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FACTORS AFFECTING THE FINANCIAL MANAGEMENT SYSTEMS EFFECTIVENESS: A SURVEY OF HEALTH ORIENTED CIVIL SOCIETY ORGANIZATIONS IN KENYA

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FACTORS AFFECTING THE FINANCIAL MANAGEMENT SYSTEMS EFFECTIVENESS: A SURVEY OF HEALTH ORIENTED CIVIL SOCIETY ORGANIZATIONS IN KENYA

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Abstract

Purpose: The purpose of the study was to identify the factors affecting the financial management systems effectiveness in Kenyan health oriented civil society organizations.

Materials and methods: The study was conducted through a cross sectional descriptive survey. The target population of the study was 1065 Nongovernmental organizations in Kenya. The accessible population refers to the 606 Nongovernmental organizations located in Nairobi County. A sample of 10% equivalent to 61 Nongovernmental organizations was selected from the Nongovernmental organizations located in Nairobi County. The respondents were financial managers in every selected Nongovernmental organization. Data was collected by use of a questionnaire and was analyzed by use of inferential and descriptive statistics. Descriptive statistics included frequencies and means. Inferential statistics included correlation, regression and ANOVA analysis. The tool for data analysis was the Statistical Package for Social Sciences (SPSS) version 20. The results were presented using tables and pie charts.

Results: The study results indicated that information technology management in Nongovernmental organizations are reliable and flexible enough to support the financial management of the organization. Additional results indicated that Nongovernmental organizations had invested in a management information system which had lowered administrative costs. The usage of IT led to efficient management of processes of budget accounting. The findings imply that information technology has significant positive effect on financial management system.

Recommendations: The study provided recommendations to the NGOs and other organization that ICT development should be maximized fully in the organization especially if the objective is to improve efficiency and financial management systems effectiveness. Human resource management must be fully functional in a company with continuous training of the staff to ensure up to date competences and increased knowledge in financial management. Further recommendations to the organization is to ensure that financial governance ought to be thorough throughout the company with sound rules and regulations that govern the accounting and financial sector of the organization. This will ensure timely and accurate disclosure of all financial matters regarding the corporation to the regulatory body thus showing the efficiency in financial management systems.

Keywords: *financial management systems, effectiveness*

1.0 INTRODUCTION

1.1 Background of the Study

Good financial management is a key to an organizational sustainability as it impacts decision making across the organization and as such should be integrated into all aspects of an organization's operations, from managing project budgets to gathering information for strategic decision-making. Nonprofit voluntary organization must practice sound financial management and comply with a diverse array of legal and regulatory requirements (Liljander & Strandvik, 2010). Whatever the size of the organization, sound financial strategy is a prerequisite to sustainability, rather than being seen as a separate function (merely doing book keeping), the finance should be integrated within, and add value to, the overall planning and management of an organization. It is essential that organizations successfully manage their funding and financing sources to ensure the best and most efficient use of their financial resources (Liljander $ Strandvik, 2010).

The financial management processes of not for- profit organizations are generally dominated by conditions of resource scarcity. Such organizations have limited opportunities for generating additional income, but are faced with an ever increasing agenda of programme and activities on which such funds could be spent (Drucker, 2000). Sustainable funding means being able to be there for your beneficiaries in the long term. An organization is financially sustainable if its core work will not collapse if its external funding is withdrawn.

An effective financial management system improves short and long term business performance by streamlining invoicing and bill collection, eliminating accounting errors, minimizing record-keeping redundancy, ensuring compliance with tax and accounting regulations, helping personnel to quantify budget planning, and offering flexibility and expandability to accommodate change and growth (Ogara & Gitoho, 2005). Leaders and managers of NGOs have to develop, at the very least, basic skills in financial management. Basic skills in financial management start in the critical areas of cash management and bookkeeping, which should be carried out following certain financial controls to ensure integrity in the bookkeeping process (Liljander & Strandvik, 2010). New leaders and managers should swiftly learn how to generate financial statements and analyze those statements so as to develop a real understanding of the financial condition of the organization. Financial analysis shows the 'reality' of the situation of an organization and as such, is one of the most important practices in management (Liljander & Strandvik, 2010)

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1.2 Statement of the problem

Experience reveals that the financial management processes of NGOs are generally weak and dominated by conditions of resource scarcity vis-à-vis the ever increasing agenda of social development activities on which such funds could be spent (Samantha, 2011). Sustainable funding has helped many NGO‘s implement diverse programmatic interventions which has not only benefited the communities but has also improved the standard of living. But tough economic times buoyed by global recession have in one way or another affected global funding. Many NGOs continue to cease operations by the day often due to lack of sustainable funding. Many new others are also set-up any day it dawns leaving one with question marks rather than answers as to what‘s ailing the sector. Many new NGOs fall into the pitfall of un-sustainability, as they operate for a summer or for a few years and then fade away (Waweru, 2010).

The voluntary organization should ensure that annual budgets are approved by the board, its financial system is reliable and all the financial records (accounts) are kept in time. The organizations should assure the financial resources are used in furtherance of the organization’s charitable purposes. In order to establish sound governance practices we have to establish an effective structure of overall and financial management. For every voluntary organization and its members it is very much important to understand the basic concept of financial term; budgeting, financial strategy, accounting system, financial policy, social security for its staffs, internal control & internal audit (Samantha, 2011).

Several studies on financial management systems effectiveness of NGOs have been conducted. These studies include, Magezi (2010), who focused on the relationship between governance and quality of financial reports in NGOs. However, this study did not focus on health NGOs in Kenya. Wamai (2004) conducted a study on the comparative trends in transforming health care systems in Kenya and Finland by focusing on NGO and public health care systems. However, the study failed to address the concept of financial management systems effectiveness of health oriented civil society organizations in Kenya. Kameri and Mbote (2000) conducted a study on the operational environmental and constraints for NGOs in Kenya. However, the study mainly concentrated on the regulatory regime and failed to discuss how NGOs employ financial management systems. Other studies that addressed NGOs are Marete (2007), Mudanya (2007), Odongo (2008), Wairimu (2008), Ombok (2009), Njihia (2009), Keziah (2010), Mutua (2010). Nonetheless, the studies failed to address financial management systems effectiveness of NGOs in the Kenyan health sector. The main research gap stems from the scarcity of studies on this area and the failure of the qualitative factors affecting the financial management systems effectiveness of health oriented civil society organization in Kenya. The study therefore sought to bridge this knowledge gap by assessing the factors affecting the financial management systems effectiveness of health oriented civil society organization in Kenya.

1.3 Research Objective

To investigate the extent to which human resource competency affect the financial management system effectiveness in health oriented civil society organizations.

2.0 LITERATURE REVIEW

2.1 Introduction

2.2 Human Resource Competence on Financial Management Systems Effectiveness

Arshad (2007) notes that Competency is a concept largely influenced by UK thinking, used extensively there, particularly through the work of the psychologist David McClelland in 1950. Simple competences are about outputs to specified minimum standards while competencies are about input that a person brings to a job, resulting in a superior performance. The word competence and competency (Davies & Ellison, 1997) are used interchangeably. Initially described as "Four Stages for Learning Any New Skill", the theory of competency was developed at the Gordon Training International by its employee Noel Burch in the 1970s. It has since been frequently attributed to Abraham Maslow, although the model does not appear in his major works. The Four Stages of Learning provides a model for learning. It suggests that individuals are initially unaware of how little they know, or unconscious of their incompetence (IMCHE, 2008). As they recognize their incompetence, they consciously acquire a skill, and then consciously use it. Eventually, the skill can be utilized without it being consciously thought through: the individual is said to have then acquired unconscious competence. Several elements, including helping someone 'know what they don't know' or recognize a blind spot, can be compared to some elements of a Johari window, although Johari deals with self-awareness, while the four stages of competence deals with learning stages (IMCHE, 2008).

The four stages include; unconscious incompetence where the individual does not understand or know how to do something and does not necessarily recognizes the deficit. They may deny the usefulness of the skill (Arshad, 2007).Leadership and management is an important aspect in determining competency, The individual must recognize their own incompetence, and the value of the new skill, before moving on to the next stage. The length of time an individual spends in this stage depends on the strength of the stimulus to learn. Conscious incompetence is where even though the individual does not understand or know how to do something, he or she does recognize the deficit, as well as the value of a new skill in addressing the deficit. The making of mistakes can be integral to the learning process at this stage. Conscious competence is where the individual understands or knows how to do something. However, demonstrating the skill or knowledge requires concentration. It may be broken down into steps, and there is heavy conscious involvement in executing the new skill. Unconscious competence is when the individual has had so much practice with a skill that it has become "second nature" and can be performed easily. As a result, the skill can be performed while executing another task. The individual may be able to teach it to others, depending upon how and when it was learned (Arshad, 2007). Leadership and management is a key determinant of human resource competency.

2.2.1 Leadership and Management

Kanungo and Misra (1992) defined managerial competencies by adapting Boyatzis' (1982) seminal work in the field. Kanungo and Misra (1992) suggested that competencies take the form of generic cognitive activities that lead to adaptation to different contexts, rather than being overt behavioral sequences (e.g., skills). Camay and Gordon (2004) indicated that it is the capability to appropriately integrate and apply the skills one has that leads to managerial competency. Rafferty and Griffin (2004) and Catasus and Grönlund (2005) have provided lists of generic managerial competencies, but competencies have not been given for managing multicultural workgroups.

Since 1997, the Cooperative for Research and Education (CORE) has annually conducted a survey of NGO governance in South Africa to probe issues such as an NGO's constitution, codes of conduct, employment practices, management and leadership. Results of a composite survey (survey period: 1997 to 2001) published in 2002 revealed that democratic governance of NGOs was not widespread. The survey concluded that NGO board members in many instances lacked management, legal, fundraising and technical skills commensurate with the work of the organization (Camay and Gordon, 2004). These skills, the aforementioned authors maintain, could be acquired through training. In this way, the NGO governing boards will be capacitated to deal effectively and efficiently with organizational change, ensuring sustainable organizations.

Unerman and O'Dwyer (2006) concluded that ethical environments are more important than codes of conduct in influencing finance managers in organizations when resolving ethical dilemmas. Catasus and Grönlund (2005) found that management's attitude toward internal control was significant when accountants were asked to evaluate the control environment of an organization. A more important issue, however, is whether these internal control factors are actually related to misrepresented financial information. Numerous empirical studies have looked into both the needs of financial reporting and management skills in public accounting information. Skoog (2003) carried out a research on visualizing value creation through the management control of intangibles; Power (2004) analyses the financial management of everything; while Waddell (2006) carried out a study on the complementary resources: the win-win rationale for partnerships with Nongovernmental organizations. These studies found that organizations are more apt to voluntarily disclose negative earnings surprises preemptively, compared to positive earnings surprises. This is consistent with the thought that managers face an asymmetric loss function.

Meeting financial goals is essential to fulfilling this mission, but is not the top priority. Managers must ask a 'chicken and egg' question: Which comes first, the programmes to fulfill the mission, or the income (earned and voluntary) to finance the programmes? (Rafferty & Griffin, 2004). It is important to recognize that aspirations and financial resources are related and that it is management's task to co-ordinate the two (Rafferty and Griffin, 2004). All Nongovernmental organizations require a financial management system, however, many Nongovernmental organizations may only have an accounting or bookkeeping system.

Rafferty and Griffin (2004) reexamine the theoretical model developed by Bass (1985) to identify five dimensions of transformational leadership: vision, inspirational communication, supportive leadership, intellectual stimulation, supportive leadership, and personal recognition. The five dimensions are further defined below vision is the expression of an idealized picture of the future based around organizational values; Vision results in the internalization of organizational values and goals that encourages individuals to adopt desired behaviors (McClelland, 1975). House (1977) defined vision as a transcendent ideal that represents shared values. House (1977) argued that charismatic leaders demonstrate a number of behaviors, including articulating an ideology that enhances goal clarity, task focus, and value congruence.

Inspirational communication is the expression of positive and encouraging messages about the organization and statements that build motivation and confidence (Matveev, 2002). Inspiration refers to "the extent to which a leader stimulates enthusiasm among subordinates for the work of the group and says things to build subordinate confidence in their ability to perform assignments successfully and attain group objectives" (Yukl, 1981). Inspirational leaders use appeals and emotion-laden statements to arouse followers' emotions and motivation.

Supportive leadership is expressing concern for followers and taking account of their individual needs (House, 1996). Supportive leaders direct their behavior toward the satisfaction of subordinates' needs and preferences, display concern for subordinates' welfare, and create a friendly and psychologically supportive work environment (House, 1996). Supportive leadership is a component of the individualized consideration leadership construct.

2.2.2 Cross-cultural Communication Competence

A cross-culturally and communicatively competent leader is able to establish an interpersonal relationship with a foreign national through effective exchange at both verbal and nonverbal levels of behavior (Spitzberg, 1983). Past research identified various characteristics that constitute cross-cultural communication competence, including relationship skills, communication skills, and personal traits such as inquisitiveness (Black & Gregersen, 2000; Mendenhall, 2001). Cross-cultural communication competence entails not only knowledge of the culture and language, but also affective and behavioral skills such as empathy, human warmth, charisma, and the ability to manage anxiety and uncertainty (Gudykunst, 1998; Spiess, 1996, 1998). Others argue that cross-cultural communication competence requires sufficient knowledge, skilled actions, and suitable motivation to make an individual a competent interactant (Spitzberg, 1991).

Cross-cultural communication competence is traditionally analyzed with the help of conceptual models. Abe and Wiseman (1983) report five dimensions of cross-cultural effectiveness: ability to communicate interpersonally, ability to adjust to different cultures, ability to adjust to different social systems, ability to establish interpersonal relationships, and ability to understand others. Cui and Awa (1992) identify five dimensions of cross-cultural effectiveness: interpersonal skills, social interaction, cultural empathy, personality traits, and managerial ability. The Cross-cultural Communication Competence Model includes four dimensions: interpersonal skills, team effectiveness, cultural uncertainty, and cultural empathy (Matveev, 2002; Matveev & Nelson, 2004; Matveev, Rao, & Milter, 2001).

2.2.3 Training and Development

Training and development is not just delivering information in a training room there are many ways in which competence and skills can be enhanced e.g. Knowledge and Skills Competence based human resources processes are based on the belief that it is possible to identify and isolate the behavior exhibited more consistently by excellent performance (Hefferman & Flood, 2002). Employers then encourage performing employees, once identified through training and coaching interventions to transmit or utilize these competencies throughout the organization (Hefferman & Flood, 2002).

Nevertheless, competencies have been defined as underlying characteristics of a person, which result ineffective or superior performance; they include personal skills, knowledge, motives, traits, and self imaging and social role (Boyatzis, 1982). Brophy and Kelly (2002) took an integrated approach to competencies in their study and thus implied that competence was thought of in terms of knowledge, abilities, skills and attitudes displayed in the concept of a carefully chosen set of realistic occupational tasks that are of an appropriate level of generality. Brophy and Kelly (2002) say that a competence therefore is a word that can be used to describe a feature of a personal ability to perform one's job effectively. In other words, competencies focus on how the job or role is performed by identifying those behaviors' that contribute to achieving effective performance. Each individual competency consists of a number of observations, behavior or trait relevant to the performance of that role.

Training the employee solely as a resource to meet the technological change often lacks understanding of an individual's total learning needs. New working methods, based on competencies, need competent multi-skilled workers with a broad set of skills and preparation to change. These skills include; learning to learn, putting a new knowledge into practice, questioning and managing self imaging information, communication and firm work, problem solving, adaptability and flexibility and finally understanding competence development (Brophy & Kelly, 2002). Albanese (1989) asserts that no single set of competencies can fully capture the mystery of the managerial role and that there are many job-specific skills that influence effectiveness on particular management role.

Research indicates that competence influences the level of empowerment (Schein, 2001). Empowerment creates assumption for competence and a belief that competent employees perform better with minimum supervision (Nicholas, 1998). Senge (2000) indicates that if competence is absent in any organization, then empowerment cannot be effective. To achieve empowerment, managers must empower their employees at the lowest hierarchy who must be competent to achieve the organizational goals and objectives. The advantage of empowerment and competence is said to include higher quality product, decision making and problem solving which results into greater organizational effectiveness (Lawley, 2002).

3.0 RESEARCH METHODOLOGY

The study was conducted through a cross sectional descriptive survey. The target population of the study was NGOs working in the health sector in Kenya. The study focused on 1065 NGOs.

From the 1065 NGOs, 606 NGOs are located in Nairobi. This formed the accessible population. A sample size of 61 NGOs was picked. The unit of analysis was the financial manager of each NGO as he/she was more conversant with the information that was being sought. The study used a questionnaire as the preferred data collection tool. The study used the quantitative method of data analysis. Quantitative methods of data analysis include inferential and descriptive statistics. The rationale for using quantitative methods for data analysis was because some of the data results required quantitative interpretation. For instance, descriptive statistics included frequencies and measures of tendency mainly means and frequencies. Inferential statistics included regression modeling, and correlation analysis. The tool for data analysis was Statistical Package for Social Sciences (SPSS) version 20 program. The results were presented using tables and pie charts to give a clear picture of the research findings.

4.0 RESULTS AND FINDINGS

4.1 General Information

This section provides the analysis of the respondents' basic information and general information about the NGOs.

4.1.1Gender of Respondents

The study sought to establish the gender of respondents of NGOs operation. Gender of respondents is important since it may influence financial management system effectiveness. The respondents were requested to indicate their gender. (54.1%) of the respondents were male while the rest, 45.9% were female. The results indicate that the finance department was a male dominant field. The results are in Figure 1.

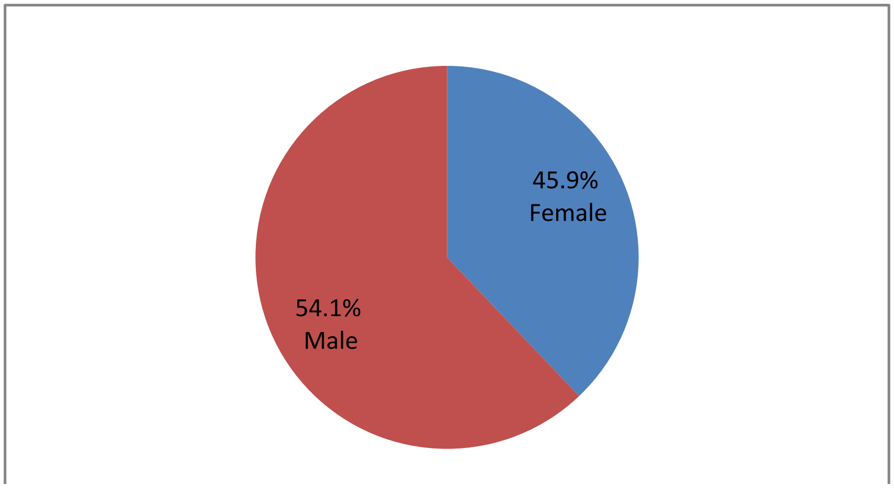

Figure 1: Gender of Respondents

4.1.2 Level of Education

The study sought to establish the level of education of respondents of NGOs operation. Level of education is important since it may influence financial management system effectiveness. The respondents were requested to indicate their level of education. Results indicate that (49.2%) of the respondents indicated that their highest level of academic qualification was university level. (21.3%) indicated that their highest level of academic achievement was college while a further (29.5%) were post graduate. The findings implied that the employees in NGOs are highly qualified and this may have a positive implication on the level of financial management system effectiveness. These results are shown in Table 1.

Table 1: Level of Education

Education Level	Frequency	Percent
College	13	21.3
university	30	49.2
postgraduate	18	29.5
Total	61	100

4.1.3 Period Employed

The study sought to establish the period employed in NGOs operation. Period of employment is important since it may influence financial management system effectiveness. The respondents were asked to indicate their period of employment.(41%) of the respondents indicated that they had been working between 2 to 5 years. A further (31%) has been working in the NGOs for 6 to 10 years, (10%) for 11 to 15 years while (22%) have been working in the NGOs for 10 and above years and (21.3%) have been working for over 10 years, while (6.6%) had been employed in the NGOs sector for less than one year. The findings imply that the employee set consists of employees of varying experience. The results are in Figure 2

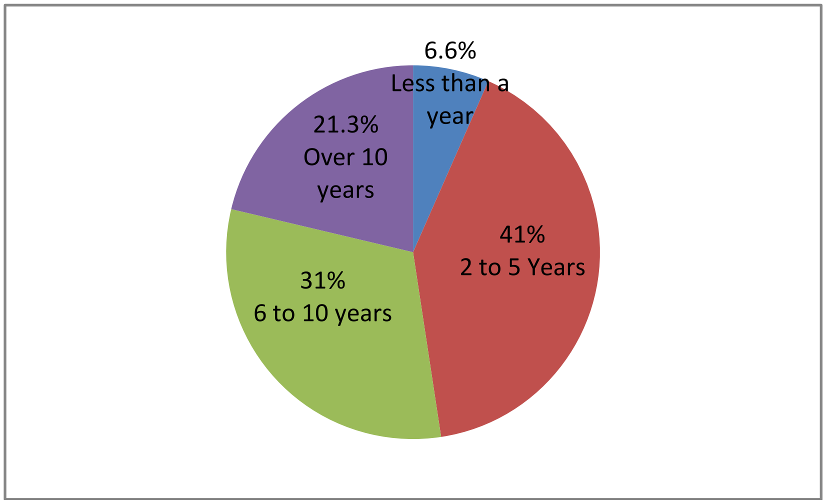

Figure 2: Period Employed

4.1.4 NGO Years of Operation

The study sought to establish the NGOs years of operation. NGOs years of operation are important since it may influence financial management system effectiveness. The results on the years of operation of the NGO are presented in Table 2. The majority of the respondents indicated that majority of the registered NGO's in Kenya have been operating for over 10 years and between 6 to 10 years as represented by (42.6%) and (36.1%) respectively. Few NGO's have operations between 2 to 5 years as indicated by a percent of (19.7%). The results are shown in Table 2.The findings implied that majority of the NGOs had been in operation for a long time therefore the findings were reliable.

Table 2: Age of NGO

	Frequency	Percent
Less than 1 year	1	1.6
2 to5 years	12	19.7
6 to 10 years	22	36.1
Over 10 years	26	42.6
Total	**61**	**100**

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4.1.5 Scope of NGO's Operation

The study sought to establish the scope of NGOs operation. Scope of NGOs operation is important since it may influence financial management system effectiveness. Results in Figure 3 shows that majority of the NGO's in Kenya have operations locally as indicated by (54%), while those operating at a regional extent are at (38%). Eight percent (8%) represent the NGO's whose operation is at an international level. This implied that there are many running NGOs locally based to help the poor communities.

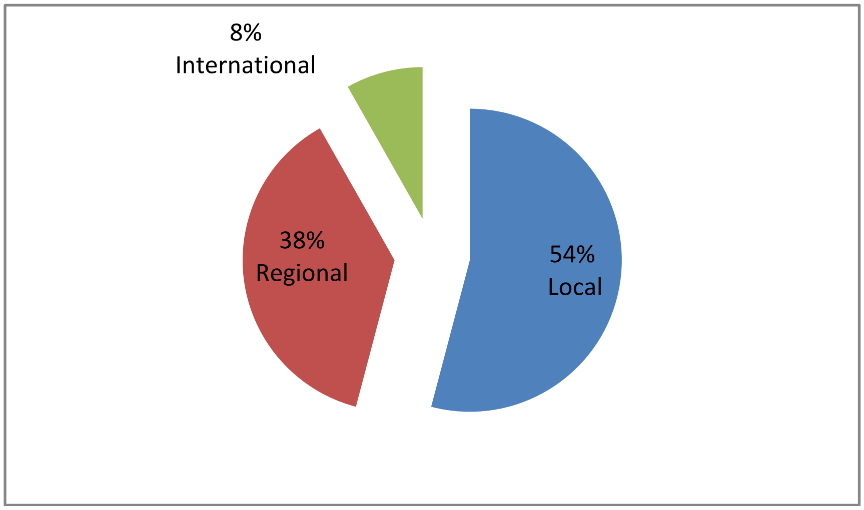

Figure 3 Scope of NGO

4.1.6 NGOs' Sources of Funding

The study sought to establish the NGOs' sources of funding. NGOs' sources of funding are important since it may influence financial management system effectiveness. Sources of funding for the majority of the NGO's in Kenya is through donors as represented by (87%), while (13%) shows that some of the funding from some NGO's is received from the local community. The results of this finding are represented in Figure 4.The findings imply that most running NGOs are supported by the donor to accomplish their mission.

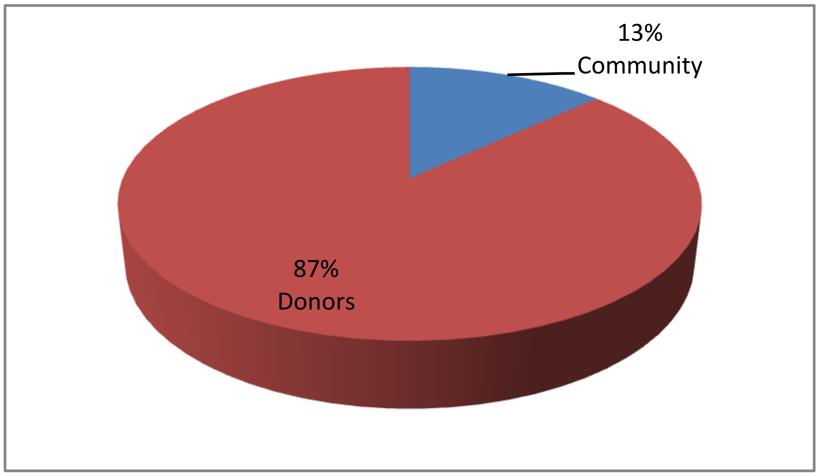

Figure 4: Sources of funds

4.2 Human Resource Competency

This section provides analysis of the responses on the effect of human resource competency on financial management systems. The analysis are presented according to the responses from each questions asked under this section. This included appropriate integration, training and development to Utilize Competencies, employee empowerment, ability of management to manage anxiety and uncertainty for goal and objective achievement and the management coordinates aspirations and financial resources of the organization

4.2.1 Appropriate Integration Has Lead to Managerial Competency

The respondents were asked if capability to appropriately integrate by the management has lead to managerial competency. Appropriate integration of the organization financial management may influence financial management system effectiveness. A majority (65.60%) agreed while another (21.30%) strongly agreed bringing to a total of (86.9%) of those who agreed that capability to appropriately integrate by the management has lead to managerial competency. Eight point two percent (8.2%) were neutral (3.30%) disagreed and (1.6%) strongly disagreed to the statement. The results are presented in table 3.

Table 3: Appropriate Integration Has Lead to Managerial Competency

Statement	Scale	Frequency	Frequency
Capability to appropriately integrate by the management has lead to managerial competency	Strongly Disagree	1	1.60%
	Disagree	2	3.30%
	Neutral	5	8.20%
	Agree	40	65.60%
	Strongly agree	13	21.30%

4.2.2 Offer of Training and Development to Utilize Competencies

The respondents were asked if financial staff is offered trainings and development to utilize these competencies throughout the organization. Training and Development of the organization financial management may influence financial management system effectiveness. The responses received on whether the financial staff received training and development to utilize competences indicated a majority at (50.8%) agreed while another (36.1%) strongly agreed bringing to a total of (86.9%) of those who agreed with the statement that financial staffs are offered trainings and development to utilize these competencies throughout the organization. Thirteen points one (13.1%) gave neutral responses. While none of the respondents disagreed with the statement. The results are presented in table 4.

Table 4: Offer of Training and Development to Utilize Competencies

Statement	Scale	Frequency	Frequency
Financial staff are offered trainings and development to utilize these competencies throughout the organization	Strongly Disagree	0	0.00%
	Disagree	0	0.00%
	Neutral	8	13.10%
	Agree	31	50.80%
	Strongly agree	22	36.10%

4.2.3 Employee Empowerment in Achieving the Organizational Goals and Objectives

The respondents were asked if managers empower their employees at the lowest hierarchy who must be competent to achieve the organizational goals and objectives. Employee empowerment of the organization financial management may influence financial management system effectiveness. (39.30%) agreed while another (32.80%) strongly agreed bringing to a total of (72.1%) Further, (24.60%) were neutral with another (3.30%) disagreed. The results are presented in table 5.

Table 5: Employee Empowerment in Achieving the Organizational Goals and Objectives

Statement	Scale	Percentage	Frequency
Managers empower their employees at the lowest hierarchy who must be competent to achieve the organizational goals and objectives	Strongly Disagree	0	0.00%
	Disagree	2	3.30%
	Neutral	15	24.60%
	Agree	24	39.30%
	Strongly agree	20	32.80%

4.2.4 Ability of Management to Manage Anxiety and Uncertainty for Goal and Objective Achievement.

The respondents were asked if the management were able to manage anxiety and uncertainty in order to achieve the organizational goals and objectives. Ability of management to manage anxiety and uncertainty for goal and objective achievement of the organization financial management may influence financial management system effectiveness. A majority of the respondents (60.65%) agreed while another (19.67%) and (18.03%) strongly agreed and neutral respectively. The response rate of those who did not support the statement was represented by (1.64%). The results are presented in table 6.

Table 6: Ability of Management to Manage Anxiety and Uncertainty

Statement	Scale	Frequency	Percentage
The management have the ability to manage anxiety and uncertainty in order to achieve the organizational goals and objectives	Strongly Disagree	0	0.00%
	Disagree	1	1.64%
	Neutral	11	18.03%
	Agree	37	60.65%
	Strongly agree	12	19.67%

4.2.5 The Management Coordinates Aspirations and Financial Resources of the Organization

The respondents were asked whether the management coordinates the aspirations and financial resources of the organization. Management coordination of aspirations and financial resources of the organization financial management may influence financial management system effectiveness. (49.2%) agreed while another (24.6%) strongly agreed bringing to total of (73.8%). Further, (14.80%) neither agreed nor disagreed while (8.2%) disagreed and another (3.30%) strongly disagreed. The results are presented in table 7

Table 7: Management Coordination of Aspirations and Financial Resources

Statement	Scale	Frequency	Percentage
The management coordinates aspirations and financial resources of the organization	Strongly Disagree	2	3.30%
	Disagree	5	8.20%
	Neutral	9	14.80%
	Agree	30	49.20%
	Strongly agree	15	24.60%

Results reveal that majority of NGOs had put in place human resource competency measures. This included the presence of managers that provides employee empowerment, the existence of good governance to trainings and developments to finance staff, good management that coordinates the aspirations and financial resources, proper appropriate integration.

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1Summary

The findings are supported by the majority respondents who indicated that financial staffs are offered trainings and development to utilize these competencies throughout the organization (65.60%).Study results show that the majority agreed with the statement that managers empower their employees at the lowest hierarchy who must be competent to achieve the organizational goals and objectives(86.9%).Results indicated that the majority of the respondents agreed with the statements that the management have the ability to manage anxiety and uncertainty in order to achieve the organizational goals and objectives(39.30%).Results indicated that the majority agreed to the statement that the management were able to manage anxiety and uncertainty in order to achieve the organizational goals and objectives (60.65%).Results indicated that the majority of the respondents agreed with the statements that the management coordinates aspirations and financial resources of the organization (49.2%). Regression results indicate that the relationship between human resource management and financial management system effectiveness is positive and significant ($r=0.451$, p value < 0.000). The findings imply that human resource management has significant positive effect on financial management system effectiveness.

5.2 Conclusions

The findings are supported by the majority respondents who indicated that financial staffs are offered trainings and development to utilize these competencies throughout the organization. The findings agree with those of Brophy and Kelly (2002) who asserted that training the employee solely as a resource to meet the technological change often lacks understanding of an individual's total learning needs. New working methods, based on competencies, need competent multi-skilled workers with a broad set of skills and preparation to change. These skills include; learning to learn, putting a new knowledge into practice, questioning and managing self imaging information, communication and firm work, problem solving, adaptability and flexibility and finally understanding competence development. Albanese, (1989), asserts that no single set of competencies can fully capture the mystery of the managerial role and that there are many job-specific skills that influence effectiveness on particular management role.

Study results show that the majority of respondents agreed with the statement that managers empower their employees at the lowest hierarchy who must be competent to achieve the organizational goals and objectives. The findings agree with those of Unerman and O'Dwyer (2006) who concluded that ethical environments are more important than codes of conduct in influencing finance managers in organizations when resolving ethical dilemmas. Catasus and Grönlund (2005) found that management‘s attitude toward internal control was significant when accountants were asked to evaluate the control environment of an organization. A more important issue, however, is whether these internal control factors are actually related to misrepresented financial information. Numerous empirical studies have looked into both the needs of financial reporting and management skills in public accounting information. Skoog (2003) carried out a research on visualizing value creation through the management control of intangibles.

Study results indicated that the majority of the respondents agreed with the statements that the management have the ability to manage anxiety and uncertainty in order to achieve the organizational goals and objectives. The findings are consistent with those of The findings also agree with those of IMCHE (2008) who asserted that initially described as “Four Stages for Learning Any New Skill”, the theory of competency was developed at the Gordon Training International by its employee Noel Burch in the 1970s. It has since been frequently attributed to Abraham Maslow, although the model does not appear in his major works. The Four Stages of Learning provides a model for learning. It suggests that individuals are initially unaware of how little they know, or unconscious of their incompetence. As they recognize their incompetence, they consciously acquire a skill, and then consciously use it. Eventually, the skill can be utilized without it being consciously thought through: the individual is said to have then acquired unconscious competence. Several elements, including helping someone 'know what they don't know' or recognize a blind spot, can be compared to some elements of a Johari window, although Johari deals with self-awareness, while the four stages of competence deals with learning stages

These results support those of Arshad (2007) who notes that Competency is a concept largely influenced by UK thinking, used extensively there, particularly through the work of the psychologist David McClelland (1950). Simple competences are about outputs to specified minimum standards while competencies are about input that a person brings to a job, resulting in a superior performance.

5.3 Recommendations

The study recommends that human resource management must be fully functional in a company with continuous training of the staff to ensure up to date competences and increased knowledge in financial management.

5.4 Suggested Areas for Further Study

A replica study could be done on a governmental institution and the survey results would be used for comparative analysis between nongovernmental institutions and governmental, (public) institutions. Further studies could also include other factors such availability of resources, leadership or culture of the organization and the rules and regulations of the financial governing bodies or local authorities that affects the effectiveness of financial management systems in companies.

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