

Financial Sustainability of Local Non Governmental Organizations in Tanintharyi Region, Myanmar

Myanmar Tanintharyi Bölgesindeki Yerel Sivil Toplum Kuruluşlarının Finansal Sürdürülebilirliği

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ABSTRACT

This study is aimed to achieve two objectives. The first objective is to explore the financial sustainability and second is to analyze the effect of factors influencing financial sustainability of local NGOs in Tanintharyi region, Myanmar. The current study is guided by resource-based theory and key factors influencing financial sustainability discussed in this study are donor relationship management, income diversification, financial management practices, and management competency. To achieve these objectives, a quantitative methodology employing surveys was utilized, including 105 respondents across five local NGOs. Findings reveal that donor relationship management, income diversification, and management competency significantly enhance financial sustainability, while there is no significant positive effect of financial management practices on financial sustainability. The results highlight the importance of managerial competency, robust donor relations, and diversified revenue streams to mitigate financial vulnerabilities. Practical recommendations are proposed, including capacity-building programs, transparent accountability frameworks, and innovative funding strategies to foster long-term resilience and operational efficacy. This research contributes to the theoretical understanding of financial sustainability and offers actionable insights for local NGOs in resource-constrained environments.

JEL Codes: L31, Q56, H41

Keywords: Donor Relationship Management, Income Diversification, Financial Management Practices, Management Competency, Financial Sustainability

ÖZ

Bu çalışma iki amacı gerçekleştirmeyi amaçlamaktadır. İlk amaç finansal sürdürülebilirliği araştırmak, ikincisi ise Myanmar'ın Tanintharyi bölgesindeki yerel STK'ların finansal sürdürülebilirliğini etkileyen faktörlerin etkisini analiz etmektir. Mevcut çalışma, kaynak temelli teori tarafından yönlendirilmektedir ve bu çalışmada tartışılan finansal sürdürülebilirliği etkileyen temel faktörler, bağışçı ilişkileri yönetimi, gelir çeşitlendirmesi, finansal yönetim uygulamaları ve yönetim yeterliliğidir. Bu hedeflere ulaşmak için, beş yerel STK'dan 105 katılımcıyı kapsayan anketlerden yararlanarak niceliksel bir metodoloji kullanıldı. Bulgular, bağışçı ilişkileri yönetimi, gelir çeşitlendirmesi ve yönetim yetkinliğinin finansal sürdürülebilirliği önemli ölçüde artırdığını ancak finansal yönetim uygulamalarının finansal sürdürülebilirlik üzerinde anlamlı bir olumlu etkisinin olmadığını ortaya koyuyor. Sonuçlar, finansal zayıflıkları azaltmak için yönetsel yetkinliğin, güçlü bağışçı ilişkilerinin ve çeşitlendirilmiş gelir akışlarının önemini vurgulamaktadır. Uzun vadeli dayanıklılığı ve operasyonel etkinliği teşvik etmek için kapasite geliştirme programları, şeffaf hesap verebilirlik çerçeveleri ve yenilikçi finansman stratejileri de dahil olmak üzere pratik öneriler önerilmektedir. Bu araştırma, finansal sürdürülebilirliğin teorik olarak anlaşılmasına katkıda bulunuyor ve kaynakların kısıtlı olduğu ortamlardaki yerel STK'lar için eyleme geçirilebilir bilgiler sunuyor.

JEL Kodları: L31, Q56, H41

Anahtar Kelimeler: Donör İlişkileri Yönetimi, Gelir Çeşitlendirmesi, Finansal Yönetim Uygulamaları, Yönetim Yetkinliği, Finansal Sürdürülebilirlik

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Introduction

The efficient operation of a nation's political, economic, and social institutions is intricately linked to its development and governance. While governance refers to the procedures used to create and carry out policies that guarantee accountability, transparency, and inclusivity, development refers to the improvement of a nation's socio-economic conditions, including advancements in infrastructure, healthcare, education, and poverty reduction. Strong institutions that can promote development, protect the rule of law, and guarantee the fair allocation of resources are necessary for a well-governed country (Grindle, 2017). But frequently, governments struggle to satisfy the demands of their constituents, particularly in developing nations where resources are few or unequally allocated.

In this context, non-governmental organizations (NGOs) are essential to a nation's governance and development, serving as change agents across a range of industries. These groups, individuals, or private organizations were established to address social, environmental, developmental, or humanitarian issues. NGOs function on a local, national, and international level with the main goal of advancing the interests of the public or community rather than turning a profit. According to Lewis and Kanji (2022), NGOs frequently work in fields with little or ineffective government participation, offering essential services including healthcare, education, and poverty alleviation. By serving as a bridge between the government and underprivileged groups, NGOs make sure that these groups get the assistance and necessary resources.

This is especially crucial in nations where political, economic, or logistical obstacles may make it difficult for the government to reach underserved or rural communities (Edwards, 2021). Moreover, NGOs also aid in the governance process by supporting policy reforms and encouraging openness. According to Kaldor (2003), NGOs support civil society by promoting civic involvement, defending human rights, and holding governmental institutions accountable. By advocating, lobbying, and organizing at the grassroots level, these groups frequently keep governments responsible and make sure that public policies represent the interests of all residents, especially those who are most vulnerable. NGOs also promote a more inclusive and democratic society by ensuring that the opinions of excluded groups are heard via their work in governance (Martens, 2002).

Additionally, NGOs support development through capacity-building initiatives including teaching vocational skills, encouraging economic empowerment, and supporting community-based initiatives. According to Vakil (1997), NGOs are essential in bolstering local economies and assisting communities in becoming less dependent on outside assistance and more self-sufficient. In this way, NGOs support governments in efforts to ensure equitable and sustainable development by tackling both short-term issues and long-term objectives. Therefore, NGOs play a crucial role in both development and governance, improving the efficiency of public institutions and guaranteeing that the advantages of development are felt by all facets of society, especially the most vulnerable.

To guarantee the long-term existence and capacity to carry out the missions, sustainability, particularly financial sustainability, is a critical component of NGOs. Hasyim and Bakri (2024) define financial sustainability as an organization's capacity to sustain its financial well-being over an extended period of time, guaranteeing that it can fulfill its present and future commitments without sacrificing its objectives or operations. Therefore, financial sustainability refers to an organization's potential to thrive and flourish in ways that continue to exist indefinitely. Financial sustainability in the context of NGOs refers to the capacity to continue operating safely, meaning that the core activities and operations continue to run smoothly even in the absence of outside financing (Bowman, 2011). NGOs that are financially sustainable are able to meet the demands of the stakeholders, especially those who support and benefits from these stakeholders, while carrying out the missions throughout time (Elliott, 2012).

On the other hand, many NGOs are experiencing growing financial instability as a result of decreased donor financing, changed donor priorities, and economic uncertainty, making the financial viability of NGOs a key problem on a worldwide scale (Choudhury & Ahmed, 2023). Due to the reliance on grants and contributions and often lack of access to a variety of funding sources, small and local NGOs are particularly vulnerable to financial shocks (Bank et al., 2015). To allay these worries and guarantee long-term stability, NGOs are looking more and more at cutting-edge funding options including social businesses, impact investment, and collaborations with the commercial sector (Salamon et al., 2020).

Local NGOs play a crucial role in tackling issues including rural poverty, environmental protection, and

community development in the Tanintharyi region, which is notable for its socio-economic and environmental significance. However, according to Kyaw and Aung (2021), local NGOs in this area also face significant obstacles to financial independence because of strong reliance on foreign donors, unstable political environments, and limited ability to diversify the resources. This reliance makes NGOs vulnerable to changes in donor priorities and geopolitical shifts, significantly affecting the ability to sustain operations and deliver long-term community support (Aung, 2021).

These issues have been made worse by political and economic unrest of Myanmar after 2021, which has made it more difficult for NGOs to obtain steady funding. The ability of local NGOs to operate in the Tanintharyi region has been hampered by limitations on public engagement, threats to organizational autonomy, and challenges obtaining foreign funding. Additionally, local NGOs in Tanintharyi region lack the infrastructure and expertise necessary to investigate alternate funding options like public-private partnerships or social businesses (Than & Zaw, 2022). Due to the reliance on external support, these organizations are susceptible to financial setbacks, which has a direct influence on the capacity to carry out sustainable development initiatives. These elements highlight the critical need for research into the financial sustainability of local NGOs in Tanintharyi Region, offering methods and perspectives for improving long-term survival and financial resilience.

Objectives of the Study

This study is intended to achieve the following objectives.

1. To explore the financial sustainability of local NGOs in Tanintharyi region, Myanmar
2. To analyze the effect of factors influencing financial sustainability of local NGOs in Tanintharyi region, Myanmar

Literature Review

This section provides an in-depth exploration of the theoretical framework which is grounded in resource-based theory, concepts related to financial sustainability, concepts of determinant factors, and empirical reviews, particularly in the context of NGOs.

Theoretical Framework: Resource-Based Theory

Resource-based theory that emerged in the 1980s and

1990s is an approach to achieving competitive advantage based on the unique resources and capabilities of the organization that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). In addition, it is also far more practical to take advantage of external possibilities by utilizing already-existing resources, both tangible and intangible, in a new way rather than attempting to learn new abilities for every opportunity (Petaraf & Barney, 2003). These resources enable firms to achieve competitive advantage and lead to superior long-term performance. According to Frawley and Fahy (2006), the organization can sustain that kind of advantage over longer time periods of time if it can guard against resource transfer, replacement, or limitation.

The prevailing perspective in resource-based theory emphasizes its connection to financial sustainability. Within this framework, the theory posits that organizations should strategically utilize their internal resources including financial capital, intellectual property, and operational capabilities to achieve and sustain long-term economic stability (Barney, 1991). Therefore, the ability of the company to allocate resources efficiently to reduce operational risks and provide consistent revenue streams is essential to financial sustainability. According to Grant (1996), organizations with strong financial management systems and adaptable skills are better equipped to endure external market shocks and achieve long-term financial health.

Additionally, intangible resources including leadership and organizational culture are crucial for maintaining financial stability and resource optimization, which supports the long-term performance of organizations in competitive markets (Teece et al., 1997). Even though NGOs are categorized as non-profit making organizations, these organizations are somehow considered economic entities because valuable goods and services using limited resources, including labor, capital, and land are created. To support greater value to society, these organizations also incur running costs and impose cost on society. Hence, NGOs also require a steady stream of income to fund their mission and be financially sustainable.

Concept of Financial Sustainability

For businesses to attain long-term stability and accomplish the goals, financial sustainability is a multifaceted notion. Since it guarantees that resources are in line with long-term strategic goals, this concept is essential for institutions in the public, private, and non-profit sectors. It describes an organization's capacity to

make enough money to pay its bills, continue or expand its business, and adjust to changing conditions without jeopardizing its assets or financial stability. According to Van Dooren and Van de Walle (2016), financial sustainability involves preserving a balance among income creation, cost control, and investment in future expansion. It comprises the ability to obtain a variety of financing sources for non-profit organization to maintain operations and fulfill their purpose (Bowman, 2011). It also describes as the capacity of an organization to obtain and oversee financial resources to accomplish its goals while preserving operational and programmatic stability throughout time (Singhania et al., 2024).

In addition, financial sustainability includes strategic financial planning, cost control, and income source diversification in addition to short-term revenue production (Gee et al., 2023). Financial sustainability is defined as an organization's ability to make enough income to generate income to cover its operating costs while preserving the resources needed for expansion and improvement in the future (Glover et al., 2014). It involves balancing revenue generation, cost management, and investment strategies to avoid dependency on external funding, which may compromise operational autonomy. Schaltegger and Burritt (2018) contend that to promote long-term value creation, financial sustainability must be in line with more general sustainability objectives and take social and environmental factors into account when making financial decisions. Organizations can generate long-term value that benefits society and the business by taking these larger sustainability factors into account when making financial decision. Gleißner et al. (2022) asserts that strategic planning to adjust to shifting market conditions, technology advancements, and regulatory frameworks is another aspect of financial sustainability. Achieving financial sustainability, building stakeholder confidence, and obtaining long-term funding or investments all depend on having strong governance frameworks, financial transparency, and accountability.

Concepts and Empirical Reviews of Factors Influencing Financial Sustainability of NGOs

According to Mitlin, Hickey and Bebbington (2014), there are four important components that significantly influence the financial sustainability of contemporary NGOs. These include good relationship with donor – involving making conscious attempts to actively include the contributors in the operations of an NGO, diversity of income – implying that an NGO must have several revenue

streams in order to sufficiently fund its operations in light of its established goals, financial management practices – comprising putting in place accounting mechanisms that support efficient an NGO funding planning, management, and control, and management competency – pertaining the abilities, know-how, attitudes, and behaviors that enable individuals and teams to effectively direct, oversee, and manage the activities and operations of an NGO.

Donor Relationship Management

To guarantee ongoing financial support and encourage loyalty, NGOs utilize donor relationship management as a strategic tool to build, preserve, and improve connections with donors. Lewis (2011) defines donor relationship management as the process of establishing and maintaining an excellent relationship with the donors. The author emphasizes that this involves effectively segmenting and prioritizing donors, which in turn facilitates the development of specific objectives and strategies for engaging with each donor group to achieve targeted outcomes. Breeze and Scaife (2015) highlight that successful donor relationship management involves various practices aimed at ensuring donors feel appreciated and engaged. These practices include recognizing their contributions, regularly sharing updates on how their donations make a difference and maintaining personalized communication with them. By creating and putting into place efficient procedures and processes that foster strong connections with donors, NGOs may increase grant effectiveness, create more consistent and sustainable funding streams (Alter, 2007).

According to earlier research on the factors that affect financial sustainability of NGOs, good donor relationship management and financial sustainability of these organizations are positively correlated. A study by Saungweme (2014) on the factors influencing financial sustainability in local NGOs in Zimbabwe found a positive correlation between financial sustainability and effect donor relationship management. According to research conducted by Wachira (2016), the most significant factors influencing the financial sustainability of NGOs in Kenya were effective donor relationship management. Moreover, comparable research by Ebenezer et al. (2020) also found a high positive correlation between financial sustainability and effect donor relationship management. Similarly, the study of Ali and Kilika (2016) looked at how donor interaction practices affected financial sustainability of NGOs in Nairobi. The findings also showed that effect communication and donor segmentation were essential to

maintaining financial stability. Thus, the following hypothesis is developed.

H1: There will be a statistically significant positive effect of donor relationship management on financial sustainability.

Income Diversification

The process by which NGOs raise money from several sources to lessen reliance on a single source of funding and improve financial sustainability is known as income diversification. By using this strategy, NGOs may reduce the risks of donor withdrawal, shifting funding priorities, or unstable economies, guaranteeing continuous operations and lasting effects. Obtaining funds from grants, business alliances, private contributions, service fees, and revenue-generating activities are included by diversification strategies (Hoque, 2024). Additionally, by avoiding an excessive dependence on certain donors who can impose restrictive conditions or have an impact on organizational tactics, revenue diversification enables NGOs to preserve their autonomy (Anheier & Toepler, 2021). Thus, building partnerships with various stakeholders, finding new financing sources, and investigating cutting-edge financial models like crowdsourcing are all part of the meticulous preparation that goes into strategic diversification (Anheier & Toepler, 2021).

Prior research has repeatedly shown that income diversification and financial stability of NGOs are positively and significantly correlated. A study by Jacinta and Gaiku (2021) on NGOs in Kenya found a strong correlation between financial sustainability and income diversification. According to the study, NGOs with a variety of revenue streams were better able to adjust to shifting financing conditions and were more robust to outside financial shocks. Akingbola et al. (2019) investigated multidimensional framework for nonprofit financial sustainability: the role of income diversification. This study revealed that NGOs with a variety of revenue sources are better able to handle financial turbulence, guaranteeing steady operations and service provision. A study conducted by Urefe et al. (2024) also found a positive significant effect exist between multiple revenue streams, including partnerships and social businesses, and long-term financial sustainability. Diversified revenue portfolios help NGOs efficiently manage financial risks and adapt to shifting donor priorities (Gul & Morande, 2023). Consequently, the following hypothesis is established.

H2: There will be a statistically significant positive effect of income diversification on financial sustainability.

Financial Management Practices

For NGOs to maintain stability, accountability, and transparency, financial management procedures are essential. A fundamental process, budgeting allows NGOs to distribute funds to different projects according to objectives and goals (Njoroge, 2013). Financial planning aids in requirement forecasting, financing gap identification, and the development of cash flow management and revenue diversification strategies (Urefe et al., 2024). The hazards associated with depending only on one source of money are reduced by careful planning. Transparency requires financial reporting since it gives stakeholders information about earnings, expenses, and financial health (Gul & Morande, 2023). Funds are spent properly when reports are accurate and submitted on a regular basis. Resources are employed efficiently, and the NGO stays on course when financial performance is tracked against the budget (Anheier & Toepler, 2021). When taken as a whole, these procedures guarantee that NGOs may successfully handle their funds, uphold donor confidence, and fulfill their purposes.

Previous research has consistently demonstrated a positive relationship between NGOs with robust financial management practices or systems and financial sustainability of that NGOs. This was supported by Akingbola et al. (2021), who demonstrated that NGOs with sound financial management procedures, including consistent financial planning and analysis, were better equipped to handle the intricacies of financing issues and guarantee long-term survival. This study also pointed out that NGOs with well-defined financial objectives and proactive cash flow management had a higher chance of obtaining steady funding and lowering operating risks. According to the results of research by Samad et al. (2023), NGOs with well-defined financial planning frameworks are more likely to manage their resources efficiently, which enhances financial sustainability. The finding of the research by Ortega-Rodríguez et al. (2020) suggests that NGOs adhering to internationally accepted financial reporting standards are more likely to attract additional funders, ensuring continued financial sustainability. This finding of this study also concludes that transparency in financial reporting fosters accountability, which is crucial for maintaining long-term support. Similarly, Cabedo et al. (2018) found that transparent financial reporting significantly enhances donor confidence, leading to increased funding, an essential factor for the financial sustainability of NGOs. As a result, the subsequent hypothesis is proposed.

H3: There will be a statistically significant positive effect of
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financial management practices on financial sustainability.

Management Competency

One of the key factors influencing operational performance and long-term viability in firms is the competency that possess by the management of these firms. With an emphasis on a variety of skill sets, and organizational needs, many scholars have put forward differing opinions about what makes for good management competency. In the context of NGOs, the combination of strategic leadership, financial savvy, human resource management, and the capacity to promote cooperation among many stakeholders are necessary for efficient NGO administration (Njoroge, 2013). Since the nature of NGOs frequently takes place in many cultural and geographic situations, competent managers must also exhibit cultural awareness and flexibility. NGOs are also depending more and more on technology to increase streamline operation, and transparency. According to Nikita and Azim (2024), to guarantee accountability and efficacy, managers in NGOs need to be proficient in the use of digital technologies for monitoring and evaluation. In addition, ethical governance and decision-making skills are also essential to the administration of NGOs because these abilities foster confidence among stakeholders. Since 2018, the need for these skills has increase as NGOs are under more scrutiny and are being held to higher standards of accountability in a world that is changing quickly (Khan et al., 2021).

Previous studies have explored the factors influencing financial sustainability in non-governmental organizations (NGOs), highlighting the role of effective management in fostering sustainability. Okorley and Nkrumah (2012) examined organizational factors that affect the sustainability of local NGOs in Ghana. This study identified leadership, funding, program development, program management, quality of material resources, and availability of material resources as critical factors. The findings revealed that all these organizational factors, including program management, significantly influence the sustainability of local NGOs. Similarly, Muriithi (2014) investigated the determinants of financial sustainability among local health NGOs in developing countries. This study demonstrated that financial sustainability is positively influenced by various management factors and capabilities. In Kenya, Njoroge (2013) explored the factors affecting NGO sustainability and found a strong positive relationship between management competence and the ability of NGOs to sustain their operations. These studies

collectively emphasize the critical role of effective management practices in ensuring the financial sustainability of NGOs in diverse contexts. Therefore, the following hypothesis is put forward.

H4: There will be a statistically significant positive effect of management competency on financial sustainability.

Methodology

This study aimed to accomplish two main objectives which were to explore the financial sustainability of local NGOs and to analyze the effect of factors influencing financial sustainability of local NGOs in Tanintharyi region, Myanmar. To achieve these objectives, the current study employed a quantitative research method. And survey research strategy was adopted by using self-administered questionnaires as the primary data collection tool. These questionnaires were designed to gather comprehensive and structured responses from participants. A two-stage random sampling technique was employed to ensure the representativeness of the sample. According to (UNDP, 2015), there are 15 registered local NGOs in Tanintharyi region most of whom are focused on social work. In the first stage, five active local NGOs were randomly chosen among these. In the second stage, 21 responsible individuals from each organization, capable of responding to relevant questions, were also randomly chosen as respondents. A total of 105 chosen respondents provided the data between August and November of 2024.

The survey form was divided in three parts. The first part focused on demographic factors, to gather some background information about the respondent. The second part measured financial sustainability which was the main factor of this study and measured by 5 items developed by Wachira (2016). In the last part, there exists potential factors influencing financial sustainability, which included donor relationship management, income diversification, financial management practices, and management competency. For each of these factors, 5 measurement items developed by Wachira (2016) were utilized. All questionnaires were designed using a 5-point Likert scale rangin from 1 (strongly disagree) to 5 (strongly agree). The scoring system developed by Sarrafzadeh et al. (2010) was applied in which a mean score of 1 – 1.44 indicates strongly disagree, 1.45 – 2.44 indicates disagree, 2.45 – 3.44 indicates neutral (do not know), 3.45 – 4.44 indicates agree, and 4.55 – 5 indicates strongly agree regarding the factors related to determinant factors financial sustainability. All the analyses used in this study – reliability analysis (Cronbach alpha), descriptive statistics

and inferential statistics (correlation and multiple linear regression analysis) were conducted by using SPSS 26.0 (IBM SPSS Corp., Armonk, NY, USA) version software.

Data Analysis and Results

In this section, in-depth explanation of demographic information of respondents, descriptive statistics and reliability analysis, correlation test result between influencing factors and financial sustainability, regression coefficient, and hypothesis testing are discussed.

Demographic Information of Respondents

The demographic information of the study participants is displayed in Table (1) below.

Table 1.

Demographic Information of Respondents

| Demographic Variables | | Frequency (f) | Percentage (%) |
|-----------------------|---------------|------------------|-------------------|
| Gender | Male | 46 | 44% |
| | Female | 59 | 56% |
| Age | Below 25 | 5 | 4.8% |
| | 25 – 34 | 52 | 49.5% |
| | 35 – 44 | 32 | 30.4% |
| | 45 – 54 | 13 | 12.4% |
| | 55 and above | 3 | 2.9% |
| Education | Graduate | 93 | 88.6% |
| | Post-Graduate | 12 | 11.4% |
| Service | Less than 5 | 19 | 18.1% |
| | 5 – 9 | 41 | 39.1% |
| Year | 10 – 14 | 12 | 11.4% |
| | 15 and above | 33 | 31.4% |

Source: Survey Data (2024)

According to the Table (1), out of the total 105 respondents, 59 (56%) of respondents were female while 46 (44%) were male, in terms of gender, showing a somewhat larger female representation. In terms of age, 30.4% of respondents were between the ages of 35 and 44, while the majority (49.5%) were between the ages of 25 and 34. The percentages of respondents under 25 (4.8%), 55 and older (2.9%), and 45 – 54 years old (12.4%) were lower. In terms of education, 11.4% of respondents had post-graduate degrees, while the majority (88.6%) were graduates. In terms of service years, the largest group (39.1%) had 5 – 9 years of experience, followed by 15 years and above (31.4%), less than 5 years (18.1%), and 10 – 14 years (11.4%).

Descriptive Statistics and Reliability Analysis

The results of descriptive statistics and reliability analysis for the study variables are presented in Table (2).

Table 2.

Results of Descriptive Statistics and Reliability Analysis

| Variables | M | SD | Inf: | α | Rel: |
|-----------|------|------|-------|----------|----------|
| DMR | 4.05 | 0.78 | Agree | 0.676 | Reliable |
| ID | 3.85 | 0.79 | Agree | 0.627 | Reliable |
| FMP | 4.21 | 0.69 | Agree | 0.703 | Reliable |
| MC | 3.99 | 0.71 | Agree | 0.798 | Reliable |
| FS | 3.57 | 0.92 | Agree | 0.638 | Reliable |

Source: Survey Data (2024), DMR = Donor Relationship Management, ID = Income Diversification, FMP = Financial Management Practices, MC = Management Competency, FS = Financial Sustainability, Inf: = Information, α = Cronbach's Alpha, Rel: = Reliability

According to Table (2), the overall mean scores show that respondents generally “agree” with all the variables. Financial management practices had the highest mean (4.21), followed by the mean value of donor relationship management (4.05). While management competency scored a mean of (3.99), income diversification and financial sustainability had slightly lower means of (3.85) and (3.57). In this study, reliability of the variables was measured by using Cronbach's alpha values. As stated by Ahdika (2017), Cronbach's alpha scores are interpreted as follows: a range of 0.00 – 0.20 signifies low reliability, 0.21 – 0.40 indicates rather reliability, 0.41 – 0.60 represents moderate reliability, 0.61 – 0.80 suggests reliable, and 0.81 – 1.00 indicates very high reliability. According to Table (2), Cronbach's alpha values of all the variables were the range between 0.61 – 0.80. Therefore, the data could be marked as reliable.

Correlation Test Result Between Variables

The findings of Pearson correlation test between financial sustainability and the four influencing factors – donor relationship management, income diversification, financial management practices, and management competency – are shown in Table (3).

According to Table (3), financial sustainability and donor relationship management have a moderately positive correlation ($r = 0.507$, $p = .000$), suggesting that enhance donor relationship management is substantially linked to improve financial sustainability. The most significant positive correlation ($r = 0.541$, $p = .000$) is found for management competency, indicating that greater

Table 3.*Correlation Table*

| Variables | 1 | 2 | 3 | 4 | 5 |
|-----------|--------|--------|--------|--------|---|
| DRM | - | | | | |
| ID | .282** | - | | | |
| FM | .648** | .267** | - | | |
| MC | .382** | .171 | .291** | - | |
| FS | .507** | .352** | .329** | .541** | - |

** = $p < .01$, DRM = Donor Relationship Management, ID = Income Diversification, FMP = Financial Management Practices, MC = Management Competency, FS = Financial Sustainability

management competency has a major impact on financial sustainability. Financial management practices and income diversification had weakened but still statistically significant positive relationships with financial sustainability ($r = .352$, $p = .000$ and $r = 0.329$, $p = .001$) respectively. These findings demonstrate that although financial sustainability is positively correlated with all four influencing factors, the most significant correlation is shown in donor relationship management and managerial competency. The significance value ($p < .01$) confirm that these relationships are statistically significant across the sample of 105 respondents.

Regression Coefficient

The regression analysis results, showing the factors influencing the financial sustainability of local NGOs, are shown in Table (4).

Table 4.*Regression Coefficient of Factors Influencing Financial Sustainability of Local NGOs*

| Variables | Estimate | SE | 95% CL | | p |
|-----------|----------|------|-----------------------|------|------|
| | | | LL | UL | |
| DRM | .398*** | .122 | .156 | .640 | .001 |
| ID | .250** | .097 | .059 | .442 | .011 |
| FM | -.077 | .130 | -.336 | .181 | .554 |
| MC | .463*** | .096 | .273 | .653 | .000 |
| R^2 | | | 0.437 | | |
| Adj R^2 | | | 0.414 | | |
| F Value | | | 19.395 ($p = .000$) | | |

*** = $p < .01$, ** = $p < .05$, DRM = Donor Relationship Management, ID = Income Diversification, FMP = Financial Management Practices, MC = Management Competency, FS = Financial Sustainability

According to Table (4), the R-square value is 0.437, which means that the model explains 43.7% of the

variance in financial sustainability, while the adjusted R-square value is 0.414, which confirms reliability of the model. As indicated by the F-value of 19.395 ($p = 0.000$), the regression model as a whole is statistically significant. Among the four influencing factors, management competency has the strongest positive and significant effect on financial sustainability ($B = 0.463$, $p = .000$), indicating that improvements in management competency lead to greater financial sustainability. Donor relationship management also has a significant positive effect ($B = 0.398$, $p = .001$), highlighting its crucial role in enhancing financial sustainability. The favorable effect of income diversification is less prominent but still significant ($B = 0.250$, $p = .011$), indicating that it still contributes to financial sustainability. However, financial management practices show no significant effect on financial sustainability ($B = -0.077$, $p = .554$).

Hypothesis Testing

According to the results of multiple regression analysis, donor relationship management, income diversification, and management competency are the main influencing factors on financial sustainability, while financial management practices have no significant effect on that. Thus, the following results for hypothesis testing are concluded.

Table 5.*Hypothesis Testing*

| Research Hypothesis | t | Sig. | Result |
|---------------------|-------|------|--------|
| H1: | 3.267 | .001 | Accept |
| H2: | 2.593 | .011 | Accept |
| H3: | -.593 | .554 | Reject |
| H4: | 4.841 | .000 | Accept |

Source: Survey Data (2024)

Discussion and Conclusions

This section presents the discussion and conclusions of the research, focusing on its theoretical contributions and managerial implications.

Theoretical Contribution

The objective of this study was to empirically analyze the effect of factors influencing financial sustainability of local NGOs in Tanintharyi region, Myanmar. To meet that objective, previous research model that was consistent with empirical area was adopted and tested in a sample of 105 respondents. The following factors are included in this

two-dimensional model: (a) influencing factors, namely donor relationship management, income diversification, financial management practices, and management competency as independent variables, and (b) financial sustainability as dependent variable.

The result of the study found that management competency has a positive and significant effect on financial sustainability of local NGOs. Theoretical perspectives and empirical evidence of earlier research by research by Okorley and Nkrumah (2012), Njoroge (2013), and Muriithi (2014) in various nations are consistent with this finding. This highlight how important competent, talented, and skillful management and staff are to this long-term financial sustainability of these organizations. With competent managers, local NGOs can effectively distribute resources, create sound financial plans, and uphold accountability and openness in their operations. Additionally, talented managers and employees help local NGOs to be resilient against financial uncertainty by encouraging innovation and adjusting to changing surroundings.

The result also demonstrated that excellent donor relationship management raises the level of financial sustainability of local NGOs in Tanintharyi region. This result verifies the findings of several investigations by Ebenezer et al. (2020), Saungweme (2014), and Ali and Kilika (2016). According to this research, donor relationship management significantly and favorably affects the financial sustainability of certain NGOs. Therefore, it can be concluded that good donor relationship management promotes long-term partnerships, trust, and transparency – all of which are necessary to obtain steady support. Furthermore, it states that developing excellent relationships with donors enables NGOs to better understand the goals of donor, integrate their activities with those interests, and access new funding possibilities.

Furthermore, the result of the current study revealed that income diversification has a positive and significant effect on the financial sustainability of local NGOs. This outcome is in line with the expectations of previous studies by Urefe et al. (2024), Akingbola et al. (2021), and Irungu et al. (2021). This points out that local NGOs can reduce their dependency on a single funding stream, thereby mitigating the risks associated with donor withdrawal or economic fluctuations by diversifying multiple income sources. Furthermore, income diversification fosters organizational resilience and strengthens the capacity to fund long-term projects and operational costs

independently. This way enhances the stability and predictability of financial resources, allowing NGOs to focus on achieving missions more effectively.

Managerial Implications

Based on the results, findings and theoretical insights of this study within the operational context of local NGOs in Tanintharyi region, Myanmar, recommendations and implications are put forth to improve the financial sustainability. These recommendations focus on improving the ability of local NGOs to effectively manage resources while tackling the difficulties posed by financing and economic uncertainty.

Firstly, local NGOs in this area have to give priority to hiring, training, and development programs and activities that will improve the managerial abilities of its personnel and leaders. These include specific initiatives related with financial planning forecast and report, stakeholders' engagement activities, and adaptive project management which are consistent with the unique challenges and demands of this area such as inadequate infrastructure, the needs for environmental conservation and socio-economic dependence. Thus, investing in capacity-building programs for management staff can enhance their long-term financial sustainability plans and decision-making skills. Moreover, NGOs should also set transparent accountability frameworks and performance indicators to evaluate how well management techniques are working. This effort will lead NGOs to be better equipped to fulfill their objective over the long run by increasing operational efficiency and securing steady funding. Therefore, it is crucial for NGOs in Tanintharyi to align their financial strategies with strong, competent leadership to drive sustainable growth.

Secondly, to guarantee a consistent flow of financial resources, local NGOs working in this region should place a high priority on establishing and preserving solid, open, and helpful relationships with donors. Creating long-term partnerships also requires managers to concentrate on frequent reporting, efficient communication, and matching the objectives of donors with the goals of these organizations. Additionally, building trust and making obvious the results of donor contributions through comprehensive programmatic and financial reporting can boost donor confidence and promote ongoing commitment. Through improved financial sustainability brought about by this strategic approach to donor engagement, NGOs in Tanintharyi region will be able to reach more beneficiaries, grow their programs, and

accomplish their objectives more successfully. By investing in donor relationship management, local NGOs can secure reliable funding streams, mitigate financial risks, and increase their operational capacity, ultimately strengthening their long-term impact on the community.

Lastly, local NGOs in this area have to think about diversifying their sources of revenues beyond the conventional donor financing approach. This can be done by exploring income-generating activities, forming alliances with private sector entities, or participating in regional fundraising campaigns. Furthermore, responsible persons of these organizations should proactively seek for and create new financing sources that complement the missions and principles of the organization, such as government grants, fee-for-service business models, and social businesses. By considering these approaches and diversifying other revenue streams, NGOs can lessen their reliance on a single donor or funding sources, and minimize financial risks. Moreover, revenue diversification supports NGOs more freedom in how these organizations implement and expand the programs, which help them develop and increase their influence in the Tanintharyi region. As a result, responsible persons should place a strong emphasis on implementing diversification approaches to increase financial resilience, guaranteeing long-term sustainability and efficacy in supporting local communities.

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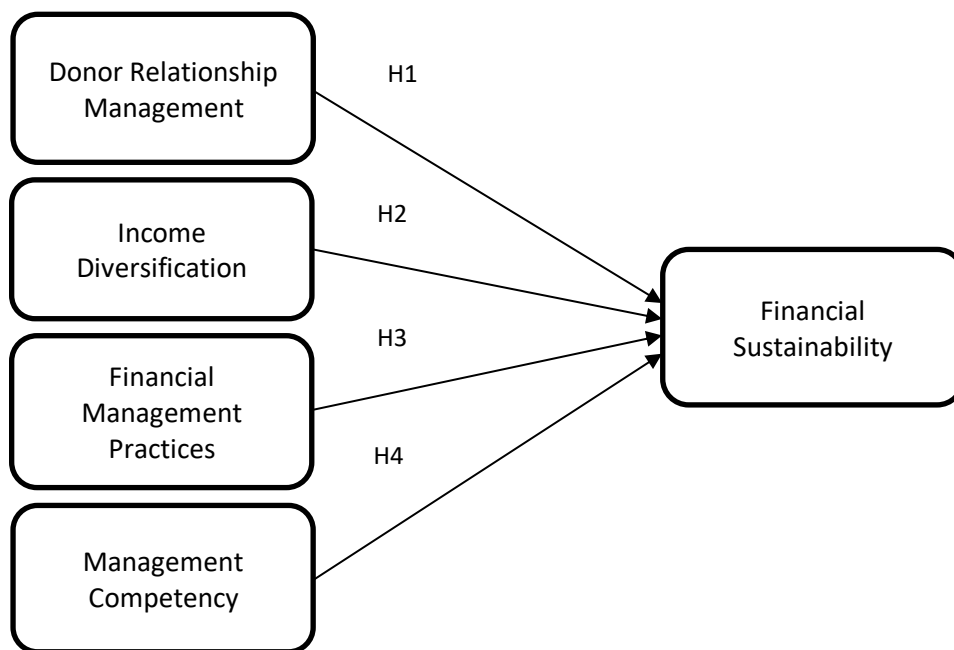
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Appendix**Figure. 1, Research Model**

Geniřletilmiř zet

Sivil toplum kuruluřlarının (STK'lar) etkin iřleyiři, ynetiřim bořluklarının kapatılmasında, sosyal zorlukların ele alınmasında ve zellikle kaynakların kısıtlı olduėu blgelerde srdrlebilir kalkınmanın desteklenmesinde nemli bir rol oynamaktadır. Bu alıřma Myanmar'ın Tanintharyi blgesindeki yerel STK'ların finansal srdrlebilirliėini arařtırıyor. Kaynak temelli teorelin rehberliėinde yapılan arařtırma, baėıřçı iliřkileri ynetiminin, gelir eřitliliėinin, finansal ynetim uygulamalarının ve ynetim yeterliliėinin bu kuruluřların finansal srdrlebilirliėi zerindeki etkisini arařtırıyor.

Niceliksel bir metodoloji kullanılarak veriler, blgedeki beř yerel STK'da 105 katılımcıya uygulanan anketler aracılıėıyla toplandı. Bulgular, baėıřçı iliřkileri ynetiminin, gelir eřitlendirmesinin ve ynetim yetkinliėinin finansal srdrlebilirliėi nemli lde artırdıėını gstermektedir. Ancak finansal ynetim uygulamaları, teorik olarak hayati neme sahip olmasına raėmen, srdrlebilirlik zerinde anlamlı bir olumlu etki gstermedi. Bu sonular, gl baėıřçı iliřkilerinin teřvik edilmesinin, gelir kaynaklarının eřitlendirilmesinin ve mali kırılganlıkları azaltmak iin ynetim becerilerinin geliřtirilmesinin nemini vurgulamaktadır.

alıřma aynı zamanda Tanintharyi'deki STK'ların operasyonel dayanıklılıėını zayıflatan yabancı baėıřlara baėımlılık, siyasi istikrarsızlık ve fon kaynaklarını eřitlendirme konusundaki sınırlı kapasite gibi pratik zorlukları da vurguluyor. Bu zorluklar, 2021 sonrası Myanmar'da yařanan ve STK operasyonlarını ve fon eriřimini daha da kısıtlayan siyasi ve ekonomik alkantı nedeniyle daha da ktleřti.

nerilen pratik neriler arasında kapasite geliřtirme giriřimleri, yeniliki finansman stratejilerinin geliřtirilmesi ve řeffaf hesap verebilirlik erevelerinin oluřturulması yer almaktadır. Yerel STK'lar bu kritik faktrleri ele alarak mali dayanıklılıkları artırabilir, faaliyetlerini srdrebilir ve topluluklara uzun vadeli destek saėlayabilir. alıřma, STK sektr ierisinde finansal srdrlebilirliėin teorik olarak anlařılmasına katkıda bulunuyor ve deėiřken ortamlarda kaynak kısıtlamaları ile mcadele eden kuruluřlar iin eyleme geirilebilir bilgiler saėlıyor.