability of NGOs in the advocacy sector in Kenya). The researcher recommends the institutionalisation of strategic planning by NGO management and a policy action by the regulatory authorities to provide necessary training for the NGOs so as to incubate their skills for effective strategic planning.

Keywords: Strategic Planning, Financial Sustainability

INTRODUCTION

The 2030 Agenda with the 17 Sustainable Developments Goals (SDG) is the newest plan of action adopted by the United Nations to make way for achieving global sustainability. This is a tool to put in place strategic actions and shared efforts between countries and confront the global challenges of modern societies, such as poverty, hunger, and social inequalities, among other problems, leading to a stalemate on the improvement of quality of life and the environment. (Blanco-Portela, et al, 2018). Across the world, diverse Non-Governmental Organisations (NGOs) have been established to complement government efforts in the provision of service utilities and critical services in diverse sectors (Ramadan, 2015). In this context, NGOs play a key role as agents of change to transform the world since their actions on building more equitable, fairer, and sustainable communities in their areas of operation can be taken as an exemplary reference for society.

Francois (2015) defines a not-for-profit organisation as an organisation whose purpose is not to make profits from the activities that it conducts. The NGO Coordination Act of Kenya, 1990 defines a Non-Governmental Organisation (NGO) as a private voluntary grouping of individuals or associations, not operated for profit or other commercial purposes but which have organized themselves nationally or internationally for the benefit of the public at large and the promotion of social welfare, development of charity or research in the areas inclusive of, but not restricted to, health, relief, agriculture, education, industry and the supply of amenities and services. The Public Benefit Organisations (PBO) Act of Kenya, 2013, defines a PBO as a voluntary membership or non- membership grouping of individuals or organisations, which is autonomous, non-partisan, non-profit making, and which is organized and operated locally, nationally or internationally; engages in public benefit activities and is registered as such by the Authority. NGOs in Kenya are recognized as PBOs.

Advocacy in social work means standing up for the rights, dignity, and well-being of individuals and communities facing systemic challenges. It is about addressing the root causes of social issues, not just the symptoms. By advocating for policies and practices that foster positive change, an NGO working in the advocacy sector helps to bridge the gap between society's marginalized groups and the resources they need (Cleveland State University, 2024). NGOs in the advocacy sector in Kenya seek to defend or promote a particular cause and also influence the policies set by governments and practices by communities. Most of these NGOs in Kenya are involved in refugee protection, child protection, and defending the rights of women and girls.

Financial sustainability is a buzzword in the NGO sector due to prevailing donor fatigue. Economic recession across the globe has also dramatically influenced trends in donations, especially from individuals, as most citizens in the developed economies have less disposable income to give to non-profit organisations at the levels they had in previous years. In a survey of 800 non-profits at the end of 2018, 75 percent of non-profits reported feeling the effects of the downturn, with 52 percent already experiencing cuts in funding (Renz, 2019). The cumulative funding received from international donors by Kenyan NGOs accounted for 95% of total donations to non-profits in Kenya for a long time in the past. However, the rate of donations has plummeted to roughly 70 percent in recent years, thereby leading to the closure of NGO programs and total disruption of beneficiary support services by key nonprofits (National Council of NGOs, 2021). This situation was exacerbated by the COVID-19 pandemic, which made the donor community wary of releasing donations. In addition, the recent decision by the Trump administration to close USAID operations and reduce USG funding to developing countries is expected to greatly affect the financial sustainability of NGOs in Kenya. As a result, the nature of funding positions will result in challenges in the financial viability of NGOs. In particular, Kenyan NGOs have faced challenges in their operations in the recent past, and this threatens their long-term financial sustainability. The

study also seeks to determine if strategic planning, which facilitates constant identification of trends, mobilization of resources, and adaptation to the changing environment, can influence the financial sustainability of NGOs in the advocacy sector in Kenya.

The overall sustainability index for the Kenyan NGO sector is a weighted average of three interrelated dimensions: organisational capacity, financial sustainability, and collaboration and networking. However, the two dimensions of organisational capacity and collaboration and networking cannot exist without financial sustainability. The index as a tool allows users to assess the political and economic developments over time that influence the viability of the NGO sector in a country (NGO Coordination Board report, FY 2021/22). NGOs' failure to sustain their work arises from various inadequacies and, majorly, the lack of financial resources (Mohamed & Makori, 2022). Whittington et al (2020) categorise sustainability in organisations into three main groups, including financial sustainability, organisation sustainability and sustainability in service provision. However, financial sustainability is the foundation on which the other categories of sustainability are built. Financial sustainability evaluates an organization's ability to survive turbulence in their operating environment (Boyes-Watson & Bortcosh, 2022). This study, therefore, focuses on the financial sustainability of NGOs in the advocacy sector in Kenya rather than the other types of sustainability.

Objective of the Study

The study was guided by the following objective: To examine the influence of strategic planning on the financial sustainability of NGOs in the advocacy sector in Kenya.

Research Question

The study sought and answered the following research question: Does strategic planning significantly influence the financial sustainability of NGOs in the advocacy sector in Kenya?

Research Hypothesis

The study tested the following research hypothesis:

H₀₁: Strategic planning does not have a significant influence on the financial sustainability of NGOs in the advocacy sector in Kenya.

LITERATURE REVIEW

According to Sasaka, Namusonge, and Sakwa (2015), strategic planning is the game plan of an entity. Strategic planning is defined as the deliberative, disciplined approach to produce fundamental decisions and actions that shape and guide what an organisation is, what it does, and why (Bryson, 2018). Khushi (2017), has defined strategic planning as the management activity adopted to strengthen operations of an organisation, set priorities, establish agreement around intended outcomes/results, focus resources and energy, ensure that staff and other stakeholders work towards common goals and, evaluate and, align a firm's strategic direction to address the ever varying environment.

By conducting strategic planning, a not-for-profit organisation develops strategic clarity for internal and external stakeholders through organisational mandates and the adoption of strategic priorities or key programmatic areas. Having a clear focus helps identify more reliable funding sources and provides arguments to convince donors and the public to support the vision and mission of a non-profit organisation. Hence, strategic planning is an antecedent to financial sustainability. A not-for-profit organisation that does not have a culture of strategic planning cannot be on a path for financial sustainability or become financially stable (Francois, 2015). Strategic planning is an integral part of an organisation and is deeply rooted in providing clarity of purpose, which is followed by developing mechanisms that create value for NGOs. Bryson (2018) contends that strategic planning clarifies the expectations of the organisation to the employees. This gives them a directional perspective of the organisation

and, critically, where to invest their efforts optimally. Strategic planning includes internal and external environment analysis, i.e., PESTEL or SWOT analysis (Mikeladze, 2021). The tools of environmental analysis that are used in strategic planning include PESTEL and SWOT analyses, and they determine the organisation's competitive advantage by examining the internal and external operating environments (Mukhezakule & Tefera, 2019). In light of the research background, the study examined the influence of strategic planning on the financial sustainability of NGOs in the advocacy sector in Kenya.

Theoretical Framework

This study is linked to theoretical underpinnings that relate to the dynamic capabilities framework. Teece and Pisano (1994), and Teece, Pisano, and Shuen (1997), formulated the "dynamic capabilities" framework to facilitate comprehension of capability differences at the individual firm level. The theory purports that three distinct factors determine the dynamic capabilities of a company's competitiveness: First, the availability of a spectrum of alternatives and their route dependence; second, the firm's resource position which includes real but primarily intangible assets; and third, organisational processes which comprise managerial abilities, patterns of behaviour, thinking, and learning. (Teece *et. al.*, 1997, Pisano 2015). Teece (2019) argues that firms with high levels of dynamic capabilities are better equipped to adapt to changes in their external environment, technological opportunities, new product development, business culture, and process innovation. The firm's competitive advantage thus derives from its dynamic capabilities, which is its ability to build up corporate agility dimensions, renew and reconfigure entrepreneurial capabilities, have a firm and forward-looking leadership and, competencies to achieve congruence with the changing organisational environment and ensure superior performance. (Kylaheiko, Sandstrom, & Virkkunen, 2002).

Dynamic capacity is used in organisational theory to describe an organisation's proactive potential to adjust its resource base. Eisenhardt and Martin (2000), defined dynamic capability as "the organisational processes that use resources, specifically the processes to integrate, release, reconfigure and gain resources-to match and even create market change" and "the corporate and organisational routines by which organisations obtain new resources and configurations as markets emerge, evolve, collide, split, and die.". These processes are inherent in the strategic planning process. Focusing on organisational actions that are strategic and that aim to strengthen responsiveness to a rapidly changing environment through dynamic capabilities could lead to a long-term competitive benefit. A firm's ability to produce new forms of competitive advantage despite route dependencies and market positioning is reflected in these skills (Teece *et. al.*, 1997). A three-step approach proposed by Teece (2019) involves spotting (discovery of potential opportunities and threats), seizing (mobilising resources to meet new possibilities while maximising value), and adapting (continuous organisational renewal).

While the dynamic capabilities framework is not extensively explored or uniquely applied to the context of NGOs, the ability of management to prepare strategic plans that respond to changes to the environment is a key competence that can greatly contribute to an NGO's performance and overall financial sustainability. Strategic planning in an NGO can be perceived as one of the organisational processes that comprise managerial abilities, patterns of behaviour, thinking, and learning. (Teece *et. al.*, 1997, Pisano 2015). The performance of an NGO is greatly predisposed to exploitation and re-invention of capabilities and resources that should be valuable as well as rare to provide an advantage compared to those of competitors (Barney, 1991). This theory implies that NGO management must take into account the available capabilities, such as strategic planning, when developing its overall direction. Management also needs to understand that such capabilities are not static but need to constantly change to facilitate the achievement of organisational goals.

Conceptual Framework

This study was guided by the following conceptual framework that shows a diagrammatic representation of the relationship between the variables. This is shown in Figure 1.

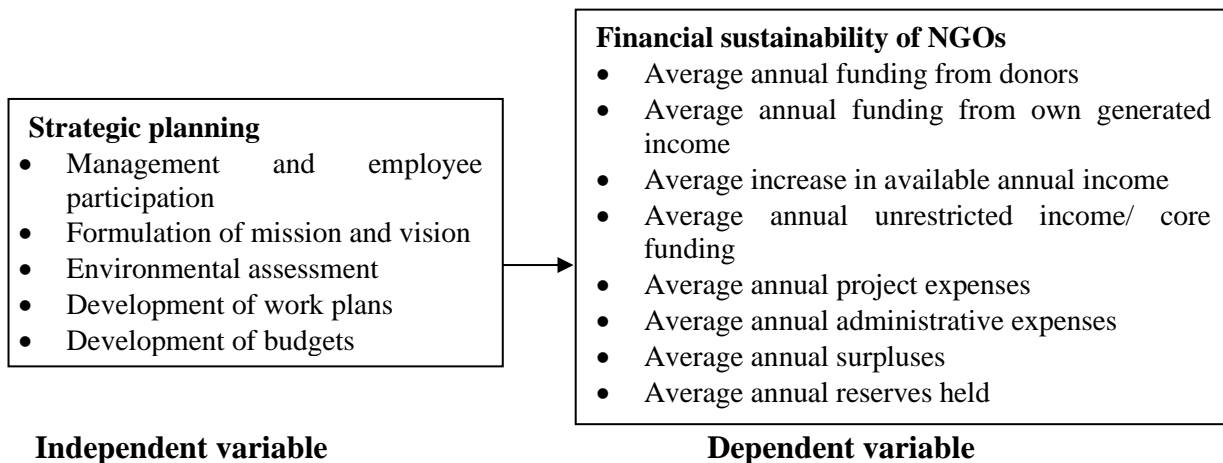


Figure 1. Conceptual framework

RESEARCH METHODOLOGY

Research philosophy and design

This research study adopted a postpositivist research philosophy, as recommended by Creswell & Creswell (2017). Mertens (2017), contends that positivism philosophy can be used in a social world setting, assuming that a social world setting could be considered the same manner as a natural world setting, utilising value-free techniques that provide descriptions of a causal nature. This study utilised the mixed methods research approach and adopted a cross-sectional survey design. Use of a cross-sectional survey design is applicable for such a study as data on the financial sustainability of NGOs operating in the advocacy sector in Kenya was collected and analysed at one point in time while testing research hypotheses. Cross-sectional survey design has the advantage of giving the least cost per respondent compared to other methods.

Study Population and Sample size

According to the NGO Coordination Board, there are 320,000 NGOs registered in Kenya under various laws, out of which 3.5% are in the advocacy sector. (ICL-A, 2017). Thus, 11,176 NGOs in the advocacy sector were the unit of analysis. The sample size of 384 NGOs was obtained using the Taro Yamane formula, also known as Michael Slovin's theory (Yamane, 1967). This was a representative size for a target population of 11,176; the actual respondents from the NGOs were stratified based on the type of NGO (Local, National, or International) and selected using simple random sampling. The sample size was then studied, and an inference was made about the larger population.

Data Collection and Administration

Data was collected using a questionnaire guide. The questionnaire guide was a list of standard questions to gather both qualitative and quantitative information from the scope of study using both open and closed-ended questions. Open-ended questions enabled the respondents to complete the questionnaire in their views. Data was administered through Google Forms due to the challenges of traveling during the Covid-19 pandemic and summarized in Google Sheets. The data collection process was expedited by sharing the questionnaire on various platforms for NGOs in the advocacy sector across the country, especially those at the county level. Additionally, efforts were made to identify key influencers on the various forums to lobby the members to respond to the questionnaire. To triangulate the information received from the questionnaires, the researcher purposively selected NGOs in the advocacy sector based in Nairobi and Kajicho counties physically or through online platforms and assessed their willingness to provide the requisite information. The questionnaire was shared with those who were willing to respond, after which interviews were conducted by going through the questionnaire. A checklist was then prepared by the researcher to compare the responses from

the interview with the responses filled independently by the respondents. Secondary data was also received from the same respondents in the form of financial statements for the last five years, and the averages of income, expenses, surpluses, and reserves were re-computed. A checklist was then prepared by the researcher to compare the re-computed results with those indicated on the questionnaire.

Data presentation Method

Data was presented by use of figures and tables, which was a clear representation of the influence of strategic planning on financial sustainability of NGOs in the advocacy sector in Kenya.

Data analysis

Preliminary data was edited, coded, cleaned, and rechecked to minimize data entry errors. Exploratory factor analysis was employed in this study because of its ability to explore the data to identify the acceptable and relevant set of factors that can be analysed together (Kulzy & Fricker, 2015; Velayutham, Aldridge & Afari, 2013). Hence, an EFA was conducted to assess the reliability and validity of the reflective multi-item scales. Data was analyzed descriptively using percentage frequencies, mean, and standard deviation. Inferentially, Pearson correlation coefficient and simple linear regression analysis was used to test hypotheses $P = \beta_0 + \beta_1 SP + \epsilon$; and t-test was used as a tool of analysis to test for significance level at 0.05 on the null hypothesis.

RESULTS OF THE STUDY

Descriptive Statistics of Strategic Planning and Financial Sustainability of NGOs in the Advocacy Sector in Kenya

The objective of this study was to assess the extent to which strategic planning influences the financial sustainability of NGOs in the Advocacy sector in Kenya. To achieve this, the respondents were asked to give their opinions based on their level of agreement or disagreement with the statements based on a Likert scale of 1-5 where 1=strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, and 5=Strongly Agree. The results are presented in Table 1.

Table 1 Strategic Planning and Financial Sustainability of NGOs in the Advocacy sector in Kenya

STRATEGIC PLANNING Cronbach alpha = 0.858	SD %	D %	N %	A %	SA %	Mean	Std. Dev
The strategic plan is prepared with input from board.	55.41	35.41	8.21	1.01		1.55	0.687
The strategic plan is prepared with input from management.	39.71	42.31	13.11	3.01	2.01	1.85	0.897
The strategic plan is prepared with input from staff.	44.91	35.71	9.21	4.91	5.21	1.90	1.097
The organisation has documented environmental analysis e.g., PESTEL and SWOT analysis	35.71	43.91	11.11	6.21	3.01	1.97	0.993
The organisation has documented long-term plans and budgets, e.g. five years, three years etc.	39.71	42.31	13.11	3.01	2.01	1.85	0.897
Annual work plans and budgets are prepared from the long-term plans	44.91	35.71	9.21	4.91	5.21	1.90	1.097
Quarterly work plans and budgets are developed from annual work plans and budgets	55.11	37.41	7.21	0.00	0.31	1.53	0.659
Project work plans and budgets are prepared for each project	35.71	43.91	11.11	6.21	3.01	1.97	0.993
Composite mean and standard deviation						1.82	0.92

Table 1 presents the responses of strategic planning on financial sustainability. The results were presented using means and standard deviations. Eight statements were developed to measure the extent to which strategic planning influences financial sustainability. The average score for this indicator was found to be 1.82, with a standard deviation of 0.92. This means that, on average, there was a consensus that most NGOs in the advocacy sector in Kenya do not have an effective strategic planning process, thus negatively affecting the financial sustainability of NGOs. This is in line with the literature review on strategic planning, where most of the studies concluded that strategic planning had a positive influence on financial sustainability.

Due to the traveling restrictions during the Covid-19 pandemic, the researcher was only able to physically visit 23 NGOs in the advocacy sector within Nairobi and Kajiado counties to conduct interviews. In addition, the researcher conducted 16 interviews through various online platforms. As such, information for a total of 39 questionnaires was confirmed. The researcher observed that the information in the questionnaire was in accordance with the results of interviews and re-computations in 38 out of the 39 instances. Though not representative of the sample, the triangulation of information on the questionnaire with the interviews and review of secondary information provided comfort on the accuracy of the data received for analysis.

Factor analysis for strategic planning and financial sustainability of NGOs in the Advocacy sector in Kenya.

a) Strategic Planning Communalities

Communalities specifically explain what proportion of the particular variable is the result of either the Principal Component or a mere correlation between each particular variable and the individual factor. It can also be noted as the h^2 which is the sum of squared factor loadings. It is a clear definition of the common variances that normally range between 0.0 and 1. Values that are closer to one (1) suggest that the factors extracted explain the variance of an individual item.

Table 2: Communalities for strategic planning

Opinion statement	Initial	Extraction
The strategic plan is prepared with input from the board.	1.000	0.442
The strategic plan is prepared with input from management.	1.000	0.938
The strategic plan is prepared with input from staff.	1.000	0.337
The organisation has documented environmental analysis, e.g., PESTEL and SWOT analysis	1.000	0.794
The organisation has documented long-term plans and budgets e.g., five years, three years etc.	1.000	0.938
Annual work plans and budgets are prepared from the long-term plans	1.000	0.564
Quarterly work plans and budgets are developed from annual work plans and budgets	1.000	0.451
Project work plans and budgets are prepared for each project	1.000	0.794

Extraction Method: Principal Component Analysis.

Table 2 presents the results on the sum of squared multiple correlation coefficients between the constructs and the factor. Since the extracted values were high, all the variables were retained in further analysis during the final data analysis. The highest value is 0.938, and the lowest is 0.337, which is more than the minimum acceptable value of 0.30. These values also show that the reliability of these constructs was very high.

b) Strategic Planning Total Variance Explained

Explained variance is used in research to measure the inconsistency and discrepancy between the said model and the actual data. It is part of the model's total variance that is explained by

the different factors that are essentially present and are not caused by the error variance. The higher percentage of explained variance indicates a strong strength of association. In essence, the percentage of the variance column gives the ratio that is expressed as a percentage of the variance accounted for by each component to the total variance among all the variables. This, therefore implies that better predictions were made (Yong & Pearce, 2013).

Table 3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.111	51.392	51.392	4.111	51.392	51.392	2.654	33.174	33.174
2	1.146	14.325	65.716	1.146	14.325	65.716	2.603	32.542	65.716
3	0.842	10.521	76.237						
4	0.678	8.480	84.718						
5	0.662	8.281	92.998						
6	0.560	7.002	100.000						
7	-1.110E-16	-1.388E-15	100.000						
8	-2.221E-16	-2.776E-15	100.000						

Extraction Method: Principal Component Analysis.

The high factor loading scores showed that all the items explained the financial sustainability of NGOs. The EFA extracted 2 factors with Eigen values of 4.111 and 1.146, which were above the accepted value of 1 and the cumulative extracted variance of 65.716%. This is confirmed by the screen plot below and thus, none of the eight items was dropped (Yong & Pearce, 2013).

c) Strategic Planning Scree Plot

This is a simple line segment that shows a single fraction of the total variance in the whole data. In the factor analysis or principle analysis context, a sharp drop in the plot implies that the subsequent factors can be ignored. This plot is used in research to determine the exact number of factors that can be retained in an exploratory factor or Principal Components to keep in a principal as displayed in Figure 2 below:

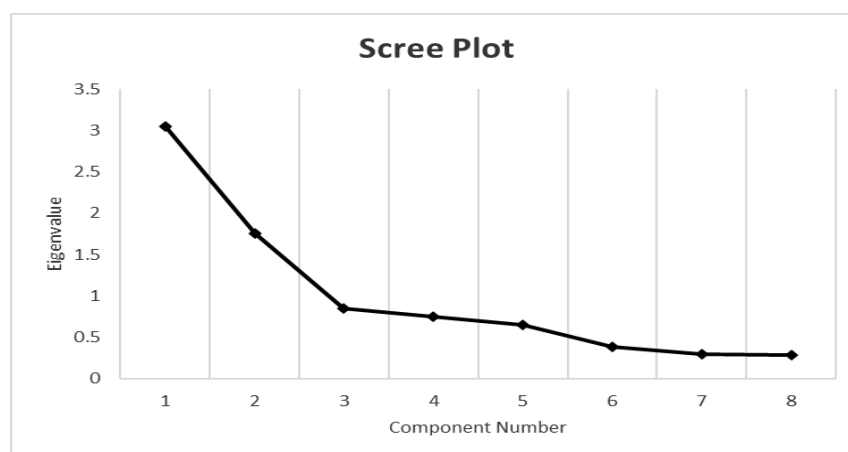


Fig 2: Scree plot for strategic planning

Figure 2 presents the results of the number of factors extracted from the factor analysis process. The opening component has the highest total variance, while the last component has the list variance. Component 2 has the largest drop, reflected through the elbow joint. The graph shows that there are eight factors, but only two are above the threshold value of one.

d) Strategic Planning Principal Component Analysis

The Principal Component analysis was used to extract the maximum variance and put them into the first factor. After that, it removed that particular variance, which was explained by the first factor, to use it to extract another maximum variance for the second factor, and the process continued up to the last factor.

Table 4: Rotated Component Matrix

Opinion statement	Component	
	1	2
Project work plans and budgets are prepared for each project	0.761	0.464
The organisation has documented environmental analysis e.g., PESTEL and SWOT analysis	0.761	0.464
Annual work plans and budgets are prepared from the long-term plans	0.742	-0.114
Quarterly work plans and budgets are developed from annual work plans and budgets	0.610	0.280
The strategic plan is prepared with input from staff.	0.599	0.289
The organisation has documented long term plans and budgets e.g. five years, three years etc.	0.184	0.951
The strategic plan is prepared with input from management	0.184	0.951
The strategic plan is prepared with input from board.	0.384	0.435

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Principal Component Analysis (PCA) with Varimax rotation was conducted to identify the underlying factors of all the research constructs relating to strategic planning. Factor loadings were generated for all the items to assess construct validity (Huang & Van Der Veen, 2018). The results depicted that factor loadings of all items used to measure strategic planning were all above the minimum recommended value of 0.50 (Hair *et al.*, 2014). Further, the high factor loading scores showed that all the items explained strategic planning.

Inferential Statistics of Strategic planning and Financial sustainability of NGOs in the advocacy sector in Kenya

Correlation and regression analyses were both conducted to determine the relationship between strategic planning and the financial sustainability of NGOs in the advocacy sector. These were further explained in the following sub-themes:

Correlation of Strategic planning and Financial sustainability of NGOs in the advocacy sector in Kenya

Correlation analysis was conducted to establish the relationship between strategic planning and the financial sustainability of NGOs in the advocacy sector in Kenya. The results were presented in:

Table 5. Correlation between Strategic planning and Financial sustainability of NGOs in the advocacy sector in Kenya

Variables		Financial sustainability	Strategic planning
Financial sustainability	Pearson Correlation	1	0.577**
	Sig. (2-tailed)		0.000
	n	305	305
Strategic planning	Pearson Correlation	0.577**	1
	Sig. (2-tailed)	0.000	
	n	305	305

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

The correlation output in Table 5 shows that strategic planning characteristics were statistically significant (P-values under significant 2- tailed were all less than $\alpha=0.05$) to the financial sustainability of NGOs. From Table 5, the correlation index between strategic planning and financial sustainability was positive and significant, $r(304) = .577$; $p \leq .05$. This implies that as the level of strategic planning increases, the financial sustainability also increases.

Regression Analysis of Strategic Planning and Financial Sustainability of NGOs in the Advocacy Sector in Kenya

Additionally, to estimate the overall effect of strategic planning on the financial sustainability of NGOs in the advocacy sector in Kenya, a regression analysis was run on the two variables, and the results are shown in Table 6. It can be noted that the model summary in Table 6 of regression showed an R square of 0.454, implying that strategic planning explained about 45 percent of the total variance in financial sustainability of NGOs in the advocacy sector in Kenya.

Table 6. Model summary of regression analysis of strategic planning and financial sustainability of NGOs in the advocacy sector

R	R Square	Adjusted R Square	Std. Error of the Estimate
.674 ^a	0.454	0.452	0.44774

a. Predictors: (Constant), Strategic planning

As to whether this model was significant in enabling predictions containing the independent and dependent variable, the ANOVA table was produced, and the results are as shown in Table 7.

Table 7. ANOVA Showing the Regression Model for strategic planning and financial sustainability of NGOs in the advocacy sector

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	50.428	1	50.428	251.543	.000 ^b
Residual	60.744	303	0.200		
Total	111.171	304			

b. Predictors: (Constant), Strategic planning

The ANOVA Table 7 shows that the global model containing the predictor of strategic planning and financial sustainability was significant; $F(304) = 251.543$; $P \leq .05$. This implies that the regression coefficient of the predictor variable cannot be equal to zero, thus making the predictive power of strategic planning on financial sustainability to be high.

Lastly, it was important to establish the amount of contribution that strategic planning had on the outcome variable of financial sustainability. These results are presented in Table 8 on the regression coefficient and were reported using the t-value statistics.

Table 8. Regression Coefficients of strategic planning and financial sustainability of NGOs in the advocacy sector in Kenya

Model	Coefficients		t	Sig.
	B	Std. Error		
1 (Constant)	4.124	0.026	160.844	0.000
Strategic Planning	0.408	0.026	15.860	0.000

Dependent Variable: Financial sustainability

Table 8 of regression coefficients shows the beta coefficient for strategic planning to be 0.408. The T value for strategic planning is also significant: $T(304) = 15.8602$; $\beta = 0.408$; $P \leq 0.05$. This implies that for each unit increase in strategic planning, the financial sustainability of NGOs could increase by 0.408 units.

Hypothesis Testing

The study sought to examine the influence of strategic planning on the financial sustainability of NGOs in the advocacy sector in Kenya. Pearson correlation coefficient was used to test the relationship between strategic planning and financial sustainability of NGOs in the advocacy sector in Kenya. This was done at a 95% level of confidence. The hypothesis was tested at 0.05 level of significance, which stated that (H_0): There is no significant relationship between strategic planning and financial sustainability of NGOs in the advocacy sector in Kenya. From the findings of correlation and regression analysis, the correlation index between strategic planning and financial sustainability was positive and significant, $r(304) = 0.577$; $p \leq 0.05$. This implied that as the level of strategic planning increases, the financial sustainability of NGOs also increases. The regression coefficient shows the beta coefficient for strategic planning at $T(304) = 15.8602$; $\beta = 0.408$; $P \leq 0.05$, implying that for each unit increase in strategic planning, the financial sustainability of NGOs could increase by 0.408 units. This depicted that strategic planning significantly influences the level of financial sustainability, which therefore led to the rejection of the null hypothesis, which stated that:

H_0 : Strategic planning does not have significant influence on the financial sustainability of NGOs in the advocacy sector in Kenya and accepting alternative hypothesis that:

H_1 : Strategic planning has a significant influence on the financial sustainability of NGOs in the advocacy sector in Kenya, which was the alternative hypothesis.

CONCLUSION

The objective of this study was to assess the extent to which strategic planning influenced the financial sustainability of NGOs in the advocacy sector in Kenya. Following statistical analysis, the study concluded that strategic planning has a significant influence on the financial sustainability of NGOs in the advocacy sector in Kenya.

Limitations of the study

The study faced the following limitations:

1. The study focused only on NGOs in the advocacy sector in Kenya, making it difficult to generalize the findings to other sectors or countries.
2. The research depended on survey responses, which may be subject to biases, such as social desirability or inaccurate reporting.
3. Due to travel restrictions, only a limited number of NGOs were visited physically, which may affect the robustness of data validation.
4. While mixed methods were used, the study primarily relied on quantitative techniques,

which may not fully capture qualitative insights on strategic planning effectiveness.

SCOPE FOR FUTURE RESEARCH

The limitations above create opportunities for future research as follows:

A similar study should be carried out in other sectors, other than the advocacy sector, of NGOs in Kenya and also in other countries so that the findings of the study can be validated. Studies on financial sustainability should also be carried out through a review of financial statements of NGOs in instances where such financial information is readily available. This addressed the challenge of self-reporting bias that is inherent in the use of questionnaires. In addition, since only a limited number of NGOs were visited physically due to the Covid-19 pandemic travel restrictions, future studies should endeavour to have more physical visits to NGOs. Moreover, since this study focused on the quantitative aspects of strategic planning on the financial sustainability of NGOs in the advocacy sector in Kenya, future studies should take into account the qualitative aspects of strategic planning effectiveness.

RECOMMENDATIONS

Based on this finding, the following were recommended:

There is a need for management of NGOs in the advocacy sector in Kenya to pay special attention to strategic planning within their organisations. It is the opinion of this study that formulation of strategic plans of an NGO should involve all relevant stakeholders including staff, management as well as the members of the governing body. The plans should be clearly documented for purposes of reference. In most of the cases, the formulation of strategic plans is an activity that happens at the beginning of a three or five year period, only for the plan to be shelved as the NGO carries out its operations. Conversely, the strategic plans should guide the day to day activities of the NGO through the derivation of annual and quarterly work plans to operationalize the strategic plan. The strategic plans should also drive the annual and quarterly budgets of the organisation. Employees of an organisation should be sensitised on the importance of engaging in the development of strategic plans since they implement the day-to-day activities of the NGO.

Regulatory authorities in the NGO sector should provide guidelines on good strategic planning for NGOs. Regular training should be conducted, for example, by the NGO Coordination Board on preparation and monitoring of strategic plans. The Board could also enforce the implementation of strategic plans through regular monitoring by conducting field visits and requiring the submission of documents to the Board regularly.

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