

Financial Resilience and Internal Accountability: a Study of Christian Aid's Implementing Partners in Ghana

Alexander Owiredo

Accounting and Finance Department
Pentecost University College, Ghana
P. O. Box 1739, Kaneshie, Accra
Ghana

Moses Oppong

Accounting and Finance Department
Pentecost University College, Ghana
P. O. Box 1739, Kaneshie, Accra
Ghana

Elizabeth Otoo

Pentecost University College Graduate School, Ghana
P. O. Box 1739, Kaneshie, Accra
Ghana

Abstract

The study examines the financial resilience and accountability within local Ghanaian not-for-profit (NFP) organizations. The research design was predominately quantitative in approach. The population for the study consisted of all NFP Christian Aid's locally-registered implementing partners in Ghana whose operation span from 2007-2014. In all, four (4) NFP organizations were purposively selected for the study. A multi-collinear regression model was used to analyze the data. With the exception of donor dependency ratio (DDR) all other variables were positively skewed. This showed a high donor dependency among local not-for-profit organisations in Ghana. The dependent variable financial resilience was not symmetric. Again, their high dependence on donor funds depicts that the organisations are not financially resilient. This may be costly for the future sustainability of the implementing organizations hence the need for Christian Aid implementing partners to grow their incomes by diversifying

Keywords: Financial Resilience, Internal Accountability, Implementing Partners, Ghana.

1. Introduction

Not-for-profit (NFP) organisations, as the name implies, are organisations whose operations are not aimed at making profits but rather to further socio-cultural, religious, political or public interest objectives (Bottiglieri, Kroleski, & Conway, 2011). Even though a NFP organisation's primary objective is either to support the efforts of the government or to provide services for the good of the society, this socially desirable need has to be provided on a sustainable basis since it benefits have a positive impact on the societies they serve. However, in spite of all these benefits, they are generally confronted with irregular and unpredictable inflow of revenue because their sources are not dependent on predictable exchange transactions, but mostly on the benevolence of benefactors. Sources of funding for non-profits are delivered in a variety of ways and typically include grants/contracts, fee for service, donations, and foundation grants (Besel, Williams, and Klak, 2011). NFP's over reliance on grants, contracts, and other sources of government or foundation funding determines one's financial resilience. Financial resilience is a measure of NFP organizations' ability to prevent, sustain, or recover from financial shocks in highly demanding financial environments; and is indeed a critical factor to examine in today's business.

As donors are more than awake to systems of good governance and accountability by firms, they desire stringent measures for monitoring and reporting the use of resources. The unpredictable inflow of NFP organisations' revenue raises challenges pertaining to financial resilience. In addition, the benevolent nature of the funds calls for effective financial transparency and accountability. Overcoming these twin challenges remain herculean goals for a number of NFP organisations, Christian Aid and its implementing partners being no exception. Not-for-profit organisations, unlike commercial enterprises, lack financial flexibility because they depend on resource providers that are not engaging in an exchange transaction. Since the resources provided are directed towards providing goods or services to clients other than the resource provider, the management and reporting structures of a not-for-profit organisation must demonstrate stewardship for the donated resources. In view of this, they are expected to adhere to strict accountability and financial transparency to demonstrate efficient use of the donated resources (Journal on Financial Management for Not-for-profit Organisations, 2011).

Given the failure of most NFP organisations in recent years, it is important to undertake a study in this area. The study aims to identify the major determinants of financial resilience among Christian Aid's implementing partners and explain the total variability in financial resilience of an organisation. In this regard, it will help to strengthen the accountability and financial governance for not-for-profits organisations activities in Ghana.

2.0 Literature

Financial resilience, which measures the ability to adjust in response to the competitive forces that are constantly trying to erode competitive advantage, has a key role in sustainability of NFP organisations. Winnard et al. (2014) in examining the relationship between resilience and sustainability makes some definite assertions that organizations, being social complex systems, need to be able to adjust to competitive and changing environment given that the business world has become quite volatile with frequent economic shocks. In the perspective of the Christian Aid's partners, financial resilience is therefore viewed as the ability of the implementing partners to manage their finances to ensure the effective operation and execution of their core mandate with donors/sponsors on one hand and beneficiaries on the other. Instances of high fraud or inefficiency among NFP organisations (Gibelman and Gelman, 2000) have threatened stakeholders' trust in NFP organisations, leading to a concern about their accountability. While there is general agreement that NFP organisations must demonstrate their accountability (Valentinov, 2011), and there are calls for greater accountability (Kearns, 1994; Harrow et al., 1999; Cordery and Baskerville, 2011), Valentinov (2011) indicated that in recent times the perception of NFP organisation's financing has been entrenched with the counterpart funding model, adding to the already dismal position of mis-directing most funds to programme work. It is against this background that Ebrahim (2003a, 2005) mentioned that the general consensus that not-for-profit organisations must demonstrate accountability in their operations to stakeholders is critical.

Burd (2009) posited that donors have the wrong perception of what resilience is. She made reference to the State of the Sector Survey (2013) in her article "Money: The Key Financial Challenges Facing Non-profits Today – and How the Grant makers can help" stating that 42% of respondents of not-for profit organisations did not have the ability to survive in the next three years because they did not have the right combination of financial resources. Studies by Buckmaster et al. (1994) and Grenlee and Tuckman (2007) indicated that resilience is measured by the use of liquidity and stability ratios. They therefore recommended liquidity and stability ratios as a measure of financial vulnerability for not-for-profit organisations. They further argued that, since the inability to manage cash flow in the short term would seriously jeopardise an organisation's ability to continue, maintaining a record of accurate financial transactions forms the basis for ensuring sound financial management of an organisation.

Ryan and Irvine (2012) posited that an assessment of the financial resilience of not-for-profit organisations is mainly twofold: firstly, it uses external agencies to monitor organisation's finances through accounting ratios, a position asserted by Tuckman and Chang (1991); and secondly, it focuses on the potential contribution that ratios can make to support management practices, through the provision of information to internal decision makers. The four financial indicators used by Ryan and Irvine (2012) in assessing the financial health of NPOs were gearing ratio; sustainability ratio; liquidity ratio; and revenue concentration ratio. Omar, Ashad and Razali (2013) extended the work of Ryan and Irvine (2012) by using eight financial ratios to assess the risk of financial vulnerability of not-for-profit organisations. These include debt ratio; cash ratio; revenue concentration index; reliance reserve ratio; administrative ratio; management cost rate ratio; net operating margin; and primary reserve ratio.

This study, like that of Ryan and Irvine (2012), adapts four financial indicators to assess the financial health and sustainability of Christian Aid's implementing partners in Ghana.

3.0 Methodology

Research Design

According to Gratton and Jones (2009), a research design is a structure that guides the execution of the research method and analysis of the subsequent data whilst maximising the reliability and validity of the findings. The research design was predominately quantitative in nature so the researcher adopted a descriptive approach. This is so because it involved the extraction of figures from annual reports and financial statements to process the results that meet the objectives of the study.

Population and Sampling

The population for the study consisted of all of Christian Aid's locally registered not-for-profit implementing partners in Ghana whose operation span from 2007-2014. In all, there were thirteen (13) implementing partners at the time of the study. All the organisations were matched against two criteria: those whose current activities are in consonance with the Christian Aid Ghana Programme's current five year (2012 – 2017) strategic objectives; and those that Christian Aid has, in the last three years, succeeded in winning institutional donor funding or Christian Aid restricted funding by collaborating with them to submit proposals or apply to calls advertised. When matched against the two criteria, seven (7) organisations were excluded for inability to meet the criteria. Out of the remaining six (6), two (2) were further excluded due to unavailability of their financial statements going back eight (8) years. The researcher was able to compile the eight-year data for only four (4) organisations, and these have been used as the study sample. The four (4) organisations were SEND Ghana; Institute for Democratic Governance (IDEG); Ghana Integrative Initiative (GII); and Youth Harvest Foundation of Ghana (YHFG).

Data Collection Instrument and Procedure

Secondary data was used for this study. For each selected organization, data spanning eight (8) years of operation i.e. 2007-2014 was obtained. Some financial statements were downloaded from the Christian Aid Programme Management Information System (PROMISE) and those that were not on the PROMISE were obtained directly from the organisation. A desk review of the audited reports and financial statements was made. The income and expenditure and balance sheet of each financial statement was critically examined and various expenditure costs and income sources were compiled in an excel worksheet. Additional information that formed the basis of the explanatory variables like year of incorporation was obtained from the organisations' official website.

Data Analysis Tools

The Microsoft excel application was used in compiling and organising all data obtained for the study. The STATA software was used in the process of designing the specified model to calculate the financial resilience of each implementing partner. A multi-collinear regression model defined by the dependent and independent variables was applied. For this study, the dependent variable is the financial resilience of the various implementing partners and the independent variables are the various factors that influence the financial resilience of each partner. The independent data ranges from variables on some selected financial ratios; years of operation (since business incorporation); and nature of sector activity to expense utilization components. Based on this, a panel (longitudinal) data structure has been observed. In all, 19 variables were obtained on each organisation.

Data and Variable Description

Table 3.1 below provides a summary description of the observable variables.

Table 3.1: Variable Description

Variable Name	Variable Description	Computing Formula	Type of Variable
Firm	Christian Aid Implementing partner in Ghana	Four (4) randomly selected firms code, A, B, C and D	Panel Index
Firm Code	Panel Data Firm Index	1 – Firm A index; 2 – Firm B index; 3 – Firm C index 4 – Firm D index	Panel Index
Year	Panel Data Year Index	[2007–2014 for each respective firm]	Panel Index
Total Inc	Total Income	Annual Total Income	Continuous
Total Exp	Total Expenditure	Annual Total Expenditure	Continuous
Total Donor Inc	Total Donor Income	Annual Total Donor Income Receipts	Continuous
CR	Current Ratio	$\frac{\text{current assets}}{\text{current liabilities}}$	Continuous
CAPAR	Corpus Asset to Project Asset Ratio	$\frac{\text{Total Assets} - \text{current liabilities} - \text{all funds}}{\text{Total Income}}$	Continuous
DDR	Donor Dependency Ratio	$\frac{\text{Total Donor Income}}{\text{Total Income}}$	Continuous
HREU	Human Resource Expenditure Utilisation	$\frac{\text{Human Resource Expenditure}}{\text{Total Income}}$	Continuous
PEU	Programme Expense Utilisation	$\frac{\text{Total Annual Program \& Fund Raising Expense}}{\text{Total Income}}$	Continuous
AEU	Administrative Expense Utilisation	$\frac{\text{Total Annual Administrative Expense}}{\text{Total Income}}$	Continuous
CAITI	Christian Aid Income to Total Income	$\frac{\text{Annual Christian Aid Donor Income}}{\text{Total Income}}$	Continuous
OITI	Other Investment Income to Total Income	$\frac{\text{Other Investment Income}}{\text{Total Income}}$	Continuous
IITI	Investment Income to Total Income	$\frac{\text{Investment Income}}{\text{Total Income}}$	Continuous
SA	Sector Activity	1 – Gender Activist ; 2 – Governance Advocacy; 3 – Policy Monitoring 4 – Economic Empowerment of Youth & Marginalised	Categorical
YOP	Years of Operation	Years of Operation Since Incorporation and Data Collection	Continuous
FinRes	Financial Resilience Ratio	$CAITI + OITI + IITI$	Continuous

The dependent (response) variable is financial resilience (**FinRes**) while the explanatory (predictor) variables include:

- (i) Years of operation;
- (ii) Nature of sector activity;
- (iii) Expense utilization components i.e. administrative expense utilization, programme expense utilization, human resource expense utilization;
- (iv) Donor dependency ratio;
- (v) Corpus asset to project asset ratio; and
- (vi) Current ratio.

The dependent variable **FinRes** is estimated as the sum of all donor income, other investment income and return on investment income. Thus,
$$\text{FinRes} = \text{CAITI} + \text{OITI} + \text{IITI}$$

Model Specification

Notably, panel data analysis is known for its inherent multi-co linearity effects. To enable efficient model formulation against this background, the research proposed the use of generalized linear models (GLM) to aid the assessment and quantification of the relationship between financial resilience and the noted explanatory variables. In the model building process for the study, the distribution of *FinRes* was chosen from the exponential family since we expected a non-normal distribution for the variable. We further expected a heteroskedastic variance within the variable *FinRes* across firms. *FinRes* is considered non-normal because donor income, which forms a greater category of a firm's total income, is more likely not to be normal. The formulated model was implemented as a generalized estimating equation with the STATA software.

The Model

For the chosen response variable *FinRes*, the GLM is

$$f(\text{FinRes}) = c(\text{FinRes}, \phi) \exp \left\{ \frac{\text{FinRes}(\theta) - a(\theta)}{\phi} \right\} \quad (1)$$

$$g(\lambda) = \beta_0 + \square R_{it}\beta_0 + \ln[\text{CAPAR}_{it}]\beta_1 + \text{DDR}_{it}\beta_2 + \text{HREU}_{it}\beta_3 + \text{PEU}_{it}\beta_4 + \text{AEU}_{it}\beta_5 + \text{SA}_{it}\beta_6 + \text{YOP}_{it}\beta_7 + \varepsilon_{it} \quad (2)$$

This specifies that the distribution of *FinRes* is in the exponential family while $g(\lambda)$, the link function, indicates that a transformation of the mean of *FinRes* will form a linear relation with the list of explanatory variables. Thus, the researcher's choice of $a(\theta)$ determined the distribution of *FinRes* while the choice of the link function $g(\lambda)$ established the proposed relationship between *FinRes* and the explanatory variables. Ultimately, the observations of *FinRes* are assumed to be independent.

4.0 Results and Findings

A summary of the descriptive outcome of the variables is provided. A quintile plot of the response variables, which is *financial resilience as well as a plot on the donor dependency ratio is drawn*. An ANOVA test was then conducted to determine if the mean of total donor income ratio was the same for all four organisations.

Descriptive and Summary Statistics

Table 4.0 below presents a summary of the descriptive statistics of the variables used in the study. Computations were obtained on the mean, standard deviation, skewness, kurtosis and minimum and maximum values of data points per respective variable. In all, 32 observations were made under each variable. From observing the skewness coefficient within the table, it is clear that none of the available variables is normally distributed. With the exception of donor dependency ratio (DDR), all other variables are positively skewed indicating a long tail to the right. Zero (0) skewness indicates normal distribution. The dependent variable *FinRes* is not symmetric (i.e. not normally distributed).

Kurtosis is a quantitative value that categorizes the degree of peakness of the distribution as compared to the Gaussian (Normal) distribution. A normal distribution has a kurtosis of 3, while a negative value indicates a flatter shape. A positive kurtosis value which is greater than 3 indicates a shape more peaked than the normal distribution. Observing the positive kurtosis values in Table 4.0, it is clear all variables are more peaked as compared to the normal distribution. We find that all the variables in the study are not normally distributed. This forms a strong basis to justify the use of the generalized linear model for the study.

Table 4.0 Summary and Descriptive Statistics on Variables

Variable	Obs	Mean	Std. Dev.	Skewness	Kurtosis	Min	Max
Total Donor Inc	32	1,267,454	1,399,422	1.6880	7.0257	0.0000	6,488,302
Total Exp	32	1,125,115	1,128,411	1.2612	4.5352	0.0000	4,790,037
Total inc	32	1,329,100	1,226,381	1.7976	7.7527	22,600	6,038,201
CR	32	21.7599	26.6670	1.5411	4.4053	0.0000	92.5048
CAPAR	32	678,502	652,965	1.2769	3.8717	3,515	2,374,088
DDR	32	0.7912	0.3912	(1.5002)	3.4348	0.0000	1.2197
HREU	32	0.2136	0.1315	0.9895	3.0202	0.0699	0.5385
PEU	32	0.4464	0.3291	0.1956	3.3700	0.0000	1.3861
AEU	32	0.1497	0.1224	0.6249	3.3502	0.0000	0.5052
YOP	32	10.2500	2.7708	0.0693	2.2833	5.0000	16.0000
FinRes	32	0.1513	0.1689	3.2324	15.3895	0.0000	0.9304

Note: Criteria for Analysis of the skewness coefficient: skewness > 1.0 implies non-symmetric distribution

CAPAR

Table 4.0 provides a descriptive outcome of funding received by the organisations and the other respective dependant variables. Total Donor income has a skewedness of 1.6880, which is right tailed. It indicates that a large receipt of donor funds (Total Donor Income) is rare although the organisations are hugely donor dependant. The average of total income received by all four organisations is GHS 1,267,454. Aside from the DDR, all other variables are positively skewed. The DDR is right tailed with a skewedness of minus 1.5002 representing a left tail.

Tests on Means

To determine whether the mean of the **TotalDonorInc** ratio is the same for the four (4) independent organisations, a one-way analysis of variance (ANOVA) was conducted on the dependent variable **TotalDonorInc** (total donor income) with the organisation as the factor variable. Results of the ANOVA test are displayed in Table 4.1 below. Three of the companies, SEND, YHFG and IDEG were totally dependent on donor funds from 2007 to 2008. From 2007 to 2014, only IDEG is totally dependent on donor funds. This means that SEND, YHFG and IDEG are beginning to vary their sources of funds. Interestingly, investment income is more prominent showing their ability to build up reserves.

Table 4.1 Summary of ANOVA Test

1. Summary Table on Means by Sector Activity			
Sector Activity	Summary of Total Donor income		Freq.
	Mean	Std. Dev.	
ABANTU	294827.88	620319.47	8
IDEG	1898763.90	982791.51	8
SEND	2579857.00	1592079.30	8
YHFG	296365.25	452344.91	8
Total	1267453.50	1399421.60	32

2. Analysis of Variance					
Source	SS	df	MS	F	Prob>F
Between Groups	3.2080e+13	3	1.0693e+13	10.46	0.0001
Within Groups	2.8630e+13	28	1.0255e+12		
Total	6.0710e+13	31	1.9584e+12		

3. Comparison of Total Donor Income by Organisation (Bonferroni)

Row Mean- Col Mean	ABANTU	IDEG	SEND
IDEG	1.6e+06		
	0.022		
SEND	2.3e+06	681093	
	0.001	1.000	
YHFG	1537.38	-1.6e+06	-2.3e+06
	1.000	0.022	0.001

The Bartlett's test for equal variances: $\chi^2(3) = 11.4647$ Prob > $\chi^2 = 0.0001$ indicating that there is unequal variance in total donor income when grouping is done on a company basis. From section 2 of Table 4.1 we find the significance level is 0.0040 which is lower than 0.05 indicating the existence of a statistically significance difference in the mean productivity between the three different groups of the independent variables (i.e. the list of organisations in the study). We further take the Bonferroni test on pairwise mean comparisons. The results are presented in section 3 of Table 4.1.

The results indicate significance difference between the average annual total donor income of the following pairs of organisations; **IDEG & ABANTU**, **SEND & ABANTU**, **YHFG & IDEG** and **YHFG & SEND**. A significance difference in means was expected because of the difference in the sectors of operation for the organisations. Organisations that operate in similar (strongly related) sectors of operation were observed to have no significant difference between total donor incomes. Table 4.2 presents the results of a Post Hoc pair wise mean comparison test.

The large variance between IDEG and ABANTU is a result of the focus of their operation. IDEG, a think tank in governance and researching into elections has attracted considerable donor funding from the donor community, which has been eager to support good governance in Africa over the last decade. ABANTU, a gender-based activist attracts less funding as most donors would rather see the mainstreaming of gender to support other projects. SEND and ABANTU evolved along the same lines as IDEG and ABANTU. SEND has been a pacesetter in monitoring government pro-poor policies and strengthening local government structures with significant results. This has attracted a wide range of donors to support their work. By 2014, they had attracted as many as sixteen major donors contributing over GHS 6,000,000. YHFG and IDEG also show a large variance. YHFG is community based as against IDEG, a national think tank that has grown beyond its work in Ghana to support work in other Africa countries. This latter relationship explains the relationship between YHFG and SEND.

Based on the pair wise mean comparisons (Tukey's Post Hoc Test) after the ANOVA analysis, we determine the group means which differ from each other at $\alpha = 0.05$.

Reading from the $p - value$ column of Table 4.2, pairs that give an indication of a significant difference in means are those with $p - value$ less than 0.05.

The difference in the quantum of donor fund receipts with significant variance is IDEG and ABANTU and SEND and ABANTU. Both IDEG and SEND receive comparatively larger donor funding than ABANTU. YHFG has a negative contrast with SEND and IDEG showing the inflow of donor funds to YHFG is very small when compared to that of SEND and IDEG. To make a meaningful assertion of these organisations, it will be necessary to categorise them into three according to income. SEND and IDEG will be grouped together, whilst ABANTU and YHFG will be categorised separately.

Table 4.2: Pair wise Mean Comparisons (Tukey's PostHoc Test)

Total Donor Income Firm	Contrast	Std. Err.	t	P> t	Tukey [95% Confidence Interval]	
IDEG vs ABANTU	1603936	505594.2	3.17	0.018**	223506.3	2984366
SEND vs ABANTU	2285029	505594.2	4.52	0.001**	904599.5	3665459
YHFG vs ABANTU	1537.375	505594.2	0.00	1.000	-1378892	1381967
SEND vs IDEG	681093.100	505594.2	1.35	0.542	-699336.5	2061523
YHFG vs IDEG	-1602399	505594.2	-3.17	0.018**	-2982828	-221969
YHFG vs SEND	-2283492	505594.2	-4.52	0.001**	-3663921	-903062.1

** indicate significance at 95%

Generalised Estimating Equations Model Building

Table 4.3: Correlation Matrix of Variables

	FinRes	CR	LCAPAR	DDR	HREU	PEU	AEU	YOP
FinRes	1.0000							
CR	0.0079	1.0000						
LCAPAR	0.1370	0.1830	1.0000					
DDR	-0.4228*	-0.5330*	-0.0372	1.0000				
HREU	-0.0614	0.2352	0.2428	-0.2691	1.0000			
PEU	0.0580	0.0489	0.6332*	-0.2128	0.1421	1.0000		
AEU	0.0112	0.1366	0.5326*	-0.2924	0.0403	0.7431*	1.0000	
YOP	0.0419	-0.2260	0.6520*	0.2973	0.2495	0.4233*	0.2197	1.0000

* indicate significance at $\alpha = 0.05$

Table 4.3 above presents a summary of the pair wise correlation coefficient of the generalized estimating equations (GEE) model parameters. *The pair wise correlation coefficients indicate a significant positive relationship between the following pairs of variables: PEU & LCAPAR, AEU & LCAPAR, YOP & LCAPAR, AEU & PEU, YOP & PEU.* Similarly, a significant negative relationship exists between *DDR & CR*. This finding indicates the need to exercise caution when including the above pairs of variables in the model formulation process. It also means that, where donor funds are dwindling, working capital will be adversely affected; even delays in receipt of donor funds could collapse the organisation as it would not be able to meet the day to day running of their offices and bring project work to a halt. Ultimately, Fin Res and DDR also have a significant negative relationship further amplifying the donor dependency of these organisations. There is, however, a significant positive relationship between PEU and AEU depicting a responsible use of resources. Administrative costs increase as a result of increased programme work which drives the very existence of the organisations. PEU and YOP also have a significant positive correlation showing a growth in programme work over the years. The organisations therefore show a tendency for growth.

Fitting the Regression Function

The data is longitudinal in nature, thus suggesting a correlation structure of the *AR(1)* form. A log link function is chosen with a Gaussian family distribution. The correlation structure was obtained after the model is run with an unstructured correlation assumption and checking the pattern. The estimated unstructured correlation matrix was observed in Table 4.4.

Table 4.4: Estimated Within-firm Correlation Matrix R: Unstructured Correlation (Assumed)

	c1	c2	c3	c4	c5	c6	c7	c8
r1	1.000							
r2	0.011	1.000						
r3	0.039	0.119	1.000					
r4	-0.001	0.047	0.077	1.000				
r5	0.085	0.244	0.226	0.187	1.000			
r6	0.049	0.123	0.238	0.081	0.245	1.000		
r7	-0.020	-0.038	-0.025	-0.029	-1.000	-0.032	1.000	
r8	0.001	0.002	-0.001	0.001	0.270	-0.036	-0.057	1.000

Output in Table 4.4 suggests the use of a compound symmetric correlation. Based on this, the final model result is presented in Table 4.5 below. Total expenditure was included as an exposure variable in the model.

Table 4.5: GEE Population-averaged Model

GEE population-averaged model		Number of observation	=	30
Group and time vars:	Firm code year	Number of groups	=	4
Link:	Log	Obs per group: min	=	6
Family:	Gaussian	Avg	=	7.5
Correlation:	AR(1)	Max	=	8
		Wald chi2(10)	=	690.79
Scale Parameter:	0.0080778	Prob> chi2	=	0.0000

2. Regression Output

FinRes	Coefficient	Std. Err.	z	p> z	[95% Conf. Interval]	
CR	-0.0522	0.0073	-7.11	0.000*	-0.0666	-0.0378
LCAPAR	0.5182	0.1921	2.7	0.007*	0.1417	0.8947
DDR	-0.4949	2.0976	-0.24	0.813	-4.6061	3.6163
HREU	0.2861	2.0841	0.14	0.891	-3.7987	4.3709
PEU	-1.9368	0.6169	-3.14	0.002*	-3.146	-0.7277
AEU	5.0136	2.0893	2.4	0.016*	0.9187	9.1085
SA						
<i>Governance Advocay</i>	-1.8632	2.0661	-0.9	0.367	-5.9125	2.1863
<i>Govt. Policy Monitoring</i>	-3.3493	2.2146	-1.51	0.130	-7.6898	0.9913
<i>Youth Econ. Empowerment</i>	0.7915	2.1785	0.36	0.716	-3.4783	5.0612
YOP	-1.4476	0.0857	-1.69	0.091**	-0.3126	0.02314
CONST.	-18.2554	2.368	-7.71	0.000	-22.8965	13.6143
LN (TotalExp)	1	(exposure)				

* indicate significance at 0.05, ** significant at 10%

The variables Current Ratio (CR); Log of Corpus Assets to Project Asset Ratio (LCAPAR); Programme Expense Utilisation (PEU); and Administrative Expense Utilisation (AEU) are significant in explaining the total variability in financial resilience of an organisation. A unit change in CR will change Fin Res by -5.22% while a unit change in LCAPAR will change Fin Res by 51.82%. Also, a unit change in PEU ratio will change Fin Res ratio by -193.68%. A unit change in AEU ratio will change Fin Res ratio by 501.36%. This clearly suggests that Programme Expense Utilisation and Administrative Expense Utilisation are major determinants of financial resilience of a Christian Aid partnering firm. The overall model is significant at 5% since then $\text{prob} > \text{chi2} = 0.0000$. Years of Operation (YOP) since inception are not statistically significant at 5% in explaining the variation in the response variable Fin Res.

5. Conclusions

The aim of the study is to identify the major determinants of financial resilience among Christian Aid's implementing partners and to assess whether the implementing partners are financially resilient and to explain the total variability in financial resilience among implementing partners. The results indicated Corpus Asset to Project Asset Ratio (CAPAR), Donor Dependency Ratio (DDR), Current Ratios (CR) and Expenses Utilisations (EU) as the major determinants of financial resilience among Christian Aid's implementing partners. Again, the result showed a high mean value of Corpus Asset to Project Asset Ratio (CAPAR), which is an indication that the implementing partners are not sustainable at all.

Additionally, the high Donor Dependency Ratio (DDR) and Expenses Utilisation (EU) among the implementing partners is a big challenge to these firms' financial stability and variability. The results of the research also revealed that Christian Aid's implementing partners are not financially resilient as revealed by the average of the total donor income to total income of these partners. The Bartlett's test for equal variances: $\text{chi2}(3) = 11.4647$ $\text{Prob} > \text{chi2} = 0.0001$ indicates that there is unequal variance in total donor income when grouping is done on a company basis. The results indicate a significance difference between the average annual total donor income of the following pairs of organisations: **IDEG & ABANTU**; **SEND & ABANTU**; **YHFG & IDEG**; and **YHFG & SEND**.

References

- Besel, K., Williams, C., and Klak, J. (2011). Non-profit Sustain inability in an Age of Uncertainty. *Journal of Nonprofit Management and Leadership*
- Bottglieri, W.A., Kroleski, S. L., & Conway, K. (2011). The regulation of Non-Profit Organizations. *Journal of Business & Economic Research*. 9(9), pp.51-60
- Buckmaster, N., Lyons, M. and Bridges, A. (1994). 'Financial ratio analysis and non-profit organisations: a review and an exploratory study of the financial risk and vulnerability of ninety large non profit organisations in New South Wales' Centre for Australian Community Organisations and Management, Working Paper No. 26, December.
- Cordery, C. J., and Baskerville, R. F. (2011). 'Charity transgressions, trust and accountability', *VOLUNTAS*, 22 (2): 197 – 213.
- Ebrahim, A. (2003a). 'Making sense of accountability: conceptual perspectives for northern and southern nonprofits', *Nonprofit Management & Leadership*, 14, 2: 191 – 212.
- Ebrahim, A. (2010). Accountability. In: H. Anheier and S. Toepler (eds.) *International Encyclopaedia of Civil Society*. New York, Springer Science + Business Media.
- Ebrahim, A. (2010). The Many Faces of Non profit Accountability, Harvard Business School. Working paper. pp.10-069
- Ebrahim, A., and Weisband, E. (eds.) (2007). *Global Accountabilities: Participation, Pluralism, and Public Entities*. Cambridge: Cambridge University Press
- Gibelman, M., and Gelman, S. R. (2000). 'Very public scandals: an analysis of how and why nongovernmental organizations get in trouble', paper presented at the International Society for Third-Sector Research (ISTR) Fourth International Conference, Dublin, Ireland, July 7, available online at <http://www.istr.org/conferences/dublin/workingpapers/gibelman.pdf>, accessed 25/11/2011.
- Greenlee, J. S. and Tuckman, H. (2007). 'Financial Health' (Chapter 14), in Young, D. R. (ed.), *Financing Nonprofits. Putting Theory into Practice*, National Center on Non profit Enterprise and Altamira Press, Lanham, MD, USA
- Harrow, J., Palmer, P., and Vincent, J. (1999). 'Management information needs and perceptions in smaller charities: an exploratory study', *Financial Accountability & Management*, 15, 2:155 – 172.
- Kearns, K. P. (1996). *Managing for accountability: Preserving the public trust in non profit organizations*, Jossey-Bass, San Francisco, USA.
- Margolis, A. (2001). 'Causes and Effects', *Financial Management*, March: 18 - 22.
- Omar, N., Arshad, R., and Razali, W.A.A.W.M. (2013). Assessment of Risk Using Financial Ratios in Non-Profit Organisations. *Journal of Energy Technology and Policy*. 3(11), pp.382-384
- Ryan, C. and Irvine, H. (2012). Not-for-Profit Ratios for Financial Resilience and Internal Accountability: A Study of Australian International Aid Organizations. *Australian Accounting Review*, 22(2), pp. 177-188
- Tuckman, H. P., and Chang, C. F. (1991). A Methodology for Measuring the Financial Vulnerability of Charitable Non profit Organizations. *Non profit and Voluntary Sector Quarterly*. 20(4) pp.445-60.
- Valentinov, V. (2011). 'Accountability and the public interest in the non profit sector: a conceptual framework', 27, 1: 32 – 42.
- Winnard, J., Adcroft, A., Lee, J., and Skipp, D. (2014). Surviving or flourishing? Integrating business resilience and sustainability. *Journal of Strategy and Management*, 7(3), pp.303-315
- World Bank (2002) *Financial Accountability for Good Governance, A World Bank country study. Bangladesh: World Bank Publications.*