



**THE EFFECT OF ADOPTION OF INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEMS ON THE SUSTAINABILITY OF NGOs IN NAIROBI COUNTY**

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## THE EFFECT OF ADOPTION OF INTEGRATED FINANCIAL MANAGEMENT INFORMATION SYSTEMS ON THE SUSTAINABILITY OF NGOs IN NAIROBI COUNTY

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### ABSTRACT

*This study aimed at establishing the effect of adoption of integrated financial management systems on the sustainability of Non-Governmental Organizations in Nairobi County. The study was guided by the resource based view theory and was anchored on a positivist paradigm philosophy. The study employed descriptive research design. Out of a target population of 1000 senior project managers and chief executives, a sample of 285 was obtained using stratified random sampling. Primary data was collected from sampled officers using structured questionnaires, while secondary data was obtained from the audited financial statements of the NGOs and publications by the NGO coordination board. 172 questionnaires were found to be satisfactorily completed for analysis yielding a 60.35% response rate. The data collected was analyzed using descriptive and inferential statistics and it was presented in tables and charts. Statistical Package for Social Scientists (SPSS) was used for data handling and analysis. The descriptive statistics included frequencies, percentages, means and modes, while modelling and inferential statistics included regression and Correlation analysis, Chi square tests and Analysis of Variance (ANOVA). Normality of the response variable (NGO sustainability) data was confirmed using the Shapiro-Wilks test. The study showed that adoption of IFMIS have significant effect on NGO sustainability more so on current ratio and survival ratio. The study concluded that the adoption of IFMIS had enhanced the effectiveness and efficiency in the running of NGOs in Nairobi County and made significant contribution towards managerial support, reduced the data processing costs, reduced possibilities of misappropriation of funds and facilitated remote access which was necessary for effective monitoring and evaluation. The study recommended that the NGOs should be encouraged to adopt the IFMIS in order to improve their efficiency and effectiveness in financial management and financial reporting which is critical factor to the NGO growth and sustainability.*

**Key Words:** *Integrated Financial Management Information Systems, NGO Sustainability*

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## INTRODUCTION

The number of non-governmental organizations have been growing rapidly within the globe. The NGOs have become major players in the economic developments within the host countries creating opportunities for humanitarian support and community development to the targeted beneficiaries, employment for the citizens and economic growth. Makaba (2018) reported that NGOs have offered great support to the weak states and they are seen to promote economic growth, support in the provision of basic needs and they contribute greatly in the relief, rehabilitation, community development, among other important activities and failure by the governments in Africa in delivering economic development has been a great factor to the growth witnessed in the NGO sector. Due to the importance attached to the contributions by the NGOs, many international forums have been used to discuss their involvement in the service delivery. One such forum is the World Economic Forum 2017-2018 which facilitated gathering of NGOs, trade unions, religious leaders and private sector executives on advancing the non-profit impact, practice and responsibility in the fourth industrial revolution (WEF Report, 2018).

The economic and social contributions made by the NGOs within the African countries are notable and further improvement on their practices would be key to their sustainability. According to Hendriks (2013) IFMIS is one of the most common financial management reform practices aimed at the promotion of efficiency, effectiveness, accountability, transparency, security of data management and final reporting. The financial health of a firm is a great contributor to its sustainability. The systems set to manage the finance function determine to a great extent the reports and decisions made by the management. It is therefore important to examine the financial systems to ensure that they are contributing positively to the growth of the organization.

Despite the mileage gained in this industry, there are also many challenges facing the NGOs globally.

A report by the Norwegian refugees Council stated that many Civil society organizations, a category within which the NGOs are also classified, do not meet the international standards of financial management, lack transparency and most of them do not also have sound financial management systems (USAID, 2016). .Koros, (2016) identified weaknesses in the NGO sector as the poor technical service, inadequate technical staff, poor deployment of staff, inadequate office space, weak integrated financial management information systems, poor organizational planning and poor corporate culture, inadequate monitoring and evaluation systems, poor working environment, and poor processes and procedures. In support of this, USAID (2018), a report on the civil society organization on sustainability index indicated that despite the great need to develop tools that would enable the organizations to improve their financial management practices, only a few organizations used advanced financial management software in their data processing and reporting. The adoption of the integrated financial management systems seem to be gaining importance within organizations that plan to improve their effectiveness in financial management, a practice that is key to the growth and sustainability of an organization.

### Problem Statement

Financial management practices are key determinants of the survival of a business. Prudence in financial management demands that certain financial management practices are adhered in order to effectively manage the resources within an organization. Lack of employment of critical financial management practices has potential to diminish the growth and the long term survival of the organization. These practices include among other factors the employment of effective data processing and reporting mechanism though the adoption of integrated financial information management systems and proper internal control practices.

Ayene, Kumar and Asefa, (2014) stated that poor budget practices, liquidity crisis and poor financial reporting practices due to lack of investment in appropriate financial systems result to a decline in performance and ultimately may lead to the collapse of the NGOs. Gyaase, Anokye-Sarfo, and Bediako (2013) observed that the adoption and utilization of the information technology for the use in financial management within the organizations is gradually gaining grounds and has lately become a major requirement in the allocation of efficiency and effectiveness within the organization in the service delivery systems. Hendriks (2013) also stated that the IFMIS is one of the most common financial management reform practices aimed at the promotion of efficiency, effectiveness, accountability, transparency, security of data management and final reporting.

Lack of adoption of integrated financial management information systems would present an adverse effect on the financial management processes within the organization and ultimate compromise on the management of the resources and the sustainability in the long run. The rate of adoption of the integrated management information system becomes a matter of great importance if the NGOs are to remain in operation further into the future.

### **Research Objective**

The objective of this study was to evaluate the effect of adoption of integrated financial management information systems on the sustainability of NGOs in Nairobi County. The study was guided by the following research hypotheses;

- $H_0$ : The adoption of integrated financial management information systems has no statistically significant effect on Sustainability of NGOs in Nairobi County

## **LITERATURE REVIEW**

### **Resource Based View Theory**

The study was be guided by the resource based view theory. This theory was developed by Wernerfelt in 1984. In this theory, Wernerfelt made

an attempt to build a solid foundation for the theory of business policy by indicating that a resource is a tangible or intangible thing that could be thought of as a strength or a weakness of a given firm. In support of this theory, Barney (1991) analyzed and interpreted the tangible and intangible resources of the firm as those that enable the firm to identify and engage valuable, rare, inimitable and organized resource. Barney (2001) further added that, the resource based view offers important insights as to why a firm with these valuable, rare, inimitable and well organized resources is able to enjoy superior performance as compared to the other firms. These resources enable the firm to gain competitive advantage over the other firms.

The Resource Based View theory supports the use of unique resources that offer competitive advantage to the firm. IFMIS is a valuable resource that has not been exploited by many organization. The study on the adoption of integrated financial management information system will be informed greatly by the Resource Based View Theory. This theory also informs the concept of sustainability which is attained as a result of effectiveness and efficiency of utilization of other tangible and intangible resources.

### **Empirical Literature Review**

Integrated financial management information system is used by the organizations to facilitate efficient resource allocation and to provide accurate and timely financial management reports that contribute to the improved management decision making (Jared, Migiro & Mutambara 2017). Hendricks (2013) observed that the adoption of the integrated financial management information systems has been one of the most common management reform practices that is aimed at enabling the organizations to attain efficiency, transparency and accountability, data management security and improved financial reporting. Lundu and Shale (2015) observed that Integrated financial management information system affects the entire performance of an organization and should be

regarded as an importance tool that allows costs saving and therefore increases efficiency in the running of a firm.

In the globalized business environment with advanced technological changes, the use of information technology in gaining an advantage against the competing firms cannot be underestimated. Breznik (2012) indicated that in today's environment, information technology, is an important a unique firm resource that represent a critical factor in knowledge management and it plays an important role in the decision making process. This is notable in the in today's work environment where a great shift from the traditional labour intensive work methods to adoption of integrated information systems that improve the work processes is witnessed .

IFMIS provides the decision makers with information they need to perform their managerial functions. Masaku, Ogol, and Moronge (2018) observed that the senior management should support the adoption of integrated financial management information systems and implement the related policy as it is one of the most important factors that influence performance in the procurement systems within the public sector. Krishnaveni and Meenakumari (2010) findings on the adoption of information technology in learning institutions concluded that enhancing the information technology in the functional areas within an institution for general administration use enabled enhancement of the performance of such institution and placed it in the realm of the global competitive environment. Karanović, Nikolić, and Karanović (2019) stated that the adaption of information communications technology practices for budgeting and purchasing by the entrepreneurs for financial management within the organization offers sound basis for increased overall financial sustainability. Managers require information and reliable communication which would enable them to make important and informed decisions.

Omeri (2015), in the study of the factors that influence the financial stability of NGOs observed that, the employment of the IFMIS within an organization improves its efficiency and becomes a tool that managers would use to produce reliable reports, aids in cost savings and enables the organization to produce accurate projections In support of this findings, Ayene et al., (2014) advised that a good financial management system makes it easier to be accountable to donors and project beneficiaries, thereby enhancing their respect and confidence in the organization, and this helps the organizations to be more competitive and also causes notable increase on their financial health. On the study on the Nairobi county government offices, Lundu and Shale (2015) observed that IFMIS enhanced the automation of record keeping, communication, customization and integration of government processes and reporting structures and the system also has other benefits ranging from effective control over the public funds, enhanced transparency as well as accountability and deter fraudulent transactions.

Muita and Karanja (2018) stated that, IFMIS has greatly influenced and impacted the budgeting process by improving the efficiency in forecasting of the requirements on the future funding, better management of the much required cash flow projections that guide the organization into the future in as far as cash availability is concerned, improved budget compliance and enhancing the stability of the growth within the micro and macro-economic environment. These findings were further supported by Muwema and Phiri (2020) who recommended that the systems should be restructured to make them more proactive so that they become useful tools in budgeting and also reduce the misappropriation and misapplication of resources.

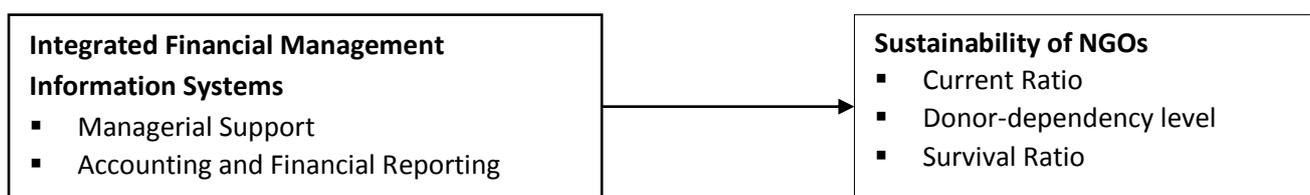
IFMIS is useful to organizations who operate at remote locations and the information can be easily accessed by people who are in different geographical locations. Koros (2016) reported

that, there is a shift in the world towards the technological age, and the NGOs operating in the remote areas can easily communicate with their headquarters, share data and save time and respond easily to emergencies through various information sharing platforms. Chene and Hodess (2009) observed that the introduction of the integrated financial management systems was done by looking at a core component for use in the organization and a driver to the various reforms within the public sector, and highlighted many benefits that could result from the adoption of the integrated financial management information system which included ensuring the increased confidence and credibility of budget due to its ability to produce results that are more comprehensive and transparency where more information can be availed within a short time period.

Some challenges arising from the adoption of IFMIS were however identified which included political issues amongst the various actors, technical aspects and institutional challenges. In support of this argument, Atemba and Otuya (2017) also observed that despite the benefits

that accrue from the adoption of information financial management system, there are a number of challenge that have been witnessed in its implementation which include the inappropriate implementation strategy, lack of capacity or little capacity in human resource as well as or inadequate policies that address the staff training needs.

From the studies carried out here above on the adoption of IFMIS, various recommendations have been identified for further study. Harelimana (2017) recommended a further study to evaluate the level of success in the implementation of integrated financial management information systems in other organizations. Odoyo et al. (2014), whose study was based on a population in Eldoret West, Kenya also recommended a study with more valuables that would be relevant for the area in focus. Hendriks (2013) studied the implementation of IFMIS in the public sector in South Africa expressed that difficulties have been encountered in that implementation exercise while Breznik and recommended that follow-up be made to determine the benefits achieved in the use of IFMIS.



**Independent Variable**

**Dependent Variable**

**Figure 1: Conceptual Framework**

**METHODOLOGY**

The study was anchored on a positivist paradigm. It adopted a descriptive research design which describe a subject, often by creating a profile of a group of problem, people or events, through collections of data and the tabulation of frequencies on research valuables and the research reveals who, what, when, where or how much (Cooper & Schindler, 2000). The data collected was presented using frequency distributions and graphs.

The study was conducted in the NGOs within Nairobi County in Kenya. The NGO Coordination Board (2019) report indicated that most NGOs in Kenya preferred to operate in urban centers, and mainly Nairobi, which is the capital city, due to access to modern infrastructure. The choice of Nairobi county as the area of study was informed by the need to access a diverse population coming from the various categories within the NGO sector namely; health, education, wash and livelihood,

orphanages and rehabilitation and environment protection and human rights. The target population for this study was the senior program managers or chief executive officers from the 1000 registered and active NGOs in Nairobi County as per the NGO Coordination Board report (2018)

Due to the heterogeneity of the population, the study used stratified random sampling technique. The basis of strata was the NGO categories. The preferred sampling technique helped in ensuring fair representation of all characteristics of the population of the Non-Governmental organizations in Nairobi County.

A sample size of 285 NGOs was determined to make the sample representative of the population. The sample size was determined using the Yamane (1967) sample size formula:  $n = \frac{N}{1+N(e)^2}$

Where: n = sample size

N = Population size

e = Standard error

$$\text{Sample size} = n = \frac{1000}{1+1000(.05)^2} = 285$$

A structured questionnaire was designed and tested for validity and reliability for the purposes of carrying out this study.

Primary data was collected to provide first-hand information about the characteristics and description of NGO's financial management practices as well as the indicators of their sustainability. The data was collected using structured questionnaires from the sampled officers. The questionnaires comprised of structured closed questions and Likert-type questions.

The collected data was cleaned, edited and organized for analysis and presentations. The data was also summarized and presented in. The study employed both descriptive and inferential statistics techniques. The study also used inferential techniques such as correlation and regression analysis for assessment of causal and functional

relationships among the study variables and assessing their goodness of fit.

The collected Likert data was analyzed using frequencies, percentages and descriptive statistics such as the mean, median, mode, standard deviation, variance and coefficients of kurtosis and skewness. The frequencies and percentages helped in bringing out the actual distribution of the responses among the Likert scale items thus exposing the general skewness and tendency of the responses.

Correlation analysis was used to show the relationship between the study variables for each research question. Simple linear regression analysis using the Ordinary Least Squares (OLS) method was used to develop models and to test the statistical significance of the models. To assess the effect of adoption of Integrated Financial Management Information Systems on sustainability of NGOs, the simple linear regression model used was of the form;

$$y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where

y = Sustainability of NGOs

$\beta_0$  = Constant

$\beta_1$  = Coefficient of adoption of Integrated Financial Management Information Systems

$X_1$  = Adoption of Integrated Financial Management Information Systems

$\varepsilon$  = The error term

Adjusted R<sup>2</sup> was used to assess the explanatory power of the models by measuring the proportion of the variations in the indicators of the response variables that could be explained by the developed models.

The researcher used ANOVA to test the equality of means of the responses across the two study variables: Integrated Financial Management Information System (IFMIS) and NGO regulations.

## FINDINGS

### Summaries and descriptive statistics: IFMIS

IFMIS is a tool that helps in monitoring and controlling financial activities systematically and it gives the management strength in financial decision making, reporting and other duties in the public sector (Hendriks, 2013). An NGO that adopts and complies with IFMIS requirements enjoys numerous benefits including accurate collection of financial information, proper reporting, support for policy decisions, financial statements, information for

budgeting, planning and analysis and audit trails. In support to these findings, Kirmani, Wani and Saif (2015) stated that the use of ICT within the modern organizations has improved the financial structure and enabled the them to improve the quality and quantity thereby increasing the efficiency and the much needed effectiveness in order to enable organizations to improve their performance.

Table 1 showed the Likert scale summary statistics on NGOs and adoption of IFMIS.

**Table 1: Likert Scale Frequencies and Descriptive Statistics on NGOs and adoption of IFMIS**

Variable Indicators	P/F	SD	D	N	A	SA	Mode
IFMIS has contributed positively to the running of the organization	P	7.0	1.7	18.6	41.3	31.4	4
	F	12	3	32	71	54	
IFMIS has inbuilt capacity to account for multiple funded projects	P	4.7	.6	18.6	55.8	20.3	4
	F	8	1	32	96	35	
Management reports are scheduled and availed on monthly basis	P	3.5	.6	14.0	64.0	18.0	4
	F	6	1	24	110	31	
IFMIS has reduced the possibility of misappropriation of funds	P	4.7	0	18.0	63.4	14.0	4
	F	8	0	31	109	24	
IFMIS has contributed to project monitoring and evaluation	P	3.5	2.3	16.3	63.4	14.5	4
	F	6	4	28	109	25	
IFMIS has reduced data processing and report generation costs	P	3.5	2.3	26.7	48.8	18.6	4
	F	6	4	46	84	32	
IFMIS provides an audit trail that is useful for decision making	P	4.1	2.3	21.5	59.3	12.8	4
	F	7	4	37	102	22	
IFMIS is accessible to the users remotely	P	5.2	3.5	18.0	61.0	12.2	4
	F	9	6	31	105	21	

\*P: Percent F: Frequency SD: Strongly Disagree D: Disagree N: Neutral A: Agree SA: Strongly Agree

**Table 2: Descriptive statistics**

Mean	3.7954	Sample Variance	0.0356
Median	4	Kurtosis	3.0037
Mode	4	Skewness	-0.0057
Standard Deviation	0.1887	Count	172

Hendricks (2012) and Ayene et al. (2014) and Breznik, (2012) argued that a good financial management system makes it easier to be accountable to donors and further observed that

the introduction of the Integrated Financial Management Information System (IFMIS) has been a great financial management reform practice that will be greatly used to promote efficiency,

effectiveness, accountability, transparency, and the much needed security of data management and comprehensive financial reporting and is currently an important tool that organizations use to aid in decision making. In this study, the findings on the adoption of the IFMIS affirmed this observation.

The NGO Coordination Board (2019) reported that 81% of the registered NGOs have employed computers for their data processing, 52% had printers and 97% had good internet connections that enabled them to effectively communicate with the stakeholders and offer quality interventions to their stakeholders. With the numerous expected financial management benefits attributed to deployment of IFMIS, NGO management teams are expected to reap big from the system in running their organizations. Masaku and Moronge (2017) observed that IFMIS support adequate policy decisions, preparation of financial statements for audit purposes and management reported among other important management responsibilities.

In this study, a total of 125 respondents (72.7%) indicated that IFMIS contributed positively in the running of their organizations with only 15 respondents (8.7%) disagreeing to this statement for their organizations. However, 32 respondents (18.6%) remained neutral about this aspect.

A good financial management system for an NGO is one that has the internal capacity to account for more than one project at any given time since at times NGOs handle more than one concurrent projects. On evaluation of the ability of the current IFMIS in the NGOs, this study observed that 131 respondents (76.1%) indicated that the system has inbuilt capacity to account for multiple funded projects, 9 respondents (5.3%) indicated that this capacity lacks in the system, while 32 respondents (18.6%) were neutral. Patanakul (2015) stated that the major drivers to the effectiveness of the multiple funded projects as the proper management of the resources, proper application of technology, better time management, team oriented organizational culture and managing the interdependencies and interactions among projects.

Mukuni and Price (2014) indicated that accounting for multiple funded projects can be a challenge where various donors demand for reports in specific donor formats, and therefore the adaption of IFMIS is very important as it resolves the dilemma that existed in production of such reports.

An impressive 141 respondents (82%) confirmed that management reports are regularly availed on a monthly basis, while 7 respondents (4.1%) were of a contrary opinion. 24 respondents (14.%) were neutral on the system's reporting aspect. These findings are supported by other studies by Muita and Karanja (2018) and Odoyo et al. (2014) and Masaku e al. that affirmed that IFMIS enhanced the capacity of the organization to produce accurate, timely, effective and efficient reports that are used by the management for decision making.

A total of 133 respondents (77.4%) indicated that IFMIS has actually reduced the possibility of misappropriation of funds with only 8 respondents (4.7%) being of contrary opinion. 31 respondents (18%) remained neutral. Harelimana (2017) observed that, IFMIS enhanced standardization of information, automation, and transparency reliability in identifying and investigating unusual transactions as well as accountability.

Without an efficient and effective monitoring and evaluation system in an organization, complaints of non-implementation or non-completion of highly ambitious projects are often common. But with such a system in place, information collection, analysis and reporting of results is regular and decision making and feedback at all levels are based on verifiable evidence. In this study, 134 respondents (77.9%) felt that IFMIS has contributed to project monitoring and evaluation, 28 respondents (16.3%) were neutral, while 10 respondents (5.8%) felt that IFMIS has not contributed to monitoring and evaluation of projects.

An integrated financial data collection system with ability to generate comprehensive financial statements and management reports is expected to

bring about significant reduction of data processing and report generation costs. 116 respondents (67.4%) agreed that IFMIS has reduced data processing and report generation costs, a significant 46 respondents (26.7%) were neutral, while 10 respondents (5.8%) were of a contrary opinion. In line with this findings, Njoroge and Wanyoike (2016) expressed that the role of IFMIS ensures improved internal efficiencies by lowering costs and increasing productivity cannot be underestimated. Muita and Karanja (2018) also observed that organizations electronically do procurement planning, monitor the budgets and make the required approvals of the supply chain and also make the necessary payments through IFMIS, as the system has proven to be an effective tool in data management, ensuring transparency and accountability all through the value chain.

An aggregate of 124 respondents 72.1% were of the opinion that IFMIS provides an audit trail that is useful for decision making, 37 respondents (21.5%) were neutral, while 11 respondents (6.4%) were of a contrary opinion. These findings agree with those of Omeri (2015) who argued that NGOs should institute the traditional internal controls which also form part of the audit trail, such that no one person should have control over the entire accounting cycle to authorize, approve and execute transactions.

In examining the accessibility of information to the remote users, 126 respondents (73.2%) felt that IFMIS is accessible remotely to the users, 31 respondents (18%) were neutral, while 15 respondents (8.7%) felt that IFMIS is not accessible remotely to the users. IFMIS ought to be a security-tight system that safeguards all financial information that it holds as well as its integrity. Controlled remote access by the users of the system is paramount to ensure that footprints of users accessing, modifying, removing, corrupting or updating any information in the system can always be tracked.

The overall mean rating for IFMIS was determined as 3.7954 (approximately 4), median 4 and mode 4. These measures of central tendency indicate that the respondents generally agreed with the Likert statements about the use and impact of IFMIS in NGOs. The dispersion associated with this rating was relatively low with a standard deviation of 0.1887. The equality of the three measures of central tendency; mean, median and mode indicates normality of the responses which was confirmed by the mesokurtic nature of the distribution (coefficient of kurtosis approximately equal to 3) and absence of skewness (coefficient of skewness approximately equal to 0).

#### **Chi Square Test for Independence**

All the computed Chi Square statistics were found to be less than the Critical Chi Square statistic (37.652) and the P-Values greater than the significance level (0.05) for all aspects of the use of IFMIS in the NGOs. For these reasons, the null hypotheses of independence failed to be rejected implying that the use of IFMIS is statistically independent of the NGO's age bracket. The indication therefore is that an NGO has the ability to adopt and ensure proper functionality of the IFMIS in the management of financial information irrespective of the length of the duration that it has been in existence.

#### **Test for Normality**

The study variables that were investigated using correlational and regression analysis aiming at determining the effect of Adoption of IFMIS on NGO sustainability of NGOs in Nairobi County. NGO sustainability as a response variable had three indicators namely; Current Ratio coded as  $Y_1$ , Donor Dependency Level coded as  $Y_2$  and Survival Ratio coded as  $Y_3$ . The study used the Shapiro-Wilks test to assess the normality of the data on the indicators of the response variable at 5% significance level. Table 3 showed the results of test for normality.

**Table 3: Normality test results**

Response Variable indicator (Y)	Shapiro-Wilks statistics	
	Computed statistic (W)	P-Value
Current Ratio (Y <sub>1</sub> )	0.9746	0.9058
Donor Dependency Level (Y <sub>2</sub> )	0.8744	0.0818
Survival Ratio (Y <sub>3</sub> )	0.925	0.2031

It is observed that the P-values for the three indicators of the response variable; Current Ratio, Donor Dependency Level and Survival Ratio were all greater than the tests significance level of 0.05. Therefore, the null hypotheses of the data being normally distributed fails to be rejected implying that the data meet the requirement of assumption of normality under least squares regression analysis.

#### Regression analysis: Effect of Adoption of IFMIS on NGO sustainability

The statistically correlated indicators of the response variable (NGO sustainability), current ratio (Y<sub>1</sub>) and survival ratio (Y<sub>3</sub>) was regressed against IFMIS (Xi). Table 4 showed the Ordinary Least Squares (OLS) linear regression outputs.

**Table 4: OLS Linear Regression Output for Y1 and Y3 against X3**

<i>Y<sub>1</sub> Model parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	0.041	0.016	2.563	0.039	2.145
X <sub>i</sub>	0.034	0.011	3.091	0.031	2.145
<i>Regression Statistics</i>					
Adjusted R Square	0.523	F statistic	9.128	Durbin Watson	2.101
<i>Y<sub>3</sub> Model parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	6.823	1.517	4.498	0.021	2.145
X <sub>i</sub>	0.021	0.009	2.332	0.041	2.145
<i>Regression Statistics</i>					
Adjusted R Square	0.619	F statistic	14.967	Durbin Watson	2.026

The current ratio (Y<sub>1</sub>) that is not influenced by IFMIS was determined as 0.041 with an increasing rate of 0.034 per unit increase in the impact of adoption of IFMIS. On the relationship between survival ratio (Y<sub>3</sub>) and impact of the adoption of IFMIS, it was found that the survival ratio that is not influenced by the impact of adoption of IFMIS is 6.823 which increases by 0.021 for every unit increase in the impact of adoption of IFMIS. These functional relationships were found to pass the tests of goodness of fit having yielded high F-statistic and absolute t-statistic, and Durbin Watson statistic approximately equal to 2.

#### CONCLUSIONS AND RECOMMENDATIONS

The study on the effect of adoption of integrated financial management information systems on the sustainability of NGOs in Nairobi County concluded that the practice had enhanced the effectiveness and efficiency in the running of NGOs in Nairobi County and ultimately it has a significant effect on sustainability significantly of NGOs in Nairobi County. The adoption of IFMIS has greatly contributed towards managerial support and has brought a revolution to the accounting and financial reporting. The systems supports in the planning process, have inbuilt capacity to account for

multiple funded projects and management reports are regularly availed on a monthly basis.

Further, the adoption of IFMIS has reduced the possibilities of misappropriation of funds, it has contributed to project monitoring and evaluation, it has reduced data processing and report generation costs and it provided an audit trail that is useful for decision making, while at the same time being accessible remotely to the users. The adoption and use of IFMIS is not significantly influenced by the duration of time that the NGO has been in existence, and therefore does not improve or deteriorate with time. The study further concluded that adoption and effective use of IFMIS would result to increased current ratio and enhanced survival ratio. The adoption of the integrated financial management systems within the NGOs in Nairobi County would therefore lead to a positive significant effect on the sustainability of the NGOs.

The study sought to evaluate the effect of adoption of integrated financial management information

systems on the sustainability of NGOs in Nairobi County. The study recommended that the NGOs should be encouraged to adopt the IFMIS in order to improve their efficiency and effectiveness in data processing and financial reporting. The adoption of IFMIS would enhance the timeliness of reporting, accuracy and reliability of the information produced hence improved operational processes. Further, the study recommended adoption of IFMIS to enable the NGOs with remote offices to coordinate the operations remotely through making the necessary approvals, accessing information and monitoring the day to day operations.

#### **Recommendation for Further Research**

In conducting this study, it was noted that the adoption of IFMIS would attract many benefits to the operations and overall sustainability of an NGO and yet there are many such organizations that have not embraced the practice. Further study is recommended on the factors that have led to minimal adoption of the IFMIS in NGOs.

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