THE EFFECT OF FINANCIAL FACTORS ON PERFORMANCE OF COMMUNITY BASED ORGANIZATIONS IN KENYA (A Case of Molo Sub County)

By

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This dissertation is submitted in partial fulfilment of the requirements for the award of a Master of Development Studies (MDS) from St. Paul's University.

August, 2015

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ABSTRACT

Community Based Organizations (CBOs) have played a major role in supporting government programmes that are aimed at meeting the basic needs of the citizens not only in Kenya but all over the world. Nongovernmental Organizations are looking upon them as agents that help in implementing various programmes in the community. Hence CBOs are being regarded as valuable partners with local information about communities. However, there could be many financial factors that make them ineffective. Therefore the main objective of this study was to investigate the effect of financial factors on performance of CBOs in Molo Sub County. This research study adopted descriptive design. The study targeted 22 CBOs with a total of 636 members. Purposive sampling was employed to select a sample size of 66 officials; three from each CBO, while stratified random sampling was used to select sample size of 85 respondents from the remaining 570 members. Data was collected by use of structured questionnaires. Pilot study was conducted to establish the validity and reliability of the instruments. These were analyzed by use of both descriptive and inferential statistics, with the aid of statistical package for social sciences (SPSS) version 21.0. Descriptive statistics used included the mean, standard deviations, frequencies and percentages. Inferential statistics used regression analysis to establish the association between the study variables. The findings showed that Financial Resource Mobilization Capacity (FRMC) had the highest influence on CBOs in Molo Sub County, followed by Internal Financial Control Systems (IFCS) and finally, Government Financial Policies (GFP). It is recommended that CBOs in Molo sub county need to adapt strict measures so as to improve on their IFCSs for effective financial management. The study also recommends enhanced FRMC approaches among CBOs in Molo Sub County, so as to improve in their financial ability. Through FRMC techniques, the CBOs would be able to know credit worth clients. CBOs need to embrace GFP so as to minimize default levels as well as non-performing loans. This may also help in improving their financial performance.

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