UNIVERSITY OF CAPE COAST

# INFLUENCE OF FINANCIAL MANAGEMENT PRACTICES ON ORGANISATIONAL PERFORMANCE OF NON-GOVERNMENTAL ORGANISATIONS IN BIODIVERSITY, ACCRA

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# INFLUENCE OF FINANCIAL MANAGEMENT PRACTICES ON ORGANISATIONAL PERFORMANCE OF NON-GOVERNMENTAL ORGANISATIONS IN BIODIVERSITY, ACCRA

BY

HANNAH ABAKAH

Dissertation submitted to the Department of Finance of the School of Business, College of Humanities and Legal Studies, University of Cape Coast, in partial fulfilment of the requirements for the award of Master of Business Administration degree in Finance

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# DECLARATION

## Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: ………………………… Date: ……………………

Name: Hannah Abakah

## Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation was supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature: …………………………. Date: ……………………

Name: Dr. Anthony Adu-Asare Idun

## ABSTRACT

The purpose of the study was to investigate the influence of financial management practices on organisational performance of NGOs who are into biodiversity, and are in Accra in the Greater-Accra Region of Ghana. The target population was all permanent staff of NGOs in Accra who are into biodiversity. However, the accessible population was all spending officers including management staff, project coordinators, field officers and finance/account/audit staff of the organisations. The total number of these categories of staff considered in this study was 235. The NGOs and the categories of staff were selected purposively. Questionnaire with a reliability coefficient of 0.812 was the instrument used. 219 questionnaires were completed accurately, resulting in 93.2% response rate. Both descriptive and inferential statistical tools were used to analyse the data. The findings of the study revealed that cash management practices of the NGOs are not effective as expected. However, the internal financial control systems put in place by the NGOs were perceived to be effective. Also, the financial reporting and analysis of NGOs were seen to be in good shape. Collectively, working capital management practices, internal financial control systems, and financial reporting and analysis were able to influence significantly performance of the NGOs. Based on the findings and conclusions, management of the organisations should improve their financial management practices by ensuring that there are sufficient internal financial control measures which when implemented will make it mandatory for NGOs to prepare, review and spend within their respective budgets.

## KEY WORDS

Financial analysis

Financial management practices

Financial reporting

Internal financial controls

Non-governmental organisations

Organisational performance

Working capital management practices

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# DEDICATION

To Eric Yaw Abakah and Evans Kobina Abakah.

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| | |
|---|---|
| AMA | Accra Metropolitan Assembly |
| CAI | Conservation Alliance International |
| CSIR-ISTI | CSIR-Institute for Scientific and Technological Information |
| GSS | Ghana Statistical Service |
| MMDAs | Metropolitan, Municipal and District Assemblies |
| NGOs | Non-Governmental Organisations |
| PASW | Predictive Analytic Software |
| SMEs | Small and Medium Enterprises |
| SPSS | Statistical Product for Social Sciences |
| TAfS | Test Analysis for Surveys |
| UCC | University of Cape Coast |

# CHAPTER ONE

# INTRODUCTION

Financial management has become a topical issue as evidence mounts on the critical role it plays in determining the well-being of organisations. It has become a key issue in the 21st Century demanding flexibility, efficiency, disclosure, controls, and transparency for organisations in their pursuit of increase performance to meet the needs of the society and economy. One of the areas of financial management which has not received significant scholarly attention is financial management practices among Non-Governmental Organisations (NGOs) and its influence on the performance of the organisations (Brijlal, Enow & Issacs, 2017; Ekanem, 2017; Muchiri, 2017; William, 2018). Therefore, it is appropriate for practitioners in the NGO sector to give scholarly attention to the challenges indicated in order to answer the many unanswered questions.

## Background to the Study

Generally, NGOs have become important organisations for social and economic development in modern society. They play a significant role in the social and economic well-being of citizens through their non-profit interventions which exposes them to many new challenges. Large chunk of these challenges they face are in the area of their finances and its control, monitoring and regulation (Turyahebwa, Sunday & Ssekajugo, 2013). The complexity and advancement nature of NGOs has exposed these organisations to increased risk, fraud, altercations and other irregularities, which has made financial management practices in the area of working capital management, internal controls and financial reporting and analysis, an imperative system to maintain by these organisations (Muchiri, 2017).

An important key to the successful development and survival of NGOs is the role of financial management which is largely recognised by the previous research studies carried out in the areas of financial management (Abanis, Sunday, Burani & Eliabu, 2013; Mathiba, 2018; Muchiri, 2017; Saah, 2015; Turyahebwa et al., 2013). NGOs operate in different environment, especially those in developing communities such as Ghana. Their sources of income are largely from donations and grants. As a result, they need the most acceptable financial control system to help boost their image in the sight of their sponsors, hence, their approach and methods of managing finances should be transparent and consistent with international standards (Daft, 2012). However, poor record keeping, poor internal financial control systems, and poor preparation and analyses of financial statements are some of the perceived problems that some NGOs in developing countries are accused of (Deakins, Logan & Steele, 2018). Most of the time managers of these NGOs give second importance to these financial activities and rely on external accountants or advisor for their services to manage the financial side of their activities (Deakins et al., 2018).

Financial management is a critical and crucial function in organisational management as each and every operation has financial implications. If financial management decisions like working capital decisions, internal financial controls and financial reporting and analysis of an NGO are not taken on the basis of quality financial information and with appropriate use of financial tools and techniques, the NGO may run into failure. Most NGOs fail because they are not managed like business (Ekanem, 2017). The role of

NGOs in Ghana has long been recognised. It is estimated that they engage and also employ meaningful number of the adult population in the country (Dalberg Global Development Advisors, 2017).

Most empirical studies on financial management practices on the performance of businesses have focused basically on large scale businesses and profit oriented organisations in developed countries (Coleman & Cohn, 2017). Yet, of recent, there has been an increase in the recognition of the role played by non-profit organisations such as NGOs in biodiversity in national economies. The contribution of non-profit organisations to job creation, revenue mobilisation and poverty alleviation has been recognised by many governments in developing countries to the extent that these organisations are now included in their development plans (Coleman & Cohn, 2017). Through such plans, support structures are provided for the growth of NGOs including funding. Therefore, it is important to investigate the influence of financial management practices on performance of these organisations, focusing on NGOs who are into biodiversity in Accra, Greater-Accra Region of Ghana.

**Statement of the Problem**

Generally, poor or careless financial management has been sighted as a major cause of business failure among non-profit oriented organisations such as NGOs (Ross, Westerfield & Bradford, 2016). Therefore, there is the need to examine the methods used by NGOs to accumulate and allocate their scarce financial resources. Unlike large firms, the financial management practices in NGOs largely differ. It requires different sets of financial management practices as their nature, size and type of business environment to which they get exposed are substantially different than the profit-oriented firms (Coleman

& Cohn, 2017). Hence, NGO sector deserve separate focus studies so that through efficient financial management practices, the profitability, survival and competitiveness of the sector can be enhanced and the rate of NGOs failure can be reduced by bring level of professionalism in financial management (Ekanem, 2017).

According to Conservation Alliance International (CAI, 2018), NGOs in Ghana, especially those who are into biodiversity, are already facing a lot of funding and financial management challenges. Daft (2012) indicated inadequate capital, inadequate institutional credit facilities, use of out-dated technology, improper accounting techniques, inadequate promotion competencies and inattentiveness of NGOs as the main problems faced by the sector. These challenges can be blamed on inefficient financial management system, and lack of experiences in important business functions mainly in accounting and finance (Coleman & Cohn, 2017).

Several studies highlighted that, poor accounting and financial management practices as one of the factors contributing to massive failure of both profit and non-profit organisations such as NGOs (Abanis et al., 2013). Also, some later studies argued that financial mismanagement practices are key challenges non-profit organisations are facing which to a large extent affect their success negatively (Brijlal, Enow & Issacs, 2017; William, 2018). William (2018) added that a great many non-profit organisations fail not because the owners do poor job or provides an inferior service, but because their organisation is not run like a business. They have weak financial management practices in the area of working capital management, internal financial controls, and financial reporting and analysis. This assertion needs to be examined empirically to understand the link that exists between financial management practices of NGOs and their organisational performance. The study, therefore examined the issues of financial management practices of NGOs who are into biodiversity in Accra, Ghana.

## Purpose of the Study

The aim of the study was to assess the influence of financial management practices on organisational performance, focusing on NGOs that are based in Accra, Greater-Accra Region of Ghana, and are into biodiversity.

## Objectives of the Study

Based on the purpose of the study, four specific objectives of the study were formulated to direct the course of the study. These objectives were to:

1. examine the working capital management practices of NGOs, Accra;
2. determine the internal financial controls of NGOs, Accra;
3. examine the financial reporting and analysis of NGOs, Accra; and
4. establish the extent to which financial management practices influence organisational performance of NGOs, Accra.

## Research Questions

Based on the stated specific objectives of the study, the following research questions were formulated to guide the study.

1. What are the working capital management practices of NGOs, Accra?
2. What are the internal financial controls of NGOs, Accra?
3. What are the financial reporting and analysis of NGOs, Accra?

4. What is the extent to which financial management practices influence organisational performance of NGOs, Accra?

**Significance of the Study**

Non-profit organisations such as NGOs who are into biodiversity are of crucial importance to all communities. Their impacts are felt in the form of social intervention programmes such as biodiversity conservation and good governance. The findings of this study will guide management of NGOs in understanding and managing the finances of their respective organisations effectively. This is so because the findings of the study will enhance and broaden managers and unit heads on the knowledge of financial management and its impact.

Furthermore, earlier studies have indicated that managerial inexperience in most non-profit organisations is a major problem of failing of these organisations. As a result, this study will make attempts to obtain first-hand information from the business owners themselves on their financial management practices in order to situate their associated problems in line with relevant theory in this regard for appropriate recommendations. The findings will equally be expected to clarify the exact financial management problem(s) NGOs face for further research focus.

Though there is a compliance requirement about presentation of financial statements, there is no any monitoring mechanism to assess the adherence to those requirements. Thus, study permits the insights to broaden the horizons about monitoring aspects of NGOs governing authority. The findings of the study could serve as a source of reference for other related research works in the future. Thus, the study would contribute immensely to the development of NGOs and other organisations with regard to financial management practices which play a significant role in the economy.

**Delimitation**

Geographically, the study was delimited to NGOs who are into biodiversity operating in Accra. In relation to respondents, the study was delimited to only management staff, project coordinators, field officers, and account/finance staff of the various NGOs. With regard to variables, the independent variable, which was financial management practices, was delimited to working capital management practices, internal financial control practices, and financial reporting and analysis. While the dependent variable focused on organisational performance.

**Limitations**

The study would have been conducted to cover all NGOs in the country but the researcher was not in a good position to undertake such a venture due to limited time and financial constraints. The limited area of study coupled with the sampling procedure may affect the generalisation of the findings of the study to all NGOs in Accra and even Ghana since only 11 NGOs were considered. Therefore, the results of the study can best be generalised to the target population of the study only. The generalisation of the findings of this study to other groupings with similar characteristics must, therefore, be done with caution. Also, with this limitation in mind, explanations regarding the significance of the study should be handled cautiously.

In terms of the questionnaire, the items were closed-ended and as a result may not be apt in eliciting every needed data which would perhaps add to the quality of information required for the study. Furthermore, the study assumed that the selected staff of the NGOs had sufficient knowledge and understanding of the concepts, issues and what is expected of them to answer the items in the questionnaire accurately and truthfully. However, this was not verified. Also, the research was faced with limited access to literature on NGOs in Ghana, particularly those who are into biodiversity. Lastly, the findings and conclusions of the study may not be projected for the future since issues related to financial management practices and organisational performance keep changing with time.

**Organisation of the Study**

The study is organised into five chapters. Chapter One is the introduction which covers the background of the study, statement of the problem, objectives of the study, and research questions. The chapter further presents the significance of the study, scope of the study as well as the organisation of the study. Chapter Two focuses on the review of literature on the concept of financial management practices and organisational performance. Chapter Three described the research methods that are employed for the study. The chapter described the research design, population, sample and sampling procedure, research instrument, validity and reliability of the instrument, data collection procedure, data processing and analysis, and ethical considerations. Chapter Four focuses on the analyses and discussion of findings. Chapter Five presents the summary, conclusions and recommendations of the study. It ends with the suggestions for further research.

# CHAPTER TWO

# LITERATURE REVIEW

## Introduction

This study reviewed literature that pertains to the research. This enabled the researcher to have a better understanding of the problem, identify where gaps exist in the research literature and most importantly generate relevant methods. It focused on the interaction of the concept and themes as they relate to the theoretical and conceptual framework of the study. The theoretical perspectives of the literature related to financial management practices and its influence on organisational performance. It was drawn on shareholder, residual equity and contingency theories. Some related empirical studies were also reviewed in order to gain knowledge by means of direct and indirect observation of previous researchers.

## The Concept of Financial Management

Financial management, as a concept, is a term involving two technical words: finance and management, as such; it may be useful to begin with an understanding of both words in the term. Finance is the body of facts, principles and theories relating to raising and using money by individuals, businesses and governments (Abanis et al., 2013). It is also about money and sources as well as about people. The success of an organisation depends on how well it harnesses everyone to work to the common end, and as expected the financial manager must appreciate the conflicting objectives often encountered in financial management (Abanis, Burani & Eliabu, 2014).

On the other hand, the term management is defined as making things happen through strategic and entrepreneurial leadership (Bowen, Morara &

Mureithi, 2009). It is the attainment of organisational goal in an effective and efficient manner through planning, organising, leading and controlling organisational resources (Daft, 2012). How the finance issues are handled is the concept or theory of financial management. Financial management is viewed as one of the essential areas in activities of an organisation due to the fact that the survival, growth and expansion of the organisation can only be achieved where sound financial management practices are in operation in consonance with the overall business objectives (Attom & Mbroh, 2012). In the words of McMenamin (2012), financial management may simply be defined as 'the ways and means of managing money' but more formally; it is the determination, acquisition, allocation, and utilisation of financial resources, usually with the aim of achieving some particular goals or objectives. The next sub-section focuses on financial management practices.

**Financial Management Practices**

Generally, the context of financial management practices include accounting information systems, financial reporting and analysis, working capital management, financial structure management, financial planning and control, financial advice, and financial management expertise (Wild, Larson & Chiappetta, 2015). Accounting information systems focus on the nature and purpose of financial records, book keeping, cost accounting, and use of computers in financial record keeping and financial management. Financial reporting and analysis also refer to the nature, frequency and purpose of financial reporting, auditing, analysis and interpretation of financial performance (Daft, 2012). Working capital management on the other hand focuses on non-financial and financial considerations in asset acquisition, quantitative techniques for capital project evaluation, investment rate determination and handling risk in an uncertainty in this context (Deakins et al., 2018).

The fourth practice in financial management practices is financial structure management which emphasises on financial leverage or gearing, accounting to lenders, knowledge of sources and uses of finance, non-financial and financial considerations in financial structure decisions and non- financial and financial considerations in profit distribution decisions (Attom & Mbroh, 2012). Financial planning and control also look at financial objectives and targets, cost-volume profit analysis, pricing, financial budgeting and control and management responsibility centres, while financial advice focuses on internal and external sources and types of financial advice and use of public accounting services. The last considered was financial management expertise which deals with informal and formal education, training and experience in financial management, relevant qualifications and overall financial management expertise (Abanis et al., 2013).

According to Abanis et al. (2013), financial management practices can be seen as the practices performed by the accounting officer, the chief financial officer and other managers in the areas of budgeting, supply chain management, movable asset management and control. It deals with working capital management practices, internal control practices and financial reporting and analysis of the organization. The inclusion of working capital management, internal control systems and financial reporting and analysis is in agreement with the view of Waweru and Hgugi (2014) that sound financial management, be it in the public or private sector, is vested in the timely, efficient, effective and economical attainment of objectives by managers. These objectives cannot be achieved without effective working capital management, internal financial controls and financial reporting and analysis as a cycle whereby resources are assigned to objectives.

Therefore, the goal of financial management practices in NGOs is for staff to ensure that they safeguard and use available funds and other scarce resources in the best interest of people. This goal can be achieved when the working capital management practices, internal financial controls and financial reporting and analysis of the organisation is in good shape. The main role players in financial management practices as selected for this study are the accounting officer, chief financial officer and other managers.

**Working capital management practices**

Several interpretations have been given to the term working capital from different field of study such as finance, economics and business. According to Sushma and Bhupesh (2007), the term is defined, in accounting and financial statement analysis, as the firm's short-term current assets and current liabilities. It can also be seen as a firm's investment in short-term assets, cash, short-term securities, accounts receivables and inventories. Working capital is essential for any organisation to succeed. Adequate working capital is maintained by businesses for the smooth running of the firm. It is believed that when working capital is inadequate, fixed assets cannot be utilised efficiently and effectively and firms may surfer what is known as liquidation due to low liquidity position (Deloof, 2013). When organisations are not able to meet their debts at maturity it puts them in a bad financial position. This also affects the credit worthiness of the organisation.

An organisation must maintain an adequate level of working capital in order to run its business smoothly for no business can operate successfully without an adequate amount of working capital (Garcia-Teruel & Solano, 2017). Raising sufficient working capital is an essential requirement for any organisation start-up. However, raising working capital requirement may be different depending on the type of business the organisation is involved in. For example, working capital requirement for a non-profit organisation such as NGOs who are into biodiversity may differ from a profit oriented organisation. That is, profit oriented organisations such as limited liability companies can acquire working capital through floating of shares and debentures but non-profit organisations such as NGOs are not allowed by law to do so. However, operating a non-profit organisation frequently require financial boost in times of crisis. It is, therefore, imperative to closely examine the concept of working capital in relation to NGOs in Accra.

Management of working capital appears to be crucial both at national and organisational levels. It may be seen as pooling together the financial resources to invest into a particular venture. The challenge of working capital management entails the difficulty of decision-making regarding investment in various current assets with an objective of maintaining the liquidity of funds of the firm to meet its obligations promptly and efficiently (Peel, 2016). The prime focus of managing working capital is to decide upon the optimal level of investment in various current assets, optimal mix of short-term funds in relation to long term capital and identify the suitable means of short term financing (Orobia, Warren & John, 2017).

The management of working capital is unfinished without an over-all look at the management of current liabilities. Determining the appropriate levels of current assets and current liabilities in working capital management involves fundamental decisions regarding the organisation's liquidity and the composition of the organisation's debts (Orobia et al., 2017). The management of this short-term asset is crucial because of its effects on the profitability and the subsequent value of the organisation (Padachi, 2018).

**Internal financial control practices**

The next dimension of financial management practices considered is internal financial controls. Internal financial controls are processes involving board of directors, management, and other personnel created as a means of ensuring that the organisation's objectives can be achieved (Abeygunasekera & Fonseka, 2012). The objectives are categorised as effectiveness and efficiency of operations, reliability of financial reporting, compliance with the relevant laws and regulations. According to Whittington and Pany (2014), control environment is distinguished from control procedure in that the former represents the general management attitude, awareness and actions as far as it concerns internal control whereas the later refers to what management has put in place as guidelines to control information and transaction procedure so as to achieve the organisation's objectives.

Since organisations differ in management philosophy, structure and size the wider outlook of control elements will always reflect the above differences. Organisational culture determines control through self-discipline and internal monitoring (Stettler, 2017). Internal financial controls are organisation's confidence in its ability to perform or undertake a particular behaviour to control it finances. A system of internal financial controls potentially prevents errors and fraud through monitoring and enhancing organisational and financial reporting processes as well as ensuring compliance with pertinent laws and regulations. Generally, internal financial controls represent a continuous process which takes part of the board of directors, senior management and all levels of personnel, and whose aim is to ensure that all the established goals will be achieved (Sherre & Kent, 2017).

Aldridge and Colbert (2017) posit that some things considered to be good are not always enough for information. Internal financial controls have to give the possibility to check quality. Dittenhofer (2018) concurs that sometimes even the quality of an information is not enough, if it is uncompleted; that is why internal financial controls need to ensure that all elements are taken into consideration during their processing and the information always need to be geared to the pursued aim. Dittenhofer (2018) conclude that availability of internal financial controls is not enough to take possession of the information because sometimes it might be too late and that is why internal financial controls have to avoid such situations and ensure the procurement of information is availed in a suitable time. The last dimension of financial management practices considered was financial reporting and analysis.

**Financial reporting and analysis**

In the formal sector, financial reporting refers to the utilisation of financial reports and related gen to expedite managerial decisions, kinds of financial statements in use, statements useful to particular forms of business and methods of financial analysis used (Anderson, 2014). The literature on financial reporting and analysis and organisational performance is scant. Turyahebwa et al. (2013) explored financial management practices and business performance of small and medium enterprises (SMEs) in Western Uganda. The study examined the financial records of 33 super growth enterprises for 10 years preceding their listing, and for four years after the listing. For the purpose of comparison and benchmarking, the study also examined a matched sample of small enterprises that did not grow and achieve listing. The study found that there was some propensity in the direction of more frequent financial reporting as the growth enterprises developed and became public companies. Nevertheless, the provision of historical financial reports did not vary markedly between the advanced businesses and a matched sample of non-growth enterprises.

Another study of importance was carried out by Davies (2018). The study determined the association between financial reporting and financial analysis, focusing on non-profit organisations. It went further and examined significant associations between reporting and financial analysis on one hand and achieved growth rate and financial performance on the other hand. Davies (2018) concludes that financially performing organisations adopted sound reporting and financial analysis practices. As indicated earlier, effective financial management practices lead to high organisational performance. Therefore, the review further looks at organisational performance which is the nest subsection considered.

## Organisational Performance

According to Brown (2013), performance measures in organisations must focus attention on what makes, identifies and communicates the drivers of success, support organisations learning and provide a basis for assessment and reward. Other researchers (Dixion, 1990; Drucker, 2014) are of the view that appropriate performance measures are those which enable organisations to direct their actions towards achieving their strategic objectives. This is because according to them, a firm's performance is central to the future well-being and prosperity of any enterprise.

Study by Whyte (2013), shows that performance can be measured at both organisational and individual levels either qualitatively or quantitatively. This measurement is sometimes referred to as performance appraisal. Whyte (2013) argues that organisations have desired potentials in terms of capacity, attraction, manual share and financial strength, and performance is the difference between those potentials and those that have been achieved. Whyte (2013) further argues that human capital asset accumulation has significant impact on the organisations ability to introduce new products, compete within markets thus influencing the level of performance. It increases knowledge base within the organisation's success and performance.

O'mara (2013) asserts that availability and level of resources can also be used to analyse the performance of an organisation. O'mara (2013) contents that resource which may include assets finances, internal financial controls, working capital management, employee skills and organisational process are key indicators of the organisation's performance one time. In agreement with this, Robins (2014) suggested that resources could be grouped into physical, human and capital resources and that a firm can increase its performance only when other firms are unable to imitate its resources. Robins (2014) added that although a strong organisational performance indicates a strong institution, qualitative indicators like the nature of management and education level of labour force must supplement the quantitative indicators in order to enable the enterprise ability to meet its focus and objectives.

Drucker (2014) contended that performance should be measured in terms of stakeholders' satisfaction and impact of the organisation to the society at large. Drucker (2014) further argued that in order to be able to perform, organisations should critically look at their financial management practices and know how best the organisation meets the needs of citizens. He adds that organisations should continuously improve on their services through innovations and great value. The assertions of Drucker (2014) is in line with that of Saani (2017) who avers that in order to assess performance, organisations should be examined in terms of quality of services, working capital management, internal controls, utilisation and innovations. Therefore, the current study considered working capital management practices, internal financial controls, and financial reporting and analysis and factors that influence organisational performance of NGOs who are into biodiversity, and are operating in Accra.

## Theoretical Review

The theoretical review of the study was made up of multiple related theories that were critically reviewed and analyse to form a theoretical structure that supported the argument of the study. They are interconnected ideas that condense and organises knowledge about the world with regard to financial management practices and organisational performance. It tries to present the theories which explain why the problem under study exists. It formed the basis for conducting this study. Specifically, the theories reviewed were shareholder, residual equity and contingency theories. The theoretical framework helped the researcher to see clearly the variables of the study. It also provided the researcher with a general framework for data analysis.

**Shareholder theory**

Shareholder theory defines the primary duty of an organisation's managers as the maximisation of shareholder wealth (Filbeck & Lee, 2013). The theory enjoys widespread support in the academic finance community and is a fundamental building block of corporate financial theory. However, the shareholder model has been criticised for encouraging short-term managerial thinking and condoning unethical behaviour. Shaw (2017) notes that critics believe shareholder theory is geared toward short-term profit maximisation at the expense of the long run.

Mathiba (2018) assert that shareholder theory involves using the prima facie rights claims of one group, shareholders, to excuse violating the rights of others. Opponents of shareholder theory often recommend that firms balance the interests of shareholders against those of employees, customers, and other stakeholders when making business decisions (Mathiba, 2018). The criticisms are understandable because many proponents of shareholder theory, in a stylised version of the model, exhort managers to maximize the firm's current stock price (Davies, 2018). Wealth maximisation is inherently a long-term goal, the organisation must maximize the value of all future cash flows and does not condone the exploitation of other stakeholders.

**Residual equity theory**

The residual equity theory stipulates that changes in asset assessment, income and in reserved earnings and variations in interest of other equity holders are all replicated in the residual equity of the common shareholders. Kitonga (2013) identified the specific equities as the entitlements of creditors and the equities of preferred stockholders. According to Kitonga (2013), the balance sheet becomes: assets minus specific equities are equal to residual equity. The investment of common investors in the balance sheet should be obtainable distinctly from the equities of preferred stockholders and equity holders precisely (Atrill, 2016). The aim of this theory is to provide a better financial reporting as a result of good financial management practices. In a successful condition the current value of common stock is reliant primarily upon the anticipation of future dividends.

Also, the future financial standing is reliant upon expectations of total receipts minus precise pledged obligations, payments to specific equity holders and necessities for ploughing back (Datta, 2018). It is, therefore, important to note that since financial statements are not usually set on the basis of likely liquidation, the information provided in respect of the residual equity should be useful in forecasting likely future financial standing to common stockholders. The residual equity theory is a wealth concept which supports the argument that effective financial management practices lead to increase in organisational performance.

**Contingency theory**

The efficiency of resource allocation is not simply a matter of adopting complex, theoretically higher investment techniques and procedures but also attention must be given to the fit between the organisational setting and the design and operation of the capital budgeting system. Three characteristics of the organisational setting which are assumed to be related with the design and operation of an organisation's capital budgeting system have been emphasised by Kitonga (2013), who identified firm's organisational characteristics as the first of such aspects. In this regard, he argued that large companies are characterised by decentralisation and a more administratively oriented control plan concerning a higher degree of standardisation. Moreover, smaller and less complex organisations tend to adopt interpersonal and simple control systems.

However, Vohra and Dhillon (2014) have a contradictory view and argued that firms will experience more benefits from using complex capital budgeting methods. This idea is based on findings of a study conducted by Attom (2013) which found out that the use of sophisticated capital budgeting methods is inversely related to environmental uncertainty. Attom (2013) recognised environmental uncertainty as the second feature of firms and argued that the more mutable and random the context of operation is, the less suitable will be the highly bureaucratic, mechanistic capital budgeting arrangements. Therefore, an administratively-oriented capital budgeting control policy of NGOs is assumed to be consistent with analytical style of management, a high degree of professional competence and a history of ordinary investment outcomes. However, the situation at hand can thwart or boost the financial management practices of the organisation.

**Empirical Review**

To understand the current concepts under study much better, the study reviewed the current study empirically. This helped in gaining better knowledge on the issues by means of direct and indirect observation or experience of previous researchers or studies. The records of other researchers' observation or experience were examined to gain more information about the concept under study. The review of empirical studies concentrated on the concept of financial management practices and organisational performance, and the link between the two main concepts. Similarly, the influence of financial management practices on organisational performance was also considered.

Nguyen (2012) examined the relationship between financial management and profitability of enterprises to determine whether financial management practices and financial characteristics impact on firm profitability. The study provides descriptive findings of financial management practices and financial characteristics and demonstrates the simultaneous impact of financial management practices and financial characteristics on fir profitability. In addition, the research study provides a model of fir profitability, in which profitability was found to be related to financial management practices and financial characteristics. With the exception of debt ratios, all other variables including current ratio, total asset turnover, working capital management and short-term planning practices, fixed asset management and long-term planning practices, and financial and accounting information systems were found to be significantly related to firm profitability. Nguyen (2012) concludes that financial management practices have meaningful influence on performance of enterprises.

One of the dimensions of financial management practices considered in this study is working capital management practices. Management of working capital which aims at maintaining an optimal balance between each of the working capital components, that is, cash, receivables, inventory and payables is a fundamental part of the overall corporate strategy to create value and is an important source of competitive advantage in businesses (Deloof, 2013). In practice, it has become one of the most important issues in organisations with many financial executives struggling to identify the basic working capital drivers and the appropriate level of working capital to hold so as to minimize risk, effectively prepare for uncertainty and improve the overall performance of their businesses (Jindrichovska, 2013).

The existence of efficient working capital management practices can make a substantial difference between the success and failure of an organisation and it is of particular importance to the managers of organisations, because it is they who strive for finances and the opportunity cost of finances, for them is usually on the higher side (Jarvis, Kitching, Curran & Lightfoot, 2013). As established by Jarvis et al. (2013), efficient financial management with regard to management of working capital and internal financial controls are vital for the success and survival of organisations which needs to be embraced to enhance performance and contribution to economic growth. However, as observed by Atrill (2016), there is evidence that many enterprises are not very good at managing their working capital despite their high investments in current assets in proportion to their total assets and this has been a major cause of their high failure rates as compared to large businesses.

Most non-profit organisations such as NGOs who are into biodiversity operate without internal financial controls, implying that both the expertise and the information required to make sound judgments concerning terms of engagement may not be available. They also lack proper working capital and financial reporting procedures; hence, they tend to experience increased risks of their finances which affect their growth and performance. Hall and Young

(2013) studied 100 non-profit organisations that were subject to involuntary liquidation in 2001, 2006 and 2011. They found that the 49.8% reasons given for the organisation's failure were of financial in nature. Beside this, 86.6% of the 247 reasons given were of financial in nature when the perception of the official receivers interviewed for the organisations.

Abanis et al. (2013), determined the extent of financial management practices employed by enterprises as to working capital management) cash management, accounts receivable management, inventory management practices) investment, financing, accounting information systems and financial reporting and analysis. The findings of the study revealed that the extent of application of financial management practices is low among enterprises. Based on the findings that emerged from the study, one may say that enterprise owner should be sensitise towards financial management practices and enterprises access to financing needs to be improved. The work of Abanis et al. (2013) only considered one dimension of financial management practices, which is working capital management. The current study makes use of three dimensions: working capital management, internal financial controls, and financial reporting and analysis.

Firms are seen as a driving force for the promotion of an economy. Turyahebwa et al. (2013) study examine the relationship between financial management practices and business performance of firms in western Uganda with a view to establishing a coherent model directed at improving business performance and it was hypothesised that financial management practices positively influence business performance. The study adopted a positivist (quantitative paradigm) with cross sectional and correlational designs. The study used a respondent sample of 335 firms operating in Mbarara, Sheema and Bushenyi whose owners/managers were the unit of enquiry. Structural equations modelling with analysis of moment structures were used to for statistical modelling.

The findings that emerged from Turyahebwa et al. (2013) study indicated that financial management practices accounted for 33.8% of the variance in business performance of firms. The results also indicated that working capital management influences highly since it predicts over 22% of the variance in business performance. The present study supported a multi-theoretic approach in explaining business performance of firms in Uganda. The study supports the pecking order theory in explaining the financing of firms together with resource-based view as the theories that help in explaining business performance of firms. The study confirmed efficient financial management practices factor structure of observed variables and the latent variables. As a result, the study provided models for efficient financial management practices. This shows that owners of firms should develop a positive attitude towards adopting financial management practices so as to achieve desired business performance.

Vohra and Dhillon (2014) also studied various effects of financial management practices on small firm performance through questionnaire-based field survey. The data collected from 103 owner/managers from a random sample of enterprises located in the four cities of Punjab state of India. This research finds detailed consequence of financial management practices on firm performance which mediate via financial planning capabilities. It covers four aspects mainly include, financial forecasting and budgetary planning capabilities, working capital planning capabilities, inventory management capability, financial reporting and financial analysis capabilities. The study did not consider internal financial controls as dimension of financial management practices, not to mention financial reporting and analysis. The findings that emerged from Vohra and Dhillon's (2014) study also indicated that there is a strong relationship between financial management practices and financial performance of organisations.

Waweru and Hgugi (2014) also explored the influence of financial management practices on the performance of enterprises in Kenya. The questionnaire used to collect data through a sample of 95 respondents selected on the basis of simple random sampling method out of 10000 management staff in enterprises. The research study examined the influence of four independent variables viz. financial innovations, investing activities, risk management practices and working capital management on financial management practices as a dependent variable. The multivariate regression model was employed to determine the relative importance of four independent variables with respect to performance of enterprises. The study found out that financial innovation influences the financial management practices to a great extent. The study recommended that the owner/managers of enterprises should embrace financial innovation in order to generate long term stability and competencies for business. Besides this enterprise should invest on regularly on the decision taken with the support of effective business support system.

Firms are very important to the economic growth and development of a nation. Unfortunately, a large number of firms in Ghana do not survive for a long period. Saah's (2015) study believes that prudent financial management practices can help firms become profitable and for that matter stay in business for a long period of time. Saah (2015) assessed the impact of financial management practices on the profitability of firms in the Tamale Metropolitan area of Ghana with a view to establishing a coherent model directed at improving profitability of firms in Ghana. The study used a sample of 232 firms operating in Tamale. The study was a cross sectional survey which used primary data predominantly. Multiplicative linear regressions together with Pearson's correlation co-efficient were used to analyse the data.

The findings of Saah's (2015) study indicated that financial management practices such as working capital management, financing, investing, financial reporting and accounting information systems impact positively on the profitability of firms, accounting for 77.4% of the variances in profitability of firms. The results further indicate that the application of accounting information systems has the highest effect on profitability since a one percent increase in the application of accounting information systems increases profitability by 0.39%. The study strongly recommends higher adherence to financial management practices. Policy makers, developments partners, owners, and managers of firms may use these findings to appreciate the importance of financial management practices to the sustainability of firms in Ghana.

Brijlal et al. (2017) investigated the use of financial management practices by small, medium and micro enterprises in South Africa. The authors found that more than half firms rely on external accounting staff to prepare accounting reports and more than 60% rely on external accounting staff to interpret and use accounting information. The study also revealed that firms' owners lack interpretation skills and awareness of using information from financial statements. The study recommended that policy makers, academic institutions and banks and business support organisations should focus on educating firm owners so that risk of cash flow problems and business failure can be mitigated.

According to Muchiri (2017), some firms listed at the Nairobi Securities Exchange, in the non-financial sector, have continued to record poor performance as evidenced in declining share prices. His study, therefore, sought to establish the effect of financial management practices on financial performance of non-financial firms listed at the Nairobi Securities Exchange. The independent variables of the study were liquidity, Capital budgeting and Leverage. The main objective of the study was to establish the effect of financial management practices on financial performance of non-financial firms listed at the Nairobi securities Exchange. The study used panel data analysis to establish the relationship between financial management practices and financial performance of non- financial firms listed at the Nairobi securities exchange. A census study was conducted on the non-financial firms.

Muchiri's (2017) study used secondary data for a five-year period covering year 2010 to 2014. However, some of the non- financial firms were listed or had been suspended in between the study period. Therefore, complete data for the period was collected from financial statements of 34 companies. The data was analysed using inferential statistical tools. Specifically, fixed regression analysis was run for two equations. One with inflation included as a moderating variable and the other excluding inflation. With moderation effect of inflation, only capital budgeting was significant at 0.05 significance level while all other variables were insignificant. With exclusion of inflation as a moderating variable, Liquidity with a value β = 0.009295 and return on capital employed with a vale β = 1.000236 were significant at 0.05 significance level.

The regression analysis of Muchiri's (2017) study gave a coefficient of determination ($R^2$) of 85.28% which showed that 85.28% of change in return on assets was accounted for by the explanatory variables while the adjusted R-square of 85.01% further justified this effect. Liquidity and capital budgeting gave a significant positive relationship to return on assets in the regression model which meant that they had a positive significant impact on financial performance. However, capital budgeting with a coefficient of 1.000236 had the highest impact on return on assets. The empirical findings imply that Liquidity management and capital budgeting impact on financial performance of non-financial firms.

The findings that emerged from Muchiri's (2017) study leads to the conclusion that proper liquidity management and proper capital budgeting can bring about higher profitability. Based on this conclusion, the study recommended that senior managers of non-financial firms listed at the Nairobi Securities exchange should focus more on capital budgeting and Liquidity management so as to improve on the bottom line of their institutions. Performance reviews on the senior management should focus on financial management practices such as liquidity and capital budgeting to improve financial performance of their institutions.

Mathiba (2018) also evaluated the financial management practices in the department of correctional services. For the purpose of the study, financial management practices are defined and demarcated as the practices performed by the accounting officer, chief financial officer and other managers in the areas of budgeting, supply chain management, movable asset management and control. Recurrence of similar internal audit and inspection findings, as well as the continuous poor audit reports that the department had been receiving annually, led the office of the National Commissioner to request all branches and Regional Commissioners to compile action plans aimed at addressing non-compliance.

In order to fulfil the study objective, the normative requirements for the identified financial management practices are first defined in terms of financial management theory, policy and legislation. The accounting officers are heads of departments, and they account personally for financial transactions. The concepts of budget processes and planning were explored by Mathiba (2018) in order to identify normative requirements. Budget was identified as part of organisational planning, which starts with the aim and the mission of the institution. Under supply chain management, the principles of procurement were discussed, as considerable amounts are spent on goods and services.

The life cycle of assets was discussed in detail, including the procedure for giving account of assets. Control was defined as a process through which a manager ensures that activities are carried out as originally planned. With regard to policy and legislation, regulations were explained in detail, focusing on the budget process and financial management responsibilities of all different role players. With regard to supply chain management, policies were explained in detail, focusing on the acquisition of goods and services. The acceptable supply chain management system was also highlighted by Mathiba (2018).

With regard to control, in order to comply with financial management policies, an official in a department must ensure that the system of financial management and internal control established for that department is carried out within the area of responsibility of that official (Mathiba, 2018). The budget and planning processes of the department of correctional services were explained in detail. The policy on asset management for the department was considered, focusing on the acquisition and control of assets. The legislative framework of the department was also examined in detail, focusing on the control measures within the department.

**Conceptual Framework**

The conceptual framework of the study was carved based on the observations and ideas imbibed from the literature and personal observation and experience made in the field of finance management practices as a whole. A careful analysis of the review of literature suggests that finance management practices comprise several factors and these factors can conceptually be grouped into many dimensions including: working capital management practices, internal financial controls, and finance reporting and analysis. These dimensions are used as independent variables while organisational performance was treated as dependent variable. The conceptual framework shows that the three independent variables influence organisational performance. The degree of the influence however, would be determined by the effectiveness of the independent variables. The conceptual framework is depicted in Figure 1.

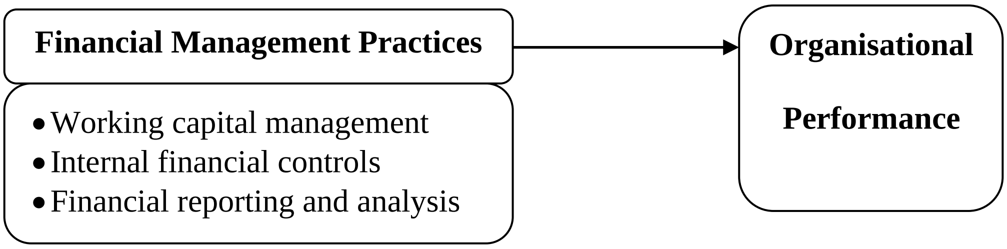


Figure 1: Influence of Financial Management Practices on Organisational Performance

Source: Abakah (2019)

The general argument of the study is that, if the working capital management practices, internal financial controls, and financial reporting and analysis of NGOs who are into biodiversity and operating in Accra are perceived positively and effectively by management and finance related staff of the organisation, the performance of the organisation will increase significantly. However, this influence is not straight forward as it seems. It can be seen as complex influence because decrease in the effectiveness of any of the dimensions of financial management practices may thwart the performance of the organisation.

## Chapter Summary

The literature on financial management practices of organisations is very broad in nature and touches the different aspects of finance in varied context of firm's life. The initial interest of research in non-profit organisations such as NGOs who are into biodiversity failure and default risk which has widened to studies investigating the financial management practices viz cash management, account receivable management, trade credit, inventory management, financial planning, performance and analysis, capital budgeting to accounting information related practices. In the subsequent years, the simultaneous impact of financial management practices and financial characteristics on organisational performance studied by few authors. Yet the exact relationship and influence of financial management practices on performance of organisations is not clear, especially among non-profit organisations such as NGOs.

The various studies reviewed adopted largely the quantitative approach. Also, the scaling system was used and most of the studies adopted five-point Likert scaling system. The main instruments for the studies were interview schedule and questionnaire. Data collected for the studies were from both primary and secondary sources. Secondary data were collected from published documents on the topics whiles primary data were collected from the field by the researchers. Most of the works reviewed used Statistical Product and Service Solutions (SPSS) tools to analyse the data. Also, descriptive statistical methods of frequency distribution, percentages, mean, and standard deviation were used to analyse the data. In addition, most of the works reviewed used correlation and regression techniques to identify and establish the relationship between variables of the studies and develop a group of independent variables that are useful in predicting the dependent variables.

In summary, it is evidence from the literature review that financial management practices is an area that researchers are still giving attention to. There have been some research works that looked at financial management practices and it influence on organisational performance in the developed countries and factors influencing these variables. However, none of the reviewed studies looked at working capital management, internal financial controls, and financial reporting and analysis simultaneously as dimensions of financial management practices. There are few studies in the developing countries especially Ghana that look at the influence of financial management practices on organisational performance, focusing on non-profit organisations. This gap is what the current research seeks to fill.

# CHAPTER THREE

# RESEARCH METHODS

## Introduction

This chapter describes the research methods used in this study. It describes the research design, study organisation, population, sample and sampling procedure, data collection instrument, validity and reliability of the instrument, data collection procedures, data processing and analysis, and ethical issues considered in this study.

## Research Design

The researcher adopted the quantitative approach. However, in relation to the design, descriptive survey design was used. Research design is a plan that guides research activity to ensure that sound conclusions are reached (Babbie, 2013; McMillan, 2012). The study sought to gather and analyse information on existing financial management practices and organisational performance using the descriptive survey design. In descriptive survey design, a sample is drawn from the population of interest and generalisations are made, taking into consideration their responses (Malhotra & Birks, 2014; Zikmund, 2015). Using this design, the study was able to go beyond the 'what' questions to ask 'why' and 'how' questions in order to understand the issues. Moreover, taking into account the rationale of the study and the population under study, it was deemed appropriate to use the descriptive survey design to help to achieve the purpose and to draw meaningful conclusions from the study with regard to the influence of financial management practices on organisational performance of NGOs in biodiversity.

**Study Area**

The study area is Accra Metropolis. Since its establishment, the Accra Metropolitan Assembly (AMA) has been the Regional capital for the Greater-Accra Region. In addition, it serves as the national capital of Ghana. According to Ghana Statistical Service (GSS, 2014), the City of Accra is bounded to the North by Ga West Municipal, the West by Ga South Municipal, the South by the Gulf of Guinea, and the East by La Dadekotopon Municipal. It covers a total land area of 139.674 $Km^2$ (GSS, 2014).

AMA is one of the 216 Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana, among the 16 MMDAs in the Greater Accra Region. It was established by the Local Government Act, 1993, (Act 462) and Legislative Instrument 1615. Having gone through a number of changes in terms of size and number of Sub Metros, the AMA as it exists now was established in 2012 with L.I. 2034 following the creation of the La Dadekotopon Municipal Area. The AMA consists of ten Sub Metropolitan District Councils made up of 72 communities and 76 Electoral Areas. The Metropolitan Chief Executive is the political head of the Metropolis while the Metropolitan Coordinating Director is the administrative head.

The coastline of the Metropolis has a series of resistant rock outcrops and platforms and sandy beaches near the mouth of the lagoons. The coastline is exposed and because of the close proximity of the continental shelf, a strong coastal and wind action, it is subject to severe erosion. The Accra Metropolitan Area lies in the dry equatorial climatic zone. It experiences two rainy seasons. There are three broad vegetation zones in Accra Metropolitan area, which comprise shrub land, grassland and coastal lands. Only the shrub land occurs more commonly in the western outskirts and in the north towards the Aburi Hills (GSS, 2014). Currently, there are many NGOs in the metropolis working to help develop and protect the natural environment. Figure 2 depicts a map of AMA.

MAP OF ACCRA METROPOLIS

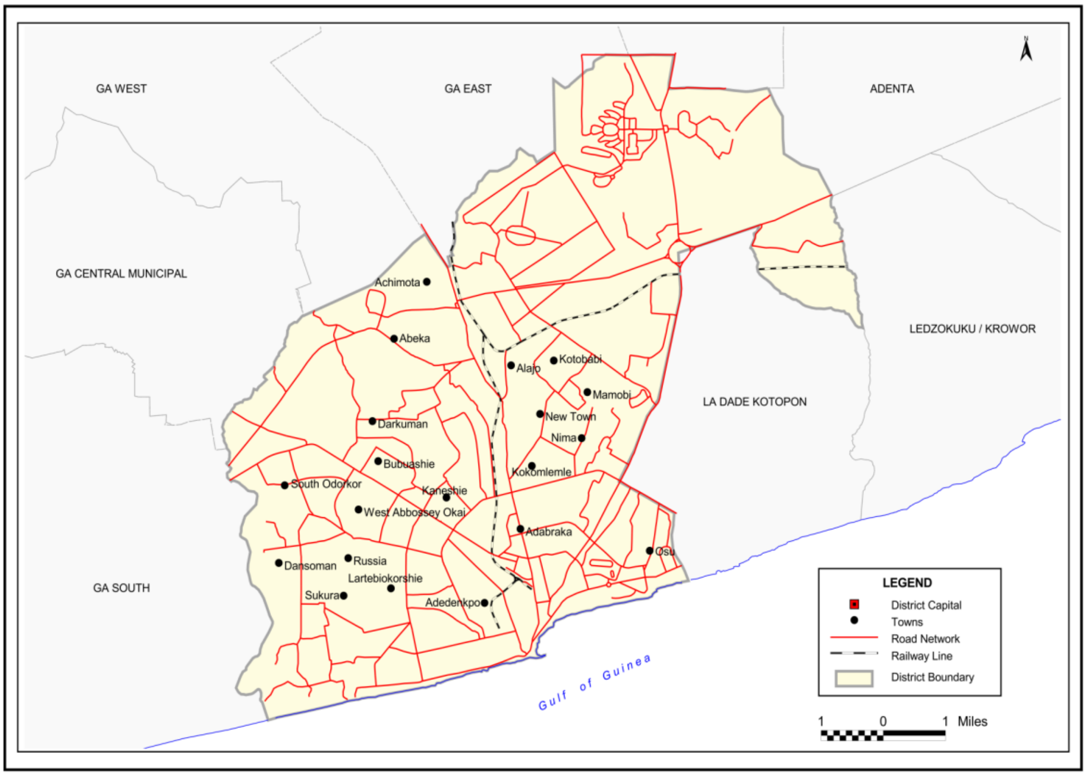


Figure 2: Map of Accra Metropolis

There are about 11 NGOs in biodiversity whose head offices are in the Metropolis. These NGOs work with more than eleven million people living in over 637 communities in the various regions of Ghana. They are not-for-profit non-governmental environmental organisations (CAI, 2018). These NGOs include CSIR-Institute for Scientific and Technological Information, Rainforest Alliance, A Rocha Ghana, EcoCare Ghana, Advocates for Biodiversity Conservation, Herp Conservation Ghana, Arocha Biodiversity Heritage Associates, Hen Mpoano Tropentos, and Ghana Wild life Society.

These NGOs bring together people and skills needed to build Africa's capacity to conserve biodiversity through sound science, local initiatives and good governance. They also mobilise and clean primary biodiversity data and also influence the data integration or mainstreaming into government decision-making processes (CAI, 2018).

## Population

It is always important to have a target population in mind when selecting a sample. Population is any complete group of people, companies, hospitals, stores, college students, or the like that share some set of characteristics (McMillan, 2012; Zikmund, 2015). The researcher chose the permanent staff of all the 11 NGOs in Accra who are into biodiversity as the target population because they are in a better position to assess the financial management practices and performance of the organisations. However, the accessible population was all spending officers including management staff, project coordinators, field officers and finance/account/audit staff of the organisations. Currently, each NGO has an average of 20 staff in the various categories of the accessible population. The total number of these categories of staff considered in this study, with regard to the 11 NGOs was 235 (AMA, 2019). These categories of staff are more into the finances of the organisations and for that matter are in a better position to assess the financial management practices and performance of the organisations.

## Sample and Sampling Procedure

According to Malhotra and Birks (2014), the most used approach for determining the sample in a descriptive study is to specify the precision of estimation desired and then to determine the sample size necessary to insure it. Researchers usually sample from an accessible population and hope to generalise to a target population. However, due to the small number of management staff, project coordinators, field officers and finance/account/audit staff of the 11 NGOs who are into biodiversity and are in Accra, the census method was used for the study. These NGOs and the categories of staff were selected purposively for the study. This method was deemed appropriate and feasible since the number of staff in the organisations was small. The census again was necessary since management staff, project coordinators, field officers and finance/account/audit staff of the organisation were quite different from each other. According to Kelly (2016), it is always appropriate to use the census method in such studies since the population is small and variable, any sample the study drawn would not be representative of the population from which it is drawn.

Furthermore, the resulting values the study would calculate from the sample would also be incorrect as estimates of the population values. As indicated earlier, the management staff, project coordinators, field officers and finance/ account/audit staff were 235 and they were able to provide data that facilitated the assessment of the organisations' financial management practices and its influence on the performance of the organisations. The researcher believes that the respondents share adequate attributes, skills and knowledge about financial management practices and organisational performance to enrich data collection. The staff provided data that assisted the researcher in looking at the issues raised in the objectives of the study.

**Data Collection Instrument**

Questionnaire was the instrument used in collecting the data (See Appendix A). The questionnaire designed for the respondents was deemed appropriate for the study because it provided a much quicker means of gathering information from a fairly large literate population. In addition, it was economical, easy to construct and questions were consistent and uniform. The questionnaire also allowed anonymity of the respondents which made it easy for them to volunteer information without fear of victimisation (Zikmund, 2015). However, in the view of Cohen, Manion and Morrison (2014), questionnaire is limited to literate population and does not provide an opportunity to collect additional information. In the case of this study, all the respondents were literate and were in a position to read and understand the items in the questionnaire as expected.

The questionnaire was made up of four sections: A, B, C, and D. The first section (Section A) of the questionnaire collected data on background characteristics of respondents. Items considered were gender, status, age, highest level of educational qualification, and length of experience as staff of the organisations. Section B focused on data regarding financial management practices of the organisations. The dimensions considered were working capital management practices and internal financial controls. Section C of the questionnaire was also used to collect data on organisational performance of the NGOs. Section D collected data on financial reporting and analysis.

Section A was made up of five close-ended items. Section B and C were made up of 20 and 13 close-ended items respectively. The responses in sections B and C were measured numerically using a unilinear scale such that one (1) represents the strongest disagreement to the items or questions while five (5) represents the strongest agreement to the items or questions. Respondents were likely to answer questions according to what they consider was expected of them as staff of the organisation. This type of scale requires a great deal of decision-making and can take a long time to synthesis the data (Bryman, 2016). On the other side of the coin, it has potential of showing the strength of the person’s feelings to whatever is in the question (Kelly, 2016). They are easy to analyse, easy to collect data and quick as well.

The last session was used to collect data on financial reporting and analysis of the organisations. Seven close-ended items were used. Most of the items were measured categorically while others were measured numerically. Even though, close-ended items do not give respondents room for self-expression, respondents required less effort to respond. Detail regarding the questionnaire is presented in Appendix A.

**Validity and reliability of the instrument**

In order to improve the validity and reliability of the instrument, a pilot study was conducted. Validity is the extent to which an indicator accurately measures a concept it intends to measure (Cohen et al., 2014). In other words, validity can be defined as the degree to which an instrument measures what it is supposed to measure. Internal validity was assessed to test the ability of the instrument to measure what it was projected to measure and to help detect any errors that could obscure the meaning of the instrument and prevent it from eliciting specious responses. According to Bryman (2016), experience from pre-testing of an instrument is use to improve and amend the instrument before sending it out to the main research population. Validity, in the context of this study refers to how accurately the questionnaire was able to collect the responses from the respondents as intended by the researcher in order to answer the research questions.

In relation to content validity, the study ensured that the items on the instrument covered the domain that the instrument purports to measure. This was determined by the expert judgment of my able supervisor and other professionals in the field of business and finance. The instrument was made available to these academicians and professionals who helped in shaping them with the view of establishing content validity. The researcher paraphrased, modified and deleted materials that were considered inaccurate or items that were infringe on the confidentiality of the respondents. Furthermore, these academicians and professionals helped scrutinised unclear, biased and deficient items, and evaluate whether items were members of the subsets they have been assigned.

With regard to face validity, the study ensured that the instrument measured what they appeared to measure. The face validity of the study was granted by the researcher’s peers, colleagues, and other members of the academic community. Construct validity on the other hand was ensured by making sure that the instrument relates to the theoretical constructs that they purport to measure. For example, does the questionnaire measure the construct of financial management and organisational performance the way the study designed it.

Evergreen Revolution, Ghana was chosen for the pre-testing of the instrument because it possesses similar characteristics with the 11 NGOs who are into biodiversity with regard to staff characteristics of staff, activities and project objectives of the organisations. The study selected 30 staff of Evergreen Revolution, Ghana for the pre-test. Proximity of Evergreen Revolution, Ghana to the researcher was also taken into consideration. The questionnaire was personally delivered to the respondents by the researcher with the help of some staff of Evergreen Revolution, Ghana. All the questionnaires administered were retrieved as expected.

With the help of the Predictive Analytic Software (PASW) Version 21.0, the researcher used a Cronbach's alpha reliability coefficient to measure the internal consistency of the questionnaire. This coefficient was used because the distribution was normal and also the responses to the items were measured numerically using unilinear scale. According to Pallant (2010), the most appropriate measurement tool to use in finding out the reliability coefficient of an instrument which is design to elicit quantitative data is the Cronbach's alpha reliability coefficient tool. Therefore, it was appropriate to use this statistical tool in measuring the consistency of the questionnaire. The Cronbach alpha reliability coefficient obtained from the questionnaire was 0.812. Research has shown that scales with Cronbach's alpha co-efficient of 0.70 or more are considered reliable (Creswell, 2014; Pallant, 2010).

## Data Collection Procedures

A period of 13 weeks was used to collect the data. The data collection process started from Tuesday 8 January, 2019 and ended on Friday April 5, 2019. Each respondent was given at most 30 minutes to complete his/her questionnaire. Prior to the administration of the questionnaire, an informal familiarisation visit was made to the 11 NGOs to confirm the number of staff, and to gather additional information regarding the issues under study.

The questionnaires were administered by the researcher personally to the selected staff with the support of 11 staff, one from each of the NGOs. These staff had adequate experience regarding data collection process; therefore, it was appropriate for the study to use them as field assistants since they are closer and familiar with the staff. During the data collection process, relevant data and information were gathered from the field. The field assistants were given training and orientation regarding the study, which made it easier for them to administer the questionnaires. The training programme included explaining the objectives of the study to the field assistants, how to identify and approach respondents and data management.

The data collection procedures were carried out in three stages. The first stage was the collection of list of respondents from the organisations. The second stage was the distribution of the questionnaires while the third stage focused on retrieving the questionnaires administered. The researcher with support from some staff of the organisations went through the entire questionnaire with the respondents after which the questionnaires were distributed to them to respond objectively to the items.

The researcher and the field assistants were given opportunity to administer the questionnaires in the various organisations and on the field. Most of the questionnaires administered were done within the organisations. The respondents were giving the questionnaire to answer. Those who were not able to answer the questionnaires on the same day were asked to submit the answered questionnaire on some other day and their contacts (phone numbers) were obtained in other to reach them later. The completed questionnaires were collected back within a 13 weeks period. At the end of data collection, the researcher was able to collect completed and accurate data from the respondents. Out of the 235 questionnaires administered, the researcher was able to retrieved 219 completed and accurate questionnaires, resulting in 93.2% response rate.

**Data Processing and Analysis**

The data were sorted and coded based on the procedures within the variable view of the statistical analysis software tool known as the PASW Version 21.0. The Test Analysis for Surveys (TAfS) was used for analysing the data. It is one of the most sophisticated statistical software packages popular with social scientists and other professionals when analysing quantitative data (Cohen et al., 2014; Pallant, 2010). Before the coding process, the researcher skimmed and scanned through the answered questionnaires to ensure that they were devoid of any irrelevant responses before feeding the computer with the data.

Furthermore, after the coding, the data were inputted into the data view of the software to complete the keying-in process. The raw data that were collected through the questionnaires were converted into the actual variables of interest through the pooling system as indicated earlier using mean values. The data were then analysed and transformed into tables and extracted for presentation and discussion. Specifically, the data were analysed using both descriptive and inferential statistical tools.

According to Zikmund (2015), in analysing quantitative data, mean and standard deviations are used when the distribution is normal while median and skewness are used when the distribution is skew. Zikmund (2015) added that in a normal distribution the mean and the median are approximately the same.

The skewness values of the data must also be within a threshold of -0.5 to 0.5. The normality test performed during the preliminary analysis showed that the distribution was normal. The close-ended questionnaire items were analysed, taking cognisance of the fact that they were the basis for which conclusions and recommendations are drawn.

Results and discussion of the data were presented based on the specific objectives of the study. Data on the background characteristics of the respondents were first analysed using cross tabulation. Cross tabulation is a descriptive way of presenting data comparatively using frequency count and percentage distributions. This was used to analyse the background characteristics of the respondents.

Data on the first three specific objectives of the study were analysed using descriptive statistics such as frequency, percentage, mean and standard deviation. Inferential statistics such as the Pearson product moment correlation and linear multiple regression analysis were used to analyse data on the fourth specific objective of the study. The Pearson product moment correlation was used to ascertain the relationship, if any, between the study variables. The rationale for using this statistical tool was that the variables were all measured discretely using close-ended items with responses that were measured using unilinear scale. Most researchers (Creswell, 2014; Kelly, 2016) are of the view that to analyse the relationship between two variables that are measured numerically using unilinear scale, it is appropriate to use the Pearson product moment correlation coefficient.

Also, the linear multiple regression analysis was used to assess the influence of the independent variable on the dependent variable since the variables were measured numerically using unilinear scale. Both the Pearson product moment correlation and the linear multiple regression analysis tools allowed the researcher to generalise the results. Furthermore, it was appropriate to use Pearson product moment correlation coefficient and linear multiple regression analysis since the distribution was estimated to be normal.

According to Pallant (2010), linear multiple regression analysis is useful for evaluating the contribution of predictors, as a means of statistical control, and for examining incremental validity. Linear multiple regression is a process involving the entry of predictor variables into the analysis. Kelly (2016) also posits that linear multiple regression is an appropriate tool for analysis when variance on a criterion variable is being explained by predictor variables that are correlated with each other as depicted in Figure 1.

**Ethical Considerations**

The issue of ethics is an important consideration in research that involves human subjects. It refers to appropriate behaviour of a researcher relative to the norms of society (Zikmund, 2015). The researcher, research subjects, and clients of the research were protected from any adverse consequences of the study by following laid down rules and procedures of ethics in research. The study considered ethical factors in a number of ways. Ethical issues that were catered for in this study included right to privacy, voluntary participation, no harm to participants, anonymity and confidentiality, deception and scientific misconduct.

To gather data from the sampled individuals, the researcher first submitted a copy of the proposed study and the questionnaire to management of the various NGOs. This was done to confirm and ensure that the staff and the organisations as a whole are protected. Based on the guidelines of ethical protocol of University of Cape Coast (UCC), the researcher ensured that all ethical requirements such as academic honesty, plagiarism, and acknowledgement of copyrighted materials used were addressed. The consents of the respondents were sought individually. Respondents were informed about the purpose of the research and what objective it sought to achieve. The instructions and questions were read to them and clarifications were made where needed. The privacy and consent of respondents were also negotiated and respected in the study. All these were done to ensure and secure the consent of the respondents.

After the researcher was sure that the respondents understood the content very well, the questionnaires were administered with some assistance from 11 staff who were conversant and familiar with administering of questionnaires and issue of financial management practices and performance of the organisation. The respondents were thoroughly informed before commencing the research, and they were properly treated throughout the research. Respondents were encouraged to feel free and air their views as objectively as possible and that they had the liberty to choose whether to participate or not. They also had the option to withdraw their consent at any time and without any form of adverse consequence. They were assured that the information they provided will be used solely for research purpose and nothing else.

# CHAPTER FOUR

# RESULTS AND DISCUSSION

## Introduction

This chapter of the study presents the findings emanating from the data collected from the self-administered questionnaires. The discussion includes the interpretation of the findings with reference to previous findings and theory. The chapter is organised into two main parts. The first part deals with the background characteristics of the respondents, while the second part is devoted to responses given by the respondents in accordance with the specific objectives of the study.

## Background Characteristics of Respondents

This section deals mainly with the distribution of the respondents by gender, status, age, highest level of educational qualification, and years of service with the organisation. The results are presented in Table 1. As contained in the table, majority (50.7%) of the respondents were females while 49.3 percent were males. Based on this finding, one may argue that in terms of percentage, the total number of female staff at the various NGOs who are into biodiversity in Accra outnumbered their male counterpart. This gives a cursory indication that the NGO sector is more attracted by females as compared to males. The finding is in line with the perceived social expectation in traditional Ghanaian society which is largely patriarchal in nature where males are more prone to work in the production, manufacturing and industrial sectors than females who prefer working in the service sector. This situation has influenced the dominant of male staff in most formal institutions in the country

Table 1: *Distribution of Respondents Background Characteristics*

| Category of Respondents | Gender of Respondents | | | | Total | |
|---|---|---|---|---|---|---|
| | Male | | Females | | | |
| | No. | % | No. | % | No. | % |
| Management staff | 16 | 14.8 | 29 | 26.1 | 45 | 20.5 |
| Project coordinators | 40 | 37.0 | 17 | 15.3 | 57 | 26.0 |
| Field officers | 42 | 38.9 | 28 | 25.2 | 70 | 32.0 |
| Finance/Account/Audit staff | 10 | 9.3 | 37 | 33.4 | 47 | 21.5 |
| Total | 108 | 100 | 111 | 100 | 219 | 100 |
| Age Range of Respondents | | | | | | |
| Less than 30 years | 41 | 38.0 | 62 | 55.9 | 103 | 47.0 |
| 31 – 40 years | 54 | 50.0 | 29 | 26.1 | 83 | 37.9 |
| 41 – 50 years | 11 | 10.2 | 16 | 14.4 | 27 | 12.3 |
| 51 years and above | 2 | 1.8 | 4 | 3.6 | 6 | 2.8 |
| Total | 108 | 100 | 111 | 100 | 219 | 100 |
| Educational Qualification of Respondents | | | | | | |
| Diploma | 15 | 13.9 | 13 | 11.7 | 28 | 12.8 |
| Bachelor's degree | 71 | 65.7 | 82 | 73.9 | 153 | 69.9 |
| Master's degree | 20 | 18.5 | 15 | 13.5 | 35 | 16.0 |
| Terminal degree | 2 | 1.9 | 1 | 0.9 | 3 | 1.3 |
| Total | 108 | 100 | 111 | 100 | 219 | 100 |
| Length of Service of Respondents | | | | | | |
| Less than 5 years | 23 | 21.3 | 19 | 17.2 | 42 | 19.2 |
| 5 – 10 years | 66 | 61.1 | 51 | 45.9 | 117 | 53.4 |
| 11 – 15 years | 12 | 11.1 | 29 | 26.1 | 41 | 18.7 |
| Above 15 years | 7 | 6.5 | 12 | 10.8 | 19 | 8.7 |
| Total | 108 | 100 | 111 | 100 | 219 | 100 |
| % of Respondent | 49.3% | | 50.7% | | 100% | |

Source: Field survey (2019)

However, the percentage difference is not that wide and one may therefore, argue that the finding is good indicator in our modern society since both men and women have equal chance of being employed in the formal sector of the economy. Even though, it is unusual in most formal organisations in the Ghanaian society, a society which is perceived to be patriarchy in nature, for female staff to outnumber male staff. In relation to the idea of ensuring that there is gender equality regarding representation within the formal sector in

Ghana, the results may be seen as good since previous studies have shown that the formal sector in Ghana is perceived as male-dominated (GSS, 2014; Saani, 2017).

The results from Table 1 further show that 20.5 percent, 21.5 percent, 26.0 percent, and 32.0 percent of the respondents were management staff, finance/ account/audit staff, project coordinators, and field officers of the various NGOs respectively. This shows that the respondents were evenly distributed among key staff who are more involved in the organisations' financial management practices.

In relation to age range of the respondents, the results in Table 1 show that majority (55.9%) of the respondents who were less than 30 years were females while 38.0 percent were males. With regard to respondents who were within the age range of 31 – 40 years, 50.0 percent were males while 26.1 percent were females. The results may mean that there are more young females who are employed by NGOs who are into biodiversity than males.

The combined percentage shows that majority (84.9%) of the respondents were less than 41 years. This shows that majority of the staff working in the various NGOs who are into biodiversity and are in Accra were within the youth age group (18 – 45 years) in Ghana (GSS, 2014). This result reflects the population of the larger society, which is dominated by the youth.

The study further elicited data on respondents' highest level of education using a closed-ended item. As presented in Table 1, majority (69.9%) of the respondents indicated that their highest level of educational qualification was bachelor's degree. However, 12.8 percent and 16.0 percent of the respondents indicated that their highest level of educational qualifications were diploma and master's degree respectively. However, 1.3 percent of the respondents indicated that their highest educational qualification was a terminal degree (PhD). The results show that all respondents' highest level of education was at the tertiary level. This is a good sign because the questionnaires use in eliciting data from the respondents were design and constructed with everyday English such that people with basic school education can read and understand as expected by the researcher. It therefore, means that the respondents were able to read and understand the various items in the questionnaires as expected.

In most cases, the longer an employee establishes relation with an organisation, all things being equal, the better he or she expresses his or her view on the organisation's activities (Babbie, 2013; Zikmund, 2015). The distribution of respondents with regard to how long they have been with their respective NGOs in Accra is presented in Table 1. The results show that majority (53.4%) of the respondents have been working with their respective NGOs for the past 5 – 10 years. The combined percentage show that 27.4 percent of the respondents have been working within the sector for more than 10 years. However, the female employees have worked far longer than their male counterparts.

Again, the combined percentage show that majority (80.8%) of the respondents have been working with their respective NGOs for five years and more. This shows that most of the respondents have been working in the sector for some time now. This is a good sign for the study because relatively respondents have some level of experience with the organisations and may have enough ideas with regard to the organisations' financial management practices and performance.

## Analysis Pertaining to the Specific Objectives of the Study

The second section presents the results pertaining to the four specific objectives of the study. With the help of PASW Version 21.0, both descriptive and inferential statistical tools were used to analyse the data. These statistical tools were used because the responses to the items with regard to the variables were measured using unilinear scale and also the preliminary analysis at the pre-test stage shows that the distribution was normal. That is, the various statistical tools were used after the researcher performed the test of normality to find out whether the distribution was normal or not. Mean and standard deviation coefficients are used when the distribution is normal while median and skewness coefficients are used when the distribution is skew (Pallant, 2010). According to Pallant (2010), in a normal distribution the mean and the median are approximately the same. The skewness values must have a threshold of -0.5 to 0.5.

The skewness values of the distribution were closer to each other and were within an acceptable threshold of a normal distribution (they were within a range of -0.40 to 0.42). The standard deviations were also moderate and closer to each other, indicating the non-dispersion in a widely-spread distribution. The moderateness of the standard deviations of the distribution shows that the views of the respondents were coming from a moderate homogeneous group that is, a group with similar characteristics or similar understanding with regard to the issues under consideration.

Responses to the closed-ended items used in eliciting data on the issues regarding the concepts were measured on a five-point unilinear scale ranging from one to five where one represented the strongest disagreement to the issues while five represented the strongest agreement to the issues. Based on the recommendation of Pallant (2010), the study adopted mathematical approximation techniques to interpret the mean scores. Thus, Strongly Agree (4.5 – 5.0), Agree (3.5 – 4.4), Uncertain (2.5 – 3.4), Disagree (1.5 – 2.4), and Strongly Disagree (1.0 – 1.4). The results showing the views of the respondents regarding the stated specific objectives of the study are presented as follows:

**Working capital management practices of NGOs, Accra**

The first specific objective of the study was to examine the working capital management practices of NGOs who are into biodiversity and are in Accra. The results are presented in Table 2. As presented in Table 2, respondents agreed that their respective NGOs keep financial records of its operations (Mean = 3.673, SD = 0.478). This means that the various NGOs who are into biodiversity in Accra have good financial record keeping practices.

Table 2: *Respondents' Views on Working Capital Management Practices of NGOs, Accra*

| Statements on working capital management practices | Mean | SD |
|---|---|---|
| This NGO keeps financial records of its operations | 3.673 | 0.478 |
| Every transaction and activity of the NGO is recorded | 1.772 | 0.402 |
| The NGO keeps records of all purchases and inventory | 1.516 | 0.422 |
| Financial records of this NGO have details such as date, name, contact, amount involve and so on. | 3.632 | 0.489 |
| Preliminary investigations are undertaking before embarking on a project | 3.676 | 0.360 |
| This NGO keeps track of all cash receipts and payments | 1.534 | 0.280 |
| This organisation reviews its budget annually | 3.561 | 0.442 |
| This NGO spends within budget | 1.262 | 0.446 |
| This NGO physically safeguards inventory against fire and theft | 1.795 | 0.456 |
| This NGO reviews it activities after a certain period | 3.667 | 0.479 |
| Mean of all Means | 2.609 | 0.391 |

Source: Field survey (2019) Where SD = standard deviation (N = 219)

This culture of appropriate financial record keeping practices can positively affect the effectiveness of these organisations with regard to their liquidity and profitability. Abanis et al. (2014) are of the view that information asymmetric between enterprises and banks normally arise from enterprises' lack of accounting records, inadequate financial statements or business plans which makes it difficult for creditors and investors to assess the credit-worthiness of potential enterprise proposals. According to Padachi (2018), the ability of organisations to maintain proper accounting records at the same time take an insurance cover will help in reducing information problem, improving availability of funds and covering their business against risk; which at the long run will help boost their profitability margin and expansion.

Again, respondents indicated that preliminary investigations are undertaking by the various NGOs who are into biodiversity in Accra before embarking on their respective projects (Mean = 3.676, SD = 0.360) and that the financial records of these NGOs have details such as date, name, contact, amount involve and so on (Mean = 3.632, SD = 0.489). Respondents again agreed that the various NGOs review their activities after a certain period (Mean = 3.667, SD = 0.479) and also review their budget annually (Mean = 3.561, SD = 0.442).

However, as indicated in Table 2, respondents disagreed that every transaction and activity of the NGOs are recorded (Mean = 1.772, SD = 0.402). Also, respondents disagreed that the NGOs keep records of all purchases and inventory (Mean = 1.516, SD = 0.442). Again, respondents disagreed that the various NGOs keep track of all cash receipts and payments (Mean = 1.534, SD = 0.280). The results further show that the various NGOs do not spend within budget (Mean = 1.262, SD = 0.446) and also they do not physically safeguard their inventories against fire and theft (Mean = 1.795, SD = 0.456).

Clearly, the findings show that cash management practices of the NGOs are not effective as expected. Cash management practices are important for all organisations since cash is the sum of currency an organisation has on hand and the funds on deposit in bank checking accounts which serve as a medium of exchange that permits management to carry on the various functions of the organisation (Attom, 2013). Therefore, in an economy where securities such as treasure bills are priced high (high interest rate), most managers of organisations will prefer to invest their idle cash in securities when the profit they will make in investing these cash in the business will be less than the interest they are likely to gain in the buying of these securities. However, where interest rates are expected to fall, it will generate benefits for the enterprise because the prices of the acquired securities will rise as a consequence of the anticipated interest rate fall.

Effective cash management is particularly important for NGOs for several reasons. First, NGOs do not have the same, extensive access to capital markets as do large firms. Some of the meaningful sources of capital funds of NGOs are external donations and loans from commercial banks. However, in the case of bank loans, bankers require borrowers to present detailed analysis of their anticipated cash needs. To do this, organisations must have efficient cash management procedures in place. Secondly, because of NGOs limited access to capital, a cash shortage problem is both difficult and costly for NGOs to rectify than for large firms. Thirdly, because many NGOs catchment areas and operations are growing rapidly, they have the tendency to run out on cash.

In all, the results show that respondents are uncertain regarding the working capital management practices of the organisations. This means, key employees of the various NGOs are uncertain regarding the effectiveness of the organisations' short-term current assets and current liabilities. In other words, the working capital practices of the NGOs can be described as ineffective. Working capital is essential for any organisation to succeed. Adequate working capital is maintained by businesses for the smooth running of the firm. It is believed that when working capital is inadequate, fixed assets cannot be utilised efficiently and effectively and firms may surfer what is known as liquidation due to low liquidity position (Deloof, 2013).

Cash is life blood of a business, and a manager's key mission is to assist in keeping it to flow and to take the advantage of the cash-flow in making profits. A business that is operating profitably, in theory is generating cash surpluses. If it does not generate surpluses, then the business ultimately will run out of cash and expire. The more speedily the business gets bigger the further cash it will need for working capital and investment. Better management of working capital generates cash, and will assist in improving profits and lessen risks (Waweru & Hgugi, 2014). Therefore, it is good for NGOs who are not profit making entities to put measures in place in order to manage their cash to sustain their operations. An organisation must maintain an adequate level of working capital in order to run its business smoothly for no business can operate successfully without an adequate amount of working capital (Garcia-Teruel & Solano, 2017).

**Internal financial control practices of NGOs, Accra**

The rationale for the second specific objective of the study was to examine the views of respondents on the effectiveness of the NGOs' internal financial control systems. The results showing the views of the responses regarding the effectiveness of internal financial controls are depicted in Table 3. As presented in Table 3, respondents agreed that there are adequate controls (preventive, directive or detective) in the financial administration of the NGOs (Mean = 4.237, SD = 0.414). Again, respondents agreed strongly that the organisational structure of the NGOs are clearly defined (Mean = 4.752, SD = 0.423), and also there are documented objectives for all key financial activities of the NGOs (Mean = 4.773, SD = 0.357). However, respondents were uncertain as to whether the NGOs have established an overall strategy for managing important risks (Mean = 3.394, SD = 0.551), but they agreed that the NGOs have provided adequate physical security for cash and other assets subject to theft (Mean = 3.651, SD = 0.377).

Table 3 further show that managers of the NGOs review and approve constantly all financial transactions of the organisations (Mean = 4.808, SD = 0.556), key information about the operations of the NGOs are identified and reported regularly (Mean = 3.934, SD = 0.347), and also stakeholders' complaints on the activities of the organisations are taken seriously (Mean = 4.524, SD = 0.287). Similarly, respondents agreed that the finance department of the NGOs normally prepare annual reports and other returns to management (Mean = 4.359, SD = 0.362) and also the internal auditor of the organisations visit the various units within the organisations last year (Mean = 4.095, SD = 0.531).

Table 3: *Respondent's View on the Effectiveness of Internal Financial Control Practices*

| Statements on internal financial control practices | Mean | SD |
|---|---|---|
| There are adequate controls (preventive, directive or detective) in the financial administration of the NGO | 4.237 | 0.414 |
| The organisational structure of the NGO is clearly defined | 4.752 | 0.423 |
| There are documented objectives for all key financial activities of the NGO | 4.773 | 0.357 |
| This NGO have established an overall strategy for managing important risks | 3.394 | 0.551 |
| This NGO have provided adequate physical security for cash and other assets subject to theft | 3.651 | 0.377 |
| Managers of the NGO review and approve constantly all financial transactions of the organisation | 4.808 | 0.556 |
| In this organisation, key information about the organisation's operations are identified and reported regularly | 3.934 | 0.347 |
| In this organisation, stakeholders' complaints on the activities of the organisation are taken seriously | 4.524 | 0.287 |
| The finance department of the NGO normally prepare annual reports and other returns to management | 4.359 | 0.362 |
| The internal auditor of the organisation visits the various units within the organisation last year | 4.095 | 0.531 |
| Mean of all Means | 4.253 | 0.348 |

Source: Field survey (2019) (N = 219)

In all, the respondents indicated that the internal financial control systems put in place by these NGOs are effective (Mean = 4.253, SD = 0.348). The results, therefore, mean that the various NGOs in Accra who are into biodiversity have put in place effective strategies that provide reasonable assurance regarding the following primary objectives: the reliability and integrity of information; compliance with policies, plans, procedures, laws and regulations; the safeguarding of assets; the economic and efficient uses of resources; and the accomplishment of established objectives and goals. Therefore, these NGOs internal financial control practices adopted have helped in providing a reasonable assurance of the reliability of financial reporting, the compliance with laws and regulations and the effectiveness and efficiency of operating in the organisations.

The findings are in line with the assertions of Deakins et al. (2018) who aver that most non-profit organisations are able to management their finances effectively. Deakins et al. added that internal financial control systems are critical component of an organisation's management and a foundation for its safe and sound operations. The findings further support that of Davies (2018) who found out that most non-profit organisations, particularly NGOs, have effective internal financial control systems and their internal auditors contribute immensely to the organisation's financial management.

However, the findings that the various NGOs demonstrated effective internal financial controls are incongruent with that of William, A. J. (2018) who posits that a significant change in financial management is linked to internal financial control systems, and that NGOs must be operated and implemented effectively on the part of the organisations since they help in boosting organisations' financial management. Due to poor financial management controls, most NGOs have failed in achieving their objective, and in some cases have even collapsed (William, 2018).

**Financial reporting and analysis of NGOs, Accra**

The third specific objective of the study was to examine the financial reporting and analysis of NGOs, Accra. Some of the issues considered include the kinds of financial statements prepared by the NGOs, those responsible for preparing and analysing financial statement, and kinds of financial analysis currently use by NGOs. The first issue considered under this objective was the kinds of financial statements that are regularly prepared in the organisation. The results are presented in Table 4.

Table 4: *Kinds of Financial Statements that are Regularly Prepared in NGOs*

| | Ticked | | Unticked | |
|---|---|---|---|---|
| Kinds of financial statements | No. | % | No. | % |
| Balance sheet | 188 | 85.8 | 31 | 14.2 |
| Income statement (profit and loss statement) | 187 | 85.4 | 32 | 14.6 |
| Statement of cash flows | 199 | 90.9 | 20 | 9.1 |
| Statement of funds | 219 | 100 | 0 | 0.0 |

Source: Field survey (2019) (N = 219)

Results from Table 4 shows that the various NGOs who are into biodiversity in Accra use largely four kinds of financial statements; namely, statement of funds (100%), statement of cash flows (90.9%), balance sheet (85.8%), and income statement (85.4%). This shows that all the four kinds of financial statements are used by the NGOs. However, the results specifically show that all respondents agreed that the NGOs use statement of funds.

Respondents were asked to indicate further those who are responsible for preparing and analysing financial statement of the organisation. The results are presented in Table 5.

Table 5: *Those Responsible for Preparing and Analysing Financial Statement of the Organisation*

| The Manager | Frequency (No.) | Percent (%) |
|---|---|---|
| Chief accountant | 36 | 16.4 |
| Employed accountant | 117 | 53.4 |
| External accountant | 65 | 29.7 |
| Never does it | 1 | 0.5 |
| Total | 219 | 100 |

Source: Field survey (2019)

As contained in Table 5, majority (53.4%) of the respondents were of the view that employed accountants in the various NGOs are responsible for preparing and analysing financial statements of the organisation. Also, 29.7 percent and 16.4 percent of the respondents indicated that external accountants and the managers respectively are responsible for preparing and analysing financial statements of the organisations. Deductions from the results may mean that, most NGOs who are into biodiversity and are in Accra prepare and analyse their financial statements using internal staff.

Respondents were further asked to indicate how often the financial statements of their respective NGOs are prepared and analysed. The results are presented in Table 6.

Table 6: *Periods that Financial Statements of NGOs are Prepared and Analysed*

| Period | Frequency (No.) | Percent (%) |
|---|---|---|
| Monthly | 2 | 0.9 |
| Quarterly | 22 | 10.0 |
| Annually | 194 | 88.6 |
| Never | 1 | 0.5 |
| Total | 219 | 100 |

Source: Field survey (2019)

As depicted in Table 6, majority (88.6%) of the respondents were of the view that NGOs prepare and analyse their respective financial statements annually. However, 10 percent of the respondents were of the view that preparation and analyses of financial statements of the organisations are done quarterly. The results may mean that NGOs who are into biodiversity in Accra prepare and analyse their financial statements annually or quarterly.

In relation to the kinds of financial analysis that are currently used in the organisations, 217 (99.1%) of the respondents indicated that both ratio and trend analyses are used. Again, all (100%) respondents indicated that the various NGOs who are into biodiversity and are in Accra apply computers in their financial reporting and analysis. Respondents were further asked to indicate which area is the computer applied. They all (100%) indicated that both financial reporting and analysis. In all, respondents were asked to indicate their level of agreement regarding the statement that the financial statements of NGOs are prepared in line with the financial accounting standards. The results are presented in Table 7.

Table 7: *Preparing Financial Statements of NGOs in Line with the Financial Accounting Standards*

| Responses | Frequency (No.) | Percent (%) |
|---|---|---|
| Strongly Agreed | 131 | 59.8 |
| Agree | 85 | 38.8 |
| Disagree | 2 | 0.9 |
| Strongly Disagree | 1 | 0.5 |
| Total | 219 | 100 |

Source: Field survey (2019)

The results from Table 7 show that 59.8 percent of the respondents strongly agreed that the various NGOs prepare their financial statements in line with the financial accounting standards. Similarly, 38.8 percent of the respondents agreed that the financial statements of the organisations are prepared in line with the financial accounting standards. The combined percentage show that preponderance number (98.6%) of the respondents agreed that the financial statements of the ANGOs are prepared in line with the financial accounting standards. This may mean that the NGOs are complying with the international accounting standards regulations.

In all, the results that emerged from Tables 4, 5, 6, and 7 show that the financial reporting and analysis of NGOs are in good shape. This means, the utilisation of financial reports and related information to expedite managerial decisions, kinds of financial statements in use, statements useful to particular forms of business and methods of financial analysis used are effective. The findings are in line with the comments of Davies (2018) who concludes from his study that non-profit organisations such as NGOs are usually financed by donations from the developed world and international organisations, as a result cannot do without international accounting standards. Davies (2018) added that these organisations always ensure that their financial statements are in line with the internal accounting standards. These organisations adopt sound reporting and financial analysis practices in order to win the trust of their sponsors and stakeholders.

**Influence of financial management practices on organisational performance**

The last specific objective of the study was to analyse the extent to which financial management practices influence organisational performance of NGOs, Accra. The three dimensions of financial management practices were treated as independent variables while organisational performance was treated as dependent variable. The study first examined the relationships between the variables. The results are presented in Table 8.

As depicted in Table 8, working capital management practices adopted by the NGOs was statistically significant and positively correlated with the organisations' performance ($r = 0.714$, $p < 0.01$). Similarly, internal financial control systems ($r = 0.543$, $p < 0.01$) and financial reporting and analysis ($r = 0.434$, $p < 0.05$) of the NGOs have statistically significant positive relationship with the organisations' performance. Using the suggestion of Kelly (2016) for interpreting correlation co-efficient, the association between working capital management practices and organisational performance was strong while the relationships between internal financial control systems, financial reporting and analysis, and organisational performance were moderate.

Table 8: *Relationship between Financial Management Practices and Organisational Performance*

| Variables | Mean | SD | Organisational performance Correlation co-efficient (r) | Sig. |
|---|---|---|---|---|
| Working capital management practices | 2.609 | 0.391 | 0.714** | 0.000 |
| Internal financial control systems | 4.253 | 0.348 | 0.543** | 0.004 |
| Financial reporting and analysis | 4.423 | 0.335 | 0.434* | 0.022 |
| Organisational performance | 4.564 | 0.415 | 1 | |

Source: Field survey (2019) **p<0.01, *p<0.05 (N = 219)

The results mean that the higher the effectiveness of the organisations working capital management practices and internal financial control systems, the higher the performance of the organisations. Similarly, the results imply that the higher the effectiveness of the financial reporting and analysis of the organisations, the higher their performance. Therefore, to achieve high performance, the NGOs should improve and enhance their working capital management practices, internal financial control systems, and financial reporting and analysis culture.

In addition, the findings mean that financial management practices of the NGOs have a significant and positively strong relationship with the performance of the organisations. This finding is consistent with the assertions of Turyahebwa et al. (2013) who posit that the ability of a firm to survive in business is an indicator of good financial management. Lack of or weak internal financial controls, poor working capital management practices and poor financial reporting system are therefore an indicator of poor financial management. Turyahebwa et al. added that companies with strong financial management practices are observed to be significantly larger, more highly regulated, more competitive, more profitable, more liquid, more conservative in their accounting policies, more competent in their management and accounting, and subject to better management controls. Again, the findings support that of Vohra and Dhillon (2014) who found out that there is a strong relationship between financial management practices and financial performance of organisations.

Therefore, the effectiveness of the NGOs financial management practices provides a reasonable assurance regarding achievement of one or more of the stated categories of objectives to ensure high levels of organisation's financial performance. Also, the findings are consistent with that of Ekanem (2017) who found out that there is a strong relationship between internal financial control systems and performance of non-governmental organisations. Coleman and Cohn (2017) also aver that working capital management practices and internal financial control systems are variables when boosted in the organisation, the finances of the organisation respond in the same direction.

After establishing that there was a positive relationship between financial management practices and organisational performance of NGOs who are into biodiversity in Accra, the study went ahead to examine the extent to which financial management practices influence organisational performance of NGOs, Accra. The pooling of the items to form each of the composite variables has been explained earlier. The multiple regression analyses were used to analyse the data. The results are presented in Table 9.

As presented in Table 9, all the three dimensions of financial management practices: working capital management practices, internal financial control systems, and financial reporting and analysis contributed positively to organisational performance of NGOs. Specifically, working capital management practices ($\beta$ = 0.242 (0.054), $p<0.01$), internal financial control systems ($\beta$ = 0.237 (0.057), $p<0.01$), and financial reporting and analysis ($\beta$ = 0.197 (0.053), $p<0.05$) contributed 24.2 percent, 23.7 percent, and 19.7 percent respectively to organisational performance of NGOs. It is significant to observe that the proportional contribution of the three dimensions of financial management practices to the dependent variable was 0.697 with an adjusted $R^2$ of 0.684. This means that financial management practices of the organisations was able to contribute, predict, explain or influence 69.7 percent of the variance in the performance of the NGOs. It therefore means that besides these three entered variables, other variables not yet in the model have a chance of contributing or predicting about 30.3 percent to the performance of NGOs in Accra.

Table 9: *Multiple Regression Analysis on the Influence of Financial Management Practices on Organisational Performance*

| Variables | Unstandardised Coefficient B | Std. Error | Standardised Coefficient Beta (β) | Sig. | Collinearity Statistics Tolerance | VIF |
|---|---|---|---|---|---|---|
| Working capital management practices | 0.222 | 0.054 | 0.242** | 0.000 | 0.807 | 1.239 |
| Internal financial control systems | 0.223 | 0.057 | 0.237** | 0.000 | 0.753 | 1.329 |
| Financial reporting and analysis | 0.186 | 0.053 | 0.197* | 0.021 | 0.743 | 1.346 |
| Constant | | | 0.746 | | | |
| R | | | 0.793 | | | |
| R Square | | | 0.697 | | | |
| Adjusted R Square | | | 0.684 | | | |

Source: Field survey (2019) **p<0.01, *p<0.05 (N = 219)

Independent variable: Organisational performance of the NGOs

The findings, therefore, show that financial management practices of NGOs contribute significantly to the organisations' performance. This means, effective planning, organising, directing and controlling the financial activities such as procurement and utilisation of funds of the organisation lead to high level of performance. This shows that financial management practices of the organisations have a direct effect on the organisations' performance. The findings are in line with that of Nguyen (2012) who found that variables such as current ratio, total asset turnover, working capital management and short-term planning practices, fixed asset management and long-term planning practices, and financial and accounting information systems have significant relationship with the performance of the enterprises. Nguyen (2012) concluded that financial management practices have meaningful influence on performance of enterprises.

Based on the findings, the study posits that accounting information systems, financial reporting and analysis, working capital management, financial structure management, financial planning and control, financial advice, and financial management expertise of the various NGOs in Accra who are into biodiversity are effective and are the major cause of their positive performance (Wild et al., 2015). The results support the argument raised under the conceptual framework of the study, which was that, effective financial management practices such as working capital management, internal controls, and financial reporting and analysis contribute meaningfully to organisational performance.

The findings are inconsistent with that of Abanis et al. (2013) who determined the extent of financial management practices employed by enterprises, focusing on cash management, accounts receivable management, inventory management practices, investment, financing, accounting information systems and financial reporting and analysis. The findings that emerged from Abanis et al. study revealed that the extent of application of financial management practices is low among enterprises. Based on the findings that emerged from the study, one may say that enterprise owner should be sensitise towards financial management practices and enterprises access to financing needs to be improved.

However, the comment of Atrill (2016) is congruent with the findings of the study. Atrill asserts that with effective financial management practices coupled with efficient and effective use of resources including personnel, accurate information for decision making and safeguarding of assets and records, organisations will be able to improve their performance. Specifically, performance increase in the area of improving socio-economic conditions of fringe communities, build stakeholders' satisfaction through quality service delivery, empower communities in Ghana to lead in biodiversity conservation, achieving operational objectives, return on social investment, and optimal use of resources. The findings further support the submission of Peel (2016) who asserts that no organisation can operate effectively and efficiently without effective financial management practices. According to Peel (2016), a significant change in financial management is linked to internal financial control systems and working capital management practices.

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## Introduction

This chapter presents the summary of major findings and conclusions drawn from the study. The key findings are reported based on the specific objectives of the study. These are followed by the conclusions and recommendations. The last section provides suggestions for further research.

## Summary

The main objective of the study was to investigate the influence of financial management practices on organisational performance of NGOs who are into biodiversity, and are in Accra in the Greater-Accra Region of Ghana. Specifically, the study examined the working capital management practices, internal financial controls, and financial reporting and analysis of the NGOs. The study also established the extent to which financial management practices influence organisational performance of the NGOs.

The researcher adopted quantitative approach. However, in relation to the design, descriptive survey design was used. The study area was Accra metropolis. The target population was all permanent staff of all the 11 NGOs in Accra who are into biodiversity. However, the accessible population was all spending officers including management staff, project coordinators, field officers and finance/account/audit staff of the organisations. Currently, each NGO has an average of 20 staff in the various categories of the accessible population. The total number of these categories of staff considered in this study, with regard to the 11 NGOs was 235 (AMA, 2019).

Due to the small number of management staff, project coordinators, field officers and finance/account/audit staff of the 11 NGOs who are into biodiversity and are in Accra, the census method was used for the study. These NGOs and the categories of staff were selected purposively for the study. Questionnaire was the instrument used in collecting data. The Cronbach alpha reliability coefficient obtained from the questionnaire was 0.812, which was considered reliable. Out of the 235 questionnaires administered, the researcher was able to retrieved 219 completed and accurate questionnaires, resulting in 93.2% response rate.

Data on the background characteristics of the respondents were first analysed using cross tabulation. Data on the first three specific objectives of the study were analysed using frequency, percentage, mean and standard deviation. Pearson product moment correlation and linear multiple regression analysis were used to analyse data on the fourth specific objective of the study. Ethical issues that were catered for in this study included right to privacy, voluntary participation, no harm to participants, anonymity and confidentiality, deception and scientific misconduct.

The first specific objective of the study addressed the views of employees on the working capital management practices of NGOs who are into biodiversity and are in Accra. The main findings that emerged were:

1. The NGOs have good financial record keeping practices. For example, preliminary investigations are undertaking by the NGOs before embarking on their respective projects and that the financial records of these NGOs have details such as date, name, contact, amount involve, and so on. Also,

the NGOs review their activities after a certain period and also review their budget annually.

2. However, not all transactions and activities are recorded by the NGOs. Also, NGOs do not keep records of all purchases and inventory neither do they keep track of all cash receipts and payments. Likewise, NGOs do not spend within budget nor safeguard their inventories against fire and theft physically.
3. Cash management practices of the NGOs are not effective as expected.

Employees view on the effectiveness of the NGOs' internal financial control systems was examined as the second objective of the study and the key findings were:

1. There were adequate controls (preventive, directive or detective) in the financial administration of the NGOs. Similarly, the organisational structures of the NGOs were clearly defined such that there were documented objectives for all key financial activities of the NGOs.
2. Also, the NGOs have provided adequate physical security for cash and other assets subject to theft. Again, managers of the NGOs review and approve constantly all financial transactions of the organisations, key information about the operations of the NGOs are identified and reported regularly, and also stakeholders' complaints on the activities of the organisations are taken seriously.
3. The internal financial control systems put in place by the NGOs were perceived to be effective.

The third substantive objective of the study was to examine the financial reporting and analysis of NGOs, Accra. The following main findings emerged:

The third substantive objective of the study was to examine the financial reporting and analysis of NGOs, Accra. The following main findings emerged:

1. The NGOs use largely four kinds of financial statements; namely, statement of funds, statement of cash flows, balance sheet, and income statement. They employ accountants to be responsible for preparing and analysing financial statements of the organisations. Some of the NGOs also use external accountants.
2. NGOs prepare and analyse their financial statements annually or quarterly using computers. Both ratio and trend analyses are used by the organisations. The financial statements are prepared in line with the financial accounting standards. The financial reporting and analysis of NGOs are in good shape.

The last specific objective of the study was to analyse the extent to which financial management practices influence organisational performance of NGOs. The key findings that emerged were:

1. Working capital management practices adopted by the NGOs was statistically significant and positively correlated with the organisations' performance. Similarly, internal financial control systems and financial reporting and analysis of the NGOs have statistically significant positive relationship with the organisations' performance.

2. Collectively, working capital management practices, internal financial control systems, and financial reporting and analysis contributed 69.7 percent of the variance in the performance of the NGOs.

## Conclusions

Based on the findings of the study one can conclude that NGOs have working policies on working capital management which seem not to be working effectively as expected. This is no commendable as working capital management practices is a key factor in the various NGOs long-term success. This is happening because they are failing to pay much attention to cash budgeting and its related issues. The key employees of the organisations perceived internal financial controls adopted by the NGOs as effective and were satisfied with the organisations' adopted strategies. In addition, the financial reporting and analysis of the organisations were in good shape. Working capital management practices have a meaningful effect on the performance of the organisations in the long run. Similarly, the effectiveness of internal financial controls adopted by the organisations and their financial reporting and analysis system influenced significantly the performance of the organisations.

## Recommendations

In an attempt to investigate the influence of financial management practices on organisational performance of NGOs who are into biodiversity, the following recommendations have been made:

1. Management of the organisations should better their financial management practices by designing effective internal control systems. They can do so by ensuring that adequate asset listings are done, capital assets purchased are

approved by appropriate level of management and asset numbering is done to show location and protection of all assets.

2. Management of the NGOs should appreciate the findings in the relationship between working capital management practices, internal financial controls, financial reporting and analysis, and organisational performance to ensure its continued operation and existence in a competitive environment.
3. Management of NGOs should ensure that there are meaningful internal financial controls in place which when implemented will make it mandatory for NGOs to prepare, review and spend within their respective budgets.
4. Management of the NGOs must ensure that there is monitoring of accounts receivables and payables. Likewise, they should sustain the trend of management of accounts payables and account receivables in the organisations as it will help the NGOs to improve their performance.
5. Training workshop should be organised biennially to management staff, project coordinators, field officers and finance/account/audit staff of the various NGOs to help boost their knowledge level in financial management practices, especially working capital management practices, internal financial controls, and financial reporting and analysis.
6. More qualified accountants should be employed either permanently or temporal bases to strengthen the NGOs accounting books and records which will help them manage their working capital effectively.

**Suggestions for Further Research**

The study was delimited to only three dimensions of financial management practices (working capital management practices, internal financial controls, and financial reporting and analysis) that influence organisational performance. It is, therefore, suggested that this study should be replicated in other organisations with additional independent variables. Internal audit dimensions, organisational culture, and ethical climate are variables that most researchers (Brijlal et al., 2017; Mathiba, 2018; Peel, 2016) aver that they are predictors of organisational performance. Once more, the research was conducted using the questionnaire as the only research instrument so future studies should incorporate other instruments like the interview guide, and observation guide to make the study more interactive with the respondents. There is also a need to carry out a comparative evaluation of financial management practices in both governmental and non-governmental organisations using both quantitative and qualitative approaches to have an in-depth knowledge on financial management practices and performance.

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# APPENDIX

## Questionnaire for Respondents

**UNIVERSITY OF CAPE COAST**

**COLLEGE OF HUMANITIES AND LEGAL STUDIES**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF FINANCE**

**TOPIC:** Influence of Financial Management Practices on Organisational Performance of Non-Governmental Organisations in Biodiversity, Accra

### Introduction

*Dear Respondent,*

*This study is being undertaken by a graduate student of the University of Cape Coast. The purpose is solely academic. So, please, answer each item as frankly as possible. You are assured of absolute confidentiality. Please, do not write your name. I wish to thank you in advance for your time and co-operation.*

**Consent to Participate in Research:**

I understand that any information I share will remain confidential and that when the results of the research are published or discussed in conferences, no information will be included that would reveal my identity or that of my institution. I am eighteen years of age or older. By agreeing to continue with the survey and submit a response to the researcher in question, I am giving consent to participate in this research work.

**I consent to participate in this survey:** ☐ **Yes** ☐ **No**

**SECTION A: Background Characteristics of the Respondents**

1. Gender of respondent
    a. Male [ ]
    b. Female [ ]

2. Status of respondent in the organisation
    Management staff [ ]
    Project coordinators [ ]
    Field officers [ ]
    Finance/Account/Audit staff [ ]

3. Age group of respondent
    1. Less than 30 years [ ]
    2. 31 – 40 years [ ]
    3. 41 – 50 years [ ]
    4. 51 years and above [ ]

4. What is your highest level of educational qualification?

    1. Diploma [ ]
    2. Bachelor's degree [ ]
    3. Master's degree [ ]
    4. Terminal degree [ ]

5. How long have you been a staff of this NGO?

    1. Less than 5 years [ ]
    2. 5 – 10 years [ ]
    3. 11 – 15 years
    4. Above 15 years [ ]

In terms of your views on financial management practices and business performance of the organisation as presented in sections B and C, please rate how well you agree or disagree with the statements below using the indicated unilinear scale. Note that one (1) represents the strongest disagreement to the issues while five (5) represents the strongest agreement to the issues. Tick [√] the appropriate box.

**SECTION B: Financial Management Practices**

| **Statements on working capital management practices** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| 1. This NGO keeps financial records of its operations | | | | | |
| 2. Every transaction and activity of the NGO is recorded | | | | | |
| 3. The NGO keeps records of all purchases and inventory | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 4. Financial records of this NGO have details such as date, name, contact, amount involve and so on. | | | | | |
| 5. Preliminary investigations are undertaking before embarking on a project | | | | | |
| 6. This NGO keeps track of all cash receipts and payments | | | | | |
| 7. This organisation reviews its budget annually | | | | | |
| 8. This NGO spends within budget | | | | | |
| 9. This NGO physically safeguards inventory against fire and theft | | | | | |
| 10. This NGO reviews it activities after a certain period | | | | | |
| **Statements on internal financial control practices** | **1** | **2** | **3** | **4** | **5** |
| 1. There are adequate controls (preventive, directive or detective) in the financial administration of the NGO | | | | | |
| 2. The organisational structure of the NGO is clearly defined | | | | | |
| 3. There are documented objectives for all key financial activities of the NGO | | | | | |
| 4. This NGO have establish an overall strategies for managing important risks | | | | | |
| 5. This NGO have provided adequate physical security for cash and other assets subject to theft | | | | | |
| 6. Managers of the NGO review and approve constantly all financial transactions of the organisation | | | | | |
| 7. In this organisation, key information about the organisation's operations are identified and reported | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| regularly | | | | | |
| 8. In this organisation, stakeholders' complaints on the activities of the organisation are taken seriously | | | | | |
| 9. The finance department of the NGO normally prepare annual reports and other returns to management | | | | | |
| 10. The internal auditor of the organisation visits the various units within the organisation last year | | | | | |

**SECTION C: Organisational Performance**

| **Statements on Performance** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| 1. The NGO is now in a better position to improve the socio-economic conditions of fringe communities more effectively | | | | | |
| 2. The NGO is able to build stakeholders' satisfaction through quality service delivery | | | | | |
| 3. The NGO has appropriate assets finances | | | | | |
| 4. The market share of the organisation in the sub-region has increased for the past ten years | | | | | |
| 5. The NGO has empowered communities in Ghana to lead in biodiversity conservation for the past five years. | | | | | |
| 6. The interventions of the NGO to improve human well-being in Ghana have increased for the past five years. | | | | | |
| 7. The NGO's operations objectives are being achieved | | | | | |
| 8. Management of the NGO ensures that the financial | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | statements of the organisation is prepared and published annually | | | | | |
| 9. | The catchment areas of the NGO in Ghana have increased for the past five years | | | | | |
| 10. | The NGO's return on social investment has increase significantly | | | | | |
| 11. | This NGO is effective in achieving its mission, purpose or goals | | | | | |
| 12. | There is optimal use of resources in this organisation to obtain the results desired | | | | | |
| 13. | This NGO is both financially viable and relevant to its stakeholders | | | | | |

**SECTION D: Financial Reporting and Analysis**

1. What kinds of financial statements are regularly prepared in the organisation (tick as many as possible)?

a. Balance sheet [ ]

b. Income statement (Profit and loss [ ]
statement) [ ]

c. Statement of cash flows [ ]

d. Statement of funds

e. Other (please specify) ………………………………………………………...

2. Who is responsible for preparing and analysing financial statement in this organisation? (Please tick)

a. The Manager [ ]

b. Chief accountant [ ]

c. Employed accountant [ ]

d. External accountant [ ]

e. Never does it [ ]

3. How often the financial statements of the NGO are prepared and analysed (Please tick)?

a. Monthly [ ]

b. Quarterly [ ]

c. Annually [ ]

d. Never [ ]

4. What kinds of financial analysis are currently used in the organisation? (May tick more than one)

a. Ratio analysis [ ]

b. Trend analysis [ ]

c. Both ratio and trend analyses [ ]

d. Other (please specify) ………………………………………………………...

5. Does the NGO apply computers in financial reporting and analysis?

a. No [ ]

b. Yes [ ]

6. If yes, what area is the computer applied? (Please tick the number that applies)

a. Financial reporting [ ]

b. Financial analysis [ ]

c. Both financial reporting and analysis [ ]

d. Other (please specify) …………………………………………………………...

7. In your opinion, the financial statements of the NGO are prepared in line with the financial accounting standards

a. Strongly Agreed [ ]

b. Agree [ ]

c. Disagree [ ]

d. Strongly Disagree [ ]

**THANK YOU**