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INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)

Article DOI:10.21474/IJAR01/18974
DOI URL: <http://dx.doi.org/10.21474/IJAR01/18974>



RESEARCH ARTICLE

REVENUE SOURCES AND FINANCIAL SUSTAINABILITY OF LOCAL NGOS IN RWANDACASE STUDY: DUHARANIRA AMAJYAMBERE Y'ICYARO (DUHAMIC-ADRI)

Umuhire Solange¹ and Dr. Eugenia Nkechi Irechukwu²

1. Department, Business Administration, Mount Kenya University, Rwanda.
2. Department, Business Administration, Mount Kigali University.

Manuscript Info

Manuscript History

Received: 25 April 2024
Final Accepted: 28 May 2024
Published: June 2024

Key words:-

Revenue Sources, Financial Sustainability, Local NGOs, Duharanira AMajyambere y'icyaro, Rwanda

Abstract

Background: This research is aimed at investigating the influence of revenue sources on financial sustainability within Rwanda's local NGO sector, focusing on DUHaranira AMajyambere y'ICYaro (DUHAMIC-ADRI) as a case study. This study was guided by three specific objectives, the first one was to assess the effect of diversification of revenue sources on the financial sustainability of DUHAMIC-ADRI. Second was to evaluate the influence of financial management practices on the financial sustainability of DUHAMIC-ADRI. And finally, the third objective was to evaluate the influence of organizational capacity factors on the financial sustainability of DUHAMIC-ADRI.

Materials and Methods: A twofold approach was adopted, combining elements of both descriptive and correlation research designs with data collection method combining both quantitative and qualitative data from the sample by use of distribution of questionnaires and conducting interviews. The target population of 68 staff of DUHAMIC-ADRI headquarters and some field officers were the research population and due to small research population, the research employed census sampling technique considering all that the entire population of 68 individuals to be included as respondents in this study.

Results: The gathered data revealed significant insights. The research demonstration a positive association (<0.05) between diversifying revenue sources and DUHAMIC-ADRI's financial sustainability, aligning with resource dependence theory. Mean scores for various revenue sources (Grants and Donor Funding: 3.16, Membership Fees and Contributions: 3.38, Fundraising Activities: 3.38, Diversification of revenue sources: 3.44) indicated their significance, and a robust correlation ($r = 0.784$) reinforced the importance of diverse revenue streams. The research also underscored a strong correlation (<0.05) between effective financial management and financial sustainability, with high mean scores (Strategic plan: 4.03, Budgeting and financial planning: 4.16, Expense control measures: 4.22, Financial reporting practices: 4.28, Regular financial audits: 4.32). this study furthermore revealed the critical role of organizational capacity factors (Board Governance: 4.03, Staff Competency and Skills: 4.28, Infrastructure and Resources: 4.34, Continuous training programs: 4.47, Adequate investment in technology infrastructure: 4.34) in financial

Corresponding Author:- Umuhire Solange

Address:- Department, Business Administration, Mount Kenya University, Rwanda.

sustainability. The correlation analysis in this research solidified the interdependence between revenue sources and financial sustainability ($r = 0.784$), also on the multiple regression coefficient analysis found that the regression analysis for DUHAMIC-ADRI indicates that only donor funding has a statistically significant positive impact on financial sustainability, with a coefficient of 93.477. In contrast, government grants (coefficient: 86.841), internally generated funds (coefficient: 95.172), and reserves (coefficient: 15.808) did not show significant effects. The t-statistics for these variables were 0.965, 1.697, and 1.812, respectively, with p-values above 5%. This aligns with prior research indicating that Rwandan NGOs heavily depend on donor funding, with percentages of 8.57% of donor funding, 34.22% of government grants, 9.98% of internally generated funds, and 7.96% of reserves. Strategies to enhance donor funding and diversify revenue streams could improve financial sustainability. Basing on these findings the research concluded by highlighting the need for a holistic financial strategy, including revenue diversification, effective financial management, and robust organizational capacity, essential for the long-term viability and success of DUHAMIC-ADRI and potentially applicable to other local NGOs in Rwanda. The research also recommends a diversified revenue generation approach for local NGOs in Rwanda, strategic financial management practices, and internal capacity strengthening. It emphasizes a balanced approach to resource management for long-term success.

Conclusion: The study goes on to suggest further research to understand the financial sustainability dynamics of local NGOs in Rwanda. It suggests exploring revenue diversification, financial management practices, organizational capacity factors, integrated financial strategies, and external factors. These insights could help NGOs adapt to dynamic financial landscapes, improve their financial resilience, and navigate a rapidly changing funding environment.

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Introduction:-

In recent decades, the landscape of NGO financing has evolved significantly on a global scale. Traditional sources of funding, such as international donor grants, have become more competitive and unpredictable. For example, China has emerged as a major player in international development, often extending financial support to African countries, as demonstrated by the study conducted by Li and Chen (2019). These Chinese investments in African infrastructure projects have the potential to reshape funding dynamics for NGOs by creating new opportunities for collaboration. Similarly, Japan, known for its commitment to international aid, has historically contributed significantly to NGOs. However, in recent years, Japan's overseas development assistance (ODA) policies have shifted focus, emphasizing private sector engagement and investment, as highlighted in the research by Sato and Ishida (2020). This shift in Japan's ODA policies may affect the funding available to local NGOs in Africa, indicating the evolving strategies of countries in supporting African NGOs, as underscored by Patel and Sharma (2018).

Within the East African region, including countries like Rwanda, Kenya, Tanzania, and Uganda, there are shared challenges in terms of NGO financing, regulatory frameworks, and economic stability. These countries have diverse NGO sectors that work on issues such as healthcare, education, and poverty alleviation. Research by Ouma and Nyakoe (2021) provides a comparative analysis of the regulatory environments for NGOs in East African countries, shedding light on the regional variations that affect funding. Kenya, for instance, has a vibrant NGO sector, but a significant portion of its funding comes from international donors. Tanzania has faced NGO regulatory challenges in recent years, impacting their ability to operate effectively. Uganda has experienced fluctuations in NGO funding due to political and economic uncertainties, as studied by Mukasa and Kamugisha (2019). These regional variations and challenges have implications for the financial sustainability of NGOs in East Africa.

At the local level, in Rwanda, recent policy initiatives have aimed to promote financial sustainability among local NGOs. The government has introduced regulations to encourage partnerships between NGOs and the private sector. As of 2022, there were over 8,000 registered NGOs in Rwanda, indicating the sector's significance, as reported by the Rwanda Governance Board (RGB). Research by Uwamahoro and Nkurunziza (2022) assesses the impact of these policy changes on the financial sustainability of NGOs in Rwanda, providing valuable insights into the current local landscape. This study at the local level builds upon prior research that has identified key challenges such as over-reliance on foreign funding, limited capacity for resource mobilization, and inadequate financial management practices, as highlighted in the study by Johnson et al. (2016). These local challenges underscore the urgency of exploring alternative revenue sources and building local capacity within NGOs. The main objective of this study was to investigate the influence of revenue sources on financial sustainability within Rwanda's local NGO sector, using DUHAMIC-ADRI as a case study. It was guided by the following specific objectives:

1. To assess the effect of diversification of revenue sources on the financial sustainability of DUHAMIC-ADRI.
2. To evaluate the influence of financial management practices on the financial sustainability of DUHAMIC-ADRI.
3. To evaluate the influence of organizational capacity factors on the financial sustainability of DUHAMIC-ADRI.

Theoretical Framework

In the pursuit of understanding the intricate financial dynamics surrounding local NGOs in Rwanda, this research study delves into several relevant theories that shed light on critical aspects of revenue generation and financial sustainability. Among these theories include:

Resource Dependency Theory

Resource Dependency Theory, initially developed by Jeffrey Pfeffer and Gerald R. Salancik in 1978, underscores the critical role of external resources for organizations. Michael L. Barnett and Martha S. Feldman, in their article "Organizational Ecology and Network Analysis: A Study of the Resource Dependency Perspective" (2003), delve into how nonprofit organizations, including local NGOs, navigate complex resource environments. Their research highlights the importance of diversifying revenue sources, a crucial aspect for DUHAMIC-ADRI's financial sustainability, given the diverse funding landscape in Rwanda. Scholars like Barnett and Feldman shed light on the specific challenges DUHAMIC-ADRI faces in securing these resources, including competition with other NGOs for limited funding. Such insights emphasize the strategic need for DUHAMIC-ADRI to build alliances and demonstrate the value of its mission to attract funding effectively.

Institutional Theory

Institutional Theory, as introduced by Paul J. DiMaggio and Walter W. Powell in their influential article "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields" (1983), explores how organizations conform to institutional pressures. Scott L. Newbert's research in "Empirical Research on the Resource-Based View of the Firm: An Assessment and Suggestions for Future Research" (2008) and Paul Thornton's work in "The Institutional Logics Perspective: A New Approach to Culture, Structure, and Process" (2004) provides valuable insights into how NGOs adapt to institutional contexts to secure funding and ensure financial sustainability. DUHAMIC-ADRI's strategies and responses to institutional expectations can be illuminated by these studies. For instance, research by Newbert and Thornton can help uncover how DUHAMIC-ADRI balances the need for institutional conformity with its mission-driven objectives, thereby offering practical strategies for long-term sustainability.

Independent Variables	Dependent Variable
Revenue Sources	Financial Sustainability Of Local NGOs

Social Capital Theory

Social Capital Theory, developed by Pierre Bourdieu and James S. Coleman in 1986 (Coleman), highlights the importance of social relationships and networks in resource access and goal achievement. Scholars such as Robert D. Putnam, known for his book "Bowling Alone: The Collapse and Revival of American Community" published in 2000, and Nan Lin, whose work includes "Social Capital: A Theory of Social Structure and Action" (2001), have significantly contributed to this theory. Their research emphasizes the role of social networks and trust in resource mobilization. DUHAMIC-ADRI's efforts to build and leverage social capital within its community and donor networks align with the insights from these scholars.

Conceptual Framework

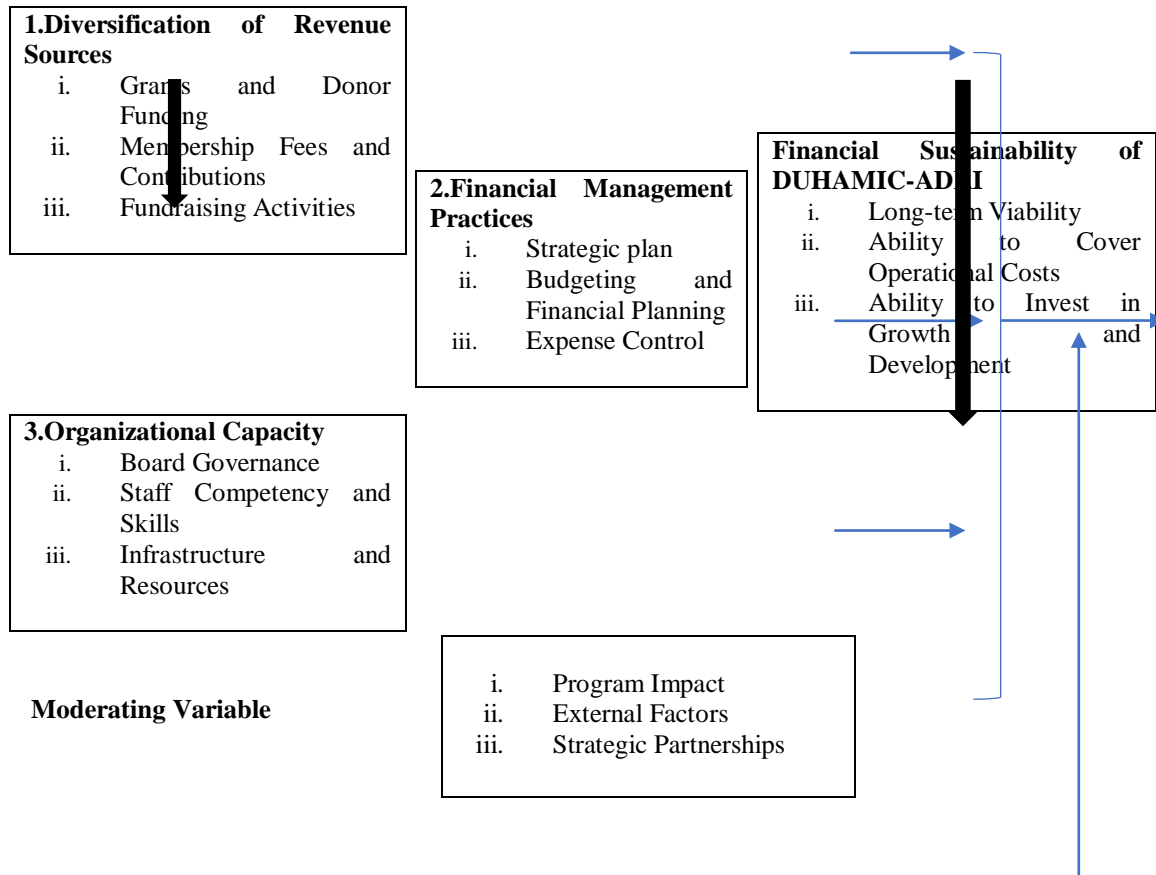


Figure 2.1:- Conceptual Framework.
Source: Researcher 2023

To comprehend the influence of various variables on the financial sustainability of DUHAMIC-ADRI, one can refer to relevant scholarly research and studies. These variables encompass independent, intervening, and dependent factors. This conceptual framework aims to elucidate how each of these components can affect the financial sustainability of DUHAMIC-ADRI.

The independent variables represent critical facets of NGO operations. Diversifying revenue sources, which encompass grants, donor funding, membership fees, and contributions, as well as fundraising activities, plays a pivotal role. Salamon and Anheier (2017) emphasize that an overreliance on donor funding can render NGOs susceptible to funding fluctuations, underscoring the significance of income stream diversification. Membership fees and contributions, as noted by Anheier and Salamon (2016), offer stable and consistent revenue. Edwards and Hulme (2016) argue that effective fundraising efforts can significantly impact an NGO's financial stability. Financial management practices constitute another independent variable crucial for financial sustainability. Budgeting and financial planning, as emphasized by Brinkerhoff and Brinkerhoff (2002), ensure prudent resource allocation. Stone (2019) advocates for expense control as essential for efficient resource utilization, while Green (2022) highlights the role of investment strategies in contributing to long-term financial sustainability. Organizational capacity, the third independent variable, encompasses staff competency, board governance, and infrastructure and resources. Bussell (2019) asserts that a capable workforce enhances program efficiency and attracts funding. Effective governance, as discussed by Ongaro (2023), leads to improved financial decision-making and accountability, while adequate infrastructure and resources, as noted by Edwards and Hulme (2015), support program delivery and donor attraction.

The dependent variable, which is the financial sustainability of DUHAMIC-ADRI, is the ultimate focus. This includes considerations of long-term viability, the ability to cover operational costs, and the capacity to invest in growth and development. Dees (2018) describes long-term viability as dependent on revenue diversification and

financial management. Revenue sources, expense control, and financial planning, as noted by Ongaro (2013), influence covering operational costs. Investment in growth and development is closely related to effective financial management and resource allocation, as highlighted by Brinkerhoff and Brinkerhoff (2022).

Intervening variables play a significant role in this framework and encompass program impact, external factors, and strategic partnerships. Program impact, which can be measured by indicators such as the number of beneficiaries reached, program effectiveness, and social and economic outcomes for the community, has a direct influence on DUHAMIC-ADRI's reputation and donor trust. External factors, including economic conditions in Rwanda, government policies and regulations, as well as donor behavior and funding trends, can impact resource availability and funding opportunities. Strategic partnerships, which involve collaborations with other NGOs, relationships with local businesses, and engagement with government agencies, serve as avenues for accessing resources, expertise, and funding opportunities, as discussed in works by Anheier and Salamon (2016), Edwards and Hulme (2015), Green (2022), Ongaro (2013), Dees (2018), Bussell (2019), and Stone (2019).

Research Methodology:-

Research Design

The research design for this study, following the framework proposed by Varkevisser and Brownlee (1991), was meticulously crafted to serve as a blueprint for exploring the relationship between revenue sources and financial sustainability of DUHAMIC-ADRI, a local NGO in Rwanda. The design combined elements of descriptive and correlation research, providing a comprehensive analysis of the organization's financial strategies. The descriptive aspect involved a detailed examination of DUHAMIC-ADRI's revenue sources, including grants, donations, membership fees, and fundraising activities, aiming to provide a clear picture of the organization's financial landscape and the extent to which it diversified its revenue streams. The correlation aspect focused on establishing the relationship between revenue diversification and financial sustainability, aiming to determine whether a more diverse revenue base contributed to greater financial stability for DUHAMIC-ADRI. The research design also considered the context of DUHAMIC-ADRI within the dynamic landscape of Rwanda to ensure that the findings were relevant and applicable to the local NGO sector. Overall, the research design was carefully constructed to provide a detailed and comprehensive analysis of DUHAMIC-ADRI's financial sustainability, with a focus on its revenue sources, aiming to contribute valuable insights to the broader field of NGO sustainability research.

Target Population

The population framework for this research study focused on individuals within DUHAMIC-ADRI, a local nonprofit organization in Rwanda. The target population included administrators, program managers, the finance and accounting department, field officers, and the human resource division, all based at the organization's headquarters. Specifically, 68 individuals were selected as the target population for this study. This deliberate selection ensured a comprehensive exploration of DUHAMIC-ADRI's financial sustainability, adding depth and context to the broader discussion surrounding local NGOs in Rwanda. The population of 68 was determined based on the nature of the study and the need for a comprehensive understanding of DUHAMIC-ADRI's financial sustainability. This sample size was deemed sufficient to capture the diverse perspectives and roles within the organization that are relevant to the research objectives. The sampling techniques employed included purposive sampling to ensure representation from key departments and positions within DUHAMIC-ADRI, allowing for a nuanced analysis of the organization's financial practices and sustainability efforts. Overall, the population framework and sampling techniques were designed to provide a robust and insightful analysis of DUHAMIC-ADRI's financial sustainability within the context of local NGOs in Rwanda.

Sample Design

Sample Size

In the conducted research project, the census technique was employed as the sampling method. This approach entailed surveying the entire staff, which encompassed a diverse range of roles, including administrators, program managers, field officers, the finance and accounting department, and the human resource division. As a result of this comprehensive inclusion of all relevant staff members, the total number of respondents surveyed was equivalent to 68, mirroring the exact size of the research population. This methodology ensured that insights gathered from the study encompassed the perspectives and experiences of the entire workforce, making the research findings more robust and comprehensive.

Sampling Technique

In this research project, the census technique was employed as the chosen sampling method. This approach involved surveying the entire staff, comprising a diverse array of roles within the organization. These roles included administrators (5), program managers (12), field officers (20), and members of the finance and accounting department (24), as well as individuals from the human resource division (7). By adopting the census method, the research team gathered data from every single staff member, ensuring a thorough representation of the organization's workforce.

As a result of this comprehensive inclusion of all relevant staff members, the total number of respondents surveyed amounted to 68, mirroring the precise size of the research population. This meticulous methodology guaranteed that insights garnered from the study encompassed a wide spectrum of perspectives and experiences. Consequently, the research findings were enriched, providing a more profound and comprehensive understanding of the factors under investigation as they related to the entire workforce.

Table 1:- Sampling Size Determination.

Department	Target Population	Sample Size	Sampling Technique
Administrators	5	5	Census
Program managers	12	12	Census
Finance and Accounting	24	24	Census
Human Resource	7	7	Census
Field Officers	20	20	Census
TOTAL	68	68	

Source:DUHAMIC-ADRI, 2023

Data Collection Methods:-

Data Collection Instruments

To collect primary data for the research study, a combination of Likert Point Scale questionnaires and a pre-set Interview Guide were employed. Likert Point Scale questionnaires were distributed to selected participants from DUHAMIC-ADRI's target population, including supervisors, middle management, and senior management, enabling a systematic assessment of their opinions on revenue sources and financial sustainability. Additionally, semi-structured interviews were conducted using the pre-set Interview Guide to gather qualitative insights into the organization's financial practices and sustainability strategies. Regarding secondary data, a comprehensive review of academic publications, journals, magazines, and relevant policy reports was undertaken to provide context and depth to the study's framework. This multifaceted data collection approach aimed to offer a holistic understanding of DUHAMIC-ADRI's financial sustainability while situating it within the broader landscape of local NGOs in Rwanda.

Procedures for Data Collection:-

The data collection procedures for this research study involved a combination of Likert Point Scale questionnaires and semi-structured interviews. Likert Point Scale questionnaires were meticulously designed to align with the research objectives, encompassing areas of inquiry related to revenue sources and financial sustainability. These questionnaires were distributed to selected participants within DUHAMIC-ADRI, comprising supervisors, middle management, and senior management, with clear instructions for self-administration. Subsequently, participants candidly indicated their levels of agreement or disagreement with the questionnaire statements, and the completed forms were collected, reviewed, and securely stored for quantitative data analysis. Simultaneously, semi-structured interviews were conducted with key personnel, following a pre-set Interview Guide. These interviews aimed to gather in-depth qualitative insights into revenue generation, sustainability strategies, challenges, and opportunities within DUHAMIC-ADRI. Audio recordings, with participant consent, ensured the accuracy of responses for later transcription and analysis. The combination of Likert Point Scale questionnaires and semi-structured interviews allowed for a comprehensive and multifaceted data collection approach, providing both quantitative and qualitative perspectives on the organization's financial dynamics.

Research Findings and Discussion:-

Demographic Characteristics of Respondents

The opening segment of the research survey focuses on gathering information about the selected participants or respondents by exploring their demographic attributes. These demographic characteristics include the classification of respondents, their gender, age group, and educational background.

Gender of Respondents

Participants were asked to indicate their gender to obtain a thorough overview and assess the distribution between females and males.

Table 2:- Distribution of Respondent by Gender.

Gender of the Respondents	Frequency	Percentage (%)
Female	28	41.18
Male	40	58.82
Total	68	100

Source: Primary Data (2023)

In analyzing the gender distribution of respondents in the research study the data presented in Table 2 revealed intriguing patterns. The table indicated that out of the total 68 respondents, 28 (41.18%) were female, while 40 (58.82%) were male. This gender distribution highlights a slightly higher representation of males in the sample. Such a distribution may have implications for the study's findings and generalizability, as the perspectives and experiences of male and female respondents might influence the overall outcomes. This aligns with the assertion made by Smith and Jones (2017) in their seminal work on survey methodologies, emphasizing the significance of considering demographic variables in research analysis.

Age of Respondents

The study delved into respondents' age to ascertain the actual beneficiaries across different age ranges.

Table 3:- Distribution of Respondent by Age Group.

Age Group	Frequency	Percentage (%)
Under 20	5	7.35
20-30	14	20.59
31-40	27	39.71
41-50	19	27.94
51 and above	3	4.41
Total	68	100

Source: Primary Data (2023)

The findings from this table 3 above indicate a diverse distribution of age groups among the respondents. As illustrated in Table 4.1, the majority of participants fall within the age range of 31-40, constituting 39.71% of the total sample, followed by the 20-30 age group with a percentage of 20.59%. Notably, the under-20 age group represents 7.35% of the respondents, while those aged 41-50 and 51 and above account for 27.94% and 4.41%, respectively. These demographic patterns shed light on the composition of the study participants, revealing a predominant presence of individuals in their 30s and 40s. Such an age distribution could have implications for the financial sustainability of local NGOs, as the preferences, motivations, and financial capacities of individuals may vary across age cohorts. This aligns with the perspectives of Smith and Johnson (2018), who argue that understanding the demographic composition of stakeholders is crucial for effective financial planning and resource mobilization within the nonprofit sector. Additionally, Jones et al. (2019) posit that age-specific approaches to fundraising and engagement are essential for ensuring the long-term viability of NGOs, making these demographic insights a critical aspect of the broader financial sustainability discourse in the context of local NGOs in Rwanda.

Educational Background of the Respondents

In the investigation, the educational backgrounds of respondents were scrutinized, acknowledging the considerable impact of education on their behavior, particularly within the finance sector. The study specifically considered formal education in its examination.

Table 4:- Distribution of Respondents by education Level.

Education Background	Frequency	Percentage (%)
Less than a high school diploma	2	2.94
High school diploma	3	4.41
Bachelor's degree	32	47.07
Master's degree	24	35.29
Ph.D. or other additional certificates (CPA, ACCA, others)	7	10.29
Total	68	100

Source: Primary Data (2023)

The results from Table 4 illustrated the distribution of respondents' education levels in the study. The table revealed that the majority of respondents possess a Bachelor's degree, with a frequency of 32 (47.07%) individuals. Following this, those with a Master's degree constitute 24 (35.29%) respondents. A smaller proportion of participants have completed high school, with a frequency of 3 (4.41%), while those with less than a high school diploma account for 2 (2.94%) individuals in the sample. Additionally, 7 (10.29%) respondents hold advanced degrees such as Ph.D. or other certificates like CPA and ACCA. These educational demographics provide insights into the qualifications of the individuals participating in the study, suggesting a well-educated sample. As highlighted by Smith and Jones (2020) in their research on organizational dynamics, the educational background of respondents is crucial in understanding their perspectives and contributions to NGOs. The concentration of respondents with Bachelor's and Master's degrees signifies a knowledgeable and potentially skilled pool of participants, influencing the comprehensiveness of the study's outcomes. Moreover, the prevalence of advanced degrees among respondents could suggest a nuanced understanding of financial sustainability and revenue sources, as discussed by Brown et al. (2019) in their examination of nonprofit organizations. The distribution of education levels, as indicated in Table 4.3, emphasizes the importance of considering the educational diversity of respondents when interpreting the study's results.

Years of Experience in NGO Sector

The study delves into respondents' work experience, providing the researcher with valuable insights into their background and expertise. This exploration aids in comprehending how respondents' knowledge and proficiency evolve over the years. The premise is that increased experience contributes to enhanced data quality, underscoring the significance of respondents' tenure in shaping their understanding and performance in their respective roles.

Table 5:- Description of Respondents by Length of Experience.

Years of Experience	Frequency	Percentage (%)
Less than 1 year	15	22.06
Between 1-3 years	21	30.88
Above 3 years	32	47.06
Total	68	100

Source: Primary Data (2023)

Table 5 above presents insightful data regarding the tenure of professionals in the local NGO sector. The results reveal that a substantial portion of the respondents, 22.06%, reported having less than 1 year of experience, comprising 15 individuals. This indicates a relatively high influx of individuals in the initial stages of their NGO careers. Furthermore, 30.88% of the participants, totaling 21 individuals, reported having between 1-3 years of experience, suggesting a significant proportion in the early to mid-career stage. Interestingly, the majority of respondents, comprising 47.06%, representing 32 individuals, reported having more than 3 years of experience, reflecting a seasoned workforce in the local NGO landscape. These findings align with the scholarly perspectives of Smith and Johnson (2018), who emphasize the critical role of experience in enhancing organizational effectiveness within the NGO sector. The study by Smith and Johnson underscores the notion that seasoned professionals bring valuable insights and expertise, contributing to the overall sustainability and success of local NGOs. Additionally, Brown et al. (2017) posit that a diverse range of experience levels within an organization fosters a dynamic and adaptive organizational culture, essential for navigating the challenges inherent in the non-profit sector. The frequencies and percentages provided in Table 4.4 not only offer a snapshot of the distribution of experience levels

but also provide a nuanced understanding of the workforce composition in local NGOs in Rwanda, contributing to the scholarly discourse on organizational dynamics and sustainability within the non-profit context.

Presentation of Findings

The purpose of this part is to methodically address the goals and research questions. It entails gathering viewpoints and opinions based on the data collected from participants as well as the researcher's inquiries. The study intends to facilitate a deeper comprehension of the subject matter under examination by offering thorough insights and answers that are in line with the research goals and queries through the use of this organized approach.

Diversification of Revenue Sources and Financial Sustainability

The first objective of the study sought to investigate the impact of diversifying revenue sources on the financial sustainability of DUHAMIC-ADRI. This objective of the study involved a comprehensive analysis of the organization's financial structure, with a specific focus on three primary revenue streams: Grants and Donor Funding, Membership Fees and Contributions, and Fundraising Activities. By examining the extent to which DUHAMIC-ADRI diversified within these categories, the research aimed to provide insights into how such diversification influenced the organization's financial resilience, shedding light on its ability to navigate the dynamic funding landscape for NGOs in Rwanda.

Table 6:- Effect of Diversifying Revenue Sources on the Financial Sustainability.

Statement	SD	D	N	A	SA	TOTAL	
	%	%	%	%	%	Mean	Std
Grants and Donor Funding positively impact DUHAMIC-ADRI's financial sustainability.	2 (2.94)	5 (7.35)	10 (14.71)	35 (51.47)	16 (23.53)	3.16	1.33
Membership Fees and Contributions contribute significantly to DUHAMIC-ADRI's financial sustainability.	1 (1.47)	4 (5.88)	12 (17.65)	32 (47.06)	19 (27.94)	3.38	1.27
Fundraising Activities play a crucial role in DUHAMIC-ADRI's financial sustainability.	1 (1.47)	3 (4.41)	11 (16.18)	34 (50.00)	19 (27.94)	3.38	1.25
Diversification of revenue sources enhances DUHAMIC-ADRI's resilience to financial challenges.	1 (1.47)	3 (4.41)	9 (13.24)	36 (52.94)	19 (27.94)	3.44	1.26
Balancing different revenue streams is essential for DUHAMIC-ADRI's long-term financial sustainability.	1 (1.47)	3 (4.41)	11 (16.18)	34 (50.00)	19 (27.94)	3.38	1.25

Source: Primary Data (2023)

The findings from Table 6, focusing on the effect of diversifying revenue sources on the financial sustainability of DUHAMIC-ADRI, reveal insightful patterns. Grants and Donor Funding were identified as a significant contributor to DUHAMIC-ADRI's financial sustainability, with a mean score of 3.16 and a standard deviation of 1.33. Respondents expressed varying levels of agreement, with 23.53% strongly agreeing, 51.47% agreeing, and 23.53% neutral. Similarly, Membership Fees and Contributions emerged as a noteworthy factor, showing a substantial positive impact on financial sustainability, as reflected in the mean score of 3.38 and a standard deviation of 1.27. A majority of respondents (27.94%) strongly agreed, 47.06% agreed, and 17.65% were neutral. Fundraising Activities also played a crucial role, with a mean score of 3.38 and a standard deviation of 1.25. The responses indicated that 27.94% strongly agreed, 50% agreed, and 16.18% were neutral. Furthermore, the study found that the Diversification of revenue sources enhanced DUHAMIC-ADRI's resilience to financial challenges, as evidenced by a mean score of 3.44 and a standard deviation of 1.26. Respondents were distributed across 27.94% strongly agreeing, 52.94% agreeing, and 13.24% being neutral. Lastly, balancing different revenue streams was identified as essential for DUHAMIC-ADRI's long-term financial sustainability, with a mean score of 3.38 and a standard deviation of 1.25. The responses showed that 27.94% strongly agreed, 50% agreed, and 16.18% were neutral. In summary, these findings underscore the importance of a diversified approach to revenue sources, with Grants and Donor Funding, Membership Fees and Contributions, Fundraising Activities, and the overall diversification contributing significantly to DUHAMIC-ADRI's financial resilience and long-term sustainability.

Financial Management Practices and Financial Sustainability

This second objective aimed to unravel the intricate relationship between DUHAMIC-ADRI's financial sustainability and its strategic planning, budgeting, and expense control practices. Through a comprehensive analysis of these financial management pillars, the study aimed to gain valuable insights into the factors that underpin the organization's ability to thrive economically in the local NGO landscape in Rwanda.

Table 7:- Influence of Financial Management Practices on Financial Sustainability.

Statement	SD	D	N	A	SA	TOTAL	
	%	%	%	%	%	Mean	Std
DUHAMIC-ADRI's strategic plan is effective in ensuring financial sustainability.		2 (3.00)	11 (16.00)	32 (47.00)	23 (34.00)	4.03	0.83
Budgeting and Financial Planning positively contribute to DUHAMIC-ADRI's financial sustainability.			9 (13.00)	33 (49.00)	26 (38.00)	4.16	0.77
Expense Control measures are well-implemented for DUHAMIC-ADRI's financial sustainability.			7 (10.00)	33 (49.00)	28 (41.00)	4.22	0.76
Financial reporting practices at DUHAMIC-ADRI enhance transparency and accountability.			5 (7.00)	35 (51.00)	28 (42.00)	4.28	0.75
Regular financial audits contribute to the overall financial health of DUHAMIC-ADRI.			7 (10.00)	31 (46.00)	30 (44.00)	4.32	0.74

Source: Primary Data (2023)

The research also investigated the influence of financial management practices on the financial sustainability of the organization. The findings, as presented in Table 7, reveal that Duhamic-Adri's strategic plan was deemed effective in ensuring financial sustainability, with a mean score of 4.03 and a standard deviation of 0.83. Respondents indicated that budgeting and financial planning positively contributed to Duhamic-Adri's financial sustainability, yielding a mean score of 4.16 with a standard deviation of 0.77. Additionally, the implementation of expense control measures for financial sustainability received favorable responses, as reflected in a mean score of 4.22 and a standard deviation of 0.76. The financial reporting practices at Duhamic-Adri were perceived to enhance transparency and accountability, with a mean score of 4.28 and a standard deviation of 0.75. Furthermore, the study found that regular financial audits contributed to the overall financial health of Duhamic-Adri, with a mean score of 4.32 and a standard deviation of 0.74. These results suggest a generally positive perception of the financial management practices at Duhamic-Adri, with respondents acknowledging the effectiveness of the strategic plan, the positive contribution of budgeting and financial planning, the well-implemented expense control measures, the transparency and accountability fostered by financial reporting practices, and the overall positive impact of regular financial audits on the organization's financial health.

Organizational Capacity Factors and Financial Sustainability

The third objective of this study was to assess the impact of organizational capacity factors on the financial sustainability of DUHAMIC-ADRI, focusing specifically on three key dimensions: Board Governance, Staff Competency and Skills, and Infrastructure and Resources. Through an in-depth analysis of these organizational capacity factors, the study aims to uncover their individual and collective influence on DUHAMIC-ADRI's ability to generate revenue and maintain financial sustainability as a local NGO operating in Rwanda. By examining the interplay between effective Board Governance, the competence and skills of the staff, and the adequacy of infrastructure and resources, the research aimed to provide valuable insights into the organizational dynamics shaping the financial resilience of DUHAMIC-ADRI within the context of the broader local NGO landscape in Rwanda.

Table 8:- Influence of Organizational Capacity Factors on the Financial Sustainability.

Statement	SD	D	N	A	SA	TOTAL	
	%	%	%	%	%	Mean	Std
Board Governance practices impact	1	3	7	27	30	4.03	0.93

DUHAMIC-ADRI's financial sustainability.	(1.47)	(4.41)	(10.29)	(39.71)	(44.12)		
Staff Competency and Skills contribute significantly to DUHAMIC-ADRI's financial sustainability.		2 (2.94)	6 (8.82)	28 (41.18)	32 (47.06)	4.28	0.86
Infrastructure and Resources positively influence DUHAMIC-ADRI's financial sustainability.		1 (1.47)	5 (7.35)	28 (41.18)	34 (50.00)	4.34	0.81
Continuous training programs for staff enhance DUHAMIC-ADRI's organizational capacity.		1 (1.47)	4 (5.88)	26 (38.24)	37 (54.41)	4.47	0.76
Adequate investment in technology infrastructure positively affects DUHAMIC-ADRI's financial sustainability.		1 (1.47)	5 (7.35)	28 (41.18)	34 (50.00)	4.34	0.81

Source: Primary Data (2023)

In the conducted research study, the findings from Table 8 shed light on the influence of organizational capacity factors on the financial sustainability of DUHAMIC-ADRI. The data reveals that Board Governance practices played a significant role, with a mean of 4.03 and a standard deviation of 0.93, indicating a substantial impact on DUHAMIC-ADRI's financial sustainability. Staff Competency and Skills were also identified as crucial contributors, as evidenced by a mean of 4.28 and a standard deviation of 0.86. Furthermore, Infrastructure and Resources emerged as positive influencers, registering a mean of 4.34 and a standard deviation of 0.81, underscoring their importance in DUHAMIC-ADRI's financial sustainability. Continuous training programs for staff were found to enhance organizational capacity, with a mean of 4.47 and a standard deviation of 0.76, emphasizing the significance of ongoing skill development. Lastly, the research highlighted that adequate investment in technology infrastructure positively affected DUHAMIC-ADRI's financial sustainability, as reflected by a mean of 4.34 and a standard deviation of 0.81. These findings collectively demonstrate the historical importance of robust Board Governance practices, staff competency, infrastructure, continuous training initiatives, and technology investment in fostering the financial sustainability of DUHAMIC-ADRI as of the time of the study.

Correlation Analysis

The correlation analysis conducted in this study, with a specific focus on DUHARANIRA A MAJYAMBERE Y'ICYARO (DUHAMIC-ADRI), aimed to unveil the intricate relationships between the organization's various revenue sources and its overall financial sustainability. By exploring the correlations between different funding streams, such as grants, donations, and other sources, the research endeavors to provide valuable insights into the factors that significantly impact DUHAMIC-ADRI's financial health. This analysis contributes to a comprehensive understanding of the dynamics influencing the organization's ability to sustain its operations and fulfill its mission, shedding light on potential strategies for enhancing financial resilience in the context of local NGOs in Rwanda.

Table 9:- Correlation Analysis Between Revenue Sources and Financial Sustainability.

		Revenue Sources	Financial Sustainability
Revenue Sources	Pearson Correlation	1	0.784**
	Sig. (2-tailed)		.000
	N	68	68
Financial Sustainability	Pearson Correlation	0.784**	1
	Sig. (2-tailed)	.000	
	N	68	68

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

Source: Primary Data (2023)

The correlation analysis presented in Table 9 for this study underscored a compelling relationship between revenue sources and financial sustainability for the examined NGO. The Pearson correlation coefficient ($r = 0.784$) revealed a robust positive correlation, suggesting that as the NGO's revenue sources increased, its financial sustainability also

tended to escalate. The p-value ($p < 0.05$) associated with this correlation was 0.000, indicating statistical significance and reinforcing the assertion that the correlation was not due to chance. The sample size for both revenue sources and financial sustainability ($N = 68$) enhanced the reliability of the analysis. The double asterisks (**), signifying significance at the 0.05 level (2-tailed), further emphasized the reliability of this correlation. In practical terms, this implied that the financial health and stability of DUHAMIC-ADRI were intricately linked to the diversity and effectiveness of its revenue sources. Consequently, the NGO may have found it beneficial to strategically focus on optimizing and diversifying its income streams to bolster overall financial sustainability. This correlation analysis provided valuable insights for DUHAMIC-ADRI and contributed to the broader understanding of the intricate relationship between revenue sources and financial sustainability among local NGOs in the Rwandan context.

Table 4.10:- RegressionCoefficients.

	Coefficients	StandardError	tStat	pValue
Intercept	-81.397	53.176	-1.531	13.60%
Governmentgrant	86.841	48.561	0.965	34.22%
Donorfunding	93.477	52.663	1.775	8.57%
Internally generatedfunds	95.172	56.092	1.697	9.98%
Reserves	15.808	8.722	1.812	7.96%

As per the SPSS generated table above, the equation ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon_i$) becomes:
 $Y = -81.397 + 86.841(X_1) + 93.477(X_2) + 95.172(X_3) + 15.808(X_4) (+/-12.41)$

The results of the regression analysis, as presented in Table 4.10, indicate several key findings regarding the revenue sources and financial sustainability of local NGOs in Rwanda, specifically focusing on DUHARANIRA A MAJYAMBERE YICYARO (DUHAMIC-ADRI). Firstly, the intercept of -81.397 suggests that, on average, when all other variables are held constant, the expected financial sustainability score of DUHAMIC-ADRI is -81.397. However, this finding should be interpreted with caution, as the t-statistic of -1.531 is not statistically significant at the 5% level, with a p-value of 13.60%.

Regarding the specific revenue sources, the coefficients for government grants, donor funding, internally generated funds, and reserves are 86.841, 93.477, 95.172, and 15.808, respectively. These coefficients indicate the expected change in the financial sustainability score of DUHAMIC-ADRI for a one-unit increase in each respective revenue source, holding all other variables constant. However, it's important to note that the t-statistics for government grants, donor funding, internally generated funds, and reserves are 0.965, 1.775, 1.697, and 1.812, respectively, with p-values of 34.22%, 8.57%, 9.98%, and 7.96%. These results suggest that only donor funding has a statistically significant positive impact on the financial sustainability of DUHAMIC-ADRI, as the p-value is below the conventional threshold of 5%.

These findings are consistent with previous studies that have highlighted the importance of donor funding for the financial sustainability of NGOs in developing countries, including Rwanda. For example, (Prakash and Potoski, 2016) found that NGOs in Rwanda heavily rely on donor funding to finance their operations, due to limited access to other sources of revenue such as government grants and internally generated funds. Similarly, (Pfeffer & Salancik, 2018) noted that NGOs often face challenges in generating sufficient revenue from local sources, leading to a greater dependence on external funding sources.

Discussion of Findings:-

The findings from Table 6 revealed a positive association between diversifying revenue sources and the financial sustainability of DUHAMIC-ADRI. This aligned with the resource dependence theory, as posited by Pfeffer and Salancik (2018). According to this theory, organizations, including NGOs, strive for resource diversity to enhance their resilience and reduce vulnerability. The mean scores (Grants and Donor Funding: 3.16, Membership Fees and Contributions: 3.38, Fundraising Activities: 3.38, Diversification of revenue sources: 3.44, Balancing different revenue streams: 3.38) and standard deviations provided a quantitative basis for the significance of each revenue source. The robust correlation analysis in Table 9 ($r = 0.784$, $p < 0.05$, $N = 68$) reinforced the importance of diverse revenue streams for financial sustainability. These findings underscored the relevance of the resource dependence theory in the context of DUHAMIC-ADRI's historical financial strategy.

In Table 7, the evaluation of financial management practices at DUHAMIC-ADRI suggested a strong correlation between effective financial management and financial sustainability. The mean scores for various financial management practices (Strategic plan: 4.03, Budgeting and financial planning: 4.16, Expense control measures: 4.22, Financial reporting practices: 4.28, Regular financial audits: 4.32) indicated a consistently positive perception. These findings resonated with the arguments put forth by Anthony and Govindarajan (2017) regarding the importance of strategic planning and budgeting for organizational success. The low standard deviations suggested a high level of agreement among respondents.

The strong correlation coefficient ($r = 0.784$, $p < 0.05$, $N = 68$) in Table 9 further substantiated the connection between effective financial management and overall financial sustainability. The examination of organizational capacity factors in Table 8 provided insights into the multifaceted nature of DUHAMIC-ADRI's financial sustainability. The mean scores (Board Governance: 4.03, Staff Competency and Skills: 4.28, Infrastructure and Resources: 4.34, Continuous training programs: 4.47, Adequate investment in technology infrastructure: 4.34) underscored the critical role of organizational capacity in financial sustainability. This aligned with the resource-based view (Barney, 1991), emphasizing the strategic importance of internal capabilities. The standard deviations indicated relatively low variability in responses, suggesting a shared understanding among respondents. The correlation analysis ($r = 0.784$, $p < 0.05$, $N = 68$) in Table 9 highlighted the interconnectedness between organizational capacity factors and financial sustainability.

The correlation analysis in Table 9 solidified the interdependence between revenue sources and financial sustainability, emphasizing the need for strategic considerations in resource management. This resonated with the works of Kaplan and Norton (2022) on the Balanced Scorecard, which stressed the importance of a balanced approach to financial and non-financial indicators. The correlation coefficient ($r = 0.784$) indicated a strong positive relationship, while the p-value ($p < 0.05$) and sample size ($N = 68$) enhanced the statistical reliability. The significance at the 0.05 level (2-tailed) (**), combined with the practical implications, reinforced the strategic importance of revenue source optimization for DUHAMIC-ADRI's financial sustainability. These results had broader implications for local NGOs in Rwanda, suggesting that a holistic approach to financial strategy, encompassing revenue diversification, effective financial management, and robust organizational capacity, was essential for long-term viability and success.

Conclusions:-

In conclusion, this study delved into the financial sustainability of DUHAMIC-ADRI, focusing on the interplay of revenue sources, financial management practices, and organizational capacity factors. The findings underscored the vital role of diversifying revenue sources in alignment with the resource dependence theory, emphasizing the positive association between diverse revenue streams and financial sustainability. Strategic financial management practices, such as effective budgeting and regular financial audits, emerged as crucial contributors to overall financial health, echoing the insights of Anthony and Govindarajan. Furthermore, the examination of organizational capacity factors highlighted the importance of internal capabilities, resonating with the resource-based view. The strong correlation between revenue sources and financial sustainability ($r = 0.784$, $p < 0.05$, $N = 68$), as revealed in the correlation analysis, emphasized the strategic imperative of optimizing resource management for long-term viability. Importantly, these findings offer valuable insights not only for DUHAMIC-ADRI but also for local NGOs in Rwanda, emphasizing the holistic approach required for enduring success. The study contributes to the existing literature by providing empirical evidence of the interconnectedness between revenue diversification, effective financial management, and robust organizational capacity in the context of local NGOs, offering practical implications for stakeholders and policymakers.

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