

**TRANSFORMATIONAL LEADERSHIP, FINANCIAL RESOURCE  
DIVERSIFICATION, STRATEGIC PARTNERSHIPS, AND INSTITUTIONAL  
SUSTAINABILITY OF NON-GOVERNMENTAL ORGANISATIONS IN KENYA**

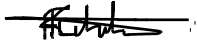
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**A THESIS SUBMITTED TO THE SCHOOL OF MANAGEMENT AND LEADERSHIP  
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE  
DEGREE OF DOCTOR OF PHILOSOPHY IN MANAGEMENT AND LEADERSHIP  
OF THE MANAGEMENT UNIVERSITY OF AFRICA**

**SEPTEMBER 2023**

**DECLARATION**

This thesis is my original work and has not previously, in its entirety or in part, been presented for a degree or other academic qualification.



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## **DEDICATION**

I dedicate this scholarly work to my family, namely my wife, Elizabeth, daughter, Neema, and my sons, Daudi and Tito, for their love and encouragement, especially when balancing academics, career and family obligations.

## **ACKNOWLEDGEMENTS**

I appreciate my supervisors, Prof Washington Okeyo and Prof. Stephen Nyambegera, for their endless support to improve the thesis to what it is now. My gratitude goes to members of the faculty and defence panels at the Management University of Africa and the external examiners for their positive critique, suggestions, and direction to improve the research project. My appreciation also goes to the entire Management University of Africa fraternity for efficiently supporting me whenever I needed help and advice relating to this research.

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## ACRONYMS AND ABBREVIATIONS

<b>CLRM</b>	:	Classical Linear Regression Model
<b>DFID</b>	:	Department for International Development
<b>KIM</b>	:	Kenya Institute of Management
<b>KMO:</b>	:	Kaiser–Meyer–Olkin (KMO) test
<b>MOEST</b>	:	Ministry of Education Science and Technology
<b>NACOSTI</b>	:	National Commission for Science Technology and Innovation
<b>NGOs</b>	:	Non-Governmental Organisation(s)
<b>OECD</b>	:	Organisation for Economic Cooperation and Development
<b>PEPFAR</b>	:	The President's Emergency Plan for AIDS Relief
<b>Q-Q plots</b>	:	Quantile-Quantile plots
<b>RDT</b>	:	Resource dependence theory
<b>SPSS</b>	:	Statistical Package for Social Science
<b>UK</b>	:	United Kingdom
<b>USAID</b>	:	United States Agency for International Development
<b>VIF</b>	:	Variance Inflation Factor
<b>VRINS</b>	:	Valuable, Rare, Inimitable and Non-Substitutable

## OPERATIONAL DEFINITION OF TERMS

- Non-Governmental Organisations:** These are organisations registered by the Kenya NGO Coordination Board.
- Transformational Leadership:** This is a style of leadership that inspires hope and enhances motivation among the followers towards the achievement of long-term goals of an organisation.
- Financial Resource Diversification:** This is the ability of an NGO to raise financial resources from various sources.
- Strategic Partnership:** This is the intentional and systematic collaboration between NGOs and other stakeholders in the public, private, or civil society sectors to leverage the comparative advantages of each entity in the network.
- Institutional Sustainability:** This is the ability of an organisation to remain in active operation implementing its strategic objectives over a period exceeding five years.

## ABSTRACT

This study examined the relationships among transformational leadership, financial resource diversification and strategic partnerships in institutional sustainability. It sought to examine four specific relationships, namely (i) between transformational leadership and sustainability; (ii) whether or not there was a mediating effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability; (iii) whether or not there was a moderating effect of strategic partnerships on the relationship between transformational leadership and institutional sustainability; and (iv) whether or not, there was a moderated-mediated relationship of financial resource diversification on the relationship between transformational leadership and institutional sustainability of nongovernmental organisations in Kenya. The anchor theory was transformational leadership and used the positivistic research philosophy approach. It adopted a cross-sectional research design targeting the 3028 active Non-Governmental Organisations at the national level. It used a questionnaire to collect primary data. A pilot study was conducted on 35 respondents. Kaiser–Meyer–Olkin and Cronbach Alpha results were greater than 0.7 for all variables. A key limitation related to the sensitivity of the data which was overcome through adequate guarantee on data use. The study achieved a response rate of 71.6%. Data were analysed using descriptive and inferential statistics with the aid of International Business Machine’s Statistical Package for Social Science version 26.0. The study used Analysis of Moment Structures version 18 to generate fit models, Path Analysis and Structural Equation Modelling. The findings indicated that transformational leadership significantly influenced the institutional sustainability of NGOs in Kenya. No major limitation was encountered apart from respondents reluctant to participate due to nature of information sought and this was addressed by creating good rapport. The study findings established that strategic partnerships have a significantly enhanced moderating effect on the relationship between transformational leadership and the institutional sustainability of the NGOs. It found financial resource diversification to significantly mediate the relationship between transformational leadership and institutional sustainability of NGOs in Kenya. As such, it confirmed the moderated-mediated effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya. The study recommended adopting transformational leadership practices. It also urges the administration of the NGOs to effectively motivate their staff to participate in NGO activities. Finally, the study informs key policy decisions among NGO policymakers, authorities, and organisational development stakeholders.

## **CHAPTER ONE**

### **INTRODUCTION**

This chapter presents the background of the study while providing a brief description of each variable, stating the problem as well as the goal of the study. The chapter also justifies conducting this study and its significance. The boundaries of the survey are also defined, including the restrictions and scope. The chapter introduces the concept of transformational leadership and explains how, by diversifying their financial resources and forming strategic alliances, leaders may help non-governmental organisations remain viable.

#### **1.1 Background of the Study**

Increasingly, it is being accepted in many developing countries that the state can no longer be the sole provider of goods and services for eradicating poverty and ensuring sustainable development among its people. Accordingly, with the increasing demands on governments in many developing countries to meet the needs of their citizenry, non-governmental organisations (NGOs) are taking active and complementary roles in harnessing the potential of the people for national development (Nyokabi et al., 2017). According to Peter and Kalai (2016), organisations deliver higher quality social services and programmes to the poorest sectors of society cost-effectively and efficiently for sustainable development. Brandt, Laitinen and Laitinen (2016) find that NGOs constitute a significant force in society since they provide a specific value in enhancing economic development, social cohesion and environmental stewardship.

Developed and developing nations are faced with challenges related to the sustainability of NGOs, including dependence on external funding, limited resources, and political instability (Arhin et al., 2018; Khieng & Dahles, 2015). Consequently, there are also important differences related to access to resources, institutional capacity, and the nature of development challenges (Imasiku, 2021). In this regard, there has been an increasing focus among NGO players to consider sustainability an essential part of their organisational development (Moriani et al., 2014). Thus, sustainability became the new philosophy at the turn of the millennium.

The terms sustainability, corporate social responsibility and triple bottom line have been common as people recognise the need to live not just for today but also to consider tomorrow's impact on today's life and, therefore, the interest among senior managers in the sustainability of the organisations they lead (Liang et al., 2016). Sustainability refers to the organisation's activities that effectively incorporate social and environmental concerns in their implementation and stakeholder interactions (Hepworth & Towler, 2014). Scholars note that there has been an increasing focus among NGO players to consider sustainability an essential part of their organisational development (Nyokabi et al., 2017).

In the developed nations, sustainability levels of NGOs have been assessed from project initiation, project results, organisation system and fundraising. In the USA, and according to Pfister (2020), project initialisation, as a sustainability levels, include social analysis, financial assessment and other administrative activities that balances efficiency and effectiveness. Similarly, project outcomes include monitoring, evaluating, reviewing, and assessing the status of the projects/programmes and subsequently of the organisation as a whole. Organization system and fundraising are prerequisite for conducting any projects/programmes and for the survival of the NGO (Pfister, 2020).

Sustainability of NGOs in United Kingdom is viewed from financial, organizational, and economic factors important enough to affect their long-term existence (Hass et al, 2002). These factors emanate from internal that an NGO can control are the sustainability of its financial position (Karanja & Karuti, 2014) organizational achievements (Okorley & Nkrumah, 2012) and mission alignment with the interest of the community (Paul, 2017). Similarly, at the global level development organisations' goals have consistently shifted dramatically in the past ten years. In response, multilateral international organisations and donor funding agencies, including the Global Fund, the Bill and Melinda Gates Foundation, the UK Department for International Development (DFID), and the US Agency for International Development (USAID), have been shifting towards system-strengthening funding/aid opportunities as opposed to social protection (Vogus & Graff, 2015). It is, for example, documented that between 2010 and 2014, the President's Emergency Plan for AIDS Relief (PEPFAR) of the United States shifted from 12 Eastern Caribbean and African nations, including South Africa, Botswana and Namibia, while the DFID reduced practically all of its HIV support to middle-income nations (Murphy & Podmore, 2014). Based on their economic

situation and the prevalence of sickness, the Global Fund has also said it would no longer consider assistance for eleven other nations (Garmaise, 2015).

Regionally in Africa, studies in Ghana's NGO sector indicate that NGOs' sustainability remains a critical concern. According to Brass (2012), for instance, NGOs in Ghana were associated with critical weaknesses that impeded their growth towards sustainability. Here, Saharan, Matelski and Kumi (2021) highlight weaknesses such as poor governance, limited financial resources and weak partnerships as critical factors affecting the staying power of the NGOs in Uganda. Similarly, Appleby (2019) noted that sustainability of NGOs in South Africa is relative to Income of NGO as measured from its financial performance; management of NGO as determined by its organizational practices; and role towards a community of NGOs that leads to sustainability.

Omeri (2014) in his analysis of NGO in Zimbabwe concluded that income diversification and strategic financial management are the indicators that determine the financial performance of an NGO Strategic financial management and an indicator of financial sustainability. (Mikeladze, 2021) has observed that in Tanzania financial planning and documentation of planning give a roadmap toward handling future operations with financial administration being a key indicator of financial sustainability.

Locally in Kenya, the government established the NGO Coordination Board in 1990 to provide support and coordination in response to the high rate of growth of NGOs in the country. The establishment of the Board was done to provide a mechanism for regulating the operations of the NGOs while enhancing effectiveness and efficiency in the sector (NGO Coordination Board, 2017). In the same vein, Sakue-Collins (2021) notes that the Kenya NGO Board was established to manage the performance of the NGO sector.

The NGO Coordination Board in Kenya registers organisations under various categories, including Disability, Energy, Children, Culture, Sports, Environment, Health, Agriculture, Governance, Education and Youth. The NGO sector in Kenya contributes an average of Kenya Shillings 40 billion annually, hence, a critical sector in the growth of the economy (NGO Coordination Board, 2017). Additionally, NGOs provide 45-50 per cent of all healthcare services and over 50 per cent of all family planning services. Within the education sector, NGOs are particularly active in arid

and semi-arid areas, slum areas and camps for displaced people. The successes gained in reducing gender disparity in education are attributed to NGOs (Gitonga, 2018).

Visualising the project cycle to understand the various approaches to project sustainability is essential. A standard community project follows these steps: Project identification, design, implementation and evaluation. As such, attaining a truly 'sustainable' NGO involves multi-sectorial challenges, including interior elements of reinforcing authoritative limits and outer components of making a superior, solid administrative environment and obtaining sources of funding for the initiative (Ebenezer et al., 2020). Mbithi (2020) emphasises that for an NGO to attain financial sustainability, it must achieve organisational, self-governing capacity. Here, Mbithi finds that a decent, lawful system for NGOs is necessary for both. It is also the case that sustainability should be incorporated at each stage, failure to which the project's eventual success will be placed on a balance (Sang et al., 2018). Each stage faces unique issues that a project manager must be aware of (Chelangat, 2018). Arguably, of all the stages of the project cycle, it is during project conceptualisation and identification that the primary project outline is set, meaning a substantial impact on sustainability can be made at this stage (Sakue-Collins, 2021). At this stage of conception, the project manager and his support team need to be fully aware of the factors that promote sustainability if they are to make a sound judgement from the onset.

According to Ashoka and Mango's (2015) study of social dynamics and fabric, many developing nations are coming to terms with the fact that they can no longer rely solely on the government to provide their citizens with the goods and services they need to end poverty and promote sustainable development. The role of non-governmental organisations in complementing government efforts should be considered. According to Ebenezer et al. (2020), NGOs play a significant role in society since they uniquely contribute to promoting social cohesion, economic development and environmental stewardship. As such, the sustainability of NGOs can be enhanced if they can create and carry out demand- and need-driven programmes supported by strong leadership, openness, accountability and a dedication to addressing beneficiaries' expressed and felt needs. Thus, sustainability involves the NGOs' ability or capacity to endure, including internal and external elements that impact their existence and ability to function.

The dramatic shift in development organisations' goals during the past ten years has necessitated local NGOs to rethink their operation and institutional sustainability. For instance, DFID's reduction of HIV support to middle-income nations and the Global Fund's decision to drop aid assistance to several nations based on their economic conditions between 2010 and 2014 have had far-reaching operation effects on the affected NGOs. In this sense, the NGO sector actors emphasise that sustainability is crucial to the growth of their organisations (Stoughton & Ludema, 2012).

Organisational sustainability evolved into a new ideology around the turn of the millennium. In effect, the terms "organisational sustainability," "corporate social responsibility," and "triple bottom line" have become widely used as people have realised the importance of considering how their actions today will affect them tomorrow. As a result, senior managers are becoming more interested in the sustainability of the organisations they oversee (Perrot, 2015).

The leadership process in this study is focused on the leader and followers helping each other to motivate one another and boost morale, according to the tenets of the transformational leadership theory, which undergirds this investigation. Transformational leadership implies that the agreement between the leader and the followers is intended to alter people's lives, behaviours and institutions (Ilyas et al., 2020). This research also incorporates the ideas of systems theory, which explains how shared decisions affect project performance and how this affects the projects' overall viability, as well as the organisation that undertakes such activities and projects.

The Resource Dependence Theory (RDT) is the foundation for financial resource diversification. RDT asserts that organisations lack resources and must seek out and protect resources from their surrounding environment (Biermann & Harsch, 2017). As such, an NGO's financial behaviour, which impacts its sustainability, is frequently determined by the degree of resource dependency. It is common for donors to withhold financing if an NGO does not adhere to the requirements imposed by the external funders, rendering the NGO unsustainable. When financing flows are unpredictable, the NGO might need help to fund the programmes.

Another theory employed in this study is the Stakeholder Theory. The theory asserts that businesses are social entities that have an impact on a variety of stakeholders' welfare. Here,

stakeholders refer to any groups or people that engage with a company and have an impact on or are impacted by the attainment of the firm's goals.

### **1.1.1 Transformational leadership**

Transformational leadership is a paradigm built on visions and empowerment (Skakon et al., 2010), which benefits organisational outcomes like performance and employee attitudes and health. Burns (1978) was the first to establish the idea of transformational leadership while researching political leaders. Scholars have identified several benefits of transformational leadership in an organisation. For instance, morality is seen as a critical component by Burns (1978), who connects transformational leadership with higher-order ideals. As such, Burns asserts that when transformational leaders and their team members or followers communicate with one another, the motivation and morale of both sides increase. This idea holds that ethical goals increase when leaders and their followers engage, a sign of effective leadership.

Positive outcomes for both the organisation and the person are taken into consideration by transformational leadership. Such leaders inspire their followers to surpass their expectations toward self-actualisation. It has been observed that transformational leaders inspire their teams and organisations to sacrifice for the greater good and put the organisation's needs before their own (Nguyen et al., 2017). In his study, Geier (2016) observes that transformational leaders have a history of inspiring their followers to adopt fresh viewpoints on organisational difficulties, convey vision, and increase ownership of the organisational purpose.

Transformational leadership is a dual-focused management approach that works towards what is best for individuals and what is best for a group as a whole simultaneously (Nguni et al., 2016). Transformational leadership involves understanding the strengths and weaknesses of the company's workforce, business plan and day-to-day operations (Viader & Espina, 2014). Here, transformational leaders use their skills and knowledge to manage and strengthen the components of an organisation by implementing change, confronting problems and creating a positive and productive workplace. As such, effective leadership of organisations has been linked to the high performance of organisations. In the NGO sector, governance is related to the credibility and image of the organisation to the stakeholders beyond the organisation's performance. The senior

management pushes sustainability focus upwards in the organisations, creating a joint vision among all members of the organisational ranks (Nyokabi et al., 2017).

This study will evaluate transformational leadership according to the four criteria laid out by Bass and Riggio (2010). These standards include i) idealised influence, which happens when leaders become role models for those around them by modelling behaviour, work ethic, and values; ii) individual consideration—the degree to which the leader considers the needs of the followers; iii) intellectual stimulation—the degree to which the leader takes calculated risks while also seeking feedback from the team; and iv) inspirational motivation—the degree to which the leader motivates the group.

### **1.1.2 Financial Resource Diversification**

Financial resource diversification is defined as the entry of a company into new lines of activity through a process of internal development or through acquisition, which entails changes in its administrative structure, system or other management procedures. Within this definition is implicit the assumption that the decision of the company to enter a new business is linked to the choice of the entry mode into that business. In the past decades, organisations have systematically realised that they must circumvent the harsh economic and technological changes to survive the harsh times (Chelangat, 2018).

A corporation or organisation entering new business areas through internal growth or acquisition is considered diversifying when it modifies its organisational structure, operating system, or other management practices (Zhou, 2009). The term "financial diversification" refers to a variety of initiatives that aim to lessen reliance on a particular source of income, donor or grant maker, dominant clientele or nation that serves as the sole or primary source of funding, and currency in which the majority of all funds are disbursed (Goetz, 2017). According to Hung and Hager (2019), financial diversification for NGOs is raising money from various sources, including the general public, the corporate world, the government and outside funders. In their analysis of the NGO industry, Self and Schraeder (2009) found that organisations that do not think sustainably or innovatively are doomed to lose business or, at worse, become obsolete.

Diversifying their financial resources may benefit institutions in various ways. These include cost reduction, asset depreciation and risk reduction from a financial standpoint (Hong, 2008).

Diversification increases the likelihood of a plan being sustainable even if one component fails (Kissinger, 2011). Here, synergies, encompassing the growth, development and enhancement of long-term strategic assets, are crucial to gaining an advantage in a strategic context. Despard et al. (2017) argue that diversification, or keeping a diverse portfolio of assets, is the key to financial stability rather than relying on a single investment to provide present and future income demands. This fundamental investment principle also applies to non-profit organisations (NPOs), which require a steady income stream to fund their present and future programmes.

Financial resource diversification can offer companies many advantages. From a financial point of view, these advantages include cost reduction, asset depreciation and risk reduction. Strategic advantages involve synergies or the expansion, creation and improvement of long-term strategic assets. As alluded to earlier, there has been great competition for the ever-declining resources, hence, the push towards creativity and innovation in management and mobilisation of the resources (Mbithi, 2020). Sakue-Collins (2021) suggests that for those who fail to be innovative or think of sustainability, the resulting destiny is losing business and, at worst, gambling obsolesce.

In this study, resource diversification was measured through fundraising plans like corporate partnerships, sponsorships, tapping international funding streams (donations), and charitable giving; cost recovery strategies like conferences, paid training, special events, and fee-for-service; income-generating projects like revenue targets, growth targets and commercial ventures; and tapping international funding streams like initiative.

### **1.1.3 Strategic Partnership**

A strategic partnership is an association between a for-profit company and a non-governmental organisation (Rathi et al., 2016). Changing activities, sharing resources and strengthening the capabilities of another organisation for mutual gain and accomplishing a shared goal are all examples of what Dze and Soldi (2016) characterised as a strategic partnership. According to Suryana, Sudirman and Rusliati (2017), a strategic partnership is an agreement between two businesses established by one or more business contracts. However, it does not result in a partnership, agency or corporate affiliate connection under the law.

A strategic partnership is a partnership or alliance between for-profit and non-governmental organisations. The strategic partnership includes various types of partnerships ranging from low involvement and funding relationships to high involvement and equity joint ventures. In these partnerships, partners work together strategically "on a common problem which they would both like to see resolved" (Bilala & Odari, 2018). Such ventures create a more dependent relationship between the partners, and "value will only be created through a mutually dependent exchange of ideas, resources and efforts" (Akumu & Onono, 2017). In these partnerships, the partners see intractable problems that affect both missions and need help to solve things. They are, thus, required to collaborate in order to succeed.

Strategic partnerships are voluntarily cooperative arrangements between firms to give the partners a competitive edge. A strategic partnership requires the involvement of at least two partner companies that continue to contribute to one or more strategic fields, such as technology or products, share benefits and managerial control over the completion of assigned tasks, and maintain their legal independence after the alliance is formed (Isoraite, 2017). These three prerequisites imply that strategic partnerships promote interdependence between independent economic actors, give partners extra benefits in the form of intangible assets, and compel them to maintain continuous contributions to their partnership. It is also the case that strategic partnerships are fundamentally the consequence of resource integration across businesses. A theory with a resource-based perspective may aid in a better understanding of strategic partnerships (Das & Teng, 2000).

There are various forms of partnerships, namely business partnerships, sector partnerships, community partnerships, government partnerships and expert partnerships. Akumu and Onono (2017) define business partnerships as those collaborations where the NGO shares knowledge with businesses or other private enterprises, usually in exchange for donations. Here, the focus is mainly on collaboration in areas where the interests of the NGO and the business enterprise intersect. In situations where organisations and business ventures serve the same communities, they are often made to partner for the effective delivery of services. Hence, business partnerships are not exclusively designed for donations.

The other form of strategic partnership is the sector partnership in which the NGO shares and collaborates in programming with other organisations implementing similar activities (Adan &

Kising'u, 2019). These collaborations may be either within the same sector or across sectors. This partnership may be active or passive depending on the issue in consideration and the organisation's personality. This could involve sharing practices, expertise or policies for effective service delivery across organisations.

According to Coreau (2017), alliances are mutually beneficial partnerships motivated by a logic of tactical resource requirements and social resource potential. Das and Teng (2000) identify rationale, formation, structural preferences and performance as the critical elements of strategic partnerships. As a result, establishing partnerships, resource-based justifications, preferred partnership structures, and partnership outcomes will all be used to assess strategic partnerships in this study.

#### **1.1.4 Institutional Sustainability**

An organisation's capacity to continue to exist beyond its fifth year is known as institutional sustainability. It is a condition in which a society or organisation displays a connection between social, environmental, and economic factors (Harjoto & Salas, 2017). Similarly, Karanja and Karuti (2014) define institutional sustainability as the capacity of an NGO to locate and manage sufficient resources to carry out its goal effectively, efficiently and consistently without being unduly dependent on outside funders.

Sustainability refers to the ability of administrators to maintain an organisation over the long term. The definition of financial sustainability may vary widely between for-profit and non-profits, depending on their business structure, revenue structure and overarching goal of the organisation (Opuku, 2015). For both for-profit and not-for-profit organisations, Gakenia, Katuse, & Kiriri (2017) find that financial capacity consists of resources that give an organisation the ability to seize opportunities and react to unexpected challenges while maintaining the general operations of the organisation. It reflects the degree of managerial flexibility to reallocate assets in response to opportunities and threats.

According to Bowman (2011), institutional sustainability may differ significantly between for-profit and non-profit organisations, depending on the organisational goals, business model and income stream. Bowman uses the financial capacity to refer to the resources that allow an

organisation, whether for-profit or non-profit, to take advantage of opportunities and respond to unforeseen obstacles while still carrying out its core functions.

Financial viability has been identified as one of the critical challenges to NGO sustainability in Kenya. It is the case that most NGOs rely on international donors for funding, which has created financial issues when the donors cut or stop funding to these NGOs. This has made some NGOs cease operations and leave pending projects (Gakenia et al., 2017). According to Ebenezer et al. (2020), the failure of NGOs mainly results from the inadequacy of funding, which makes the NGOs financially unsustainable. Several studies have been done on the sustainability of NGOs that are indicative of the degree of administrative flexibility in managing NGOs to repurpose resources in response to chances and dangers.

Institutional sustainability is crucial for non-governmental organisations to continue operating and carrying out their missions (Ceessay, 2020). In order to continue providing products and services to the intended recipients after the primary donors' financial support has ended, an organisation must be able to develop a broad resource base. Here, Lin and Wang (2016) find that a company needs to be able to sustain and acquire resources if it wants to exist. As such, NGOs rely on financial resources as one of their most essential resources for survival and growth and, therefore, must support a sound financial position and performance to meet their objectives. In this study, institutional sustainability will be assessed using three different metrics, namely economic sustainability -which was measured using indicators like revenue generation, operating margin, administrative costs, and equity ratio; social sustainability -which was measured using indicators like volunteerism, cooperation and giving among local society members; and, environmental sustainability - which was assessed using networking, technological advancement and globalisation.

Many scholars concur that financial sustainability remains one of the significant challenges that local NGOs face and will continue to face in the next decade. For example, a study by Hedgpeth and Boak (2011) found that only 6.2% of the NGOs in Kenya were financially sustainable. This creates the need to measure financial sustainability and enumerate sustainability drivers in local NGOs, specifically in Kenya. Karanja and Karuti (2014) assessed factors influencing the sustainability of non-governmental organisations in Kenya and reported that government policies, management and sources of finance affected their sustainability.

### **1.1.5 Non-Governmental Organisations**

According to the Kenya NGO Act, an NGO is a privately owned and operated business that offers internationally or nationally categorised non-profit products and services. In addition to the government's development efforts, NGOs significantly contribute to the nations' attempts to attain the Sustainable Development Goals (SDGs). The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

According to the Kenya NGO Coordination Board, 1,026 NGOs reported investing 34.9 billion Kenyan Shillings in initiatives that complemented the "Big Four" political agenda. In addition, NGOs spent a total of 30.8 billion Kenya Shillings on health-related initiatives, 3.8 billion Kenya Shillings on food security and nutrition, 352.6 million Kenya Shillings on manufacturing, and 19.6 million Kenya Shillings on housing and settlement (NGO Coordination Board, Annual Report, 2019).

Reports show that around 90% of NGOs registered under the NGO Act are engaged in providing services, including providing emergency food distributions, supporting health services and educating the public (Bekebayeva et al., 2019). The operational environment for NGOs in Kenya is challenging due to retaliation, political interference, a lack of money and governmental rules, notwithstanding this voluntary commitment. It is also the case that NGOs are currently facing significant funding issues as a result of the miscellaneous Bill's promulgation on October 30, 2013, which among other things, amended the Public Benefit Organisation Act of 2012 to limit the amount of foreign aid that organisations could receive to only 15% of their total annual budgets (Tindika et al., 2020).

### **1.2 Statement of the Problem**

The number of NGOs that are officially registered in Kenya has recently increased. According to the NGO Council (2006), 70% of NGOs cease to exist during the first six years. Insufficient funding for their operations has been identified as the leading cause of these closures. However, research has yet to be conducted to ascertain how transformational leadership might contribute to

the institutional sustainability of local NGOs in Kenya and how financial resource diversification and strategic alliances affect this connection.

The viability of NGOs depends on institutional sustainability (Karanja & Karuti, 2014; Nyanumba et al., 2017; Mwithi, 2016). As such, when donor funding is no longer available, institutional sustainability helps NGOs to continue operating and funding their work. NGOs with a robust institutional foundation can offer more extensive and sophisticated services to the community. Mukanga (2011) finds that financial viability is one of the significant challenges to NGOs in Kenya. Additionally, Ntimama (2018) observes that the overwhelming majority of NGOs rely on foreign donors for funding, which has caused problems when the donors cut or stop giving to these NGOs. As a result, many NGOs have ceased operations and given up on unfinished projects.

Here, Wachira (2016) observes that inadequate funding, which makes NGOs institutionally unsustainable, is why NGOs fail. The sustainability of NGOs has been the subject of several studies (Alymkulova & Seipulnik, 2005; Turary, 2002; Moore, 2005; USAID, 2010). Many academics agree that institutional sustainability continues to be one of the most significant difficulties that local NGOs face and will continue to confront in the ensuing ten years. According to a USAID survey in 2010, only 6.2% of Kenya's NGOs were institutionally and financially viable. This call for research must be done to find out how transformational leadership may guarantee institutional sustainability in local NGOs, particularly in Kenya.

Studies on NGOs in Kenya have been conducted locally, and mixed results have been reported, with Dola (2015) and Okorley and Nkrumah (2012) reporting significant positive results, while Mwithi (2016), Perrott (2015), and Nyanumba, Rotich, Gekara, Keraro and Okari (2017) report insignificant effect. Specifically, in a study on the elements affecting an NGO's ability to raise sustainable financing in Garissa County – Kenya, Ali (2012) found that relationship management, the creation of one's income and government backing all impacted the NGO's financial sustainability.

Similarly, Karanja and Karuti (2014) reported an insignificant effect of government policies, with a significant effect of management and funding sources on the sustainability of NGOs in Kenya. No clear empirical evidence was found that explains the relationship between transformational leadership, financial resource diversification, strategic partnerships and NGO institutional

sustainability. The current study deviates from the previous ones, focusing on local NGOs to establish the moderated mediation of financial resource diversification and strategic partnerships on the relationship between transformational leadership and institutional sustainability.

## **1.2 Objectives of the Study**

The main objective and specific objectives of the study are as follows:

### **1.3.1 Main Objective**

The main objective of this study was to examine the influence of transformational leadership, financial resource diversification, and strategic partnerships on the institutional sustainability of NGOs in Kenya.

### **1.3.2 Specific Objectives**

- i. To examine the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.
- ii. To establish the mediating effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.
- iii. To determine the moderating effect of strategic partnerships on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.
- iv. To establish the moderated-mediated effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.

## **1.4 Significance of the Study**

The study forms part of the contribution to the theory by making comparisons to other similar studies or by facilitating subsequent studies arising from the recommendations of this study. Much has been done on institutional sustainability and not much on NGO sustainability. The research results will provide insights into how the sector can plan on achieving sustainability that depends on transformational leadership, financial resource diversification and strategic partnerships. It will illustrate how transformational leadership, financial resource diversification, and strategic partnerships concepts can be utilised to bring about sustainability in NGOs.

The results of this study will provide information to the Government of Kenya departments tasked with supporting NGOs to enhance their effectiveness in service delivery. NGOs are critical development partners for the Government of Kenya as they provide complementary services to the population, and the more sustainable they are, the more reliable the guarantee that they will be available to complement government efforts in service delivery.

There is an increasing push by bilateral and multilateral aid agencies to enhance the sustainability of development players as they seek to work out exit strategies. As such, most aid agencies have developed strategies for support actors to enable them to directly manage aid support instead of having the aid pass through intermediaries. Most of these local partners have been receiving donor aid for many years, yet upon the departure of some key financing partners, most of the local partners go under or are rendered ineffective.

The results of this study may also be necessary to both organisational development practitioners and management consultants in better appreciating the dynamics at play in organisational development. The participating organisations will learn the gaps in organisational leadership, resource diversification, strategic partnerships and sustainability, and areas of improvement. This will enable these organisations to adopt organisational leadership, resource diversification, strategic partnerships and sustainability ideas that will result in long-term success regardless of the turbulent environment. The results will also be helpful to other organisations that have operating structures similar to the participating ones.

In summary, the study contributes to the theory in some way because it compares to other studies of a similar nature and suggests how future research can extend its boundaries. To increase NGOs' efficacy in providing services, the Government of Kenya ministries entrusted with assisting NGOs will benefit from the study's findings. In academia, future investigation of transformational leadership and institutional sustainability in other organisations and other industries, based on the findings of this study, will add to the current body of information. This study will also look into and provide recommendations for several research gaps that will aid researchers' future investigation.

### **1.5 Scope of the Study**

The study was confined to transformational leadership, financial resource diversification, and strategic partnerships in the selected NGOs' scope of sustainability elements. The link between transformational leadership and the institutional sustainability of NGOs in Kenya was examined, as well as the mediating effects of financial resource diversification and strategic partnerships. All NGOs registered by the NGO Coordination Board in Kenya by 2019 made up the study's target population frame. Using a stratified sampling approach, a sample size of 352 NGOs from the 3028 that the NGO Coordination Board considered active was selected for this study. Senior-level managers in the sampled NGOs were the target participants in the study, which lasted six months, from May 2021 to August 2021.

### **1.6 Limitations of the Study**

Limitations refer to a study's possible flaws beyond the researcher's control. Since organisations must abide by rules that urge them to be as discreet as possible when disclosing information about themselves, the projected primary constraints of this study are related to that reality. Obtaining the data the researcher was looking for presented some difficulties due to the sensitivity of such data. In order to lessen this, the researcher reassured the respondents that their identities would remain confidential and made it apparent to them that the material he was collecting was only for scholarly purposes. The respondents adequately completed and submitted the questionnaire using the online form-filling tool *Survey Monkey* after the researcher allowed them plenty of time to do so.

### **1.7 Delimitations of the Study**

The qualities that set the parameters of a study and restrict its scope are known as delimitations. The researchers are in charge of the boundaries of their studies. In order to create a valid sample size and frame, the researcher only considered NGOs that the Kenya NGO Coordination Board officially recognised under the NGO Act. In the chosen NGOs, the senior managers served as the analysis unit. Primary data were used in the study, which used a cross-sectional survey research approach. The questionnaire was restricted to the study variables, including institutional sustainability of NGOs in Kenya, financial resource diversification, transformational leadership, and strategic partnerships.

## **1.8 Chapter Summary**

This chapter provided the background to the study while detailing what previous scholars and practitioners have discovered regarding transformational leadership, financial resource diversification, and strategic partnerships and their connection to institutional sustainability. The general and specific objectives of the study, its significance, as well as the study's scope, limitations and delimitations have also been elaborated.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

The four significant variables under consideration in the study were reviewed in the previous chapter. The goal was to review the dynamics of institutional sustainability and the elements that contribute to it in the NGO sector. In this chapter, both theoretical and empirical literature on a study on transformational leadership, financial resource diversification, strategic partnerships and institutional sustainability are reviewed. The chapter also presents the theoretical review, which discusses the theories that guide the study. The literature review investigates how transformational leadership, financial resource diversification and strategic partnerships affect institutional sustainability.

#### 2.2 Theoretical Literature Review

An explanation for a natural phenomenon using a collection of related constructs or variables, definitions and propositions is provided by a theory, which gives a systematic perspective of the phenomenon (Kerlinger, 1979). The theoretical literature study was completed by outlining the theory's proponents, outlining what the theory explains, outlining its applicability and critiquing it. Since it covers a wide range of study variables, transformational leadership theory was chosen as the anchor theory for this investigation. Additional ideas that relate to the research variables served as a foundation for the investigation. The other critical theories studied and referenced in this study are resource dependency, systems, stakeholder, and agency theories.

##### 2.2.1 Transformational Leadership Theory

The transformational leadership paradigm is credited to Burns (1978). According to Burns, leaders use transformational leadership to empower their subordinates, teach and develop them to achieve their potential, bring about cultural change and set a long-term vision (Burns, 1978). According to the transformational leadership theory, a vital aspect of innovation is the close relationship between leaders and their followers. In Burns' opinion, the agreement between the leader and followers strives to bring about genuine change in a person's life, behaviour and institutions through an organisational setting (Bass & Avolio, 1993).

In Burn's view of transformational leadership, the foundation of the leadership process is the leader's and his or her subordinates' mutual support for each other's motivation and morale-boosting. This concept is based on a set of moral and ethical principles that describe leadership as the process of empowering followers and directing change inside an organisation by altering a leader's personality, conduct and setting an example. Burns viewed transformational leadership as the use of authority for the common good and strongly emphasised the ethical principles of leadership in the theory. As such, transformational leadership is built on a leader's personality, traits and capacity to influence subordinates by setting an example. With this approach, managers foster a climate of trust among their staff members, encouraging them to take ownership of the responsibilities that have been delegated to them. In this way, leaders reject the idea of micromanagement as this strategy encourages staff to utilise their creativity to find original solutions to issues or challenges. Potential leaders are also trained (Galli, 2019), as succession planning is essential to transformational leadership.

Over time, possible flaws in the notion of transformational leadership have been found and criticised. One complaint is that transformational leadership is anti-democratic and aristocratic and overemphasises leadership's "heroic" characteristics. It could appear that followers act independently of transformational leaders because they develop and express a vision for bringing about change. Authoritarian or democratic, directive or participatory, are all possible styles of transformational leadership (Ng, 2017).

The claim that transformational leadership may be abused is connected to the critique that transformational leaders alter the values of their team members and present a fresh outlook on the future. For a while, Bass (1993) believed that transformational leadership was only sometimes beneficial. However, he later changed his mind and now believes that moral leadership serves the interests of the group, organisation or country and should never harm followers. Another critique is that transformational leadership may not be a skill that can be learned and developed but rather a personality attribute or psychological tendency that may be challenging to alter (Breevaart & Bakker, 2018).

Despite these criticisms, transformation leadership theory was deemed relevant to the current study because it provided the evaluation indicator information of transformational leadership, namely

subordinates' motivation levels, productivity, strengths and limitations of their team members, and a sense of greater accountability for work. Further, the theory provided the pre-sets of evaluation performance and organisational sustainability. Thus, the study used this theory to anchor objective one and provide a basis for assessing the effects of transformational leadership on the institutional sustainability of NGOs in Kenya.

### **2.2.2 Resource Dependence Theory**

An American business theorist Jeffrey Pfeffer developed the Resource Dependence Theory in 1978 (Pfeffer & Salancik, 1978). According to Resource Dependence Theory (RDT), organisations constantly seek out and maintain resources from their surrounding environment because they are resource deficient. Here, Pfeffer and Salancik (1978) find that the organisation's resources are under the authority of other parties that place demands on it. These actors believe they have advantages in their connection with the organisation and use their control of resources to wield power. The pressures placed on certain actors who manage external resources increase in proportion to the degree of resource reliance. When this happens, the organisation faces a problem in successfully and proactively managing conflicting and competing requests.

The basic tenet of the Resource dependency theory is that all organisations depend on resources from their surroundings. These resources are under the control of various environmental organisations. As such, organisations that need the resources can be influenced and controlled by those who hold them. Given RDT's lack of clarity, Samsup and Jae-Woong Yoo (2015) find that one may always rely on definitional or hypothesis-based logic. To be sustainable, a successful NGO must, therefore, find a way to reconcile the needs of the resource suppliers with their own goals and values. This dependence indicates that organisations must rely on one another for trade and survival.

The theory was deemed relevant to the current study given that its fundamental idea focused on creating and running organisations that face external constraints. The theory also offers direction and knowledge on resource dependency, external social limitations, and the adaptation organisations must undergo to find resource stability. The theory anchored objective two and explained how NGOs could leverage funding from outside sources to meet the needs and goals

through strategic resource capability. In addition, the theory directed the study's exploration of how financial resource diversification helps guarantee an organisation's long-term existence.

### **2.2.3 Systems Theory**

Bertalanffy (1951) gave particular attention to the branch of general systems theory, which he labelled "open systems" while describing what systems are. Systems theory was developed in this manner. According to Bertalanffy (1951), the basis of this idea was that a living thing is an individual system with order and wholeness rather than a collection of unrelated pieces. Even though the matter and energy it consumes continually change, an organism is an open system that maintains a consistent state (dynamic equilibrium). As such, the organism is affected by and impacts its environment, and in this environment, it reaches a condition of dynamic equilibrium (Bertalanffy, 1974).

Numerous objections to the hypothesis have been made. For instance, Wilson (2020) cited two problems with the systems theory: measurement and whether an organisation's survival is essential. Here, Wilson (2020) criticises the theory's excessive concentration on the tools needed to attain effectiveness rather than the effectiveness of the organisation as a whole. Instead of evaluating particular end objectives of the goal-attainment method, measuring the means or process of an organisation may be exceedingly challenging. This arises from the fact that the systems theory does not address what constitutes the core perception of wholeness—that is, what makes the whole more significant than the sum of its parts.

Another critique of the systems theory is by Varela and Goguen. According to Varela and Goguen (1978), the systems theory has merely provided a theoretical framework for management. Applying various strategies and procedures to the operation and problem-solving of an organisation does not make sense theoretically.

In addition, Yoon and Kuchinke (2005) claim that the systems model is insufficient for determining when and how to collaborate with an organisation or what to do when the analysis indicates current or potential conflicts between an organisation's environment, work environment, work and organisational structure.

Despite the criticism, the systems theory was deemed relevant to this study in analysing how shared decisions affect project performance and how this relates to the overall sustainability of the projects and, perhaps, the organisation that carries out such activities and projects (Ferlie, 2007). In terms of effectively completed work and high-quality goods, these consequences will likely provide value for stakeholders. This theory is also pertinent to the current study because it emphasises how different organisational processes - such as transformational leadership, financial resource diversification and strategic partnerships - interact to enable the organisation to operate. The theory, thus, anchored objective four in explaining the moderated-mediated effect of strategic resource diversification.

#### **2.2.4 Stakeholder Theory**

Edward Freeman created and promoted stakeholder theory in the 1980s. It has been argued that the stakeholder approach is one effective method for comprehending the company in its surroundings (Oakley, 2013). According to the stakeholder theory, businesses are social entities that have an impact on a variety of stakeholders' well-being. Here, stakeholders refer to any associations or people that engage with a company and have an impact on or are impacted by the attainment of its goals (Freudenreich et al., 2020). This strategy tries to widen management's understanding of its tasks and obligations to include non-stockholder groups' interests and claims besides those defined in the firm's input-output models and the profit maximisation function. Recent academics have claimed that Freeman progressively evolved the stakeholders' theory encompassing corporate accountability to a broad spectrum of stakeholders and that it was established in the management discipline around 1970 (see, for example, Al Mamun et al., 2013; Keraro, 2014; Mwithi, 2016).

A central and original purpose of stakeholder theory is to enable managers to understand and strategically manage stakeholders. The importance of stakeholder management has been accentuated in various studies to demonstrate that just treating stakeholders is related to the organisation's long-term survival (Oakley, 2013).

While origins in strategic management, stakeholder theory has been applied to several fields and presented and used in several ways that are distinct and involve very different methodologies, concepts, types of evidence and evaluation criteria. As the interest in the concept of stakeholders

has grown, so has the proliferation of perspectives on the subject (Keraro, 2014). Notably, the theory emphasises the significance of the relationship between the top management staff and an organisation's stakeholders. Specifically, managers should understand that the participation of various stakeholders can significantly influence the success of the projects. As such, stakeholders will participate depending on their relationship with top management rather than junior workers acting on their behalf. The theory was deemed relevant to the current study and explained the connection between the success of an organisation and its interaction with different stakeholders. Depending on the connection organisations build with key stakeholders, the theory enabled the study to examine how organisations would build institutional sustainability and, thus, anchored the study's dependent variable.

### **2.2.5 Agency Theory**

The agency theory was popularised in 1973 by Stephen Ross and Barry Mitnick (Mitnick, 1973). The creation of the theory resulted from the separation of ownership and control, which may lead to an agency problem whereby management operates the firm aligning with their own interests, not those of the shareholders (Dong et al., 2021). Agency theory states that owing to the separation of ownership and control in modern corporations, there is often a divergence of interests between the principal and the agent (Vitolla et al., 2020). Besides, agency theorists acknowledged the crucial role of the board as an instrument of owners in subduing the opportunistic behaviour of managers to address the agency problem effectively. For that reason, managers must be controlled using monitoring mechanisms that observe their deviant behaviours. Since agency theory has undoubtedly dominated other theories as the most preferred approach to corporate governance studies, the board's composition is essential in resolving agency problems (Cuervo-Cazurra et al., 2019).

Agency theory advocated for a clear separation between decision management and control. Boards that have separated the Chair and CEO positions are, therefore, considered independent, given that such an arrangement dilutes the power of the CEO and increases the board's ability to effectively perform its oversight role (Haq et al., 2018). The mere separation of decision management and control may need to indicate the board's independence. Here, Parker, Dressel, Chevers and Zeppetella (2018) suggest that board independence depends on the bargaining position of the CEO, which is effectively derived from their perceived ability.

Some internal mechanisms recommended to address the presumed conflict of interest in agency theory are the need for a more excellent representation of outside independent non-executive directors and larger board sizes. The independence of a board is fundamental to the best interests of shareholders. Agency theorists, therefore, advocate for the need for non-executive directors as they can best represent the shareholder interests (Haq et al., 2018). This theory is critical in the current study as it considers the various members of the organisations as agents for public good, thereby contributing to the sustainability of the organisations. The theory also enabled the study to explain how organisations would build institutional sustainability and thus anchored the study's dependent variable.

### **2.3 Empirical Literature Review**

A primary data set based on first-hand experience or observation that is relevant to this topic is collected and analysed as part of an empirical literature evaluation. The empirical literature for the study evaluates the literature on the link between transformational leadership and NGOs' institutional viability, the mediating role played by diversification of financial resources in the institutional sustainability of NGOs and transformational leadership, and strategic partnerships' moderating impact on the link between transformational leadership and NGOs' institutional viability. The mediating effect of financial resource diversification finally mitigates the association between transformational leadership and the institutional sustainability of NGOs in Kenya.

#### **2.3.1 Transformational Leadership and Institutional Sustainability**

Arif analysed the interplay between organisational performance, transformational leadership and the mediating function of organisational innovation (Arif, 2018). Organisational performance and transformational leadership were included in this descriptive analysis as causes and effects. Ninety-six samples were acquired after utilising an online tool to compute the sample size with a confidence interval of 10. To gather data for the findings of the results, convenience sampling techniques were applied. Cross-sectional research was conducted, data was gathered, and hypotheses were tested. Data gathering involved the use of a questionnaire. A five-point Likert scale was included in the study's questionnaire. The expected responses were: five strongly disagree, four disagree, three neutral, two agree, and one highly agree. The study concluded that managers should be trained to support and value variety and uniqueness in a group.

According to Arif's (2018) research, managers must be aware of their followers' leadership styles and respect them since they can influence how effectively followers do their jobs. The study could not show how the leadership style intervening impact will close the gap between transformational leadership and institutional sustainability of NGOs in Kenya.

Nanthagopan (2016) studied the impact of management skills and strategic leadership on the organisational sustainability of NGOs. The study investigated the relationship between resources and management and how it affects organisational effectiveness. The study used a stratified random sample strategy and primary data-gathering techniques. A sample of 42 personnel from 14 local NGOs and 30 employees from 10 international NGOs were employed in the Vavuniya region. Data was collected using a self-administered questionnaire and a stratified random sample method. The variables were compared using descriptive statistics, correlation and regression analysis after being reduced using an exploratory factor analysis method.

Findings from Nanthagopan (2016) show that when resources were considered for the coefficient of determination, the organisational performance of local and international NGOs was 0.314 and 0.323, respectively ( $r$ ). The organisational performance of regional and international NGOs is 0.531 and 0.376, respectively, when management is considered for the coefficient of determination ( $r$ ). The current study used a cross-sectional survey research methodology, whereas the prior study used a stratified random sampling approach, creating a methodological gap. Nanthagopan's (2016) study revealed a contextual gap regarding the impact of strategic leadership and management skills on the organisational sustainability of NGOs based on research conducted in the Vavuniya region of Sri Lanka. The current study used a cross-sectional survey to show transformational leadership's impact and NGOs' institutional sustainability in Kenya.

Behavioural, contingency, situation, great man leadership and transformational theory were all used in the study. The study used a hybrid survey approach (Cruickshank et al., 2015). The target group was two hundred intra-organisational executives in consulting and contracting organisations. The findings demonstrated that while there is no single optimum leadership style for every circumstance, most people in positions of authority responsible for promoting sustainability tend to be strategic in their conduct or approach (Opoku et al., 2015).

Organisational leaders tasked with advancing sustainable practices provided direction for Cruickshank, Opoku, and Ahmed's (2015) results. The study on the leadership style of sustainability professionals had a geographical gap because it was carried out in the United Kingdom. The current research aims to show how transformational leadership impacts NGOs' institutional viability in Kenya. Kenya was not the focus of the previous investigation.

The study to assess the roles of Environmental Passion and Autonomous Motivation was conducted by Li, Xue, Li, Chen, and Wang (2020). Affective Events Theory and Self-determination Theory served as the foundation for this investigation. Two hundred fourteen workers in China participated in a cross-sectional survey. To validate the theory-driven models, structural equation modelling was used. The findings demonstrated that ecologically focused transformational leadership positively predicted workers' pro-environment behaviours (PEBs) and that environmental zeal and autonomous motivation moderated this connection.

The multiple-mediating analyses showed that autonomous motivation and environmental fervour had consecutive mediating roles in the link between environmentally specific transformational leadership and PEBs. Autonomous motivation and environmental passion describe the association between transformational leadership and PEBs (Li et al., 2020). Contextual, theoretical and methodological gaps were all highlighted by the study. The research was conducted in China and concentrated on transformational leadership with a focus on the environment and the environmental-friendly actions of employees. The study did not take place in Kenya. Using the transformational leadership theory of leadership and a cross-sectional survey approach, the current study sought to show the link between transformational leadership and the institutional sustainability of NGOs in Kenya.

Alalfy and Elfattah (2014) used the strategic leadership theory to study strategic leadership and its implementation in Egyptian universities. The researcher used a descriptive research approach and concluded that Egyptian universities should employ strategic leadership techniques to address their efficiency and effectiveness issues. The study had three conceptual gaps: it was done in Egypt, was theoretically grounded in strategic leadership theory, and used a descriptive research approach.

Senaji et al. (2014) study on leadership effectiveness, motivation and culture in Africa concluded that having a clear vision is critical to a leader's effectiveness. Being visionary received an overall score of 4.80, making it the top descriptor of an effective leader in Kenya. The Delphi method was utilised in an exploratory study with a small sample of business, community, and religious leaders in Nigeria, Uganda, Egypt and Ghana.

Obiwuru, Okwu, Akpa, and Nwankwere (2011) assessed how different leadership styles affected organisational performance in a sample of small businesses. The study showed that charismatic leadership had a marginally beneficial impact on followership and output. The study's main goal was to ascertain how leadership philosophies affected small businesses' performance in the Ikosi-Ketu Council development region of Lagos State in Nigeria. This study took both transactional and transformational leadership styles into account. Intellectual stimulation/individual consideration, charisma, effectiveness and inspiring motivation were transformational leadership behaviours and performance/outcomes judged relevant in the study, respectively.

Krishna (2011) looked at the impact of transformational leadership on team commitment and performance. Two levels of hypothesis testing were done in the study. The critical step examined the relationships between transformational leadership, team effectiveness, psychological empowerment and organisational commitment. To evaluate the hypotheses, a number of regression analyses were done in addition to the correlation study. It also tested whether psychological empowerment played a mediating effect using hierarchical regression analysis. According to the findings, transformational leadership positively correlates with effectiveness, additional effort, contentment and psychological empowerment.

Obiwuru, Okwu, Akpa, and Nwankwere (2011) assessed how different leadership styles affected organisational performance in a sample of small businesses. This study aimed to ascertain how leadership philosophies affected small businesses' performance in Nigeria's Lagos State's Ikosi-Ketu Council development region. Intellectual stimulation/individual consideration, charisma, effectiveness, and inspiring motivation were transformational leadership behaviours and performance/outcomes judged relevant in the study. The study used an evaluative quantitative analysis method and a survey design. Primary data collected via a standardised MLQ administered to respondents served as the foundation for the analysis. In order to partition the data answers into

independent and dependent variables based on leadership behaviours and related performance indicators, responses to research statements were scaled and transformed into quantitative data using a code manual created for the study. Models for OLS multiple regression were chosen, estimated and assessed. The analysis demonstrated that inspiring motivation had a minimal ability to explain variations in performance and had a negative but minor impact on performance.

Barbuto (2005), referenced in Saxe (2011), employed a sample of 186 leaders and 759 direct subordinates from a range of sampled firms to investigate the connections between leaders' motivation and their employment of charismatic, transactional and transformational leadership. The Multifactor Leadership Questionnaire (MLQ)-followers used the rater version to report the full range of leadership behaviours, while leaders were given the Motivation Sources Inventory (MSI). Additionally, leaders received the MLQ-rater version that allows for self-rating. The subscales of the Motivation Sources Inventory then showed a strong correlation with both raters' perceptions of inspirational motivation, idealised influence (behaviour) and individualised consideration (range,  $r = 0.18$  to  $0.19$ ), as well as with leader self-reports of these factors ( $r = .10$  to  $.29$ ).

While Barbuto's study indicated a significant positive association between leader-inspiring motivation and organisational performance, the Lagos study found a negative but insignificant relationship. Therefore, despite the need for further research, these studies are consistent. Motivated leaders are more inclined to value their followers' unique talents and contributions. The effectiveness of the concerned organisations should increase as a result.

In college classrooms, teachers function as leaders, and the actions taken as leaders impact a range of student outcomes (Bolkan & Goodboy, 2009; Pounder, 2008). Notably, it has been demonstrated that transformational leadership significantly predicts student learning (Bolkan & Goodboy, 2009). In order to discover how communicating intellectual stimulation affects classroom dynamics by fostering student motivation and, as a result, students' approaches to their studying, Bolkan, Goodboy, and Griffin (2011) explored a particular aspect of transformational leadership. Results indicated that students approach their learning deeply and strategically and are less likely to adopt a surface-level approach to their studies when professors affect their intrinsic motivation through intellectually engaging behaviours.

In a few selected small-scale firms, Obiwuru et al. (2011) assessed the impact of leadership styles on organisational performance. The main goal of their study was to ascertain how different leadership styles affected small businesses' performance in the Ikosi-Ketu Council development region of Lagos State, Nigeria. The impact of transformational leadership behaviour on business performance was taken into consideration. The study used an evaluative quantitative analysis method and a descriptive design. Primary data collected via a standardised MLQ administered to respondents served as the foundation for the analysis. In order to partition the data answers into independent and dependent variables based on leadership behaviours and related performance indicators, responses to research statements were scaled and transformed into quantitative data using a code manual created for the study. Models for OLS multiple regression were chosen, estimated, and assessed. According to the investigation, intellectual stimulation has a small but good impact on followers and performance.

Barbuto, Fritz, Matkin, and Marx (2007) noticed the four subscales of a leader's transformational behaviours while conducting their study on the effects of gender, education and age upon a leader's use of influence techniques and a full range of leadership behaviours, namely intellectual stimulation/individual consideration, charisma, effectiveness and inspiring motivation. The study found that intellectual stimulation (which reevaluates essential assumptions to determine whether these are appropriate) attained satisfactory reliability estimates ( $\alpha=0.69$  to  $0.81$ ). Additionally, a leader's age substantially impacted followers' assessments of their leader's transactional and transformational leadership style, as evident disparities developed depending on the leader's age group (22-35; 36-45; 46+). The 46+ age group received the best ratings for transformational leadership overall. The idealistic impact, intellectual stimulation, customised consideration and efficacy subscales all share this characteristic. The age ranges of 36–45 received the lowest marks for intellectual stimulation.

Krishna (2011) examined how transformational leadership affected team commitment and performance. Two stages of testing are done on the hypotheses in this study. The analysis begins with the relationships between transformational leadership, team effectiveness, psychological empowerment and organisational commitment. To evaluate the hypotheses, a number of regression analyses are done in addition to correlation analysis. The moderating role of psychological empowerment is further tested using hierarchical regression analysis. According to the findings,

transformational leadership positively correlates with effectiveness, additional effort, contentment and psychological empowerment.

Contrary to predictions, affective and normative commitments were not positively correlated with transformational leadership. According to the findings, normative and affective commitment were substantially correlated with psychological empowerment. All five elements of transformational leadership have a positive relationship with perceived control when individual elements of transformational leadership are subjected to regression analysis.

Depending on the organisational levels at which leadership is observed, prototypical leadership behaviours may vary, according to Antonakis et al. (2003). It may also be the case that individualised consideration is more evident at lower hierarchical levels than at higher hierarchical levels (Antonakis et al., 2003; as cited in Magno, 2013). Furthermore, it has been suggested that lower-level leadership exhibits more active management-by-exception behaviours since it is task-focused as opposed to higher-level leadership, which focuses on the strategy or vision of an organisation.

According to Parry and Proctor's (2002) study on the perceived integrity of transformational leaders in organisational contexts, cited by Tauber (2012), there is a moderate to high positive correlation between perceived integrity and the display of transformational leadership behaviours. Perceived integrity and developmental exchange leadership showed a similar link. A systematic leniency bias was found when respondents judged subordinates compared to peer ratings. Perceived integrity corresponded positively with the leader and organisational success measures, supporting earlier findings. According to Parry and Proctor (2002), cited in Tauber (2012), this fundamental element at the centre of transformational leadership is what some academics believe leads to its potential for unethical behaviour.

Shebaya (2011), referencing Burke and Collins (2001), observes that women are more likely than men to be transformational leaders. Here, three managerial skills—coaching, developing and communicating were viewed as being more effective by women.

Compared to their male co-workers, women have more prospects for advancement. According to statistics from Boonyachai (2011) and Layraman (2004), transformational leadership is one

approach that indicates success for female leaders and managers in organisations. Leaders that exhibit transformational leadership tend to inspire their employees to put in extra effort at work; therefore, their organisations benefit from this leadership style.

Ling, Simsek, Lubatkin and Veiga (2008) find transformational leaders had a sizable, direct impact on actual and simulated business performance time-lag metrics. Additionally, their findings suggest that although the measures may be capturing various yet complementary aspects of firm performance, transformational CEOs have an impact on both objective and perceived firm performance, despite the modest magnitude of the correlation between the two performance measures ( $\text{Beta} = .24, p < .01$ ). Furthermore, both performance indicators were consistently altered in the same way in all but one of their statistical analyses, thus, demonstrating the validity of their conclusions.

Using the MLQ (5X-Short Form) and Hofstede's Cultural Dimensions to investigate the leadership styles of middle managers in the Thai hotel industry, Boonyachai (2011) concluded that the marginally dominant leadership style among middle managers of 4–5–star hotels is hybrid T/T leadership, namely Transactional Leadership, Laissez-Faire Leadership, and Transformational Leadership. The highest level of idealised characteristics, inspirational motivation, intellectual stimulation and personalised consideration is seen in hybrid T/T managers. Both transformational and transactional leaders are suitable for the Thai hospitality sector because they can persuade their subordinates to strive for better potential levels and moral and ethical standards (Boonyachai, 2011).

In all the studies reviewed, none focused on State corporations. The leadership styles of Kenyan State Corporations are, thus, investigated in this paper. Managers of state businesses and the secretariat for parastatal reform can apply the study's findings to their work once it is finished.

In his research on transformational and transactional leadership behaviour in a few public and private sector banks in Chandigarh, Kaur (2012) found that while employees' perceptions of transformational leadership behaviour are similar across organisations, this is not true of their perceptions of transactional leadership behaviour, which differs between public and private sector bank employees. More specifically, compared to employees of private sector banks, public sector bank employees have more favourable perceptions of the charisma and intellectual stimulation

features of transformational leadership and the management by exception characteristic of transactional leadership. Furthermore, it was discovered that there are no differences in leadership behaviour between public and private bank workers concerning distinct gender, age groups, qualifications and management level categories. Another finding from Kaur (2012) was that married employees were much more supportive of leadership conduct than the other categories, notwithstanding disparities in marital status and work experience, where married employees are more supportive than single employees and those with more than 15 years of work experience.

In their study on the effects of perceived leadership styles on work outcomes, Chan and Chan (2005), quoted in Devine (2008), experimentally analysed the transformational and transactional leadership styles among building professionals in the construction sector. The researchers conducted extensive research, including 510 professional employees from a cross-section of competent building professionals from four nations. These were used to test Bass' transformational leadership theory, first developed in 1985. The primary goals of the study were to examine how much leaders are viewed as either transformational or transactional; to identify which of the two leadership philosophies was best able to predict outcomes such as leader effectiveness, increased employee effort and employees' satisfaction with the leaders; and to provide insight into management theory for developing professionals in business organisations. The findings showed that the leadership outcomes of leader effectiveness, increased employee effort and employee satisfaction were highly connected with all five transformational elements and three transactional factors. The results showed that transformational leadership could assist transactional leadership by enhancing performance and contentment.

Nyokabi (2017) conducted a study seeking to ascertain the impact of the Chief Executive Officer's (CEO's) idealised influence and inspirational motivation on the performance of senior managers in Kenya's private sector. The study used a descriptive correlational research design and positivist research methodology. The Kenya Private Sector Alliance's (KEPSA) 183 member companies' CEOs with 984 senior managers who report to their CEOs made up the target population. Data was gathered using structured questionnaires with a sample of 284, determined using stratified random sampling. Descriptive statistics were used to analyse the data. The analysis also used inferential statistics. Findings showed that the CEO's idealised impact significantly predicted senior managers' performance and inspired motivation, thus, revealing a conceptual gap

with the current study. Nyokabi's study concentrated on top managers' performance, whereas the current study concentrates on Kenya's commercial banks' performance.

In their 2016 study, Peter and Kalai examined how a principal's transformative corporate leadership styles affected teachers' commitment to their jobs in public secondary schools in Kenya's Machakos County, Athi River Sub-County. Specifically, the study sought to ascertain principals' idealistic effect on teachers' devotion to their jobs in public secondary schools in Kenya's Machakos County's Athi River Sub County. Data from principals, deputy principals and teachers in the public primary schools in the Athi River Sub-County were gathered using a correlation research approach. The study established a favourable and substantial relationship between idealised impact and instructors' dedication to their jobs ( $r=0.109$ ,  $p=0.001$ ). The study concluded that idealised inspiration affects instructors' dedication to their jobs. In order to increase teachers' dedication to their jobs, the study advised public secondary school principals to adopt transformational leadership styles.

Warhurst (2011), through a qualitative cross-sectional empirical research among middle manager participants in a United Kingdom Executive MB programme, found that role modelling offers a robust foundation for learning, mainly when focused on a leader's values, attitudes and ethical views. Daily role modelling was reported to help modify people's behaviours. In this regard, positive role modelling at work was shown to lead to learning, albeit accidentally. In the study, the participants noted that they had not previously considered particular people having influenced their development before compiling their portfolio of photos for the particular research. Warhurst concluded that leaders can serve as role models and exhibit their ethical ideals and behaviours while communicating them to their followers through idealised influence.

Another study in Germany used the German version of Locke and Latham's goal-setting model to examine how individual employees' perceptions of a goal-setting programme and personality attributes affect job satisfaction and commitment to goals. According to research by Tanja, Bipp, and Kleingeld (2011), employees' subjective perceptions of the company's vision and mission affect their dedication to their goals and job satisfaction. Using the goal-setting questionnaire developed by Locke and Latham, 97 production workers assessed the effectiveness of the company's goal-setting programme in terms of goal clarity and vision. The findings showed that

organisational performance targets are effectively realised when clear goals are envisioned. The study also identified the ability of the leader to convey high-performance goal expectations to followers as one quality that endears a transformational leadership style to leaders to improve performance.

According to Dhamika (2014), the relationship between visionary initiative and organisational citizenship behaviour (OCB) among New Zealand's public sector agencies is likely impacted by partisan contrasts between private and open division. Theories were developed to show the connection between visionary leadership, organisational citizenship conduct (OCC), and the guiding influence of partisan differences. Using 250 participants, Dhamika (2014) demonstrated a causal link between visionary leadership and OCB. As was made clear, both OCB and visionary administration apply to private settings and the general populace. The study also established that political factors minimally impacted the association between proactive management and organisational citizenship behaviour. Daily-adjusted target setting and feedback procedures for enhancing the performance and efficiency of production personnel were shown to lead to increased output. An information system that enabled goal setting and feedback and served as a catalyst for the goal setting and feedback phenomenon provided support. Celebrating goal accomplishment also demonstrated improvement through idealised influence among Finnish businesses (Brandt et al., 2016).

In order to create effective communication methods, Hedman and Válo (2015) conducted a study on the communication issues management teams face. The study targeted managers of multinational corporations operating in Finland, Sweden, and Japan. The study revealed that management teams work in a demanding and complicated environment, making effective communication essential to achieving performance goals. As such, the more senior managers communicate, the better the organisation's performance is since communication also affects outcomes crucial for top teams. Frequent communication also helps management teams to resolve cognitive differences, lower perceptual discrepancies, and create clarity around common objectives and a shared vision.

Transformational leadership had a positive effect on employee intrapreneurial behaviour, according to a study by Moriáno, Molero, Topa, and Mängin (2014) that examined the idealised

influence of manager leadership styles on employee behaviour from 186 employees belonging to various Spanish public and private organisations. According to the study, when leaders supported creative ideas, provided the required resources or experience, or supported small experimental ventures, their subordinates enthusiastically welcomed these initiatives. Using the argument that managers play a crucial role in encouraging and supporting individual employees' initiatives to explore new opportunities, develop new products, or improve work procedures for the organisation's benefit, leaders are urged to look into ways of intellectually stimulating their followers by challenging old work patterns.

CEOs or presidents of 32 firms in a significant Southwestern US metropolitan area participated in a study by Liang, Ndofor, Priem and Picken in 2010. The study found that organisational success was influenced, in part, by senior management's level of ethical behaviour. The study suggests raising ethical standards among senior managers to enhance performance because the corporate operating environment is becoming increasingly dynamic. Nguni et al. (2016) investigated the relationship between organisational performance, strategic intent, and its dimensions. The study employed a cross-sectional design among listed companies on the Nigerian Stock Exchange. The study sample consisted of 201 participants. Strategic intention and its components (objectives, mission, and vision) significantly and favourably influence organisational performance.

Darbi (2012) investigated how well-informed and invested employees were in their organisation's vision, goal, and impact on behaviour and attitudes in Ghana's public but for-profit universities. According to the findings, most employees were familiar with the mission and vision statements, closely related to how well the organisations operated.

According to productivity studies, goal setting and performance in the private sector have a favourable link. Producers are very concerned about productivity in a market that is very competitive worldwide. Stansfield and Longenecker (2014) carried out a field experiment in a manufacturing organisation in the USA, intending to develop a model for efficient and effective goal-setting and feedback practices that positively influences productivity in studies related to the influence of goal-setting on performance in the private sector. The study found that daily-adjusted target setting and feedback procedures for enhancing the performance and efficiency of production personnel led to increased output. An information system that enabled goal setting and feedback

and served as a catalyst for the goal setting and feedback phenomenon provided support. Celebrating goal accomplishment has also demonstrated improvement through idealised influence among Finnish businesses (Brandt et al., 2016).

The combined effects of charismatic leadership and organisational culture on commercial banks in the Netherlands were studied by Wilderom, Berg and Wiersma in 2012. The researchers gathered information from 1,214 employees across 46 bank branches. They evaluated features of authoritarian management, charismatic initiative, workplace culture and philosophy. The findings demonstrated that charismatic leadership enhanced organisational financial returns among the commercial banks assessed. Here, leaders with idealised influence were found to win the hearts and minds of their followers, who like to identify with them.

Hepworth and Towler (2014) sought to understand how charismatic leadership and the personal characteristics of employees affected instances of aggressiveness at work. Data was gathered from 213 respondents randomly selected from a range of European organisations. The study established that charismatic leaders used humour to sway their supporters mentally. Additionally, the results demonstrated that if the leader and followers continuously displayed positive emotional energies, both groups improved the functioning of the business.

A study was conducted by Hayati (2014) to ascertain the impacts of idealised influence and its elements on hospital nurses' work engagement. Two hundred forty nurses were selected through stratified random sampling for the study's descriptive, correlational, cross-sectional design to complete associated self-reported assessments such as the Multifactor Leadership Questionnaire (MLQ) and work engagement scale. The statistical method of simple and multiple correlation coefficients was used to analyse the data. Results indicated that transformational leadership has a favourable and significant impact on work engagement and its components. It was established that leaders' idealised impact causes their subordinates to have a particular belief about them, allowing leaders to inspire and motivate their followers. Consequently, idealised influence provides high standards and a positive vision that challenges workers and fosters passion and hope for professional achievement. The study suggested that managers and leaders be assisted in acquiring the desirable traits that result in active and effective leadership (Hayati, 2014).

A study by Conger, Kanungo and Menon (2010) among Indian organisations sought to determine the relationship between the respect and adoration held for departmental leaders and the output of their staff members. Respect, confidence and a feeling of personal fulfilment were all considered in the study. Their findings showed a correlation between respect and appreciation and better worker outputs. Leader adulation is an intermediary between followers and their sense of fulfilment. There is also solid evidence that idealised influence impacts an organisation's success, particularly by raising staff engagement and commitment.

Iqbal, Anwar and Haider (2015) investigated how the leadership style of Pakistan's AL-Ghazi Tractor Factory affected employee performance. They conducted employed a descriptive research technique. The findings demonstrated that idealised influence considerably impacts workers' productivity in the industry. This study employed focus groups and interviews to gather data, yet it only looked at one factory in Pakistan. In contrast to a quantitative study, this one was more qualitative. In their study on ethical leadership, Toor and Ofori (2009) compared their findings to organisational leadership among South African manufacturing enterprises. The study objective was to investigate the relationship between leadership and employee performance. Their study revealed striking parallels, which convinced them that leaders with idealised influence attributes would exhibit ethical leadership.

Four-star hotels in Barcelona, Spain, were the subject of a study by Quintana, Park, and Cabrera (2014) to determine the impact of transformational, transactional and non-transactional leadership on employee performance. The results demonstrated that transformational leadership considerably impacted employee performance in terms of extra effort, perceived efficiency and manager satisfaction. The findings also showed that the most crucial elements favourably affect outcomes on additional effort, perceived efficiency, and satisfaction are idealised influences of transformational leaders.

In examining multilevel interaction impacts of CEO leadership behaviours on middle manager performance in China, Song, Zhong and Wu (2014) found that task-oriented CEOs can enhance middle managers' abilities through effective vision articulation. As such, the CEO accomplishes this by articulating strategic guidelines that clarify job descriptions and role expectations for

managers. The study further revealed that task-oriented CEOs are particularly good at articulating the organisation's vision and ensuring that the strategy is executed effectively.

In four sizable insurance businesses in Taiwan, Yang (2014) conducted a study to assess the impact of leadership style and employee trust in their leaders on job satisfaction. Using hypothesis testing and structural equation modelling, Yang found that the relationship between transformational leadership and work satisfaction was mediated by leadership trust. The study emphasised the significance of leadership trust in role modelling. It gave managers helpful advice on how to increase the job satisfaction of their followers by imitating the behaviours they want them to exhibit. According to Dionne (2014), transformative CEOs can encourage their executive colleagues to build trust, strengthening the CEO's ability to impact senior managers positively.

Rawat (2015) conducted a study among India's top-tier tech companies. The study aimed to evaluate how transformational leadership affected employee enthusiasm and morale. The findings showed that an employee's ability to succeed or fail depended on how objectively managers communicated performance evaluations. Similarly, Sooksan and Parisa (2013) looked at the connections between performance determined by the client and employee satisfaction metrics and the characteristics of an articulated vision (stability, brevity, clarity, customer and staff satisfaction) in Thai firms. The findings supported the requirement for vision casting and recasting. The results also showed that employees' commitment significantly increased when elements that boosted employee satisfaction were ingrained in a business. This improvement directly impacted the organisation's overall performance.

Ngaithe, K'Aol, Lewa and Ndwiga (2016) report that romanticised influence and motivating inspiration also contribute to the success of state-owned firms in Kenya. Their study found that idealised influence positively and significantly impacted employee performance in Kenya SOEs. These results are consistent with those of Nguyen and Nguyen (2014), who reported that transformational leadership affects employees' ability to accomplish their jobs. According to them, inspiring motivation positively and significantly impacted staff performance. Similarly, Juma and Ndisya's (2016) study showed that inspiring motivation significantly altered employee performance at Safaricom Limited. The findings from all these studies suggest that inspirational motivation and idealised influence both have a favourable and considerable impact on employees'

performance in commercial and strategic state-owned companies. To improve staff performance, therefore, boards in such organisations must actively promote a broadly inclusive vision and demonstrate a solid commitment to its objectives while fostering employee trust and confidence. As such, boards must be tenacious in motivating their staff to push themselves beyond their comfort zones to improve outcomes and reach company goals.

In this regard, Njiraini, K'Aol and Linge (2018) found that idealised influence and inspired motivation significantly affect workers' job satisfaction in Kenyan commercial banks. Therefore, they advised using idealised influence and inspiring motivation to promote job satisfaction. Additionally, because job security dramatically impacts job happiness, employers should ensure their staff members feel that way.

According to Abouraia and Othman (2017), the management's leadership style significantly impacts an organisation's success. This is because job satisfaction and employee affective commitment are indicators of an organisation's success. Job satisfaction and an adequate environment are accomplished through strong leadership, which hastens the achievement of employee motivation and a clear grasp of the firm's goals. To increase job satisfaction, a leader must inspire, motivate and pay their staff well—actions that individually and collectively result in low attrition rates and reduced absenteeism.

Ogola, Sikalieh and Linge (2017) investigated the impact of idealised leadership behaviour on worker performance in a case study of small and medium-sized businesses in Kenya. They concluded that there was a strong positive and significant link and positive and significant association between transformational leadership style and employee performance in SMEs in Kenya. The study also determined that when a leader earns the team's respect by upholding high ethical standards and serving as an example, the team members will become attracted to the charismatic leadership style, which will positively impact the team's productivity, leading to high-performance levels. It is essential, therefore, for a leader to apply idealised influence in order to inspire their team members to give their best effort. Additionally, the study suggested that to embrace the transformational leadership style and achieve exceptional staff performance, it was necessary to start and nurture inspiration. As such, the study made it evident that employees

perform better when a leader is dependable, upholds moral principles, serves as an example, and incites risk-taking among the workforce.

Arguably, leaders primarily focused on their success do not encourage others to be selfless. Instead, the internalisation of a robust code of ethics and set of moral principles should be upheld by leaders (Hughes, 2014). The centrality and significance of the moral dimension of leadership are heavily emphasised by Gardner (2010). Gardner contends that values rather than effectiveness should eventually serve as the standard by which leaders are evaluated. Here, leaders are encouraged to consider others as ends in themselves rather than objects or merely a means to one's end. Most people concur that outstanding leadership is defined by a high level of trust between a leader and followers, whatever that means. As such, Bennis and Goldsmith (1997) outline four leadership traits that build trust, namely integrity, consistency, empathy and vision. Leaders who articulate a compelling vision are more likely to have their followers' trust. A leader should, therefore, show that there are similar values and a sense of belonging to the group. It is also the case that leaders who exhibit empathy for their followers and comprehend how they view and experience the world are trusted by their followers.

Followers deem leaders who are consistent as trustworthy. This does not imply that followers only respect leaders whose opinions never alter but that adjustments are seen as a natural process of change in response to new information (Kirkpatrick & Locke, 2006). It has also been argued that followers respect leaders who uphold high moral standards and show this through their conduct. Here, values are viewed as constructs that depict typical behaviours or situations people generally consider significant (Gordon, 2013). Given that values are ingrained in a person's psychological makeup and significantly impact leadership, a person who values personal integrity may be pushed to leave an unethical organisation (Hughes et al., 2006).

The effect of the charismatic leadership style on organisational effectiveness was examined by Ansar et al. in 2016. One hundred workers in Pakistan's telecommunications industry were the focus of the investigation through a quantitative study. A questionnaire was used to obtain the data. The results revealed that charismatic CEOs inspired their teams, increasing their dedication to the company's mission. Further investigation revealed that charismatic leaders could recognise their team members' talents and skills and use this information to match those talents and skills with

organisational tasks. In addition, the findings showed that employee productivity and devotion to the assigned duties rose as a result. The study concluded that charismatic leaders improve organisational performance and beneficial organisational outcomes, including organisational commitment.

Kimeto (2017) determined that inspiring motivation and intellectual stimulation impacted organisational commitment in Kenyan commercial banks. The study used a descriptive correlational design and a positivist research approach. Using a stratified random selection technique, a sample of 150 senior managers from Kenya's 40 commercial banks was selected from a population of 240 senior managers. Inferential statistics, including Pearson correlations, Chi-Square, ANOVA, and multiple linear regressions, were used to analyse the data. According to the findings, inspiring motivation and intellectual stimulation were significant predictors of organisational commitment. The research report indicated the need for actions to build a policy focused on enhancing staff commitment and performance in Kenya's banking sector. Kimeto's study concentrated on organisational commitment, while the current study concentrated on organisational performance, thus, revealing a conceptual gap.

Ndisya (2016) examined how transformational leadership principles were implemented at Kenya's Safaricom. The research gathered information from 109 respondents using a structured questionnaire and proportionate stratified sampling. The study discovered a link between employee performance and inspiring motivation. The majority of respondents, on average, agreed that there should be motivation to achieve organisational goals and objectives, support for team building, leaders who model the activities that staff members should perform, and resources to help staff members find meaning in their jobs. According to the study, changes in inspiring motivation substantially impacted employee performance in that as inspirational motivation rises, so does employee performance.

Burns (2008) stated with authority that leadership cannot be deemed transformational if there are few or no positive contacts and cooperation. He underlines that there must be greater than average productive interdependencies for progressive transformation to be realised. This is crucial because transformational leadership is required to maximise employee potential within the framework of teams. As a result, transformational leaders are burdened with establishing value-based

collaboration as a fundamental component of organisational culture. Transformational leaders prioritise individual and team growth as a necessary condition for top-notch organisational performance. Wang and Howell (2010) strongly emphasise that leaders should establish a culture of proactive collaboration inside and between teams while considering this perspective. Collaboration should be designed so that motivational incentives are clearly stated. In this regard, Boakye (2010) examined how cooperation affects organisational performance in relation to the staff at the Komfo Hospital in Nigeria. The findings showed that cooperation had the most significant impact on overall organisational performance and that there was a favourable and significant correlation between interdepartmental cooperation and employee cooperation.

According to studies on transformational leadership, transformational leaders push their followers to perform better and inspire them to work together to achieve successful group goals (Kearney & Gebert, 2009). CEOs can increase the salience of collective identities in the self-concepts of top executives, which in turn increases the likelihood that they will participate in cooperative behaviour to work towards a common goal as opposed to their own personal or individual agendas. This is done by encouraging teamwork among senior management staff members. Indeed, it is advantageous for the CEO to foster a sense of camaraderie and togetherness among the senior management team members. In this regard, Dimitrios (2015) evaluated banks in Athens, Greece, for their employee satisfaction and job autonomy levels. Boomer's (2012) Employee Satisfaction Inventory was employed in the study. Working conditions, pay, promotions and the nature of the work were all evaluated. The findings were that workers perform better when given more autonomy.

Similarly, Shalini and Ira (2013) examined how authoritarian rule in Myanmar affected the effectiveness of government parastatals. The results showed that organisational performance and, thus, efficiency fluctuated. Here, empowered employees tend to be happier at work since they have greater control over what they accomplish. Providing sufficient job autonomy to employees was revealed to be one of the best ways to make them feel empowered.

Sadeghi and Pihie (2012) conducted a study among 298 permanent lecturers at Malaysian Research Universities. The factor with the highest mean score among the aspects of transformational leadership was shown to be inspirational motivation. Here, it was discovered that leaders must be

effective communicators to effectively package and communicate their vision to followers and inspire reciprocal action in the direction of planned goals. The leader can interact with the followers during the communication process to learn about their problems and the areas where they need help moving towards improved performance outcomes. As such, goals are communicated through communication, which also synchronises the leader's expectations for the followers.

Regarding the impact of employee motivation on productivity in the Kenyan banking industry, Mutimba and Kanyua (2017) claim that incentives strengthen employee-employer relations, increasing production. Reward systems were also shown to help in fostering and maintaining employee dedication. When it comes to both organisational and employee effectiveness, training and development are crucial. Additionally, this connection goes more profound within the workers themselves as they can express their feelings and frustrations to the employer openly because they are driven and feel a solid connection to their employers. Solutions are developed through a consensus platform. This strategy aggressively promotes collaboration between managers, employees, and the workforce. The study concluded that motivation raised production and suggested that the banking industry implement a more skilful plan for employee rewards. Training and development should be a technique used with all personnel, regardless of seniority.

Omollo and Oloko (2015) documented the impact manager motivation has on staff performance in commercial banks. The study confirms that obtaining externally administered rewards, such as money, material goods, prestige, and favourable judgement from others, leads to extrinsic motivation. Here, the findings showed the impact of team building to be extremely important for employee welfare. As such, teamwork was shown to be essential for fostering stronger bonds between employees and, thus, better working relationships, which strengthens the pursuit of one course of action. Solid teamwork with the management also implies that the organisation is in accord with the defined mission and goal. Employees were shown to cherish team-building exercises and thought they were crucial to their motivation.

According to Abusharbeh and Nazzal (2018), inspiring managers also give and provide employees with hope for the company's future in examining the impact of motivations on employee performance in the Palestinian banking industry. They eliminate the discrepancy between reality

and the anticipated outcome by motivating the personnel to exert constant effort and receive commensurate rewards. These researchers state that motivation aims to empower and liberalise people to enhance their entrepreneurial abilities and recognise the interactions between humans and their abilities to work; The findings indicate that moral motivations are essential and helpful in predicting employees' performance. Additionally, the motivations offered to staff members in Palestinian commercial banks were shown to boost their level of production.

Waiyaki (2017) looked into how motivation affects work performance at Nairobi's Pam Golding Properties Limited. The study's sample size was 50 since the respondents were chosen using the census approach from a list of employees provided by the human resources department to represent the total population. The findings indicated that Pam Golding Properties' management employed motivational goal-setting to some extent to encourage their staff members. This allowed the staff members to participate in the goal-setting process even if they did not think the specific goals were challenging. However, the employees' access to ongoing training and development to hone their critical abilities and expertise could have been improved. The study also determined that an employee mentorship programme needed to be improved, which would have been necessary either during onboarding or to help them reach their goals.

In another related study, Femi (2014) looked at worker performance and communication in Nigeria and concluded that management must restructure their goals and adopt training and mentorship programmes. The findings showed that successful correspondence and individual job performance contribute to organisational profitability and have an average association.

Mutuku and Mathooko (2014) sought to understand how Nokia employees in Kenya were impacted by the communication used by middle-level management. The study confirmed what previous studies (see, for example, Femi, 2014) had found, that the nature of communication has a lot to do with employee motivation and performance outcomes. It also confirmed that people should be encouraged to think critically and make mistakes because this is the only way to discover new methods, as earlier reported in Ul Hassan, Malik, Hasnain, Faiz and Abbas (2013). As such, employees can explore the unknown more and unlock new potential with such encouragement.

Utami (2013) intended to ascertain whether innovation, mediated by information sharing, can impact intellectual stimulation and enhance organisational performance. The 56 SME owners in Tegal, Indonesia, participated in the model's testing. Using the purposive sampling method, the following requirements would be met: the company would be involved in the metal and machinery industry, have a workforce of between 5 and 100 workers, and not be a foreign-owned business. Partial Least Square (PLS) software analysis techniques were employed in this study. The results showed that explicit information sharing has a favourable impact on product creation, which, in turn, benefits business performance. There were also positive effects on intellectual stimulation, experiential and knowledge sharing. Though positive, experiential sharing was shown to have a small impact on product innovation. The findings of this study show a connection between transformational leadership and improved organisational performance.

Zhou (2012) examined the impact of organisational commitment, transactional and transformational leadership on employees' performance and job satisfaction. 400 Bangkok employees provided the data through a questionnaire. The study used multiple regression to examine the data. The findings indicated that organisational commitment also had a favourable impact on employee work happiness and performance, as well as a direct association between transformational and transactional leadership and employees' job satisfaction and performance. Idealistic influence and intellectual stimulation were both found to have an impact on intrinsic job happiness.

Khalil, Zada, Tariq and Irshadullah (2018) investigated the effects of intellectual stimulation on employees' job satisfaction. They claim that the idea that satisfied organisational members might perform their function better is stressed. Using a quote from Illies et al. (2009), they define employee happiness as a mindset that relates to an overall perspective on life or even life satisfaction and also aids in providing outstanding service.

The findings by Rich et al. (2010) confirmed that job satisfaction and engagement are two distinct yet strikingly linked concepts. According to the premise, the study found a statistical connection between employee job satisfaction and intellectual stimulation. It is indeed the case that when managers encourage original thinking and creative solutions to issues, employees feel challenged and try to imitate leaders who serve as examples. Additionally, leaders would improve employee

jobs and provide a developed sense of challenge and success. This is because until the employee has completed the new mission assigned, job rotation, job training, re-assigning supervision and short-term progression are among the successful results that may be reached.

According to Ngaithe et al. (2016), management must inspire and encourage employees to improve performance if a company is to attain and utilise the benefits of transformational leadership. This was deduced from the finding that intellectual stimulation positively and significantly impacts staff performance in commercial and strategic state-owned companies. Managers of Kenya's commercial and strategic SOEs should, therefore, encourage their staff to be creative, allow them to question the status quo, strive for constant innovation, give them the freedom to disagree with management decisions and give them the leeway to take risks when doing so will help them achieve their objectives. Additionally, managers that are attentive to the needs of each subordinate coach or mentor the worker. This can be accomplished via the managers' ability to spark the employees' creativity. Thus, to enhance employee performance, the top management team should also lessen or eliminate ambiguity and power disparity while fostering a culture of collectivism.

Intriguing findings about intellectual stimulation's impact on knowledge transfer, innovation, and business performance were also made by Utami (2013). According to the findings, explicit information sharing favours product innovation, which in turn has a beneficial impact on business performance. It also positively impacts intellectual stimulation, experiential sharing, and knowledge sharing. The study acknowledged the managerial implications and the psychological barriers that prevent employees from sharing knowledge and experience, which can be enhanced through intellectual stimulation by transformational leaders. In this case, the leader should be a role model that can be replicated and duplicated by subordinates or employees. According to the study, experiential sharing is seen to have a positive effect on product innovation.

Following the reported findings, Utami (2013) urges top managers to encourage the dissemination of organisational information because it is a continual transformational leadership process that can lead to intellectual stimulation. High-quality exchange relationships between leaders and members are the foundation of transformational leadership, and they play a crucial part in developing organisational identification and relational identification of employees, both of which will boost knowledge-sharing activity (Carmeli et al., 2011). Team performance is also positively correlated

with organisational learning, both encouraged by the members of the organisation's intellectual stimulation, inspirational drive and confidence.

In order to ascertain the impact of transformational leadership involving idealised influence, intellectual stimulation, inspirational motivation, and individualised considerations on employees' organisational creativity, Teymournejad and Elghaei (2016) studied a population of 500 managers and employees of Maskan Bank in Tehran. According to the study, inspirational motivation, idealised influence, intellectual stimulation, and individual consideration are all aspects of transformational leadership that significantly and favourably affect the creativity of Maskan Bank personnel. The study suggested that transformational leadership should actively develop institutional structures that foster innovation and creative processes. This can be done by establishing a clear vision, encouraging followers to commit to the goals, building relationships with staff members, and empowering them to meet their deepest needs and accomplish their objectives. Since the study was done in Tehran, there was a geographic gap. The Kenyan context served as the setting for the current investigation.

In a different study, Akinbowale, Jinabhai, and Lourens (2013) found that performance appraisal helps determine employee development requirements and career pathing. Their study in the business sought to evaluate employees' perceptions of performance appraisal in Guaranty Trust Bank in Nigeria.

In order to gain and maintain a competitive advantage, top executives in today's globally dynamic environment should constantly realign and grow their companies, according to Mayfield et al. (2016). They support three career development strategies for executives, including talent inventories, workforce planning, and training and development. As such, these strategies should be incorporated into strategic organisational change and innovation initiatives to gain a competitive advantage (Cox & Jackson, 2010), which is the expertise required to mentor their staff. Such leaders believe they have the capacity and aptitude to win over their employees' trust and foster positive working relationships. The fact that these managers genuinely care about their staff members and want to see them succeed may be essential. They highlight learning as a crucial component of coaching. Here, the best learning is said to occur when it is included in the work; employees are given feedback and encouraged to learn independently. In the coaching relationship,

CEOs allow the senior management team members to concentrate on clarifying the outcomes they want to achieve and how to get there. A coaching relationship also expands on the trust, partnership and collaboration ethos but concentrates this ethos on assisting the executive to clarify and attain their objectives.

In order to help senior management to develop, a leader concentrates on the following key aspects of executive coaching: determining the areas where they need additional training, offering suggestions for ways to improve performance, fostering team problem-solving and information sharing, supporting initiatives without constantly watering them down, focusing the management team on goals, and fostering good relationships among them (Barine & Minja, 2014). Talent inventories methodically gather essential information about the employee skills needed to achieve strategic goals. As such, workforce planning should concentrate on establishing strategies and goals for reshaping the future organisational workforce as a critical element of competitive advantage. The process ensures that any talent deficiencies within the organisation are detected and promptly remedied through recruitment, selection, development, retention, reward, internal promotion, and transfer rules.

In his research, Ayacko (2017) examined how organisational structure influences how well judges in Kenya function when given customised consideration. The study employed a descriptive correlational research design where 770 members of the Kenyan judiciary's judicial personnel made up the study's target population. In Nairobi County's High Courts and Magistrate Courts, 385 judicial staff members were chosen for the study using a stratified random sample technique. ANOVA was performed to look at variability, while bivariate correlations were employed to determine the link between the study variables. In addition, Chi-square tests were used to assess the degree of connection between the variables, and regression analysis was used to assess the predictability of the variables. According to the study, with and without the moderation of organisational structure, individual consideration of judicial officers substantially impacted the performance of judicial staff. Since it concentrated on the judiciary while the current study concentrated on commercial banks, it displays a contextual gap. Since the study only focused on one facet of transformation leadership—individual consideration—there is also an objective gap. Three additional facets of transformational leadership—idealised influence, inspiring motivation and intellectual stimulation—were the focus of the current study.

The best way to improve the effectiveness of work performance, according to Darwish (2010), is through the delegation of authority. The study aimed to determine how the organisation's abilities were actually used in practice and how that affected performance effectiveness. The results showed that job performance efficiency is gradually improved when authority is transferred within the framework of organisational structures. Here, successful delegation is seen as the hallmark of excellent supervision. When managers provide responsibility and authority to staff members so they may fulfil predetermined duties, this is known as delegation—persons who are delegated to become more fulfilled and productive people in the end successfully. According to Swinton (2010), practical delegation abilities are crucial for managers who want to lead balanced lives at work. This is because managers become more contented and productive when they learn to rely on their staff.

Kyalo (2015) evaluated the effects of work diversity characteristics on employee performance in Kenya's banking industry. Additionally, he evaluated how employee performance in Kenya's banking industry was affected by training on workplace diversity mechanisms, ethnic variations, gender disparities and age. The study's target demographic was the mid-level managers working at the corporate offices of all 43 business banks in Kenya. The study's stratified random sampling method was used to choose 30 per cent of the commercial banks, allowing 221 mid-level managers to be included in the research sample. Semi-structured survey questions were used to acquire crucial data for the study. Quantitative data was examined using illustrative insights such as frequencies, rates, means and standard deviation. The study found that gender inequalities impacted performance in the banking industry. Training on ethnic differences and diversity mechanisms was given after that. The study suggested that institutionalising working environments, diverse characteristics and administrative processes to improve expected performance should be institutionalised.

Munjuri (2012) investigated how the management of workforce diversity affected workers' performance in Kenya's banking industry. The study found that the banks used simultaneous job openings, altered enrolment, support for sub-branches and different quality preparation. There was no other workforce distinguishing characteristics other than a representative's level of training and execution capacity that affected a worker's pay. When administrators and non-administrative bank representatives were considered, it was discovered that workforce diversity impacted

representative execution at various levels. The heads had a more noticeable impact, whilst the non-administrative staff experienced less effect.

In a study focusing on 171 top managers in Chinese state-owned, foreign-owned and privately-owned firms, Zhang, Song, Tsui and Fu (2014) found that middle managers, who are expected to contribute, feel psychologically empowered and that an empowering organisational climate is positively correlated with middle managers' work engagement, affective commitment and job performance. Here, managers in highly empowered work environments were shown to be more likely involved in carrying out duties, hence, minimising unproductive behaviour among employees. As such, empowering leadership helps to make a job more meaningful for people, while improved employee performance has been linked to empowering leadership.

Nzelibe and Yasar (2015) investigated the impact of transformational leadership on personal and organisational performance, career growth, workplace diversity coping, commitment and performance. Armorp Nigeria Limited used a sample of 280 employees for a survey study. The study's goal was to more precisely determine how transformational leadership affects employees' commitment to their work schedules and the organisation. Five of the six hypotheses that explained how the variables in the study related to one another were accepted, while one was partially rejected. Data analysis techniques included Pearson correlation, one-way analysis of variance, multiple regression and chi-square. According to the findings, transformational leadership directly impacted employee loyalty, career advancement, workplace diversity and satisfaction. Here, employees' ability to deal with workplace diversity was found not to be relevant because of other intervening factors that were at play. Following the regression analysis, workgroup supportiveness was deemed the best predictor of employee development.

Ben-Hador (2016) studied organisational perceptions of the coaching process to assess how well senior managers are performing. Multiple case studies, based on the researcher's work with coaching executives in eight businesses in three sectors—IT, services and industry—in Israel, were used as the research design. Concerning five focus areas—executive selection for coaching meetings, respondents' perceptions of their involvement in the coaching process, organisational control preferences, how participants handle organisational supervision, and confidentiality—the research findings demonstrated the intensity of coaching practice as a tacit evaluating tool for

organisational functioning. This study showed that one strategy employed for executive growth is coaching.

In Bangladesh's IT companies, Alizera, Ali, Jafar and Sona (2012) investigated the connection between workplace environment and employee stress. They discovered that even though other contributing variables may have brought about the actual stress, the character of the working environment increased employee stress levels. According to Borndoff (2015), effective stress management should start with improved employee wellness and ongoing work environment improvements. He claims that this covers the type of current interpersonal relationships and the working conditions. Since the dynamics of interpersonal interactions can influence stress levels, the anticipation and administration of the working environment necessitate authoritative-level mediation. The mental health of the workforce as well as the standard of the current interactions and connections, has an impact on organisational performance outcomes. Fostering a culture of candour, transparency, and constructive criticism is crucial.

Tahir (2015) studied the differences between transformational and transactional leadership and empirically analysed how each type of leadership affected professional development. In Tahir's study, a sample of 800 interviewed respondents was considered. The findings were that individual consideration only significantly affects career advancement in transactional leadership. Instead, transformational leadership significantly improved career development and, subsequently, organisational performance.

Crompton (2012) investigated how mentoring affected the development and performance of SMEs. The results showed relationships between mentorship and employees' confidence levels while revealing that mentorship, as a predicate to employees' levels of confidence (self-efficacy), has a non-direct impact on the success and development of organisations. The findings made it abundantly clear how crucial qualitative approaches are by showing that outcomes are just as dependent on mentorship experience and expertise as they are on so-called concrete, bottom-line results. The results also revealed that businesses and entrepreneurs who use mentorship reports were reaping tangible advantages that lead to actual firm employee performance.

Using data from 43 middle-level managers and 156 subordinates, Pradeep and Prabhu (2011) compared selected public and private sector businesses to examine the correlations and regressions

between transformational, transactional and laissez-faire leadership styles and employee performance. The findings showed a strong correlation between performance outcomes and transformational leadership style. Furthermore, at a 1% significance level, leaders' attention to each subordinate's particular needs boosted workers' productivity and job happiness. However, a more extensive field of research would undoubtedly shed more insight into the numerous factors analysed, as the study depended on a small number of carefully chosen firms. Over time, it has been discovered that giving employees recognition is one of the practices businesses may employ to boost employee productivity (Meyer & Peng, 2006).

Rahmisyari (2015) discovered that leadership style has a significant and advantageous impact on employee development in his analysis of the relationship between organisational culture, employee development and performance. He concluded that a good leadership style promotes staff growth to increase employee capability within the company. As such, employee performance is positively and significantly impacted by employee development. According to Harter, Schmidt and Keyes (2003), job effort increases when employees are allowed to develop and advance intellectually. Here, encouragement for personal development promotes learning new skills and positive feelings that spread throughout the entire organisation.

Focusing on all employees in FEB UMM, Elgelal and Noermijati (2015) examined the impact of direct transformational leadership on employee motivation, job satisfaction and performance. Likert scale questionnaires were used to collect the data, and the PLS technique was used for the analysis. The findings indicate that employee motivation has little to no positive influence on workers' output. A link was, however, established between Intellectual Stimulation and transformational leadership. Therefore, managers who support staff should be able to address problems thoroughly before supporting them to act creatively.

According to Kiima (2015), career development is a plan created to help every employee of a specific organisation reach new heights in their work. It is a plan to help an organisation's members advance, grow and develop. In his investigation of how training affects employees' career advancement within an organisation, Kiima (2015) was particularly interested in the Equity Bank Kenya Limited case study. The study also concentrated on staff training as a factor in career advancement. He made the intriguing claim that training provides opportunities for employees to

rise in the Bank and improves their career prospects. It is also the case that training increases the likelihood of promotion into positions with greater responsibility and frequently results in higher wage increases. This results from employees' increased practical knowledge and proficiency in their fields. Training also enables employees to perform various tasks, making them better equipped to perform the task at hand. The training benefited employees' careers both when they first started working and as they advanced those careers within the Bank.

Career development is described in the study by Mwashila (2018) as advancing a person's career. It refers to the actions taken by both the organisation and the workforce to fulfil the obligations of their jobs and advance their careers. In Kenyan public universities, Mwashila (2018) looked into the impact of career development on academic staff performance. The study found that one strategy for raising academic staff members' performance is career planning. According to the study, institutions established career development programmes for their academic staff, which improved employee performance. It was also found that career promotion significantly influenced academic staff performance in public universities in Kenya. This results from the possibility for staff to excel in their academic competencies provided by career growth. The colleges also recognised the requirements for advancement outlined in the career progression guidelines. Mwashila (2018) advised universities to create career development strategies for their academic personnel and provide suitable career advisory services.

Saleem and Amin (2013) contend that top managers must consider the variance in the importance and dedication given to employees' career development and its integration into HR policies and practices by firms employing various management philosophies. The organisation's support of employees' careers is vital to the company's success. The company has stable assets for its long-term operations because it supports employee career development and supervisory support to generate capable employees who can handle various dynamic situations (multitasking capability).

Palladan, Abdulkadir and Chong (2016) examined how strategic leadership, organisational innovation and IT prowess affected the successful execution of a plan in Nigeria's tertiary institutions. Data from thirteen (13) tertiary institutions—the main sector of higher education in Nigeria—were gathered as part of the study using a cross-sectional survey approach and the resource-based view theory. The study discovered that having strategic leadership along with an

innovative mindset and IT competence of the institutions boosts the efficiency of the overall institutions owing to the appropriate execution of excellent and reliable plans. The study further revealed a contextual gap since it was conducted in Nigeria and focused on the impact of creative organisational leadership, information technology capacity and strategy implementation. The goal of the current study was to illustrate how leadership styles, strategic partnerships and sustainability might have an impact on NGOs in Kenya. This research could not link leadership style and NGOs' survival capacity. The study also had a methodological flaw because the target respondents could only be found in higher institutions, compared to the present study, which included all Kenyan NGOs.

Magassouba, Tambi, Alkhlaifat and Abdullah (2019) studied the impact of stakeholder engagement on the success of development initiatives in Guinea. The foundation of the study was participatory development, which led to a discussion of how the involvement of different stakeholders would affect how development initiatives in organisations performed. Stakeholders were characterised in this strategy as a potent tool for comprehending the businesses and their surroundings. The theory brings together the community, managers, sponsors, government and contractors to determine each party's strategic function and position in a project's success. Stakeholder theory originated in strategic management but has since been applied to various industries. It is currently utilised in various highly varied methods and entails various methodologies, concepts and project evaluation criteria (Magassouba et al., 2019). The effectiveness of Guinea's development programmes was addressed in this study. There needed to be more analysis of how another aspect of leadership style affected the project's durability.

Mala (2017) researched the impact of project sustainability on the availability of financial resources. A descriptive research design was used for this. According to the report, NGOs strategically decide whether to concentrate on people, material or financial resources when seeking funding. Since NGOs often rely on outside financing, the mobilisation of financial resources tends to predominate. However, an NGO can maintain its community-based origins by mobilising volunteer and community resources. An institution must decide right away whether to develop its financial resources, which gives it more authority or to use outside funding, which lessens the danger to autonomy.

Seeing that an organisation may choose where to put the surplus it creates, autonomy also means less sensitivity, less exposure to outside influences, and the capacity to replace essential resources. Members' contributions, loans from financial institutions, asset sales, volunteering of human skills, knowledge, gifts and abilities, and donations of natural resources like land, water, and minerals from members are some of the funding sources for CBOs. In contrast to the current study, this previous one looked at how transformational leadership and financial resource diversification affected the viability of NGOs in Kenya.

Using a desktop review methodology, Meyers Klingebiel and Adner (2015) discovered that an excellent budgetary process must meet the following criteria: it must include all uses of the organisation's financial resources, be based on objective projections, take both the long and short term into account; look for ways of maximising the effects while minimising costs; and do not take precedence over other crucial decision-making processes. Additionally, it completes routine duties as anticipated, is simple to comprehend, defers to the proper authorities when making crucial choices, and adopts rules that align with corporate preferences. The resource mobilisation method is intended to help executives make choices fast and with little outlay of time, money or resources. The resource mobilisation process synchronises the organisation's readily accessible resources with its mission-critical operations. In contrast to the current study, the previous one looked at the effects of financial resource diversification and transformational leadership on the viability of NGOs in Kenya.

Turner and Muller (2015) researched the influence of project managers and their management philosophies on project success. Research done over the years on the components that contribute to project success has not focused on the project manager or leader and his or her leadership style and competency for project success. Most studies ask for project leaders' opinions rather than their influence on project success, which is thought to be the root of this problem. Alternatively, it may be true that the project manager has no direct impact on the project's success, which runs counter to general management literature that maintains that the manager's skill level and management approach directly impact an organisation's performance. In contrast to the current study, the previous one looked at how transformational leadership and financial resource diversification affected the viability of NGOs in Kenya.

The main factors influencing the effectiveness and long-term viability of HIV and AIDS programmes in Machakos County were studied by Dzirikure in 2013. The research discovered several factors that influence performance, including but not limited to the following: the availability of adequate resources; the efficacy of planning; the creativity of project teams; the timeliness of implementation; the effectiveness of leadership and management; the qualities of the project leader; the social, political and economic environment in which the project is implemented; the theoretical and paradigmatic relevance of project designs; and the availability of sufficient information. In contrast to the current study, the previous one looked at how transformational leadership and financial resource diversification affected the viability of NGOs in Kenya.

In his research on the execution of projects in Kisumu's elementary schools, Onyango (2014) identified misuse of finances as one of the main reasons for project stalling. According to the report, numerous constructions were delayed due to disagreements between the school committees and the head teachers about handling these monies. Effective community leadership must, therefore, address the attitudes and behaviours that give rise to all types of prejudice against various categories of people, such as the marginalised, the minority and the challenged. If community leadership is lacking, this goal might remain a mirage. The durability of community-based development initiatives will be significantly impacted by collaboration with other stakeholders, governmental agencies and experts, as any effective leader must comprehend. In contrast to the current study, the previous one looked at how transformational leadership and financial resource diversification affected the viability of NGOs in Kenya.

Koech and Namusonge (2012) studied how different leadership philosophies affected organisational performance in Kenya's State Corporations. A charismatic leadership strategy was used in the study. In thirty (30) state-owned firms with headquarters in Mombasa, Kenya, descriptive survey research was conducted based on the opinions of middle and senior management. Following that, Koech and Namusonge disseminated and collected the results of a structured self-completed study questionnaire after a week (2012). Koech and Namusonge (2012) tested their hypothesis using correlation analysis to identify the leadership philosophies that affect organisational performance. Koech and Namusonge's (2012) analysis revealed a conceptual gap due to its emphasis on state-owned enterprises. The current study's goal was to show how transformational leadership and the sustainability of NGOs in Kenya are related.

In Kenya, agricultural state-owned enterprises were the subject of a study by Kabiru (2018) on the impact of leadership on organisational performance. Stewardship theory was used in the investigation. Forty-two state-owned agricultural enterprises comprised the study's target population, which used a descriptive research methodology. Out of Kenya's 42 agricultural state-owned enterprises, a sample of 30 was chosen via purposeful sampling. The data's frequency, percentage, mean, and standard deviation were coded and analysed using descriptive statistics. Tables, graph charts, and pie charts were used to display the results. The results showed that leadership has the most beneficial influence on state firms' performance. It was, however, shown to have little effect on Kenya's agricultural state-owned enterprises. The research conducted by Kabiru (2018) has a conceptual, theoretical and methodological deficit. The performance of Kenya's state-owned agricultural companies was the central area of attention. So far as the leadership issue in the current study is concerned, Kabiru's study needs to provide more information. The sustainability of NGOs in Kenya was also not shown to be correlated with transformational leadership, which is the focus of the current study.

Momanyi and Juma (2015) studied how leadership style affected projects' sustainability in Kenyan energy sector parastatals. The chain management, contingency, and resource-based theories provided the study's theoretical foundations. Data was gathered using specially developed questionnaires as part of the descriptive survey research design employed in the study. Both descriptive and inferential statistics were used to evaluate the results. The study showed that leadership participation influenced strategy execution favourably in Kenya's parastatals in the energy sector. Leaders who collaborate with other employees within the organisation were shown to be more likely to implement their organisational strategies successfully. Here, open communication among all employees within the organisation can aid in successfully executing a strategy. Employee motivation was also shown to contribute to successful strategy implementation. Momanyi and Juma's (2015) study revealed a conceptual, theoretical, and methodological gap. The current study seeks to investigate the connection between the sustainability of NGOs in Kenya and transformational leadership.

Okoji (2014) investigated how different leadership philosophies affected the implementation of community development initiatives in rural areas. Descriptive survey research was employed, while sampling used a variety of methods. For example, the State was chosen via a stratified

random sampling approach, whilst a purposeful random sampling technique chose the local government. One hundred seventy-nine participants were chosen for the study using a straightforward random sampling method—Pearson Correlation at the 0.05 significance threshold for hypothesis testing. The findings showed that democratic leadership style had the most significant impact on the study's outcome. The conclusions from the study mainly focused on the effective communication of knowledge from the rulers to the subjects to promote optimal practices and mutual learning. Seeing that the study used a descriptive design, a methodological flaw was revealed. This study did not connect the sustainability of NGOs in Kenya to transformational leadership.

Obiwuru, Victoria, and Idowu (2016) looked at how leadership styles affected the productivity of Nigerian small-scale businesses. A transformational-transactional leadership theory was used in the investigation and employed a survey design and evaluative quantitative analysis technique. A total of 18 local small-scale businesses were sampled using a stratified random sampling approach. A total of fifteen respondents were chosen at random for the investigation. The Pearson correlation coefficient ( $r$ ), which depicts how the variables are related, was employed. The findings indicated that transformational leadership positively affected performance, but not significantly. The location of the study, Nigeria, reveals a geographic gap. The study also revealed a theoretical gap since it used the Transformational-Transactional Model. The current study uses the transformational leadership model to examine the sustainability of NGOs in Kenya.

Kim, Kim and Jung (2018) looked at a middleman that affects the link between institutional sustainability and transformational leadership in South Korea. According to the author's theory, which is based on the context-attitude-behaviour framework, transformational leadership increases institutional sustainability by increasing the amount of workers' forgiveness. This quality is dependent on interpersonal relationships. A survey of 374 employees was used in the study's structural equation modelling analysis. The outcome showed that forgiveness mediates transformational leadership's impact on institutional sustainability. The research adds to the body of knowledge on transformational leadership and good organisational scholarship by pointing out a new way that transformational leadership boosts institutional sustainability.

Mangundjaya (2019) examined how psychological empowerment mediates between transformational leadership's impact on organisational sustainability and other factors. Three

hundred fifty people participated in the research, which was done at one of the manufacturing businesses. Three questionnaires were used to gather information about organisational sustainability, psychological empowerment, and transformational leadership. The structural Equation Model was used to examine the data. The findings showed that transformational leadership directly affected organisational sustainability, while psychological empowerment partially mediated the interaction between these two variables. It may be inferred, therefore, that psychological empowerment is an essential factor in ensuring organisational sustainability. While pertinent to the proposed research, the study primarily focused on the industrial sector, creating a contextual gap. The current study focuses on NGOs in Kenya.

Jiang, Zhao and Ni (2017) investigated the impact of transformational leadership and corporate citizenship behaviour as a mediating factor on sustainable employee performance. Structural equation modelling was used to examine a total of 389 contractor questionnaires. The results showed that transformational leadership has a favourable impact on the sustained performance of employees. Here, employees were shown to engage in organisational citizenship behaviours, which moderate more than half of that influence. These results remind project managers of the need to pay close attention to transformational leadership, encouraging corporate citizenship behaviour and, ultimately, enhancing employees' sustainable performance. The study is still pertinent to the proposed research. However, it should have paid more attention to how transformational leadership affects institutional sustainability, leaving conceptual and contextual gaps that the current study would attempt to solve.

Muralidharan and Pathak (2018) investigated how institutional indicators influence the growth of social entrepreneurship at the societal level, such as the sustainability of society and culturally supported transformational leadership theories (CLTs). The results of the multilevel analysis using 107,738 individual-level responses from 27 countries for the year 2009 from the Global Entrepreneurship Monitor (GEM) survey, the country-level data from the Sustainability Society Foundation (SSF) and Global Leadership and Organisational Behaviour Effectiveness (GLOBE) showed that transformational CLTs and sustainability conditions of society had a positive impact on people's likelihood of entrepreneurship. Furthermore, when societal sustainability is low, the value of transformational CLTs for social entrepreneurship increases, suggesting a connection between cultural leadership philosophies and societal sustainability. This study should have

specifically addressed institutional sustainability, even though it is instructive to the planned research. Consequently, there is a contextual gap that the current work aims to solve.

Sajjad et al. (2019) conducted a study on the influence of transformational leadership on employees' innovative work behaviour in sustainable enterprises in China. 281 Chinese workers of global corporations provided the information. The results showed a strong correlation between transformational leadership, work engagement and creative work behaviour. The results also showed a considerable effect of transformational leadership on followers' confidence in a leader, with a beneficial knock-on effect on workers' job satisfaction. The findings also confirmed a solid serial mediation between transformational leadership, trust, workplace engagement and workers' creative behaviour. Despite being pertinent to the current topic, the study has contextual and conceptual deficiencies. The primary focus of this study will be on how transformational leadership affects the institutional sustainability of NGOs in Kenya.

The mediating influence of organisational citizenship behaviour was examined by Jiang et al. (2017) in their study that examined the impact of transformational leadership on employee sustainable performance. Transformational leadership was shown to have a beneficial effect on employees' sustainable performance. Employees were shown to engage in organisational citizenship behaviours, which moderate more than half of that influence. These findings provide project managers with a valuable reminder of the need to pay close attention to transformational leadership, supporting corporate citizenship behaviour and boosting workers' sustainable performance. While pertinent to the current topic, the study has contextual and conceptual flaws. Kenyan NGOs will be the main subject of the current study.

Dola (2015) studied the impact of transformational leadership on staff performance, concentrating on the Kenya Wildlife Service (KWS). The study established that transformational leadership produced inspiring motivation and acknowledgement of individual work. A conceptual gap was presented by the study's concentration on KWS, a government parastatal. The present study will concentrate on the sustainability of NGOs in Kenya.

### **2.3.2 Transformational Leadership, Financial Resource Diversification and Institutional Sustainability**

Effective solutions for revenue diversification in non-profit organisations has been the subject of research by scholars across the globe, however with very little emphasis in explaining the mediation effect it might have on the relationship between leadership and institutional sustainability. According to Niswonger (2019), a thematic discussion by executives from a small non-profit organisation in the mid-Atlantic region of the United States were asked to discuss their strategies for diversifying their revenue streams using the theoretical framework of modern portfolio theory as part of this single-case study. The six themes that emerged concerning process strengths and opportunities for improvement included using a systematic strategic planning process; fostering relationships with partners, suppliers and collaborators; incorporating performance measures to areas of importance; developing and implementing systematic methods to assess customer satisfaction; and developing and implementing systematic methods to assess workforce engagement. Although the study is pertinent to the current one, it did not examine how diversification of financial resources could mediate the link between transformational leadership and institutional sustainability, thus, leaving a gap in the literature. A comparable study is required, focusing on emerging nations like Kenya in particular.

Despard et al. (2017) investigated whether revenue diversification might forecast the financial susceptibility of NGOs in sub-Saharan Africa. Online polling of domestic NGO leaders, mainly in Ghana, Kenya and Nigeria (N = 179), was used to collect the data for this study. The findings showed that non-profits' most frequent financial issues were insufficient financial reserves (79 per cent) and cutting back on services owing to a lack of funds (74 per cent). Financial problems and revenue diversification were strongly correlated ( $r = 0.94$ ,  $se = .016$ ,  $p .001$ ). Financial difficulties were also strongly correlated with income-generating activities, but this correlation was not statistically significant ( $r = 0.15$ ,  $SE = .134$ ,  $p = .259$ ). Although the study is pertinent to this one, it primarily focused on NGOs in Sub-Saharan Africa. It neglected to address the mediating role of financial resource diversification in the link between transformational leadership and institutional sustainability, which created a contextual gap. By concentrating on revenue diversification, it also exposes a conceptual flaw. The primary emphasis of the current study is on financial resource diversification's role in mediating the link between transformational leadership and the institutional sustainability of NGOs in Kenya.

The impacts of leaders' alignment on strategy execution were examined by O'Reilly, Caldwell, Chatman, Lapiz, Self and William in 2016. Strategic Change Theory was applied to the investigation that utilised mixed survey methods. The target group consisted of 3,000 doctors working in 19 large hospitals or clinics. Individual-level response analysis was employed in the study, along with factor analysis. The scale for each leader was calculated using factor loadings based on these findings. Each scale showed a high level of internal consistency (the reliability coefficient ranged from .92 to .95). The findings showed that the Chief Executive Officer and the

physician in charge leadership had one highly significant interaction impact ( $\beta=.29$ ,  $p<.01$ ). Here, considerable performance improvement occurred when adopting strategies only when leaders' efficacy at various levels (hierarchies) was taken into account collectively. When the Chief Executive Officer and PIC were regarded as successful leaders, the change in patient evaluations of access and service was the greatest. There are methodological, contextual and conceptual gaps in the study. In contrast to the current study, which focuses on transformational leadership, strategic partnerships, the diversification of financial resources and the sustainability of NGOs in Kenya, O'Reilly et al. (2016) examined the impact of leaders' alignment on strategy implementation in California, the United States. The study did not, however, make a connection between the diversity of financial resources and NGOs' capacity to remain operational.

Nwokolo, Ifeanacho and Anozodo (2016) investigated perceived organisational fairness and leadership philosophies as predictors of employee engagement in the organisation in Nigeria. The theory of employee engagement and the strategic leadership theory were used. Using a quantitative research strategy, the study took a descriptive approach. One hundred thirty respondents were collected by simple random selection. The study indicated that perceived leadership styles and organisational fairness strongly impacted employee engagement among secondary school teachers in Nigeria.

Nwokolo, Ifeanacho and Anozodo's (2016) study, which used a descriptive research design, presents a methodological gap. The study also had a contextual flaw because it was conducted in Nigeria. In the current study, a cross-sectional survey design was used to show how the diversification of financial resources impacts the link between transformational leadership and the institutional sustainability of NGOs in Kenya. The study's strength was how it employed leadership style as a predictor of workers' involvement in the workplace. According to Yukl (2013), leadership is persuading others to do the things that must be done to achieve those predetermined goals. Given that the intended respondents for the study were exclusively from the organisational justice department, it also had a methodological flaw. The current study included participants from several Kenyan NGOs.

Ochieng' and Sakwa (2018) investigated how resource mobilisation that involves participation affected the viability of community initiatives in Kisumu County. The study used participatory and capability theories. Ochieng and Sakwa (2018) study used a descriptive survey research design, which emphasises the creation of objectives, design of data collecting instruments, collection of data, processing and analysis of data, and reporting findings. As particular study objectives for participatory labour sourcing, the researcher employed the following indicators: finance mobilisation, project material sourcing and leadership. Three hundred sixty homes made up the target population. Stratified sampling was the method of choice, yielding a sample size of 189 homes. Surveys were used to collect the data, which was then quantitatively evaluated using the SPSS,

According to Ochieng and Sakwa's (2018) research, the success of community water projects in Kisumu's informal settlement was statistically correlated with effective project execution and resource mobilisation by participants. The strength of this study was that it addressed the role that community participation in resource mobilisation plays in the sustainability of projects. Nevertheless, the study should have considered other factors, such as the element of transformational leadership and its impact on the sustainability of NGOs in Kenya.

Mutia (2016) used descriptive correlational analysis to study community engagement and strategic leadership on church project sustainability in Kenya. Four thousand nine hundred fourteen clergy members and 126 bishops made up the sample in the study. Ninety-five bishops and 387 clergy members were selected for the research using stratified random selection. An organised questionnaire was used to gather the data. For descriptive statistical analysis, means, percentages and frequency distributions were utilised, while for inferential statistical analysis, correlations, Chi-square, and Analysis of Variance were employed. Regression was used to test the various theories that Mutia (2016) used. The descriptive research design used in the study, which focused on strategic leadership and how it affected church growth in Kenya, revealed methodological and conceptual gaps. The current study investigates how transformational leadership and financial resource diversification might help NGOs in Kenya remain sustainable.

In Kenya's Migori County, Uriri constituency, Agosa (2015) looked at the impact of community mobilisation on the longevity of projects that foster local development. Social Action Theory was used in the research. The study's research approach was a descriptive survey research design. The questionnaire that was utilised to gather data was pre-tested through a pilot study to determine its validity and reliability. Three thousand and thirty participants in community-based development initiatives were the focus of the study. In order to stratify the projects into different project kinds, such as youth group projects, women group projects, self-help group projects, and community-based organisation (CBO) projects, a probability sampling design with a stratified random sample process was adopted. The results demonstrated that raising community knowledge significantly impacts community-based development programmes' capacity to remain viable. A theoretical and methodological gap was revealed in the study. The current study aims to evaluate how stakeholder involvement, resource mobilisation, and leadership style affect the sustainability of the Kenya project financed by the Anglican Church. The investigation also revealed a theoretical gap. Nevertheless, this study should have considered the many sustainability factors, such as leadership style and the diversification of financial resources, which the current study considers.

Caroline (2015) sought to determine the impact of church-owned enterprises on the long-term viability of the church. Church organisations have experienced several obstacles that have affected their survival and viability over the years. In order to improve their ability to operate, many churches today have entered the commercial world. This effort has, however, had a mixed response from churches, with some seeing it as a beneficial initiative for self-reliance and others seeing it as an attempt that is outside the bounds of the church. Sustainable Formula Theory (SFT) was used

in Caroline's study. A descriptive research design was used for the investigation. Interviews and survey administration were used to acquire the primary data. The findings suggest that church enterprises help the church to remain viable.

Additionally, the church's financial security suggests that it is in a solid position to fulfil its biblical duty in terms of outreach, evangelism and assisting those in need in society. The study concluded that church enterprises were crucial in fostering the sustainability of their operations. A theoretical and methodological gap was revealed because the study used the sustainable formula theory. Caroline's study utilised cross-sectional survey design and Religious Economy Theory (RCT) to examine the viability of church-owned enterprises run by the Anglican Church. The key strength of the study was that it addressed how church-owned enterprises affect the viability of the church but lacked a connection between sustainability and the diversity of financial resources.

Ebenezer et al. (2020) examined the impact of financial diversification on NGOs' institutional viability in Ghana. The findings indicated that NGOs in Ghana rely heavily on donations, have negligible revenue diversification, and need more strategies for generating their own income. This suggests that NGOs in Ghana are not financially viable and, as a result, require revenue-generating income strategies that enable them to become financially viable. The findings demonstrate that solid donor relationships, effective financial management techniques, own revenue generation by NGOs, and diversification of income are the main factors influencing the financial viability of NGOs in Ghana. Although statistically negligible, using ERP systems and cloud accounting benefitted NGO financial viability. Despite the research's applicability to the current investigation, a comparable study in the Kenyan environment is still necessary.

Mohamed and Muturi (2017) investigated the variables affecting the financial viability of regional non-governmental organisations in Puntland, Somalia. In order to ascertain if regional non-profit organisations in Puntland were financially sustainable, the study concentrated on three variables: funding sources, revenue diversification, and strategic financial planning. Results show that diversification methods and strategic management have a good and significant impact on the ability of NGOs to maintain their financial stability. This suggests that organisations that had diversified their funding sources and implemented strategic strategies saw more financial sustainability than those that did not. There was, however, only a fragile and negligible association between financial sources and institutional sustainability, suggesting that financial sustainability was independent of financial sources. While pertinent to the current topic, the study has a contextual gap because it was conducted in Somalia. The current study aims to determine how financial resource diversification, which is a mediator of transformational leadership, affects institutional sustainability in Kenyan NGOs.

Achieng (2016) conducted research in Kenya on the impact of funding diversification on NGOs' capacity to maintain their financial viability in Nairobi County. The results demonstrated that the financial supportability of the NGOs in Kenya was typically influenced by the increase of subsidising sources, faculty fitness and self-financing. According to regression analysis, financial

sustainability is explained by people competency, strategic financial planning, diversification of funding sources, and revenue from self-financing in 49.3 per cent of cases. All null hypotheses were tested and rejected, demonstrating the effect of research factors on financial sustainability. It offers a contextual gap since it did not examine how financial resource diversification affected the link between transformational leadership and institutional sustainability among Kenyan NGOs, although pertinent to this study.

### **2.3.3 Transformational Leadership, Strategic Partnerships and Institutional Sustainability of NGOs.**

Organizations engaged in strategic partnerships typically share a common purpose or objective neither company believes it can achieve independently. According to partnership theory, strategic partnerships have the most significant potential for value addition because they enable actors to achieve results that neither partner could have accomplished alone. According to Rathi, Given, and Eric (2016), community partnerships are the most well-known strategic organizational partnerships. They contend that this collaboration allows the NGO to exchange ideas and information with community people who may not necessarily be part of a larger organization.

MacDonald et al. (2019) examined the strategic capacities of partners for gaining value through sustainability-focused multi-stakeholder partnerships in Canada with a view to explain its moderating role. The findings showed that each technique leads to a distinct partner-level resource outcome. Product stewardship strategies were shown to be linked to organizational and financial capital; marketing and promotion are linked to people capital; and internal implementation mechanisms are linked to shared capital, while the moderating role was reported as insignificant.

Mukanga (2016) researched foreign NGOs' sustainability tactics in Nairobi, Kenya. The research aimed to determine the sustainability policies used by foreign NGOs in Nairobi, Kenya. The study aimed to identify the difficulties in managing transnational NGOs. The study discovered that worldwide, NGOs employ a range of tactics to maintain themselves. The most popular techniques were strengthening public-private partnerships, having well-defined rules and procedures, having powerful management teams, and using strategic management. The findings also indicated that a financial constraint was a more significant obstacle to adopting a sustainability plan. The study revealed a contextual gap since it mainly concentrated on sustainability measures utilised by multinational NGOs in Nairobi, but the current study would concentrate on local NGOs in Kenya.

Mangar and Munyoki (2018) conducted a study on the performance of commercial banks in Kenya regarding strategic alliance portfolio variety. Embeddedness, reciprocity and status similarity are among the practices for portfolio diversity that have been looked into. According to the research, bank embeddedness lessened the degree of information asymmetry among the partners, allowing the alliance bank partners to develop shared problem-solving strategies. The willingness of the banks to share confidential information with the alliance partners, which helps to curb their propensity to act opportunistically, was shown to be a sign of reciprocity among the banks.

Additionally, the traits of an alliance portfolio were shown to have a substantial moderating role in the diversity-performance connection of an alliance portfolio. The link was favourably regulated by reciprocity, and as was predicted, this focused relationship was positively moderated by status similarity. Although the research is pertinent to this one, it primarily focused on commercial banks, creating a contextual gap and necessitating that a similar study be conducted in the setting of NGOs.

Kariuki (2018) investigated how project managers' leadership philosophies affected the viability of projects in Kenya. The study employed visionary and transformational leadership theories using a descriptive research design. A sample size of 102 participants was drawn, and the census method was employed. The study discovered that leadership styles that emphasise transactions and change had a stronger explanatory power—a unit increase in Intellectual Stimulation results in a 0.485 drop in Time Performance Index (TPI). However, a unit rise in Management by Exception-Active (MBEA) would result in a 0.756 gain in TPI. This study did not consider the impact of it as a mediating or intervening model in the study since it examined the impact of the project manager's leadership style on the sustainability of projects in Kenya based on the independent versus dependent relationship model.

Kitonga (2017) investigated strategic leadership techniques and non-profit organisations' sustainability in Nairobi County. The study used the management leadership, path-goal, transformational, and upper-echelon theories. The research design for the study was convergent mixed-method. In Nairobi County, 1475 not-for-profit organisations were the study's target population. The study sample consisted of 305 strategic leaders from non-profit organisations in Nairobi County. The study was limited to non-profit groups operating in Nairobi County. The findings showed that leaders manage meaning in the "New Leadership" paradigm instead of merely exercising influence. The fast changes in the global environment, including the quickly emerging technology and political and social aspects, have, however, undoubtedly been fuelled by rising fanaticism over the past several years. These variables have also called for the development of practical leadership qualities.

The study also reported a strong correlation between sustainability in not-for-profit organisations and strategic leadership techniques in general. Here, deciding on a strategic course, building human capital, upholding moral principles, exercising strategic control and sustainability are all positively correlated. Kitonga's study utilised a convergent mixed-method research design and four hypotheses. Thus, his study had theoretical and methodological shortcomings. The current study used a cross-sectional survey design to determine the impact of transformational leadership and strategic partnership on the sustainability of NGOs in Kenya. Although the relevance of strategic leadership practices and the sustainability of not-for-profit organisations was the main emphasis of this study, it should have recognised and analysed the fundamental stakeholder involvement and leadership style that might prove the sustainability of projects.

Ngatia and Kihara (2018) investigated the factors that influence the viability of community initiatives supported by donations in Garissa County. The study concentrated primarily on community involvement, financial management, leadership and training, and management of the sustainability of donor-funded community initiatives in Garissa County. The Freirean theory, the theory of outcomes, the theory of competence and the theory of systems served as the anchors for the variables. Project managers who received funding from donors, donor organisations and project beneficiaries made up the population of the study's descriptive research design.

A sample size of 246 was obtained using Mugenda & Mugenda (2003) sample size determination algorithm. The research also used stratified sampling to select the respondents from each category. While secondary data was gathered using desk search strategies from the internet from earlier scholarly works, primary data was gathered using a semi-structured questionnaire. The numeric data were analysed using a multivariate regression model, while the qualitative data were analysed using a content analysis strategy. Results: According to inferential findings, in Garissa County, there is a positive and significant link between community involvement and the sustainability of donor-funded community initiatives, as well as a positive and significant relationship between financial management and that sustainability.

A theoretical and methodological gap was revealed because the study used the Human Capital Theory. The survey design and qualitative research methods were used in the study—the present study aimed to evaluate the impact of strategic partnerships. Despite a detailed investigation of the factors influencing the durability of donor-funded community initiatives in Garissa County, the research should have addressed the inclusion of transformational leadership contributions or appropriately accounted for the variables that will be examined in this study.

#### **2.3.4 Transformational Leadership, Financial Resource Diversification, Strategic Partnerships and Institutional Sustainability of NGOs**

Diversifying financial resources is crucial to improving the stability of the revenue streams for voluntary organizations. This is due to the increased interest in strategic partnerships, which may be attributed to the knowledge that strategic partnerships can produce successful results for all parties involved, including corporations, NGOs, and the larger society/community (Boue & Kjaer, 2010). Strategic planning has been the subject of several research projects on NGOs as a financial resource diversification and strategic partnership component, thus its ability to potential provide both moderated-mediation effect. However, to the contrary, prior knowledge base have insignificantly provided and explanation to this association with overall financial and organizational sustainability.

Gakenia, Katuse, and Kiriri (2017) conducted a study on the impact of strategic leadership on the academic success of Kenya's national schools. In the study, strategic leadership theory was used. A descriptive research design was employed for the investigation. The sample size was 93 national school principals selected using a census selection approach, with the target population being the

103 national secondary schools in Kenya. The findings showed that most respondents (59.8%) strongly agreed that the national school should have a structured process for reviewing the principal. All respondents —100%—agreed that their institutions upheld ethical principles for everyone, from faculty and staff to students. Most respondents (70.1%) who were asked about monitoring ethical behaviour strongly agreed that they did so for both staff and students. 2.3 per cent, 48.3 per cent, and 49.4 per cent of respondents indicated neutral, agreement, and strong agreement concerning the metric about collecting and analysing pertinent data and information for our strategic planning process.

The research by Gakenia, Katuse, and Kiriri (2017), conducted in a school setting using a descriptive research design and the strategic leadership theory, revealed a theoretical and conceptual gap. In contrast, the current study used the transformational leadership theory and a cross-sectional survey design to show how transformational leadership, strategic partnerships, and financial resource diversification affect the sustainability of NGOs in Kenya. This study did not connect the viability of NGOs in Kenya to transformational leadership. The study also had a methodological flaw since the NGOs in Kenya were included in the present survey. However, the target respondents for the previous study were solely confined to the academic performance of the national school.

Opuku (2015) investigated how sustainability experts in charge of creating sustainable building plans in the UK exercised successful transformational leadership. The research made use of transformational leadership theory. Through semi-structured interviews, qualitative data was gathered. Two hundred consultants and contractors working for intragovernmental organisations in the UK were the intended audience. The study found that no one type of transformational leadership works best in all circumstances. Thus, most people in positions of authority responsible for promoting sustainable building are strategic in their approach or conduct. The study on transformational leadership and project sustainability had a geographical gap because it was conducted in the United Kingdom. Although this research did an excellent job of evaluating various sustainability-related building difficulties in the UK, it was found to have significant areas for improvement due to the exclusion of strategic partnerships and financial resource diversification.

Adan and Kising'u (2019) investigated the effects of administrative conscious leadership, enabling conscious, adaptive, and transformational conscious leadership on peace-building in Mogadishu, Somalia. Conscious leadership, system, peace, and contingency theories were applied in the study. The research used a stratified random selection to choose 153 participants from a target group of 248. Questionnaires were used to gather primary data. The data was input into Windows version 22.0 of the SPSS.

The findings showed that conscious leadership has a statistically significant impact on peace-building in Mogadishu, Somalia. The research offered several suggestions for beneficial societal transformation. The improvements may be incorporated into Somalia's administration, which

might assist in introducing conscious leadership to promote peace-building and restore long-lasting peace in the country. This study's use of a correlation cross-sectional survey design with solely quantitative measures had some significant limitations that should be considered. These drawbacks can be improved upon by longitudinal studies using a combination of mixed quantitative and qualitative measurements. Due to the study's location in Somalia, there was a geographic gap. The study also revealed a theoretical gap since it used a leadership theory called the Transformational-Transactional Model. The sustainability of NGOs in Kenya is examined in the current study using transformational leadership. Given the Somali study's focus on leadership and peace, it did not evaluate other sustainability indicators, such as social and environmental factors.

Akumu and Onono (2017) investigated the sustainability and community involvement of the comprehensive school health programme. The study used Participatory Development Theory (PDT). This theory describes local development programmes in terms of problems raised by the people whose needs these projects/initiatives are intended to solve. The research combined quantitative and qualitative methods under a descriptive survey design. A standardised questionnaire, focus group discussions and key informant interviews were used to collect data from 270 respondents, including parents, teachers, representatives from the Ministry of Health and Ministry of Education, members of the Board of Management, and project implementers.

The study reported that the project cycle management phases needed more community involvement. The two types of involvement utilised in the experiment were tokenism and non-participation. The study concluded that technical sustainability had a high probability, while managerial and financial sustainability had a low probability. Due to the study's use of the sustainable formula theory, a theoretical and methodological gap was revealed. The investigation was conducted using a descriptive research approach. The current study aims to evaluate how transformational leadership, financial resource diversification and strategic partnership affect the sustainability of NGOs in Kenya. The cross-sectional survey design was employed in the present investigation. The sustainability of NGOs was not demonstrated in Akumu and Onono's study to be correlated with financial resource diversification and transformational leadership. The study also had a methodological flaw since, in contrast to the current study, which included senior managers from various NGOs, the target respondents were restricted to the project cycle management phases.

Bilala and Odari (2018) explored how Kenyan manufacturing companies' performance is impacted by using sustainable supply chain management methods. Resource-Based Theory and Ecological Modernization Theory served as the study's guiding theories. The study used a case study design. There was a chance to question theoretical presumptions as the study tracked the behaviour of the variables. A sample of 102 people obtained through stratified random sampling was utilised in the investigation. Both descriptive and inferential analyses of the data were performed. The presence of multicollinearity in the data was confirmed using Pearson correlation analysis. The association between the independent and dependent variables was determined using regression analysis.

The study found that eco-design, cleaner manufacturing and green packaging are essential indicators of manufacturing business success. There needed to be a conceptual, theoretical and methodological deficit in the study. The current study aims to evaluate how stakeholder involvement, resource mobilisation, and leadership style affect the sustainability of NGOs in Kenya. The resource-based perspective hypothesis on the sustainability of NGOs in Kenya was utilised in the current study, which also used a cross-sectional approach. The research by Bilala and Odari (2018) focused on sustainability-related concerns. However, it should have examined any of the other study's key performance indicators, such as transformational leadership, strategic partnerships, and financial resource diversification.

Mbugua, Nyiva, and Gathano (2017) researched the longevity of community-based initiatives in the Archdiocese of Nairobi. The study's main goal was to evaluate the elements influencing the viability of initiatives carried out by the Catholic Church in communities in Kenya, namely the Catholic Archdiocese of Nairobi. The stakeholder and human capital theories were utilised. A qualitative research technique and a survey research design were used in the study. The 156 community-based initiatives carried out in the Catholic Archdiocese of Nairobi between 2011 and 2015 included 156 residents as its target demographic (2017). Based on the thirteen deaneries in Nairobi, including the central deanery, Nairobi Western, Nairobi Eastern, Ruaraka, Makadara, Outering, Thika, Mangu, Gatundu, Githunguri, Kikuyu, Kiambu and Limuru, cluster sampling was carried out. A sample of 69 people was chosen, of whom 29 project managers, 37 users, and three key informants were chosen. The information was gathered using three surveys that included both structured and unstructured questions. SPSS was used for data analysis (Version 21).

The outcome was displayed using frequencies, means, percentages and standard deviations. The study determined that while top management is a crucial factor, its support for the long-term sustainability of different resource allocations is minimal and, sometimes, nonexistent in many projects. According to the project managers, all users should feel like they are a member of the team leading initiatives. The research claimed that disclosing financial sources will foster accountability and openness. As a result, stakeholders would be able to perceive support from the top management for sustainable money mobilisation. Using the Human Capital Theory revealed a theoretical gap in the study. The survey design and qualitative research methods were used in the study. The current study aims to evaluate how transformational leadership, financial resource diversification and strategic partnership affect the sustainability of NGOs in Kenya using a cross-sectional survey design.

Mutinda (2016) researched the factors that influence the formation of strategic partnerships at the Kenya Institute of Management (KIM). The research revealed that the KIM had taken part in several strategic alliances, some of which are still going strong and one of which collapsed. It was also discovered that KIM primarily formed strategic relationships to expand its market reach and enhance its financial stability. The enhancement of customer service and the decrease in the price of product development were two other significant factors that KIM considered before joining the

strategic collaboration. The study has a contextual gap because it concentrated on a learning institution, but the current study focuses on NGOs.

Obunga, Marangu and Masungu (2015) looked at the strategic management and sustainability of Kakamega County savings and credit cooperative societies (SACCOs). The study used the Strategic Leadership Theory and utilised a descriptive research approach. 38 SACCOs registered in Kakamega County were the intended study population. A purposive sampling method was employed to choose a sample of 529 people. The study showed that strategic leadership accounted for 48% of Saccos' performance.

In contrast to the current study, which used transformational leadership, financial resource diversification and strategic partnership to examine the sustainability of NGOs in Kenya, Obunga, Marangu, and Masungu (2015) study shows a conceptual gap because it uses strategic leadership in the sustainability and strategic leadership of SACCOs. A theoretical gap was exhibited as the previous study employed strategic leadership theory, whereas the present study utilised transformational leadership theory. The study also revealed a methodological gap since the current study employed a cross-sectional survey design, whereas the previous study used a descriptive survey.

Omura and Forster (2012) conducted a study on the sustainability of philanthropic organisations in Australia, focusing on 44 non-profit groups. This work creates theoretical and empirical models using the modified Cournot Theory of Oligopolistic Competition Markets. Forty-four charity organisations in Australia for the eight fiscal years between 2001 and 2008 were used as the study's population. These organisations' annual reports contained financial and non-financial factors. The selection of eight years allows for the inclusion of data that is both representative and free from distortion. The majority of the groups, the survey revealed, collected more money through fundraising when they participated in it and planned for it. The investigation revealed a methodological and theoretical gap in the setting. Strategic partnerships should have been considered a crucial component of the sustainability of the NGOs in Kenya in this study. Key sustainability indicators, particularly those related to the diversification of financial resources, should have been considered.

## **2.4 Summary of Knowledge Gaps**

The assessment of the literature revealed a number of knowledge gaps in the relationship between the four variables, namely transformational leadership, strategic partnerships, financial resource diversification and institutional sustainability. Conceptual, contextual, and methodological gaps are related to the research gaps. The contextual deficiencies relate to NGOs sustainability in Kenya. Table 1 lists the gaps that were found throughout the literature review.

Table 1 : Summary of Knowledge Gaps

<b>Author</b>	<b>Research Topic</b>	<b>Methodology</b>	<b>Findings</b>	<b>Knowledge Gaps</b>	<b>Focus of this Study</b>
Perrott (2015)	Senior management teams in business organisations are becoming more and more focused on organisational sustainability.	A combination of cross-sectional survey design and relational study design. Primary data used.	The prior model, which only included the environment and the human components, should not have the economic component of organisational sustainability added.	Instead of demonstrating how the various models interact, this research aims to evaluate each model separately.	The current study will take into account all the factors, their interactions, and their effects (either collectively or individually) on the viability of organisations.
Samsup Jo & Jae-Woong Yoo, (2015)	Views of companies toward NGOs	-Descriptive Research design	Corporate executives typically have a negative attitude regarding the management style used by NGOs	The impact of corporate perspective on NGO organisational viability is not demonstrated by this study.	This study aims to determine whether this impression and trust-building affect NGOs' capacity to remain sustainable.
Despard, Mayegun, Adjabeng & Ansong (2017)	Does revenue diversification foretell financial risk for sub-Saharan African non-governmental organisations?	Descriptive Research design	Non-profits' most frequent financial issues were having insufficient cash reserves (79%) and having to cut back on services because of a lack of financing (74 present). Revenue diversification and financial difficulties were positively correlated.	It presents contextual and conceptual gaps	This study will focus primarily on Kenyan NGOs

Author	Research Topic	Methodology	Findings	Knowledge Gaps	Focus of this Study
			( $\beta = 0.94$ , SE = .016, $p < .001$ ).		
Mwithi (2016)	Effect of Leadership Skills on the Performance and Sustainability of Kenyan State Corporations	A study design for a cross-sectional survey.	The financial performance of Kenya's state enterprises had a favourable and substantial link with all of the leadership abilities, the results showed.	This study does not compare the efficiency of different leadership skills that available with regards to financial resource diversification	In this study, the dimensions of financial resource diversification and strategic partnership will be compared with those of transformational leadership.
Okorley& Nkrumah (2012)	Organisational elements affecting the viability of local non-governmental organisations in Ghana	Combination of quantitative and qualitative research approaches	The most crucial element for the long-term viability of regional NGOs is leadership.	The study does not adequately discuss the interactions among the various factors (financial resource diversification and leadership) found to contribute to sustainability of organisations.	The current study will blend the leadership variables with financial resource diversification and strategic partnership in assessing sustainability of NGO
Mutinda (2016)	what matters in forming strategic alliances in Kenya Institute of Management	-Descriptive Research design	Strategic partnerships have been a focus of the Kenya Institute of Management; some of these relationships are still in place, while others have collapsed.  Additionally, it was shown that KIM mostly engaged	Presented a contextual gap and conceptual gap.  The study focused on the Kenya Institute of Management.	Study will focus on NGOs in Kenya.

<b>Author</b>	<b>Research Topic</b>	<b>Methodology</b>	<b>Findings</b>	<b>Knowledge Gaps</b>	<b>Focus of this Study</b>
			strategic alliances to penetrate new markets and to improve financial stability.		
Dola (2015)	Kenya's wildlife agency is the subject of this study on the impact of transformational leadership on workforce performance.	Combination of quantitative and qualitative research approaches	The outcome of transformational leadership has been inspirational motivation and acknowledgment of individual work.	The research presents both contextual and conceptual gaps,	The goal of the current study is to identify the role that transformational leadership plays in mediating the link between institutional sustainability and the diversification of financial resources for NGOs in Kenya.
Nyanumba, Rotich, Gekara, Keraro & Okari (2017)	Revenue Diversification's Effect on Kenya's Counties' Performance		County performance in Kenya is directly impacted by revenue diversification.	This study presents a contextual gap	Study will focus on NGOs

## **2.5 Research Hypotheses**

This study plans to test four hypotheses, namely.

H<sub>01</sub>: There is no significant relationship between transformational leadership and the institutional sustainability of NGOs in Kenya.

H<sub>02</sub>: There is no significant mediating effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.

H<sub>03</sub>: Strategic partnerships have no significant moderating effect on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.

H<sub>04</sub>: There is no significant moderated-mediated effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.

## **2.6 Conceptual Framework**

The phrase "conceptual framework" refers to a visual depiction demonstrating the link between independent factors and the dependent variable. The researcher envisioned the connection between the variables under investigation and illustrated it visually or diagrammatically. The conceptual framework serves as the basis for the entire argument. The factors shown in Figure 1 helped shape the study's conceptual framework and influenced how it was designed. Transformational leadership is the independent factor, sustainability of NGOs is the dependent factor, strategic partnership is the moderating factor, and financial resource diversification is the intervening factor. The independent variable interacts with the moderating and intervening factors to influence how sustainable NGOs are in terms of their social, economic and environmental spheres.

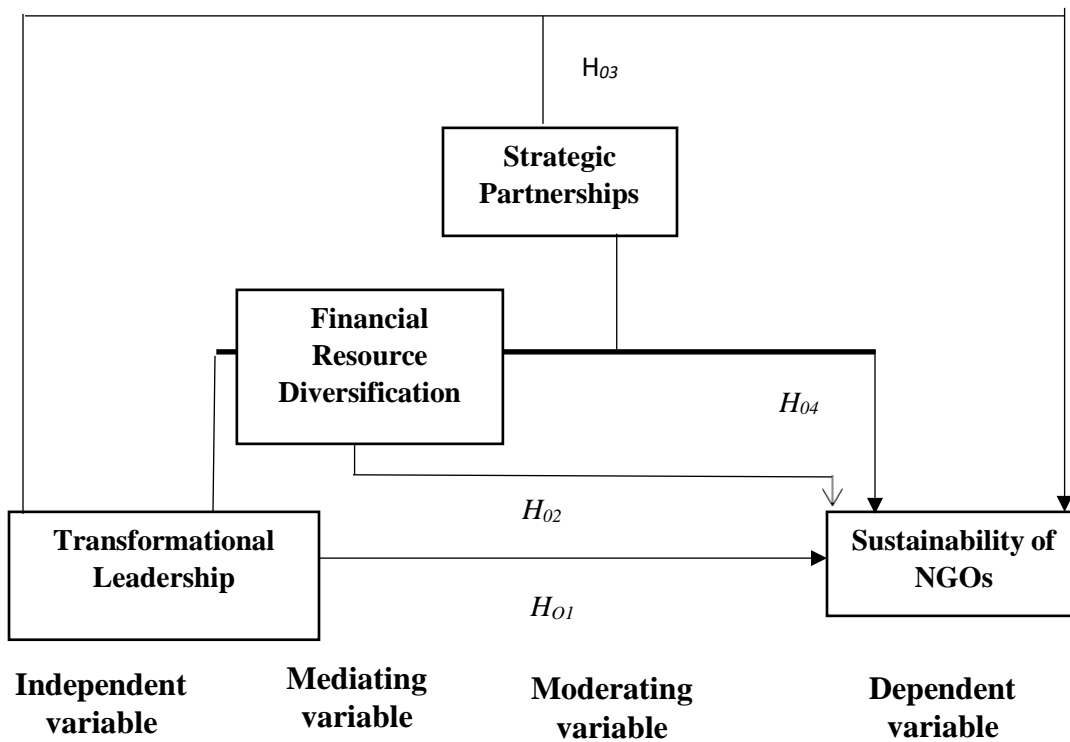


Figure 1: Conceptual Model

### 2.7 Operationalization of Study Variables

Table 2 Operationalization of study variables

Study Variables	Indicators	Measurement scale	Question no
<b>Independent Variable:</b> <b>Transformational Leadership</b>	<ul style="list-style-type: none"> <li>● Individualised consideration</li> <li>● Intellectual stimulation</li> <li>● Inspirational motivation</li> <li>● Idealised influence</li> </ul>	Interval	Section B Qns 4-15

<b>Mediating Variable:</b> <b>Financial Resource Diversification</b>	<ul style="list-style-type: none"> <li>● Fundraising strategies.</li> <li>● Tapping international funding stream.</li> <li>● Income-generating projects</li> <li>● Cost recovery strategy</li> </ul>	Interval	Section C Qns 16-27
<b>Moderating Variable:</b> <b>Strategic Partnership</b>	<ul style="list-style-type: none"> <li>● Partnership formation</li> <li>● Resource-based rationale</li> <li>● Partnership structure preferences</li> <li>● Partnership performance</li> </ul>	Interval	Section D Qns 28-39
<b>Dependent Variable:</b> <b>Institutional Sustainability</b>	<ul style="list-style-type: none"> <li>● Economic sustainability (ES)</li> <li>● Social sustainability (SS)</li> <li>● Environmental sustainability (ES)</li> </ul>	Interval	Section E Qns 40-51

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter outlines the methods utilised to carry out the study and the justification for the choices made. The chapter includes research philosophy, research approach, study design, study population, data collection methods, validity and reliability of data/research instruments. Also discussed in the chapter are ethical considerations and data analysis methods, as well as

#### 3.1 Research Philosophy

According to Ukauskas, Vveinhardt, and Andriukaitien (2018), research philosophy is expanding the research context, body of knowledge and the natural world. An epistemological research philosophy served as the study's direction. Realism, interpretivism, and positivism are the three main schools of epistemology. The research paradigm for this investigation will be positivist. Positivism, which adheres to the fundamental principles of social science, is defined by confidence in theory before the investigation and statistical support of results from experimentally testable hypotheses (Jensen, 2018). The positivist research philosophy is preferred for this study because it holds that knowledge developed is based on careful observation and measurement of objective reality and that the problem under investigation is perceived as independent and separate. In this way, the study attempted to test hypotheses to establish the relationship between the variables. Previous studies such as Datche (2015) and Mutole (2019) also adopted this research philosophy.

#### 3.2 Research Design

Borg, Gall, Meredith and Joyce (2008) define the study design as a thorough strategy for how the research will be carried out. According to Schoonenboom and Johnson (2017), a research design functions as the "glue" that holds all the parts of a research study together and serves as the framework for the investigation. For this study, a cross-sectional research design was employed. Bryman (2012) asserts that a cross-sectional survey design comprises the collecting of data on more than one instance (often quite a few examples) and at a single moment in time in order to acquire a body of quantitative or quantifiable data in connection to two or more variables (usually many more than two). These are then examined in order to seek relationships. Cross-sectional surveys deviate from longitudinal studies in that the latter is carried out frequently over a long period to track changes over time (Saunders et al., 2012). The design was ideal for the study as it allowed the collecting of data on more than one instance and at a single moment in time to investigate the effect of transformational leadership, financial resource diversification and strategic partnerships on the institutional sustainability of NGOs in Kenya at a specific moment. The design was also essential and justified in enabling making inferences about potential connections for the current assessed variable and making further research and testing. It also allowed the study to

record a population's characteristics and quantitatively evaluate the hypotheses (Cooper & Schindler, 2014). This design was appropriate for the study as it informed the goal and scope, the types of data that were gathered, and the types of analysis done that led to the conclusion drawn in line with study objectives (Cooper & Schindler, 2014). In order to provide an unbiased result, the researcher also gathered descriptor data and subjected it to statistical analysis for hypotheses testing.

### 3.3 Target Population

A population is a clearly defined group of individuals, organisations, objects, events, or homes that are the subject of an investigation (Dahabreh & Hernán, 2019). The targeted population comprised of 3,028 NGOs that were registered with the Kenya NGOs Coordination Board and fell into the categories of welfare and disability, education, relief from natural disasters, health, the environment and agriculture. Senior management from the sampled NGOs in Kenya, including board members, were the intended respondents. Table 3 shows the target population distribution.

Table 3: Target Population

<b>Category</b>	<b>population (F)</b>
Education	515
Relief & Disaster	454
Health	484
Environment	242
Agriculture	182
Peace building	182
Human Rights & Governance	273
Water and Sanitation	151
Sports, Culture & Drug Abuse	242
Welfare & Disability	182
Others	121
<b>Total</b>	<b>3028</b>

Source: NGO Coordination Board Registered NGOs (2022).

### 3.4 Sampling Design

The purpose of sampling was to secure a representative group which enabled the researcher to gain information about the population. Chattinnawat (2021) defined sampling as a procedure of drawing a fraction of a population for determining certain characteristics of the population. This study drew its sample from NGOs operating at the national level in Kenya.

The sampling frame for this study was the complete list of all registered national level NGOs in Kenya, obtained from the NGO Coordination Board. The sampling frame refers to the list of elements from which the sample is drawn and is closely related to the population (Duarte & Saraiva, 2020). Securing a representative group allowed the researcher to learn more about the population, which was the purpose of sampling. Using  $P = 0.5$  and a 95% level of confidence, the sample size was estimated using Yamane's (1967) simple technique for proportions. The sample size was calculated using Yamane's (1967) formula. The calculation looks like this:

$n = N / [1 + N(e)^2]$  Where  $n$  = sample size,  $N$  = Population size and  $e$  = alpha level

$N = 3,028$ ,  $e = 0.05$ , Hence  $n = 3028 / (1 + 3028(0.05)^2) = 352$

The study also used a stratified sampling method to determine the appropriate categorical sample size. The approach is advised in cases when the population is not uniform.

Table 4 : Sample Frame

<b>Strata</b>	<b>Target population (F)</b>	<b>Ratio (R) = 352/3028</b>	<b>Sample Size (n) = (F/3028)*352</b>
Education	515	0.11625	60
Relief & Disaster	454	0.11625	53
Health	484	0.11625	56
Environment	242	0.11625	28
Agriculture	182	0.11625	21
Peace building	182	0.11625	21
Human Rights & Governance	273	0.11625	32
Water and Sanitation	151	0.11625	18
Sports, Culture & Drug Abuse	242	0.11625	28
Welfare & Disability	182	0.11625	21
Others	121	0.11625	14
<b>Total</b>	<b>3028</b>	<b>1.27875</b>	<b>352</b>

### 3.5 Data Collection Procedures

A questionnaire was developed and administered to senior management employees to gather primary data for this study. A questionnaire is a self-reporting tool used to collect data on factors

relevant to research (Cohen & Tate, 1989). The questionnaire was chosen because it allowed respondents to react more deeply, giving them time to check their responses and maintaining respondents' anonymity while being time and money efficient.

In order to increase the response rate, all questions were succinct and pertinent. When it was necessary to gauge the views and beliefs of respondents, a Likert scale was used (Krzych et al., 2018). Each item for the independent, moderating, mediating and dependent variables was graded on a five-point Likert scale in accordance with the previous description (ranging from strongly disagree to strongly agree). For this study, a five-point scale was deemed adequate to eliminate ambiguity and aid respondents in maintaining consistency in their evaluations (see Appendix B for the questionnaire). The questionnaire was divided into five sections addressing the five main themes: institutional sustainability, transformational leadership, financial resource diversification and demographic data.

### **3.6 Pilot study**

A pilot study was carried out to ascertain if potential respondents would have issues comprehending or interpreting the questionnaire (Gall et al., 2017). In the study, pilot testing involved 10% of the sample population. Kothari (2004) provides the reason for the 10% sample size, stating that a pilot research should be conducted with a sample size ranging from 1 to 10%. The pilot survey included 35 respondents. The replies came from 35 additional NGOs not included in the survey. The findings of the pilot were not included in the final study.

#### **3.6.1 Validity Test**

The degree to which a questionnaire captures the intended outcomes is referred to as validity. A panel of experts evaluated the study research instrument to determine if it included all the components it was meant to measure. Their expert judgement was taken into account to ensure face validity. Their opinions were assessed and considered to improve the content validity of the questionnaire. This is per the proposition by Cooper and Schindler (2014) to ensure face, content, construct, and concurrent validities when carrying out research.

The instrument's validity was assessed by putting the questionnaire to the test with information from a pilot research. The pilot experiment aimed to improve the questionnaire so that it would be easier for respondents to reply to the questions and for data collection to go smoothly. It also allows for assessing the reliability of the data gathered (Mohamad et al., 2015).

Internal validity, or a research tool's capacity to measure what it claims to assess, can take many different shapes. The degree to which the instrument adequately covers the research questions leading to the study is known as content validity (sometimes called face validity). Content validity is good if the instrument includes a sample representative of the whole universe of the pertinent

subject matter. The effectiveness of measurements employed for prediction or estimate is reflected in criterion-related validity. A prediction, an estimation of the existence of present behaviour, or a temporal perspective may all be desired. Construct validity takes into account the theory and the measurement tool in use. The operational definition of variables should match an empirically based theory (Cooper & Schindler, 2014).

### **3.6.2 Reliability Test**

A valid questionnaire would have the same findings if administered to the same set of people again (Mohamad et al., 2015). According to Zikmund et al. (2012), reliability is the extent to which measurements are error-free and produce consistent findings in this example. The Cronbach coefficient alpha was used in this investigation to calculate the measurement device's internal consistency (reliability). While a value between 0.6 and 0.7 falls into the dependability range, 0.8 and above is regarded as having excellent reliability.

### **3.7 Diagnostic Tests**

In order to ensure that the Classical Linear Regression Model (CLRM) postulations are not violated and to choose the suitable models for inquiry in the event that they are, the study used a variety of diagnostic tests (Saunders et al., 2015). Pre-estimation and post-estimation tests were carried out before the regression model was run. The diagnostic techniques applied in this case were normalcy, multicollinearity, heteroscedasticity, and linearity tests. The sections that follow discuss each of them.

#### **3.7.1 Normality Test**

The normalcy test checks if the data are accurately represented and regularly distributed. By examining the graph and judging if the distribution significantly departed from a bell-shaped normal distribution, it is possible to quantify how much the data deviates from the Gaussian distribution (Templeton, 2011). The Shapiro-Wilk test was employed since it has the greatest potency of all the normalcy tests. The crucial value at which the hypothesis was tested was 0.05, with the criterion being that H<sub>0</sub> should not be accepted if the probability (P) value is less than 0.05. Since the study was examined using a multiple regression model, which requires that the dependent variable satisfy the requirement of normality, the dependent variable should be regularly distributed. H<sub>1</sub>, indicating that the data are normal, was the proposed hypothesis.

#### **3.7.2 Test of Multicollinearity**

The multicollinearity test was run to see whether one or more of the relevant variables had a strong correlation with one or more of the other independent variables. The variance inflation factor (VIF), a measure of how much a coefficient's variance was inflated due to linear dependency on other predictors, was used to evaluate how closely the variables correlated. There may be a

multicollinearity issue if any of the VIF values are larger than 10 (or greater than 5 when cautious) (Newbert, 2008).

### **3.7.3 Test for Homoscedasticity**

When a dependent variable's variance is constant throughout all of the data, this is known as homoscedasticity (Ghasemi & Zahediasl, 2012). *Heteroscedasticity* is the state that exists when the variance is not constant. Depending on how it manifests, heteroscedasticity can impact the precision of confidence ranges for regression coefficients, lower the statistical power of hypothesis tests, and impair the validity of inference (Ghasemi & Zahediasl, 2012). Utilizing the Levene test for equality of variances, the homoscedasticity test was conducted.

### **3.7.4 Test for Linearity**

Linearity was assessed through the Pearson correlation coefficient, which was reported in all cases (as R) alongside the associated R – Squared and adjusted R-Squared. The linearity test was done to ascertain whether the data distribution for different variables was linear to the dependent variable. This was done to determine the suitability of using the linear regression test. Only factors that had a P-value < 0.05 were considered in the study.

## **3.8 Data Analysis**

When a dependent variable's variance is constant throughout all of the data, this is known as homoscedasticity (Ghasemi & Zahediasl, 2012). *Heteroscedasticity* is the state that exists when the variance is not constant. Depending on how it manifests, heteroscedasticity can impact the precision of confidence ranges for regression coefficients, lower the statistical power of hypothesis tests, and impair the validity of inference (Ghasemi & Zahediasl, 2012). Utilizing the Levene test for equality of variances, the homoscedasticity test was conducted.

The relationship between the study variables was evaluated, and a prediction was made using inferential statistics. The researcher used a multivariate regression model to investigate the effects of a mixture of independent, moderating and mediating variables on the dependent variable. According to Saunders et al. (2012), multiple regression models are the best choice for interpreting data and inferential statistics to test hypotheses and reach conclusions. The study's data are distributed regularly. The F-statistics (ANOVA) were used to evaluate the research hypotheses, quantify the statistical significance of the relationships between the variables, and come to study-related findings. The researcher applied the Baron and Kenny (1986) model to account for the moderating and mediating effects of the variables.

## **3.9 Empirical Models**

### **3.9.1 Model for the Relationship between Transformational leadership and Institutional Sustainability**

Utilizing inferential statistics, specifically the regression co-efficient, it was possible to assess the effect of transformational leadership on the institutional sustainability of NGOs in Kenya. The following formula represents the connection between independent and dependent variables:

$$\text{InS} = \beta_0 + \beta_1\text{IC} + \beta_2\text{IS} + \beta_3\text{IM} + \beta_4\text{II} + \varepsilon \dots\dots\dots (\text{Model 3.1})$$

Where,

InS = is the Composite Index for the Indicators of institutional sustainability of NGOs.

IC = is the composite index for Individualised Consideration;

IS = is the composite index for Intellectual Stimulation;

IM = is the composite index for Inspirational Motivation;

II = is the composite index for Idealised Influence and

$\beta_0$  = the constant term or intercept

$\beta_1$ ,  $\beta_2$ ,  $\beta_3$ , and  $\beta_4$  are regression coefficients.

$\varepsilon$  = Error term.s

The beta co-efficients were used to measure the change in the dependent variable, InS per unit change in the independent variables IC, IS, IM and II while  $\varepsilon$  is the error term which captures the unexplained variations in the model. Composite indices were computed by obtaining the mean aggregate for each of the variables.

### **3.9.2 Model for the Moderating Effect of Strategic Partnership on the Relationship Between Transformational leadership and Institutional Sustainability**

In order to determine the moderating impact of strategic partnership on the link between transformational leadership and institutional sustainability of NGOs in Kenya, the three (3) steps hierarchical regression model analysis proposed by Baron and Kenny (1986) was utilized.

Model 1 investigates how transformational leadership affected the institutional sustainability of NGOs in Kenya; Model 2 examined the effects of transformational leadership on the institutional sustainability of NGOs in Kenya taking into account the strategic partnership; and Model 3 examined the effect of transformational leadership and strategic partnership on the institutional sustainability of NGOs in Kenya taking into account the interaction term. According to Whisman and McClelland (2005), if the dependent variable, changes across levels of a third variable "Z", the model tests the prediction of that variable. Such a test entails determining the statistical

significance of the interaction term since the moderating variable influences the intensity and direction between the independent and dependent variables. The model equations were as shown below:

$$\text{InS} = \beta_0 + \beta_1\text{IC} + \beta_2\text{IS} + \beta_3\text{IM} + \beta_4\text{II} + \beta_5\text{Z} + \varepsilon \dots\dots\dots (\text{Model 1})$$

$$\text{InS} = \beta_0 + \beta_1\text{IC} + \beta_2\text{IS} + \beta_3\text{IM} + \beta_4\text{II} + \beta_5\text{Z} + \varepsilon \dots\dots\dots (\text{Model 2})$$

$$\text{InS} = \beta_0 + \beta_1\text{IC} + \beta_2\text{IS} + \beta_3\text{IM} + \beta_4\text{II} + (\beta_0 + \beta_1\text{IC} + \beta_2\text{IS} + \beta_3\text{IM} + \beta_4\text{II}) \text{Z} + \varepsilon \dots\dots\dots (\text{Model 3})$$

Where:

InS is the Composite Index for the Indicators of institutional sustainability of NGOs;

IC is the composite index for Individualised Consideration;

IS is the composite index for Intellectual Stimulation;

IM is the composite index for Inspirational Motivation; I

I is the composite index for Idealised Influence;

Z is the composite index for strategic partnership and

$(\beta_0 + \beta_1\text{IC} + \beta_2\text{IS} + \beta_3\text{IM} + \beta_4\text{II}) \text{Z}$  is the interaction term.

$\beta_0$  is the intercept;

$\beta_1, \beta_2, \beta_3,$  and  $\beta_4$  are regression coefficients.

Decision criteria for the moderation: If  $(\beta_0 + \beta_1\text{IC} + \beta_2\text{IS} + \beta_3\text{IM} + \beta_4\text{II}) \text{Z}$  is significant, then the strategic partnership is a significant determinant of Institutional Sustainability.

### **3.9.3 Model for the Mediating Effect of Financial Resource Diversification on the Relationship between Transformational leadership and Institutional Sustainability**

A mediator is a variable that describes the nature of the relationship between independent and dependent variables. By using the Baron and Kenny (1986) mediation test, the study attempted to ascertain the mediation impact of financial resource diversification on the link between transformational leadership and institutional sustainability of NGOs in Kenya. The test suggests four actions that must be taken before doing multiple regression analysis. The importance of the coefficients was checked at each phase.

#### **Step 1**

To determine if TSL is a major predictor of InS as suggested by path a, a straightforward regression analysis was undertaken with transformational leadership (TL) predicting institutional sustainability (IS).

The model is as follows:

$$\text{InS} = \beta_0 + \beta_1 \text{TL} + \varepsilon \dots \text{Model 3.3}$$

Where TL – is Transformational Leadership

If  $\beta_1$  is significant then Transformational leadership was a significant determinant of InS.

### Step 2

A simple regression analysis with Transformational Leadership (TL) predicting Financial Resource Diversification (FRD) was conducted to test whether TL was a significant predictor of FRD as indicated in path b.

The model is as follows:

$$\text{FRD} = \beta_0 + \beta_1 \text{TL} + \varepsilon \dots \text{Model 3.4}$$

If  $\beta_1$  is significant in the model, then TL is a significant determinant of FRD.

### Step 3

A simple regression analysis with FRD predicting Institutional sustainability (INS) was conducted as indicated by path c.

$$\text{InS} = \beta_0 + \beta_1 \text{FRD} + \varepsilon \dots \text{Model 3.5}$$

If one of the  $\beta_1$  in models 3.3, 3.4, and 3.5 is not significant, then mediation is not possible. If they are significant, the study will proceed to step 4.

### Step 4

Multiple regression with FRD and TLC predicting IS was conducted.

$$\text{IS} = \beta_0 + \beta_1 \text{TLC} + \beta_2 \text{FDR} + \varepsilon \dots \text{Model 3.6}$$

If the effect of FRD remains significant when TLC is controlled, it indicates that some form of mediation. If TLC is not significant when FRD is controlled, then this indicates full mediation. If both FRD and TL significantly predict InS, then this was a case of partial mediation.

**3.9.2.4 Path Analysis** - Moderated mediated relationship of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.

The study will apply Muller, Judd and Yzerbyt (2005) model. The following regression equations are fundamental to their model of moderated mediation, where **TL** = independent variable, **InS** = outcome variable, **FRD** = mediator variable, and **Z** = moderator variable.

$$\mathbf{InS} = \beta_0 + \beta_1 \mathbf{TL} + \beta_2 \mathbf{Z} + \beta_3 \mathbf{TL} * \mathbf{Z} + \varepsilon$$

This equation assesses moderation of the overall treatment effect of **TL** on **InS**.

$$\mathbf{FRD} = \beta_{10} + \beta_{11} \mathbf{TL} + \beta_{12} \mathbf{Z} + \beta_{13} \mathbf{TL} * \mathbf{Z} + \varepsilon_1$$

This equation assesses moderation of the treatment effect of **TL** on the mediator **FRD**.

$$\mathbf{InS} = \beta_{20} + \beta_{21} \mathbf{TL} + \beta_{22} \mathbf{Z} + \beta_{23} \mathbf{TL} * \mathbf{Z} + \beta_{24} \mathbf{FRD} + \beta_{25} \mathbf{FRD} * \mathbf{Z} + \varepsilon_2$$

This equation assesses moderation of the effect of the mediator **FRD** on **InS**, as well as moderation of the residual treatment effect of **TL** on **InS**.

#### **Model for the conditional relative indirect and direct effects**

This fundamental equality exists among these equations:  $\beta_3 - \beta_{23} = \beta_{24}\beta_{13} + \beta_{25}\beta_{11}$

In order to have moderated mediation, there must be an overall treatment effect of **TL** on the outcome variable **InS** ( $\beta_1$ ), which does not depend on the moderator ( $\beta_3 = 0$ ). In addition, the treatment effect of **TL** on the mediator **FRD** depends on the moderator ( $\beta_{13} \neq 0$ ) and/or the effect of the mediator **FRD** on the outcome variable **InS** depends on the moderator ( $\beta_{25} \neq 0$ ).

At least one of the products on the right side of the above equation must not equal 0 (i.e. either  $\beta_{13} \neq 0$  and  $\beta_{24} \neq 0$ , or  $\beta_{25} \neq 0$  and  $\beta_{11} \neq 0$ ). Also, since there is no overall moderation of the treatment effect of **TSL** on the outcome variable **InS** ( $\beta_3 = 0$ ), this means that  $\beta_{23}$  cannot equal 0. In other words, the residual direct effect of **TL** on the outcome variable **InS**, controlling for the mediator, is moderated.

Some academics advise looking at a number of models, commonly referred to as a piecemeal approach, and looking at the overall pattern of findings in order to test for moderated mediation. This strategy is comparable to the Baron and Kenny method for assessing a set of three regressions to test mediation. According to Baron and Kenny, a single comprehensive test would not be able to adequately examine the many mechanisms at work in moderated mediation and would not be able to distinguish between moderated mediation and mediated moderation. Another technique for

estimating the sample distributions of a moderated mediation model in order to provide confidence intervals is called "bootstrapping." The benefit of this approach is that no assumptions regarding the nature of the sample distribution are necessary.

The Preacher, Rucker and Hayes extension of simple slopes analysis for moderated mediation was used in this investigation. In this method, the researcher selects a small number of the moderator's critical conditional values that were looked at. The Johnson-Neyman method will also be used by the researcher to establish the scope of important conditional indirect effects.

Table 5: Hypotheses and Data Analytical Models

Objectives	Hypothesis	Analytical Method	Interpretation
<p><b>Objective 1:</b> To examine the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.</p>	<p>Ho1: There is no significant relationship between transformational leadership and institutional sustainability of NGOs in Kenya.</p>	<p>Multivariate Regression Analysis</p> <p><b>Equation:</b></p> $\text{InS} = f(\text{Transformational leadership})$ $\text{InS} = \beta_0 + \beta_1\text{IC} + \beta_2\text{IS} + \beta_3\text{IM} + \beta_4\text{II} + \varepsilon$ <p>Where:</p> <p><math>\beta_0</math> is the intercept; <math>\beta_1</math>, <math>\beta_2</math>, <math>\beta_3</math>, and <math>\beta_4</math> are regression coefficients.</p> <p>InS is the Composite Index for the Indicators of institutional sustainability of NGOs.</p> <p>IC is the composite index for Individualised Consideration; IS is the composite index for Intellectual Stimulation; IM is the composite index for Inspirational Motivation; II is the composite index for Idealised Influence and <math>\varepsilon</math> = Error term.</p>	<p><math>R^2</math> to determine how much change in InS is attributable to TL (sub-variables)</p> <p><math>\beta</math>—Is the contribution of each variable to the model. F-statistics if <math>P &lt; 0.05</math>, the relationship is a significant T-test to determine the individual significance of the relationship.</p>
<p><b>Objective 2:</b> To establish the mediating effect of financial resource diversification on the relationship between transformational leadership and</p>	<p>Ho2: There is no significant mediating effect of financial resource diversification on the relationship between transformational leadership and</p>	<p>Stepwise Regression Analysis <b>Equations:</b></p> $\text{InS} = \beta_0 + \beta_1\text{TL} + \varepsilon$ $\text{FRD} = \beta_0 + \beta_1\text{TL} + \varepsilon$ $\text{InS} = \beta_0 + \beta_1\text{FRD} + \varepsilon$ $\text{InS} = \beta_0 + \beta_1\text{TL} + \beta_2\text{FRD} + \varepsilon$	<p>If the relationship between TL and institutional sustainability of NGOs in Kenya is significant (<math>\beta</math>, <math>t</math> are significant, <math>P &lt; 0.05</math>): the relationship between financial resource diversification and transformational leadership is significant <math>\beta</math>, <math>t</math> are significant, <math>P &lt; 0.05</math>): the relationship</p>

Objectives	Hypothesis	Analytical Method	Interpretation
transformational leadership and institutional sustainability of NGOs in Kenya.	institutional sustainability of NGOs in Kenya.	<p>Where:</p> <p>InS = institutional sustainability</p> <p>FRD= Financial Resource Diversification (Mediating variable); TL= Transformational Leadership</p>	between FRD and institutional sustainability is significant ( $\beta$ , $t$ are significant, $P < 0.05$ ): and the relationship between TL and institutional sustainability of NGOs in Kenya is no longer significant when the effect of FRD is controlled for ( $\beta$ , $t$ are significant, $P < 0.05$ ) then FRD intervene/mediates the relationship.
<p><i>Objective 3:</i></p> <p>To determine the moderating effect of strategic partnerships on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.</p>	<p>Ho3: There is no significant moderating effect of strategic partnerships on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.</p>	<p>Stepwise Regression Analysis</p> <p><b>Equations</b></p> $\text{InS} = \beta_0 + \beta_1 \text{IC} + \beta_2 \text{IS} + \beta_3 \text{IM} + \beta_4 \text{II} + \beta_5 \text{Z} + \varepsilon$ $\text{InS} = \beta_0 + \beta_1 \text{IC} + \beta_2 \text{IS} + \beta_3 \text{IM} + \beta_4 \text{II} + \beta_5 \text{Z} + \varepsilon$ $\text{InS} = \beta_0 + \beta_1 \text{IC} + \beta_2 \text{IS} + \beta_3 \text{IM} + \beta_4 \text{II} + (\beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4) Z + \varepsilon$ <p>Where:</p> <p><math>\beta_0</math> is the intercept; <math>\beta_1</math>, <math>\beta_2</math>, <math>\beta_3</math>, and <math>\beta_4</math> are regression coefficients.</p> <p>InS is the Composite Index for the Indicators of institutional sustainability of NGOs.</p> <p>IC is the composite index for Individualised Consideration; IS is the composite index for Intellectual Stimulation; IM is the composite</p>	If the change in $R^2$ after addition of interaction term (moderator) is significant ( $R^2$ change, $F$ change, $\beta$ , $t$ are significant. $P < 0.05$ ) the strategic partnership moderates the relationship.

Objectives	Hypothesis	Analytical Method	Interpretation
		<p>index for Inspirational Motivation; <math>\Pi</math> is the composite index for Idealised Influence and <math>\varepsilon</math> = Error term.</p> <p>Z is the composite index for strategic partnership</p> <p><math>(\beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4)</math> Z is the interaction term</p>	
<p><b>Objective 4:</b></p> <p>To compare whether the mediating effect of financial resource diversification is greater than the moderating effect of strategic partnerships on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.</p>	<p><b>H04:</b> The mediating effect of financial resource diversification is not greater than the moderating effect of strategic partnerships on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.</p>	<p><math>\mathbf{InS} = \beta_0 + \beta_1 \mathbf{TL} + \beta_2 \mathbf{Z} + \beta_3 \mathbf{TL} * \mathbf{Z} + \varepsilon \dots\dots</math></p> <p><math>\mathbf{FRD} = \beta_{10} + \beta_{11} \mathbf{TL} + \beta_{12} \mathbf{Z} + \beta_{13} \mathbf{TL} * \mathbf{Z} + \varepsilon_1</math></p> <p><math>\mathbf{InS} = \beta_{20} + \beta_{21} \mathbf{TL} + \beta_{22} \mathbf{Z} + \beta_{23} \mathbf{TL} * \mathbf{Z} + \beta_{24} \mathbf{FRD} + \beta_{25} \mathbf{FRD} * \mathbf{Z} + \varepsilon_2</math></p>	<p>In order to have moderated mediation, there must be an overall treatment effect of <b>TL</b> on the outcome variable <b>InS</b> (<math>\beta_1</math>), which does not depend on the moderator (<math>\beta_3 = 0</math>). In addition, the treatment effect of TL on the mediator <b>FRD</b> depends on the moderator (<math>\beta_{13} \neq 0</math>) and/or the effect of the mediator <b>FRD</b> on the outcome variable <b>InS</b> depends on the moderator (<math>\beta_{25} \neq 0</math>).</p> <p>At least one of the products on the right side of the above equation must not equal 0 (i.e. either <math>\beta_{13} \neq 0</math> and <math>\beta_{24} \neq 0</math>, or <math>\beta_{25} \neq 0</math> and <math>\beta_{11} \neq 0</math>). As well, since there is no overall moderation of</p>

Objectives	Hypothesis	Analytical Method	Interpretation
sustainability of NGOs in Kenya.			the treatment effect of <b>TSL</b> on the outcome variable <b>InS</b> ( $\beta_3 = 0$ ), this means that $\beta_{23}$ cannot equal 0. In other words, the residual direct effect of <b>TL</b> on the outcome variable <b>InS</b> , controlling for the mediator, is moderated.

### **3.10 Ethical Considerations**

Ethics are norms or standards of behaviour that guide moral choices about our behaviour and relationship with others. Ethics in research aims to ensure that no one is harmed or suffers adverse consequences from research activities. In this study, the following ethical issues were put into consideration: The researcher received a research permit to conduct the study from the Ministry of Education, Science and Technology (MOEST), from the National Commission for Science Technology and Innovation (NACOSTI) offices in Nairobi, the Management University of Africa, and overall management of the Kenya NGO Coordination Board. The second most important guideline was informed consent, confidentiality and do-no-harm. The researcher requested the respondents to respond to the online survey tool on if they provided consent to participate in the survey and were made aware that there was no financial gain. It was voluntary participation. The researcher explained the purpose of the study to respondents to ensure they understood what they were taking part in and how data was to be used. Information from the target population was treated in confidence.

### **3.11 Chapter Summary**

This chapter has articulated the research methodology that was considered throughout the project. It has highlighted the research process in terms of the research design, the population and sampling design, data collection methods, the research procedures and methods that were considered for data analysis, and the ethical considerations.

## CHAPTER FOUR

### DATA ANALYSIS AND RESEARCH RESULTS

#### 4.1 Introduction

The Effects of transformational leadership, financial resource diversification, and strategic partnerships on the institutional sustainability of NGOs in Kenya are discussed in this chapter, along with the study's findings. Six sections cover the response rate, the outcomes of the pilot test, background information on the respondents, the diagnostic testing of the variables, descriptive analytics, and inferential analyses. Data were also provided in frequency distribution tables, making it easier to discuss and clarify the study's findings.

#### 4.2 Response Rate

234 out of the 327 target respondents provided data, giving a response rate of 71.6 per cent, as shown in the table below.

Table 6: Response Rate

	Frequency	Per cent
Questionnaires administered	327	100.0
Completely filled and returned Questionnaires	234	
<b>Response rate</b>		<b>71.6</b>

The response rate was significant, according to Mugenda and Mugenda's (2003) recommendation that a response rate of 50% is suitable for analysis and reporting, a rate of 60% is normally good, and a rate of above 70% is sufficient. Therefore, this study's response rate was suitable or sufficient.

### 4.3 Demographic Characteristics

#### 4.3.1 number of years in operation

Those who responded were prompted to provide the duration of operation for their organisations. The outcomes in Table 7 show that 67 (28.6%) indicated 20 years and above, 55 (23.5%) indicated they had been in operation for less than 5 years, 45 (n = 19.2) indicated between 11 and 15 years, 42 (n = 17.9%) indicated 6 – 10 years, while 25(n =10.7%) indicated 16 – 20 years.

Table 7: Number of Years in Operation

Category	Frequency	Per cent
Less than 5 years	55	23.5
6 – 10 Years	42	17.9
11 – 15 years	45	19.2
16 - 20 years	25	10.7
20 years and above	67	28.6
<b>Total</b>	<b>234</b>	<b>100.0</b>

#### 4.3.2 Number of Employees

The number of employees in each respondent's company was inquired about. According to the findings in Table 8, most of the respondents, 99 (42.3%), indicated 1 – 10 employees, 59 (25.2%) indicated above 50, 51(21.8%) indicated 11-25 employees, while 25 (10.7%) indicated 26-50 employees.

Table 8: Number of Employees

	Frequency	Per cent
1 -10	99	42.3
11-25	51	21.8
26-50	25	10.7
Above 50	59	25.2
<b>Total</b>	<b>234</b>	<b>100.0</b>

### 4.3.3 Area of Operation

Those who responded were prompted to identify the industry their companies primarily serve. According to the findings, 31(13.2%) indicated Relief & Disaster, 29(12.4%) indicated education, another 29(12.4%) indicated Peacebuilding, Human Rights & Governance, 25(10.7%) indicated Sports, Culture & Drug Abuse, 22 (9.4%) indicated environment, 21(9.0 %) indicated Health and Welfare & Disability while the least 15 (6.0%) indicated *others*.

Table 9: Area of Operation

Sector	Frequency (F)	Percent (%)
Education	29	12.4
Relief & Disaster	31	13.2
Health	21	9.0
Environment	22	9.4
Agriculture	27	11.5
Peacebuilding, Human Rights & Governance	29	12.4
Water and Sanitation	15	6.4
Sports, Culture & Drug Abuse	25	10.7
Welfare & Disability	21	9.0
Other	14	6.0
<b>Total</b>	<b>234</b>	<b>100.0</b>

## **4.4 Results of the Pilot Survey**

Before beginning the study, a pilot test is conducted on the interview guide to determine its viability. Testing the research tool on a small sample of respondents enables input on how well they comprehend the data-gathering tool. Additionally, it helps determine whether the instrument generates responses to the study questions as intended. A pilot test of the questionnaire was performed on a sample of 28 participants, representing 10% of the study population. The pilot study targeted NGOs in Kenya, but the NGOs that formed the pilot group did not participate in the actual study. The pilot tests included validity and reliability tests. The results are shown under validity and reliability sections 4.4.1 and 4.4.2, respectively.

### **4.4.1 Validity**

The precision with which an instrument measures what it purports to measure is what validity means. A validity test is performed to ensure the measurement scale measures the unobservable construct it was designed to. According to Bhattacharjee (2012), validity may be evaluated using theoretical or empirical methods. The face and content validity subtypes of theoretical evaluation of validity, also known as translational/content validity, are concerned with how well a theoretical construct's idea is conveyed through or reflected in an operational measure. For conceptual validity, the study used the Keyser Meyer Olkin (KMO) and Barlette's test of sphericity.

#### **4.4.1.1 Content Validity**

The steps advised by Cooper and Schindler (2013) were followed in order to establish content validity. It was specifically determined which scales were already in use from the literature, developed a data collection instrument, and distributed it to conveniently chosen experts in the fields of transformational leadership, financial resource diversification and strategic partnerships. These experts' suggestions for improvements in the survey tool's clarity, thoroughness, relevance, significance and necessary depth were considered. Peers pursuing PhDs in management and leadership at MUA University examined the instrument again, and their feedback was considered.

Supervisors did a final review of the data collection tool, and their valuable recommendations were used to finalise the instrument. This procedure was done to ensure that the measurement scale items had adequately translated from theory, therefore, measuring the constructs of the study adequately. The measure was thought to have attained face validity since the experts said it was clear that it provided appropriate coverage of the notion, as claimed by Zikmund (2003).

#### **4.4.1.2 Construct validity**

Construct validity is the degree to which a test adequately measures the construct it is intended to measure. The degree to which operationalisations in a study—linking ideas to observations—allow inferences to be drawn about the constructs they are based on—is referred to as construct validity. Since construct validity still depends on how individuals perceive notions that are otherwise hard to quantify, this measurement is considered subjective. Keyser Meyer Olkin (KMO) and Barlette's sphericity test were utilised in the study to assess construct validity (Dikko, 2016).

The Kaiser-Meyer-Olkin (KMO) Test is a barometer for data appropriateness for factor analysis. The test determines if sufficient sampling exists for the overall model and each variable. The percentage of variation among variables that may be regarded as a statistic represents common variance. The data may be factor analysed more effectively the lower the proportion. In general, the claims are valid, and the results are consistent with what they claim to measure if the KMO value is higher than 0.4 and the P-value of Barlette's test of sphericity is lower than 0.05.

Table 10: Construct Validity Result

Variable	KMO value	Sphericity
Transformational leadership	0.906	0.00
Financial Resource Diversification	0.725	0.00
Strategic Partnership	0.93	0.00
Institutional sustainability	0.769	0.00

Results in Table 10 show that Transformational leadership had a KMO value of 0.906 and Barlette’s test of sphericity of  $0.000 < 0.05$ ; thus, the statements are valid/it measures what it purports to measure. Results in Table 4.5 show that financial resource diversification had a KMO value of 0.725 and Barlette’s test of sphericity of  $0.000 < 0.05$ ; thus, the statements are valid/it measures what it purports to measure. Results in Table 8 show that Strategic Partnership had a KMO value of 0.930 and Barlette’s test of sphericity of  $0.000 < 0.05$ ; thus, the statements are valid/it measures what it purports to measure. Results in Table 10 show that Institutional sustainability had a KMO value of 0.769 and Barlette’s test of sphericity of  $0.000 < 0.05$ ; thus, the statements are valid/it measures what it purports to measure.

#### 4.4.2 Reliability test

This test aimed to determine whether the important research variables were internally consistent. This was accomplished by performing a reliability test on the four important variables, as indicated in Table 11. When the four variables were tested on a scale, Cronbach Alpha coefficients better than 0.7 were obtained, which was regarded as highly dependable for delivering consistent findings over time. The following generalisation was presented by George and Mallery (2003): A number of more than 0.9 is considered exceptional, more than 0.8 is good, more than 0.7 is acceptable, more than 0.6 is doubtful, more than 0.5 is bad, and less than 0.5 is unsuitable. The scale's items have a higher level of internal consistency when Cronbach's alpha coefficient is near 1.0.

Table 11: Reliability Analysis

	<b>Cronbach's Alpha</b>	<b>No. of Items</b>	<b>Item Deleted</b>	<b>Verdict</b>
Transformational leadership	0.899	12		Accepted
Financial resource diversification	0.927	12		Accepted
Strategic partnerships	0.941	11	PS4	Accepted
Institutional sustainability	0.943	12		Accepted

Table 12 shows the dependability findings when a specific factor is taken out; institutional sustainability, financial resource diversification and transformational leadership all have coefficient values over 0.9. The value of Cronbach's alpha in this column, "Cronbach's Alpha if Item Deleted," represents what it would be if the given item were eliminated from the scale. The Cronbach alpha value of the strategic alliance improved to 0.941 after item PS4 was deleted. The dependability coefficient of Cronbach's alpha typically falls between 0 and 1. The co-efficient genuinely has no lower bound, though. How close the Cronbach's alpha coefficient is to 1.0 measures the internal consistency of the scale's items.

Table 12: Result of Cronbach's Alpha Reliability Test

<b>Cronbach's Alpha</b>
0.969

The study indicated the number of items tested was 47, and the reliability Cronbach's Alpha was 0.969.

## **4.5 Diagnostic Test Results**

In order to determine if the postulates of the Classical Linear Regression Model (CLRM) are being violated and to choose the most appropriate models for evaluation if they are, the study employed a range of diagnostic tests. Therefore, checks for pre- and post-estimation were performed before running the regression model. In this case, pre-estimation tests for normalcy, multicollinearity, heteroscedasticity and linearity were carried out. These sections go through each of them.

### **4.5.1 Test for Normality**

To provide a more comprehensive view of the findings than merely the sample utilised, regression analysis's core premise is that the residuals in the dependent variable must be normal (Field, 2009). The data on Institutional sustainability were examined to see if they were normally distributed using the Kolmogorov-Smirnov test and the graphical approach.

The alternative and null hypotheses are as follows: When compared to H1, Ho implies that the data are irregularly dispersed. Given that  $\alpha = 0.05$ , the rule states that H1 is accepted if the P-value is more than 0.05, and Ho is rejected if the P-value is less than 0.05. The results in Table 13 indicate that the Kolmogorov-Smirnov Z statistic is 0.106 (P-value = 0.001) in this case. The alternative hypothesis was accepted since the null hypothesis was refuted and the P-value was less than 0.05. The data were consequently determined to be normally distributed and suitable for linear regression analysis. Figure 2's results from the graphical technique further demonstrate that the residuals were regularly distributed. The results of the normality and Kolmogorov-Smirnov tests lead the study to reject the null hypothesis while supporting the alternative hypothesis.

Table 13: Kolmogorov-Smirnov Test

		<b>Organisational performance</b>
N		127
Normal Parameters a,b	Mean	5.98E-16
	Std. Deviation	0.996
Most Extreme Differences	Absolute	.107
	Positive	.068
	Negative	-.105
Test Statistic		.107
Asymp. Sig. (2-tailed)		.001c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction

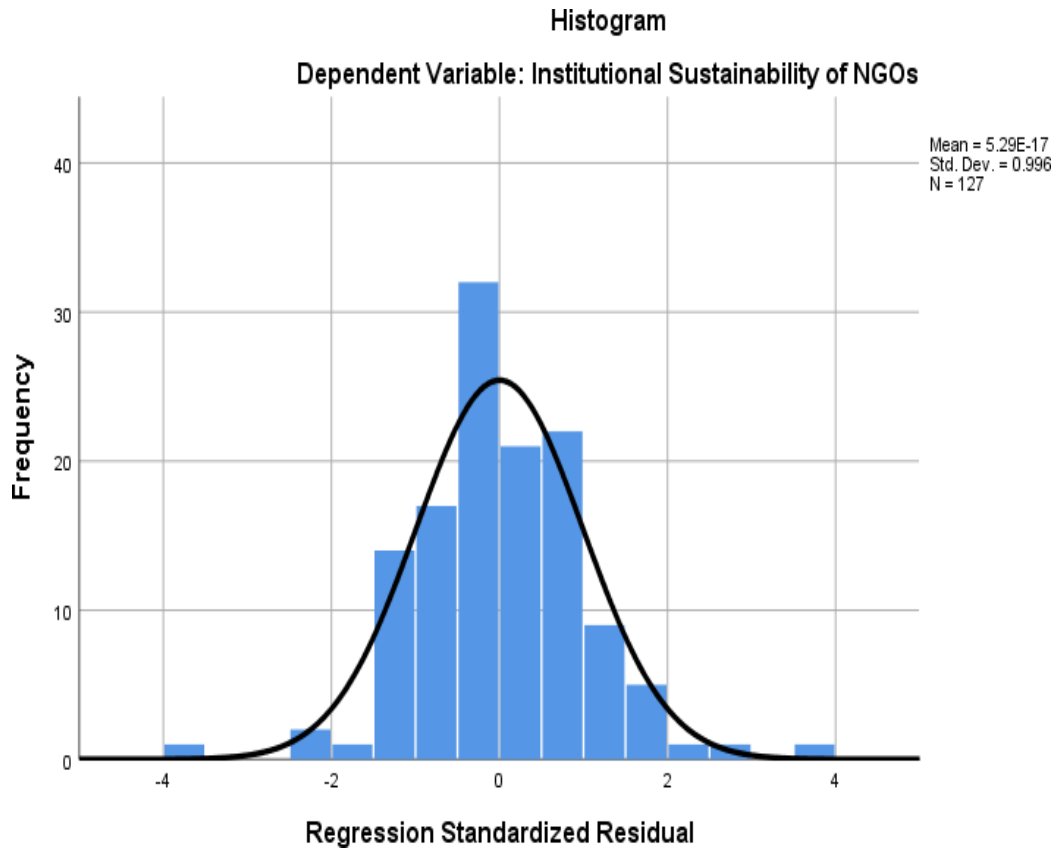


Figure 2: Standardised regression residuals

#### 4.5.2 Autocorrelation Test

Using the Durbin-Watson statistic, autocorrelation was tested. The Durbin-Watson statistic is used to evaluate the degree of autocorrelation among the residuals of a particular regression analysis. The Durbin-Watson statistic's general rule states that values between 1.5 and 2.5 are likely to suggest that a particular collection of data does not exhibit autocorrelation. The Durbin-Watson statistic in this study has a value of 1.828. The number falling between 1.5 and 2.5 indicates no autocorrelation in the data. As a result, there is no serial autocorrelation in the data.

Table 14: Autocorrelation Test

Model	Durbin Watson
1	2.095

The Durbin-Watson statistic in Table 14 is 2.048, which is satisfactory. This demonstrates that there was no autocorrelation in the sample, so separate mistakes in the residuals were discovered.

The distribution of the residuals was also shown using a graphic approach to evaluating residual independence.

**Figure 3: Distribution of Residuals**

Figure 3 shows how the residuals, despite being on both the positive and negative ends, were distributed and bounced around zero with no apparent pattern of distribution (Verbeek, 2012). This proved that the residuals had no positive or negative autocorrelation and were independent.

**4.5.3 Multicollinearity Test**

There was a likelihood of multicollinearity, given the characteristics of the independent variables under examination. When there is a significant correlation between two or more predictor (independent) variables in a multiple regression, Lynch (2003) highlighted multicollinearity as a concern. Utilising the tolerance values and variance inflation factors, the multicollinearity issue was evaluated before completing the multivariate analysis (VIF).

When the VIF is more than five (tolerance 0.20), according to the theories of Hair, Ringle and Sarstedt (2013) and Mardikyan and Etin (2008), the regression coefficients are thought to be inaccurately assessed. The degree of tolerance and variance inflation factors (VIFs) were used to determine if multicollinearity existed among the independent variables. Table 15 displays the outcomes of the multicollinearity test using the level of tolerance values and VIFs. According to the findings in Table 15, the independent variables' VIFs ranged from 1.391 to 2.169. The tolerance

values, according to the results, varied from 0.461 to 0.719. Multicollinearity was, therefore, not a significant issue when extrapolating the results of the multivariate study, as evidenced by the VIFs and tolerance values.

Table 15: Collinearity Statistics

	<b>Tolerance</b>	<b>VIF</b>
Individualised consideration	.461	2.169
Intellectual stimulation	.492	2.031
Inspirational motivation	.556	1.799
Idealised influence	.466	2.148
Transformational leadership	.345	2.067
Financial resource diversification	.719	1.391
Strategic partnerships	.588	1.701

VIF was calculated utilising SPSS in order to perform a multicollinearity test. Tolerance is the portion of an independent variable's volatility that cannot be accounted for by another independent variable. VIF quantifies the degree to which multicollinearity inflates the variance of the regression coefficient, which in turn inflates the standard errors in an unreliable manner. Usually, 0.10 is used as the minimal tolerance cut-off value. The results of the tests are shown in Table 15, which excludes multicollinearity. The value should not be less than 0.10, and VIF should not be greater than 10 when multicollinearity tolerance is not an issue (Newbert, 2008). In the absence of any correlation between the two variables, all VIFs were 1. There is collinearity with that variable if the VIF for that variable is less than 5.

#### 4.5.4 Homoscedasticity of the Residuals of Dependent Variable

The residuals of institutional sustainability were evaluated for homoscedasticity. The error term's variance is assumed to be constant (homoscedastic) by OLS (Greene, 2003). The error terms are said to have heteroscedastic if their variance is not constant (has a different variance). The test statistics and confidence intervals are biased when this assumption is violated (Greene, 2003): The idea that the error variances are all equal or homoscedastic was evaluated using the Levene statistic.

Table 16: Test of Homogeneity of Variances

<b>Levene Statistic</b>	<b>df1</b>	<b>df2</b>	<b>P-value</b>
3.359	20	146	.000

We cannot entirely exclude the possibility that the variance of the dependent variable was homogenous since the likelihood linked with the Levene Statistic is 0.000, which is less than the 0.05 level of significance. The null hypothesis that there had no heteroscedasticity was further investigated using the Breusch-Pagan and Koenker test statistics. The null hypothesis is rejected, and the independent variable's variance is considered homoscedastic if the P-value is less than 0.05. 2003 (Greene). The Breusch-Pagan test employs a sizable sample and assumes that the residuals are normally distributed.

Table 17: Breusch-Pagan and Koenker Test for Heteroskedasticity

	<b>SS</b>	<b>Df</b>	<b>MS</b>	<b>F</b>	<b>Sig</b>
Model	12.757	3.000	4.2523	1.088	.000
Residual	416.364	142.000	2.932	-999.000	-999.000

Breusch-Pagan and Koenker's test statistics for Table 17 are 12.757, with a P-value of 0.000. Due to the homogeneous/homoscedastic variance of the dependent variable and the likelihood of the Breusch-Pagan and Koenker test being 0.000, which is less than the 0.05 significance level, we conclude that the null hypothesis cannot be accepted.

#### **4.5.5 Linearity Test Result**

Linearity was assessed through the Pearson correlation coefficient, which was reported in all cases (as R) alongside the associated R – Squared and adjusted R-Squared. The linearity test was done to ascertain whether the data distribution for different variables was linear to the dependent variable. This was done in order to determine the suitability of using the linear regression test. From the results, all the factors were significant (that is,  $p < 0.05$ ). Thus, no linearity relationship was reported.

#### **4.6 Factor analysis**

Factor analysis is a technique that involves conserving as much information as feasible while condensing the volume of data present in diverse variables into a smaller number of dimensions (factors) (Baets, 2002). The convergent validity of the hypothetical constructs was evaluated using factor analysis. According to Mabert et al. (2003), matrix coefficients below 0.5 should be discarded since they are insignificant, whereas factor loading values (total variance) greater than 0.5 should be recovered. This is done to reduce the data into a valuable and manageable set of criteria (Sekaran, 2006). By identifying the elements, it is also possible to study the structure of the interrelationships (correlations).

##### **4.6.1 Transformational Leadership**

The remarks on transformational leadership were subjected to factor analysis. In SPSS, dimension reduction was used in the statement to achieve this goal, and any sub-variable with a value lower than 0.5 was removed. Table 18 presents the subcomponents of transformational leadership, which

were categorised as Individualised consideration, Intellectual stimulation, Inspirational motivation and Idealised influence.

Table 18: Factor Analysis for Transformational Leadership

<b>Individualised consideration</b>		<b>Factor loadings</b>
TL1	Leaders make an effort to get your respect, trust, and confidence.	.591
TL2	When interacting with their employees, leaders have charismatic qualities.	.666
TL3	Leaders consider or think of others when addressing employee issues.	.579
<b>Inspirational motivation</b>		
TL4	Leaders have fluently communicated the organisation's vision.	.583
TL5	Leaders have enabled employees to translate vision into practicalities.	.562
TL6	They also have energised employees, thereby increasing employee optimism.	.615
<b>Intellectual stimulation</b>		
TL7	Leaders continuously challenge old assumptions and ways of doing things.	.510
TL8	Leaders foster creativity and innovation amongst employees.	.584
TL9	They also invest in knowledge creation and continuous improvement of employee issues.	.564
<b>Individual consideration</b>		
TL10	Leaders give personal attention to employee issues, and thus they feel valued	.619
TL11	Management listens, develops, advises, and coaches individual staff	.628

TL12	Leaders encourage one-to-one interactions, which increase employee motivation	.552
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Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalisation.

#### 4.6.2 Financial Resource Diversification

The collection of supporting factors for transformational leadership is displayed in Table 19, categorised under fundraising strategies, tapping international funding streams, income-generating projects and cost recovery strategy.

Table 19: Factor Analysis for Financial Resource Diversification

		<b>Factor loadings</b>
<b>Fundraising strategies</b>		
FRD1	In this organisation, we have a well-developed fundraising (resource mobilisation) plan.	.699
FRD2	As an organisation, we rely on unrestricted funding from our revenue-generating endeavours.	.876
FRD3	We at this organisation heavily rely on donations from local businesses.	.780
<b>Income Generating Projects Strategy</b>		
FRD4	We engage in business activities to generate income	.955
FRD5	We have assets that we use to generate income.	.522
FRD6	We either provide consultancy services, have rental income, and/or offer training, trade on our name, or with locally made products.	.553
<b>Cost recovery strategy</b>		

FRD7	The purpose of the organisation is to recover all or a portion of the costs incurred to deliver a non-profit service or support a particular activity related to that goal.	.629
FRD8	Our cost recovery operations are associated with specific programs and are discontinued when a program is over.	.765
FRD9	Earned income is a source of unlimited funding for the organisation, coming from mission-related and unconnected activities.	.846
<b>Tapping the international funding stream</b>		
FRD10	We typically compile a list of donor organisations that support projects in our nation or region and those with comparable purposes.	.581
FRD11	We attract international volunteers who can provide professional skills to our organisation	.659
FRD12	We send a concept note or a letter of inquiry to potential donors explaining briefly about this organisation and what it wants to do.	.874

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalisation.

### 4.6.3 Strategic Partnership

Tet of sub-variables under the strategic partnership, categorised under partnership formation, resource-based rationale, partnership structure preferences and partnership performance, are shown in Table 20.

Table 20: Factor Analysis for Strategic Partnership

		<b>Factor loadings</b>
<b>Partnership Formation</b>		
PS1	Stakeholders think about how the collaboration will be handled and keep going, even if one or both sides separate ways.	0.576
PS2	Together, we draft formal agreements and procedures outlining the fundamental tenets of the collaboration.	0.590
PS3	There is effective leadership in executing the partnership's mandates	0.643
<b>Resource-Based rationale</b>		
PS4	We assign people to the day-to-day administration of the partnership to ensure the venture's success.	0.656
PS5	Strategic cooperation requires a clear vision.	0.563
PS6	For effective partnerships, we clarify decision-making processes and structures	0.621
<b>Partnership structure preference</b>		
PS7	We jointly create a long-term strategy plan that directs the collaboration toward success to guarantee that it moves smoothly toward its goals.	0.581
PS8	This organisation ensures there is sharing of resources between partnering organisations.	0.462

PS9	We measure the health of the partnership in addition to the results.	0.620
<b>Partnership Performance</b>		
PS10	A piloting phase aids in the move to scale, allowing us to limit risks and gain from lessons gained while lowering the likelihood of failure.	0.495
PS11	This organisation has well-determined, fair, and appropriate partnership performance indicators.	0.553
PS12	We have established a joint M&E framework to facilitate coordination among parties.	-0.125

#### 4.6.4 Institutional sustainability

The set of strategic partnership sub-variables, which were divided into categories for social, economic and environmental sustainability, are shown in Table 21.

Table 21: Factor Analysis for institutional sustainability

		<b>Factor loadings</b>
<b>Economic sustainability</b>		
IS1	Has adequate financial resources to run its operations into unforeseen future,	1.095
IS2	Can meet its recurring expenses into unforeseen future	1.046
IS3	Enacts policies to give the poor basic services	.372
IS4	Minimises fines and non-monetary sanctions resulting from nonconformity with laws and regulations.	.112
<b>Social sustainability</b>		
<b>This organisation</b>		
IS5	values family/community over individuals	.832

IS6	practises gender-neutral opportunity policies	.438
IS7	addresses disparities in economic attainment	.447
IS8	addresses wellness needs of the population	.545
<hr/>		
<b>Environmental sustainability</b>		
<b>This organisation</b>		
IS9	Educates the staff team on environmental planning.	.813
IS10	Drafts nature-friendly development plans.	.753
IS11	Monitors programmes on environmental performance and utilises its results in future planning.	.847
IS12	Rewards and encourages minimised energy consumption and efficient use of energy.	.584

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalisation.

#### **4.7 Descriptive Statistics**

Descriptive statistics were utilised to correctly portray the distribution of scores or measures in the research using indices or statistics. The type of statistics or index used will depend on the study's variables and the scope of the measurements. For transformational leadership, this section provides a descriptive analysis.

##### **4.7.1 Descriptive Statistics for Transformational Leadership**

The transformational leadership variable was assessed using a five-point Likert scale, with 1 denoting the lowest score—Strongly Disagree—and 5 denoting the highest—Strongly Agree. A detailed data assessment confirmed that the respondents recorded a high rating on the various statements used to gauge transformational leadership. The results are shown in Table 22.

Table 22: Descriptive Results - Transformational Leadership

<b>Idealised Influence</b>		<b>D</b>	<b>N</b>	<b>A</b>	<b>Mean</b>	<b>STD</b>
TL1	Leaders make an effort to get your respect, trust, and confidence.	14 (6.0%)	23 (9.8%)	197 (84.2%)	4.1	0.955
TL2	When interacting with their employees, leaders have charismatic qualities.	13 (5.6%)	28 (12.0%)	193 (82.5%)	4.0	0.831
TL3	Leaders consider or think of others when addressing employee issues.	18 (7.7%)	19 (8.1%)	197 (84.2%)	4.0	0.862
<b>Inspirational motivation</b>		<b>D</b>	<b>N</b>	<b>A</b>	<b>Mean</b>	<b>STD</b>
TL4	Leaders have fluently communicated the organisation's vision.	9 (3.8%)	20 (8.5%)	205 (87.6%)	4.3	0.838
TL5	Leaders have enabled employees to translate vision into practicalities.	11 (4.7%)	38 (16.2%)	185 (79.1%)	4.0	0.839
TL6	They also have energised employees' thereby increasing employee optimism.	10 (4.3%)	46 (19.7%)	178 (76.1%)	3.9	0.804
<b>Intellectual stimulation</b>		<b>D</b>	<b>N</b>	<b>A</b>	<b>Mean</b>	<b>STD</b>
TL7	Leaders continuously challenge old assumptions and ways of doing things.	20 (8.5%)	45 (19.2%)	169 (72.2%)	3.9	0.905
TL8	Leaders foster creativity and innovation amongst employees.	13 (5.6%)	28 (12.0%)	193 (82.5%)	4.1	0.804
TL9	They also invest in knowledge creation and continuous improvement of employee issues.	11 (4.7%)	33 (14.1%)	190 (81.2%)	4.0	0.833
<b>Individual consideration</b>		<b>D</b>	<b>N</b>	<b>A</b>	<b>Mean</b>	<b>STD</b>
TL10	Leaders give personal attention to employee issues, and thus they feel valued	17 (7.3%)	43 (18.4%)	174 (74.4%)	3.9	0.833

TL11	Management listens, develops, advises, and coaches individual staff	17 (7.3%)	48 (20.5%)	169 (72.2%)	3.8	0.867
TL12	Leaders encourage one-to-one interactions, which increase employee motivation	8 (3.4%)	27 (11.5%)	199 (85.0%)	4.1	0.761

In view of Table 22, the majority, 197(84.2%) of the respondents, agreed that leaders invest in gaining their trust, confidence and respect, 23(9.8%) were neutral, while 14(6.0%) disagreed, as shown by a mean score of Mean = 4.1; SD = 0.955); 193(82.5%) of the respondents agreed that leaders have charismatic attributes in dealing with employees, 28(12.0%) did not give any opinion while 13(5.6%) as shown by a mean of 4.0 and SD of 0.831; 197(84.2%) of the respondents agreed that leaders consider or think of others when addressing employee issues; 18(7.7%) disagreed while 19(8.1%) did not give their opinion (Mean = 4.0; SD = 0.862); 205(87.6%) agreed that leaders fluently communicated organisation vision; 20(8.5%) did not any opinion while 9(3.8%) disagreed (Mean = 4.3; SD = 0.838).

Regarding the statement that leaders enabled employees to translate vision into practicalities, 185(79.1%) agreed, 38(16.2%) were neutral and 11(4.7%) disagreed with the sentiment (Mean = 4.0; SD = 0.839), 178(76.1%) agreed that They also have energised employees' thereby increasing employee optimism, 46(19.7%) were neutral, and 10(4.3%) disagreed with the sentiment (Mean = 3.9; SD =0.804), 169 (72.2%) agreed that leaders continuously challenge old assumptions and ways of doing things, 45(19.2%) were neutral while 20(8.5%) disagreed (Mean = 3.9; SD = 0.905), 193(82.5%) leaders foster creativity and innovation amongst employees, 13(5.6%) agreed 28(12.0%) disagreed with the sentiment (Mean = 4.1; SD = 0.804).

Also, 190(81.2%) agreed that they also invest in knowledge creation and continuous improvement of employee issues, 33(14.1%) were neutral, while 11(4.7%) disagreed (4.0; SD = 0.833), 174(74.4%) agreed that leaders give personal attention to employee issues and thus they feel

valued, 43(18.4%) agreed while 17(7.3%) did not give any opinion (Mean = 3.9; SD = 0.833). Lastly, 199(85.0%) agreed that Leaders encourage one-to-one interactions which increase employee motivation, 27(11.5%) disagreed while 8(3.4%) were neutral (Mean = 4.1: SD = 0.761)

#### 4.7.2 Descriptive Statistics for Financial Resource Diversification

The financial resource diversification aspect of the study was evaluated using a five-point Likert scale, with 1 denoting the least favourable rating—Strongly Disagree—and 5 denoting the most favourable—Strongly Agree. The respondents scored highly on the numerous statements used to measure financial resource diversity, according to a thorough data analysis. Table 23 presents the findings:

Table 23: Descriptive Statistics for Financial Resource Diversification

	<b>Fundraising strategies</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>Mean</b>	<b>STD</b>
FRD1	In this organisation, we have a well-developed fundraising (resource mobilisation) plan.	45 (19.2%)	71 (30.3%)	118 (50.4%)	3.4	1.048
FRD2	As an organisation, we rely on unrestricted funding from our revenue-generating endeavours.	83 (35.5%)	82 (35.0%)	69 (29.5%)	2.9	1.067
FRD3	We at this organisation heavily rely on donations from local businesses.	111 (47.4%)	79 (33.8%)	44 (18.8%)	2.6	1.073
<b>Income Generating Projects Strategy</b>						
FRD4	We engage in business activities to generate income	103 (44.0%)	70 (29.9%)	61 (26.1%)	2.7	1.148

FRD5	We have assets that we use to generate income.	44 (18.8%)	98 (41.9%)	92 (39.3%)	3.2	0.995
FRD6	We either provide consultancy services, have rental income, or offer training, trade on our name, or with locally made products.	44 (18.8%)	92 (39.3%)	98 (41.9%)	3.3	0.973

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**Cost recovery strategy**

FRD7	The organisation's purpose is to recover all or a portion of the costs incurred to deliver a non-profit service or support a particular activity related to that goal.	36 (15.4%)	41 (17.5%)	157 (67.1%)	3.1	1.100
FRD8	Our cost recovery operations are associated with specific programs, and they are discontinued when a program is over.	60 (25.6%)	72 (30.8%)	102 (43.6%)	3.7	1.074
FRD9	Earned income is a source of unlimited funding for the organisation, coming from mission-related and unconnected activities.	11 (4.7%)	21 (9.0%)	202 (86.3%)	3.2	1.129

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**Tapping the international funding stream**

FRD 10	Our cost recovery operations are associated with specific programs, and they are discontinued when a program is over.	17 (7.3%)	43 (18.4%)	174 (74.4%)	4.2	0.869
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According to Table 23, 118(50.4%) agreed that in their organisation, they have a well-developed fundraising (resource mobilisation) plan, 71(30.3%) were neutral while 45 (19.2%) disagreed (mean = 3.4; SD = 1.048), 3(35.5%) disagreed that in their organisation they rely on unrestricted funding through their income-generating activities; 82(35.0%) did not give any opinion while 69(29.5%) disagreed with the sentiment (Mean = 2.9; SD =1.067); 111(47.4%) disagreed that in their organisation, they strongly relied on local corporate donors; 79(33.8%) did not give any opinion while 44(18.8%) agreed with the sentiment (mean = 2.6; SD = 1.073), 103(44.0%) disagreed that they engaged in business activities to generate income, 70(29.9%) were neutral while 61(26.1%) agreed (Mean = 2.7; SD = 1.148); 44(18.8%) disagreed that they had assets that they used to generate income; 98(41.9%) were neutral while 92(39.3%) agreed (Mean = 3.2; SD = 0.995); 44(18.8%) disagreed that they either provide consultancy services, have rental income, and/or offer training, trade on their name, or with locally made products; 92(39.3%) were neutral while 98(41.9%) agreed (Mean = 3.3; SD = 0.973).

Also 157(67.1%) agreed that they sought to recuperate all or a percentage of the costs incurred to deliver a non-profit service or fund a discrete activity related to the organisation's mission; 41(17.5%) were neutral while 36(15.4%) disagreed (Mean = 3.1; SD = 1.100); 102(43.6%) disagreed that their cost recovery activities are linked to programmes; once a programme ends, the related cost recovery activities are terminated; 72(30.8%) agreed while 60(25.6%) did not give any opinion (Mean = 3.7; SD = 1.074); further, 202(86.3%) agreed that earned income provided a stream of unrestricted revenue to the organisation, generated through activities both related and unrelated to the mission, 21(9.0%) were neutral while 11(4.7%) disagreed (Mean = 3.2; SD = 1.129) and lastly, 174(74.4%) agrees that their cost recovery activities were linked to programmes; once a programme ends, the related cost recovery activities were terminated; 43(18.4%) did not give any opinion while 17(7.3%) disagreed with the sentiment (Mean = 4.2; SD = 0.869).

#### **4.7.3 Descriptive Statistics for Strategic Leadership**

The strategic partnership variable was assessed using a five-point Likert scale, with 1 denoting the least favourable rating—Strongly Disagree—and 5 denoting the most favourable — Strongly Agree. A detailed data assessment confirmed that the respondents recorded a high rating on the various statements used to gauge strategic partnership. Table 24 presents:

Table 24: Descriptive Statistics for Strategic Partnerships

		<b>D</b>	<b>N</b>	<b>A</b>	<b>Me</b>	<b>STD</b>
					<b>an</b>	
<b>Partnership Formation</b>						
SP1	Stakeholders think about how the collaboration will be handled and kept going even if one or both sides separate ways.	7 (3.0%)	23 (9.8%)	204 (87.2%)	4.1	0.761
SP2	Together, we draft formal agreements and procedures outlining the fundamental tenets of the collaboration.	9 (3.8%)	15 (6.4%)	210 (89.7%)	4.2	0.760
SP3	There is effective leadership in executing the partnership's mandates	10 (4.3%)	25 (10.7%)	199 (85.0%)	4.1	0.799
<b>Resource-Based rationale</b>						
SP4	To guarantee the partnership's success, we dedicate staff to managing the relationship on a day-to-day basis.	16 (6.8%)	30 (12.8%)	188 (80.3%)	4.0	0.850
SP5	Clear vision is important in strategic partnership	7 (3.0%)	18 (7.7%)	209 (89.3%)	4.2	0.725

SP6	For effective partnerships, we clarify decision-making processes and structures	8 (3.4%)	23 (9.8%)	203 (86.8%)	4.1	0.738
<b>Partnership structure preference</b>						
SP7	We jointly create a long-term strategy plan that directs the collaboration toward success to guarantee that it moves smoothly toward its goals.	18 (7.7%)	40 (17.1%)	176 (75.2%)	3.9	0.856
SP8	This organisation ensures there is sharing of resources between partnering organisations.	6 (2.6%)	33 (14.1%)	195 (83.3%)	4.0	0.674
SP9	We measure the health of the partnership in addition to the results.	14 (6.0%)	44 (18.8%)	176 (75.2%)	3.8	0.812
<b>Partnership Performance</b>						
SP10	A piloting phase aids in the move to scale, allowing us to limit risks and gain from lessons gained while lowering the likelihood of failure.	8 (3.4%)	15 (6.4%)	211 (90.2%)	4.1	0.722
SP11	This organisation has well-determined, fair and appropriate partnership performance indicators.	25 (10.7%)	55 (23.5%)	154 (65.8%)	3.7	0.935
SP12	We have established a joint M&E framework to facilitate coordination among parties.	63 (26.9%)	81 (34.6%)	90 (38.5%)	3.0	1.190

In view of Table 24, 204(87.2%) agreed that as partners, stakeholders consider how the partnership will be managed and maintained, even after one or both parties move on; 7(3.0%) disagreed,

23(9.8%) were neutral (Mean = 4.1; SD = 0.761); 210(89.7%) agreed that organisations jointly establish written agreements and protocols that outline the essential elements of the partnership; 9(3.8%) disagreed, 15 (6.4%) were neutral (Mean = 4.2; SD = 0.760), 199(85.0%) agreed that there is effective leadership in executing partnership's mandates; 25(10.7%) were neutral; 10(4.3%) disagreed (Mean = 4.1; SD = 0.799), 188(80.3%) agreed that To guarantee the success of the partnership, we dedicate staff to the management of the relationship on a day-to-day basis; 30(12.8%) were neutral, and 16(6.8%) disagreed (Mean = 4.0; SD = 0.850), 209(89.3%) agreed that Clear vision is important in strategic partnership 18(7.7%) were neutral; and 7(3.0%) disagreed with the sentiments (Mean = 4.2; SD = 0.725), 203(86.8%) agreed that for effective partnerships, we clarify decision making processes and structures; 23(9.8%) were neutral while 8(3.4%) disagreed (Mean = 4.1; SD = 0.738).

Also, the result showed that 176(75.2%) agreed that to ensure that the partnership progresses smoothly towards its goals, we collaboratively develop a long-term strategic plan that guides the partnership towards success, 40(17.1%) were neutral, while 18(7.7%) disagreed (mean = 3.9; SD = 0.856), 195(83.3%) agreed that their organisation ensured there is sharing of resources between partnering organisations; 33(14.1%) were neutral while 6(2.6%) disagreed with the sentiment (Mean = 4.0; SD = 0.674). 176(75.2%) agreed that they measure the health of the partnership in addition to the results; 44 (18.8%) were neutral, while 14(6.0%) disagreed (mean = 3.8; SD = 0.812). 211(90.2%) agreed that to reduce chances of failure, we minimise risks and benefit from lessons learned, a piloting phase helps transition to scale, 15(6.4%) were neutral while 8(3.4%) disagreed (Mean = 4.1; SD = 0.722); 154(65.8%) agreed that their organisation had well-determined fair and appropriate partnership performance indicators; 55(23.5%) were neutral while 25(10.7%) disagreed with the statement (Mean = 3.7; SD = 0.935). Lastly, 90(38.5%) agreed that they have established a joint M&E framework to facilitate coordination among parties; 81(34.6%) were neutral while 63(26.9%) disagreed (Mean = 3.0; SD = 1.190).

#### 4.7.4 Descriptive Statistics for Institutional Sustainability

A five-point Likert scale was used to evaluate the institutional sustainability variable from the evaluation, with 1 signifying the lowest score, Strongly Disagree, and 5 denoting the highest score, Strongly Agree. An in-depth data review revealed that the respondents scored highly on the many statements used to gauge institutional sustainability, as reflected in Table 25.

Table 25: Descriptive Statistics for Institutional Sustainability

<b>Economic Sustainability</b>		<b>D</b>	<b>N</b>	<b>A</b>	<b>Mean</b>	<b>Std dev</b>
IS1	This organisation has adequate financial resources to run its operations into unforeseen future,	122 (52.1%)	59 (25.2%)	53 (22.6%)	2.6	1.162
IS2	This organisation can meet its recurring expenses into unforeseen future	117 (50.0%)	63 (26.9%)	54 (23.1%)	2.6	1.122
IS3	This organisation enacts policies to give the poor basic services	24 (10.3%)	52 (22.2%)	158 (67.5%)	3.7	0.999
IS4	This organisation minimises fines and non-monetary sanctions resulting from nonconformity with laws and regulations.	16 (6.8%)	37 (15.8%)	181 (77.4%)	4.0	0.910
<b>Social sustainability</b>		<b>D</b>	<b>N</b>	<b>A</b>	<b>Mean</b>	<b>Std dev</b>
IS5	This organisation values family/community over individuals	19 (8.1%)	55 (23.5%)	160 (68.4%)	3.8	0.970
IS6	This organisation practises gender-neutral opportunity policies	6 (2.6%)	23 (9.8)	205 (87.6%)	4.2	0.727
IS7	This organisation addresses disparities in economic attainment	7 (3.0%)	31 (13.2%)	196 (83.8%)	4.1	0.754

IS8	This organisation addresses the wellness needs of the population	9 (3.8%)	36 (15.4%)	189 (80.8%)	4.1	0.832
<b>Environmental sustainability</b>		<b>D</b>	<b>N</b>	<b>A</b>	<b>Mean</b>	<b>Std dev</b>
IS9	This organisation educates the staff team on environmental planning.	27 (11.5%)	56 (23.9%)	151 (64.5%)	3.7	0.928
IS10	This organisation drafts nature-friendly development plans.	19 (8.1%)	45 (19.2%)	170 (72.6%)	3.9	0.907
IS11	This organisation monitors programmes on environmental performance and utilises its results in future planning.	26 (11.1%)	64 (27.4%)	144 (61.5%)	3.7	0.946
IS12	This organisation rewards and encourages minimised energy consumption and efficient use of energy.	13 (5.6%)	58 (24.8%)	163 (69.7%)	3.8	0.833

According to Table 25, 122(52.1%) disagreed that their organisations had adequate financial resources to run their operations into unforeseen future, 59(25.2%) were neutral while 53(22.6%) agreed with the sentiment (Mean = 2.6; SD = 1.162); 117(50.0%) disagreed that their organisations could meet recurring expenses into unforeseen future; 63(26.9%) were neutral while 54(23.1%) agreed (Mean = 2.6; SD = 1.122); 158(67.5%) agreed that their organisations enact policies to give the poor basic services; 52(22.2%) while 24(10.3%) disagreed (Mean = 3.7; SD = 0.999); 160(68.4%) agreed that Their organisation values family/community over individuals; 55(23.5%) disagreed while a few 19(8.1%) were neutral (Mean = 3.8; SD = 0.970).

Also, the results showed that 205(87.6%) agreed that their organisation practises gender-neutral opportunity policies 23(9.8) were neutral, 6(2.6%) disagreed (Mean = 4.2; SD = 0.727), 196(83.8%) agreed that their organisation addresses disparities in economic attainment; 31(13.2%)

were neutral while 7(3.0%) disagreed (Mean = 4.1; SD = 0.754). Lastly, 189(80.8%) agreed that their organisation addresses the wellness needs of the population,36(15.4%) were neutral, while 9(3.8%) disagreed with the sentiment (Mean = 4.1; SD = 0.832).

#### 4.8 Correlation Analysis

The study conducted correlation analysis to establish the nature and strength of relations between the variable. The link between transformational leadership, financial resource diversification, strategic partnerships and institutional sustainability was examined using correlation analysis. The mean score for each independent variable was calculated using SPSS, and Pearson's correlation was found. The correlations were conducted at a P-value of 0.05 with one asterisk (\*) or 0.01 with two asterisks (\*\*). The significance level shows whether or not the correlation coefficient differs substantially from zero. When the P-value is 0.05 or below, there is statistically proven evidence of an association. If the P-value is greater than 0.05 or the significant threshold, the correlation is not statistically significant (Statistics Solution, 2018). In Table 26, the correlation findings are displayed.

Table 26: Correlation Analysis

		Y	X1	X2	X3	X4	M	Z
Y	Correlation Coefficient	1.000						
	Sig. (2-tailed)	.						
X1	Correlation Coefficient	.440**	1.000					
	Sig. (2-tailed)	.000	.					
X2	Correlation Coefficient	.494**	.571**	1.000				
	Sig. (2-tailed)	.000	.000	.				
X3	Correlation Coefficient	.399**	.545**	.591**	1.000			
	Sig. (2-tailed)	.000	.000	.000	.			
X4	Correlation Coefficient	.446**	.611**	.607**	.568**	1.000		
	Sig. (2-tailed)	.000	.000	.000	.000	.		

M	Sig. (2-tailed)	.000	.000	.000	.000	.		
	Correlation Coefficient	.600**	.363**	.371**	.305**	.381**	1.000	
Z	Sig. (2-tailed)	.000	.000	.000	.000	.000	.	
	Correlation Coefficient	.536**	.469**	.461**	.477**	.544**	.473**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Key: X1 = Individualised consideration; X2 = Intellectual stimulation; X3 = Inspirational motivation; X4 = Idealised influence; M = financial resource diversification; Z = strategic partnerships; and Y = institutional sustainability.

The result of the correlation analysis shown in Table 26 revealed the existence of a moderate positive and significant correlation between Transformational Leadership, Financial Resource Diversification and Strategic Partnerships with Institutional Sustainability. All correlations are significant at 0.001.

#### 4.9 Specific Objectives Findings

This section presents the result of each research objective based on analysed data. The results are based on regression analysis in establishing a link between transformational leadership, financial resource diversification, strategic partnerships and institutional sustainability of NGOs in Kenya. Regression models, namely linear, multiple, hierarchical and step-wise regressions, were used to examine these hypotheses. Effects analysed were direct effects, combined effects, moderating effect, intervening effect and moderation-mediation effect. Hypothesis tests were done based on parametric tests using student distribution statistics and z-scores at 95% significance level.

##### 4.9.1 Transformational Leadership and Institutional Sustainability

Objective one examined the relationship between transformational leadership and institutional sustainability of NGOs in Kenya. The null hypothesis 1, which stated there was no significant relationship between transformational leadership and institutional sustainability of NGOs in Kenya, was examined and tested using the multivariate regression model. A mix of individualised concern, intellectual stimulation, motivating desire and idealistic influence are represented by the

letter X in this equation, while the institutional sustainability of NGOs is represented by the letter Y. The outcomes of the regression model summary are shown in Table 27.

Table 27: Model Summary for transformational leadership and institutional sustainability

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.575 <sup>a</sup>	.330	.319	5.19621

a. Predictors: (Constant), Individualised consideration, Intellectual stimulation, Inspirational motivation and Idealised influence

The result of the summary of the model revealed: R value of 0.575, R-Square 0.330, and Adjusted R-Square 0.319. The coefficient of determination (R-Square) value indicated that 33% of NGO institutional sustainability could be explained (accounted for) by transformational leadership.

The ANOVA for transformational leadership is displayed in Table 28.

Table 28: ANOVA (F-Test) Analysis for Transformational Leadership

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>P-value</b>
1	Regression	3048.409	4	762.102	28.225	.000 <sup>b</sup>
	Residual	6183.129	229	27.001		
	<b>Total</b>	<b>9231.538</b>	<b>233</b>			

a. Dependent Variable: Institutional Sustainability

b. Predictors: (Constant), Individualised consideration, Intellectual stimulation, Inspirational motivation and Idealised influence

ANOVA results revealed F-Calculated (4, 233) = 28.255, which is greater than F-Critical (4, 233) = 3.96 at a 95% confidence level. The findings further confirm that the regression model of

institutional sustainability of NGOs is significant and supported by  $F = 28.225$ ,  $p=0.000 < 0.05$ . The result of the regression coefficient's beta values is shown in Table 29.

Table 29: Relationship between transformational leadership and institutional sustainability Coefficients

Model	Unstandardised Coefficients		Standardised Coefficients	t	P-value
	B	Std. Error	Beta		
1 (Constant)	19.528	2.354		8.294	.000
Individualised consideration	.588	.230	.201	2.556	.011
Intellectual stimulation	.697	.227	.233	3.073	.002
Inspirational motivation	.431	.220	.142	1.962	.051
Idealised influence	.319	.228	.108	1.401	.162

Results shown in Table 29 indicate that the institutional sustainability of NGOs will continue at 19.528 when transformational leadership via personalised consideration, intellectual stimulation, inspiring motivation and idealised influence remain constant. The sustainability of NGOs increases by 0.588 units when personalised consideration increases by one unit, with a P-value of 0.000 to 0.05. Additionally, one unit increase in intellectual stimulation results in a 0.697 unit increase in NGOs' sustainability, with a P-value of 0.000 to 0.05. The sustainability of NGOs increases by 0.431 units for every unit rise in inspiring motivation, with a P-value of 0.000 to 0.05. Lastly, idealised influence increases NGOs' sustainability by 0.319 units, with a P-value of 0.000 to 0.05. In this way, the study disproved the null hypothesis and accepted the alternative hypothesis that there is a substantial connection between transformational leadership and the institutional sustainability of NGOs in Kenya. This was summed up by the model below:

$$Y = 19.528 + 0.588X_1 + 0.697X_2 + 0.431X_3 + 0.319X_4$$

Where  $X_1$  = Individualised consideration,  
 $X_2$  = Intellectual stimulation,  
 $X_3$  = Inspirational motivation and  
 $X_4$  = Idealised influence

#### **4.9.2 Transformational Leadership, Financial Resources Diversification and Institutional Sustainability**

Objective two established the mediating effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya. The second null hypothesis, which stated that there is no significant mediating effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya, was assessed based on Baron and Kenny's (1986) mediation analysis using 4-stepwise methodology effect analysis (direct, indirect, total effect with mediator, total effect without mediator).

The four-step method, known as the "step-wise methodology, " starts with evaluating the impact of transformational leadership on institutional sustainability. The second step assesses how transformational leadership affects the diversification of financial resources. The third step assesses the impact of financial resource diversification and transformational leadership on institutional sustainability, and it is necessary for this influence of the mediator (financial resource diversification) to be statistically significant. Complete mediation occurs when all of the aforementioned conditions are met, and the independent variable (transformational leadership) has no further influence on the dependent variable. Partial mediation occurs when the influence of the independent variable on the dependent variable is reduced once the mediator has been taken into account.

The route diagram in Figure 4 shows the direct and indirect impact when testing for the mediating influence.

Key: X = Independent variable; M = Mediating variable and Y = Dependent variable

**Figure 4: Path diagram for mediation Effect**

Source: Baron, R.M., & Kenny, D. A., (1986).

The direct result of transformational leadership and institutional sustainability is represented by Path C. Path A depicts the indirect (mediating) connection between financial resource diversification and transformational leadership, whereas Path B depicts the impact of financial resource diversification on institutional sustainability. The indirect influence is represented by Paths A and B.

To determine if institutional sustainability improves as a result of financial resource diversification, the impact of transformational leadership on institutional sustainability assessed must be statistically significant in order to satisfy the criteria. For mediation to be supported, the impact of transformational leadership on institutional sustainability must also be statistically significant when accounting for financial resource diversity. Regression analysis was used to investigate the mediating role of financial resource diversification in the link between transformational leadership and institutional sustainability, and the results for steps one to four are presented below:

**Step 1 Result - Regression of Transformational Leadership and Institutional Sustainability of NGOs**

The result of the model summary revealed that the R-Square co-efficient of determination was 0.33, as shown in Table 30. According to the model, transformational leadership accounts for 33 per cent of the variation in NGOs' institutional sustainability (adj. R square = 0.319).

Table 30: Step one- transformational leadership and institutional sustainability

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.575 <sup>a</sup>	.33	.319	5.52559

a. Predictors: (Constant), Transformational leadership

The F-Calculated (1, 233) = 70.355, which is greater than F-Critical (1, 233) = 3.96 at a 95% confidence level. The findings further confirm that the regression model of institutional sustainability of NGOs is significant and supported by  $F = 70.355, p=0.000 < 0.05$ .

Table 31: ANOVA<sup>a</sup> - Step one- transformational leadership and institutional sustainability

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>P-value</b>
1	Regression	2148.083	1	2148.083	70.355	.000 <sup>b</sup>
	Residual	7083.456	232	30.532		
	Total	9231.538	233			

a. Dependent Variable: Institutional sustainability

b. Predictors: (Constant), Transformational leadership

The findings presented in Table 32 show that when transformational leadership is held constant, the institutional sustainability of NGOs remains at 25.684. When transformational leadership improves by one unit, the sustainability of NGOs increases by 1.145 units, with a P-value of 0.000-0.05. This was summed up by the model below:

$$Y = 25.684 + 1.145X_1$$

Where  $X_1$  = Transformational leadership

Table 32: Regression Results- Transformational Leadership and Institutional Sustainability

Model		Unstandardised Coefficients		Standardised Coefficients	t	P-value
		B	Std. Error	Beta		
1	(Constant)	25.684	2.225		11.541	.000
	Transformational leadership	1.145	.137	.482	8.388	.000

## Step 2 Results - Regression of Transformational Leadership and Financial Resources

### Diversification

The second phase was a regression analysis to examine the connection between financial resource diversification and transformational leadership. At this point, the independent variable was transformational leadership, and the dependent variable was financial resource diversification.

Table 33: Regression Results of Transformational Leadership and Financial Resources Diversification

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.478 <sup>a</sup>	.229	.226	5.10577

a. Predictors: (Constant), Transformational leadership

The results are summarised in Table 33. As the table shows, the coefficient of determination R Square is 0.229. The model indicates that transformational leadership explains (adj. R square = 0.226) 22.6% of the variation in financial resources diversification among NGOs in Kenya.

Table 34: ANOVA - Transformational Leadership and Financial Resources

Diversification

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>P-value</b>
1	Regression	1795.283	1	1795.283	68.867	.000 <sup>b</sup>
	Residual	6047.982	232	26.069		
	Total	7843.265	233			

a. Dependent Variable: Financial resources diversification

b. Predictors: (Constant), Transformational Leadership

From Table 34, the F-Calculated (1, 233) = 68.867, which is greater than F-Critical (1, 233) = 3.96 at a 95% confidence level. The findings further confirm that the regression model of financial resources diversification NGOs is significant and supported by  $F = 68.867, p=0.000 < 0.05$ .

Table 35: Coefficient for Transformational Leadership and Financial Resources Diversification

<b>Model</b>	<b>Unstandardised Coefficients</b>		<b>Standardised Coefficients</b>	<b>t</b>	<b>P-value</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1 (Constant)	15.51	2.056		7.543	.000
2 Transformational leadership	1.047	.126	.478	8.299	.000

a. Dependent Variable: Financial resources diversification

According to the findings shown in Table 35, financial resource diversification across NGOs will continue at 15.512 when transformational leadership is maintained constant. With a P-value of 0.000–0.05, an increase in transformational leadership by one unit increases the diversity of financial resources across NGOs by 1.047 units. This was summed up by the model below:

$$Y = 15.512 + 1.047X_1$$

Where  $X_1$  = Transformational leadership, and Y is financial resources diversification

### Steps 3 & 4 - Regression Results for the mediation effect of Financial Resources Diversification

Testing for the effect of transformational leadership on institutional sustainability while controlling for financial resource diversification was the third step of the test for the mediating role of financial resource diversification on the relationship between transformational leadership and the institutional sustainability of NGOs. Table 36 displays the outcomes for the third stage.

Table 36: Regression Results for the mediation effect of Financial Resources Diversification

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.639 <sup>a</sup>	.409	.403	4.86157

a. Predictors: (Constant), Financial resources diversification, Transformational leadership

As presented in Table 36, the coefficient of determination R Square is 0.409. The model indicates that transformational leadership and financial resource diversification explains (adj. R square = 0.403) 40.3% of the variation in institutional sustainability of the NGOs in Kenya.

Table 37: ANOVA - mediation effect of Financial Resources Diversification

Model		Sum of Squares	df	Mean Square	F	P-value
1	Regression	3771.895	2	1885.948	79.795	.000 <sup>b</sup>
	Residual	5459.643	231	23.635		
	Total	9231.538	233			

a. Dependent Variable: institutional sustainability

b. Predictors: (Constant), Financial resources diversification, Transformational leadership

The F-Calculated (1, 233) = 79.795, which is greater than F-Critical (1, 233) = 3.96 at 95% confidence level. The findings further confirm that the regression model of institutional sustainability of NGOs is significant and supported by  $F = 79.795, p=0.000 < 0.05$ .

At step three, financial resource diversification was shown to significantly influence institutional sustainability. Transformational leadership and financial resource diversification are entered as predictors. The results presented in Table 38 demonstrate that the institutional sustainability of NGOs will continue at 17.646 when transformational leadership and financial resource diversification remain constant. When transformational leadership improves by one unit, the institutional sustainability of NGOs increases by 0.603 units, with a P-value of 0.000-0.05. The institutional sustainability of NGOs also increases by 0.518 units for every unit increase in the variety of financial resources, with a P-value of 0.000-0.05. This was exemplified by the following model:

$$Y = 17.646 + 0.603X_1 + 0.518M$$

Where  $X_1$  = Transformational leadership, M = financial resources diversification and Y is financial resources diversification.

The results of beta confidence for financial resource diversification mediates the link between transformational leadership and NGOs' institutional durability is shown in Table 38.

Table 38: Co-efficients<sup>a</sup>

Model	Unstandardised Coefficients		Standardised Coefficients	t	P-value
	B	Std. Error	Beta		
1 (Constant)	17.646	2.185		8.076	.000
Transformational leadership	.603	.137	.254	4.406	.000

Financial resources diversification	.518	.063	.478	8.289	.000
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a. Dependent Variable: Institutional sustainability

Complete mediation happens when the independent variable no longer influences the dependent variable once the mediator has been considered, according to Baron and Kenny (1986). Partial mediation, which lessens the influence of the independent variable on the dependent variable, occurs when the mediator has been removed.

A summary of the result showed a direct effect (Model Path A, that is, Transformational Leadership and Financial Resource Diversification) revealed a significant effect 1.047 ( $p < 0.005$ ). The result for indirect effect (Model Path B&C, that is, Transformational Leadership, Financial Resource Diversification on Institutional Sustainability) revealed a significant effect of transformational leadership 0.63 ( $P < 0.005$ ), total effect without Mediator (Model Path C, that is, Transformational Leadership and Institutional Sustainability) revealed a significant effect 0.518 ( $P < 0.005$ ) and total effect without mediator (Model Path C') also revealed a significant effect 1.143 ( $p < 0.005$ ). The conclusion was that all effects are significant at a 0.001 level of significance. The total effect of transformational leadership with a mediator is, however, closer to zero compared to the effect without a mediator, which implies the presence of a partial mediation effect of financial resource diversification.

#### 4.9.3 Transformational Leadership, Strategic Partnerships and Institutional Sustainability

**The third aim of the study was to determine** how strategic partnerships affected the relationship between transformational leadership and the institutional sustainability of NGOs in Kenya. To assess the moderating influence, the study applied the hierarchical regression methodology outlined by Baron and Kenny (1986). A moderator is a variable that alters the nature of the connection between a predictor and a criterion variable, according to Baron and Kenny (1986). They claim that moderation can only be preserved if path C—the outcome of the interaction between path A and B—is significant. The following is the claim.

*H<sub>03</sub>: Strategic partnerships have no significant moderating effect on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.*

A hierarchical regression analysis was initially performed using the three stages below to test for the moderating effect. In the first step, the effect of transformational leadership on the institutional viability of NGOs in Kenya was evaluated. Step two evaluated how strategic partnerships affected the institutional sustainability of NGOs in Kenya. When adjusting for strategic partnership and institutional sustainability of NGOs in Kenya, step three included the interaction variables and assessed their importance. Strategic partnership and transformational leadership's standardised scores were combined to create the interaction words. The interaction terms' effect should be strong to confirm moderation. Here, finding moderation is independent of the importance of the predictor and moderator variables (Adji & Fernandes, 2017). The relationship is depicted in Figure 5.

#### **Figure 5: Test of moderation – path diagram for direct and indirect effects**

According to Figure 5, each arrow in the path represents a relationship between two variables to which the change statistics have been applied ( $R^2$  and F ratio). This demonstrates the effect of one variable on the other and its magnitude. By first regressing Institutional Sustainability (IS) on Transformational Leadership (TL) for the direct causality, both direct and indirect causalities were ascertained using hierarchical regression analysis. The same process was replicated while taking Strategic Partnership (SP) into account, where the indirect causality (Z) was established.

#### **Regression Results of the Moderation Effect**

Regression analysis was employed in the initial phase [Model 1] to investigate how transformational leadership - individual consideration, intellectual stimulation, inspiring motivation, and idealised influence - affected the institutional sustainability of NGOs in Kenya. After the moderating variable [strategic partnership] was added to the second step [Model 2], regression analysis was used to examine the effects of transformational leadership [individual consideration, intellectual stimulation, inspirational motivation, and idealised influence] on the

institutional sustainability of NGOs in Kenya. After taking into account the interaction terms, regression analysis was used in the third step [Model 3] to examine the effect of transformational leadership [individualised consideration, intellectual stimulation, inspirational motivation and idealised influence] and the moderating variable [strategic partnership] on the institutional sustainability of NGOs in Kenya.

Table 39: Model Summary

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.575 <sup>a</sup>	.330	.319	5.19621
2	.610 <sup>b</sup>	.372	.358	5.04159
3	.630 <sup>c</sup>	.397	.372	4.98692

a. Predictors: (Constant), Individualised consideration, Intellectual stimulation, Inspirational motivation and Idealised influence

b. Predictors: (Constant), Individualised consideration, Intellectual stimulation, Inspirational motivation and Idealised influence, strategic partnerships

c. Predictors: (Constant), Individualised consideration, Intellectual stimulation, Inspirational motivation and Idealised influence, strategic partnerships, Individualised consideration\*strategic partnerships, Intellectual stimulation\*strategic partnerships, Inspirational motivation\*strategic partnerships, Idealised influence\*strategic partnerships

The coefficient of determination (R-square) between transformational leadership and institutional sustainability (individual consideration, intellectual stimulation, inspirational motivation, and idealised influence) is 0.330, while the adjusted R-square is 0.319, according to the findings in Table 39 [Model 1]. This suggests that the difference in institutional sustainability can only be partially explained by transformational leadership (31.9%). Other variables that the model did not account for can explain the remaining 69.1% of the variation. The R square value is an essential

measure of the equation's ability to predict outcomes. These results suggest that transformational leadership contributes to improving institutional sustainability.

The R-square for the association between transformational leadership (individual consideration, intellectual stimulation, inspirational motivation, and idealised influence) and institutional sustainability (Table 39, [Model 2]) is 0.372 after taking the moderating variable (strategic partnership) into account. This implies that transformational leadership and the moderating variable [strategic partnership] can only explain 35.8% of the variation in institutional sustainability (adjusted r-square = 0.358). Other variables not included in the model can account for the remaining 64.2 per cent of the variation. The R square value is crucial to how well the equation predicts the future.

According to the findings in Table 39 [Model 3], after taking interaction terms into account, the R-square for the relationship between transformational leadership and institutional sustainability [individualised consideration, intellectual stimulation, inspirational motivation, and idealised influence] is 0.397. Accordingly, only 37.2 per cent of the variance in institutional sustainability can be explained by transformational leadership, strategic partnerships and interaction terms (adjusted r-square = 0.372). Other elements beyond the model's scope can account for the remaining 62.8 per cent of the variation. The R square value is crucial to how well the equation predicts the future.

### **ANOVA for Moderation Effect**

The study further conducted an analysis of variance (ANOVA) to establish the significance of the regression model fit for the study. The result is shown in Table 40.

Table 40: ANOVA - Moderation Effect

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>P-value</b>
1	Regression	3048.409	4	762.102	28.225	.000 <sup>b</sup>
	Residual	6183.129	229	27.001		
	Total	9231.538	233			
2	Regression	3436.321	5	687.264	27.039	.000 <sup>c</sup>
	Residual	5795.218	228	25.418		
	Total	9231.538	233			
3	Regression	3660.810	9	406.757	16.356	.000 <sup>d</sup>
	Residual	5570.729	224	24.869		
	Total	9231.538	233			

a. Dependent Variable: Institutional Sustainability

a. Predictors: (Constant), Individualised consideration, Intellectual stimulation, Inspirational motivation and Idealised influence

b. Predictors: (Constant), Individualised consideration, Intellectual stimulation, Inspirational motivation and Idealised influence, strategic partnerships

To determine the significance of the regression model in this study, analysis of variance (ANOVA) was used. When the P-value was 0.05 or below, the statistical significance was considered to be significant. P-values less than 0.05 were seen for models 1, 2, and 3.

According to the ANOVA findings, the F-critical (4,229) value for model 1 was 3.94, but the F-calculated value was 28.225. The findings of the ANOVA show that for model 2, F-critical (5,228)

was 3.94 and F-calculated was 27.039. The ANOVA findings also show that for model 3, F-critical (9,224) was 3.94, whereas F-calculated was 16.356. This illustrates that F-calculated is more than F-critical, suggesting a strong positive linear relationship in the dependent variable's prediction. This suggests that there is a strong link between institutional durability and variation in the independent variables. Additionally, the P-value was 0.000, falling below the significance threshold (0.05). The effect this model will have on institutional sustainability is strongly and favourably predicted by the goodness of fit of this model.

Table 41: Coefficients

Model		Unstandardised		Standardised	t	P-value
		Coefficients	Coefficients	Coefficients		
		B	Std. Error	Beta		
1	(Constant)	19.528	2.354		8.294	.000
	Individualised consideration	.588	.230	.201	2.556	.011
	Intellectual stimulation	.697	.227	.233	3.073	.002
	Inspirational motivation	.431	.220	.142	1.962	.051
	Idealised influence	.319	.228	.108	1.401	.162
2	(Constant)	13.736	2.723		5.044	.000
	Individualised consideration	.448	.226	.153	1.979	.049
	Intellectual stimulation	.601	.221	.201	2.712	.007
	Inspirational motivation	.354	.214	.117	1.657	.099
	Idealised influence	.114	.227	.038	.501	.617
	strategic partnerships	.255	.065	.253	3.907	.000
3	(Constant)	35.801	7.940		4.509	.000
	Individualised consideration	.282	.066	.287	4.298	.000
	Intellectual stimulation	.295	.066	.303	4.500	.000

Inspirational motivation	.346	.061	.339	5.685	.000
Idealised influence	.154	.062	.149	2.490	.013
strategic partnerships	.362	.061	.358	5.965	.000
Individualised	.370	.062	.374	5.965	.000
consideration*strategic					
partnerships					
Intellectual	.193	.064	.191	2.993	.003
stimulation*strategic					
partnerships					
Inspirational	.274	.061	.267	4.500	.000
motivation*strategic					
partnerships					
Idealised influence*strategic	.170	.068	.176	2.490	.013
partnerships					

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a. Dependent Variable: Institutional sustainability

The summary of the result for moderation analysis revealed a coefficient of determination (R-Square) for model 1 was 0.330 (transformation leadership explains 30% variation in NGO institutional sustainability). Model 2 R-Square is 0.372 (implying transformational leadership and strategic leadership jointly explain the 37.2% variation, an increase in 4.2 percentage points in variation explained). Model 3 R-Square is 0.397 (implied introduction of the interaction term between transformational leadership and strategic leadership increase the variation explained by 2.5% point to 37.2%). ANOVA shows all model F statistic values were significant ( $P < 0.05$ ); thus, denoting model significance in the study and at least one of the independent variable(s) significantly explains the variation in the dependent variable). The significant moderating effect of strategic leadership was, therefore, confirmed.

#### 4.9.4 Moderated Mediation Influence

In order to determine how financial resource diversification affected the link between transformational leadership style and the institutional sustainability of NGOs in Kenya, the study set out to develop a moderated-mediation relationship.

##### Model Fit Tests Results for Step 1

The first step sought to assess the moderation of the overall treatment effect of TL on InS.

The  $InS = \beta_0 + \beta_1 TL + \beta_2 Z + \beta_3 TL*Z + \varepsilon$  equation was used.

Where TL = Transformational Leadership, Z = Financial Resource Diversification, TL\*Z = interaction term (product of transformational leadership and financial resource diversification) and  $\varepsilon$  is the error term.

The study took into account both the absolute fit index (RMSEA) and the incremental fit indices (CFI and TLI) since the model offered a sufficient fit for the data (Hair et al., 2010). These fit indices were used to assess the model's suitability. Table 4.49 displays the following values: RMSEA = 0.530, GFI = 1.000, TLI = .884, and CFI = 1.000. This demonstrates a superb model fit (Yuan & Hayashi, 2010). An RMSEA less than .06 and a CFI and TLI more than .95, according to Hu and Bentler (1999), imply a generally acceptable model-data fit. The CFI generates values between 0 and 1, with high values serving as strong fit indications. A CFI value of 1.000 indicates a better match than the independence model for the given data.

Table 42: Model Fit Tests Results Step One

<b>Model</b>	<b>RMSEA</b>	<b>GFI</b>	<b>TLI</b>
Default model	.530	1.000	.884
Independence model	0.000	.485	.141

## Regression Weights

Since all the variables (Transformational leadership [TL], Financial Resource Diversification [Z], and Transformational leadership \* Financial Resource Diversification [TL\*Z]) were on the same measurement scale, regression weights were also used to define the association's nature. The transformational leadership regression weights were higher than the acceptable level of -1.96 or 1.96 at the 0.05 significance level, as shown in Table 53. The critical ratio (CR) values derived using the t-test for the transformational leadership indicator were more than 1.96 at the 0.05 level of significance (p-value =0.05). The results show that transformational leadership and institutional sustainability are strongly and positively correlated (Estimate = 0.370, CR = 6.003, P-value = 0.000). According to this result, institutional sustainability would increase by 0.370 units for every unit increase in transformational leadership.

The results also show that the regression weights for financial resource diversification were higher than the permitted limit of -1.96 or 1.96 at a 0.05 level of significance. The t-calculated values (critical ratio; CR) for the Financial Resource Diversification indicator were larger than 1.96 (Critical Ratio >1.96) at the 0.05 level of significance. The results show a strong and favourable relationship between diversifying financial resources and institutional sustainability (Estimate = 0.274, CR = 4.529, P-value = 0.000). The result suggests that institutional sustainability would grow by 0.274 units for every 1 unit increase in Financial Resource Diversification.

Additionally, the results show that the regression weights of the interaction term (Transformational leadership \* Financial Resource Diversification) exceeded the permissible limit of -1.96 or 1.96 at a 0.05 level of significance. The t-calculated values (critical ratio; CR) for the interaction term indicator were more than 1.96 (Critical Ratio >1.96) at the 0.05 level of significance (p-value = 0.05). The results show that institutional sustainability and transformational leadership\*financial resource diversification (X\*Z) have a significant positive connection (Estimate = 0.193, C.R.= 3.012, P-value =0.000). This suggests that increasing institutional sustainability by 0.193 units

would result from increasing transformational leadership \* financial resource diversification (X\*Z) by 1 unit.

Table 43: Regression Weights: (Group number 1 - Default model)

		<b>Estimate</b>	<b>SE.</b>	<b>CR.</b>	<b>P</b>
Ins	<--- Transformational leadership	.370	.062	6.003	***
Ins	<--- Strategic Partnership	.274	.061	4.529	***
Ins	<--- TL*Strategic partnership	.193	.064	3.012	.003

Ins = Institutional sustainability

The structural equation modelling (SEM) for the relevant model 1 is shown in Figure 6. The strength and direction of the component were determined using path coefficients. The amount of variance in the dependent variable that the SEM model could account for was displayed using the strength of the coefficient of determination. The result showed Standard Error of Estimates (SE) of the strength of TL, Z, and TL\*Z was 2.22. According to Falk and Miller (1992),  $R^2 < 0.1$  indicate negligible variance, while  $R^2 \geq 0.1$  – indicate adequate. The resultant strength of SE of 2.22 was, therefore, adequate.

### **Model Fit Tests Results for Step 1**

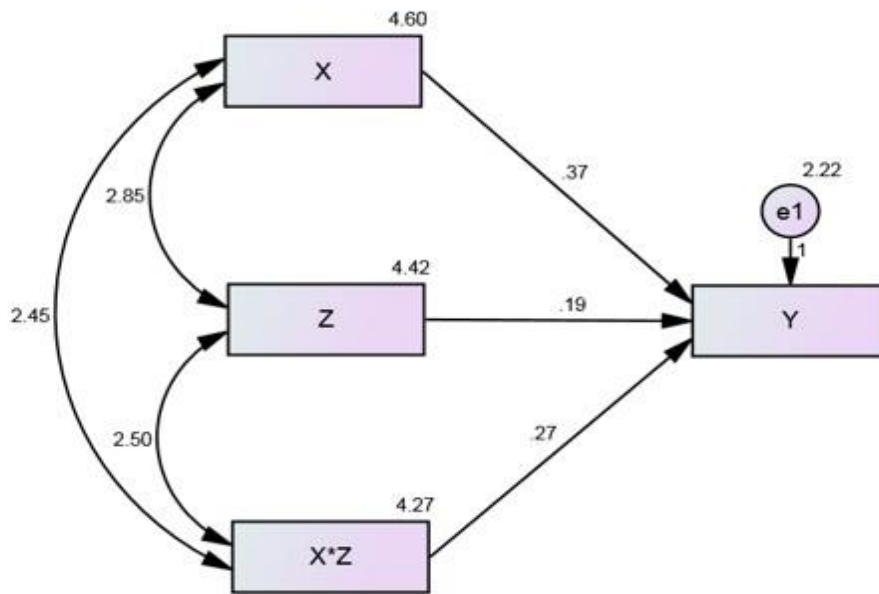


Figure 3: Path Analysis \_ Step 1

### Model Fit Tests Results for Step 2

The second step sought to assess the moderation of the overall treatment effect of TL on FRD.

The  $FRD = \beta_{10} + \beta_{11} TL + \beta_{12} FRD + \beta_{13} TL * FRD + \varepsilon_1$  equation was used.

Where TL = Transformational leadership, FRD = financial resource diversification, TL\*FRD = interaction term (product of transformational leadership and financial resource diversification) and  $\varepsilon$  is the error term. This equation assesses the moderation of the treatment effect of TL on the mediator FRD.

The study took into account both the absolute fit index (RMSEA) and the incremental fit indices (CFI and TLI) since the model offered a sufficient fit for the data (Hair et al., 2010). These fit indices were used to assess the model's suitability. Table 54 displays the following values: RMSEA = 0.530, GFI = 1.000, TLI = 1.000, and CFI = 1.000. This demonstrates a superb model fit (Yuan

& Hayashi, 2010). According to Hu and Bentler, an RMSEA less than 0.06 and a CFI and TLI more than 0.95 imply a generally acceptable model-data fit. The CFI generates values between 0 and 1, with high values serving as strong fit indications. A CFI value of 1.000 indicates a better match than the independence model for the given data.

Table 44: Model Fit Tests Results Step 2

<b>Model</b>	<b>RMSEA</b>	<b>GFI</b>	<b>TLI</b>
Default model	.530	1.000	1.000
Independence model	0.000	.000	.000

Regression weights were also used to define the nature of the link as all the variables (Transformational leadership [TL], Financial Resource Diversification [Z], and Transformational leadership \* Financial Resource Diversification [TL\*Z]) were on the same measurement scale. The transformational leadership regression weights were higher than the acceptable threshold of -1.96 or 1.96 at the 0.05 level of significance, as shown in Table 44. The t-calculated values (critical ratio; CR) for the transformational leadership indicator were larger than 1.96 (Critical Ratio >1.96) at the 0.05 level of significance (p<0.05). The results show a significant and favourable link between transformational leadership and the diversification of financial resources (Estimate = 0.346, CR = 5.722, P-value = 0.000). According to this, strengthening transformational leadership by one unit would cause the variety of financial resources to increase by 0.346 units.

The results also show that the regression weights for financial resource diversification were higher than the permitted limit of -1.96 or 1.96 at a 0.05 level of significance. The t-calculated values (critical ratio; CR) for the Financial Resource Diversification indicator were larger than 1.96 (Critical Ratio >1.96) at the 0.05 level of significance. The findings indicate a positive and substantial association between financial resource diversification and strategic partnership

(Estimate = 0.362, CR = 6.003, P-value = 0.000). This suggests that a 1 unit increase in financial resource diversification would result in a 0.362 unit rise in the strategic partnership.

Additionally, the results show that the regression weights of the interaction term (Transformational leadership \* Financial Resource Diversification) exceeded the permissible limit of -1.96 or 1.96 at a 0.05 level of significance. The t-calculated values (critical ratio; CR) for the interaction term indicator were more than 1.96 (Critical Ratio >1.96) at the 0.05 level of significance (p0.05). The results show that institutional sustainability and transformational leadership\*financial resource diversification (X\*Z) are significantly and favourably correlated (Estimate = 0.154, C.R= 2.506, P-value =0.000). This shows that improving transformational leadership \* financial resource diversification (X\*Z) by 1 unit would increase institutional sustainability by 0.154 units.

Table 45: Regression Weights: (Group number 1 - Default model)

		Estimate	SE.	CR.	P
FRD	< Transformational leadership	.346	.060	5.722	***
FRD	< Strategic Partnership	.362	.060	6.003	***
FRD	< <u>Transformational leadership* strategic partnership</u>	.154	.062	2.506	.012

Figure 7 depicts the structural equation modelling (SEM) for model 2. The strength and direction of the component were determined using path coefficients. The amount of variance in the dependent variable that the SEM model was able to account for was displayed using R<sup>2</sup>. The figure also shows that TL, Z, and TL\*Z had a coefficient R<sup>2</sup> mean of 2.18. The R<sup>2</sup> value of 2.18 indicates that the r<sup>2</sup> was adequate in explaining the variations in institutional sustainability as a result of the changes in TL, Z, and TL\*Z scores. According to Cohen (1988), values of **R<sup>2</sup> < 0.02** indicate very weak, **0.02 <= R<sup>2</sup> < 0.13** indicate weak, **0.13 <= R<sup>2</sup> < 0.26** indicate moderate, **R<sup>2</sup> >= 0.26** – indicate substantial. According to Falk & Miller (1992) **R<sup>2</sup> < 0.1** indicate negligible **R<sup>2</sup> >= 0.1** – indicate adequate. R<sup>2</sup> of 2.18 is, therefore, adequate.

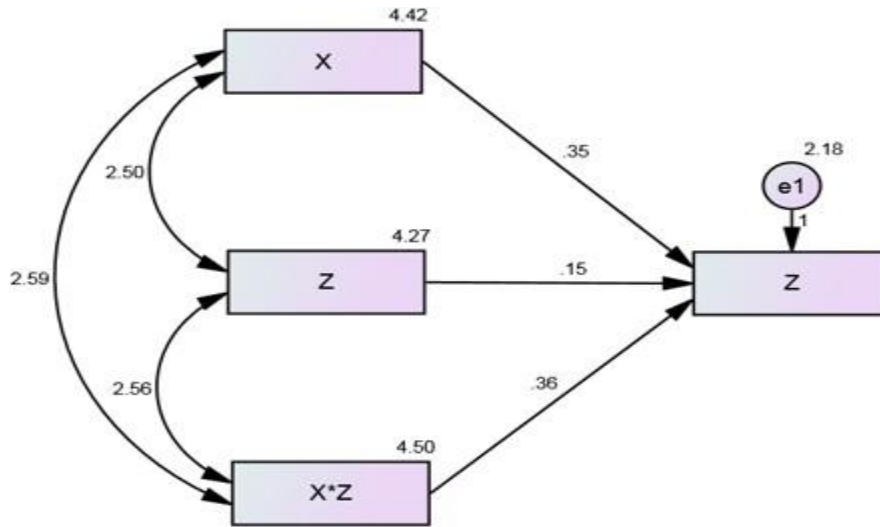


Figure 4: Path Analysis \_ Step 2

### Model Fit Tests Results for Step 3

The third step assessed the moderation of the effect of the mediator **FRD** on **InS**, as well as the moderation of the residual treatment effect of **TL** on **InS**. The study equation took the form below:

$$\text{InS} = \beta_{20} + \beta_{21} \text{TL} + \beta_{22} \text{Z} + \beta_{23} \text{TL} * \text{Z} + \beta_{24} \text{FRD} + \beta_{25} \text{FRD} * \text{Z} + \varepsilon_2$$

Where **InS** = institutional sustainability, **TL** = Transformational leadership, **FRD** = financial resources diversification, **TL\*FRD** = interaction term (product of transformational leadership and strategic partnership), **FRD\*Z** = interaction term (financial resource diversification and strategic partnership), and  $\varepsilon$  is the error term

The study took into account both the absolute fit index (RMSEA) and the incremental fit indices (CFI and TLI) since the model offered a sufficient fit for the data (Hair et al., 2010). These fit indices were used to assess the model's suitability. RMSEA of 0.411, GFI of 1.000, TLI of 1.000, and CFI index of 1.000 are all displayed in Table 45. This demonstrates a superb model fit (Yuan & Hayashi, 2010). An RMSEA less than 0.06 and a CFI and TLI more than 0.95, according to Hu

and Bentler, imply a generally acceptable model-data fit. The CFI generates values between 0 and 1, with high values serving as strong fit indications. A CFI value of 1.000 indicates a better match than the independence model for the given data.

Table 46: Model Fit Tests Results \_ Step 3

<b>Model</b>	<b>RMSEA</b>	<b>GFI</b>	<b>TLI</b>
Default model	.411	1.000	1.000
Independence model	0.000	.416	.000

### **Regression Weights**

Regression weights were also used to help explain the nature of the relationship since all the variables (Transformational leadership [TL], Strategic partnership [Z], Transformational leadership \*Strategic partnership [TL\*Z], Financial Resource Diversification [FRD], and Financial Resource Diversification\* Strategic partnership [FRD\*Z]) were measured on the same scale. The transformational leadership regression weights exceeded the acceptable limit of -1.96 or 1.96 at a 0.05 level of significance, as shown in Table 46. The t-calculated values (critical ratio; CR) for the transformational leadership indicator were larger than 1.96 (Critical Ratio >1.96) at the 0.05 level of significance (p-value = 0.05). The results show that transformational leadership and institutional sustainability are strongly and favourably related (Estimate = 0.151, CR = 2.362, P-value = 0.018). According to this, institutional sustainability would increase by 0.151 units for every unit increase in transformational leadership.

The results also show that the weights of the strategic partnership regression exceeded the acceptable limit of -1.96 or 1.96 at a 0.05 level of significance. The t-calculated values (critical ratio; CR) for the strategic alliance indicator were more than 1.96 (Critical Ratio >1.96) at the 0.05 level of significance. Results indicate a substantial and positive link between institutional

sustainability and strategic partnerships (Estimate = 0.236, CR = 3.927, P-value = 0.000). This suggests that a 1 unit increase in strategic partnerships will result in a 0.236 unit rise in institutional sustainability.

The results also show that the weights for the transformational leadership \* strategic partnership regression (TL\*Z) were higher than the acceptable level of -1.96 or 1.96 at a 0.05 level of significance. The t-calculated values (critical ratio; CR) for the TL\*Z (interaction term) indicator were larger than 1.96 at the 0.05 level of significance (p0.05) (Critical Ratio >1.96). The findings show a strong and favourable relationship between TL\*Z (Estimate = 0.010, C.R= 2.111, P-value = 0.003). According to this, an increase of 1 unit in the interaction term TL\*Z will lead to an increase of 0.010 units in institutional sustainability.

Additionally, the results show that the financial resource diversification regression weights exceeded the permissible range of -1.96 or 1.96 at a 0.05 level of significance. The FRD indicator's critical ratio (CR) values were larger than 1.96 (Critical Ratio >1.96) at the 0.05 level of significance (p0.05). The findings demonstrate a substantial and positive association between FRD and institutional sustainability (Estimate =.064, CR = 3.371, P-value = 0.000). This suggests that a 1-unit rise in FRD would result in a 0.064-unit improvement in institutional sustainability.

The results also show that the financial resource diversification\*strategic partnership regression weights [FRD\*Z] (interaction term) exceeded the allowed level of -1.96 or 1.96 at a 0.05 level of significance. The t-calculated results (critical ratio; CR) for the FRD\*Z indication were more than 1.96 (Critical Ratio >1.96) at the 0.05 level of significance. The results showed a substantial and favourable relationship between institutional sustainability and FRD\* Z (Estimate = 0.309, C.R= 4.934, P-value =0.000). According to this, an increase of 1 unit in FRD\*Z (the interaction term) will lead to an increase of 0.309 units in institutional sustainability.

Table 47: Regression Weights: (Group number 1 - Default model)

		<b>Variable</b>	<b>Estimate</b>	<b>SE.</b>	<b>CR.</b>	<b>P</b>
Ins	<---	TL	.151	.064	2.362	.018
Ins	<---	strategic partnership (Z)	.236	.060	3.927	***
Ins	<---	TL*Z	.010	.019	2.111	.003
Ins	<---	FRD	.064	.019	3.371	***
Ins	<---	FRD*Z	.309	.063	4.934	***

Inst = Institutional sustainability

The structural equation modelling (SEM) for model 3 is shown in Figure 8. The strength and direction of the component were determined using path coefficients. The amount of variance in the dependent variable that the SEM model was able to account for was displayed using  $R^2$ . The  $R^2$  value of 2.10 indicates that the  $R^2$  was adequate in explaining the variations in institutional sustainability due to the changes in TL, Z, TL\*Z, FRD, and FRD\*Z scores. According to Cohen (1988), values of  $R^2 < 0.02$  indicate very weak,  $0.02 \leq R^2 < 0.13$  indicate weak,  $0.13 \leq R^2 < 0.26$  indicate moderate,  $R^2 \geq 0.26$  – indicate substantial. According to Falk & Miller (1992),  $R^2 < 0.1$  indicate negligible  $R^2 \geq 0.1$  – indicates adequate.  $R^2$  of 2.10 is, therefore, adequate.

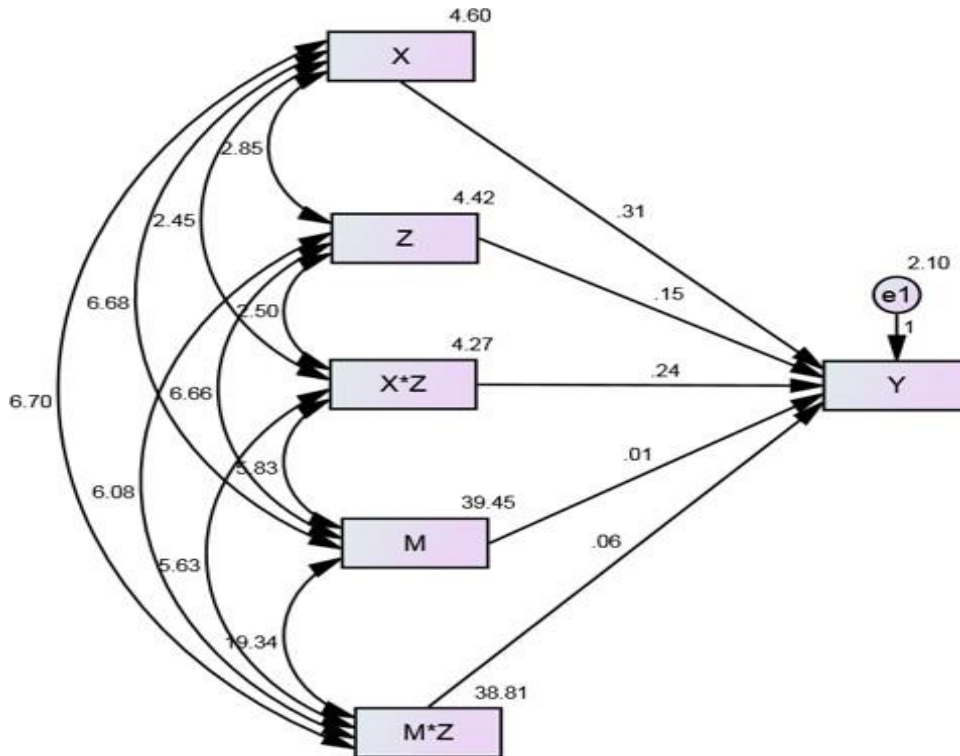


Figure 5: Path analysis step 3

The findings demonstrate a substantial ( $P\text{-value} > 0.05$ ) link between the factors and institutional sustainability. The null hypothesis that there is no significant moderated-mediation effect of financial resource diversification on the link between transformational leadership style and institutional sustainability of NGOs in Kenya was, therefore, rejected.

#### 4.10 Hypotheses Test Result

Testing of hypotheses and discussions of the findings were provided in chapter four. Regression analysis was used to examine the null hypotheses, as presented in the preceding sections. According to the findings, none of the four hypotheses were verified. Table 46 is a summary of

the findings. The interpretations were created utilising statistical expertise as well as the corpus of theoretical and empirical literature already in existence.

Table 48: Summary of the Hypotheses

Hypotheses	Test Conducted	Hypotheses Test Results	Model
H <sub>01</sub> : There is no significant relationship between transformational leadership and the institutional sustainability of NGOs in Kenya.	ANOVA. F-Test, showing a significant and valid model at p<0.05  High collinearity present if tolerance<0 and VIF>10  t-value > 1.962 shows statistical significance  P-value< 0.05 shows a significant correlation between variables	Hypothesis rejected	Inst = 19.528 + 0.588ided + 0.697intell + $\emptyset$ insp + 0.319 idealised
H <sub>02</sub> : There is no significant mediating effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.	ANOVA. F-Test, showing a significant and valid model at p<0.05  High collinearity present if tolerance<0 and VIF>10  t-value > 1.962 shows statistical significance	Hypothesis rejected as partial mediatisation effect confirmed.	Ins = 17.646 + 0.603 TL + 0.518FRD

	P-value < 0.05 shows a significant correlation between variables		
H03: Strategic partnerships have no significant moderating effect on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.	ANOVA. F-Test, showing a significant and valid model at p<0.05  High collinearity present if tolerance < 0 and VIF > 10  t-value > 1.962 shows statistical significance  P-value < 0.05 shows a significant correlation between variables	Hypothesis rejected	Ins = 35.801 + 0.282X1 + 0.295X2 + 0.346X3 + 0.154X4 + 0.362Z + 0.370X1*Z + 0.193X2*Z + 0.274X2*Z + 0.170X4*Z
H04: There is no significant moderated-mediated effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.	t-value > 1.962 shows statistical significance  P-value < 0.05 shows a significant correlation between variables	Hypothesis rejected	Ins = 0.151TL + 0.236Z + 0.064FRD + 0.309FRD*Z

## **CHAPTER FIVE**

### **FINDINGS AND DISCUSSION**

#### **5.1 Introduction**

The chapter presents the research findings as well as the hypotheses that were tested. Both simple and complex regression analysis was used to assess the four study hypotheses. Additionally, correlations were made between the different study variables. The study aimed to establish how transformational leadership, financial resource diversification, and strategic partnerships affect the institutional sustainability of NGOs in Kenya.

#### **5.2 Discussion of the Hypotheses, Tests Results, and Research Findings**

The study aimed to establish how transformational leadership, financial resource diversification, and strategic partnerships affect the institutional sustainability of NGOs in Kenya. Correlation analysis, stepwise regression analysis, multiple regression analysis, and simple regression analysis were used to conduct the tests. Tests were conducted at a 95% level of significance. The analysis mainly considered the hypotheses resulting from the study's goals.

##### **5.2.1 Transformational Leadership and Institutional Sustainability of NGOs**

The study's primary goal was to show how transformational leadership contributes to the institutional stability of NGOs in Kenya. In order to analyse the independent variable's statistical effects on the dependent variable, the institutional sustainability of NGOs in Kenya, a straightforward regression model was employed. The following initial hypothesis is expressed in the null form:

H<sub>01</sub>: There is no significant relationship between transformational leadership and the institutional sustainability of NGOs in Kenya.

The summary of objective findings revealed that individualised consideration and intellectual stimulation have a significant partial effect, while inspirational motivation and idealistic influence reported an insignificant effect. The overall effect of transformational leadership on institutional sustainability was significant; thus, the study rejected the null hypothesis. The findings supported a study by Kim et al. (2018) on a mediating mechanism that affects the relationship between transformational leadership and institutional sustainability. Transformational leadership increases institutional sustainability by increasing the amount of employees' forgiveness, a quality that is dependent on interpersonal relationships. A survey of 374 employees was used in the study's structural equation modelling analysis. The outcome showed that forgiveness mediates the effect of transformational leadership on institutional sustainability to some extent. The research adds to the body of knowledge about transformational leadership and good organisational scholarship by pointing out a new way that transformational leadership boosts institutional sustainability.

The findings also support Mangundjaya's (2019) investigation of the relationship between psychological empowerment as a mediating factor and the impact of transformational leadership on organisational sustainability. Three hundred fifty people participated in the study, which was done at one of the manufacturing businesses. Three questionnaires were used to collect data: a) psychological empowerment, b) transformational leadership, and c) organisational sustainability. The Structural Equation Model was used to examine the data. According to the findings, transformational leadership directly affected organisational sustainability, while psychological empowerment served as a partial mediator in the interaction between these two variables. It may be inferred that psychological empowerment is an important factor in ensuring organisational sustainability.

Also supported by the findings of this study is Jiang, Zhao and Ni's (2017) analysis of the degree to which transformational leadership affects workers' long-term performance as well as the mediating role played by corporate citizenship activity. Structural equation modelling was used to examine a total of 389 contractor questionnaires. The results showed that transformational

leadership has a favourable effect on the sustained performance of employees. They also engage in organisational citizenship behaviours, which mediate more than half of that influence. These results serve as an important reminder to project managers of the necessity of paying close attention to transformational leadership, encouraging corporate citizenship behaviour and, ultimately, enhancing employees' sustainable performance.

The findings are in line with those of Muralidharan and Pathak (2018), who examined how the cultural acceptance of transformational leadership theories (CLTs) and the sustainability of society, both of which are regarded as institutional indicators at the societal level, influence the emergence of social entrepreneurship. The outcomes of the multilevel analysis demonstrated that transformative CLTs and social sustainability conditions positively impacted people's likelihood of entrepreneurship. The Global Entrepreneurship Monitor (GEM) survey, which received 107,738 individual responses from 27 countries in 2009, as well as data at the country level from the Sustainability Society Foundation (SSF) and Global Leadership and Organisational Behaviour Effectiveness (GLOBE), were used to compile this information. Additionally, transformational CLT success is more critical for social entrepreneurship when societal sustainability is low, demonstrating a link between cultural leadership philosophies and societal sustainability.

### **5.2.2 Transformational Leadership, Financial Resource Diversification and Institutional Sustainability**

The study's second goal was to assess how the diversification of financial resources mediated the link between transformational leadership and the institutional viability of NGOs in Kenya. As stated in the null hypothesis form, the second hypothesis is as follows:

H<sub>02</sub>: There is no significant mediating effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.

The second null hypothesis was assessed based on Baron and Kenny (1986) mediation analysis using a 4-stepwise methodology effect analysis (direct, indirect, total effect with mediator, total effect without mediator). The result for direct effects was significant, as well as those of total effect without a mediator and total effect without a mediator. The total effect of transformational leadership with a mediator is closer to zero compared to the effect without a mediator implying the presence of a partial mediation effect of financial resource diversification. Therefore, the study rejected the null hypothesis three as financial resource diversification had a significant partial mediating role.

The results are consistent with Kitonga (2017) research on strategic leadership practices and the sustainability of not-for-profit organisations, which found a strong positive association between sustainability in non-profit organisations and strategic leadership practices in general. The findings, in particular, showed that setting strategic direction, building human capital, upholding moral principles, exercising strategic control and sustainability are all positively correlated.

The results are also in agreement with those of Niswonger (2019) investigation of successful strategies for revenue diversification in non-profit organisations. Three executives from a small non-profit organisation in the mid-Atlantic area of the United States were asked to discuss their strategies for diversifying their revenue streams using the theoretical framework of modern portfolio theory as part of this single-case study. The six themes that emerged in relation to process strengths and opportunities for improvement included using a systematic strategic planning process, fostering relationships with partners, suppliers and collaborators, incorporating performance measures to areas of importance, developing and implementing systematic methods to assess customer satisfaction, and developing and implementing systematic methods to assess workforce engagement.

The findings are in line with a study by Despard et al. (2017) that looked at whether revenue diversification among non-governmental organisations in sub-Saharan Africa indicated their financial vulnerability. Data for this study came from an online survey that domestic NGO leaders

(N = 179), predominantly in Ghana, Kenya, and Nigeria, responded to in a convenience sample. The findings showed that inadequate financial reserves (79 per cent) and cutting back on services owing to a lack of funds were the most frequent financial issues faced by non-profits (74 per cent). Financial problems were positively correlated with revenue diversification ( $= 0.94$ ,  $SE = .016$ ,  $p = .001$ ). The link between income-generating activities and financial difficulties was likewise positive, although it was not statistically significant ( $= 0.15$ ,  $SE = .134$ ,  $p = .259$ ). The results were also consistent with those of research by Ebenezer et al. (2020) on the impact of financial diversity on the institutional viability of non-governmental organisations (NGOs). The study's findings indicated that NGOs in Ghana rely heavily on donations, have little in the way of income diversification, and need more strategies in place for generating their own income. According to this finding, NGOs in Ghana are not financially viable, and as a result, they require income-generating income strategies that will enable them to become financially trustworthy. The findings demonstrate that solid donor relationships, sound financial management techniques, own revenue generation by NGOs, and diversification of income are the main factors influencing the financial viability of NGOs in Ghana. Although statistically negligible, using ERP systems and cloud accounting benefitted NGO financial viability.

The results also agree with those of Mohamed and Muturi (2017), who looked at the factors affecting the ability of regional non-governmental organisations in Puntland, Somalia, to make a profit. In order to ascertain if regional non-profit organisations in Puntland were financially sustainable, this study concentrated on three variables: funding sources, income diversification, and strategic financial planning. Results show that diversification methods and strategic management had a good and significant impact on the ability of NGOs to maintain their financial stability. This suggests that organisations that had diversified their funding sources and implemented strategic strategies saw more financial sustainability than those that did not. The financial sources had no discernible impact on the institutional viability of NGOs.

The results aligned with Achieng's (2016) research, which looked at how funding diversification affected NGOs' ability to remain solvent in Nairobi County. The results demonstrated that the increase in subsidising sources, faculty fitness, and self-financing generally influenced the budgetary supportability of the NGOs in Kenya. According to regression analysis, financial sustainability is explained by personnel competency, strategic financial planning, diversification of funding sources and income from self-financing in 49.3 per cent of cases. All null hypotheses were tested and rejected, demonstrating the influence of research factors on financial sustainability.

### **5.2.3 Transformational Leadership, Strategic Partnerships and Institutional Sustainability**

The final goal of the study was to assess how strategic partnerships influenced the relationship between transformational leadership and the institutional sustainability of NGOs in Kenya. The following is the null form of the third hypothesis:

H<sub>03</sub>: Strategic partnerships have no significant moderating effect on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.

To assess how strategic partnerships affected the connection between transformational leadership and the institutional sustainability of NGOs in Kenya, three models were utilised: Model 1 investigated how transformational leadership affected the institutional sustainability of NGOs in Kenya; Model 2 examined the effects of transformational leadership on the institutional sustainability of NGOs in Kenya taking into account of strategic partnership; and Model 3 examined the effect of transformational leadership, and strategic partnership on the institutional sustainability of NGOs in Kenya taking into account the interaction term).

The result of the coefficient of determination (R-Square) for model 1 was 0.330 (transformation leadership explains 30% variation in NGO institutional sustainability). Model 2 R-Square is 0.372 (implying transformational leadership and strategic leadership jointly explain 37.2% variation, an increase of 4.2 percentage points in variation explained). Model 3 R-Square is 0.397 (implied

introduction of the interaction term between transformation leadership and strategic leadership increase the variation explained by 2.5% point to 37.2%). The study rejected the null hypothesis, as there was a significant moderating effect of strategic partnerships on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.

The results corroborated the conclusions of a 2019 study by MacDonald et al. on partner strategic skills for maximising value through multi-stakeholder partnerships with a sustainability focus. According to the findings, each technique leads to a distinct partner-level resource outcome. Here, product stewardship strategies are linked to organisational and financial capital, marketing and promotion are linked to people capital, while internal implementation mechanisms are linked to shared capital.

The findings of the study were in agreement with those of Mukanga (2016), who looked at the sustainability tactics used by foreign NGOs in Nairobi.. The study aimed to identify the difficulties in managing transnational NGOs. The study discovered that worldwide non-governmental organisations employ a range of tactics to maintain themselves. The most popular techniques included strengthening public-private partnerships, having well-defined policies and procedures, having powerful management teams, and using strategic management. The findings also indicated that a financial constraint was a bigger obstacle to adopting a sustainability plan.

The analysis supported a study by Mangar and Munyoki (2018) on the performance of commercial banks in Kenya and the strategic alliance portfolio variety. Embeddedness, reciprocity, and status similarity are among the practices for portfolio diversity that have been looked into. According to the research, bank embeddedness lessened the degree of information asymmetry among the partners, allowing the alliance bank partners to develop shared problem-solving strategies. The willingness of the banks to share confidential information with the alliance partners, which helps to curb their propensity to act opportunistically, was shown to be a sign of reciprocity among the banks. Additionally, the results demonstrated that the traits of an alliance portfolio have a substantial moderating role in the diversity-performance connection of an alliance portfolio. While

status similarity was found to positively moderate this focal connection, reciprocity had a positive moderating effect.

#### **5.2.4 Transformational Leadership, Strategic Partnerships and Financial Resource Diversification**

The fourth objective of the study was to evaluate the moderated mediation connection between financial resource diversification and the link between transformational leadership and institutional sustainability of NGOs in Kenya. The fourth assertion, which is in the null form, is as follows:

H<sub>04</sub>: There is no significant moderated-mediated effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya.

Three models were used to examine the moderated-mediation link between financial resource diversification and the association between transformational leadership style and institutional sustainability of NGOs in Kenya. The study found a moderated-mediation relationship between the diversity of financial resources and the association between transformational leadership style and the institutional sustainability of NGOs in Kenya.

This is in line with the findings by Jiang et al. (2017) on the magnitude of transformational leadership's influence on long-term employee performance and the mediating function of corporate citizenship activity. Structural equation modelling was used to examine a total of 389 contractor questionnaires. The results showed that transformational leadership has a favourable impact on the sustained performance of employees. They also engage in organisational citizenship behaviours, which mediate more than half of that influence. These findings provide project managers with a valuable reminder of the significance of paying close attention to transformational leadership, fostering corporate citizenship behaviour, and ultimately boosting workers' sustainable performance.

The findings also concurred with those of Mutinda (2016), whose research at the Kenya Institute of Management examined the factors that influence the formation of strategic alliances (KIM). According to the report, the Kenya Institute of Management has taken a proactive role in forging strategic alliances. It was also discovered that KIM primarily formed strategic alliances to expand its market reach and enhance its financial stability. The enhancement of customer service and the decrease in the price of product development were two other major factors that KIM considered before joining the strategic collaboration.

### **5.3 Confirmed Model**

The results of the study were used to inform the model optimisation process. Model optimisation was intended to help in the development of the final model, which only includes crucial variables for objectivity. Since all variables were significant, the conceptual framework was not amended and retained shown in Section 2.6.

## CHAPTER SIX

### SUMMARY AND CONCLUSIONS

#### 6.1 Introduction

An overview of the findings and recommendations of this study are provided in this chapter. The chapter summarises the most important conclusions and talks about how the variables relate to one another. The ramifications of the findings for theory, policy and leadership practices are also covered in this chapter.

#### 6.2 Summary of Findings

The study's major goal was to determine how transformational leadership, financial resource diversification and strategic partnerships affected the institutional sustainability of NGOs in Kenya. It was decided that certain respondents could help the study's goal. Thus, a survey was conducted, and a questionnaire was distributed to them. A response rate of 71.6 per cent was received after the questionnaire was distributed. Objective findings are summarised below.

Objective one examined the relationship between transformational leadership and institutional sustainability of NGOs in Kenya. The summary result revealed 33% of NGO institutional sustainability can be explained by transformational leadership. In addition, individualised consideration and intellectual stimulation elements of transformational leaders had a significant partial effect, while inspirational motivation and idealistic influence reported an insignificant partial effect. The null hypothesis one was, thus, rejected.

Objective two established the mediating effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya. The results of all Model Path Analyses were significant. The total effect of transformational leadership with a mediator is, however, closer to zero than the effect without a mediator, implying the partial mediation effect of financial resource diversification. The second null hypothesis was, thus, rejected too.

Objective three determined the moderating effect of strategic partnerships on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya. The study's null hypothesis three was assessed based on three (3) steps of hierarchical regression model analysis to test for the moderating effect. Model 1 investigated how transformational leadership affected the institutional sustainability of NGOs in Kenya; Model 2 examined the effects of transformational leadership on the institutional sustainability of NGOs in Kenya, taking into account strategic partnership; and Model 3 examined the effect of transformational leadership and strategic partnership on the institutional sustainability of NGOs in Kenya taking into account the interaction term. The result of a change in the coefficient of determination (R-Square change) from Model 1 to Model 2 and from Model 2 to Model 3 was positive and significant. The additional finding showed all model F-statistic values were significant ( $P < 0.05$ ), thus, denoting model significance in the study, and at least one of the independent variable(s) significantly explains the variation in the dependent variable. The significant moderating effect of strategic leadership was, therefore, confirmed.

Objective four established the moderated-mediated relationship of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya. The fourth null hypothesis was assessed using structural equation modelling (SEM). The results show that transformational leadership and institutional sustainability are strongly and favourably related (Estimate = 0.151, C.R. = 2.362, P-value = 0.018). According to this, institutional sustainability would increase by 0.151 units for every unit increase in transformational leadership, denoting the presence of moderated mediation effect.

The study found that the relationship between transformational leadership and the institutional sustainability of NGOs in Kenya could have been more unaffected by strategic collaborations. There was, however, some partial mediation effect on the mediating function of financial resource diversification. The study also found a moderated-mediation relationship between the diversity of

financial resources and the relationship between transformational leadership style and the institutional sustainability of NGOs in Kenya.

### **6.3 Conclusions**

The study's conclusions were made from the results of the hypotheses test. Four null hypotheses were formulated for evaluation that is, there is no significant relationship between transformational leadership and institutional sustainability of NGOs in Kenya (H<sub>01</sub>); there is no significant mediating effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya (H<sub>02</sub>); there is no significant moderating effect of strategic partnerships on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya (H<sub>03</sub>); and there is no significant moderated-mediated effect of financial resource diversification on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya (H<sub>04</sub>). All four null hypotheses were rejected, and, therefore, the study concluded that there is a significant relationship between transformational leadership and institutional sustainability of NGOs in Kenya; financial resource diversification has a partial mediating effect on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya; that strategic partnerships have a significant moderating effect on the relationship between transformational leadership and institutional sustainability of NGOs in Kenya; and that there is a moderated-mediated relationship between the diversity of financial resources and the relationship between transformational leadership and the institutional sustainability of NGOs in Kenya.

### **6.4 Chapter Summary**

This chapter summarised the entire investigation and its findings. The goals and findings from the hypotheses-testing process are underlined. Overall, it was found that strategic collaborations, diversification of financial resources and transformational leadership all had a significant effect on the institutional sustainability of NGOs in Kenya.

## **CHAPTER SEVEN**

### **RECOMMENDATIONS**

#### **7.0 Introduction**

The study's suggestions are consistent with its goals, findings and conclusions. The chapter takes a second look at how the study has an effect on theory, practice and policy. In order to help NGOs in Kenya become sustainable, policy implications are intended to address issues that have been highlighted.

#### **7.1 Recommendations**

The study's primary goal was to investigate the connection between transformational leadership and the institutional sustainability of NGOs in Kenya. It was determined that increased sustainability among NGOs is related to better transformational leadership because the study showed that transformational leadership affected the sustainability of NGOs. The study suggested that leaders should make an effort to win employees' trust, confidence and respect; possess charismatic traits when interacting with employees; and take other people into account or think of them while handling employee difficulties. Regarding the inspirational motivation aspect of transformational leadership, leaders should effectively communicate the organisation's vision, give employees the tools they need to turn that vision into reality and make sure that everyone is motivated to do their best work. This will increase employee optimism. Leaders should also invest in knowledge creation and ongoing improvement of employee concerns in addition to constantly challenging outdated beliefs and methods of operation. They should also encourage employee creativity and innovation. Finally, the study suggests that leaders should pay close attention to employee concerns in order to help them feel valued. It also suggests that management should listen, develop, advise and coach specific employees as well as promote one-on-one interactions in order to boost employee motivation and, as a result, increase institutional sustainability.

The study's second goal was to assess how the diversification of financial resources mediated the link between transformational leadership and the institutional viability of NGOs in Kenya. The conclusions showed that the diversification of financial resources significantly mediates the association between transformational leadership and the institutional sustainability of NGOs in Kenya.

As shown by the findings of this study, the diversification of financial resources plays a critical role in enhancing the institutional sustainability of NGOs in Kenya. The development of fundraising strategies is necessary for organisations, and this should entail NGOs having a well-developed fundraising (resource mobilisation) plan and relying on limitless funding from income-generating activities. In terms of the approach for income-generating projects, the study recommends that organisations engage in business activities to generate income, acquire assets they can use to generate income, seek to recover all or part of the costs incurred to provide a non-profit service, or fund a specific activity related to the organisation's mission, and make sure the cost recovery activities are linked to programmes; once a programme ends, the related cost recovery activities should cease.

The final goal of the study was to show how strategic partnerships influence how NGOs in Kenya balance institutional sustainability with transformational leadership. The results show that transformational leadership and the institutional viability of NGOs in Kenya have a significant mediation connection. When an organisation joins with an NGO in Kenya, it should think about how the relationship will be handled and preserved, even if one or both parties separate ways. NGOs should form written protocols and agreements together that spell out the critical components of the partnership and guarantee strong leadership in carrying out its objectives. NGOs should assign people to the daily administration of the connection in order to ensure the partnership's success. For partnerships to be successful, there needs to be a clear vision. NGOs' leaders should also make sure that the partnership moves smoothly toward the goals set, and they should work together to build a long-term strategic plan that will direct the partnership in the right direction.

Additionally, the organisation needs to guarantee resource sharing between cooperating organisations.

The fourth study objective was to determine how financial resource diversification affected the link between transformational leadership and the institutional sustainability of NGOs in Kenya. According to the results, there is a moderated mediated relationship between financial resource diversification and the institutional viability of NGOs in Kenya.

The study results show that the link between transformational leadership and the institutional sustainability of NGOs in Kenya is more moderately influenced by financial resource diversification than by individual effects. In order to ensure the long-term survival of their organisations, NGOs' leadership should implement strategies for diversifying their financial resources, forming strategic partnerships and enhancing transformational leadership.

## **7.2 Implications of the Study**

The research's conclusions backed up the literature's theoretical, conceptual and empirical pillars.

### **7.2.1 Implication for Theory**

The findings corroborated the study's theory on stakeholder participation. The sustainability of NGOs is positively affected by stakeholder engagement (strategic partnerships), whereas the sustainability of NGOs is negatively affected by a lack of strategic partnerships. The results confirmed the validity of Edward Freeman's theory on stakeholder engagement. According to the principle, a company ought to generate value for its owners and all other stakeholders.

The theory identifies and models the groups that comprise a corporation's stakeholders and discusses and recommends ways in which management could take those groups' interests into consideration. According to Freeman (1984), no organisation, even a successful one, can be built sustainably if it consistently fails to address the demands of most stakeholders. Additionally, the results supported Barney's resource-based view hypothesis. According to the study, financial

resource diversity improves NGOs' sustainability, whereas inadequate financial resource diversification has the opposite effect. According to Barney, resources must be valued, uncommon, challenging to duplicate, and non-replaceable to have the potential to be sources of long-term competitive edge. The resource-based perspective contends that firms must create distinctive, firm-specific core competencies that will enable them to outperform rivals by acting distinctively.

### **7.2.2 Implication for Practice**

NGOs in Kenya may gain from the study's findings by learning how to collaborate with local and foreign groups in the identification, implementation and management of their initiatives. The management of NGOs may learn about the factors affecting their sustainability and use the research findings to enhance their management of activities supported by donors and locally. The findings could also serve as a foundation for additional research by academics and researchers interested in transformational leadership, financial resource diversification, strategic partnerships and institutional sustainability in different industries.

### **7.2.3 Implication for Policy**

The study is helpful to policy-making organisations because it will direct data/information collection about transformational leadership style, financial resource diversification, strategic partnerships and their effect on the sustainability of NGOs. The results of this research can be utilised to inform NGOs and NGO boards about the steps that need to be taken by leaders to ensure the sustainability of NGOs. Partners with NGOs will also have access to additional knowledge while participating in NGO activities. Participation of partners creates interactions that help the various stakeholders build strong working relationships, good communication, understanding and consensus, which improves institutional sustainability.

### **7.2.4 Implication for Methodology**

The results of this investigation have some methodological ramifications. The study included a few open-ended questions to help gather more information about the study's factors. The specifics

were sufficiently thorough to support the quantitative information. Firstly, this demonstrates that conducting a study incorporating qualitative and quantitative data is feasible for superior outcomes. Secondly, operationalising the variables suggests a new line of inquiry for ongoing research. Finally, a purely quantitative study on the subject could advance empirical research and knowledge in the future.

### **7.2.5 Managerial Recommendation**

Organisational leaders should stimulate intellectual curiosity among their workforce to increase institutional sustainability. According to these findings, managers in NGOs looking to increase their institutional sustainability through transformational leadership should concentrate on the four transformational leadership behaviours of inspirational motivation, intellectual stimulation, individualised consideration and idealised influence. These behaviours have been found to be significant for enhancing institutional sustainability.

### **7.3 Contribution to New Knowledge**

The study provided new insights into these issues by adding new information regarding the mediating function of financial resource diversification in the link between transformational leadership and institutional sustainability of NGOs in Kenya. Additionally, the study added fresh information about the moderating role of strategic partnerships in the association between transformational leadership and institutional sustainability. The research also discussed the mediated relationship between the institutional sustainability of NGOs in Kenya and transformational leadership, which is mediated by financial resource diversification. Individual, moderated, mediating and moderated-mediated effects were all helped to emerge by the diverse inputs on transformational leadership and institutional sustainability, which also contributed new knowledge.

#### **7.4 Suggestions for Further Research**

By employing the four research-related variables, the current study has tried to pinpoint the factors that affect NGOs' ability to remain viable. More factors and diverse methodologies should be used in future investigations. Firstly, a purely quantitative or qualitative approach is appropriate. Secondly, the same study can test whether the link will be the same as what was found in the current study by using the interaction term on a new variable. Lastly, fresh information should be focused on current problems like the private partnerships with businesses in the United States. The emphasis should also be on institutional sustainability strategies.

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## APPENDICES

### Appendix I: Letter of Introduction

Dear Sir/Madam,

#### RE: RESEARCH DATA COLLECTION

I am a postgraduate candidate at the Management University of Africa (MUA) pursuing a Doctor of Philosophy in Management and Leadership. I am researching the relationships that may exist between *Transformational leadership s, Financial Resource Diversification, Strategic Partnerships, and Institutional Sustainability of Non-Governmental Organisations in Kenya.*

Given the above, I request you to cooperate in answering the questionnaire/responding to the questions I will provide in the attached questionnaire. Kindly read the accompanying instructions and respond to the questions as provided. This will help me collect the necessary data, which will help me carry out the analysis, hence, achieve the study's objectives.

The information you will provide will remain confidential and will be used exclusively for this research and not for any other purpose. Your response and cooperation in this study are voluntary and will be highly appreciated.

Thank you in advance.

Yours Faithfully,



Francis Kahihu

## Appendix II: Questionnaire

### **INSTRUCTIONS:**

*Fill in only one set of the questionnaire per individual.*

*Please answer each question as entirely and clearly as possible by ticking appropriately on only one answer (unless otherwise advised) from the choices given or writing your response as appropriate in the space provided.*

### **SECTION A: DEMOGRAPHIC INFORMATION**

#### **Tick where appropriate**

1. For how many years has this organisation been in operation?

0–5 years[ ] 6–10years[ ] 11–15years[ ] 16–20years[ ] 20 years and above[ ]

2. What is the size of your organisation in terms of number of employees?

1 -10 [ ] 11-25 [ ] 26-50 [ ] Above 50 [ ]

3. Kindly indicate the sector your organisation **MAINLY** operates in

*Education [ ] Relief & Disaster[ ] Health[ ] Environment [ ] Agriculture[ ]*

*Peacebuilding, Human Rights & Governance [ ] Water and Sanitation[ ]*

*Sports, Culture & Drug Abuse[ ] Welfare & Disability [ ] Other [ ]*

**SECTION B: TRANSFORMATIONAL LEADERSHIP (TL)**

Please use the point scale below to indicate your level of agreement by ticking one of the given statements. Use the following ratings and tick or cross where appropriate 1- Strongly disagree 2 – Disagree 3 – Neutral 4 – Agree 5 - Strongly agree.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

<b>Idealised Influence: In our organisation,</b>						
		1	2	3	4	5
4. TL1	Leaders invest in gaining your trust, confidence, and respect.					
5. TL2	Leaders have charismatic attributes in dealing with employees.					
6. TL4	Leaders consider or think of others when addressing employee issues.					

<b>Inspirational motivation: In our organisation,</b>						
		1	2	3	4	5
7. TL5	Leaders have fluently communicated the organisation's vision.					
8. TL6	Leaders have enabled employees to translate vision into practicalities.					
9. TL7	They also have energised employees, thereby increasing employee optimism.					

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

<b>Intellectual stimulation: In our organisation,</b>						
		1	2	3	4	5
10. TL9	Leaders continuously challenge old assumptions and ways of doing things.					

11. TL10	Leaders foster creativity and innovation amongst employees.					
12. TL11	They also invest in knowledge creation and continuous improvement of employee issues.					
<b>Individual consideration: In our organisation,</b>						
		1	2	3	4	5
13. TL13	Leaders give personal attention to employee issues, and thus they feel valued.					
14. TL15	Management listens, develops, advises, and coaches individual staff.					
15. TL16	Leaders encourage one-to-one interactions, which increase employee motivation.					

### SECTION C: Financial Resource Diversification (FRD)

Please use the point scale below to indicate your level of agreement by ticking each one of the given statements. Use the following ratings and tick or cross where appropriate 1- Strongly disagree 2 – Disagree 3 – Neutral 4 – Agree 5 - Strongly agree.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

	<b>Fundraising strategies</b>	1	2	3	4	5
16. FRD1	In this organisation, we have a well-developed fundraising (resource mobilisation) plan.					
17. FRD2	In this organisation, we rely on unrestricted funding through our income-generating activities.					
18. FRD3	In this organisation, we strongly rely on local corporate donors.					

	<b>Income Generating Projects Strategy</b>	1	2	3	4	5
19. FRD5	We engage in business activities to generate income					
20. FRD7	We have assets that we use to generate income.					

21. FRD8	We either provide consultancy services, have rental income, or offer training, trade on our name, or with locally made products.					
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1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

<b>Cost recovery strategy</b>		1	2	3	4	5
22. FRD9	We seek to recuperate all or a percentage of the costs incurred to deliver a non-profit service or fund a discrete activity related to the organisation's mission.					
23. FRD10	Our cost recovery activities are linked to programs; once a program ends, the related cost recovery activities are terminated.					
24. FRD11	Earned income provides a stream of unrestricted revenue to the organisation, generated through activities both related and unrelated to the mission.					

<b>Tapping the international funding stream</b>						
		1	2	3	4	5
25. FRD12	We usually list donor agencies with similar causes and those that fund in our country or project area.					
26. FRD13	We attract international volunteers who can provide professional skills to our organisation					
27. FRD14	We send a concept note or a letter of inquiry to potential donors explaining briefly about this organisation and what it wants to do.					

## SECTION D: STRATEGIC PARTNERSHIP (SP)

Please use the point scale below to indicate your level of agreement by ticking each one of the given statements. Use the following ratings and tick or cross where appropriate 1- Strongly disagree 2 – Disagree 3 – Neutral 4 – Agree 5 - Strongly agree.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

		1	2	3	4	5
<b>Partnership Formation</b>						
28. PS1	As partners, stakeholders consider how the partnership will be managed and maintained, even after one or both parties move on.					
29. PS2	We jointly establish written agreements and protocols that outline the essential elements of the partnership.					
30. PS5	There is effective leadership in executing the partnership's mandates.					
<b>Resource-Based rationale</b>						
31. PS7	To guarantee the success of the partnership, we dedicate staff to the management of the relationship on a day-to-day basis.					
32. PS8	Clear vision is important in strategic partnership					
33. PS9	For effective partnerships, we clarify decision-making processes and structures					
<b>Partnership structure preference</b>						
34. PS10	To ensure that the partnership progresses smoothly towards its goals, we collaboratively develop a long-term strategic plan that guides the partnership towards success.					
35. PS11	This organisation ensures there is sharing of resources between partnering organisations.					
36. PS12	We measure the health of the partnership in addition to the results.					
<b>Partnership Performance</b>						
37. PS14	To reduce chances of failure, we minimise risks and benefit from lessons learned, and a piloting phase helps transition to scale.					

		1	2	3	4	5
38. PS16	This organisation has well-determined, fair and appropriate partnership performance indicators.					
39. PS17	We have established a joint M&E framework to facilitate coordination among parties.					

## SECTION E: INSTITUTIONAL SUSTAINABILITY (IS)

Please use the point scale below to indicate your level of agreement by ticking each one of the given statements. Use the following ratings and tick or cross where appropriate 1- Strongly disagree 2 – Disagree 3 – Neutral 4 – Agree 5 - Strongly agree.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree


		1	2	3	4	5
<b>Economic sustainability</b>						
<b>This organisation</b>						
40. IS1	Has adequate financial resources to run its operations into unforeseen future,					
41. IS2	can meet its recurring expenses into unforeseen future					
42. IS3	enacts policies to give the poor basic services					
43. IS4	minimises fines and non-monetary sanctions resulting from nonconformity with laws and regulations.					
<b>Social sustainability</b>						
<b>This organisation</b>						
44. IS5	values family/community over individuals					
45. IS6	practices gender-neutral opportunity policies					
46. IS7	addresses disparities in economic attainment					
47. IS10	addresses wellness needs of the population					
<b>Environmental sustainability</b>						
<b>This organisation</b>						

		1	2	3	4	5
48. IS11	educates the staff team in environmental planning.					
49. IS15	drafts nature-friendly development plans.					
50. IS16	monitors programmes on environmental performance and utilises its results in future planning.					
51. IS17	rewards and encourages minimised energy consumption and efficient use of energy.					

Appendix III: Research License

Republic of Kenya  
Ministry of Education, Science, Technology and Innovation  
National Commission for Science, Technology and Innovation  
Ref No: **239055**

**RESEARCH LICENSE**




**This is to Certify that Mr. Francis Kabihu of The Management University of Africa, has been licensed to conduct research in Nairobi on the topic: TRANSFORMATIONAL LEADERSHIP STYLE, FINANCIAL RESOURCE DIVERSIFICATION, STRATEGIC PARTNERSHIPS, AND INSTITUTIONAL SUSTAINABILITY OF NON-GOVERNMENTAL ORGANISATIONS IN KENYA for the period ending: 14/July/2022.**

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## Appendix IV: University Permission to Initiate Data Collection

