

# The Influence of Leadership Competencies on Sustainable Funding of Local Non-Governmental Organizations in Uganda: Empirical Study

Vol. 3 No. 1, 2017  
ISSN 2412-303X

Page | 12



International  
Interdisciplinary  
Journal of Scholarly  
Research (IJSR)

Copyright ©  
Scholarly Research  
Publisher

Paul Kyalimpa<sup>1</sup>, Fulufhelo Godfrey Netswera<sup>2</sup>, Edward Malatse Rankhumise<sup>3</sup>  
Mbarara University of Science and Technology<sup>1</sup>, Tshwane University of Technology<sup>2&3</sup>  
Correspondence to askyalimpa@gmail.com

## Abstract

*Introduction:* It has been observed that when an individual with a vision launches a Local Non-Governmental Organizations (LNGO or NGO), the organization's motivation and decision-making often become intimately intertwined with the leader's personality and character to the effect that the NGO may collapse when the NGO leader departs. Despite a high percentage of inactivity and mortality of LNGOs in Uganda, there has been no specific research conducted to establish the level of influence of competencies of NGO leaders on sustainable funding of the LNGOs.

*Aim:* The purpose of this study was to investigate the competencies of LNGO leaders and the extent to which these competencies influence sustainable funding of these LNGOs in Uganda.

*Methods:* This study utilized a descriptive correlation design. A proportionate stratified sample of 103 NGOs was obtained and their leaders were interviewed using self-administered questionnaires. Records reviews were also conducted to obtain data on financial sustainability.

*Results:* Overall, there was a very strong agreement by participants on possession of various leadership competencies among NGO leaders in Uganda. Thus, we found a 90.1% to 100% agreement by participants on the various NGO leadership competencies. There was also a marked rise in incomes from all sources between 2010 and 2014. In this study, the average total income from all sources was found to be \$104903.39, of which 67%, 13.5%, and 19.5% were from external donors, local donors, and own income respectively. The average donor-dependence ratio and survival ratio over the 5 year period were 80.54% and 71.216 days respectively. The NGO leader/CEO understanding and working with whatever resources that is available ( $\beta=-9.802$ ,  $P=.002$ ) and spearheading the implementation of major investment decisions ( $\beta=15.720$ ,  $P=.004$ ) were the only competencies found to be statistically significant predictors of NGO financial sustainability measures (donor dependence ratio and survival ratio respectively).

*Recommendations:* There is need for capacity building of NGO leaders in competencies that promote sustainable funding of LNGOs especially in effective and efficient resource utilization and investment. LNGOs should also prioritize investments in Income Generating Activities (IGAs) as core sources of funding. Lastly, there is need for governments' deliberate policies to collaborate with LNGOs by allocating adequate budget and resources for implementation of NGO agenda that is in line national development priorities.

**Keywords:** Leadership Competencies, Income Generating Activities, prioritize investme, budget, and national development.

## Introduction

The last decade has been marked by an increased involvement of NGOs in the development process due to the failure of development assistance to governments of poor countries to either generate growth or to reach the poor. On the other hand, the success of non-governmental initiatives, especially the Grameen Bank in Bangladesh put forward as a model, has been put forth in development circles as illustration of NGO potential to better deliver the much needed development to the poor (Barr, Fafchamps, & Owens, 2003). In the African continent where governments' capacity and revenue are often very limited to deliver the much needed services to the public, NGOs play a pivotal role to poverty alleviation. Despite the above contribution, the NGO sector remains highly dependent on external donor funding. The findings of the NGO Sustainability Index for Sub-Sahara Africa (2009) revealed that while NGOs' ability to provide service to under-served populations was the highest score in all 19 countries sampled in Africa including Uganda, funding sustainability was the weakness. A common issue for many NGOs in sub-Sahara Africa, Uganda at the heart, is reliance on a single, external source for funding. While reliance on external source of funding is reflective of the wider economic context of African countries, in this situation, if international funding were to disappear, many of the NGOs

would collapse (USAID, 2010). Imperative to note is that scholars on the sustainability of NGOs, including Ali (2012) and Manyeruke (2012), concurred that sustainable funding remained one of the major challenges that NGOs in Africa faced and will continue to face in the next decade. Therefore, it is only NGOs capable of building capacity of attracting or generating steady income flows that will continue to exist.



A study by the Office of the Prime Minister in 2003 about the NGO sector in Uganda found that between 15-30% of the NGOs that register go operational (Barr, Fafchamps & Owens 2003). This was attributed to failure to successfully mobilize funding to commence operations. For an NGO funding sustainability is paramount as it enables it survive so that it can continue to serve its citizenry. This means that an organization will be able to fulfill commitments to “its clients, its patrons, and the community in which it operates” so that the groups who depend on it can “place their trust in that commitment” (Weerawardena et al., 2009, p. 2). The research findings on The Role of Non-Governmental Organizations (NGOs) in Social Development in Uganda revealed that the major limitations of NGOs’ Contribution to Development are inadequate funding of NGO Activities, NGO dependence on external donor funding and non-sustainability of NGO activities (Wamai, Walera, and Wamai, 2007). The same findings had been noted earlier by Nana, Apollo and Maureen (2002) who revealed that NGOs in Uganda are highly dependent on external sources of funding for their programmes/agendas and activities which undermines their independence and the sustainability of their programmes. Additionally, the study findings of NORAD (2002), indicated that the character and role of the majority of NGOs in Uganda is influenced by among other factors such as availability of funds and interests of funders/donors. In Uganda, availability of donor funds is a stronger pull factor for individuals starting an NGO and has a more dominant influence on sustainability (IMF 2008; Sanjeev, Powell & Yang, 2006). In such situations, if international funding were to disappear, many of the NGOs would collapse.

In the study of NGO sustainability, it is imperative to consider the influence of organizational mission and leadership which are central concepts in the description of NGOs (Burger & Owens, 2012). NGOs mission and drive have been found to be intimately linked to charismatic leadership to the extent that when an individual launches an NGO, the organization’s motivation and decision-making often become so intimately intertwined with the leader’s personality and character to the effect that the NGO may collapse when the leader departs (Burger & Owens 2012 Haveman, 1993; Sooryamoorthy & Gangrade, 2001). Research in leadership has established typical competencies commonly associated with NGO leaders and these include the ability of a leader to initiate, communicate, and implement a mission and vision, fundraising, staff empowerment and responsiveness to changing environment (Sooryamoorthy & Gangrade 2001, Burger & Owens, 2012). According to research conducted in the UK, NGO leaders exhibited an unusually broad range of competencies compared to leaders in the public and private sectors (Bolton & Abdy, 2003).

Despite the fact that, little research has been conducted to link leadership competencies and financial sustainability, there have been some efforts to promote leadership competence development by many international NGOs. For example, the International Federation of the Red Cross and Save the Children Alliance have created assessment tools that try to capture leadership competencies based on the individual leader’s ability to envision (create and communicate individual strategy), enable (identify and apply appropriate tools, processes, and people), empower (develop effective teams), and energize (communicate and inspire) through personal leadership (Hailey, 2006). In addition, there have been interventions geared towards developing a new generation of NGO leaders that among other will foster sustainability. This is reflected by the increasing investment of international development agencies such as Save the Children Fund, Organization Development Department of the International Federation of the Red Cross, CARE International, and a consortium of US-based NGOs in Leadership Development Programmes (LDPs) (Lewis 2001, Hailey & James 2004 and James, 2005a). These interventions though limited, point to increasing funding for leadership competence development as well as a growing awareness of the importance of developing the role and skills of NGO leaders.

Despite their prominent role and capacity building interventions on leadership, no research has been done on the competencies that affect survival of NGOs and the influence that their leadership exerts towards their sustainability. Besides the limited reach on survival of NGOs and influence of leadership, existing literature also reveals that the work that does exist is piecemeal and based on case studies (Burger & Owens, 2012). Specifically there is no empirical



International  
Interdisciplinary  
Journal of Scholarly  
Research (IIJSR)

Copyright ©  
Scholarly Research  
Publisher

evidence that provides the competencies of LNGO leaders in Uganda and the extent to which these competencies influence their sustainable funding. This research therefore investigated the competencies of LNGO leaders and the extent to which they influence sustainable funding as a step towards reducing the high level of donor dependence that makes Uganda's NGO sector very fragile and poses a threat to sustainability of its activities. To realise the objective of the study, the researcher utilized a descriptive correlation design where a proportionate stratified sampling of NGOs for interview was done, in addition to records reviews to obtain data on financial sustainability of LNGOs in Uganda. METHODS

### *Sample and Procedure*

The survey was conducted among LNGOs from all the four regions of Uganda over a three-month period, running from August to November 2016. Five hundred and seventy two (572) LNGOs who were registered as of November 2016 with Uganda National NGO Forum (UNNGOF) database formed the study population or unit of analysis. The Uganda National NGO Forum database is the only umbrella forum that is independent, inclusive and a coordinating national platform for all registered NGOs and their members are from all the various programmatic sectors, and regions of the country, and membership is voluntary. For studying smaller target populations, with a sample size of less than 1000, Mugenda and Mugenda (2003) recommends a sample size of at least 10% of the total target population as satisfactory, although, for a good representation of data during analysis, this can range from 10% to 30% or even larger. This study utilized a sample size of 103 NGOs, which constituted about 18% of the study population (572). Using the four regions as strata, proportionate stratified sampling procedure were used to distribute the sample size above, depending on the percent registration of NGOs per region on the UNNGOF database. To cater for the non-response rate, five (5) extra NGOs per region were randomly selected and invited to participate in the study.

During the data collection phase, the research assistants were trained in the administration of this study tool. At the NGO site, the research assistant gave a self-administered questionnaire to the NGO participants after introducing the study to them and obtaining consent from them. Those selected to participate in this study were senior staff who knew the financial status of the organizations and these included executive directors, programme managers, and finance managers. Senior staff members who were not available during the period of the study, such as those on leave (maternity, sick, and study) were not included in the study. After filling in the questionnaires, the consent forms and questionnaires were collected separately in different envelopes. The research assistant then obtained consent from NGO leader to access financial records in the finance sections/department, in order to fill in the financial aspects of the questionnaire. Records that were reviewed included the audit reports, annual financial performance reports, and signed contracts. Approval to conduct this study was obtained from Mbarara University institutional research review board.

### *Rigor*

The questionnaire was pretesting with a selected pilot group of 10 LNGO representatives. Feedback from the pre-test was used to improve the design of the final tools for this study. In order to ensure that the tool is consistently measuring leadership competences, reliability analyses were conducted to reduce the number of items under each subscale, so that those included in the final analysis are internally consistent. Item analyses were conducted testing each item's relationship with other items (inter- item correlations-IIC) and with the total item scores (corrected item total correlations-ITC). If items correlated positively with a correlation of 0.30 or more, then such items were deemed acceptable and assumed to be measuring the same thing with in the same subscale. Internal consistency was evaluated by calculating Cronbach alpha for each of the ten subscales (Table 1). Alpha values of 0.7 or higher were considered acceptable (Sweet & Martin, 2008). Where alpha was below 0.7, items were deleted basing on their ability to increase the alpha values above 0.7. Sometimes, if the items are less than 10, Cronbach alpha could be smaller and thus it was important to report the mean inter-item correlation (MIIC), whose acceptable range varies from 0.2-0.4. In summary, findings of this study were based on 23 items, measuring leadership competencies that were internally consistent with each other, with an overall Cronbach alpha of .857 and MIIC of .212.



International  
Interdisciplinary  
Journal of Scholarly  
Research (IJSR)

Copyright ©  
Scholarly Research  
Publisher

Table 1: Internal consistency and measurement properties of items used in this study

Competences	Item (N)	MIIC	Cronbach's $\alpha$	NIIC>0.30
<b>Overall</b>	23	.212	.857	19
Strategic, Financial and Investment Planning considerations	3	.629	.834	3
Investment considerations	2	.716	.834	2
Fundraising strategy considerations	2	.739	.850	2
Income diversification considerations	2	.655	.791	2
Funding partners	2	.661	.795	2
Income Generating Activities	2	.753	.859	2
Responsiveness	4	.646	.879	4
Attributes of NGO leader/CEO	2	.548	.707	2
Empowerment	2	3.955	.667	2
Motivation of Staff	2	.611	.755	2

Mean inter-item correlation (MIIC), Inter- item correlations-IIC, number of items with NIIC>0.30

**Measures**

*Dependent variables*

Lewis (2009) lays down financial measures NGOs could use to measure financial sustainability. Commonest among them is the dependency ratios and survival ratios, which were used to measure financial sustainability of the NGOs in this study. In addition, the total average income from all local donors, external donors, and income generating activities (IGA) was also examined in this study as a measure of financial sustainability. First, the donor dependency Ratio is a measure of the organization's donor income to the total income generated during the year. The standard rule followed is that if the ratio is high then the donor dependency would be high and if the ratio is less, the organization is independent and there is less reliance on the donors to generate income (Sharma, 2012). In this study, a higher NGO donor dependence ratio was interpreted as that NGO being financially unsustainable and vice versa and this was calculated as follows: Donor Income/Total Income\* 100 (Results expressed as %). The second outcome variable was the survival Ratio: This ratio is an indicator of how long an organization can survive if all its funds are dried up and there are no donations received during the year. It also means the number of days an NGO can survive based on its current general reserves (unrestricted funds). Thus, this ratio was calculated as follows: General Reserves/Total Income\*52 or 365 (Results expressed in days).

In this study, the "Survival ratio" was interpreted as the higher the NGO survival ratio, the higher likelihood that NGO is financially sustainable and vice versa. The third outcome was the total average incomes from all sources of the NGOs and this was computed from annual local and external donors and income generating activities incomes. This outcome was interpreted as the higher the income an NGO obtained from all sources over a period of five years, the more likely that organization was sustainable and vice versa. In the study questionnaires, response options of external, local, and income generating activities incomes were categorized in the local currency and these were converted to the US dollar during analysis, using an annual average dollar-selling rate of 3372.01 Uganda shillings per dollar as of 31 December 2015 (Bank of Uganda, 2016). Mid points for the income-categories were later obtained. Total annual income was computed by adding all the mid points from all the three sources of income. The average annual total income for all the NGOs was obtained by adding all the total annual income from all the NGOs' sources and dividing them by the total number of NGOs. Lastly, the average total annual income over five years was computed by adding all total annual incomes from all the NGOs' sources and then dividing them by 5years. It important to note that these computations were completed for total and specific incomes (external, donor, and income generating activities). It is important to note that a response option was created in the study tool, for the NGO staff to provide actual annual incomes from all sources in figures.

**Independent Variables**

The first group of independent variables was the leadership competencies. Participants were requested to rate their level of agreement with statements regarding various categories of competencies: Strategic, financial and Investment planning considerations (6 items), investment considerations (3 items), fundraising strategy considerations (3 items), Income diversification considerations (3 items), funding partners (3 items), income generating activities (3 items), responsiveness (4 items), attributes of NGO leader/CEO (3 items), empowerment (3 items), motivation of Staff (3 items), and teamwork (3 items). As shown in



International  
Interdisciplinary  
Journal of Scholarly  
Research (IJSR)

Copyright ©  
Scholarly Research  
Publisher

table 1, the final items analyzed were 23. Response alternatives were recorded and entered as follows: To a very great extent= 5, to a great extent=4, to a moderate extent=3, to a little extent=2, not at all=1. A high values indicated a highly held opinion about how the Participants perceived NGO leader's competencies in their respective NGOs'.

The second group of independent variables was the NGO and participant characteristics. Although, the purpose of this study was not to establish the NGO and participant characteristics that influence financial sustainability, these were included in multivariate analyses to control for spurious relationships that may have occurred between leadership competencies and financial sustainability measures (Sweet & Martin, 2008). These variables were measured at nominal and ordinal level and are as shown in Table 2 and 3 below.

### Data Analysis

Data was entered and analyzed using SPSS (*vs* 20). Frequencies and percentages were calculated for each of the categorical variables. The relationship between the leadership competencies and sustainable funding measures were examined using Pearson product-moment correlation coefficient. Although preliminary analyses performed on measures of financial sustainability indicated violation of the assumptions of normality (data was skewed) parametric tests were conducted owing to a large sample size ( $n=103$ ). Above all, log transformation of our dependent variables did not significantly reduce the skewedness of data. A correlation of 0.30 or above was considered a "good correlation" and a correlation above 0.4 was considered "a strong correlation" (Sweet & Martin, 2008). Correlations reported were significant at 0.05 or 0.01. Secondly, independent Variables that significantly correlated with the dependent variables were entered into bivariate linear regression in order to explain the variations in the dependent variable, as a result, of independent variables and the predictive power of each of the independent on dependent variables. The explanatory powers of the model was presented as an adjusted R square (Sweet & Martin, 2008). An R -Square of 1 meant that the independent variable explained 100% of the dependent variable's variations and an R square 0 means that the independent variable explained none of the variations in the dependent variable. Meanwhile the predictive power of the independent variable or the strength of the relationship with the dependent variable was presented as unstandardized coefficients ( $\beta$ ). The values of  $\beta$  can be positive or negative to signify the direction of relationship. A coefficient of 0 means that the values of the dependent variable do not consistently differ as the value of the independent variable increase (Sweet & Martin, 2008). In this study, coefficients reported were significant at 0.05 or 0.01. To control for the effect of independent variables on each other and on the dependent variable, all independent variables that were significant in bivariate linear regression/associations were entered into a standard multivariate linear regression to establish the final independent variables that have influence on dependence variables. Preliminary analyses were conducted to ensure no violation of the assumptions of normality, linearity, multicollinearity, and homoscedasticity. Variables that were not significant in the regression model were eliminated until a final model with all the variables significant was obtained. Lastly, for meaningful interpretation in bivariate and multivariate analysis for categorical variables (NGO and participant characteristics), dummy coding (indicator coding) was performed. Where a dummy variable for each response option against all the other options (reference group) was created. A response option of interest was coded as "Yes". Meanwhile all the other response options (reference group) were coded as "No". This process was repeated for all the responses under the categorical independent variable and only dummy variables with significant findings were included in the tables. In each case, the dummy variable was interpreted relative to the reference group in the regression.

### Results

#### Sample Characteristics

The demographic characteristics of the sample are presented in Table 2. One hundred and three (103) NGO staff participated in this study. The majority of the participants were heads of programs (54%). About 80.2% of all the participants had graduate and postgraduate qualifications. However, the majority of the participants had less 5 years' experience in the NGO sector (55%) and had stayed less than five years in their current NGO's (78.2%). This study also found out that the majority of the NGO's were founded by group members (48.5%) followed by the chief executive officers (45.4%). Lastly, the NGOs' governance were majorly under the hands of the CEO's (46.5%) followed by the board of director (41.4%), and management committees (10.1%).



International  
Interdisciplinary  
Journal of Scholarly  
Research (IIJSR)

Copyright ©  
Scholarly Research  
Publisher

**Table 2: Participants' Profile**

Variables	n (%)
<b>Position of Participants</b>	
Head of Programs	54 (54)
Head of Finance/Resource Mobilization	44 (44)
Any Other	2 (2)
<b>Level of Education</b>	
Certificate and below	3 (3)
Diploma	17 (16.8)
Graduate	43 (42.6)
Post graduate Education	38 (37.6)
<b>Experience with the NGO Sector</b>	
5 and <years	55 (55)
6 and > years	45 (45)
<b>Duration at Current NGO</b>	
5 and <years	79 (78.2)
6 and > years	22 (21.8)
<b>Founder of NGO</b>	
NGO Leader/CEO	44 (45.4)
Another Individual	3 (3.1)
Group of members	47 (48.5)
Any Other	3 (3.1)
<b>Who Currently Runs the NGO</b>	
CEO	46 (46.5)
Board of Directors	41 (41.4)
Management Committee/team	10 (10.1)
Any Other	2 (2)

### NGO Characteristics

The majority of NGOs' were local by nature (73.5%) and from western Uganda (35.3%, See Table 3). About 89.2% of the NGOs had less than four programmatic areas of operations. On the other hand, 88.2% and 85.3% of the NGOs' surveyed had active strategic and financial plans respectively. Unfortunately, a bare majority of NGO'S (55.4%) had a fundraising strategy to support their financial plans. When it came to the question, of either, the NGO invests or not and whether it has an investment plan or not, only 50% and 21.9% of the NGOs' invested and had an investment plan respectively. On a positive note, among those NGOs with plans and strategies mentioned in this section, 81.1%, 74.7%, 75.9%, and 73.3% had long-term strategic plans, financial plans, fundraising strategy, and investment plans respectively.

**Table 3: NGO Characteristics**

Variables	n (%)
<b>Type of NGO</b>	
Trust	2 (2)
Private Voluntary Organization (PVO)	8 (7.8)
Local NGO	75 (73.5)
National NGO (all REGIONS)	12 (11.8)
Local & International	5 (4.9)
<b>Region</b>	
Central	13 (12.7)
North	25 (24.5)
East	11 (10.8)
West	36 (35.3)
Four regions	13 (12.7)
2 and 3 regions	4 (3.9)
<b>No. of Thematic Areas/ Programmatic Sectors</b>	
1-2	39 (38.2)
3-4	52 (51)
5+	11 (10.8)
<b>Presence of an Active Strategic Plan</b>	
Yes	90 (88.2)
No	12 (11.8)
<b>Duration of the Strategic Plan</b>	
1-2 years "Short term"	2 (2.2)
3-4 years "Medium term"	5 (5.6)
5 and above "Long term"	73 (81.1)
Expired	10 (11.1)
<b>Presence of financial plan</b>	
Yes	87 (85.3)



No	15 (14.7)
<b>Duration of the Financial Plan</b>	
1-2 years "Short term"	8 (9.6)
3-4 years "Medium term"	5 (6.0)
5 and above "Long term"	62 (74.7)
Expired	7 (8.4)
<b>Presence of a Fundraising Strategy</b>	
Yes	56 (55.4)
No	45 (44.6)
<b>Duration of the financial strategy</b>	
1-2 years "Short term"	3 (5.6)
3-4 years "Medium term"	4 (7.4)
5 and above "Long term"	41(75.9)
Expired	2 (3.7)
<b>If NGO Invests</b>	
Yes	51 (50)
No	51 (50)
<b>Presence of Investment Plan</b>	
Yes	21 (21.9)
No	75 (78.1)
<b>Duration of the investment plan</b>	
1-2 years "Short term"	2 (13.3)
3-4 years "Medium term"	2 (13.3)
5 and above "Long term"	11 (73.3)

### NGO Leadership Competences

This study sought to explore the participants' perception of the leadership competencies that the various NGO leaders possessed. Details of the findings are summarized in Table 4. Findings indicated that the majority of the participants agreed that their NGO leaders were the major source of information on strategic planning (97%), financial planning (98%), and were the ones who majorly communicated the NGO mission and Vision (97.1%). However, we found lower percentages of participants who agreed on investment considerations competencies, where 90.1% and 91.1% of the participants thought their NGO leaders were a source of information on investment and were the ones who spearheaded the implementation of the major investment decisions for their NGOs' respectively. Among the organizations with a fundraising strategy, the majority of respondents agreed that their NGO leaders were, also, a major source of that strategy (98%) and led its implementation (97.1%). On issues related to funding, nearly 99% of the participants concurred with the fact that their NGO leaders' were responsible for finding and implementing alternative sources of income. Similarly, there was a strong agreement on competencies related to funding partners where the NGO leader took lead in looking out for funding partners (99%) and led the execution of funding opportunities (100%).

This study also sought to establish competencies that would result into generation of own income and findings indicated that 94.1% of the participants agreed that their leaders originated ideas related to income generation activities and as well led their implementation. On competencies related to the NGO leader dealing with the exigencies of complex and difficult external environments, 100% of the participants agreed that their leaders possessed all the four competencies under responsiveness (See Table 4 below). In the same way, 99% thought that their leaders were resilient in difficult times and adapted to new and changing environment. Under motivation and empowerment, 99% of the participants agreed that their leaders possessed those competencies, with the exception of one competence (NGO leader undertaking initiatives to promote/improve staff capability to perform at work) where 100% of the participants agreed with it (See Table 4 below). Overall, there was a very strong agreement by participants on possession of the leadership competencies among NGO leaders in Uganda ranging from 90.1% to 100%. However, that agreement was highest among competencies related to responsiveness and low among competences related to investment considerations and alternative sources of income.

**Table 4: Participants' rating of Leadership Competences in their respective NGOs**

Variables	Agree n (%)	Disagree n (%)
<b>Strategic, Financial and Investment Planning considerations</b>		
The NGO leader/CEO is the major source of information for the NGO strategic planning	98 (97)	3 (3)
The NGO leader/CEO is the major source of information for the NGO Financial planning	99 (98)	2 (2)
The NGO leader/CEO is the one who communicates the NGO mission and Vision	99 (97.1)	4(2.9)
<b>Investment considerations</b>		
The NGO leader/CEO is the major source of information for investment planning 1	91 (90.1)	10 (9.9)
The NGO leader spearheads implementation of major investment decisions for the NGO	92 (91.1)	9 (8.9)
<b>Fundraising strategy considerations</b>		
The NGO leader/CEO is the key source of information for the fundraising strategy	99 (98.0)	2 (2)



The NGO leader spearheads implementation of the fundraising strategy	99 (97.1)	3 (2.9)
<b>Income diversification considerations</b>		
The NGO leader/CEO takes a lead role in identifying/looking out for alternative sources of income for the organization	101 (99.0)	1 (1)
The NGO leader spearheads implementation of interventions for alternative sources of income	101(99.0)	1 (1)
<b>Funding partners</b>		
The NGO leader/CEO takes a lead role in the lookout for funding partners	101 (99.0)	1(1)
The NGO leader spearheads execution of funding opportunities	102 (100)	0 (0)
<b>Income Generating Activities</b>		
The NGO leader/CEO originates the NGO's income generating ideas	95 (94.1)	6 (5.9)
The NGO leader spearheads implementation of income generating activities	95 (94.1)	6 (5.9)
<b>Responsiveness</b>		
The NGO leader/CEO balances competing demands of time and pressures from a range of stakeholders	102 (100)	0 (0)
The NGO leader/CEO understands and works with whatever resources that is available	102 (100)	0 (0)
The NGO leader/CEO is able to understand and work in difficult and changing environment	102 (100)	0 (0)
The NGO leader/CEO demonstrates willingness to learn and experiment new technologies, reforms and knowledge	102 (100)	0 (0)
<b>Attributes of NGO leader/CEO</b>		
Resilience during difficult times	97 (99.0)	1 (1)
Adaptation to new and changing environment	98 (99.0)	1 (1)
<b>Empowerment</b>		
The staff are competent to address the NGO needs	99 (99.0)	1(1)
The NGO leader undertakes initiative to promote/improve staff capability to perform at work	100 (100)	0(0)
<b>Motivation of Staff</b>		
The staff are motivated to execute the NGO work	98 (99.0)	1(1)
The NGO leader/CEO motivates staff	98 (99.0)	1 (1)

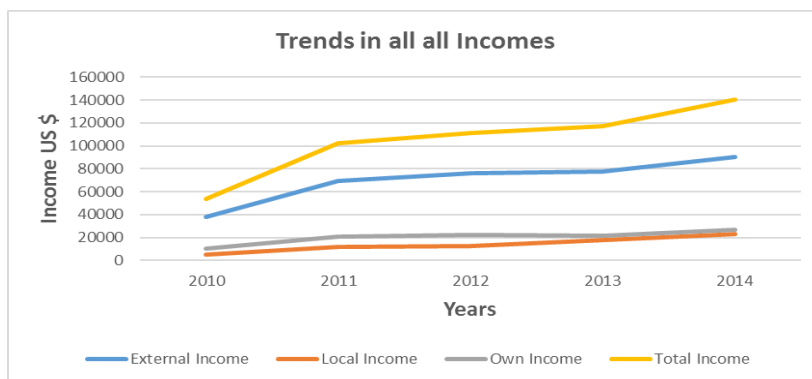
**Note:** Variables presented here are those whose Cronbach alpha was above 0.7 for the subscales. Variable were rated on a scale of 1-5. Agree= (To a very great extent= 5, to great extent=4; to a moderate extent=3, to a little extent=2). Disagree= (not at all=1.)

### Financial Sustainability

The study also determined the level of LNGO financial sustainability in Uganda, along three measures namely dependence ratio, survival ratio, and total average income computed from local, external, and own NGO incomes.

#### Trends in NGO Income between 2010 and 2014

In this study, the average total annual income from all sources was found to be \$104903.39. In this case, the average annual external donor income, local donor income, and own income was \$70304.84, \$14179.59, \$20418.96 and these accounted for 67%,13.5%, and 19.5% of the average total annual income respectively. Generally, there was a rise in funding from 2010 to 2014 (Figure 1). This total income from all sources nearly tripled over the last five years from \$53656.83 in 2010 to \$140647.47 in 2014. External donor income, local donor income, and own income rose three-fold (\$37738.59 to \$90494.11), fourfold (\$5407.84 to \$23041.47), and twofold (\$10510.4 to \$27111.89) respectively in the same period. In addition, the rise in all incomes was exponential between 2010-2011 and 2013-2014. Meanwhile, between 2011 and 2013 there was minimal rise in all incomes. However only own income dropped between 2012 and 2013. In brief, the highest rise in incomes came from external donors, followed by the own incomes, and lastly local donors.



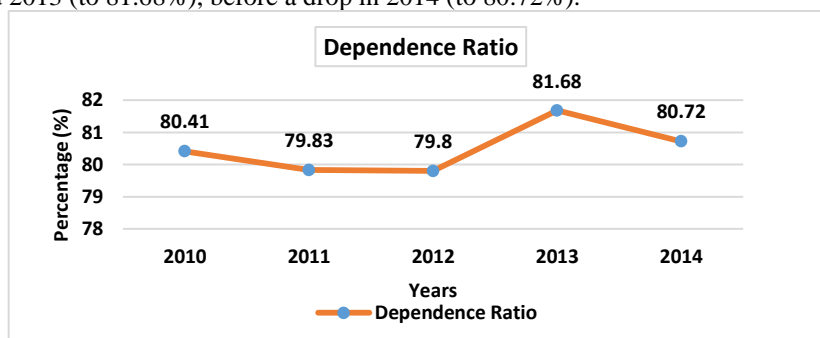
**Figure1:** Trends in all donor incomes between 2010 and 2014. Average total annual income was computed by adding all annual incomes and then dividing them by the number of NGOs in this study.

#### NGO Donor Dependency Ratio between 2010 and 2014





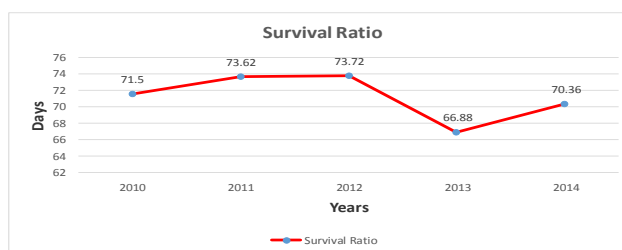
Findings indicated that the average donor-dependence ratio was high at 80.54% over the five-year period. The general trend shows that there was a rise in the donor dependency ratio between 2010 and 2014. However there was a slight fall in the annual donor dependence ratio from 80.41% in 2010 to 79.8% in 2012 (Figure 2). This was followed by a slight rise between 2012 and 2013 (to 81.68%), before a drop in 2014 (to 80.72%).



**Figure 2:** Dependency Ratios between 2010 and 2014. Dependency ratios were calculated as follows:  $\text{Donor Income/Total Income} * 100$  (Results expressed as %).

### NGO Survival Ratio between 2010 and 2014

The average survival annual ratio over the five-year period was found to be 71.216 days. Over all, there was a fall in the survival ratio between 2010 and 2014. Nonetheless, there was a slight rise in the survival ratio between 2010 and 2012 from 71.5 days to 73.72 days (Figure 3). In addition, the survival ratio reduced between 2012 (73.72 days) and 2013 (to 66.88 days) and rose again in 2014 (70.36 days).



**Figure 3:** Survival Ratios between 2010 and 2014. Survival ratio was calculated as follows:  $\text{General Reserves/Total Income} * 52 \text{ or } 365$  (Results expressed in days).

### Bivariate Associations and Linear Regression Analysis of Leadership Competencies, NGO, and Participant Characteristics against Financial Sustainability Measures

#### Leadership Competencies and Dependence Ratio

Of all the study variables, adaptation to new and changing environment ( $r=.2, p=0.047$ ) and the NGO leader/CEO being the one who communicates the NGO mission and Vision ( $r=.199, p=.045$ ) were identified as positively correlating significantly with the dependence ratio. In contrast, the NGO leader/CEO understanding and working with whatever resources that are available ( $r=-.334, p=.001$ ) and taking a lead role in the lookout for funding partners ( $r=-.249, p=.012$ ) were negatively and significantly associated with dependence ratio. Apart from understanding and working with whatever resources was available that had a moderate/good correlations, the others variables had slightly lower correlations.

In bivariate linear regression, for every unit increase in the scores (Range 1-5) of the NGO leader understanding and working with whatever resources that was available and taking a lead role in the lookout for funding partners, there was a predicted significant decrease in the dependence ratio by 11.4% ( $\beta=11.4$ ) and 8.99% ( $\beta=8.99$ ) respectively. These independent variables respectively explained 10.3% ( $R^2=0.103$ ) and 5.3% ( $R^2=0.053$ ) of the variation in the dependence ratio. Conversely, for every unit increase in the scores (Range 1-5) of the NGO leader/CEO adapting to new and changing environment and communicating the NGO mission and Vision, there was a predicted significant increase in the dependence ratio by 7.1% and 5% respectively and these independent variables explained 3% of the variation in the dependence ratio.



### **NGO, Participant characteristics and Dependence Ratio**

Among NGO and participant characteristics, the type of NGO ( $r=.352, p=.000$ ), duration of the strategic plan ( $r=.367, p=.000$ ), presence of financial plan ( $r=.235, p=.018$ ), and duration of the financial plan ( $r=.386, p=.000$ ), were positive correlates to dependence ratio. The presence of an active strategic plan ( $r=.197, p=.074$ ) and level of education ( $r=.194, p=.052$ ) were positive, although, weak correlates to dependence ratio. However, when these variables were indicator coded, results indicated that; being a trust and private voluntary organization compared to other types of NGOs ( $r=-.412, p=.000$ ), having short ( $r=-.213, p=.044$ ) and medium strategic plan ( $r=-.394, p=.000$ ) compared to long term strategic plans ( $r=.228, p=.030$ ), having short ( $r=-.333, p=.002$ ) and medium financial plans ( $r=-.410, p=.000$ ) compared to long term financial plans ( $r=.400, p=.000$ ), and the study participant (who is an NGO leader) possessing a certificate of education or below ( $r=-.226, p=.023$ ) compared to having postgraduate education ( $r=.211, p=.034$ ), negatively correlated with dependence ratio.

In Bivariate linear regression, unfortunately, all NGO or participant characteristics predicted an increase in the dependence ratio and these were the presence of strategic plan ( $\beta=18.947, R^2=.125$ ), type of NGO ( $\beta=9.191, R^2=.124$ ), level of education ( $\beta=6.323, R^2=.028$ ), and presence of an active strategic ( $\beta=14.408, R^2=.022$ ), and financial plan ( $\beta=13.026, R^2=.138$ ). Nevertheless, when these variables were dummy coded results showed that; being a trust and private voluntary organization compared to other types of NGOs ( $\beta=-36.171, R^2=.161$ ), having short ( $\beta=-37.714, R^2=.035$ ), and medium strategic plan ( $\beta=-44.939, R^2=.146$ ) compared to long term strategic plans ( $\beta=15.238, R^2=.041$ ), having short ( $\beta=-29.309, R^2=.100$ ), and medium financial plans ( $\beta=-44.696, R^2=.158$ ) compared to long term financial plans ( $\beta=24.311, R^2=.150$ ), and the NGO leader possessing a certificate of education or below ( $\beta=-34.747, R^2=.041$ ), as compared to having postgraduate education ( $\beta=11.399, R^2=.035$ ), significantly predicted a decrease in dependence ratio.

### **Leadership Competencies and Survival Ratio**

Slightly lower, yet positive significant relationships were identified between survival ratio and the NGO leader spearheading implementation of major investment decisions for the NGO ( $r=.274, p=.006$ ), implementing interventions for alternative sources of income ( $r=.222, p=.026$ ), and understanding and working with whatever resources that is available ( $r=.218, p=.028$ ). There were also negative significant relationships between survival ratio and the NGO leader/CEO being the major source of information for the NGO strategic planning ( $r=-.220, p=.027$ ), being a major source of information for the NGO financial planning ( $r=-.234, p=.018$ ), and adapting to new and changing environment ( $r=.209, p=.038$ ).

Bivariate linear regression showed that for every unit increase in the scores (Range 1-5) of the NGO leader spearheading the implementation of major investment decisions for the NGO, implementing interventions for alternative sources of income, and understanding and working with whatever resources that is available, there was a predicted increase in the survival ratio by 15.507 days, 14.043 days, and 19.144 days respectively. These independent variables explained 6.6%, 4%, 3.8% of the variation in the survival ratio. Alternatively, for every unit increase in the scores (Range 1-5) of the NGO leader/CEO being the major source of information for the NGO strategic planning, being a major source of information for the NGO Financial planning, and adapting to new and changing environment, there was a predicted decrease in the survival ratio by 14.86days, 17.43days, and 18.79 days respectively. These independent variable explained 3.9%, 4.5%, and 3.4% of the variation in the survival ratio.

### **NGO, Participant characteristics and Survival Ratio**

Among participant and NGO characteristics, the duration at current NGO ( $r=.333, p=.001$ ), presence of the investment plan ( $r=.386, p=.000$ ), and current governance of the NGO ( $r=.235, p=.019$ ) were also positively associated with survival ratio. Contrariwise, the duration of the financial plan ( $r=-.347, p=.001$ ), type of the NGO ( $r=-.325, p=.001$ ), and level of education ( $r=-.361, p=.000$ ) were also significantly and negatively associated with survival ratio. Other competencies as shown in Table 4 did not significantly correlate with survival ratio. When dummy variables were created, results showed that having long term strategic plans ( $r=-.260, p=.018$ ) compared to short-term strategic plans ( $r=.289, p=.006$ ), having long-term financial plans ( $r=-.260, p=.009$ ) compared to short-term financial plans ( $r=.474, p=.000$ ), and the NGO leader possessing postgraduate education ( $r=-.315, p=.001$ ), compared to having a certificate of education or below ( $r=.369, p=.000$ ), and the NGO leader staying at the NGO for <5years ( $r=-.298, p=.002$ ), negatively correlated with survival ratio. Only management committee as a governance structure as compared to others correlated positively with survival ratio ( $r=.216$ ,

$p=.032$ ).

Bivariate linear regression showed that, the NGO and personal characteristics that predicted an increase in survival ratio included the duration of NGO leader at the current NGO ( $\beta=24.484$ ,  $R^2=.102$ ), presence of the investment plan ( $\beta=62.439$ ,  $R^2=.140$ ), and who governed the NGO ( $\beta=21.051$ ,  $R^2=.045$ ). Meanwhile, the duration of the financial plan ( $\beta=-27.825$ ,  $R^2=.110$ ), the type of the NGO ( $\beta=-6.457$ ,  $R^2=.008$ ), and level of education ( $\beta=-30.349$ ,  $R^2=.122$ ), predicted a decrease in survival ratio. When these variables were dummy coded, results showed that having long-term financial plans ( $\beta=-40.398$ ,  $R^2=.056$ ), compared to short-term financial plans ( $\beta=106.586$ ,  $R^2=.215$ ), the NGO leader possessing postgraduate education ( $\beta=-43.424$ ,  $R^2=.090$ ), compared to having a certificate of education or below ( $\beta=145.308$ ,  $R^2=.128$ ), the NGO leader staying at the NGO for <5years ( $\beta=-48.304$ ,  $R^2=.080$ ), predicted a decrease in survival ratio. Again, only management committee as a governance structure as compared to others predicted an increase in the survival ratio ( $\beta=47.838$ ,  $R^2=.037$ ).

#### **Leadership Competencies and Total NGO Income**

Two competencies that were found to be significantly but weakly and negatively associated with total NGO income and these include; the NGO leader/CEO being the major source of information for the NGO strategic planning ( $r=-.232$ ,  $p=.020$ ), and the NGO leader/CEO being the one who communicates the NGO mission and Vision planning ( $r=-.195$ ,  $p=.050$ ). Bivariate linear regression showed that for every unit increase on the scores (Range 1-5) of the NGO leader/CEO being the major source of information for the NGO strategic planning and being the one who communicates the NGO mission and Vision planning, there was a predicted decrease in the total NGO income by \$18651.412, and \$15831.927 respectively. These independent variables explained 4.4% and 2.8% of the variation in the total NGO income. In this study, none of the leadership competencies that neither correlated nor predicted an increase in total NGO Income.

#### **NGO, Participant Characteristics, and Total NGO Income**

Variables under NGO and personal characteristics that were found to negatively correlate with NGO total income included duration of the strategic plan ( $r=-.362$ ,  $p=.000$ ) and duration of the financial plan ( $r=-.275$ ,  $p=.012$ ). On the other hand, if an NGO invested ( $r=.226$ ,  $p=.022$ ), had an investment plan ( $r=.233$ ,  $p=.022$ ) and fundraising Strategy ( $r=.203$ ,  $p=.042$ ), the region where an NGO was located ( $r=.303$ ,  $p=.002$ ), the duration of the participant at the current NGO ( $r=.299$ ,  $p=.003$ ), and the governance of the NGO ( $r=.304$ ,  $p=.002$ ) were positively associated with total NGO income. However, when these variables were dummy coded, the NGO being located in the western part of Uganda ( $r=.415$ ,  $p=.000$ ) compared to the north ( $r=-.238$ ,  $p=.016$ ) and having short-term strategic ( $r=.360$ ,  $p=.000$ ) and financial ( $r=.291$ ,  $p=.008$ ) plans positively correlated with total NGO income. Meanwhile, staying at the NGO for less than 5years negatively correlated with total NGO income ( $r=-.187$ ,  $p=.031$ ).

In bivariate regression, if an NGO invested, had an investment plan, and had a fundraising Strategy compared to those which did not have them there was a predicted increase in the total NGO income by \$36309.083, \$45331.563, and \$32815.891 respectively. These independent variable explained 4.2%, 4.4%, and 3.2% of the variation in the total NGO income respectively. Similarly, if the study participant had stayed at NGO for greater than 5years and the NGO was from the western part of Uganda, there was a predicted increase in the total NGO income by \$26116.576, and \$17286.355 respectively. These independent variable explained 8% and 8.3% of the variation in the Total NGO income. Nevertheless, when these variables were dummy coded, the NGO being located in the western part of Uganda ( $\beta=69810.187$ ,  $R^2=.164$ ), compared to the north ( $\beta=-44429.441$ ,  $R^2=.047$ ), and having short-term strategic ( $\beta=196267.389$ ,  $R^2=.120$ ), and financial plans ( $\beta=78739.377$ ,  $R^2=.073$ ) as compared to those with medium and long term plans, predicted an increase in total NGO income. Lastly, the NGO leader staying at the NGO for less than 5years predicted a decrease in total NGO income ( $\beta=-36307.179$ ,  $R^2=.025$ ).

#### **Multiple Linear Regression Analysis of Leadership Competencies and NGO Characteristics That Predict Dependence Ratio**

Standard multiple regression was used to determine the influence of leadership competences, NGO, and personal characteristics on dependence ratio of an NGO. The model explained 37.1% ( $F(5, 103)=11.486$ ,  $P=.000$ ) of the variance in dependence ratio and thus slightly over 60% of the dependence ratio is explained by factors not included in the model. In the final model, two competencies and three NGO characteristics were statistically significant predictor of dependence ratio. Finding indicated that for every unit increase in the scores (Range 1-5) of the

Vol. 3 No. 1, 2017  
ISSN 2412-303X



International  
Interdisciplinary  
Journal of Scholarly  
Research (IJSR)

Copyright ©  
Scholarly Research  
Publisher

NGO leader/CEO understanding and working with whatever resources that is available, there is 9.802% decrease in the dependence ratio (Table 5). On the other hand, higher scores on the NGO leader/CEO being the one who communicates the NGO mission and Vision, there was a predicted increase the dependence ratio by 5.172%. The type of NGO the participant came from and the NGO leader being able to understand and work with whatever resources made the strongest contribution in explaining the dependence ratio by 33.8% and 28.7% (see Table 5, under beta).

In sum, the model suggests that a higher percent of dependence ratio is strongly predicted by the NGO leader communicating the NGO mission and Vision, type of NGO, presence of the active strategic plan, and the duration of the strategic plan (Table 5). However, the NGO leader being able to understand and work with whatever available resources reduces the dependence ratio.

Table 5: Multiple linear regression analysis of leadership competencies and NGO characteristics that predict Dependence Ratio

Variables	$\beta$	SE	Beta	p
<b>Leadership Competencies</b>				
The NGO leader/CEO is the one who communicates the NGO mission and Vision	5.172	2.311	.196	.028
The NGO leader/CEO understands and works with whatever resources that is available	-9.802	3.098	-.287	.002
<b>NGO Characteristics</b>				
Type of NGO	8.836	2.239	.338	.000
Presence of Active Strategic Plan	23.140	6.951	.285	.001
Duration of the Strategic Plan	14.322	4.682	.277	.003

**Note:** Unstandardized coefficients ( $\beta$ ) reported were significant at 0.05 or 0.01.

#### Multiple Linear Regression Analysis of Leadership Competencies, Participants, and NGO Characteristics That Predict NGO Survival Ratio

Standard multiple regression methods were applied to assess the influence of leadership competencies, NGO and participants' characteristics on survival ratio of an NGO. The model accounted for 34 % ( $F(4, 101) = 10.897, P = .000$ ) of the variance in survival ratio and thus nearly 66% of the survival ratio is explained by factors not included in the model. In the final model, one leadership competence, two NGO characteristics, and participant characteristic were found out as statistically significant predictors of survival ratio. The NGO leader spearheading the implementation of major investment decisions for the NGO was found out as the only significant predictor of survival ratio in this study ( $\beta = 15.720, P = .004$ ). Suggesting that for every one-unit increase in the rating of the NGO leader spearheading the implementation of major investment decisions for the NGO, the survival ratio increases by 15.720 days. Meanwhile, presence of investment plan and the duration of the NGO leader at the current NGO predicted an increase in survival ratio by 47.158 days and 19.614 days respectively. Additionally, the presence of the Investment plan and the NGO leader spearheading the implementation of major investment decisions made the strongest contribution in explaining the survival ratio by 29.2% and 28% respectively (see Table 6, under beta). With regard to reducing the survival ratio, the duration of the financial plan reduced the survival ratio by 23.545 days.

Table 6: Multiple Linear Regression Analysis of Leadership Competencies and NGO Characteristics That Predict NGO Survival Ratio

Variables	$\beta$	SE	Beta	p
<b>Leadership Competencies</b>				
The NGO leader spearheads implementation of major investment decisions for the NGO	15.720	5.230	.280	.004
<b>NGO Characteristics</b>				
Duration of the Financial Plan	-23.545	8.173	-.273	.005
Presence of Investment plan	47.158	15.265	.292	.003
<b>Participant Profile</b>				
Duration at current NGO	19.614	6.874	.270	.006

**Note:** Unstandardized coefficients ( $\beta$ ) reported were significant at 0.05 or 0.01.

#### Multiple linear regression analysis of NGO and participant characteristics that predict total NGO income

Standard multiple regression methods were also conducted to assess the influence of leadership competencies, NGO, and participants' characteristics on total NGO income. The model explained 30.3 % ( $F(4, 103) = 10.575, P = .000$ ) of the variance in total NGO income and thus nearly 70% of the total NGO come is explained by factors not included in the model. In the final model, three NGO characteristics and one participant characteristic were found out as

Vol. 3 No. 1, 2017  
ISSN 2412-303X



International  
Interdisciplinary  
Journal of Scholarly  
Research (IJSR)

Copyright ©  
Scholarly Research  
Publisher

statistically significant predictors of the total NGO income. This also meant there was no leadership competence in this study that predicted NGO total income in the final regression model. The region where the NGO is located, if an NGO invested, and the participant's duration at the current NGO predicted an increase in NGO total income by \$12124.703, \$47993.167, and \$24291.671 respectively. Meanwhile, the duration of the strategic plan predicted a decrease in total NGO income by \$52596.2 and this variable had the strongest contribution in explaining the NGO total income by 33.1% (see Table 7, under beta).

Table 7. Multiple linear regression analysis of NGO and participant characteristics that predict total NGO income

Variables	$\beta$	SE	Beta	p
<b>NGO Characteristics</b>				
Region of NGO	12124.703	5311.565	.213	.025
If NGO invests	47993.167	14448.333	.299	.001
Duration of the Strategic Plan	-52596.24	14463.588	-.331	.000
<b>Participant Profile</b>				
Duration at current NGO	24291.671	7963.116	.278	.003

Note: Unstandardized coefficients ( $\beta$ ) reported were significant at 0.05 or 0.01.

Vol. 3 No. 1, 2017  
ISSN 2412-303X



International  
Interdisciplinary  
Journal of Scholarly  
Research (IJSR)

Copyright ©  
Scholarly Research  
Publisher

## Discussion

This study is one of the first to assess the relationship between leadership competencies and financial sustainability measures in Uganda. We found out that there was a very strong agreement by participants on possession of the leadership competencies among NGO leaders in Uganda ranging from 90.1% to 100%. However, that agreement was highest among competencies related to responsiveness of NGO leaders to changing funding environment and low among competences related to investment considerations and alternative sources of income. One possible reason for this low rating on investment and income generating activities leadership competencies could have arisen from the fact that nearly 50% of the NGOs surveyed did not invest some of their funding and a few had income generating activities. Nevertheless, this study finding is consistent with research findings by Hailey (2006) who revealed that NGO leaders demonstrated an unusually broad range of competencies that include self-awareness and self-management. Also, Bolton & Abdy (2003) found out that leaders had the ability to communicate NGO vision, identifying and exploiting opportunities, inspiring teams, motivating NGO staff, creating and managing donor relationship (Bolton & Abdy, 2003). However, we were unable to find previous studies that rated the possession of these competencies among NGO leaders.

On financial sustainability, our findings show that the average annual external donor income, local donor income, and own income accounted for 67%, 13.5%, and 19.5% of the average total annual income respectively. In addition, there was a general there was a rise in funding from 2010 to 2014. On the contrary, previous studies in Zimbabwe, Kenya and Ghana conducted showed a declining external donor funding of LNGOs mostly attributed to the global economic crisis (Gyamfi, 2010; Manyeruke (2012) Njoroge 2013; Saungweme, 2014; Waiganjo et al. 2012). Possibly, the cordial relationship between Uganda and the other donor countries coupled with the service gap left by the government, the high rating on the majority of the leadership competencies, and majority of the NGOs being founded and run by the same founders (CEOs) may explain the rise in the donor funding in Uganda during the period of 2010-2014. The average annual survival ratio over the five-year period for LNGOs was found to be 71.216 days. Over all, there was a fall in the survival ratio between 2010 and 2014. This therefore, means that NGO's can hardly survive beyond two months if all its funds are dried up and there are no donations received during the year. Similarly, findings by Saungweme (2014) established very low survival ratios for LNGOs, the highest being 22.01 days. In this study, the average donor-dependence ratio was found to be high at 80.54% over the five-year period. The general trend also shows that there was a rise in the donor dependency ratio between 2010 and 2014. Above all, this donor dependence was coupled with a low investment by LNGOs where 50% and 21.9% of the NGOs' invested and had an investment plan respectively. Similarly, study findings by Waiganjo (2012) in Kenya revealed 70% of LNGO funding was from external donors while Saungweme (2014) established that LNGOs in Zimbabwe had very high donor dependency ratios, the lowest being 93.97%. Saungweme (2014) also found out that 71% of the organizations did not have investment/financial plans and yet over 82 percent of LNGOs noted that investment planning was important to sustainable funding of their organizations.

Although, many leadership competencies significantly correlated with the three financial sustainability measures, only two of those competencies provided a meaningful interpretation in the final model and these included of the NGO leader/CEO understanding, working with whatever resources that is available and the NGO leader/CEO spearheading the implementation of major investment decisions. The NGO leader/CEO understanding and working with whatever resources that is available, predicted a 9.802% decrease in the dependence ratio. Meanwhile, the NGO leader spearheading the implementation of major investment decisions for the NGO predicted an increase in survival by 15.720 days. Additionally, none of the leadership competencies did have influence on the total NGO income. However, we did not find any accessible study to make comparisons.

### Implications and Recommendations

A local NGO having an investment and implementing it are two separate matters. LNGOs may establish the investment plan either as a basis of attracting donor funding or as a funding requirement by the donor. In either case, what remains important is implementation of the investment or financial plan that will have a bearing on sustainable funding on the LNGO. Therefore, LNGOs should invest in investment planning and, as well as commit to implementation of the plans to increase funding, as well as establish alternative funding sources so as to become sustainable. The investment plans should be able to attract donor funding, as well as, help in diversification of income from multiple sources.

This study findings, underpin the importance of the responsiveness of the NGO leader to the changing funding environment and also reveals the need for dynamic, innovative and pro-active leadership in the NGO sector. It is therefore imperative for funders and NGOs to adopt and build capacity of leaders in investment and optimal resource utilization (effective and efficient resource management) to become sustainable in respect to funding.

The general rise in LNGO funding during 2010 to 2014 can be attributed to commitment in donor funding of NGO activities in Uganda. It further points to a recovery in global economic position since the financial crisis 2008/9. The global economic recovery is an opportunity for financial resource mobilisation of the NGO sector in Uganda and world over. The 13.5% local contribution as compared to 67% external donor funding position reveals a very low local funding and fundraising culture in Uganda. Thus, there is need to cultivate fundraising culture in Uganda to boost local income and improve sustainable funding of LNGOs.

When compared to the findings by Saungweme (2014) among LNGOs in Zimbabwe for 2012, the average annual survival ratio over the five-year period for LNGOs in Uganda was higher by 49.206 days. This survival ratio is still low and depicts limited capacity of LNGO leaders to mobilise resources to sustain their activities. Henceforth, there is need to boost local sources of funding especially income Generating Activities (IGAs) to improve survival of LNGOs in Uganda. LNGOs should prioritise investments in IGAs as core sources of funding and donors should also build capacity of and support LNGOs to establish IGAs to reduce over-dependence on single source of funding.

This study, like in previous research findings indicates a prevalently high donor-dependence ratio pointing to a persistent donor-dependency syndrome for developing countries, especially, in Africa and Uganda in particular. The high donor-dependence is a threat to LNGO independence in terms of agenda implementation. If not overcome, the LNGOs will continue being viewed as sub-contractors of international NGOs and therefore a risk of loss of local legitimacy and relevance in serving an international or external agenda. Therefore, there is a need for deliberate government policies to support LNGOs preferably through their network organisations, where governments would allocate a sufficient budget and resources for implementation of NGOs' agenda that is in line with the national development plans and priorities. This will enhance NGO participation in national development agenda especially to serve the underserved and those citizens that are un-able to access government services, thereby strengthen partnership with national governments by serving local/national agenda and subsequently reducing donor dependence. Lastly, further research in other countries is needed to establish the leadership competencies of NGO leaders and how they influence sustainable funding of LNGOs. In addition, further research utilizing a larger sample size is also needed to develop a tool to measure NGO leadership competencies.

### Limitations of the study

This study had some limitations. The respondents of this study were majorly LNGO leaders and this self-report may have altered the study findings in favor of NGO leaders evidenced by the

Vol. 3 No. 1, 2017  
ISSN 2412-303X



International  
Interdisciplinary  
Journal of Scholarly  
Research (IIJSR)

Copyright ©  
Scholarly Research  
Publisher

higher rating of NGO leadership competencies. We could have interviewed junior officers to rate their NGO leaders' competences but a choice was taken to interview senior officers including NGO leader because of their experience, knowledge, and first-hand information on financial sustainability. Finally, the majority of NGOs preferred to provide categorized figures of their annual incomes. Computing categorized data into continuous data may have led to loss of some meaningful data.

## References

- Ali, A., A. (2012). *Factors influencing sustainable funding of non-governmental organizations in Kenya: A case study of Sisters Maternity Home (SIMANO) in Garissa* (Unpublished Doctoral dissertation). Nairobi University, Kenya.
- Barr, A., Fafchamps, M., & Owens. M. (2003). Non-governmental organizations in Uganda: A report to the Government of Uganda Centre for the Study of African Economies, Department of Economics Oxford University. Retrieved from <http://www.csae.ox.ac.uk/reports>.
- Bolton, M., & Abdy, M. (2003). *Leadership*. London, England: ACEVO.
- Burger. R., Owens. T. (2012). *The Survival Prospects of African Nongovernmental Organizations* (Research Paper No. 11/07).
- Gyamfi, P. (2010). Financing local non-governmental organisations in Ghana: issues and challenges. Master's thesis. Accra: Kwame Nkrumah University.
- Hailey, J. (2006). NGO leadership development. *Praxis Paper No. 10*.
- Hailey, J., & James, R. (2004). Trees die from the top: International perspectives on NGO leadership development. *Voluntas*, 15(4), 343 – 353. doi:10.1007/s11266-004-1236-8.
- James, R. (2005a) The Crushing Impact of HIV/AIDS on Leaders in Malawi, Praxis Note No.10, Oxford: INTRAC [www.intrac.org/pages/praxis\\_notess](http://www.intrac.org/pages/praxis_notess) Accessed: 20 June 2014.
- James, R. (2005). Autocratics Anonymous: A Controversial Perspective on Leadership Development. *Praxis Note No. 14*.
- Lewis, D. (2001). *Management of Non-Governmental Development Organizations: An Introduction*. London, England: Routledge.
- Manyeruke, C. (2012). Mitigating the effects of the global financial crisis in Zimbabwe: the alternative strategies for the non-governmental organisations. *African Journal of Social Sciences*, 2(2), 1-9.
- Mugenda , O., M. & Mugenda, A., G. (2003). *Research Methods: Quantitative and Qualitative approaches*. Nairobi, Kenya: African Centre for technological studies.
- Njoroge, G.B. 2013. An investigation on the factors influencing sustainability of NGOs in Kenya. Masters of Science thesis. Nairobi: University of Nairobi.
- NORAD. (2002). *A report of a Study on the civil society in Uganda for xthe royal Norwegian embassy in Uganda*. Retrieved from <https://www.norad.no/en/toolspublications/publications/2009>
- Sanjeev, G., Powell, R., & Yang, Y. (2006). *Macroeconomic Challenges of Scaling Up Aid to Africa* (Working Paper No. WP/05/179.). Retrieved from <https://books.google.com>
- Saungweme, M. (2014). *Factors influencing financial sustainability of local NGOs: the case of Zimbabwe* (Doctoral dissertation). Stellenbosch University: Stellenbosch. Retrieved from <http://hdl.handle.net/10019.1/97293>
- Sharma, P. (2012). Performance measurements in NGOs. *The Management Accountant*.1442-1444
- Sooryamoorthy, R., & Gangrade, K., D. (2001). NGOs in India: A cross Sectional Study. Retrieved from [www.bokus.com/bok](http://www.bokus.com/bok)
- Sweat, S., A. & Martin K. S. (2008). *Data analysis with SPSS: A first course in applied statistics*. Boston, USA: Pearson Education, Inc.
- USAID. (2010). *2009 NGO Sustainability Index for Sub-Sahara Africa*. Retrieved from <https://www.usaid.gov/africa-civil-society/2009>.
- Waiganjo, E.W., Ng'ethe, J.M. and Mugambi, D.N. 2012. An investigation into the strategies adopted by non-governmental organisation in Kenya to increase financial sustainability. *International Journal of Current Research*, 4(4), April 2012, 74-78
- Wamai, N., Walera, I., & Wamai G. (2002): *The Role of Non-Governmental Organizations (NGOs) in Social Development. A study of Health Sector NGOs in Mbale and Mubende Districts, 1997*. Retrieved from Stanford university libraries website: <https://searchworks.stanford.edu>
- Weerawardena J., McDonald R., & Mort G. (2009). Sustainability of nonprofit organizations: An empirical investigation. *Journal of World Business* 45, 346-356. doi:10.1016/j.jwb.2009.08.004

Vol. 3 No. 1, 2017  
ISSN 2412-303X



International  
Interdisciplinary  
Journal of Scholarly  
Research (IJSR)

Copyright ©  
Scholarly Research  
Publisher