Int Journal of Social Sciences Management and Entrepreneurship 9(1): 334-345 2025



ISSN 2411-7323

www.sagepublishers.com

© SAGE GLOBAL PUBLISHERS

## INFLUENCE OF STRATEGIC LEADERSHIP ON FINANCIAL SUSTAINABILITY OF NGOS IN THE ADVOCACY SECTOR IN KENYA

### <sup>1</sup>Aidah W. Alice, <sup>2</sup>Dr. Waiganjo Esther, <sup>3</sup>Dr. Njeru Agnes

 PhD Student in Strategic Management, School of Business, Jomo Kenyatta University of Agriculture and Technology
 <sup>23</sup>Lecture School of Duciness Kenyatta University of Agriculture and Technology

<sup>2,3</sup> Lecturers, School of Business, Jomo Kenyatta University of Agriculture and Technology

#### Abstract

The study's main objective was to examine the influence of strategic leadership on the financial sustainability of NGOs in the advocacy sector in Kenya. The study employed a mixed-methods research approach and utilized a cross-sectional survey design. The study's target population consisted of 11,176 NGOs in the advocacy sector in Kenya, with a sample size of 384 NGOs. The correlation index between strategic leadership and financial sustainability was positive and significant, r (304) =0.678; p $\leq$ .05. This inferred that as the level of strategic leadership increases, the financial sustainability also increases. The T value for strategic leadership was also significant: T (304) = t=19.457;  $\beta$ = 0. 0.453.; P $\leq$ .05. This implied that for each unit increase in strategic leadership, the financial sustainability of the NGOs could increase by 0.453 units. This inferred the rejection of the null hypothesis, and the conclusion made was that H1 (There is a significant influence of strategic leadership on the financial sustainability of NGOs in the advocacy sector in Kenya). The researcher recommends the institutionalization of strategic leadership 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 leadership. **Keywords:** Strategic leadership, 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 (Gul & Morande, 2023). 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, 2010). 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 (NGOs Coordination Board, 2019). 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 leadership, 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 leadership 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 leadership significantly influence the financial sustainability of NGOs in the advocacy sector in Kenya?

#### Research Hypothesis

The study tested the following research hypothesis:

H<sub>01</sub>: Strategic leadership does not have a significant influence on the financial sustainability of NGOs in the advocacy sector in Kenya.

#### **Literature Review**

Organisational leadership is duty-bound to ensure a framework of organisational controls that track progress towards the achievement of sustainability (Center for Creative Leadership, 2017). Strategic leadership involves the management of an organisation's strategy-making process to create a competitive advantage (Ongeti & Machuki, 2018; Sasaka et al., 2017). Strategic leadership can be defined as the capacity to envision and anticipate the future, empower others, and maintain flexibility in the creation of strategic change, as is necessary. Unfortunately, many organisations struggle with establishing organisational practices that provide a framework for tracking progress towards financial sustainability. Strategic and financial controls are part of overall organisational controls, and there is a need for strategic leaders to establish appropriate and adequate controls. Hitt, Ireland & Hoskisson (2016). Strategic management practices provide a structure to facilitate flexible and innovative behaviours that ensure organisations remain competitive within their sectors (Verburg, Nienaber et al., 2018). Strategic leadership practice in not-for-profits is a field that researchers are required to explore owing to their significance in organisational performance, moreso for not-for-profits based in the developing countries (Kitonga, Bichanga, & Muema, 2016).

Effective leadership is a critical factor in ensuring financial sustainability for non-profit organisations (Francois, 2015). Strategic leadership concerns the executives' use of influence and power to direct the actions of others when pursuing an organisation's goals. Non-profit senior management, therefore, needs to continuously create awareness on the scope of activities that they engage in and the value-add that they generate for society, thus assisting potential

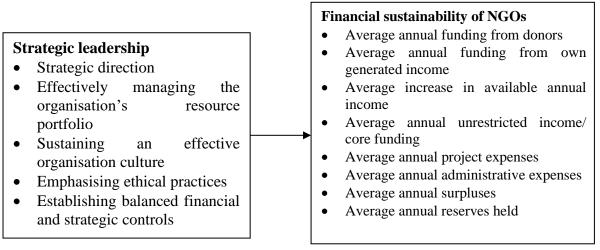
development partners to review options of funding available as well as tap into international funding streams (Mawudor, 2016). Leitch, Lancefield & Dawson (2016) identified ten fundamental principles of strategic leadership viz: a). Distribution of responsibility. b). Being honest and open about available information. c). Creation of several paths for testing and raising ideas. d). Making it safe for staff to fail. e). Providing access to other members of the strategic team. f). Developing opportunities for staff to learn through experience. g). Hiring for transformation/revolution, and h). Bringing one's whole self to work. i). Finding time to reflect/ evaluate and j). Recognition of leadership development as a continuous practice. The ten principles are classified into three main categories: the first three principles are classified as "Systems and structures", the next four principles are classified as "People, policies and practices", and the last three principles are referred to as "Focus on self".

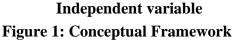
#### Theoretical Framework

This study is linked to theoretical underpinnings that relate to the Upper Echelons theory. The main highlight of this theory is that firms are a replica of the intellect and ideals of their top leaders (Hambrick & Mason, 1984). The inclinations and principles of top leadership affect their view of the environment and the selections they make about the strategy of the organisation. Over time, the firm comes to mirror the leader, and a firm's outcome is directly related to the extent of managerial discretion that exists. The theory avers that an organisation is what its leaders perceive, think, feel, and believe. Kowo and Ankibola (2019) hold that organisational outcome and performance levels are highly determined by managerial-related characteristics. While the upper management is usually the one involved in the formulation of strategy, involvement and engagement level for other employees in formulation of strategy determines efficiency and effectiveness of strategic outcomes. This theory was key to the study as it explains how strategic leadership affects financial sustainability. It shows how the executives' opinion of the organisation affects the strategic choices taken, thus ultimately affecting organisational performance. While the Upper Echelons theory is not extensively explored or uniquely applied to the context of NGOs, the ability of management to provide strategic direction is a key competence that can greatly contribute to an NGO's performance and overall financial sustainability. Strategic leadership 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).

#### **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.







### **Research Methodology**

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 also utilised the mixed methods research approach and adopted a cross-sectional survey design. The use of 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

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.

### Sample size

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 to the larger population.

### Data Collection and Administration

Data was collected using a questionnaire guide. The concept of this research instrument was derived from the objectives of the study, which were an operational form of the theoretical construct of the phenomenon under inquiry. 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.

#### **Results of the Study**

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

The objective of this study was to assess the extent to which strategic leadership 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.

Strategic leadership	SD	D	Ν	Α	SA	Mean	Stdev
Cronbach alpha =	%	%	%	%	%		
0.708							
The organisation has	42	45	11	1	1	1.71	0.779
documented goals and							
objectives of the							
organisation		•	10	0	10	• • •	1.004
Priorities are set	32	39	10	9	10	2.19	1.294
around beneficiary							
expectations Priorities are set based	44	42	9	2	4	1.80	0.875
on donor expectations	44	42	9	Z	4	1.60	0.875
Our organisation	25.61	17.71	22.61	18.71	15.41	2.92	1.366
delivers value to	20.01	17.71	22.01	10.71	10.11	2.72	1.500
beneficiaries							
continuously							
The organisation has	32.11	49.51	8.51	0	9.81	1.79	0.965
documented shared							
values							
There are	34.41	51.81	6.21	2.61	4.91	1.72	0.969
opportunities for							
collaboration /							
teamwork among the staff							
The organisation	28.21	50.81	12.51	6.21	2.31	1.85	1.125
regularly evaluates	20.21	50.01	12.51	0.21	2.31	1.05	1.125
processes and							
procedures							
Risk management is a	47.21	26.91	13.41	4.31	8.21	2.16	1.046
key consideration in							
decision making							
Composite mean and						2.09	1.09
standard deviation							

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

Table 1 presents the responses of strategic leadership on financial sustainability. The results were presented using means and standard deviations. Eight statements were developed to measure the extent to which strategic leadership influences financial sustainability. The average score for this indicator was found to be 2.09 (Stdev = 1.09). This implies that, on average, there was a consensus that strategic leadership influenced the financial sustainability of NGOs in the advocacy sector in Kenya. This is in line with the literature review on the strategic management practice, where most of the studies found a relationship between strategic leadership and 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 the 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 following 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 of Strategic Leadership and Financial Sustainability of NGOs in the Advocacy Sector in Kenya

Factor analysis refers to the idea that measurable and observable variables in the study can be reduced to fewer underlying variables that share a joint variance and are unobservable (Bartholomew, Ntoumanis & Thøgersen-Ntoumani, 2010; Williams, Hartman & Cavazotte, 2010). Thus, in the present study, factor analysis was performed so as to reduce and summarize data set items into controllable factors without losing the original information. 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.

### a) Strategic Leadership 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 00 and 1. Values that are closer to one (1) suggest that the factors extracted explain the variance of an individual item.

<b>Opinion statement</b>	Initial	Extraction
i) The organisation has documented goals and objectives of the organisation	1.000	0.476
ii) Priorities are set around beneficiary expectations	1.000	0.538
iii) Priorities are set based on donor expectations	1.000	0.502
iv) Our organisation delivers value to beneficiaries continuously	1.000	0.743
v) The organisation has documented shared values	1.000	0.666
vi) There are opportunities for collaboration/teamwork among the staff	1.000	0.784
vii) The organisation regularly evaluates processes and procedures	1.000	0.635
viii) Risk management is a key consideration in decision making	1.000	0.483

#### Table 2 Communalities for strategic leadership

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 will be retained in further analysis during the final data analysis. The highest value is 0.784, and the lowest is 0.476, 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 Leadership 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). Aidah, Waiganjo & Njeru; Int. j. soc. sci. manag & entrep 9(1), 334-345; April 2025; 340

Compo- nent	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	2.750	34.380	34.380	2.750	34.380	34.380	2.092	26.155	26.155
2	1.072	13.400	47.780	1.072	13.400	47.780	1.528	19.101	45.256
3	1.006	12.570	60.350	1.006	12.570	60.350	1.207	15.094	60.350
4	0.818	10.219	70.569						
5	0.706	8.831	79.400						
6	0.624	7.806	87.206						
7	0.558	6.972	94.178						
8	0.466	5.822	100.000						

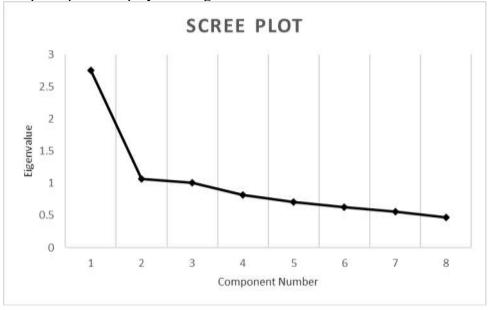
Table 3	Total	variance	explained
1 4010 0	10100	100 100 10 C	oxpraintou

Extraction Method: Principal Component Analysis.

The high factor loading scores showed that all the items explained the financial sustainability of NGOs. The EFA extracted 3 factors with Eigen values of 2.750, 1.072, and 1.006, which were above the accepted value of 1 and cumulative extracted variance of 60.350%. This is confirmed by the scree plot below, and thus, none of the eight items was dropped (Yong & Pearce, 2013).

#### c) Strategic Leadership 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 1 below.



## Fig 1: Scree plot for strategic leadership

The results of the scree plot indicates the number of factors extracted from the factor analysis process. The steepness curve steep is an indication of high eigen values and in the graph above, the steep slope between component 1 and 3. As a result only the three components retained in line with the Eigen values from total variance explained table above. The graph shows that there are eight factors but only three are above the threshold value of one.

### d) Strategic Leadership Principal Component Analysis

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.

Opinion statement	Component		
-	1	2	3
Our organisation delivers value to beneficiaries continuously	0.761	-0.205	0.350
Priorities are set around beneficiary expectations	0.719	0.125	
Risk management is a key consideration in decision making	0.596	0.346	
Priorities are set based on donor expectations	0.523	0.305	0.368
The organisation has documented shared values	0.480	0.474	-0.459
The organisation regularly evaluates processes and procedures		0.786	0.122
The organisation has documented goals and objectives of the organisation	0.327	0.588	0.156
Thereareopportunitiesforcollaboration/teamwork among the staff	0.172	0.264	0.827

### Table 4 Rotated Component Matrix

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 19 iterations.

Principal component analysis (PCA) with Varimax rotation was conducted to identify the underlying factors of all the research constructs relating to strategic leadership. 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 leadership 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 leadership.

# Inferential Statistics of Strategic leadership and financial sustainability of NGOs in the advocacy sector in Kenya

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

# Correlation of Strategic leadership and financial sustainability of NGOs in the advocacy sector in Kenya

Correlation analysis was conducted to establish the relationship between strategic leadership and the financial sustainability of NGOs in the advocacy sector in Kenya. The results were presented in: Aidah, Waiganjo & Njeru; Int. j. soc. sci. manag & entrep 9(1), 334-345; April 2025; 342

Var	Variables		Strategic leadership
Financial sustainability	Pearson Correlation Sig. (2-tailed)	sustainability 1	
	n	305	
	Pearson Correlation	0.678**	1
Strategic leadership	Sig. (2-tailed)	0.000	
	n	305	305

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

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

The correlation output in Table 5 shows that strategic leadership 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 leadership and financial sustainability was positive and significant, r (304) =0.678; p≤.05. This implies that as the level of strategic leadership increases, the financial sustainability also increases.

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

Additionally, to estimate the overall effect of strategic leadership on the financial sustainability of NGOs in the advocacy sector in Kenya, a regression analysis was run on the two variables, and the results were shown in Table 6. It can be noted that the model summary in Table 3 of regression showed an R square of 0.555, implying that strategic leadership explained about 56 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 leadership and financial sustainability of NGOs in the advocacy sector

R	R Square	Adjusted R Square	Std. Error of the Estimate		
0.745 <sup>a</sup>	0.555	0.554	0.40387		

a. Predictors: (Constant), Strategic leadership

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 leadership and financial sustainability of NGOs in the advocacy sector

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.750	1	61.750	378.585	.000 <sup>b</sup>
	Residual	49.422	303	0.163		
	Total	111.171	304			

a. Predictors: (Constant), Strategic leadership

The ANOVA Table 7 shows that the global model containing the predictor of strategic

leadership and financial sustainability was significant; F(304) = 378.585; 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 leadership on financial sustainability to be high.

Lastly, it was important to establish the amount of contribution that strategic leadership 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 leadership and financial sustainability of NGOs in the advocacy sector in Kenya

	Model	Coefficients		t	Sig.	
		B	Std.			
			Error			
1	(Constant)	4.123	0.023	178.298	0.000	
	Strategic leadership	0.453	0.023	19.457	0.000	

a. Dependent Variable: Financial sustainability

Table 8 of regression coefficients shows the beta coefficient for strategic leadership to be 0.453. The T value for strategic leadership is also significant: T (304) = 19.457;  $\beta$ = 0.453.; P≤.05. This implies that for each unit increase in strategic leadership, the financial sustainability of NGOs could increase by 0.453 units.

## Hypothesis Testing

The study sought to examine the influence of strategic leadership on the financial sustainability of NGOs in the advocacy sector in Kenya. Pearson correlation coefficient was used to test the relationship between strategic leadership 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 a 0.05 level of significance, which stated that (H0): There is no significant relationship between strategic leadership and the financial sustainability of NGOs in the advocacy sector in Kenya. From the findings of correlation and regression analysis, the correlation index between strategic leadership and financial sustainability was positive and significant, r (304) = 0.678; p≤.05. This implied that as the level of strategic leadership increases, the financial sustainability of NGOs also increases. The regression coefficient shows the beta coefficient for strategic leadership at T (304) = 19.457;  $\beta$ = 0.453; P≤.05, implying that for each unit increase in strategic leadership, the financial sustainability of NGOs could increase by 0.408 units. This depicted that strategic leadership significantly influences the level of financial sustainability, which therefore led to the rejection of the null hypothesis, which stated that:

H<sub>0</sub>: Strategic leadership does not have significant influence on the financial sustainability of NGOs in the advocacy sector in Kenya and accepting alternative hypothesis that:

H<sub>1</sub>: Strategic leadership 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 leadership influenced the financial sustainability of NGOs in the advocacy sector in Kenya. Following statistical analysis, the study concluded that strategic leadership has a significant influence on the financial sustainability of NGOs in the advocacy sector in Kenya.

#### **Recommendations**

Based on this finding, the following was recommended: Senior managers in NGOs should provide strategic leadership by clearly documenting the goals of their organisations. The goals should be aligned with the organisation's resources to ensure optimal utilisation. Management should also cultivate a culture that supports the long-term achievement of goals by creating a conducive environment for both management and staff to thrive. Ethical considerations should always be taken into account when making decisions to ensure that the concerns of all stakeholders are taken into account. Proper documentation of goals, ethical values, and codes of conduct should be available and easily shared among staff. This should be reinforced through training as well as the reward systems instituted by the NGO..

#### REFERENCES

- Bartholomew, K. J., Ntoumanis, N., & Thøgersen-Ntoumani, C. (2010). The controlling interpersonal style in a coaching context: Development and initial validation of a psychometric scale. *Journal of Sport & Exercise Psychology*, 32, 193-216.
- Blanco-Portela, N., R-Pertierra, L., Benayas, J. & Lozano, R. (2018). Sustainability Leaders' Perceptions on the Drivers for and the Barriers to the Integration of Sustainability in Latin American Higher Education Institutions. *Sustainability*, 10(8), 2954; *https://doi.org/10.3390/su10082954*
- Boyes-Watson, T., & Bortcosh. S. (2022). Breaking the starvation cycle? How international funders can stop trapping their grantees in the starvation cycle and start building their resilience *Humentum*, available at: <u>https://reliefweb.int/training/3898850/planning-ngo-financial-sustainability</u>
- Center for Creative Leadership. (2018). Adapting to Organisational Change: CCL Guidebook. Retrieved from *https://www.ccl.org/articles/leading-effectively-articles*.
- Cleveland University, 2024. <u>https://onlinelearning.csuohio.edu/blog/finding-your-voice-advocacy-social-work-and-policy-issues</u>
- Creswell, J. W. & Creswell, J. D. (2017). *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches.* Sage publications.
- Francois, E. J. (2015), *Financial Sustainability for Non-Profit Organisations*, New York, Springer Publishing Company.
- Gul, K. & Morande, S. (2023). Factors Influencing Sustainability of Non-Governmental Organizations in the developing world. SEISENSE Business Review 3(1), 1-21. DOI: https://doi.org/10.33215/sbr.v3i1.885
- Hair, J., Black, W., Babin, B. & Anderson, R. (2010). *Multivariate Data Analysis*. London: Maxwell Macmillan.
- Hambrick, D. C. & Mason, P. (1984). 'Upper Echelons: The Organisation as a Reflection of its Top Managers,' *Academy of Management Review*, 9, 193–206.
- Hitt M.A., Ireland R.D. & Hoskisson R.E. (2016). *Strategic Management concepts: Competitiveness and Globalization: Concepts and Cases* (12th ed.), Boston, MA: Cengage Learning.
- Huang, S., van der Veen, R., & Song, Z. (2018). The impact of coping strategies on occupational stress and turnover intentions among hotel employees. *Journal of Hospitality Marketing & Management*, 27(8), 926-945.
- I Choose Life Africa (ICL A) (2017). https://lchooselife/global/programsservices/leadership-governance/institutional-transformation/
- Kitonga, D. M., Bichanga, W. O. & Muema, B. K. (2016). Strategic Leadership and Organisational Performance in Not-For-Profit Organisations in Nairobi County in Kenya. *International Journal of Scientific and Technology Research*, 5(5), 17-27.
- Kowo, S.A. & Ankibola O.A. (2019). Strategic Leadership and Sustainability Performance of Small and Medium Enterprises. *Ekonomicko- manazerske Spektrum*, 1, 38-50.

- Kulzy, W. W., & Fricker, R. D. (2015). The Survey Process: With an Emphasis on Survey Data Analysis. *Phalanx*, 48(2), 32–37.
- Leitch, J., Lancefield, L. & Dawson, M. (2016). 10 Principles of Strategic Leadership: How to Develop and Retain Leaders Who Can Guide Your Organisation Through Times of Fundamental Change. *Strategy* + *Business*, PwC UK, 84
- Mawudor, B. G. (2016) Financial Sustainability of Church Related Organisations: An Empirical Study on Kenya, Globethics.Net International Secretariat, Switzerland

Mertens, D. M. (2017). Mixed Methods Design in Evaluation (Vol. 1). SAGE publications.

- Mohamed, A. & Makori, D. (2022). Strategic Financial Practices and Funding Sustainability of Non-Governmental Organisations in Kenya: A Case of Islamic Relief Kenya. *International Journal of Current Aspects in Finance, Banking and Accounting*, 4(2), 1-10. <u>https://doi.org/10.35942/ijcfa.v4i2.248</u>
- NGO Board. (2014). NGO Board Strategic Plan 2014-2017. Retrieved from <u>https://www.ngobureau.or.ke/?wpdmpro=ngos-board-strategic-plan-2014-2017</u>
- NGO Coordination Board Website, 2018, https://www.ngobureau.or.ke/
- NGOs Coordination Board (2019). Annual NGO Sector Report for Financial year 2018/9. Kenya
- Ongeti, W. J. & Machuki, V. N. (2018). Organisational Resources and Performance of Kenyan State Corporations. *European Scientific Journal*, 14(34), 92-117
- Pisano, G. (2015). A Normative Theory of Dynamic Capabilities: Connecting Strategy, Know-How, and Competition. Harvard Business School Technology & Operations Mgt. Unit Working Paper No. 16-036, Available at SSRN: *https://ssrn.com/abstract=2667018* or <u>http://dx.doi.org/10.2139/ssrn.2667018</u>
- Pisano, G. (2015). A Normative Theory of Dynamic Capabilities: Connecting Strategy, Know-How, and Competition. Harvard Business School Technology & Operations Mgt. Unit Working Paper No. 16-036, Available at SSRN: *https://ssrn.com/abstract=2667018* or http://dx.doi.org/10.2139/ssrn.2667018
- Public Benefit Organisations (PBO) Act of Kenya, 2013
- Renz, D. O., and associates, (2010). *The Jossey-Bass Handbook of Nonprofit Leadership and Management*, San Francisco, Calif.: Jossey-Bass.
- Sasaka, P. S., Namusonge, G. S. & Sakwa, M. M. (2015). Effect of Strategic Management Practices on the Performance of Corporate Social Responsibility of Parastatals in Kenya. *International Journal of Arts and Commerce*, 9(4), 69-91.
- Teece, D., Pisano, G. & Shuen, A. (1997). Dynamic Capabilities and Strategic Management. *Strategic Management Journal*, 18(7), 509-533.
- Velayutham, S., Aldridge, J. & Afari, E. (2013). Influence of Psychosocial Classroom Environment on students' Motivation and Self-Regulation in Science Learning: A Structural Equation Modeling Approach, *Research in Science Education*, 43(3), 507– 527.
- Verburg, R. M., Nienaber, A. M., Searle, R. H., Weibel, A., Den Hartog, D. N. & Rupp, D. E. (2018). The Role of Organisational Control Systems in Employees' Organisational Trust and Performance Outcomes. *Group & Organisation Management*, 43(2), 179-206.
- Whittington, R., Regnér, P., Angwin, D., Johnson, G. & Scholes, K., (2020). *Exploring Strategy: Text and Cases (12<sup>th</sup> Ed.)*. Pearson, United Kingdom
- Williams, L. J., Hartman, N. & Cavazotte, F. (2010). Method Variance and Marker Variables: A Review and Comprehensive CFA Marker Technique. Organisational Research Methods, 000(00), 1-38
- Yamane, T. (1967). *Statistics: An Introductory Analysis*. (2<sup>nd</sup> Edition), Harper and Row, New York.
- Yong, A.G. and Pearce, S. (2013) A Beginner's Guide to Factor Analysis: Focusing on Exploratory Factor Analysis. *Tutorials in Quantitative Methods for Psychology*, 9, 79-94.