# An Investigation of the Risk Factors Affecting Financial Sustainability in Non-Governmental Organisations (NGOs): A Case Study of Lusaka NGOs

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## Abstract

Financial sustainability is the ability of public administrations to continue now and in the future current policies without causing the debt to rise continuously. Both Local and international NGOs in Lusaka have had challenges on financial sustainability. However, there is little evidence on key risk factors affecting sustainability of local NGOs in Lusaka. This study thus, sought to examine the risk factors that affect the financial sustainability of NGOs in Zambia. The study took a quantitative approach and a total of 53 respondents interviewed, out of the 65 invited representatives of the local NGOs in Zambia. Inherent risk factors, collateral risk factors and environmental risk factors were used as independent variables while financial sustainability of NGOs was the dependent variable. Linear regression analysis was used to establish the significance of the effects and correlation analysis was used to establish relationships. The results showed that none of these risk factors has a significant negative effect on financial sustainability of NGOs in Zambia. Despite the mixed coefficient signs, no significant correlations were established. Thus, the study recommends a strong need for NGOs leaders to set up a clearly defined funding policy and the framework for tracking the financial flows of the organization. In addition, Policy makers should consider opening up more partnership opportunity for local NGOs and focus much on empowerment programmes so as to level the ground field for all NGO players in Zambia.

## Keywords
Financial Sustainability, Inherent risk factors, collateral risk factors and environmental risk factors.

## 1. Introduction
Financial sustainability is understood as the ability of public administrations to continue now and in the future current policies without causing the debt to rise continuously. Financial sustainability is one of the most critical aspects of an organization's success. When an organization can understand its flow of revenue generation, cause of revenue loss, provide and implement sound strategic planning and is able to produce multiple streams of revenue, this then aids the organization in the process of securing and/or obtaining financial sustainability. Being able to identify trends and forecast for the known and unknown assists in this process as well. Financial

sustainability is directly impacted by the organization's financial capacity. This is the recourse used to support the organization's possible opportunities and their ability to respond to unexpected issues (Francois, 2015).

By the year 2020, Zambia had recorded approximately 1136 registered NGOs. Of the total registered NGOs, 950 were local and 186 were International NGOs. 100% of the local NGOs are in operation. Furthermore, the majority of local NGOs struggle for survival and depend on unpredictable external funding which creates uncertainty and leaves them financially unsustainable. This study seeks to address the risk factors affecting financial sustainability in NGOs, a case study of local NGOs in the capital Lusaka.

NGOs strive to deliver quality social and economic services to many of the vulnerable communities and promote sustainable development in different sectors in Zambia. These NGOs are locally charitable based assemblies which are entirely independent from the government and have primarily humanitarian rather than commercial objectives. NGOs can reach their targeted populations better than government institutions in many developing communities. With donor funding being tied to a specific period and mandate, most local NGOs, particularly in Lusaka, are faced with a struggle for survival due to their organisational deficiencies and limited availability of resources.

NGOs must contend with the fact that they have limited income and there is also a global upsurge in formation of NGOs (Lekorwe, 2006; Scott, 1999). This upsurge comes with competition for funding which in most cases seemingly favours larger NGOs. They mostly depend on and compete for the donor funds and they generally do not have strategies or operations to diversify their sources of funds resulting in office closure by many NGOs. Although international donor or contributors are the major sources of funding, the level of their contribution has steadily declined. This has affected the operation of many Local NGOs in Zambia. Financial sustainability is critical in the promotion of societal welfare. The financial unsustainability of NGOs has presented the major challenges in the sustainability of many local NGOs. This study will seek to investigate the risk factors affecting financial sustainability in NGOs, case study of Lusaka district NGOs.

### 1.1 Statement of the Problem

Local NGOs play a crucial role in the economic development of a country. Financial sustainability is a major challenge facing local NGOs in Kenya (Njoroge, 2013). This has been complicated by the withdrawals of funding by donors to the local NGOs due to failure to meet the conditions set by the donors (Ali, 2012).

Zambia has seen a massive expansion of local NGOs and a substantial infusion of money combined with the desire for change has led to financing of NGOs. Although donors are the major source of funding for NGOs, the level of donor contributions has steadily declined. This has affected the operations of NGOs in Zambia. This has resulted in many local NGOs being unable to achieve their objectives.

Additionally, complaints concerning sustainability of local NGOs have been raised by the government, community and donors. Preliminary studies have shown that NGOs have not been sustainable due to financial factors and donor dependence. Both Local and international NGOs in Lusaka have had challenges on financial sustainability. However, there is little evidence on key risk factors affecting sustainability of local NGOs in Lusaka. Thus, this study sought to find answers to the following question, "What risk factors affect financial sustainability in local NGOs in Zambia and how can these factors be minimized to ensure life-long existence of NGOs in Zambia?

### 1.2 Research objectives

- ✓ To determine if inherent risk factors have a negative effect on the financial sustainability of NGOs in Zambia
- ✓ To assess whether collateral risk factors negatively affect the financial sustainability of NGOs in Zambia
- ✓ To determine if environmental risk factors have a negative effect on financial sustainability of NGOs in Zambia.
- ✓

### 1.3 Research Questions

- ✓ Do inherent risk factors have a negative effect on the financial sustainability of NGOs in Zambia?
- ✓ Is the influence of collateral risk factors on financial sustainability of NGOs in Zambia negative?
- ✓ Do environmental risk factors have a negative effect on financial sustainability of NGOs in Zambia?

## 2. Literature review

Milelu (2018) in his study on factors affecting financial sustainability of NGOS in Kenya, stated that Non-Governmental Organisations (NGOs) play a huge part in the social advancement process in the different countries of the world. They are most instrumental especially where countries do not have enough money, where the prevailing political circumstances are hostile, avoidable or unavoidable environmental changes have resulted in natural disasters, presence of rampant ethnic strife, where the economic ability of the populace is so low that they are unable to procure basic goods and services be they social, economic and educational (Banks, 2012). World over it is increasingly being accepted, and particularly in a majority third world countries, that the state alone cannot eradicate poverty and ensure sustainable human development (Hassan, 2015). Accordingly, NGOs have actively engaged in complementary roles in helping the people actualize their potentials and use it for developing their countries (Kabdiyeva, 2013). In the last two to three decades, the NGOs have received significant support and have received a growing interest thus they have increased in number in a majority of the developing countries. This is attributable to the fact that NGOs are more flexible, adapt quickly and respond swiftly when called upon to attend to needs of the people unlike governments (Hickey, 2014).

Further, NGOs can bring to people high quality social services and programmes especially the poor communities in ways affordable to them thereby realizing sustainable development. This therefore cements the invaluable and unique role that NGOs play in the development of countries and more so the developing ones (Roseland, 2012). The work of NGOs in protecting the environment, advocating for the poor and marginalized, helping the sick and needy (Banks, 2012), promoting education, assisting farmers, providing relief where disaster has hit, preserving arts and culture among other interventions underpins their significant contribution to the wellbeing of societies, world over (Islam & Morgan, 2012). Nevertheless, this growing mandate of the NGO sector has also seen increased expectations of transparency and accountability and a requirement for self-financial sustainability - an area most of the NGOs have fallen short. When considering the financial management processes of non-governmental organisations, resource scarcity is a recurrent theme (Harding, 2014)

More often than not, and particularly in recent times, most of these organisations find themselves with an ever-increasing agenda of programmes and activities requiring consistent and adequate funding but have to contend with the fact that they have limited opportunities for generating additional income (Hendricks, 2012). If due consideration is not given to the question of sustained funding of an NGO"s activities and operations, then the NGO runs the risk of failing in its mandate and worse still could face closure as a result of unsustainability of its operations (Kristin, 2016). This underpins the centrality of financial sustainability in NGOs" long-term existence and operation. For the non-governmental organisations, financial sustainability entails availability of resources that give them the ability to seize opportunities and react to unexpected challenges while maintaining their general operation for the foreseeable future (Bell, 2010).

In view of recent happenings, including „donor fatigue" in the rich nations, increasing governments" scrutiny and regulation on the activities of NGOs and the recent economic recession, financial sustainability has become a buzzword in the NGO sector (Islam, 2016). In a survey conducted by Bond - an International Development Network, among 1,400 NGOs in 2015, 85 percent of the NGOs reported feeling the effects of the economic recession, with 58 percent already experiencing cuts in funding. Further the survey showed that 66 percent of the NGOs reported cuts in government funding while 48 percent of the NGOs that relied on donations from foundations, reported cuts in foundation funding (Kristin, 2016). This clearly illustrates that most of the non-governmental organisations across the world are struggling financially (Bowman, 2011). In light of the aforementioned realities, embarking on financial sustainability efforts has become a necessity if the NGOs are to avoid cutting back the delivery of community-based services (Dardane, 2010).

Financial sustainability is a key consideration for survival and effectiveness of NGOs (Conradie, 2012). In the context of NGOs, financial sustainability is the ability of NGOs to continue and securely so, in that the NGOs and their core work continues to function effectively even in situations where there is no external funding (Bowman, 2011). Financial sustainability thus is the capacity of a firm to come up with ways of growing and developing which functions indefinitely. Financially sustainable NGOs are those that are able to continue to fulfill their missions over time while meeting the needs of their stakeholders, particularly those who benefit from and those who support them (Elliott, 2012).

According to Pathfinder International, many analysts have identified three major elements as having a major bearing on the financial sustainability of modern-day NGOs. These include income diversification - entailing the need for an NGO to create multiple sources of income in order to adequately finance its activities in view of its set objectives; donor relationship management - which entails undertaking deliberate efforts to constructively engage the donors in the activities of the NGO and financial management systems – which entails having in place accounting systems that aid in the effective planning, controlling and administering of the NGO"s funds (Mitlin, 2014). In addition, (Roseland,2012) observed that financial sustainability of NGOs depends on the following beliefs among its stakeholders: that the organisation is providing beneficial, desired, and high-quality services; that financial stability and growth are feasible; that leadership and management are excellent and motivated; and that sustainability initiatives are in harmony with stakeholders‟ beliefs. The financial management processes of NGOs are always faced with resource scarcity that is they are not always able to generate more income while they always want to scale up their programmes and activities which require more funds (Harding, 2014).

Over the years NGOs have depended on the goodwill and generosity of donors to foot all their expenses via grants and currently, however, majority of the NGOs find these traditional sources of funding are becoming increasingly not enough to foot their ever increasing need for funding to meet their operational costs, making their financial sustainability concerns become even more important (Sontag-Padilla, 2012). Without alternative sources of income to plunge the gaps of ever declining donor funding, the NGOs are usually required to either scale down the magnitude or quality of their work, or cease operations, altogether (Omeri, 2014). In most instances, donor funding comes with stringent restrictions among them - tested systems of managing finances, good leadership with integrity, well-educated and experienced staff with, clear strategic plans of the organisation.

If an organisation is deficient in any of these ingredients, it may find it difficult to attract funding from donors (Fowler, 2013). Further, there are some donors who need to assess the ability (systems and structures) of the NGO to utilize funds before they disburse funds. They also assess if the potential recipient has the requisite knowhow and experience to meet the deliverables. Unfortunately, conventional wisdom, particularly in the developing countries, indicates that most NGOs do not meet these basic thresholds which further impairs their ability to access existing limited donor funding (Gyamfi, 2010). In Kenya, NGOs are faced with many problems including poor leadership, lack of strategic planning activities, poor financial management practices, ineffective organisational policies and procedures, high rate of senior staff changing jobs and continued over-reliance on diminishing donor funding. Further, majority of the NGOs‟ loyalty and accountability is usually directed towards their external donors instead of the beneficiaries of the project at the local level which further reduces their credibility (Islam, 2012). Until recently, Kenyan NGOs did not consider donors and supporters locally as a possible source of funding to support their activities. The NGO sector has thus now found itself at crossroads: How to source for funding locally from a society that does not agree with the activities they engage in, poor credibility and accountability (Khisa, 2014).

To remain financially sustainable, NGOs need to invest in building strong relationships of working with key stakeholders especially their donors, supporters, volunteers, staff and the community benefitting from the NGO; diversify their income sources; restructure their governance structures; enhance their financial management practices; enhance their internal capacity to foresee and cut down risks resulting from funding; engage in human capital training and development; build ample cash supply and bring down all organisational costs and overheads (Pratt, 2012).

The study results showed that the staff of the NGOs in Nairobi did agree with the various statements on income diversification in their organisation such as income diversification increased their organisation‟s ability to fund their projects based on their own priorities; income diversification enabled their organisation to be able to reject funding sources that were not in line with organisation‟s agenda and values; income diversification enabled their organisations to meet their overhead costs plus expenses that donors could not meet; income diversification reduced the risk of their organisations closing down in case of withdrawal of donors; creating other income generating activities increased their organisation‟s financial sustainability and that foreign donations as sources of funding were declining.

## 3. Theoretical literature review

### 3.1 The Resource Dependency Theory

According to the resource dependence perspective, developed by Pfeffer and Salancik (1978), in order to understand organizations, it is necessary to understand the environments in which they are embedded. These environments include other organizations within their sector, as well as other stakeholders, suppliers, associations, federations, and the social-legal structures that regulate the relationships between these actors.

In order to survive, organizations must acquire and maintain resources through interacting with other organizations. These interactions shape their activities and lead to different outcomes. In environments with large amounts of resources, the interdependence between organizations is minimized, while environments with more resource scarcity and greater uncertainty pose greater challenges between organizations (Pfeffer and Salancik 1978).

According to Pfeffer and Salancik (1978), organizations are interdependent with other organizations with which they exchange monetary or physical resources, information, or social legitimacy. These asymmetrical relationships often bring organizations up against conflicting demands, where satisfying one group‟s demands may come at the expense of another. Organizations are vulnerable to the extent that they become dependent on particular types of exchange in order to operate. According to Pfeffer and Salancik (1978: 51), dependence is defined as the importance of a given resource to the organization and the extent to which the resource is controlled by a relatively small number of organizations. Dependence, then, is a measure of the extent that another organization is perceived to be important and is taken into consideration during decision making (Pfeffer and Salancik 1978: 52). Resource exchange consists of two dimensions: the relative magnitude of the exchange and the criticality of the resource (Pfeffer and Salancik 1978). The magnitude of exchange can be measured by the proportions of total resources accounted for by the exchange. These may be incoming or outgoing resources, depending on the context. The criticality of the resource refers to the ability of the organization to function without the resource.

Organizations, according to this perspective, actively choose strategies in order to maintain organizational autonomy and power within their environments (Pfeffer and Salancik 1978). Individuals within organizations are thought to be rational actors who weigh out the costs and benefits of choices and behaviours to maximize their own benefits.

# 4. Research Methodology

## 4.1 Research design

This quantitative study adopted a descriptive study design. The descriptive study design is suitable for obtaining valuable information on the respondent's belief about the research problem.

## 4.2 Population of the Study

The study population was drawn from the registered local Non-Governmental Organisation operating in Lusaka Province. Most local NGOs have their headquarters in Lusaka but operating in many parts of the country targeting rural, peri-urban and urban population. A total of 1136 NGOs constituted the target population.

## 4.3 Sample and Sampling Procedure

This study focused on registered local Non-Governmental Organization covering Lusaka Province. According to Best and Kahn (2006) an ideal sample for any study should be large enough to serve as an adequate representation about which the researched wishes to generalize and small enough to be selected economically in terms of participant availability and expense in both time and money. A sample of size 53 was used in this study.

This study used purposive sampling procedure. Purposive sampling was used during the selection of the NGOs from which the respondents came from. Thus, the potential respondents were identified based on possession of characteristic deemed suitable for the ability to provide required information as well as being an active NGO operating in Lusaka during the researched period.

## 4.4 Data Collection

A structured questionnaire was used to collect data from the participants. The participants responded to several key questions that have been specifically designed for the study in order to investigate the risk factors affecting Financial Sustainability in NGOs (A case study of Lusaka NGOs). Data was collected using a self-administered questionnaire that on average took 40 minutes to complete answering the questionnaire.

## 4.5 Data Analysis

Data analysis was conducted within the quantitative approach. The SPSS 26.0 was used to analyze data. Tables and bar charts were used to convey the findings.

## 4.6 Research results and analysis

## 4.7 Demographic Characteristics of the Respondents

### 4.7.1 Sex of the Respondents

Results in Table 1 above indicate that most of the respondents were female with a respondents' representation rate of 54.7% while the males took up 45.3%. The results also suggest that all respondents were categorized as either being male or female. No respondent was captured with the other genders.

Table 1. Distribution of the respondents by Sex

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Male | 24 | 45.3 | 45.3 | 45.3 |

| | | | | | |
|---|---|---|---|---|---|
| | Female | 29 | 54.7 | 54.7 | 100.0 |
| | Total | 53 | 100.0 | 100.0 | |

### 4.7.2 Age of the Respondents

The results indicated that most of the respondents are aged about 44 years old. This modal age results are for both the males and the female respondents of the study that is, a bi-modal age. On average, the respondents were aged about 43 years old with half the total number of the respondents being aged about 44 years old. Evidence from the standard deviation indicates that each respondent's age is about 8 years old away from the true mean (Table 2).

Table 2. Age Statistics for the Respondents

| Age | | |
|---|---|---|
| N | Valid | 53 |
| | Missing | 0 |
| Mean | | 42.77 |
| Median | | 44.00 |
| Mode | | 44[a] |
| Std. Deviation | | 7.698 |
| Skewness | | -.643 |
| Std. Error of Skewness | | .327 |
| Range | | 32 |
| Minimum | | 25 |
| Maximum | | 57 |
| a. Multiple modes exist. The smallest value is shown | | |

The results in Table 2 show that the age distribution is skewed to the left. The difference between the oldest respondent and the youngest respondent in the distribution was observed to be 32 years old (oldest was 57 years old while the youngest respondent was aged 25 years old (Figure 1).

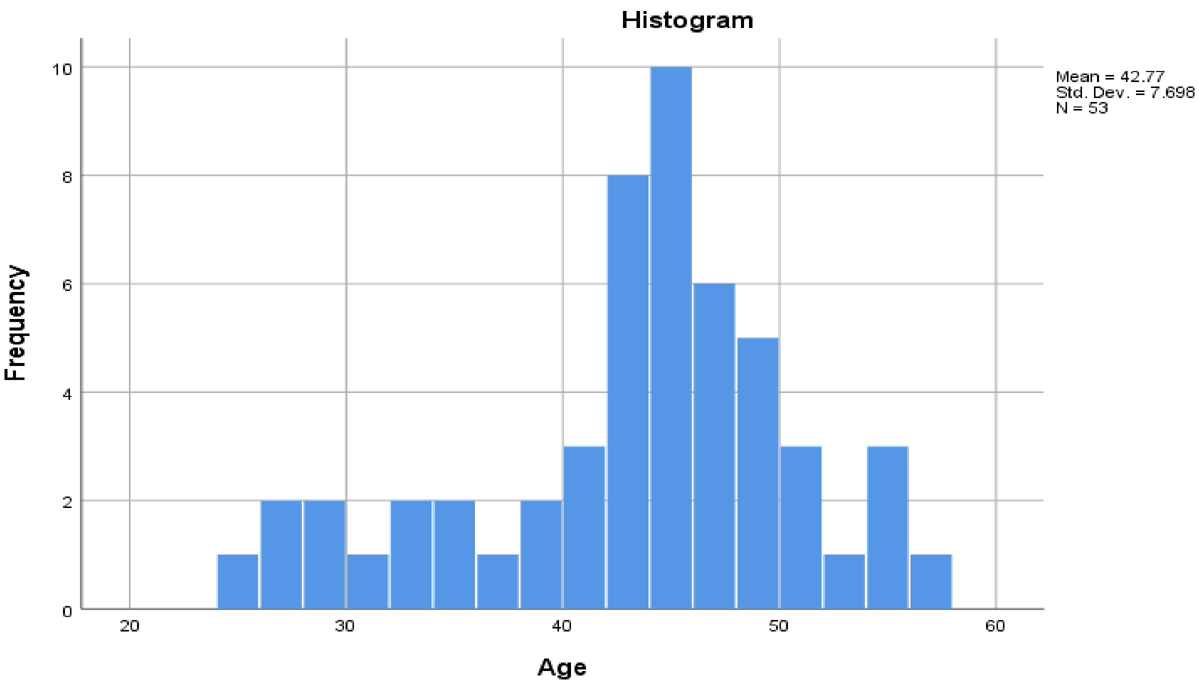

Figure 1. Age Distribution of the Respondents

The age distribution of the respondent was presented using the histogram as shown below. The histogram evidence indicates the tendency of the bars flowing towards the left, to indicate a negative skewness in the age distribution. This is supported by the skewness evidence presented in the descriptive statistics table in Table 2

### 4.7.3 Education level of the respondents

Due to the sensitivity of this study, the researcher collected information on the educational level that each of the respondents has completed. The results show that a minimum of the diploma level was held by the respondents. Specifically, most of the respondents had their highest level of education being a bachelor's degree. This captured a 41.5% representation of all the respondents. Although the diploma happened to be the east level of qualification held by the respondents, only the minority of the respondents had a diploma as their highest level of education (Table 3).

Table 3. Distribution of the Respondents by Highest Level of Education Attained

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | College Dip | 12 | 22.6 | 22.6 | 22.6 |
| | Undergraduate | 22 | 41.5 | 41.5 | 64.2 |
| | Postgraduate | 19 | 35.8 | 35.8 | 100.0 |
| | Total | 53 | 100.0 | 100.0 | |

### 4.7.4 Regression Analysis

### 4.7.5 Inherent risk factors and financial sustainability plan

In determining if the inherent risk factors have a negative effect on the financial sustainability of local NGOs in Zambia, regression results were obtained. Reliance on external funding, value and accountability to funders and fundraising struggles for operation were regressed on the perceptions about the importance of the financial sustainability plan to local NGOs (Figure 4).

Table 4. Regression of inherent risk factors on financial sustainability of NGOs

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.720 | .905 | | 4.108 | .000 |
| | Reliance on external funding | .720 | .677 | .151 | 1.063 | .293 |
| | Value and accountability to funders | -.240 | .488 | -.071 | -.492 | .625 |
| | Fundraising struggles for operations | .040 | .188 | .031 | .213 | .832 |
| a. Dependent Variable: Financial sustainable plan important to NGO | | | | | | |

Empirical evidence shows that inherent risk factors have no significant negative effect on financial sustainability of local NGOs. This is because by dividing the observed two-tailed p-value by 2 so that the left tail p-value is obtained, the results remain insignificant. Since the observed p value is greater than the 5% level of significance, the study therefore concludes that inherent risk factors have no significant negative effect on financial sustainability of local NGO. These results are supported by the overall significance results captured using Analysis of Variance (ANOVA).

Table 5 below shows the test of joint significance for all the two individual variables so as to test the significance of the collateral risk factor variables. The p value of 0.663 is greater than the 0.05 level of significance, suggesting that there is no significant overall effect of inherent risk factors on financial sustainability of local NGOs in Zambia.

Table 5. ANOVA – Inherent risk factors and financial sustainability

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .702 | 3 | .234 | .531 | .663[b] |
| | Residual | 21.600 | 49 | .441 | | |
| | Total | 22.302 | 52 | | | |
| a. Dependent Variable: Financial sustainable plan important to NGO | | | | | | |
| b. Predictors: (Constant), Fundraising struggles for operations, Reliance on external funding, Showing value and accountability to funders | | | | | | |

### 4.7.6 Collateral risk factors and financial sustainability plan

The study also sought to assess whether the collateral risk factors negatively influence financial sustainability of local NGOs in Zambia. External experience of Partnerships and collaboration failure were regressed on the perceptions about the importance of the financial sustainability plan to local NGOs. Table 6 below shows the regression results.

Table 6. Regression of collateral risk factors on financial sustainability of NGOs

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.760 | 1.339 | | 2.808 | .007 |
| | External experience of partnerships | .296 | .678 | .062 | .437 | .664 |
| | Collaboration failure | -.056 | .185 | -.043 | -.304 | .762 |
| a. Dependent Variable: Financial sustainable plan important to NGO | | | | | | |

Empirical results show that collateral risk factors have no significant negative effect on financial sustainability of local NGOs. Since the observed p value is greater than the 5% level of significance, the study therefore concludes that collateral risk factors have no significant negative effect on financial sustainability of local NGO. These results are supported by the overall significance results captured using Analysis of Variance (ANOVA).

Table 7 below shows the test of joint significance for all the two individual variables so as to test the significance of the collateral risk factor variables. The p value of 0.881 is greater than the 0.05 level of significance, suggesting that there is no significant overall effect of collateral risk factors on financial sustainability of local NGOs in Zambia.

Table 7. ANOVA – Collateral risk factors and financial sustainability

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .112 | 2 | .056 | .126 | .881[b] |
| | Residual | 22.190 | 50 | .444 | | |
| | Total | 22.302 | 52 | | | |

a. Dependent Variable: Financial sustainable plan important to NGO

b. Predictors: (Constant), Collaboration failure, External experience of partnerships

### 4.7.7 Environmental risk factors and financial sustainability plan

The study also sought to determine the effect of environmental risk factor on financial sustainability of local NGOs in Zambia. The creation of the non-profitable brand was used to measure the environmental risk factor. The results in Table 8 below show that environmental risk factor has no significant negative effect on financial sustainability of local NGOs in Zambia. The coefficient of 0.269 has a p-value of 0.344 for the left tail. This means that the effect of environmental factors is insignificant at 5% level (Table 8).

Table 81. Regression of environmental risk factors on financial sustainability of NGOs

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.731 | 1.324 | | 2.819 | .007 |
| | Creating a non-profitable brand | .269 | .667 | .056 | .404 | .688 |
| a. Dependent Variable: Financial sustainable plan important to NGO | | | | | | |

Being the only variable, a simple linear regression coefficient is also the correlation coefficient. Thus, there is no significant correlation between environmental risk factor and financial sustainability of local NGOs in Zambia.

## 5. Summary, Conclusions and Recommendations

### 5.1 Summary of Findings

This study sought to investigate the risk factors that affect financial sustainability of local NGOs in Zambia. Three risk factors were established and these are; the inherent risk factors, collateral risk factors, and the environmental risk factors. Each of these factors was measured using some risk components.

To arrive at the findings, the study engaged 53 respondents from 53 different NGOs in Zambia. These respondents were the representatives and key informants in their respective NGOs. The study employed three methods of analysis. These were: regression analysis, correlation analysis and analysis of variance.

The results of the study revealed that there is no significant negative effect of any of the risk factors on financial sustainability of local NGOs in Zambia. Further, no significant correlation was established in this study.

### 5.2 Conclusions

It is therefore concluded in this study that inherent risk factors, collateral risk factors and environmental risk factors are not key influencers of financial stability of the local NGOs in Zambia.

### 5.3 Recommendations

Based on the findings of this study, the researcher recommends the following:

1. There is strong need for NGOs leaders to set up a clearly defined funding policy and the framework for tracking the financial flows of the organization

2. Policy makers should consider opening more partnership opportunity for local NGOs and focus much on empowerment programmes so as to level the ground field for all NGO players in Zambia

3. Other researchers may also take this piece of writing as a benchmark study in Zambia and extend the scope of this study by including other risk factors that may significantly influence financial sustainability of NGOs.

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## Biographies

**Hope Mutchule Nunkwe** is an experienced Finance, Administrative and Human Resource professional with over 15 years demonstrated history of working in the non-profit organization management industry. Skilled in Financial Accounting, Accounting packages (QuickBooks and ACCPAC), Managerial Finance, Payroll, and Variance Analysis. Strong finance professional with a bachelor's degree focused in Finance and Accounting from University of Lusaka, Association of Accounting (AAT) Diploma in Accounting from Zambia Institute of Management (ZAMIM), Advanced Diploma in Human Capital Management (Zambia Institute of Human Resource Management (ZIHRM) member), Diplomacy, Protocol and Public relations Certificate-Zambia Diplomacy and International Studies (ZDIS), currently, a student finalist in MSc Accounting and Finance with University of Zambia (UNZA) Graduate School of Business (GSB). Hope has managed and supported Donor funded projects from start-up to close out. Her extensive working experience in the non-profit industry mainly influenced her research and publication of the study entitled: An investigation of Risk factors affecting Non-Governmental Organizations (NGOs)-Case study of Lusaka NGOs.

**Dr. Lubinda Haabazoka** is a Director at the University of Zambia's Graduate School of Business. He is the immediate past President of the Economics Association of Zambia. He has also worked as Head of Department and Senior Lecturer in Economics, Banking and Finance. He has a Doctor of Philosophy Degree in Economics, with a focus on Banking, from Rostov State Economics University, Russia. He is non-executive director for several companies in Zambia. He is author of several academic books and over 30 research papers in international peer reviewed journals. He has also facilitated and presented papers at high level conferences including high level side meetings at the United Nations General Assembly, Atom Expos and International Atomic Agency events in Europe and Africa. He is the founder of the National Economic Summit in Zambia. He is a regular commentator on national and international economic issues with CNN, Bloomberg, Financial Times, DW, SABC, Russia 24, CCTV, ZNBC, among others.

**Dr. Esnart Mwaba Nunkwe Nyimbwa** is a medical doctor from the University of Zambia. She is currently working as a research assistant for the women 2 trial at the women and newborn hospital of the University Teaching Hospital. A randomized, double-blind, placebo controlled trial which aims to determine the effect of tanexamic acid (TXA ) on postpartum bleeding in women with moderate or severe anaemia. A holder of an undergraduate degree in Biological Sciences and worked for Centre for Infectious Disease research in Zambia as a research coordinator for over a decade, a job she loved very much and was the main inspiration to join the field of medicine. The passion with which the principal investigators worked on the different research projects to contribute quality work and knowledge to the body of science both locally and internationally as well as their subtle but sure encouragement to go ahead and pursue dreams worked as great motivation to pursue a master's degree in Public Health to effectively understand research and later on stop work and pursue the dream of becoming a medical practitioner and serve lives. Behind a successful woman is a supportive husband, remains true for Esnart who could not have reached this far without their support. Being part of the Young Emerging Scientists Zambia (YES -Zambia) team has been taken as golden opportunity to be mentored by great minds and grow in research as well as to someday help mentor many upcoming researchers in Medics as well as other fields.