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ASSESSING FUND MANAGEMENT PRACTICES AMONG NGOs IN  
THE EASTERN REGION OF GHANA

BY

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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, except where due acknowledgment has been made in the text.

Candidate's Signature:.....Date:.....

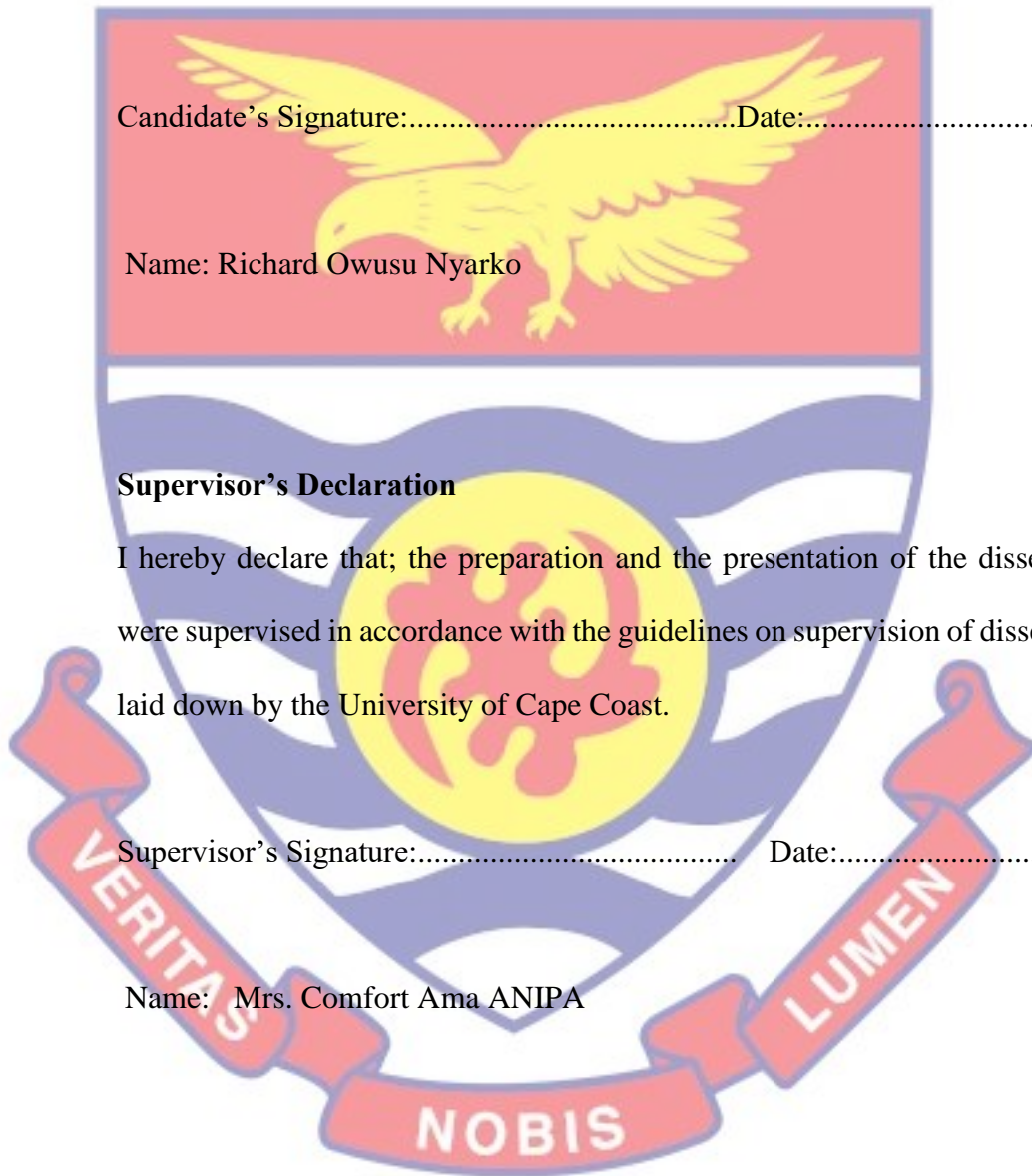
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### Supervisor's Declaration

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

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

Name: Mrs. Comfort Ama ANIPA



## ABSTRACT

Funds management practices has become an integral part of public organizations of which non-governmental organizations are not in exception. This study assessed assess fund management practices among Non-Governmental Organisations in Eastern Region of Ghana. The study employed non experimental research design (Descriptive research design) with cross sectional survey method for data collection. Simple random sampling technique is used to select 40 managers of NGOs to respond to survey questionnaires. Data were analyzed using statistics package for social science version 23 (SPSS) by employing mean, standard deviation, one way analysis of variance (ANOVA) and multiple regression. Findings revealed that the most prominent fund management practices among the NGOs are fund utilization, financial reporting, monitoring, auditing and accounting and budgeting. Multiple regression results revealed that monitoring and fund disbursement have positive significant effect on NGOs performance. The study further established that, pressure due to limited funds with expanding demand of project and much difficulty in allocating funds to various activities due to inadequate funds was the main challenges of the NGOs in the eastern region. The study recommended that NGOs should be able to diversify sources of revenue in order to meet expanding demand of project and also to be able to allocate funds to various activities. It is again recommended that there should be proper diversification strategy to improve revenue collection and also introduce robust model to improve revenue generations.

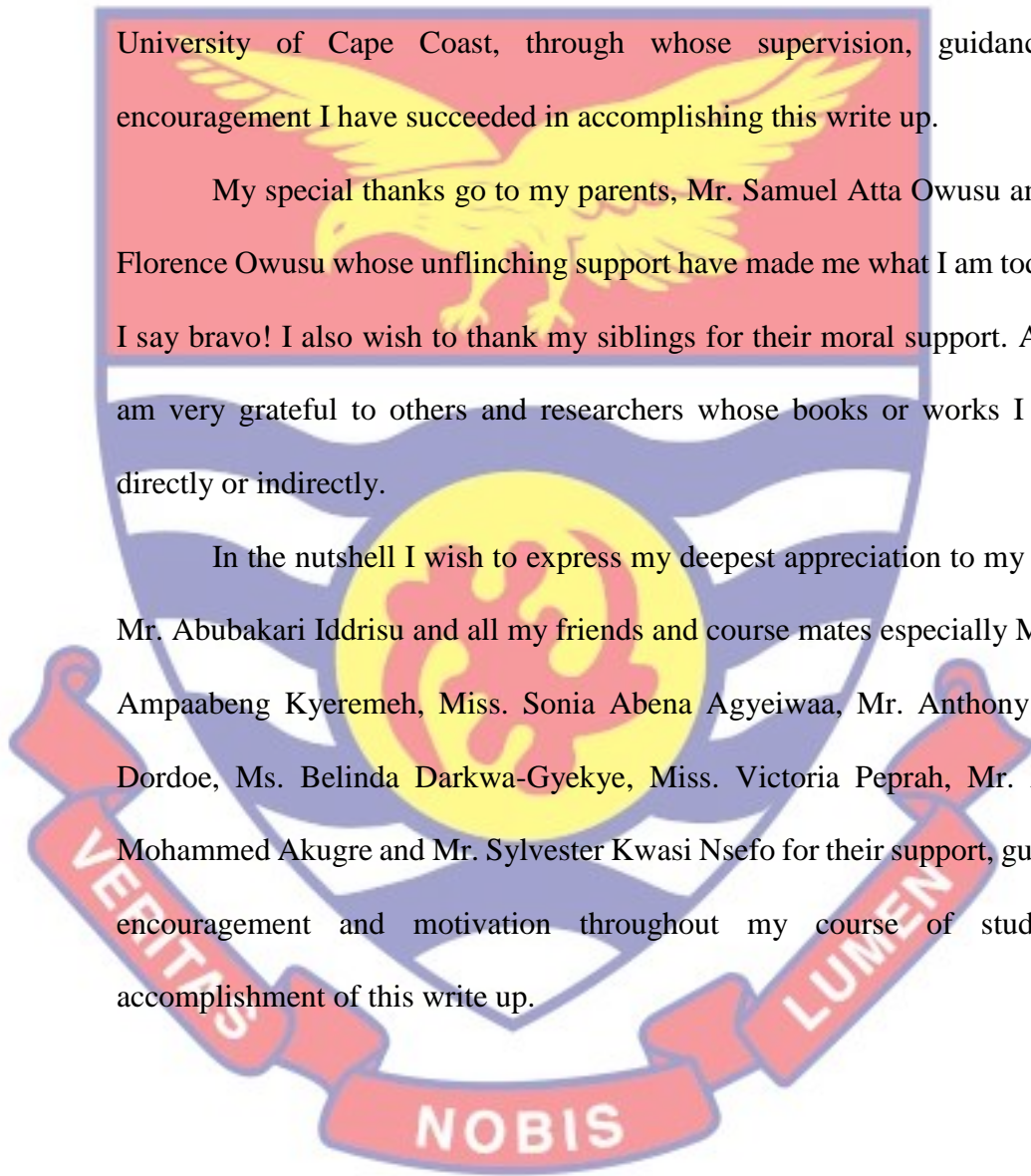


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## DEDICATION

To my wife, Mrs. Eunice Owusu Nyarko, and my children Kwabena,

Yaa, Kofi and Kwasi Nyarko



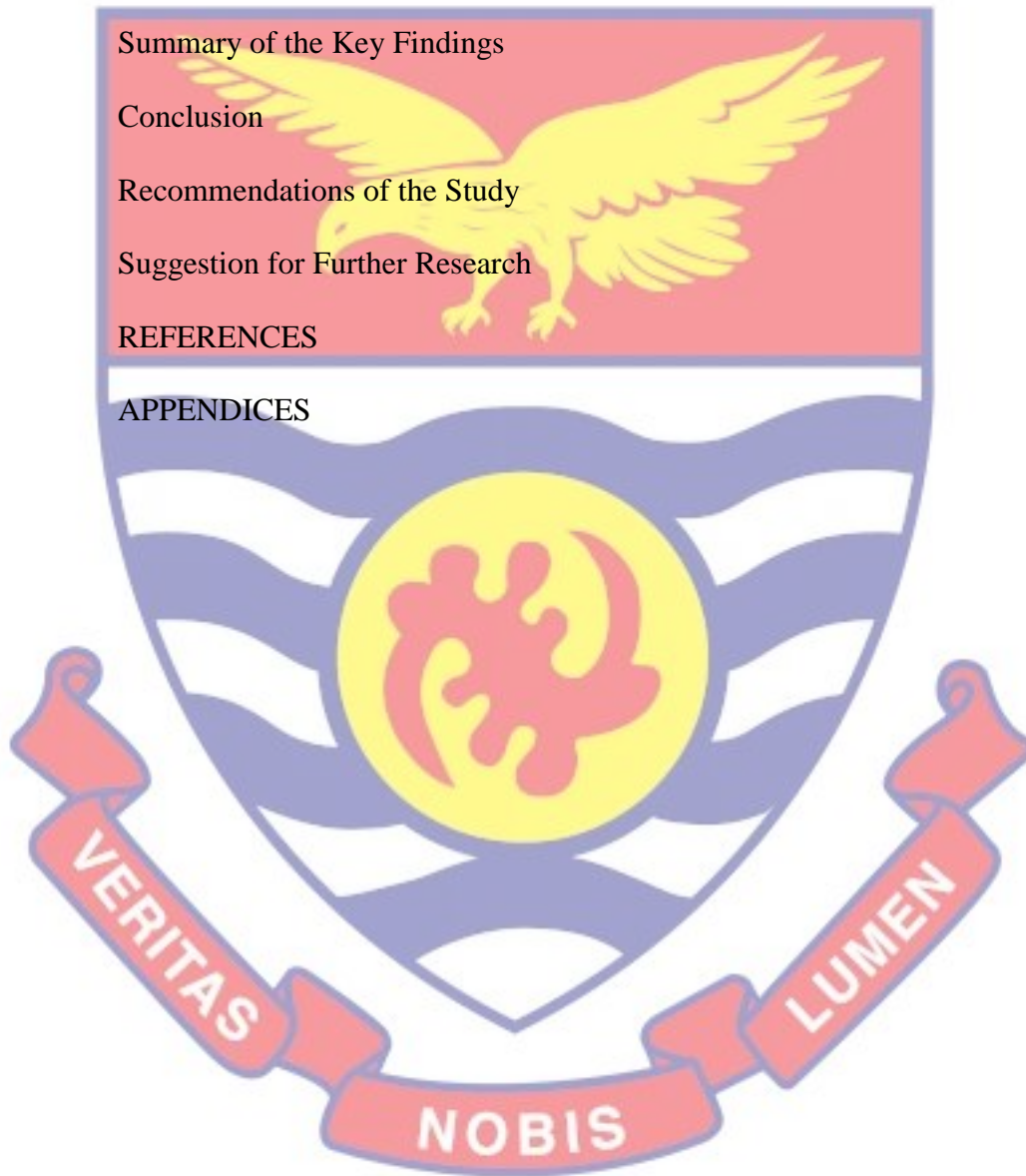
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## CHAPTER ONE

### INTRODUCTION

Non-Governmental Organizations (NGOs) are an important part of the "development machine" and are commonly seen to play an increasingly important role in the developmental process in Ghana (Gyamfi, 2010). The benefits derived from the activities of local NGOs are so numerous that at first glance you cannot see everything, and the Eastern region is not excluded from this generosity. In order to enhance financial sustainability of Non-Governmental Organizations there is the need to consider prudent fund management practices (Drucker, 2012). Researchers in the NGO sector (Waiganjo, Ng'ethe & Mugambi, 2012; Manyeruke, 2012) agree that financial sustainability is one of the major challenges facing the NGO sector in Africa due to poor fund management practices.

The achievement of financial sustainability through prudent fund management practices is very critical to the survival of non-governmental organization (Karanja & Kurati, 2014). Proper fund management practices will enable NGOs increase their programmes to benefits more people as social challenges and vulnerable groups still linger in the Ghanaian society. According to Omeri (2015) financial sustainability has become the buzzword in the NGO sector following 'donor fatigue' in the developed countries. According to Besel, Williams and Klak (2011), good fund management practices will enable NGOs to identify viable ways to sustain themselves financially in order to avoid cutting back on community services



## Background to the Study

All organisation in the world has procedures, plan and policies in place to ensure that they operate efficiently as possible. These operational measures are designed to manage organisation's resources, its management monitor the organisation's assets, embezzlement of fund, mismanagement of fund, prevent fraud, minimize financial errors, minimize careless attitudes of money management, authenticate the currency and reliability of financial data and promote the efficient operation of the organization while ensuring that established management practices are followed (AbouAssi, 2012).

Fund management is a critical function in organisations success. As a result, organisation or institutions that manage their finances well have higher chances of success. Zietlow, Hankin, and Seidner (2007) contend that fund management is more than just keeping accurate accounting records. It involves planning, controlling and monitoring of financial resources to achieve organisational objectives. System of fund management should ensure that costs are properly categorize, tracked and charged to the appropriate accounts, and therefore managers are required to report financial information's accurately to the board, donors and government. Yet Fund management provide financial framework for efficient management of NGO resources.

Furthermore, fund management practices help NGO to reach desired goals and objectives, assists and providing financial data, safeguarding organization assets and accounting records, evaluating operational efficiency, organizational monitoring and control but also encourage an adherence to prescribed policies, laws and regulations (Koitaba, Maina & Serah, 2016).

However, the essential of financial management practices is to provide information that may be useful enough for evaluating management effectiveness in utilizing resources under its control to satisfy its user's needs (ACCA 2016). Kumi, Ibrahim and Yeboah, (2017) posit that issue of fund management over the years in most NGO in lower middle-income countries in Africa of which Ghana is not exception due to changing aid architecture from international donors is a problem. In addition, Ghana's graduation to Lower middle-income country (LMIC) status makes it difficult to obtain support from the International Development Assistance (IDA) and other bilateral donors. For instance, many of Ghana's main bilateral donors such as the Department for International Development of the UK (DFID), the Danish Agency for International Development (DANIDA) and the Global Affairs Canada (formerly CIDA) have been re-prioritising their operations, reducing aid and, at times, withdrawing aid for NGOs (DFID ,2012). Kumi, et. al., (2017) again indicated that changes in donor funding modalities has created uncertainty about the short-term survival and long-term sustainability of NGOs in Ghana, hence there is the need for them to manage their internal generated funds by applying the best fund management practices.

### **Statement of the Problem**

Most NGOs in Africa of which Ghana is no exception operate under poor financial performance and even fail to submit yearly financial reports to the donors' organisations and other stakeholders (Leitch, 2008). In a study paper issued by the West Africa Civil Society Institute (WACSI, 2015), several NGOs in Ghana spoke of merely fighting to live financially, in light of the more competitive climate brought about by the shifting assistance architecture (Arhin,

Adam & Akanbasiam, 2015). It also stated that they struggle to produce money and mobilize fresh financial resources; pay competitive remuneration to recruit and keep talented technical workers. The reason of this problem is either, bad budgeting and failure to satisfy financial responsibilities during operation, poor planning, poor controlling risk, poor money management. The failure of fulfilling organisational goals may either be an effect of inappropriate of fund management or inaccurate interpretation of fund rules and procedure, delays in preparation of financial statements and inadequate control of data for preparation of financial statement (Eric, 2015).

Several research have been undertaken to analyze the issues that inhibits efficient NGO operations in Ghana (Bawole & Hossain, 2014; Marshall & Suarez, 2013; Lyon, 2003; Porter, 2003; Kpinpuo & Sanyare, 2015). The conclusions of such research have, however, typically focused on a specific foreign-donor-led development and the harmful impacts of such donor-controlled NGO activities on recipients. For instance, Lyon (2003) explored how collective action and donor funding interplayed to maintain development programs in rural Ghana. On the other hand, Kpinpuo and Sanyare (2015) did a study to analyze an in-depth operation of different types of NGOs in Upper West Region of Ghana by investigating variables that boost and impede NGO performance. Also, some studies on fund management techniques in Ghana focus on working capital management methods of small medium companies (SMEs) such as Marfo-Yiadom (2006) in the Central region, Agyei-Mensah (2012) in the Ashanti region and Appah (2011) in the Secondi Metropolis of the Western region.



However, Specific research studies focused on money management procedures among NGOs are few, notably for the case of Eastern Region. Keeping this in view and the growing acknowledgment of the potential contribution of NGOs to Ghanaian economy, this study intends to examine and explore the influence of good fund management techniques among NGOs in the

Eastern area of Ghana.

#### **Purpose of the Study**

The study seeks to assess fund management practices among NGOs in Eastern Region of Ghana.

#### **Research Objectives**

Specifically, the study will seek to;

1. Assess the fund management practices among the NGOs in the Eastern region
2. Examine the effects of fund management practices on performance of NGOs in the Eastern region of Ghana.
3. Identify the challenges of fund management practices among NGOs in the Eastern region of Ghana.

#### **Research Questions**

To achieve these objectives, the study will address the following research questions

- 1 What is fund management practices among NGOs in the Eastern region?
- 2 What are the effects of fund management practices on performance of NGOs in region?
- 3 What are the challenges of fund management practices among NGOs in the region?



### **Significance of the Study**

The findings of this study will serve as a guide to NGOs and other governmental agencies to undertake measures to strengthen fund management practices. Again, the study will help stakeholders and policy makers to know the actual state of fund management practices of NGOs in Eastern region.

Knowledge of these will help them to correct anomalies arising from fund management practices for the benefit of the NGOs in the region and Ghana as a whole. In addition, the study will contribute to current literature on fund management practices of NGOs in Ghana. Furthermore, the study will serve as a foundation upon which future research can be conducted.

### **Delimitations**

The study will focus only on Eastern Region due to the fact that studies conducted in Ghana on fund management practices of NGOs, Eastern was not examined. The target respondents of the study will be employees of NGOs at the Eastern region who are into fund management. The study will focus on fund management practices, its effects on performance and challenges among NGOs in the Eastern region.

### **Limitations**

The constraints of the researcher in carrying out this study will be as follows: Only quantitative research techniques will be employed for the study. The researcher will not be able to assess the qualitative views of the respondents due to time and financial resources. Also, the study will employ random sampling to select NGOs to make up the sample size. This will not give equal chance for each NGOs in the region to be part of the sample.

Again, the study will be limited to only primary data and not including secondary data due to time constraints. Other NGOs outside the region will not be included due to time and financial resources.

### Definition of Terms

**Fund:** A fund is a pool of money set aside for a specific purpose. Those pools are often invested and professionally managed

**Management:** Management means directing and controlling a group of people or an organization to reach a goal. Management often means the deployment and manipulation of human resources, financial resources, technological resources, and natural resources

**Practices:** The activity of doing something again and again in order to become better at it or a regular occasion at which you practice something often.

**Fund Management:** Funds management is the overseeing and handling of a financial institution's or an organisation cash flow.

**NGO:** A non-governmental organization (*NGO*) is a non-profit group that functions independently of any government. *NGOs*, sometimes called civil societies, are organized on community, national and international levels to serve a social or political goal such as humanitarian causes or the environment.

### Organisation of the Study

The study is organized into five chapters, the first chapter comprises of the introduction, background to the study, statement of the problem, objectives of the study, significance of the study, delimitation, limitation and definition of terms. A review of relevant prior literature on issues on theories of fund

management practices, concept of non-governmental organisations and empirical review based on the objectives of the study constitutes chapter two. The third chapter focus on the method used for the study followed by chapter four which constitutes discussions and summary of the results. Chapter five gives summary of the research findings, conclusions and recommendations



## CHAPTER TWO

### LITERATURE REVIEW

#### Introduction

The study sought to assess fund management practices among NGOs in Eastern Region of Ghana. This chapter focuses on the review of relevant literature on fund management of public of NGOs. The literature review specifically comprises theoretical framework, conceptual framework, and empirical review on fund management of non-governmental organization.

#### Theoretical Review

Theoretical framework involves the review of theories underlying the study. Theories covered in this section includes: Agency theory, resource dependency theory and contingency theory.

#### Agency theory

The agency theory was developed by Jensen and Meckling (1976) (as cited in Han, 2016) described the agency theory as a contract under which one or more persons (the principal(s) or entity owner(s)/shareholder(s)) engage another person (the agent or manager) to perform some service on their behalf which involves delegating some decision-making authority to the agent. The main purpose of agency theory is in determining the most efficient contract governing the principal-agent relationship. Therefore, agency theory describes the conflict between agents and principals that arises when agents choose actions that are not in the best interest of principals in order to maximize their own utility. This moral hazard problem is caused by the existence of information asymmetry between agents and principals and can result in agents choosing investments with negative net present value.



The current study finds agency theory relevant in explaining the effectiveness of fund management tool for performance of non-governmental organization. In non-governmental organizations (NGOs), managers and staffs act as agents for the owner of the NGOs which in this case happens to be the donors and some cases government. The agents are entrusted with funds from donors or government to run the NGOs on their behalf. Therefore, agents are mandated to formulate proper fund management policies to achieved better performance of NGOs. They are also required to supply donors or government with better and transparent documents concerning their finances to avoid any hidden selfish interest which may create the moral hazard in the public institution.

#### **Resource dependency theory**

The theory of resource dependence implies that organizations cannot produce all the capital or services required for their management internally. They are thus endeavoring to obtain and retain external capital. The theory of resource dependence is based on the idea that an entity, like NGOs, must participate in transactions in its environment with other players and organizations to gather resources (Johnson, 1995). The resources needed by the organization can be limited, not always readily accessible, or regulated by uncooperative actors. Differences in energy, authority and access to additional resources are created by unfair exchanges. Organizations are developing approaches to strengthen their negotiating position in resources-related transactions to prevent these dependencies. Such approaches include policy action, the increase in productivity in the organization, the diversification and the creation in relations with other organizations.

Nickson (2013) denotes that one hypothesis of the resource dependency theory is that uncertainty clouds a resource management organization, making it necessary to select approaches to minimize dependence. The need for the links to other organizations often grows as complexity and dependencies grow. Wang and Yao (2016) argue that the theory of resource dependence is capable of elucidating the dynamic and varied relations between the government and several NGOs. It has the potential of empirically probing the connexion minus over-focusing on the national or people.

According to Malatesta and Smith (2014), the theory is based on three main principles. First, to survive and chase its goals an organization requires resources; second, it is possible for an organization to attain resources from its environment or other organizations more simply and thirdly, power and its opposite, dependency, play crucial roles in the interpretation of inter-agency relations. The last principle is that the balance of power typically benefits the suppliers of services, which ensures that the organization in need is tailored to the needs of the suppliers. The theory has been widely used to examine the relationship between government and NGOs, ranging from partnership to cooperation. The research on the relationship between government and NGOs in China and probably elsewhere has several advantages (Wang & Yao, 2016). It de-politicizes this relationship and, meanwhile, puts it in a recognized environment, discussing politics as a strategy rather than the most significant variable. According Wang and Yao (2016), it also allows a comparative study of the relationship between government and NGOs in different countries, because the variables of resource dependence tend to be available, measurable and similar in meaning.

## Contingency theory

The contingency theory proposes that there is no single approach to fund management approach suitable for all organization. Instead, the suitability of a particular fund management approach is argued to be contingent upon characteristics of an organization including its size, strategy, structure, and also management's perception of uncertainty of the environment within which the organization operates (King, Clarkson & Wallace, 2010). Therefore, it is worth to argue that, non-governmental organization should adopt different approaches in regard to the prevailing economic conditions. The study finds the contingency theory relevant in applying various techniques or approaches of fund management process for performance with regard to prevailing conditions. In non-governmental organizations, managers or fund managers can swap through various forms of fund managements practices in handling their financial matters for performance. Managers of fund managers looking at prevailing economic conditions can apply the most prudent aspect of fund management to achieve the goals and objectives an NGO.

## Conceptual Review

### Concept and overview of NGOs

The composition of NGOs is very difficult to describe. Some several organizations and bodies are entirely or partially government-independent and have mainly humanitarian or supportive purposes rather than profitable. NGOs include benevolent and religious groups mobilizing private development funds, providing services like food and family planning, and supporting community group. Nagabhushanam and Sridhar (2010) defined NGO as a non-profit making, charitable, service-oriented / development-oriented organisation, either



for the good of members (a grassroots group) or other members of the community (an agency). Sharir and Lerner (2006) also defined it as a private entity that adheres to some fundamental social values and structures its operations to improve the communities they represent.

Zhu, Ye and Liu (2018) indicated that they comprise voluntary cooperatives, neighborhood organizations, societies for water users, organizations for women empowerment and citizen groups which increase consciousness and inspiration policies. Even though the term "NGO" has varying connotations, it is commonly understood to comprise non-profit and non-criminal, private organizations that work freestanding from government control. According to Hilhorst (2002), other definitions clarify NGOs as non-religious and non-military associations and are now known as key players in the third sector for landscapes of sustainability, human rights, humanitarian action and the climate

According to Becker (2011), the term "Non-Governmental Organization" or NGO, came into use in 1945 because of the need for the UN to differentiate in its charter between participation rights for intergovernmental specialized agencies and those for international private organizations. At the UN, virtually all types of private bodies can be recognized as NGOs. They only have to be independent of government control, not seeking challenge governments either as a political party or by a narrow focus on human rights, not-profit making and non-criminal

According to Kimunguyi (2015), NGOs are institutions that advance development which consist of a variety of functional, geographic, membership and organizational groups. Globally, NGOs are involved in pressing forward



for international human rights primarily by setting standards, documenting violations and lobbying for successful enforcement of the human rights norms. By setting the standards, NGOs were and are still instrumental in the establishment of international norms by which the conduct of states can be able to be measured or judged. NGOs also give pressure to national governments to sign and ratify the treaties that embody human rights norms and have worked to enhance the issue of the complaint mechanisms of these treaties.

The role of NGO is considered to be important in the field of the economic well-being of the community, the NGO sector as an agent of socio-economic transformation. According to Bebbington (2005) the issue of how local NGOs can ensure their sustainability has arisen to the fore in contemporary years. In the past, this difficulty had not been a major problem as there have been sufficient means to fund missions and agendas. With the changing economic environment around the world, sustainability is perhaps one of the topics under discussion on non-governmental organisations. With the collapse of even financially established NGOs, the normal view of sustainability is being matched by having sufficient resources.

Ngeh (2013) assert that, NGOs usually operate to promote their members' political or social aims. Changes in the natural environment, promote respect for human rights, enhance the health or serve the corporate agenda of vulnerable citizens. Nevertheless, other groups are involved and their priorities include a wide spectrum of partisan and philosophical positions. This can also be found effectively in private schools and sports organizations.

## Activities of NGOs

NGOs carry out government-supported activities but operate outside the official structure of these agencies. As a consequence, in the nations in which they work, NGOs usually have the flexibility to act like commercial corporations. This will vary from activism to mutual service to charitable support and their efforts differ from activism. Usually, a system of NGOs focuses on a single objective or aim and then relates to the needs of the role or goal (Ossewaarde, et. al., 2008). In meetings with residents and other partners, NGOs will establish action schedules to decide who will meet particular goals (Dahan, et. al., 2010). Below are some common activities of NGOs:

### **Provision of basic infrastructure**

According to Dahan et al. (2010), the mutual international role of NGOs includes assisting to build foreign infrastructure at the most basic level. Focused on areas of a rural countryside, activities may include well-drilling, construction of basic education facilities, road construction and the provision of medical services. NGOs can work either on the actual construction or just on the purchase of resources and delivery to the target site. The details will vary and will depend on the specific project being serviced. Many of these projects are under the umbrella of a larger NGO or government agency.

### **Pilot function**

Because of the versatility of collaborating in the realms of private and public organisations, NGOs offer a perfect position to tackle pilot project needs when governmental agencies decide to test a new initiative without a complete programme. Unaffected by bureaucratic limitations and restrictions, NGOs can quickly undertake and dismantle such pilot projects as quickly as possible.

Ossewaarde et al. (2008) denoted that this ease of operation allows the government agency overseeing the pilot project to try out the idea, achieve results and make validated decisions without undue expense.

### **Communication and activism**

NGOs strategize all actions to accomplish a goal or objective; promoting a goal is the bread and butter of an NGO at various levels. This position includes public relations, training programs, political lobbying and marketing. Many state bodies, businesses, societies and people should be included in the coordination priorities. Reasons could be to gain funding from NGOs, to compete financially, as well as to make legislative representations. According to Mushi (2011), often the NGOs also serve as intermediate communicators with the target community and with assistance from the NGOs; this kind of relationship is usually established in pilot projects.

### **Raising of funds**

Since many non-governmental organizations are non-profit-oriented, they depend on their own money, loan and donate funds. Fundraising is a big task which must take place annually to ensure the service of NGOs every year. Funds are used to pay staff, capital and operational costs. The structured strategic approach to fundraising is adopted by NGOs: various divisions or sections are searching for support, while some are focused on the programmatic issues campaigning NGOs are much more local, relate fundraising to an initiative or cause, and hire volunteers for short-term activities when appropriate.



## Fund management

A public or non-governmental organization or institution development is influenced, in part, by how effectively it raises, manages, and expends funds (Burger, 2008). Public Expenditure Financial Accountability, (2005) has indicated that there is wide agreement that effective institutions and systems of fund management have a critical role to play in supporting implementation of policies of national development and poverty reduction. A review of literature on fund management shows that there are many ways to define fund management. It has been defined by the Chartered Institute of Public Finance and Accountancy (CIPFA, 2010) as the system by which financial management resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals. This definition of fund management applies to how to deal with the pressures of balancing limited resources with expanding demands and expectations, and with their obligation to spend the funds carefully.

Alternatively, Simson, et., al. (2011), define fund management as the mobilization of revenue, the allocation of these funds to various activities; expenditure and accounting for spent funds. This means that fund management has to do with efficient use of funds. They further submit that it is about raising revenue and spending by the government or an organization, and the impacts this has on resource allocation and income distribution.

Furthermore, the Department of Budget and Management (2012) stress that fund management encourage the local government to generate its own sources of revenues and ensure availability of resources to meet the people's priority needs. At the same time, it encourages public sector to manage limited



financial resources to ensure economy and efficiency in the delivery of outputs required to achieve desired outcomes that will serve the needs of the community. It is through the fund management system that national and district policies are transformed into actions and services are delivered. It provides for collective decision-making, for citizens to express their preferences and fiscal transparency. Scott, (2017) argues that efficient fund management is an integral component of economic growth and has the ability to reduce poverty in a sustainable manner. Scott further argues that effective public administration systems are necessary so that increased financial resources can be turned into concrete welfare services and measures that promote growth.

Ahmad, et. al., (2013) cited in Sarkar et., al. (2014) discusses the processes related to efficient management of funds and describes fund management as consisting of five key sub-sectors identified as budgeting controls, financial reporting, auditing practices, regulatory framework and revenue collection. Further, Imuezerua and Chinomona (2015) confirm that all the identified sub-sectors of fund management are important in a development context and must be improved in order for government to implement its development objectives. It is further stated that, these sub-sectors exist as a system of related components and that reform or development of one sub-sector is dependent on and conditioned on the state of the other components if development objectives are to be met.

According to Simson, et., al., (2011) several authors globally based on the systems approach note that although there is no succinct definition of fund management there are six key core components which emerge. The six components are planning and budgeting, revenue mobilization, public

expenditure and payments, financial reporting, auditing and regulations framework.

### **Fund management practices of non-governmental organizations**

According to Lewis (2017), fund management of NGOs entails planning, organizing, controlling and monitoring the financial resources to achieve objectives. This describes a situation where the financial resources of an organization are being correctly and effectively used. Poor financial control in an organization means that: assets will be put at risk of theft, fraud or abuse, funds may not be spent in accordance with the NGO's objectives or donors' wishes and the competence of managers may even be called into question. In practice fund management process of NGOs involves, managing scarce resources, managing risk, managing strategically and managing by objectives. NGOs operate in a rapidly changing and competitive world.

If they are to survive in this challenging environment, they need to develop the confidence and skills to manage their financial resources and achieve more with their money. Good practice in financial management will help managers make effective and efficient use of resources to achieve objectives and fulfill commitments to stakeholders, help NGOs to be more accountable to donors and other stakeholders, gain the respect and confidence of funding agencies, partners and beneficiaries, give the advantage in competition for increasingly scarce resources and help NGOs prepare themselves for long-term financial sustainability.

Good fund management of NGOs is to be accountable to the people who gave them the money, accountable to the communities they work with, to be able to produce financial statements for regulatory bodies, minimize fraud, theft

and abuse of resources, plan for the future and become more financially secure, enable staff to make better decisions on the use of funds, achieve the objectives of the organization, enhance the credibility of the organization, strengthen fund raising efforts and get better value for our money. According Mango (2017), there are several building blocks which must be put in place to achieve good practice in financial management for NGOs.

### **Accounting and budgeting**

Every organization must keep an accurate record of financial transactions that take place to show how funds have been used. Accounting records also provide valuable information about how the organization is being managed and whether it is achieving its objectives. A budget is an economic tool for facilitating and realizing the vision of an organization in a given fiscal year, and if a budget is to serve as an effective tool, proper linkages and management of all the stages of budgeting is necessary (Kimunguyi, 2015). A primary task of budgeting is to estimate the level of resources that will be needed in the future to support the work of established agencies, programs, and activities. Good budgetary management processes through budget planning, training and budget information systems improve financial performance in any organization. Linked to the organization's strategic and operational plans, the budget is the cornerstone of any financial management system and plays an important role in monitoring the use of funds

### **Internal control**

A system of controls, checks and balances collectively referred to as internal controls are put in place to safeguard an organization's assets and manage internal risk (Mango, 2017). Their purpose is to deter opportunistic theft



or fraud and to detect errors and omissions in the accounting records. An effective internal control system also protects staff involved in financial tasks. According to Lewis (2017), fund management is all about actively looking after the organization's financial health. This involves: managing scarce resources, managing risk, managing strategically, managing by objectives (MBO). Lewis, (2017) indicates financial management process mirrors the project management cycle – plan – do – review as follows:

### **Fund disbursement**

Julia (2019) explained that fund disbursement is the act of paying out or disbursing money from donor to sub-grantee or other stakeholders to settle obligations. The factors that determine the timely release of fund from funder to recipient can be timely submission of the fund transfer request from the requester as per the schedule, lack of proper filing of the required information in the transfer request format, lack of supporting documents. Lack of procurement planning by project staff and failure to follow the conditionality and guidelines. Due to these, the back and forth may occur and also it leads to lengthy bureaucratic layer and technical delays.

### **Utilization of funds**

According to Danbaki (2012), utilization of fund involves the allocation and expenditure of funds to implement the organization's various activities and achieve its goals and objectives. Utilization of funds had been a challenge to both the donor community as well as the organization that is responsible for the effective utilization of the funds. Therefore, there is need for institutions that are the response for the management of these funds to come up with the right



framework and procedure to ensure that funds given are utilized as expected based on the planed budget and that the funds services for the intended purpose.

### **Financial reporting**

Financial reporting provides a comparison of actual expense with the allocated budget amount. Sub-recipients liquidate the received advance amount from the donor on the agreed period of time. The reporting period can be monthly, the quarterly or semiannually according to the project nature and agreed agreement. The aim of liquidation/settlement is to maintain the correct degree of accountability and avoid the creation of onerous, additional and redundant work for the sub-grantees (Lewis, 2017).

### **Monitoring**

According to Khawaja (2011), monitoring is the routine collection and analysis of information to track progress against set plans and check compliance to establish standards. It helps identify trends and patterns, adapt strategies and inform decisions for project or program management. Monitoring helps to ensure the timely consolidation of reports and financial information to meet requirements. In addition, to make sure the effective and efficient utilization of funds in the aspects of under or over utilization, money used for the intended or anticipated purpose only, evaluate whether there is misappropriation, fraud, lack of capacity is and identify and report to the concerned body to take prompt action for the project success. The major items that must be monitored by the organization are physical progress, work plan, resource utilization, and output against the plan.

## Measurement of performance of non-governmental organizations

Goodwin (2003), states that performance contains the real yield or aftereffects of an association as estimated against its proposed yields or destinations. Wadongo and Abdel-Kader (2011) ascribe that the non-profit organizations are different from other organizations in the public and private sectors in the sense that there is no profit maximization and no severe measure against which execution can be estimated. However, managers of non-profit organizations have the duty to efficiently manage donors' resources, act as overseers for these resources and also ensure successful overall performance of NGOs. Therefore, it is necessary that the managers of these organizations assess whether the organization is using the donated money effectively and efficiently and also morally to accomplish its task and future plans.

Senior administrators, financial experts and board members from not-revenue driven organizations face the test regarding what are the important variables of performance, and how should these variables be measured. The leading practices in comprehensive not-for-profit performance measurement have shown that organizations can develop performance measurement systems that include social impact-centred measures, member-centre measures, and other non-monetary measures, along with the monetary ones. Not-for-profit organizations need a common framework (model) that not only counts the inputs, outputs, and outcomes of their programs and activities, but also (a) provides information on their success in generating positive social changes and/or member benefits (impacts), and (b) gives insight into the drivers of these changes (Marc & Adriana, 2009).

Several authors have provided a number of descriptions of performance measurement. Lindblad (2006) sees measurement of NGOs performance as the utilization of goals, pointers and data to evaluate these associations' intercessions and administrations. It is treated as the system for assessing representatives, groups and the whole association (Ferreira & Otley, 2009). Mill (2007) likewise puts NGOs performance estimation as a methodology of appraisal that assesses a projects sway in terms of productivity and viability. Carman (2007) declares that estimating performance includes an efficient methodology of assessing a project yields, inputs and effects. Access to resources to ensure survival should not be the sole dimension for measuring NGOs performance. Likewise, Kareithi and Lund (2012) states that the principal goal of NGOs is focused at the ideal objectives satisfying their receivers and the improvement in their various communities. Therefore, the assessment of NGOs should mainly be measured on how productive they have been in achieving their targeted social objectives. Usually, NGOs evaluate their performance by setting performance models and then proceed to gather information related to the established indicators. The normal performance pointers mostly utilized by NGOs involves viability, raising support, costs, fulfilment of recipients as well as competence (Carman, 2007). Likewise, Teelken (2008) determined four (4) performance dimensions which are: efficacy, economy, efficiency and effectiveness to be used to evaluate the operation of NGOs. Also, Benjamin and Misra (2006) included that, in surveying NGOs performance, the attention ought to be on four fundamental markers which are inputs, yields, results and effects.



## Fund management practices and performance

Efficient fund management is the backbone of any entity's growth drive or attainment of high performance. Theunis and Erika (2011) indicated that fund management function on top notch sets the bedrock for development, advancement and sustainability. As indicated by Attom and Mbroh (2012) development and advancement exchanges would be inadequate without the notice of monetary management, which, exemplified on the full-scale level as the sourcing for and employments of fiscal resources in accordance with improvement purposes, is caught as the fund management function on the small-scale level.

It is more certain that fund management systems continue to be of much significance to non-governmental organization success; either for profit or otherwise. Grischow, (2008) indicated that several studies have shown that the nature of management, accounting information employed within the small business sector and other resourced managed organizations such as NGOs has a positive relationship with an entity's performance. Also, as indicated by Sontag-Padilla, Morganti, and Staple Foote (2012) in their exploration on fiscal solvency of magnanimous associations, powerful financial administration actions are fundamental in enhancing transparency, efficiency, accuracy, accountability; these which are performance indicators, which enable an organization to achieve its objectives.

The success of a business depends on how well it harnesses everyone to work toward a common goal while considering the differences among members (Brealey & Myers, 2003). Teelken (2008), affirms that one of the major drivers of efficiency is the manner of utilization of the capital and the funds that the

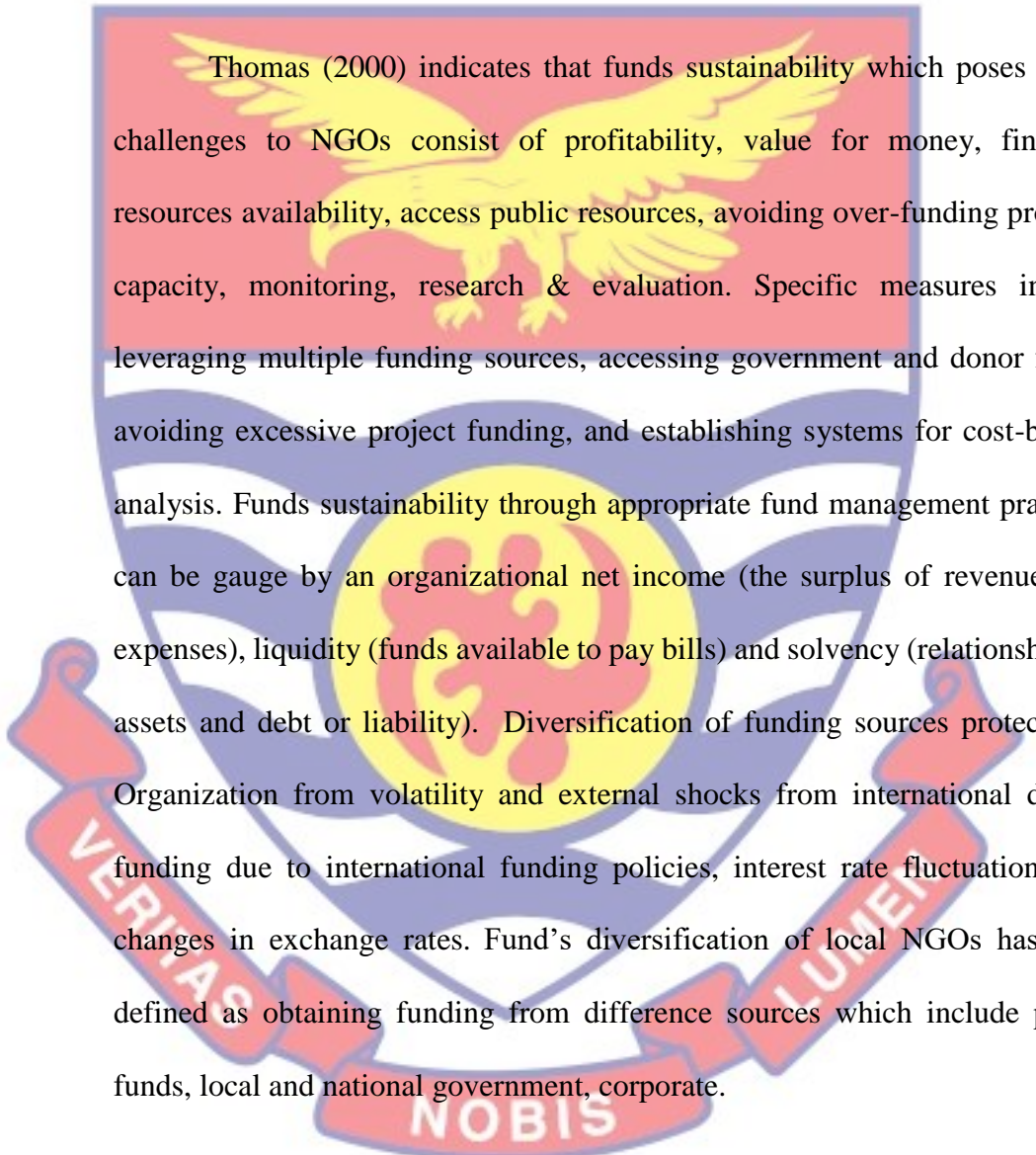
NGO sector accumulates through various sources for carrying out its work. These performance threatening practices could be associated to lack of stringent fund management norms/practices. This, again, shows how devastating an organization will be when its fund management systems, controls or regulations are compromised.

### **Challenges of fund management practices of NGOs**

The most pressing problem facing NGOs is funds sustainability. This is because local NGOs have mostly relied on funds from foreign donors. External support from external donors is constantly reduced due to global financial crisis. Funds sustainability encompasses good financial management, income generation, resource mobilization, auto financing (Abdelkarim, 2012). It includes the ability to generate positive financial balance sheet to be able to respond to the needs of the NGO and new changes in the operating environment.

Any NGO seeking funds improvement will have three areas in which it has to advance and three specific things in each of these areas that can improve the funds sustainability of NGOs (Saungweme, 2014). Lassen (2001) indicated that, management must conduct strategic financial and business planning, diversify and increase donated funds, and uses a non-profit business model that increases NGO revenues and try to raise funds for the NGO. Second, savings should be increased and manage cost to improve NGO cost savings, asset utilization and productivity. Similarly, they must create a high-performance software model and manage financial information. Finally, an NGO must promote or have leadership with a strong vision, commitment to sustainability and a fund raising board. They must create teamwork and organizational ability.

They should also take steps to embark on a path to financial sustainability. Fund's sustainability is therefore a continuing challenge for NGOs in developing countries, such as Ghana. There is also a need to encourage more opportunities for philanthropy, improve government funding mechanisms and support volunteers.



Thomas (2000) indicates that funds sustainability which poses major challenges to NGOs consist of profitability, value for money, financial resources availability, access public resources, avoiding over-funding project's capacity, monitoring, research & evaluation. Specific measures include leveraging multiple funding sources, accessing government and donor funds, avoiding excessive project funding, and establishing systems for cost-benefit analysis. Funds sustainability through appropriate fund management practices can be gauge by an organizational net income (the surplus of revenue over expenses), liquidity (funds available to pay bills) and solvency (relationships of assets and debt or liability). Diversification of funding sources protects the Organization from volatility and external shocks from international donors funding due to international funding policies, interest rate fluctuations and changes in exchange rates. Fund's diversification of local NGOs has been defined as obtaining funding from difference sources which include public funds, local and national government, corporate.

There is a positive strong association between donor relationship management and financial sustainability of local Non-Governmental Organizations. In relationship management, local NGOs should maintain records of their external donors and the priorities of their funding while at the same time keeping donors up-to-date on the NGO's activities. Hence There is



need to manage this relationship through regular communication, proper utilization of funds, preparation and presentation of financial reports to donors and the meeting of donor requirements

### **Empirical Review**

This section deals with the empirical evidence of NGO's fund management practice in different researcher's perspective. Hence, this part provides an overview of the previous research was done on NGOs revolving fund management aspects. The review of this study included, related studies which are assumed to be related to the subject matter directly or indirectly

#### **Fund management practices**

Malunga (2007) study explored factors that affect the efficacy of the strategic planning process among Malawi's local NGOs. The research revealed that the level of execution of the strategic plans was low. In contrast, the execution was lower for organisational capacity building activities as compared to project activities. The main reasons for the low implementation were the lack of financial independence of local NGOs from donors to respond effectively and independently to the needs and priorities of their beneficiaries; and the lack of capacity for the boards, managers, donors, consultants and communities to effectively pursue the strategic planning process.

Doreen (2016), did a study on the effect of funds management on project performance in Rwanda using multiple regression technics from cross sectional survey data. According to the Doreen, policy, planning, monitoring, communications, solution for sustainability and agency acceptance are the needed activities to determine the performance of projects.

Kiplag'at (2012), conducted a study on the utilization of donor funding and its effects on the economic development of the intended beneficiaries in Nairobi. Kiplag'at (2012), investigated that, there is a delay in the mobilization of resources by the sub-grantees. Furthermore, there are no governed reporting mechanisms stated on the agreement in terms of the time frame. These affect the overall implementation period and quality work on the project delivery. In addition, some of their donors did not allow the no-cost extension period. Due to this, the organization failed to achieve the agreed objective and deliver the service or goods to the intended beneficiaries.

Mengesha (2014) conducted a study related to financial management practices in local NGO in Addis Ababa. Under this study, he tried to indicate the effective use of fund management and utilization to become a sustainable project. Mengesha, stated that the problems for effective use of fund management are lack of budget approval by higher officials, poor common cost allocation system, proper registration system on in-kind grant items. The stated problems lead to do not accomplish projects activity in accordance with donors' goal and objective.

### **Fund management practices and performance**

Omeri (2014) study was conducted to find out the economic sustainability factors of non-governmental organisations, in Kenya. The descriptive research design for 249 registered and active non-governmental organizations in Nakuru County has been utilized. A sample size of 154 was used and data collected through questionnaires obtained using simple random samples. The results showed that diversifying sources of funding, Competence levels of the staff and strategic financial planning was identified as a significant

challenge of financial sustainability of NGOs. The findings showed that the most important factor was the level of competence of the NGO workers in charge of the projects. The study advises the regular training of the staff of NGOs in order to maintain the continuing degree of competence. Personnel engagement and effective coordination of strategic plans should be actively promoted.

Okorley and Nkrumah (2012) research sought to determine key elements that can influence local NGOs based on a Ghanaian case study. The study recognizes that the availability of funding, quality material services, responsive leadership, creation of needs-based and demand-driven programme, and successful management can have a major impact on the viability of local NGOs. Significantly, leadership arose as the most critical factor to organisational survival in local NGOs.

Zhu, et., al., (2018) identified management and environmental drivers for diversification of revenue. They analyzed how the prestige of the company, the Board participation and the profitability of capital affect the diversification of organizational revenue using a national sample of 429 grassroots Chinese NGOs. Their findings show that management factors, including the legitimacy of the organization and the involvement of the board, can enhance organizational revenue diversification

Stanovci, Metin and Ademi (2019) study was to examine the Financial Sustainability of NGOs, Kosovo. The research concluded that sound financial management is also associated with financial sustainability. The more politically leading NGOs are, the more likely they are to have financially viable



management. The more financial resources the NGOs have, the more likely they are to be financially viable.

Wilson, Reck and Kattelus (2015), argued that financial accounting enable NGO to communicate, to a range of internal and external stakeholders, the financial status of the NGO, transparency and accountability of their financial management system. Financial statements are reports, which give an accurate picture, at regular interval (monthly, quarterly, semi-annually, annually), of the money received by NGOs

Eric (2015) said that accounting system, designed to process and report on periodic financial information about the organization furthermore help the NGO to maintain its financial reports and showcase inflows and outflows to the regulatory bodies as per laws, roles and financial regulations in agreed terms and condition. NGOs future economic success depend not only on the quality of its social activities, but also on improving its accounting phenomena and external financial reporting systems.

Ngwenya (2013) did a study on the internal control based on accounting and quality of financial reports in NGOs in Zimbabwe, the finding indicates that, of NGOs depended on foreign donors. Therefore, NGOs should review their financial accounting systems to identify gaps and then put in place steps to manage fund with view of follows all procedures in finance management.

### **Challenges of fund management practices among NGOs**

Getange, Onkeo and Orodho (2014) asserts that lack of sufficient funding is a major challenge especially considering the fact some of the corporation's initiate new units and expand the existing ones. Therefore, NGO they depend on fund from the others for completing their program and project.

This dependency has had a great influence on the performance of the NGO on the management of fund.

The study conducted by Batts (2014) on Resources mobilization, concluded that source of funds is inadequate to encounter needs in implementation of NGO projects. The findings showed that management of NGO are to be aware with their planning and budget management and always should review the variance thereto.

Benedict and Appiah-Kubi (2020) researched into the key financial management practices of NGOs in Ghana using the case of Young Men's Christian Association (YMCA) Ghana. The study revealed that, the quality of financial management staff and their responsibility are the most effective financial management indicator in YMCA Ghana amongst all the other well-functioning indicators. Again, it is evident in the study that the challenge YMCA Ghana faces in its financial management practice is irregular external audit review of financial and accounting data. Therefore, it is recommended that frequent subscription for external audit services should be established in NGOs and also, cost effective monitoring, evaluation, accountability and learning (MEAL) programme management framework should be adopted by NGOs in Ghana.

Adjei Andy, Alhassan, and Ibrahim (2020) examined the factors that determine financial sustainability of NGOs in Ghana based on the following variables; sound financial management practices, income diversification, own income generation, good donor relationship and the use of ERPs and Cloud Accounting by NGOs. The study sampled 56 NGO where data was collected through the administration of questionnaires. Data was analysed using various

statistical tools such as frequencies, graphs, tables, Kruskal Wallis Test and regression analysis. The results of the study showed that NGOS in Ghana are donor dependent and have little diversification of income as well as less own income generation measures. The study further revealed that NGOs in Ghana are not financially sustainable and as such need income generating measures that will help them to be financially reliable. The results again show that sound financial management practices, own income generation by NGOs, diversification of income and good donor relationship are the key determinants of financial sustainability of NGOs in Ghana.

Augustine and Athenia (2014) conducted a study to interrogate the influence of cash flow management practices on the survival or growth of the SMMES by conducting a survey amongst the SMMES operating in the retail sector of Pretoria in South Africa. They find evidence that cash flow management is extremely important to the survival of a business, particularly small businesses, and poor cash flow management can also lead to small business failure.

Albert, Emmanuel and Mohammed-Anwar (2018) article draws on 65 qualitative interviews and presents findings about how NGOs in Ghana, West Africa, are responding to the emerging concerns about their sustainability in the context of the changing aid landscape. Findings suggest that NGOs in Ghana are combining at least six main strategies to attain sustainability and the strategies, eggs-in-multiple-baskets, cost cutting, strength-in-numbers, security-under-partnership, credibility-building and visibility-enhancing strategies.

Kasim, Zubieru and Antwi (2015) assessed fund management practices and its effect on the financial performance of SMEs in the Northern Region of



Ghana. The study adopted a descriptive cross-sectional survey research design which allowed the collection of primary quantitative data through structured questionnaires. The data was analyzed using both descriptive and inferential statistics. The study revealed that SME financial performance was positively related to efficiency of cash management (ECM). The study concluded that fund management practices have influence on the financial performance of SMEs, hence there was need for SME managers to embrace efficient cash management practices as a strategy to improve their financial performance and survive in the uncertain business environment.

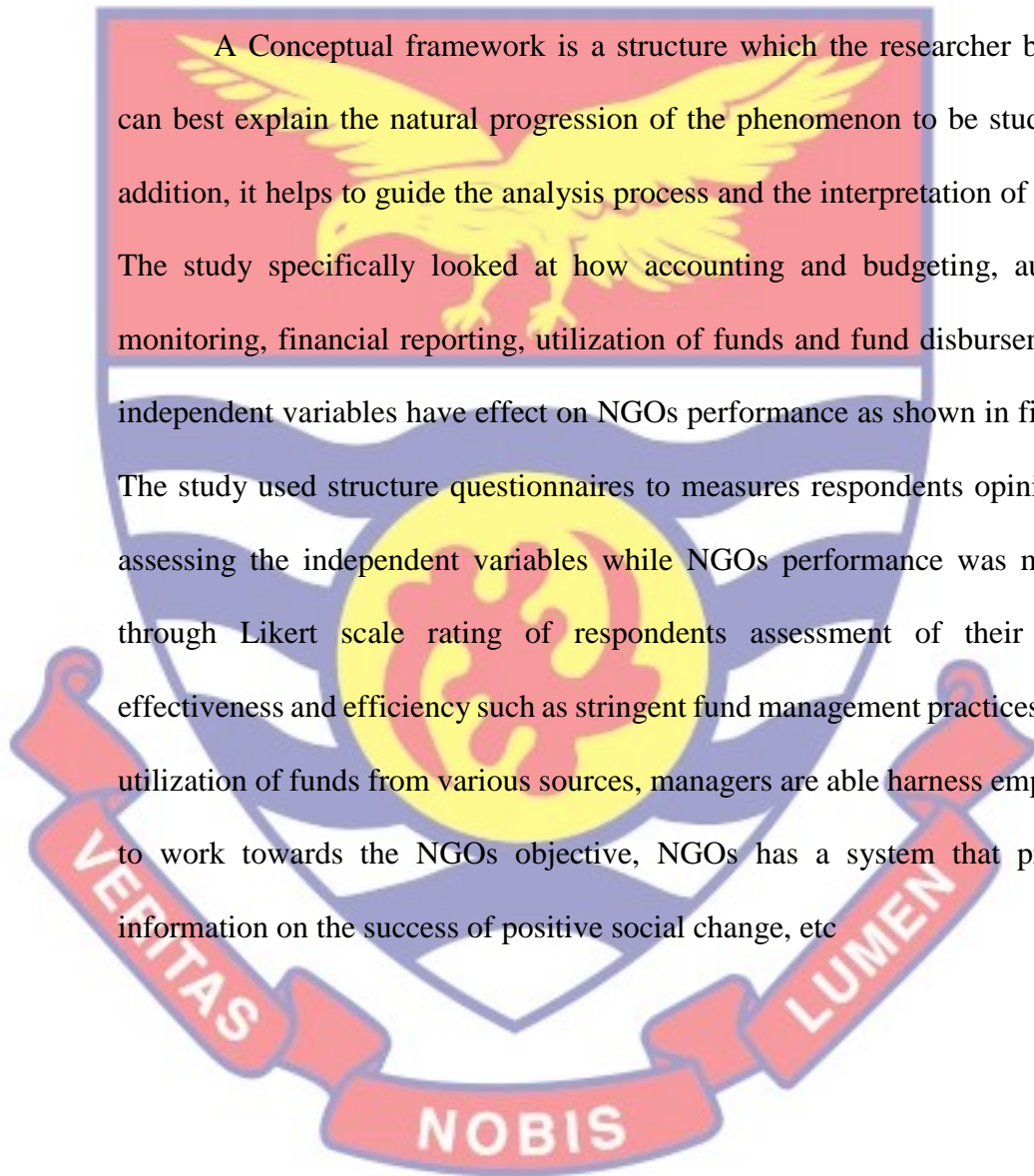
Dong and Tay Su (2010) also attempted to investigate the relationship existing between profitability, the fund conversion cycle and its components for listed firms in Vietnam stock market. Using a descriptive cross-sectional design, their findings showed a strong negative relationship between profitability, measured through gross operating profit, and the cash conversion cycle and all of its components. This means that as the fund conversion cycle increases, it will lead to declining of profitability of a firm. Therefore, the managers can create a positive value for the shareholders by handling the adequate fund conversion cycle and keeping each different component to an optimum level.

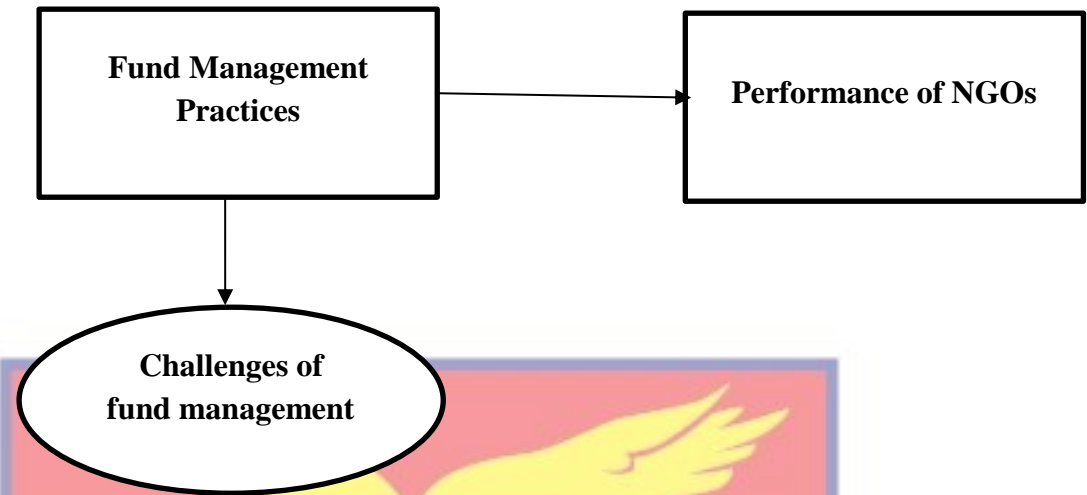
Kpinpuo and Sanyare (2015) conducted an in-depth investigation into the operations of different types of NGOs in the Upper West Region of Ghana by examining factors that enhance and hinder desired NGO performance in the region. It involved interview of NGO officials, consultants of NGO work, and focus group discussion with beneficiaries of NGO interventions in the region. The study revealed two important options for NGO operators. First, NGOs may continue to pursue the current strategy of having their projects solely sponsored by foreign philanthropists, if

they aim only to develop NGO staff, or second, NGOs would need to adopt a more participatory management approach if their target is realistic transformation of the beneficiary community, help drastically reduce duplication, waste, and optimize use of donor resources

### Conceptual Framework

A Conceptual framework is a structure which the researcher believes can best explain the natural progression of the phenomenon to be studied. In addition, it helps to guide the analysis process and the interpretation of results. The study specifically looked at how accounting and budgeting, auditing, monitoring, financial reporting, utilization of funds and fund disbursement as independent variables have effect on NGOs performance as shown in figure 1. The study used structure questionnaires to measures respondents opinions on assessing the independent variables while NGOs performance was measure through Likert scale rating of respondents assessment of their NGOs effectiveness and efficiency such as stringent fund management practices, better utilization of funds from various sources, managers are able harness employees to work towards the NGOs objective, NGOs has a system that provides information on the success of positive social change, etc





*Figure 1: Conceptual Framework of fund management practices and Performance of NGOs*

Source: Construct by the Author (2021)

### **Chapter Summary**

Various theoretical frameworks have attempted to explain the role of fund management practices on performance of NGOs. The researcher discussed three theories under theoretical framework namely: - Agency theory, resource dependency theory and contingency theory. Overview of NGOs and activities of NGOs were as discussed. The researcher has also discussed fund management practices, measurement of performance of NGOs. Empirical studies carried on both global and local context have been covered and their findings discussed under this chapter.



## CHAPTER THREE

### RESEARCH METHODS

#### Introduction

The study seeks to assess fund management practices among NGOs in the Eastern region of Ghana. This chapter looks at the research methods that will be used to undertake the study. Research methods entail research design, study area, population, sampling and sampling techniques, data collection instrument, data collection procedure, research instrument, reliability and data analysis.

#### Research Design

It was prudent to select the appropriate research design that would enable the researcher to answer the research questions and put up useful and perfect assumptions with less difficulty. A research design is a detailed strategy which the researcher followed while gathering the study data and conducting the research analysis (Turner, 2014). According to Potwarka, Snelgrove, Drewery, Bakhsh and wood (2019), a research design is considered as a set of arrangements made to collect and analyze data in a way that seeks to integrate compliance with the purpose of the research process and economics. According to Young and Javalgi (2007) a master plan that describes the process and methods for obtaining and analyzing the required information is considered a research design.

The three main research designs that have usually characterized social science research are descriptive, explanatory and exploratory (Creswell & Clarke, 2017; Rovail et al., 2013). The exploratory research is conducted to have a better understanding of a prevailing problem and generally does not lead to a

definite outcome. It is flexible and provides the basis for future study. According to Creswell and Clarke (2017), the exploratory design focuses on obtaining facts and understanding social reality. Thus, the objective of the exploratory design is to detect significant challenges and variables in a real-world situation.

The explanatory research is undertaken to give details as to why a phenomenon happened and to predict future events. It generally concentrates on “why questions” in a bid to appreciate the relationships that exist between variables (Babbie, 2010). Though the explanatory research does not offer conclusive results due to lack of statistical strength, it enables the researcher to decide on how and why things occurred.

The descriptive design offers descriptions of observations about a particular phenomenon (Creswell & Clarke, 2017). It concentrates on answering the how, what and where questions rather than why questions. A distinctive characteristic of the descriptive design is that it often assists a researcher to present comparisons, similarities, and contrast between phenomena, and in so doing, enhances the understanding of social reality (Babbie, 2010).

The study adopted non experimental research design (Descriptive research design) in quantitative sense. The study employed cross sectional survey method for the data collection. The research design employed was use to assess the fund management practices among the NGOs, examine the effect of fund management practices on performance of NGOs and identify challenges of fund management practices among NGOs.

## Study Area

The Eastern Region is located in south Ghana and is one of the sixteen (formerly ten) administrative regions of Ghana. Eastern region is bordered to the east by the Lake Volta, to the north by Bono East Region and Ashanti Region, to the west by Ashanti region, to the south by Central region and Greater Accra Region. Akans are the dominant inhabitants and natives of Eastern region and Akan, Ewe Krobo, Hausa and English are the main spoken languages. The capital town of Eastern Region is Koforidua. The Eastern region is the location of the Akosombo dam and the economy of the Eastern region is dominated by its high-capacity electricity generation. Eastern region covers an area of 19,323 square kilometres, which is about 8.1% of Ghana's total landform. Eastern region is made up of 26 administrative districts and municipals including Brim Central Municipal, Brim South and Brim North.

Birim Central Municipal is one of the thirty-three (33) administrative districts in the Eastern Region. It was carved out of the former Brim South District in 2007 and covers an estimated area of about 158.099 sq. km. The municipality shares boundaries with Akyemansa District to the north, Brim South District to the west and Asene-Manso District to the east. The municipal capital is Akim Oda. The Municipality is centrally located, well connected to the neighbouring districts and serves as the economic hub within the enclave. The municipal is drained by the Brim River and some of its tributaries namely, Apetesu, Ahomfra, Kasawere, Bongore and Nyankomase. The municipality falls within the wet semi-equatorial climate zone which experiences substantial amount of precipitation/rainfall. The municipal is endowed with arable crops



such as cocoa, sweet potato, sugar cane and rice (Ghana Statistical Service, 2020).

### **Population**

Amedahe and Gyimah (2016) defines a population as a group of individuals' or persons from which samples are taken for measurement or targeted population is a population to which a researcher needs to generalize the outcomes of the study. In most cases, a population is too large to collect accurate information something that is not practical. Collecting an entire population of data is sometimes almost impossible, as some populations are too difficult to cope with. The population of the study are NGOs in Eastern region of Ghana. From regional coordination council office, there have been a total of 67 local NGOs registered in the region and each entity is manage by one manager. A list of NGOs in the region is attached as appendix C.

### **Sampling Procedure**

Sampling is the process of selecting a portion of population to represent the entire population. The study used a sample size of 40 NGOs in the region out of 67 constituting 59.7% of the total population. According to Amadehe and Gyimah (2016) quantitative studies with sample size of 5% to 20% of the population is sufficient for generalization. The study adopted simple random sampling procedure (probability sampling techniques) to select 40 NGOs to make up the sample size for the study. This probability sampling techniques enable every NGO in the region to have equal chance of been selected to form the sample size. In simple random sampling technique, the selection of the NGOs as an entity to form the sample was on the bases that each NGO will have equal chance of being selected (Ghauri & Gronhaug, 2005). A respondent

knowledgeable with financial issues and into fund management practices in each of the selected non-governmental organization (NGO) were randomly identified and given a questionnaire to answer regarding issues of their fund management practice.

### Data Collection Instruments

The study employed primary sources of data collection techniques. Primary sources are original sources from which the researcher directly collects data that have not been collected previously. Primary data was collected through questionnaires answered by the managers of the NGOs related to the variables in the research objectives. The questionnaires were designed into sections. Section A consist of respondents' (managers) characteristics. Section B contains Likert-scale items relating to fund management practices of NGOs indicated by Lewis (2017). Section C consist of instruments' leading to measurements of performance of NGOs indicated by Lindbad (2006). Section C consist of instruments leading to challenges of fund management practices among NGOs. The researcher adopted the research instrument used by Saungweme (2014) on Financial sustainability of local NGOs.

All items will be on a scale rating from 1= strongly disagree to 5 = strongly agree to assess respondent's opinions. Likert scale type questionnaire will be adopted in the sense that, according to Taherdoost (2016) it is psychometrics scale devised in order to measure and quantify subjective preferential thinking and feeling of a subject through social interactions. Validity and reliability of questionnaires were assessed by employing the service of the who is knowledgeable in the field of the study on fund managements practices. Finally, pretest was conducted to test item's reliability

on subject outside the study area, which indicated a cronbach's alphas of 0.789 and 0.712 for fund management practices and performance respectively.

### **Data Collection Procedure**

Questionnaires were sent personally to the managers in order to afford the researcher the opportunity to establish rapport with them and brief them on the objective of the study and also explain each item on the questionnaire. The questionnaires were collected between the period 20<sup>th</sup> June, 2021 and 18<sup>th</sup> July, 2021, with dissemination from the managers. The managers were assured the confidentiality of the information they provided. Due to the nature of work within the eastern region, the researcher had to find appropriate times and schedules for each NGO in the region.

### **Data Processing and Analysis**

The data collected were edited, coded before analyzing. Data collected were analyze using (SPSS) Version 23. Descriptive statistics was employed to assess fund management practices among the NGOs and challenges of fund management practices among the NGOs. Multiple regression was used to examine the effect of fund management practices on performance of the NGOs.

### **Ethical Consideration**

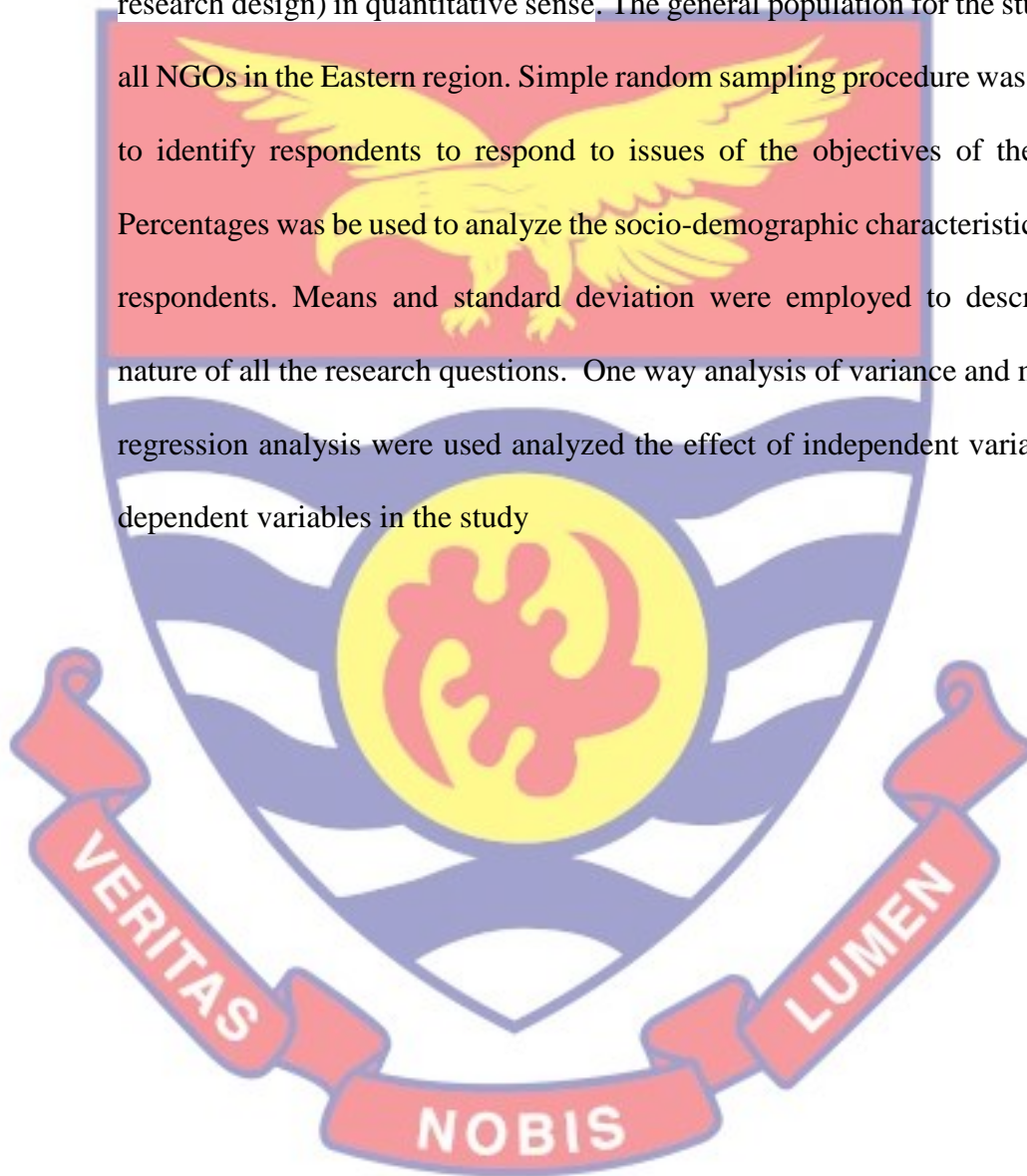
The researcher followed ethical standards as expected in research studies. Respondents were assured that participation is voluntary and that they can withdraw participation willingly. To avoid invasion of their privacy, their consent sought first. As respondents are more inclined to share the perception that their privacy is been invaded, they were assured of confidentiality of data.



Again, respondents assured that data collected will be limited to academic purposes.

### Chapter Summary

This study employed non experimental research design (Descriptive research design) in quantitative sense. The general population for the study was all NGOs in the Eastern region. Simple random sampling procedure was applied to identify respondents to respond to issues of the objectives of the study. Percentages was be used to analyze the socio-demographic characteristics of the respondents. Means and standard deviation were employed to describe the nature of all the research questions. One way analysis of variance and multiply regression analysis were used analyzed the effect of independent variables on dependent variables in the study



## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### Introduction

This chapter presents the results of the study and discusses them in the light of the research objectives that guided this study. The specific objectives of the study were to assess the fund management practices among the NGOs in the Eastern region, examine the effects of fund management practices on performance of NGOs in the region and identify the challenges of fund management practices among NGOs in the region. The data used in the research were obtained through the administering of structured questionnaire. The chapter begins with the demographic of the respondents and followed by the sections that answer the research objectives.

#### Demographics of Respondents

This section discusses the demographics of respondents and the variables were, gender, qualification age and average number of years work. Table 1 shows the distribution of ages, gender and qualifications of respondents.

**Table 1: Demographic Characteristics of Respondents**

Variables	Category	Frequency	Percentages
Gender	Male	34	85.0
	Female	6	15.0
Age	20 – 29	2	5.0
	30 – 39	10	25.0
	40 – 49	19	47.0
	50 - 59	9	22.5
Qualification	Diploma	0	0.0

Degree	27	67.5
Masters	12	30.0
Doctorate	1	2.5

Source: Field survey (2021)

Results in Table 1 show that 34 (85.0%) of the respondents are male and 6 representing (15.0%) are female. On age distribution of the respondents, results indicates that the majority of the respondents are within the age bracket of 40 - 49, representing 47.0%, 10 representing 25.0% are within the age bracket of 30 – 39, 9 representing 22.5% are within the age bracket of 50-59 while 2 representing 5.0% are within the age bracket of 20-29. With respect to qualification, the results indicate that the majority of the respondents 27, representing 67.5% had first degree, 12 representing 30.0% had master’s degree and 1 representing 2.5% had doctorate. Results in table 2 indicates that on the average respondent spent 7.02 years working in their NGOs with standard deviation of 1.747.

**Table 2 Average Number of Years of Respondents in their Position**

	Min	Max	Mean	Std
Average Years Worked	3	12	7.02	1.747

Source: Field survey (2021)

### **Fund Management Practices among the NGOs in the Eastern region**

To determine the opinions of respondents on fund management practices among the NGOs in the Eastern region, respondents were asked to rate their levels of opinions using a Likert scale questions of 1-5, indicating 1= strongly



disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree on fund management practices component variables such as accounting and budgeting, auditing, monitoring, financial reporting, utilization of funds and fund disbursement. Means and standard deviation were computed and mean values less than 3 indicates less application of such fund management practices.

Results are shown in table 3.

**Table 3 Accounting and Budgeting**

Variables	Mean	Std
The accounting department is separate from the cashier	4.03	0.80
The ledger system of accounting at NGOs finance is vibrant	4.17	0.78
The accounting systems are maintained by a trained accountant	4.35	0.58
Does the NGO deposit each day receipt of cash without delay	3.90	1.03
The budget of the NGOs facilities to achieve its vision	3.78	1.05
Resources needed in future are estimated by budget department	4.48	0.59
Mean	4.12	0.31

Source: Field survey (2021)

Table 3 summarizes the means and standard deviations of six variables used in measuring accounting and budgeting as a factor of fund management practices. It indicated resources needed in future are estimated by budget

department of NGOs was rated as the most influential variable [M= 4.48, SD = 0.59], which revealed respondents' opinions on the variable relatively close to mean value. The accounting system of the NGOs are maintained by a trained Accountant was rated second [M = 4.35, SD = 0.58], which also demonstrate a close view of respondents. The ledger system of accounting at NGOs finance is vibrant was identified as the third variables [M = 4.17, SD = 0.78]. The fourth rated variable is accounting department of NGOs are separate from the cashier [M = 4.03, SD = 0.80]. The least measured variables of accounting and budgeting are, budget of the NGOs facilitates to achieve it vision and does the NGO deposit each day receipt of cash without delay [M = 3.78, SD = 1.05] and [M = 3.90, SD = 1.03] respectively indicating heterogenous views of respondents. The overall mean and standard deviation 4.12 and 0.31 respectively indicating that overall, the respondents had opinions that proper accounting and budgeting are practice to enhance fund management among the NGOs

**Table 4: Auditing**

Variables	Mean	Std
Funds taken out are investigate by others either than the cashier	4.30	0.61
There is a withdrawal co-signature authority system at the NGOs	3.92	0.86
Employees are identified by supervisors before validation	4.13	0.60

Audits of the payroll system are made periodically by external auditors	4.27	0.64
Cross- authorization is done before employee are added to payroll	4.23	0.66
Mean	4.17	0.34

Source: Field survey (2021)

Table 4 summarizes the means and standard deviations of five variables used in measuring auditing as a factor of fund management practices. It indicated funds taken out are investigate by others either than the cashier was rated as the most influential variable [M= 4.30, SD = 0.61], which revealed respondents' opinions on the variable relatively close to mean value. Audits of the payroll system are made periodically by external auditors was rated second [M = 4.27, SD = 0.64], which also demonstrate a close view of respondents. Cross- authorization are done before employee are added to payroll was identified as the third variables [M = 4.23, SD = 0.66]. The fourth rated variable is employees are identified by supervisors before validation [M = 4.13, SD = 0.60]. The least measured variable of auditing was, there is a withdrawal co-signature authority system at the NGOs [M = 3.92, SD = 0.86] indicating homogenous views of respondents. The overall mean and standard deviation 4.17 and 0.34 respectively indicating that overall, the respondents had opinions that auditing procedures are practice to enhance fund management among the NGOs.



**Table 5: Monitoring**

Variables	Mean	Std
There is routine collection of information to track progress	4.07	0.76
Plans are set to check compliance and to establish standards	4.20	0.69
Strategies are adopted and inform decision for fund management	4.23	0.66
Evaluation is done to check misappropriation and fraud	4.25	0.67
Mean	4.18	0.38

Source: Field survey (2021)

Table 5 summarizes the means and standard deviations of four variables used in measuring monitoring as a factor of fund management practices. It indicated evaluation is done to check misappropriation and fraud was rated as the most influential variable [M= 4.25, SD = 0.67], which revealed respondents' opinions on the variable relatively close to mean value. Strategies are adopted and inform decision for fund management was rated second [M = 4.23, SD = 0.66], which also demonstrate a close view of respondents. Plans are set to check compliance and to establish standards was identified as the third variables [M = 4.20, SD = 0.69]. The least measured variable of monitoring was, there is routine collection of information to track progress [M = 4.07, SD = 0.76] indicating homogenous views of respondents. The overall mean and standard deviation 4.18 and 0.38 respectively indicating that overall, the respondents had opinions that monitoring procedures are practice to enhance fund management among the NGOs.

**Table 6: Financial Reporting**

Variables	Mean	Std
Financial reports are consolidated on time to meet requirement	4.05	0.55
Financial reports provide comparison of actual expenses and budget	4.13	0.76
Correct degree of accountability is maintained	4.32	0.69
Financial reporting period are strictly adhered to	4.35	0.58
Mean	4.21	0.25

Source: Field survey (2021)

Table 6 summarizes the means and standard deviations of four variables used in measuring financial reporting as a factor of fund management practices. It indicated financial reporting period are strictly adhered to was rated as the most influential variable [M= 4.35, SD = 0.58], which revealed respondents' opinions on the variable relatively close to mean value. Correct degree of accountability is maintained was rated second [M = 4.32, SD = 0.69], which also demonstrate a close view of respondents. Financial reports provide comparison of actual expenses and budget was identified as the third variables [M = 4.13, SD = 0.76]. The least measured variable of financial reporting was, financial reports are consolidated on time to meet requirement [M = 4.05, SD = 0.55] indicating homogenous views of respondents. The overall mean and standard deviation 4.21 and 0.25 respectively indicating that overall, the respondents had opinions that financial reporting procedures are practice to enhance fund management among the NGOs.

**Table 7: Utilization of Funds**

Variables	Mean	Std
Funds are utilized to implement NGOs activities	3.80	0.56
There is right framework for funds utilizations	4.38	0.58
Funds given out are utilize for it intended purpose	4.48	0.55
Funds given out are in line with planned budget	4.45	0.55
Funds are utilized to achieve NGOs goals and objectives	4.43	0.59
Mean	4.31	0.27

Source: Field survey (2021)

Table 7 summarizes the means and standard deviations of four variables used in measuring utilization of funds as a factor of fund management practices. It indicated funds given out are utilize for it intended purpose was rated as the most influential variable [M= 4.48, SD = 0.55], which revealed respondents' opinions on the variable relatively close to mean value. Funds given out are in line with planned budget was rated second [M = 4.45, SD = 0.55], which also demonstrate a close view of respondents. Funds are utilized to achieve NGOs goals and objectives was identified as the third variables [M = 4.43, SD = 0.59]. The fourth rated variable is there is right framework for funds utilizations [M = 4.38, SD = 0.58]. The least measured variable of utilization of funds was, funds are utilized to implement NGOs activities [M = 3.80, SD = 0.56] indicating homogenous views of respondents. The overall mean and standard deviation 4.31 and 0.56 respectively indicating that overall, the respondents had opinions that fund utilization are practice to enhance fund management among the NGOs.



**Table 8: Fund Disbursement**

Variables	Mean	Std
Fund are disbursed to your organization on schedule	2.80	0.82
There is no lack of proper filling of information to request funds	4.10	0.59
There is no lack of procurement planning hindering funds release	4.38	0.58
Bureaucratic procedure of funds release is not in the NGO	4.45	0.55
Mean	3.93	0.38

Source: Source field (2021)

Table 8 summarizes the means and standard deviations of four variables used in measuring fund disbursement as a factor of fund management practices. It indicated bureaucratic procedure of funds release are not in the NGO was rated as the most influential variable [M= 4.45, SD = 0.55], which revealed respondents' opinions on the variable relatively close to mean value. There is no lack of procurement planning hindering funds release was rated second [M = 4.38, SD = 0.58], which also demonstrate a close view of respondents. There is no lack of proper filling of information to request funds was identified as the third variables [M = 4.10, SD = 0.59]. The least measured variable of fund disbursement was, fund is disbursed to your organization on schedule [M = 3.80, SD = 0.82] indicating homogenous views of respondents. The overall mean and standard deviation 3.93 and 0.38 respectively indicating that overall, the respondents had fairly opinions that fund disbursement procedures are practice to enhance fund management among the NGOs.

Further one-way analysis of variance (ANOVA) and post hoc multiple comparisons test was performed under Tukey to check the significance difference observed in the overall means of components of fund management practices. The results of one-way analysis of variance (ANOVA) are shown in Table 9.

**Table 9: Analysis of Variance (ANOVA) of Fund Management Practices**

	Sum of Squares	df	Mean Sum of Squares	F
Between group	3.269	5	0.654	5.979
Within group	25.558	234	0.109	
Total	28.854	239		

Source: Field survey (2021)

One-way analysis of variance conducted show that there is actual a significant difference in the overall mean of the six components of fund management practices. F-statistic value (5.979) was obtained with a very small significance ‘p-value’ (p-value = 0.00 < 0.05). Post-Hoc test was performed to assess which of the six fund management components had the highest contributions to the significance results. Results of Post-Hoc test in Appendix A indicates significant mean difference between auditing, monitoring, financial reporting, utilization of funds and fund disbursement [ 0.239\*, 0.256\*, 0.281\*, 0.384\*] respectively. Accounting and budgeting mean is not significant different from other five components of fund management practices of the NGOs. Post-hoc test revealed that fund management practices such as auditing, monitoring, financial reporting, utilization of funds are highly practiced.

### Effects of Fund Management Practices on Performance of NGOs

In order to examine the effect of fund management on performance of NGOs, opinions of respondents on performance measurement variables were obtained. Respondents were asked to rate their levels of opinions using a Likert scale questions of 1-5, indicating 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree on performance measurement variables. Average responses of respondents are shown in table 10.

**Table 10: Performance Measurement**

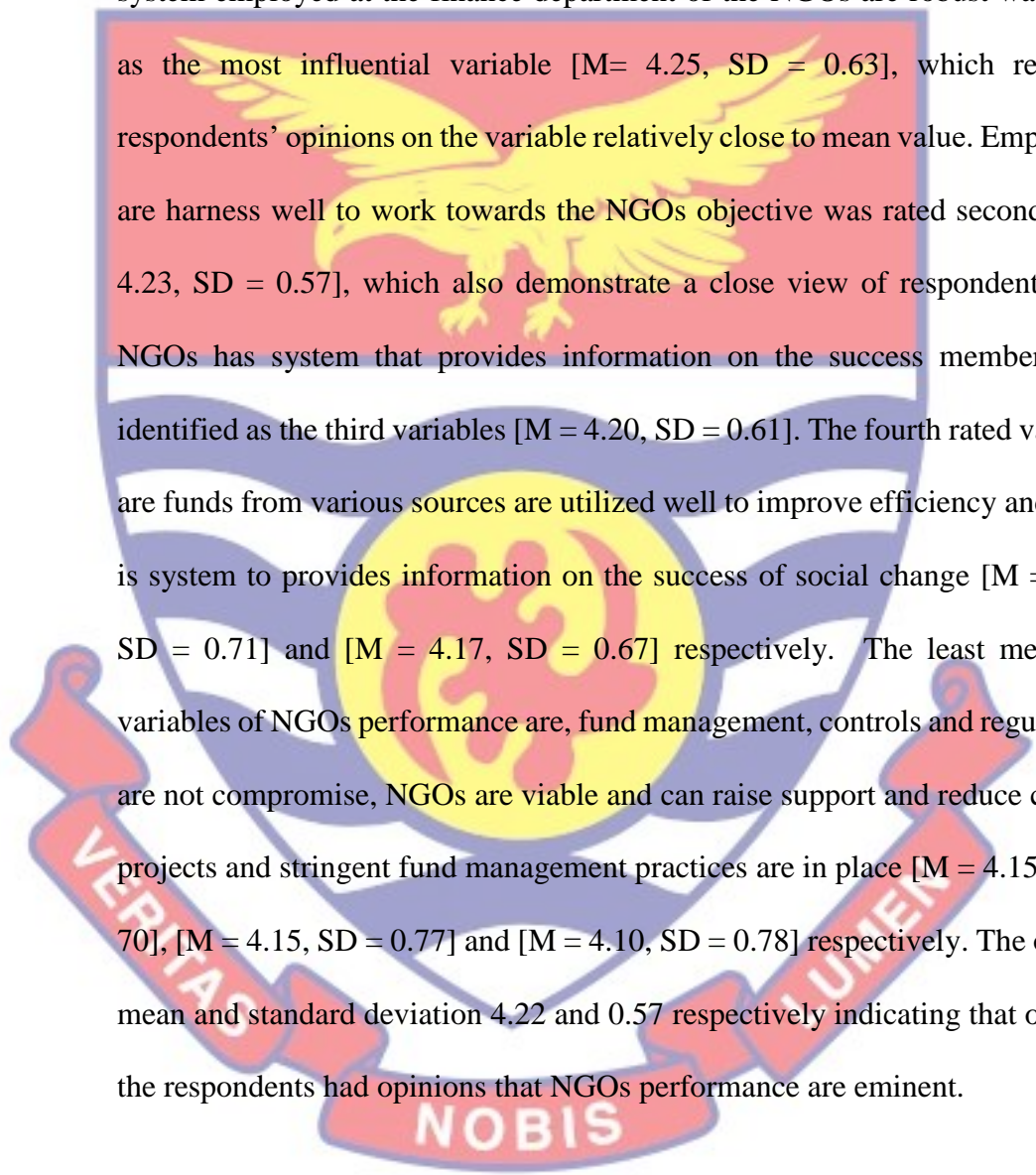
Variables	Mean	Std
Stringent fund management practices are in place	4.10	0.78
Funds from various sources are utilized well to improve efficiency	4.17	0.71
Employees are harness well to work towards the NGOs objective	4.23	0.57
There is system to provides information on the success of social change	4.17	0.67
The NGOs is viable and can raise support and reduce cost on projects	4.15	0.77
The NGOs has system that provides information on the success members	4.20	0.61
The accounting system employed at the finance department are robust	4.25	0.63
Fund management, controls and regulations are not compromise	4.15	0.70



Mean	4.22	0.57
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Source: Field survey (2021)

Table 10 summarizes the means and standard deviations of eight variables used in measuring performance in NGO. It indicated accounting system employed at the finance department of the NGOs are robust was rated as the most influential variable [M= 4.25, SD = 0.63], which revealed respondents' opinions on the variable relatively close to mean value. Employees are harness well to work towards the NGOs objective was rated second [M = 4.23, SD = 0.57], which also demonstrate a close view of respondents. The NGOs has system that provides information on the success members was identified as the third variables [M = 4.20, SD = 0.61]. The fourth rated variable are funds from various sources are utilized well to improve efficiency and there is system to provides information on the success of social change [M = 4.17, SD = 0.71] and [M = 4.17, SD = 0.67] respectively. The least measured variables of NGOs performance are, fund management, controls and regulations are not compromise, NGOs are viable and can raise support and reduce cost on projects and stringent fund management practices are in place [M = 4.15, SD = 70], [M = 4.15, SD = 0.77] and [M = 4.10, SD = 0.78] respectively. The overall mean and standard deviation 4.22 and 0.57 respectively indicating that overall, the respondents had opinions that NGOs performance are eminent.



**Table 11: Model Summary**

R	R-Squared	Adjusted R-Square	Std Error
0.648	0.420	0.315	0.479

Source: Field survey (2021)

**Table 12: Analysis of Variance (ANOVA)**

	Sum of Squares	df	Mean Sum of Squares	F	Sign
Regression	5.507	3	0.918	3.987	0.004
Residual	7.597	33	0.230		
Total	13.104	39			

Source: Field survey (2021)

**Table 13 Multiple Regression Analysis**

Variables	Std Error	T-statistic	P-value	
Constant	-3.545	2.488	-1.424	0.164
Accounting and Budgeting	0.358	0.328	1.092	0.283
Auditing	0.120	0.303	0.390	0.695
Monitoring	0.513	0.238	2.161	0.038
Financial reporting	0.166	0.337	0.492	0.626
Utilization	0.097	0.287	0.339	0.737
Funds disbursement	0.642	0.215	2.992	0.005

**Dependent Variable, Performance**

Source: Field survey (2021)

The Adjusted R-square value of 0.315 in table 11, indicating 31.5% of variation of NGOs performance is explained by the independent variables. The overall F-statistic  $F(3, 33) = 3.987$ , p-value indicating overall combined effect of independent variables are statistical significant. The result show that

accounting and budgeting, auditing, monitoring, financial reporting, utilization of funds and fund disbursement and NGOs performance are positively related.

Multiple regression technique was employed to examine the effect of six fund management components on performance. The results of the model summary, analysis of variance and multiple regression are shown in table 11, 12 and 13. Table 13 shows the results of multiple regression. Variables are statistically significant if from the results the coefficient and p-value of accounting and budgeting are (indicating that when other factors are held constant a unit increase in accounting and budgeting increases NGOs performance by 0.358 but not statistically significant. Coefficient and p-value of auditing are, (indicating that if other factors are held constant a unit increase in auditing increases NGOs performance by 0.120 but not statistically significant. Coefficient and p-value of monitoring are (indicating that if other factors are held constant a unit increase in monitoring increases NGOs performance by 0.513 and statistically significant.

Again, coefficient and p-value of financial reporting are (indicating that if other factors are held constant a unit increase in financial reporting increases NGOs performance by 0.166 but not statistically significant. Coefficient and p-value of utilization of funds are (indicating that if other factors are held constant a unit increase in utilization of funds increases NGOs performance by 0.097 but not statistically significant. Coefficient and p-value of fund disbursement are (indicating that if other factors are held constant a unit increase in fund disbursement increases NGOs performance by 0.642 and is statistically significant.



### Challenges of Fund Management Practices among NGOs

This section discusses the challenges of fund management practices among NGOs in the Eastern region of Ghana. Respondents were asked to rate their levels of opinions on the challenges to implement fund management practices, using a Likert scale questions of 1-5, indicating 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree. Means and standard deviation were computed and mean values less than 3 indicates absences of opinions. Results are shown in table 14.

**Table 14: Challenges of Fund Management Practices**

Variables	Mean	Std
Management do not assist to conduct strategic financial and business planning to enhance fund sustainability	2.38	0.71
There is pressure due to limited funds with expanding demand of project	4.35	0.53
Planned activities do not encourage efficient mobilization of funds	2.40	0.63
There is much difficulty in allocating of funds to various activities due to inadequate funds	4.32	0.65
Fund management are not directed to influence efficient delivery of public service	3.03	0.66
Lack of clear format in gauging expenditure and accounting for spent funds	1.80	0.52
Lack of proper diversification strategy to improve revenue	3.07	0.69
Lack of non-profit model to improve revenue generations	3.15	0.66

Mean	3.06	0.23
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Source: Field survey (2021)

Table 14 summarizes the means and standard deviations of highly rated variables leading to challenges of fund management practices. It indicated there is pressure due to limited funds with expanding demand of project was rated as the most influential variable [M= 4.35, SD = 0.53], which revealed respondents' opinions on the variable relatively close around the mean value. There is much difficulty in allocating of funds to various activities due to inadequate funds was rated second [M = 4.32, SD = 0.65], which also demonstrate a close view of respondents. The midway rating of challenges of fund management practices are, fund management are not directed to influence efficient delivery of public service [M = 3.03, SD = 0.66], lack of proper diversification strategy to improve revenue [M = 3.07, SD = 0.69] and lack of non-profit model to improve revenue generations [M = 3.15, SD = 0.66].

The least rated variables leading to challenges of fund management practices are, lack of clear format in gauging expenditure and accounting for spent funds, planned activities do not encourage efficient mobilization of funds and management do not assist to conduct strategic financial and business planning to enhance fund sustainability [M = 1.80, SD = 0.52], [M = 2.40, SD = 0.63] and [M = 2.38, SD = 0.71] respectively. The overall mean and standard deviation 3.06 and 0.23 respectively indicating that overall, the respondents had opinions that challenges of fund management practices among NGOs in Eastern region are fairly rated around the midway level.

## Discussions of Results

### Research Objective one

On the objective to assess fund management practices among the NGOs in the Eastern region. The study considered the following fund management practices components, accounting and budgeting, auditing, monitoring, financial reporting, utilization of funds and fund disbursement. It was observed that most highly rated fund management practices use among non-governmental organizations in the region are, fund utilization, financial reporting, monitoring, auditing, accounting and budgeting to enhance fund management. The above fund management practices overall means are above 4, indicating that respondent had opinion that these fund management practices are use in their organization.

Findings are similar to Adjei, Alhassan, and Ibrahim (2020) who examined factors that determine financial sustainability of NGOs in Ghana using various statistical tools such as frequencies, graphs, tables, Kruskal Wallis Test and regression analysis and conclude that sound financial management practices are the key determinant of financial sustainability of NGOs in Ghana. Results of the study does not support Vhokto and Mundal (2012) who investigated to know the position of fund management, profitability, growth, stability, and productivity trends of Janata Bank Ltd and Agrani Bank Ltd during the period of 2000-2009 and 2004-2008 respectively using secondary data and found that banks under study are not in a good position due to heavy stuck-up advances, low recovery rates, excessive over dues, and outstanding advances.



One-way analysis of variance shows significant difference among the overall means of fund management practices. Further post-hoc test revealed significant mean difference between auditing, monitoring, financial reporting, utilization of funds and fund disbursement as well as accounting and budgeting. It was revealed that fund management practices such as auditing, monitoring, financial reporting, utilization of funds are highly practiced. Results contradict Shah, Fazlul and Khan (2000) in Vhokto and Mundal (2012) in their study on "Efficiency of Some Selected Commercial Banks in Bangladesh" investigate the efficiency of 20 selected commercial banks operating in the country using Factor Analysis. Their results reveal none of the nationalized commercial banks is found to be efficient in terms of fund management.

#### **Research Objective two**

On objective to examine the effects of fund management practices on performance of NGOs in the region. Performance measurement variables were analyzed and their overall mean and standard deviation are 4.22 and 0.57 respectively indicating that respondents had opinions that NGOs performance are eminent. Multiple regression technique employed revealed that accounting and budgeting, auditing, financial reporting, utilization of funds have positive non-significant effect on NGOs performance, while monitoring and fund disbursement have positive significant effect on NGOs performance. Also, the study revealed that 31.5% of variation of NGOs performance is explained by accounting and auditing, auditing, monitoring, financial reporting, utilization of funds and fund disbursement. The overall combined effect of independent variables on NGOs performance are statistically significant. The result is in line with Doreen (2016) who did a study on the effect of funds management on

project performance in Rwanda using multiple regression techniques from cross sectional survey data and indicated that policy, planning, monitoring, communications have effect to determine the performance of projects. Similarly, results of the study support Kasim et al (2015) as they assessed fund management practices and its effect on the financial performance of SMEs in the Northern Region of Ghana using descriptive cross-sectional survey by collecting primary quantitative data through structured questionnaires. They used multiple regression techniques to assess the effect and found that fund management practices have influence on the financial performance of SMEs. Again, results of the study collaborate with Kung'u and Mwangi (2014) as they determined the effect of fund management practices on financial performance in CDF fund water project in Kenya by adopting descriptive statistics (means) as well as inferential statistics such as correlation, ANOVA and regression analysis. They found that, there was a strong positive relationship between the fund management practices and financial performance and the variability of financial performance attributed to changes in efficiency of receivable management practices, efficiency of fund management and efficiency of inventory management was 88.3%

### **Research Objective three**

The third objective of the study was to identify challenges of fund management practices among NGOs in the region. The study assesses eight variables of which two of them were highly rated as challenges they face, pressure due to limited funds with expanding demand of project and there is much difficulty in allocating of funds to various activities due to inadequate funds, while fund management are not directed to influence efficient delivery

of public service, lack of proper diversification strategy to improve revenue and lack of non-profit model to improve revenue generations were fairly rated as challenges as well. The study further revealed that lack of clear format in gauging expenditure and accounting for spent funds, planned activities do not encourage efficient mobilization of funds and management do not assist to conduct strategic financial and business planning to enhance fund sustainability were least rated among the challenges. Findings of the study collaborate with Omeri (2014) who conducted a study to find out the economic sustainability factors of NGOs in Kenya using descriptive research design to obtained information from 154 registered and active NGOs. A sample size of 154 was used and data collected through questionnaires obtained using simple random samples. Omari results showed that diversifying sources of funding, competence levels of the staff and strategic financial planning was identified as a significant challenge of financial sustainability of NGOs. Similarly, the results collaborate with Adjei et. al., (2020) who examined factors that determine financial sustainability of NGOs in Ghana using various statistical tools such as frequencies, graphs, tables, Kruskal Wallis Test and regression analysis. The results of their study showed that NGOs in Ghana are donor dependent and have little diversification of income as well as less own income generation measures, NGOs in Ghana need income generating measures that will help them to be financially reliable.

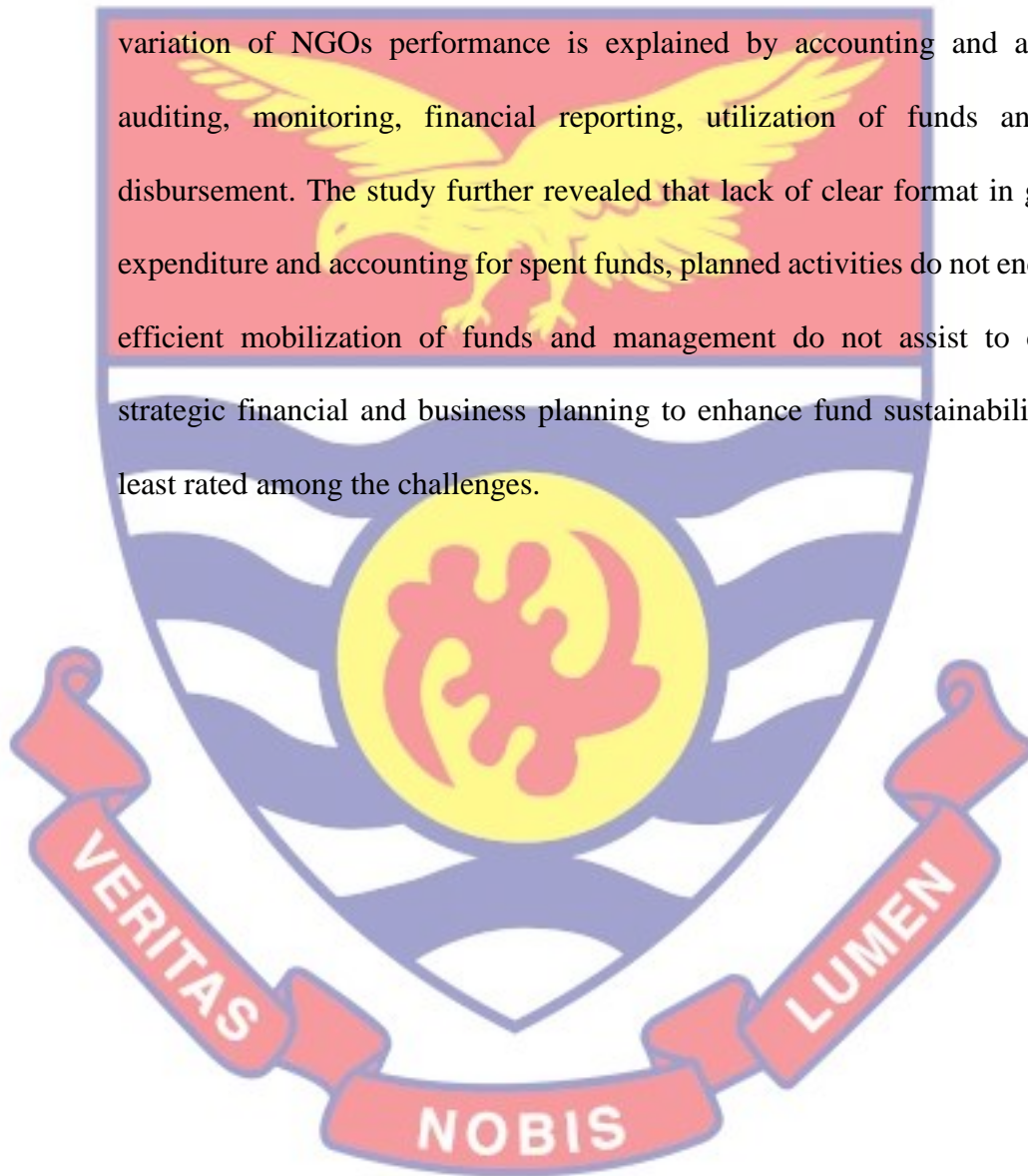
### Chapter Summary

The chapter has provided information concerning the findings of the study as dictated by the nature of the specific research objectives pursued. The study identified the following fund management practices components,



accounting and budgeting, auditing, monitoring, financial reporting, utilization of funds and fund disbursement. It was observed that most highly rated fund management practices use among non-governmental organizations in the region are, fund utilization, financial reporting, monitoring, auditing, accounting and budgeting to enhance fund management. The study also revealed that 31.5% of

variation of NGOs performance is explained by accounting and auditing, auditing, monitoring, financial reporting, utilization of funds and fund disbursement. The study further revealed that lack of clear format in gauging expenditure and accounting for spent funds, planned activities do not encourage efficient mobilization of funds and management do not assist to conduct strategic financial and business planning to enhance fund sustainability were least rated among the challenges.



## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMENDATIONS

#### Introduction

The study seeks to assess fund management practices among NGOs in Eastern Region of Ghana. The study adopted non experimental research design (Descriptive research design) in quantitative sense. The study employed cross sectional survey method for the data collection. This chapter summarizes the main findings of the study in relation to the research objectives, conclusions of the study and gives recommendations based on the findings of the study.

#### Summary of the Study

This study assessed fund management practices among NGOs in Eastern Region of Ghana under the following research objectives: fund management practices among the NGOs in the Eastern region, examine the effects of fund management practices on performance of NGOs in the Eastern region and to identify the challenges of fund management practices among NGOs in the Eastern region.

The research design employed was non experimental research design (Descriptive research design) in quantitative sense with cross sectional survey method for data collection. The target population of the study was all 67 local NGOs in Eastern region of Ghana. The study used a sample size of 40 NGOs in the region constituting 59.7% of the total population. Simple random sampling procedure was used to select non-governmental organizations to make up the sample for the study. Data were collected by means of 5-point Likert type questionnaire rating from 1-5, indicating 1 as the least rating and 5 as the highest

rating. Data were analyzed using statistics package for social science version 23 (SPSS) by employing mean, standard deviation, one way analysis of variance (ANOVA) and multiple regression. On demographic characteristics of the respondents, data collected and analyzed indicated that most of the respondents were male, are within the age bracket of 40 – 49, are degree holders and have worked on the average at least 7 years.

### **Summary of the Key Findings**

Research objective one assessed fund management practices among the NGOs in the Eastern region. The study observed highly rated fund management practices among the NGOs in the Eastern region are fund utilization, financial reporting, monitoring, auditing, accounting and budgeting to enhance fund management, while the least rated fund management practice is fund disbursement. It again revealed from the results of one-way analysis of variance that, auditing, monitoring, financial reporting, utilization of funds practices is significantly higher than fund disbursement practices among the NGOs.

Research objective two examined the effects of fund management practices on performance of NGOs in the region. Multiple regression results shows that accounting and budgeting, auditing, financial reporting, utilization of funds have positive non-significant effect on NGOs performance, while monitoring and fund disbursement have positive significant effect on NGOs performance. It was also revealed combined effect of all independent variables on NGOs performance are statistically significant.

Research objective three identified challenges of fund management practices among NGOs in Eastern region. It was revealed that pressure due to limited funds with expanding demand of project and there is much difficulty in



allocating of funds to various activities due to inadequate funds was the main challenges of the NGOs in the eastern region, while fairly challenged fund management practices are, lack of proper diversification strategy to improve revenue, not directed to influence efficient delivery of public service and lack of non-profit model to improve revenue generations were fairly rated as challenges.

### **Conclusion**

On the findings of objectives, the study concludes that fund utilization, financial reporting, monitoring, auditing, accounting and budgeting are the most fund management practices used by the NGOs. The study again concludes that auditing, monitoring, financial reporting, utilization of funds practices is significantly higher than fund disbursement practices among the NGOs. The study again concludes that among six components of fund management practices, monitoring and fund disbursement have significant effect on NGOs performance.

The study further concludes that main challenges of NGOs in the Eastern region are pressure due to limited funds with expanding demand of project and there is much difficulty in allocating of funds to various activities due to inadequate funds, while fairly challenged fund management practices are, lack of proper diversification strategy to improve revenue, not directed to influence efficient delivery of public service and lack of non-profit model to improve revenue generations were fairly rated as challenges.

### **Recommendations**

From the findings and conclusions of the study, the following recommendations were proposed. It is recommended that though fund

utilization, financial reporting, monitoring, auditing, accounting and budgeting are the most fund management practices, NGOs should intensify to improve more of their practices in the sense that their overall rating mean rating were below 4.5

It is again recommended that NGOs should be able to diversify sources of revenue in order to meet expanding demand of project and also to be able to allocate funds to various activities. It is further recommended that there should be proper diversification strategy to improve revenue collection and also introduce robust model to improve revenue generations.

#### **Suggestion for Further Research**

This study was based on quantitative analysis but in the near future, both qualitative and quantitative methods should be used and this will help employees to better describe the situation and also explain in detail the reason for the answers that have been uncovered using quantitative. Also, future research could be conducted to address one of the limitations outlined in this study. For example, this study has concentrated on NGOs in Eastern region and it is suggested that a replica of the study should be conducted in most NGOs in Ghana to give more national outlook for generalization.

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**APPENDIX A**  
**QUESTIONNAIRE**

**Section A: Socio-Demographic Data**

1. What is your highest qualification?

Diploma       Degree       Masters       Doctorate

2. What is your sex?       Male       Female

3. What is your age?

20 – 29 years       30- 39years       40-49years       50-59years

4. What is the name of your NGOs? .....

5. How long have you worked in the organisation or department?

.....

**Section B. Fund Management Practices**

Please indicate your opinion to the extent to which the following fund management practices items are applied in your Non-Governmental Organization on a scale of 1 – 5 with 1 showing least agreement and 5 showing strong agreement

S/N	Fund Management Practices	1	2	3	4	5
	<b>Accounting and Budgeting</b>					
1	The accounting department is separated from the cashier for fund management					
2	The ledger system of accounting at NGOs finance is vibrant					
3	The accounting system are maintained by a trained Accountant					
4	Does the NGO deposit each day receipt without delay					



5	The budget of the NGOs facilitates to achieve it vision					
6	The budget system estimates the level of resources needed in future to support the work of the NGOs					
	<b>Auditing</b>					
7	Other employee other than the cashier investigate any fund taken out from the deposit location					
8	There is a withdrawal co-signature authority system at the NGOs					
9	Are the workers identified by their supervisors or other system for validating employment					
10	Audits of the payroll system are made periodically made by independent auditors					
11	The process for adding an employee to the payroll in control and done through cross-authorization procedures					
	<b>Monitoring</b>					
12	There is routine collection analysis of information to track progress to achieve fund management					
13	Set plans and check compliance to establish standards for fund management					
14	Adopt strategies and inform decision for project for fund management					
15	Evaluate whether there is misappropriation and fraud					
	<b>Financial Reporting</b>					
16	There is time consolidation of reports and financial information to meet requirement fund management					
17	Provides comparison of actual expenses with the allocated budget amount for fund management					
18	Correct degree of accountability is maintained for fund management					
19	Financial reporting period are strictly adhered to					
	<b>Utilization of Funds</b>					
20	Funds are utilized to implement your NGOs activities in a right direction					

21	There is right framework for funds utilizations					
22	Funds given out are utilize for it intended purpose					
23	Funds given out are in line with planned budget					
24	Funds are utilized to achieve NGOs goals and objectives					
<b>Fund Disbursement</b>						
25	Fund are disbursed to your organization on schedule					
26	There is no lack of proper filling of information to request funds					
27	There is no lack of procurement planning hindering funds release					
28	Back and forth of funds release leads to lengthy bureaucratic delays are not in your NGOs					

### Section C. Performance Measurement of NGOs

Please indicate your opinion to the extent to which the following performance measurement variables are applied in your Non-Governmental Organization on a scale of 1 – 5 with 1 showing least agreement and 5 showing strong agreement

S/N	Performance Measurement Variables of NGOs	1	2	3	4	5
29	There are stringent fund management practices to improve performance					
30	There is better utilization of funds from various sources to improve effectiveness and efficiency					
31	The managers are able harness employees to work towards the NGOs objective to achieve performance					
32	The NGOs has a system that provides information on the success of positive social change.					
33	The NGOs is viable and can raise support as well as reduce cost when embarking on projects					
34	The NGOs has a system that provides information on the success of positive member benefits.					

35	The accounting system employed at the finance department are robust to enhance efficiency					
36	Fund management, controls and regulations are not compromise to hinder efficiency					

#### Section D. Challenges of Fund Management Practices among NGOs

Please indicate your opinion to the extent to which the following challenges of fund management are observed in your Non-Governmental Organization on a scale of 1 – 5 with 1 showing least agreement and 5 showing strong agreement

S/N	Challenges of Fund Management Practices among NGOs	SD	D	N	A	SA
37	Management do not assist to conduct strategic financial and business planning to enhance fund sustainability					
38	There is pressure on balancing limited funds with expanding demand of project					
39	Management planned activities do not encourage efficient mobilization of funds					
40	There is much difficulty in allocating of funds to various activities due to inadequate funds.					
41	Fund management are not directed to influence efficient delivery of public service					
42	There is no clear format in gauging expenditure and accounting for spent funds					
43	There is no proper diversification strategy to improve revenue					
43	Lack of non-profit model to improve revenue generations					



APPENDIX B

MULTIPLE COMPARISONS

Dependent Variable: Data  
Tukey HSD

(I) Anova	(J) Anova	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Accounting and Budgeting	Auditing	-.05333	.07394	.979	-.2658	.1591
	Monitoring	-.07083	.07394	.931	-.2833	.1416
	Financial Reporting	-.09583	.07394	.787	-.3083	.1166
	Utilization of Funds	-.19833	.07394	.083	-.4108	.0141
	Fund Disbursement	.18542	.07394	.126	-.0270	.3979
Auditing	Accounting and Budgeting	.05333	.07394	.979	-.1591	.2658
	Monitoring	-.01750	.07394	1.000	-.2300	.1950
	Financial Reporting	-.04250	.07394	.993	-.2550	.1700
	Utilization of Funds	-.14500	.07394	.368	-.3575	.0675
	Fund Disbursement	.23875*	.07394	.018	.0263	.4512
Monitoring	Accounting and Budgeting	.07083	.07394	.931	-.1416	.2833
	Auditing	.01750	.07394	1.000	-.1950	.2300
	Financial Reporting	-.02500	.07394	.999	-.2375	.1875
	Utilization of Funds	-.12750	.07394	.517	-.3400	.0850
	Fund Disbursement	.25625*	.07394	.008	.0438	.4687
Financial Reporting	Accounting and Budgeting	.09583	.07394	.787	-.1166	.3083
	Auditing	.04250	.07394	.993	-.1700	.2550
	Monitoring	.02500	.07394	.999	-.1875	.2375
	Utilization of Funds	-.10250	.07394	.735	-.3150	.1100
	Fund Disbursement	.28125*	.07394	.002	.0688	.4937
Utilization of Funds	Accounting and Budgeting	.19833	.07394	.083	-.0141	.4108
	Auditing	.14500	.07394	.368	-.0675	.3575
	Monitoring	.12750	.07394	.517	-.0850	.3400
	Financial Reporting	.10250	.07394	.735	-.1100	.3150
	Fund Disbursement	.38375*	.07394	.000	.1713	.5962
Fund Disbursement	Accounting and Budgeting	-.18542	.07394	.126	-.3979	.0270
	Auditing	-.23875*	.07394	.018	-.4512	-.0263
	Monitoring	-.25625*	.07394	.008	-.4687	-.0438
	Financial Reporting	-.28125*	.07394	.002	-.4937	-.0688
	Utilization of Funds	-.38375*	.07394	.000	-.5962	-.1713

\*. The mean difference is significant at the 0.05 level.

## APPENDIX C

### LIST OF NGOs IN EASTERN REGION

1. Socioserve-Ghana , GCB Bldg. Akokorfoto, Akosombo, Ghana

2. The Porters Hands Foundation

Off Coal Tar Junction Nsawam, Ghana

3. Phlab Foundation, Opp. SSNIT House, Akutunya Somanya, Ghana

4. Rural Watch Ghana, Effiduase-Roman Junction Koforidua, Ghana

5. Wood World Missions Vocational Technical College, Near Power Centre

Church Mataheko-Akosombo Akokorfoto, Akosombo, Ghana

6. People's Participation Programme, Begoro, Ghana

7. Rural Women's Skills Development Foundation, Old Hawaii, Nsawam, Ghana

8. Christian Relief Organisation, Nsawam Ghana

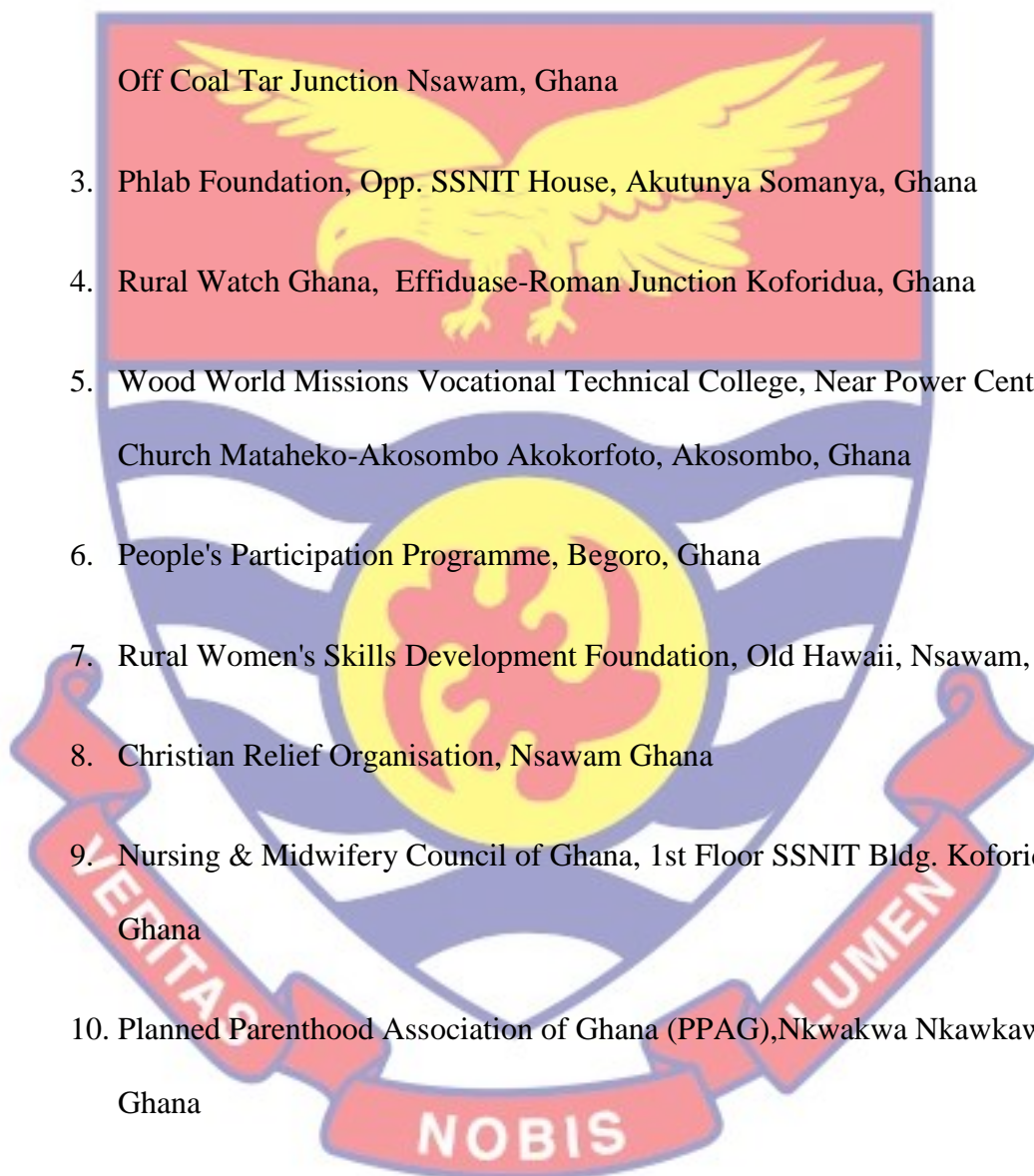
9. Nursing & Midwifery Council of Ghana, 1st Floor SSNIT Bldg. Koforidua,  
Ghana

10. Planned Parenthood Association of Ghana (PPAG),Nkwakwa Nkawkaw,  
Ghana

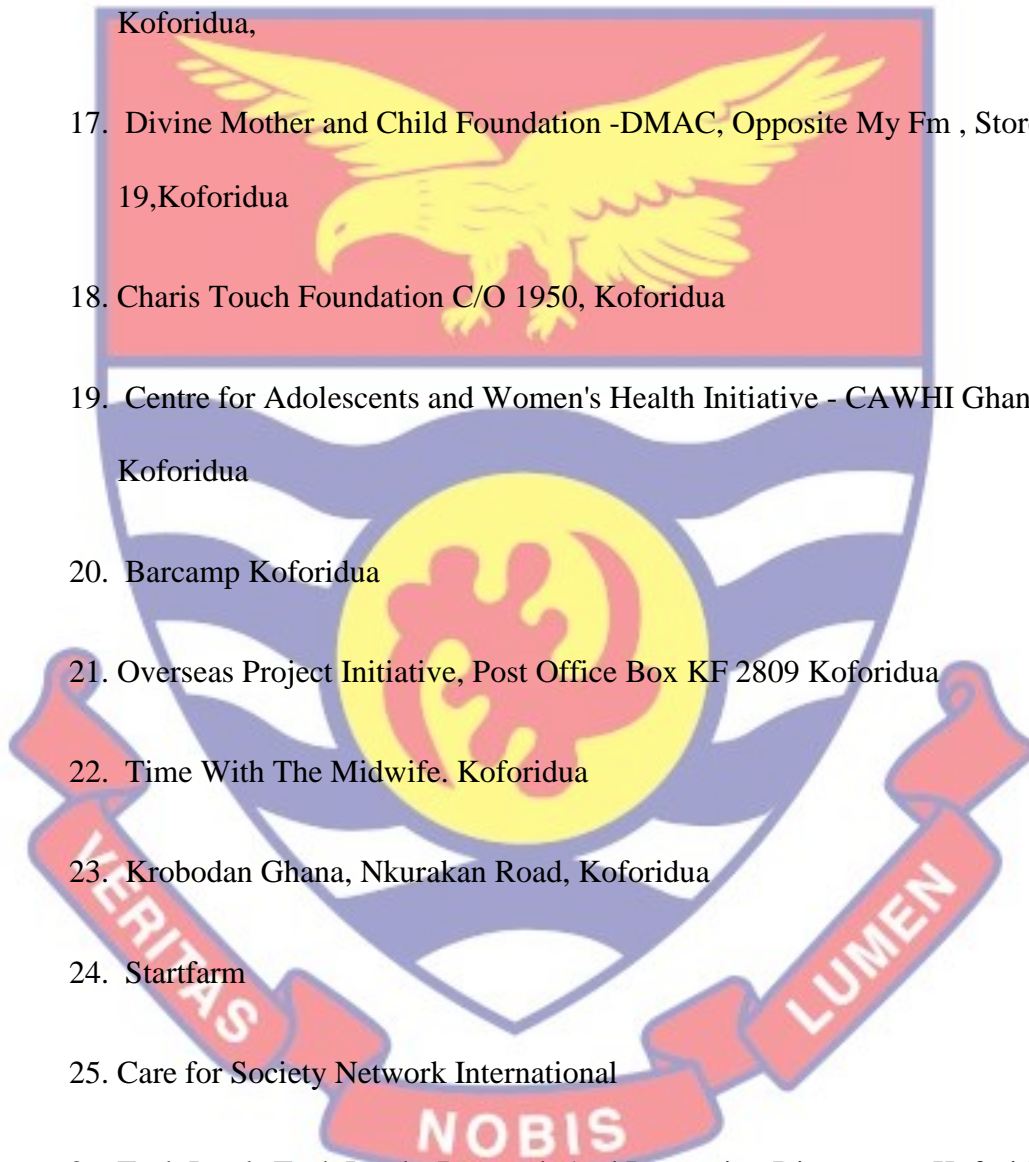
11. U.N.I.C.E.F. Donkorkrom, Ghana

12. Scripture Union Of Ghana, Koforidua, Ghana

13. Rural Women's Skills Development Foundation, Old Hawaii Nsawam, Ghana



14. Planned Parenthood Association of Ghana (PPAG), Nkwakwa Nkawkaw,  
Ghana
15. Reindolph Nana Densu, Plant A Smile Foundation International, Koforidua
16. One Life Aid Foundation-OLAF, Main Town Street. 2nd Floor, Oteng Hse,  
Koforidua,
17. Divine Mother and Child Foundation -DMAC, Opposite My Fm , Store No  
19,Koforidua
18. Charis Touch Foundation C/O 1950, Koforidua
19. Centre for Adolescents and Women's Health Initiative - CAWHI Ghana,  
Koforidua
20. Barcamp Koforidua
21. Overseas Project Initiative, Post Office Box KF 2809 Koforidua
22. Time With The Midwife. Koforidua
23. Krobodan Ghana, Nkurakan Road, Koforidua
24. Startfarm
25. Care for Society Network International
26. Tech Leads,Tech Leads, Research And Innovation Directorate, Koforidua  
Technical University, Koforidua
27. Migration Education Foundation (MEF), P.O.Box KF 2086, Koforidua
28. Future Foundation, P.O.Box 947, Koforidua





29. Ghana Coalition Of NGOS in Health-Eastern Region, Koforidua
30. Thinkers World, Medical Village, Koforidua
31. Kingdom Dynamic Future Home Ghana, KIDYFH-Ghana, P. O. Box KK 145  
Kukurantumi-Akim E/R Ghana W/A. Koforidua

32. Mayi Mava, Koforidua

33. Liberty Brigade, All Nations University, Main Campus Koforidua, GH000

34. Positive Alliance Foundation, Koforidua

35. Helfen Foundation - Gh, Helfenfoundation@gmail.com Koforidua

36. Destiny Outreach (Chosen Generation International), Box KF 925

Koforidua, EASTERN REGION

37. YASHA MOSES Initiative, Near Koforidua Regional Hospital. P.O.Box KF

901

Koforidua

38. Destiny Shapers International, POST OFFICE BOX KF 2003, Koforidua

39. Universal United Youth Organization (UUYO) , Akim Oda

40. Jehovah Rapha Foundation, Suhum

41. Hope for African Children Initiative (HACI), Suhum

42. Wilson Foundation, Akim Oda Birim Central

43. Aim High Foundation Akim Oda Birim Central

44. Make it a Life Foundation, Akim Oda Birim Central

45. Recycle Africa and Save the Environment, Akim Oda Birim Central

46. Focus on Rural Women, Akim Oda Birim Central

47. Kotokuman Educational Foundation, Akim Oda Birim Central

48. Herald Foundation, Akim Oda Birim Central

49. Coliso Ghana, Akim Oda Birim Central

50. Hanger Project, Kwahu West

51. World Vision, Kwahu West

52. Obra Foundation, Upper West District

53. Project Okurase, Upper West District

54. Genius Child's Dream Foundation, Upper West District

55. Grace Station Foundation, Upper West District

56. Nutrition Link, Upper Manya Krobo

57. Deep Reach Community Learning

58. ILiNS

59. AYA Africa

60. Okra Foundation

61. Empower Playground

62. Growth Aid

63. Pencils of Promise



64. Plan Ghana (T4T), Abuakwa South

65. USAID Learning, Abuakwa South

66. School and Community Sanitation, Abuakwa South Project

67. Village Book Builders

