

ABSTRACT

Kenya has experienced enormous growth in establishment of NGOs, with more than 100% increase between 1977 and 1987, striking over 23,000 by 1997 and 47,000 by 2016; thereby attracting increased foreign and local funding especially from 2006; reflecting renewed donor confidence in the government's resolve for proper management of the economy. Despite the phenomenal establishment of sustainability drivers; being income generating capacity, income source diversity, financial planning and management and having potential to geographical spread and product diversity there is limited information constructively and logically linking sustainability factors with growth of NGOs. Studies of factors influencing financial sustainability of local NGOs therefore indicate inconsistencies; as some suggest that the factors includes income diversification, and sustainable levels of incomes from local and external donors as well as own income-generating activities to such an extent that the organisations continue to grow and operate after external donor funding is withdrawn. Kisumu County has the largest number of NGOs in the greater Nyanza region at 86 in numbers; with Nyamira having 43, Migori 34, Kisii 18, Siaya 14 and Homabay 11; by end of 2006. This gives a higher growth expectation for Kisumu County owing to the fact that there is an escalating pressure on need for increased revenue to sustain services, increase geographical coverage area, increase number of units installed and provision of quality services to the underserved. In order to address these demands the organization need to have continuity in growth. The purpose of this study was therefore to analyze the influence of financial sustainability factors on growth of NGOs in Kisumu County. The specific objectives were; to establish the relationship between financial sustainability factors and growth of NGOs, determine the influence of financial sustainability factors on geographical spread of NGOs and analyse the effect of financial sustainability factors on product diversity of NGOs all in Kisumu County. The study was guided by Resource Mobilization Theory and will employ correlational research design. Study population consisted 87 NGOs in Kisumu County. A total of 172 respondents were targeted for the survey. These included the Program managers and Finance managers. A saturated sampling survey was used in data collection. A Pilot study of 9 respondents was conducted, while the remaining 163 was retained for the main study. Primary and secondary data was collected using structured questionnaires while secondary data was collected through data schedule sheets. Expert review, and test retest methods were used to determine instruments' reliability while Cronbach's alpha test was used to achieve data validity it provided a coefficient of 0.930, which was sufficient condition for further analysis of the study data. The Correlation results range from 0.188 to 0.556, $p \leq 0.05$ for the variables. The regression results revealed variables' contribution of R^2 of 0.613 for Financial Sustainability on Growth, 0.582 on Geographical spread and 0.603 on Product diversity. Therefore these coefficients mean that Financial sustainability accounts for 61.3% to changes in growth, 58.2% to geographical spread and 60.3% to product diversity; all significant at $p \leq 0.05$. These results imply significant effect of the sustainability factors to growth of NGOs. These findings may be helpful to NGOs in enhancing their growth, and may also be useful to both academics and industry players in the public in exploring significance of contributory factors to growth of NGOs.