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Effect of Financial Reporting Practices on the Financial Performance of Non-Governmental Organizations in Narok County, Kenya

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Abstract:

The focus of this research project was on the finance reporting practices of these funds and specifically in the area of financial performance measurement. The general objectives of the study was to determine the influence of financial reporting practices on the financial performance of NGOs in Narok County, Kenya. The specific objectives was to establish the influence of disclosure, presentation, revenue recognition and measurement on the financial performance of NGOs at Narok County in Kenya. The study faced the challenge of hesistance by the respondenst to divulge budgetary information however, this was adrressed to informing them that the study was for academic puposes only and the researcher would ensure non disclosure of such information. Moreover, the study relied on the signaliiong theory, voluntary sidclosyre theory, recognition and measurement theories to intrepret the finidng. Questionnaires were primary data collection tools and secondary data sheet for secondary data collection was used in data collection process and the data collected was analyzed using Multiple regression analysis (standard), descriptive analysis (means and standard deviations) and inferential statistics. A census study was used to pick respondents and in this case all personnel in the accounts department were picked for this study. The regression coefficient indicates the magnitude of relationship between the dependent and independent variables. The finding show that financial performance was strongly influenced by disclosure ($\beta_1=1.264$) as well as presentation ($\beta_2=5.021$). Financial recognition ($\beta_3=-2.025$) and measurement ($\beta_4=-2.766$) however did not affect financial performance. A chi square test was done to test the level of significance with the level of confidence at 95% (0.05). The sig value for disclosure ($p=.015$), presentation ($p=.015$), recognition ($p=.047$) and measurement ($p=.049$). These values were less than 0.05 hence were statistically significant.

Keywords: Financial reporting practices, financial performance, non-governmental organizations

1. Introduction

A non-governmental organization(NGO) is a legally constituted, voluntary association of individuals or groups that is neither a governmental agency nor a for-profit enterprise, although it may and often does receive both government and corporate funds. Regardless of funding source, an NGO maintains its status only to the extent that it excludes government representatives from membership or participation (Bebbington, et al, 2008). Business representatives, however, may participate, either as staff or directors. The quantity of non-profit associations has detonated amid the most recent couple of decades, speaking to both the diverting of energies and interests into specifically tending to and attempting to understand single issues about which individuals care enthusiastically, and also the acknowledgment of the impediments of government programs in tending to social issues Appraisals of the quantity of NGOs all through the world shift so broadly, maybe because of changing definitions, as to render a general figure good for nothing, particularly without any general authority information gathering source. Evaluations at the low end indicate around 26,000. Assessments at the top of the line determine several thousands; Israel alone is said to have 30,000 while Russia may have 277,000, and one gauge in India is somewhere in the range of one and two million.

In the United States, where NGOs are absolved from salary imposes, the Internal Revenue Service reports that about 1,800,000 expense excluded associations were in activity in financial 2007. In that year alone, 73,000 elements connected for and gotten government acknowledgment. Indeed, even these figures, be that as it may, might deceive as they incorporate worker's parties, establishments, and religious associations including houses of worship, mosques, synagogues and different sanctuaries, which are not by and large thought about NGOs (all the more ordinarily alluded to in the United States as non-benefits or not-for-benefits). Checking just altruistic, religious, and social welfare gatherings, the quantity of NGOs in the United States in 2007 was around 1,260,000.

Despite the real numbers, it is generally recognized today that NGOs have been developing so quickly in ongoing decades as to have made a "worldwide associational insurgency," a "gigantic upsurge of sorted out private willful movement in for all intents and purposes each area of the world. The dominant part of NGOs works locally, inside their individual nations. The more comprehensively known NGOs, nonetheless, work universally, crosswise over nation fringes. Models incorporate Médecins Sans Frontières and Amnesty International. The quantity of these cross-national gatherings has been assessed at 40,000 out of 2001, yet is likely higher today. Collectively, NGOs involve a financial division not quite the same as, yet drew in with, both the benefit making and government areas. Among the terms connected to this division are the third part, the free area, the non-benefit segment, the willful segment, and common society.

In spite of the fact that NGOs are to a great extent a marvel of the twentieth century, their beginnings go back to the eighteenth century, at any rate in the United States. Standing up to an immense land to a great extent coming up short on the customary government structures to which they were acclimated, the for the most part European migrants were compelled to depend on themselves, by and large, to meet their societal requirements for schools, places of love, streets and so forth. On a renowned voyage through the youngster nation, Alexis de Tocqueville, the scion of an old landed Norman family, noticed that in England, individuals "frequently perform incredible things independently, though Americans shape relationship for the littlest endeavors." He was talking of business ventures, as well as of "relationship of a thousand different sorts," intended to "offer diversions, to establish theological colleges, to manufacture motels, to develop houses of worship, to diffuse books, to send ministers to the antipodes; they found as such healing facilities, penitentiaries, schools."

In European nations, NGOs developed out of social developments over a century back, as per conditions particular to those countries. In Italy, for instance, a central point was threatening vibe towards, and doubt of, political gatherings and government establishments. In Sweden, NGOs shaped to a great extent as "challenge the civil servants, priests, nobles and entrepreneurs that ruled Sweden in the nineteenth and mid twentieth hundreds of years." In France, individuals "started to reprimand the bureaucratic and bringing together leanings of redistributive foundations, seeing that the powerlessness to change produced idleness, gridlock and cronyism," and in addition "the flexibility of intense imbalances underneath the shroud of populism." On a worldwide level, the historical backdrop of global non-legislative associations may likewise go back to in any event the mid-nineteenth century. Dynamic in the abolitionist subjection development and the development for ladies' suffrage, they had extended fundamentally at the season of the World Disarmament Conference.

Nonetheless, the expression "non-legislative association" just came into mainstream use with the foundation of the United Nations in 1945. 71 of Chapter 10 of the United Nations Charter allowed a consultative job for associations which are neither governments nor part states. The meaning of "worldwide NGO" is first given in goals 288 (X) of the Economic and Social Council of the United Nations on February 27, 1950: "Any universal association that isn't established by a global bargain." The Council perceived the imperative job of the associations and other "real gatherings" in reasonable improvement in Chapter 27 of Agenda 21, which prompted critical courses of action for a consultative connection between the UN and NGOs.

Globalization encouraged the fast ascent of NGOs in the last piece of the twentieth century, and the upset in electronic media communications strengthened that incline, as well as cultivated developing participation among NGOs crosswise over national fringes. Globalization, coming about because of neo-liberal financial strategies, driven subjects of different nations to see of universal bargains and worldwide money related foundations, for example, the World Trade Organization and the International Monetary Fund as excessively focused on the premiums of industrialist undertakings, to the impediment of poor people. In the meantime, the "media communications transformation pointed out the differences being developed between the West and whatever is left of the world. Quick worldwide correspondence implied that well known developments all through the world could draw motivation from one another."

An endeavor to offset neo-liberal approaches may have prompted the advancement of NGOs stressing helpful issues, formative guide, and reasonable improvement. Since huge numbers of these gatherings keep on condemning different worldwide financing organizations and meetings of monetary pioneers in created countries, they in some cases join crosswise over nations to grow counter-establishments. A conspicuous precedent today is the World Social Forum which framed in 2001 as an opponent tradition to the World Economic Forum held every year in January in Davos, Switzerland. Such counter-organizations pull in a wide after. The fifth World Social Forum in Porto Alegre, Brazil, in January 2005, was gone to by delegates from in excess of 1,000 NGOs, or somewhere in the range of 20,000 individuals.

Reactions of such discussions have involved charges that taking an interest NGOs replace what should have a place with famous developments of poor people. Some more extreme commentators contend that NGOs are regularly semi settler in nature, satisfying a capacity like that of the pastorate amid the high provincial period of the nineteenth and mid twentieth hundreds of years. Regardless of their protests, NGO transnational systems administration is presently broad

Non-legislative associations are frequently ordered regarding their interests and strategies. For instance, BINGO is an acronym for Business-Oriented International NGO, or enormous universal NGO; ENGO is short for Environmental NGO, for example, Global 2000; GONGOs are government-worked NGOs in fact, a logical inconsistency in wording, yet which may describe associations set up by governments to meet all requirements for outside guide or advance their interests. There are additionally QUANGOs, or semi self-governing NGOs, for example, the International Organization for Standardization (ISO), which, once more, may incorporate some administration elements that are regarded to be the "most extensively agent" institutionalization body of a country. At last, there are TANGOs, or NGOs portrayed by the specialized help they offer, and GROs, or grass roots associations, which in a few nations might be basically the term given to NGOs.

Expansive NGOs may have yearly spending plans in a huge number of dollars. The financial plan of the American Association of Retired Persons (AARP), for instance, was over US\$540 million of every 1999. Financing such expansive spending plans requests huge raising support endeavors. Significant wellsprings of NGO subsidizing incorporate the offer of merchandise and ventures; awards from global establishments, national governments, establishments and enterprises; and private gifts, frequently as enrollment duty. Albeit residential NGOs are liable to the laws of their individual nations, worldwide NGOs are not expose to universal law, as are states. An exemption is the International Committee of the Red Cross, which is liable to certain particular issues, for the most part identifying with the Geneva Convention. The Council of Europe in Strasbourg drafted the European Convention on the Recognition of the Legal Personality of International Non-Governmental Organizations in 1986. That archive sets a typical legitimate reason for the presence and work of NGOs in Europe. 11 of the European Convention on Human Rights secures the privilege to opportunity of affiliation, which is likewise a principal standard for NGOs

As of late, numerous huge organizations have expanded their corporate social duty offices since it is useful for business to improve their open picture, and trying to seize NGO crusades against certain corporate practices. Now and again, also, organizations are for all intents and purposes compelled to suit NGO requests. "In creating nations, organizations that were accustomed to overseeing legislative connections by and by now find that they need to fight with expansive and (relatively) rich NGOs that can present weight as a powerful influence for their neighborhood governments through impact with giver nation governments that control significant measures of income coming into the nation. Logging rights can never again be anchored over an agreeable supper at the club; now outside NGOs can encroach on business dealings in manners that were inconceivable just a couple of years prior." Likewise, governments regularly think that its more advantageous to participate with NGOs than to oppose them, even in the midst of war. In December 2007, for instance, the U.S. Bureau of Defense Assistant Secretary for Health Affairs set up an International Health Division under Force Health Protection and Readiness. Some portion of International Health's central goal is to speak with NGOs in regions of common intrigue.

Ayom (2013) conceptualizes a Non-Governmental Organization (NGO) as an association that isn't state-financed and isn't a piece of an administration. NGO's are associations normally self-administering and autonomous of governments. Their exercises are non - business and along these lines they are charitable. Their essential objective is to guarantee that assets are successfully and effectively used to accomplish expected destinations. By righteousness of this, Non-Governmental Organizations accentuation much significance on execution. The term Non-legislative Organization (NGO) characterizes an office that has no administration control however gets help and gifts from national and global offices to complete neediness easing exercises on compassionate segments. Free enterprise and disappointment of states to address the issues of its subjects is the start of NGOs. NGOs have developed in number and limit, as well as concerning their political impact.

The World Bank reports that ventures with some level of common society' contribution expanded from six percent in the late 1980s to more than 75 percent in 2015 (World Bank Report, 2016). NGOs render welfare administrations and help in every such area of society, which mean to enhance the life of the general population in the network. NGOs can play out a noteworthy job in view of having highlights for the advancement of small scale level improvement (Nzimakwe, 2012). NGOs are regularly observed as more reliable and solid than governments or private firms. NGOs additionally give open products to segments of the populace that may be socially barred. NGOs play a critical capacity on the planet economy and social framework in regions running from instruction, medicinal services, catastrophe help, social work and by and large enhancement of the human condition. They need to practice responsibility at its most elevated in dealing with their everyday premise (Gray et al., 2006). On the off chance that the private substances must be responsible towards their investors, the NPOs additionally must be responsible towards general society in a roundabout way (Kilby, 2016).

Non-Governmental Organizations (NGOs) are increasingly becoming like businesses, for example, Charities Act (2013) in Northern Ireland requires all charities to be formally registered and in most cases submit annual financial reports to a registrar which is similar to the requirements of the NGO co-ordination board in Kenya. From management accounting point of view, NGOs can, of course, adopt budgetary control and other performance measures as normally used in a business. Kateeba (2000) studied the relationship between governance and quality of financial reporting instruments in NGOs in Kosovo, According to the survey done in Kosovo, the group questions dealing the Financial factor, when asked about their financial resources based on the last financial year, more than 50% of NGOs declare that foreign donors are the only or main financial sources of their projects and activities.

Alshebeil (2010) determined the role of financial reporting instruments in achieving competitive advantage for Jordanian commercial banks, and his findings were that there is a statistically significant impact for financial reporting instruments on achieving the dimensions of competitive advantage by improving the pricing process for banking services, reducing costs of banking services, increasing the speed of provided services, and increasing market share. El-Dalabeeh (2012) aimed to identify the role of computerized accounting information systems in reducing the costs of medical services at King Abdullah University Hospital, and his findings were that computerized accounting information systems play an in important role in reducing the costs of medical services at King Abdullah University Hospital compared with non-computerized systems, which usually require bigger costs and do not contribute to reducing the costs of medical services.

One of the main reasons for financial reporting in NGOs is so that information about how the organization is being run can be obtained. Having set up accounting systems and budgets, the next step is to produce financial reports to report on and monitor the organization's financial affairs. The financial report is not time-consuming provided the accounts are

kept in a suitable way and have been checked for accuracy. Financial reports are needed primarily by those responsible for managing the organization and by current and potential donor agencies; but those responsible for financial management of an NGO also need to 'give an account' of their stewardship to a wide range of stakeholders (Lewis, 2016).

Saxton et al. (2007) argued that the use of internet-based technology reporting could enhance the accountability and transparency of NGOs. By and large, NPOs survivals depend exceedingly on a gift from organizations, partnerships, establishments, foundations, people, charges and loaning. In that capacity, NGOs must be responsible for every one of the assets they have acquired from various sources. They likewise need to guarantee they have executed quality projects not to pick up benefit for themselves, but rather to channel those benefit to help others (Kilby, 2016).

NGO givers must, along these lines, be intrigued to know how the associations they finance wind up spending those funds: either for individual gain or for the accomplishment of proposed reason (Moxham, 2009). Concentrates in NGOs by Nasir et al. (2014) contended that straightforwardness and responsibility would just be accomplished if NGOs are not kidding in presenting their yearly reports and predictable with its configuration and structure. An ongoing report from CIMA proposes that creating formal budgetary announcing can assist NGOs with developing systems with government offices, subsidizing organizations, other specialist organizations and customers (CIMA, 2014). There are negating sees on the presence of compelling components for controlling and checking NGO's have developed marvelously as of late both in Numbers and size.

Albeit numerous contributors see the NGOs as a superior option in contrast to administrative organizations in getting administrations and help to those in need, particularly in nations that are troubled by political partiality and defilement, NGOs have additionally been associated with outrages that are a consequence of having not exactly believable administration structures. In the Eastern Economic Review (2012), the guard dog association called Sustainability announced that responsibility and straightforwardness are issues on which a few NGOs are discovered needing.

According to the AIM program report for the quarter finishing December 2015 that the monetary reports that were delivered by NGOs did not meet the quality measures set by the AIM Program (AIM, 2015). For instance, the AIM Program necessitated that every single money related report for the July – September 2015 quarter ought to have been put together by 15 October 2005. In any case, by that date, just 55.14% of the normal reports had been gotten. It was uncertain whether this circumstance of the low quality of money related reports was an aftereffect of non-adherence to great administration necessities or not.

As indicated by American Institute of Certified Public Accountants (2011), Value for Money (VfM) is the term used to evaluate regardless of whether a NGOs organization has enrolled a decent or awful budgetary execution. That is, regardless of whether it has gotten the most extreme profit by the merchandise and enterprises it gets and additionally gives, inside the assets accessible to it. VfM not just estimates the expense of merchandise and ventures yet additionally assesses the blend of value, cost, asset utilize, qualification for reason, opportuneness, and comfort to pass judgment on whether or not, when taken together, they comprise great esteem

Achieving VfM may be described in terms of the 'three Es' - economy, efficiency and effectiveness. This is the unit cost and productivity indicators that show the ratio between inputs and outputs. Efficiency means doing the same as before, but with fewer resources in terms of money, staff, space, etc. Efficiency is a measure of productivity, i.e. how much you get out in relation to how much you put in. The efficiency of services such as rent collection may be measured by the cost of the service compared to the rent roll. Efficiency is primarily associated with the process and the best use of resources (also involves the delivery of procurement). It includes whether you get it aright first time or whether you have duplication

This is sub-divided further into three categories: a) Impact which is the output of all these functions either contributes to or influences corporate performance as a whole; b) satisfaction which is how the service is perceived by both senior management (the commissioners, for example, senior decision-makers within the organisation) and those internal staff that use the function (the users, for example, frontline managers and staff); and c) modernisation which is the extent to which the organisation has adopted management practices that would be regarded as being innovative and forward looking. Efficiency and effectiveness are well-understood terms and both are contained in the set of primary and secondary indicators for each function. Many NGO's in Narok County use the three E's as a measure for financial performance. However, this may not be the case and as such, this study seeks to expound further on the absolute measure of financial performance

2. Methodology

This study adopted a descriptive survey research design. The total target population of respondents was 69 respondents drawn from 15 NGOs based in Narok County in Kenya as provided in table 1;

Organisation	No. of Respondents
Enaitoti Nairewu Coalition for Women	1
Family Health International	10
World Wide Fund for Nature	12
SNV	5
Community Health Programme	4
Catholic Relief Services	4
AMREF	5
Maasai Mara Wildlife Conservancies Association	4
Narok County Natural Resource Network	2
NADINEF	2
AAH International	5
Narok Integrated Development Programme	3
World Vision	4
Compassion International	5
Catholic Diocese of Ngong	3
Total	69

Table 1: Distribution of Target Population

For data collection, a census technique was used to carry out on all the 69 respondents drawn from the 15 NGOs based in Narok County, Kenya. The questionnaire was used in data collection, it was divided into three sections. Section A captured the general information of the respondents; section B covers the various variables i.e. the influence of financial disclosure, financial presentation and financial recognition and financial measurement on the performance of NGOs at Narok County in Kenya. Secondary data was used to reinforce this study. Collected data was edited to ensure accuracy and completeness, and then items were coded and scored. Multiple Regression Analysis (Standard), Descriptive Statistics (means and standard deviations) and inferential statistics were used to analyze data. SPSS software was adopted to assist in data analysis and presentation. The study used tables and charts to present the findings.

3. Findings

The study sought to establish the influence of financial reporting. To find out, the effectiveness of financial reporting instruments disclosure the respondents were asked their opinion on the statements below. The response observed was as follows:

Value	df	Asymp.	Sig (2 Sided)
Pearson Chi Square	249.997 ^a	204	.015
Likelihood Ratio	59.177	204	1.000
Linear by Linear Association	.1661	.684	
N of Valid Cases	69		

Table 2: Statement in Relation to Financial Reporting Instruments Disclosure Level of Significance
155 Cells (99.4%) Have Expected Count Less Than 5 the Minimum Expected Count Is .01

The value of the statistics is 249.997. The corresponding value (p) of the test statistics is .015 which is less than our level of significance of .05. This means that there exists a level of statistical significance between financial reporting instruments disclosure and financial performance of NGO's in Narok County.

	N	Min	Max	Mean	Std. Dev
Our NGO publishes financial statements frequently	69	2	5	4.78	.683
Media reports are released by our NGO periodically regarding our financial position and performance	69	1	5	4.43	1.182
Financial reporting instruments disclosure is a requirement by our donors	69	2	5	4.86	.522
NGOs should not do frequent financial reporting instruments disclosures	69	1	5	1.43	1.194
Financial reporting instruments disclosure is directly and positively related to NGO performance	69	3	5	4.91	.332
There is a strong relationship between financial reporting instruments disclosure and financial performance.	69	3	5	4.75	.467
NGOs should lean towards disclosure of financial and social and board disclosure to increase their performance.	69	3	5	4.93	.312
	69				

Table 3: Statement in Relation to Financial Reporting Instruments Disclosure

The computed means for the statements range from 1.43 to 4.93 indicating an agreement with most of the statements, with a standard deviation ranging from 0.312 to 1.182.

From the table above the majority of the respondents are strongly in agreement that financial reporting instruments disclosure is a requirement by the NGO's donors. Hence, NGOs should lean towards disclosure of financial and social and board disclosure to increase their performance. Most respondents agree that there is a strong relationship between financial reporting instruments disclosure and financial performance. They also agree that financial reporting instruments disclosure is directly and positively related to NGO performance.

To find out, the effectiveness of financial reporting instruments presentation the respondents were asked their opinion on the statements below. The response observed was as follows:

Value	df	Asymp.	Sig (2 Sided)
Pearson Chi Square	249.997 ^a	204	.015
Likelihood Ratio	59.177	204	1.000
Linear by Linear Association	.166	1	.684
N of Valid Cases	69		

Table 4: Statement in Relation to Financial Reporting Instruments Presentation Level of Significance 259 Cells (99.6%) Have Expected Count Less Than 5, the Minimum Expected Count Is .01

The value of the statistics is 249.997. The corresponding value (p) of the test statistics is .015 which is less than our level of significance of .05. This means that there exists a level of statistical significance between financial reporting instruments presentation and financial performance of NGO's in Narok County

	N	Min	Max	Mean	Std. Dev
Financial statements presentation is a requirement by our donors	69	4	5	4.90	.235
Financial reports presentation is a requirement by our donors	69	5	5	5.00	.000
There is a strong relationship between financial reporting instruments presentation and financial performance.	69	3	5	4.94	.291
NGOs should lean towards financial reporting instruments presentation to increase their performance.	69	3	5	4.90	.349
Financial reports presentation is directly and positively related to NGO performance	69	4	5	4.97	.169
	69				

Table 5: Statement in Relation to Financial Reporting Instruments Presentation

The mean value for the statements on financial reporting instruments presentation ranged from 4.94 to 5.00, indicating a strong agreement with all the statements while the standard deviation ranged from .169 to .349 as shown in Table 5. From the findings majority of the respondents strongly agree that financial statements and reports presentation is a requirement by the donors and that there is a strong relationship between financial reporting instruments presentation and financial performance. Therefore the NGOs should lean towards financial reporting instruments presentation to increase their performance.

To find out, the effectiveness of financial reporting instruments recognition and measurement the respondents were asked their opinion on the statements below. The response observed was as follows:

Value	df	Asymp.	Sig (2 Sided)
Pearson Chi Square	69.000 ^a	51.047	
Likelihood Ratio	18.105	511.000	
Linear by Linear Association	4.2861	.038	
N of Valid Cases	69		

Table 6: Statement in Relation to Financial Reporting Instruments Presentation Level of Significance 103 Cells (99.0%) Have Expected Count Less Than 5 the Minimum Expected Count Is .01

The value of the statistics is 69.000. The corresponding value (p) of the test statistics is .047 which is less than our level of significance of .05. This means that there exists a level of statistical significance between financial reporting instruments recognition and financial performance of NGO's in Narok County

	N	Min	Max	Mean	Std. Dev
Financial reporting instruments recognition is a requirement by our donors	69	4	5	4.96	.205
It is practically right as per the accounting guidelines that every firm should do financial reporting instruments recognition	69	4	5	4.93	.261
There is a strong relationship between financial reporting instruments recognition and financial performance.	69	3	5	4.94	.291
NGOs should lean towards financial reporting instruments recognition to increase their performance.	69	3	5	4.93	.312
Financial reporting instruments recognition is directly and positively related to NGO performance	69	3	5	34.93	.356
	69				

Table 7: Statement in Relation to Financial Reporting Instruments Recognition

The mean value for the statements on financial instruments reporting recognition ranged from 4.93 to 4.96, indicating a strong agreement with all the statements while the standard deviation ranged from .205 to .356 as shown in Table6

From the findings majority of the respondents strongly agree that financial reporting instruments recognition is a requirement by donors hence it is practically right as per the accounting guidelines that every firm should do financial reporting instruments recognition and measurement. To find out, the effectiveness of financial reporting instruments measurement the respondents were asked their opinion on the statements below. The response observed was as follows:

Value	df	Asymp.	Sig (2 Sided)
Pearson Chi Square	121.708 ^a	102	.049
Likelihood Ratio	34.600	102	1.000
Linear by Linear Association	.258	1	.612
N of Valid Cases	69		

Table 8: Statement in Relation to Financial Reporting Instruments Presentation Level of Significance
155 Cells (99.4%) Have Expected Count Less Than 5 the Minimum Expected Count Is .01

The value of the statistics is 121.708. The corresponding value (p) of the test statistics is .049 which is less than our level of significance of .05, that is $p < 0.05$. This means that there exists a level of statistical significance between financial reporting instruments recognition and financial performance of NGO's in Narok County.

	N	Min	Max	Mean	Std. Dev
Financial reporting instruments recognition and measurement is a requirement by our donors	69	4	5	4.94	.235
It is practically right as per the accounting guidelines that every firm should do financial reporting instruments recognition and measurement	69	4	5	4.88	.323
There is a strong relationship between financial reporting instruments recognition and measurement and financial performance.	69	3	5	4.91	.332
NGOs should lean towards financial reporting instruments recognition and measurement to increase their performance.	69	4	5	4.91	.284
Financial reporting instruments recognition and measurement is directly and positively related to NGO performance	69	3	5	4.93	.312
	69				

Table 9: Statement in Relation to Financial Reporting Instruments Measurement

The mean value for the statements on financial instruments reporting measurement ranged from 4.88 to 4.94, indicating a strong agreement with all the statements while the standard deviation ranged from .235 to .332 as shown in Table9.

From the findings majority of the respondents strongly agree that financial reporting instruments measurement is a requirement by donors hence it is practically right as per the accounting guidelines that every firm should do financial reporting instruments measurement.

A multiple linear regression analysis was undertaken to examine the influence of financial reporting instruments on the financial performance of NGO'S at Narok County in Kenya

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.842 ^a	.709	.629	.2473981

Table 10: Regression and Model Summary

Significance Level=0.05

a. Predictors: (Constant), Measurements, Instruments Disclosure, Instruments Presentation

The study found that the model explained 62.9% of the variance in the financial performance of NGO's at Narok County in Kenya as shown by R².

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	896.007	4	224.002	2.666	.040 ^b
Residual	5378.195	64	84.034		
Total	6274.202	68			

Table 11: ANOVA

Significance Level=0.05

From the ANOVA statistics in table above, the processed data, which is the population parameters, had a significance level of 0.040 (p=0.040), which is below 0.05 an indication that, financial reporting instruments disclosure, financial reporting instruments measurements and financial instruments recognition and presentation jointly have a statistically significant effect on financial performance of NGO's at Narok County in Kenya. The F value of 2.666 was significant at 5% confidence level. Thus the regression model used in the was significant.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-12.567	29.991		-.419	.667
Instruments Disclosure	1.264*	.505	.368	2.501	.015
Instruments Presentation	5.021*	.3412	.400	1.471	.146
Instrument Recognition	-2.025*	1.315	-.314	-1.539	.129
Instrument Measurement	-2.766*	2.521	-.322	-1.097	.277

Table 12: Coefficient

a. Dependent Variable: Financial Performance

Significance level=0.05

Table 4.11 presents the coefficient results of the regression analysis. The results show that financial reporting instruments disclosure had a positive and significant effect on the financial performance of NGO's at Narok County in Kenya, p<.05. The results also show that financial reporting instruments presentation had a positive but insignificant effect on financial performance of NGO's at Narok County in Kenya, p>.05. Financial reporting instrument recognition and measurement had a negative and insignificant effect on financial performance of NGO's at Narok County in Kenya, p>.05. From the data in the above table, the established regression equation is extracted as shown below:

$$Y_1 = -12.567 + 1.264X_1 + 5.021X_2 - 2.025X_3 - 2.766X_4$$

The study sought to analyze of the influence of financial reporting instruments on the financial performance of NGO's at Narok County in Kenya. The study found that financial reporting instruments disclosure had a positive and significant effect on the financial performance of NGO's at Narok County in Kenya ($\beta=1.264$, $p=0.015$). Thus financial reporting instruments disclosure affect financial performance of NGO's at Narok County in Kenya. The results are consistent with the Achoki & Kule (2016) who found a strong relationship existed between the voluntary disclosure, firm size and financial performance. The study is also in agreement with the study of Wangari (2014) which found a positive relationship between financial, forward-looking board and social disclosure and return on equity. Hence, a unit increase in disclosure leads to a 1.264 increase in financial performance of NGOs. This findings is also in line with the Voluntary Disclosure Theory as was discovered by Moxter (1962) and enhanced further by Healy and Palepu (2001) who sought to link disclosure of economic based models to economic consequences. To them, voluntary disclosure for the capital markets lead to an increase in the performance of an instrument (debt or equity). This further improved their financial performance of the listed companies (Verrechia, 2001)

The study also found that financial reporting instruments presentation had a positive but marginally insignificant effect on financial performance of NGO's at Narok County in Kenya ($\beta=5.021$, $p=0.146$). This show that at 5% level of significance, there is a weak evidence that financial reporting instruments presentation affect the financial performance of NGO's at Narok County in Kenya. While presentation is important for financial performance, it is not necessary. The results are consistent with Lopes, Cerqueira and Brandao (2011) which revealed that financial statements presentation didn't have a significant impact on performance as investors and other stakeholders look deeper into logistics and not just the

realized performance. Hence, a unit increase in presentation leads to a 5.021 increase in financial performance of NGOs. This is in accordance to the signaling theory as was brought forward by Ross and Ezra (1977) who asserted that announcement of dividend payment by a company gives strong signals about the bright future prospects of the company. This theory was further dwelled on by Modgiliani and Miller who asserted that firms can use their financial statements or other illusions such as dividen payments to signal information on the mind of investors that they are performinfg well even if they are performing poorly by paying their shareholders high dividend to attract invesors. Hence, presentation may be used to attract more donor funding however, it has no significance on the financial performance of NGOs in Narok County.

The study also examined the effect of Financial reporting instrument recognition and measurement on financial performance of NGO's at Narok County in Kenya. The results showed that Financial reporting instrument recognition had a negative and insignificant effect on financial performance of NGO's at Narok County in Kenya ($\beta=-2.025$, $p=0.129$) while financial reporting measurement had a negative and insignificant effect on financial performance of NGOs in Narok County ($\beta=-2.766$, $p=0.277$). The results are consistent with the studies of Mohamed (2009) which found a negative correlation between financial performance of IFIs and Islamic financial instruments recognition and measurement. This means that a unit increase in financial recognition leads to a 2.025 decrease in financial performance of NGOs in Narok County as well as a unit increase in financial measurement leads to a -2.766 decrease in financial performance of NGOs in Narok County. These results are in line with the measurement theory as was presented by Wolk et al (2001) who define accounting as the art of measuring and communicating accounting information. This theory gives the impression that the accounting concept, in this case the financial performance concept is based on the foundations of measurement that would be expected of any measurement discipline. Hence Financial Instruments Measurement is necessary but it has no significance on the financial performance of NGOs as financial performance has to be measured regardless (Wolk et al, 2001). Similarly, the result of financial instruments recognition is in line with the Recognition theory by Cooley, C & Mead, G (1910) who asserted the importance of recognition. This theory was later picked up by Hegel who sought to distinguish different modes of recognition and envisaged a multidimensional struggle for revenue recognition. This theory was further adopted by the IAS 39 who established principles of recognizing financial assets, liabilities and contracts of nonfinancial items all of which will have to be reported against hence was a requirement to gauge the financial performance. As such therefore, financial instruments recognition does not have any significance to financial performance of NGOs however, it is a requirement as it forms the basis through which financial performance are drawn.

4. Conclusion

The study concludes that financial reporting instruments disclosure had a positive and significant effect on the financial performance of NGO's at Narok County in Kenya. Being a requirement by the NGO's donors, NGOs should lean towards disclosure of financial and social and board disclosure to increase their performance. Moreover, the study concludes that financial reporting instruments presentation had a positive but marginally insignificant influence on financial performance of NGO's at Narok County in Kenya. From the findings majority of the respondents strongly agree that financial statements and reports presentation is a requirement for the donors.

Finally, the study concludes that financial reporting instrument recognition and measurement had a positive and significant influence on financial performance of NGO's at Narok County in Kenya. It also concluded that it is practically right as per the accounting guidelines that every firm should do financial reporting instruments recognition and measurement.

5. Recommendation

The research recommends that all NGOs should lean towards disclosure of financial and social and board disclosure to increase their performance. NGOs should lean towards disclosure of financial and social and board disclosure to increase their performance. The NGOs should also publish financial statements frequently.

The research also recommends that all NGOs should adopt financial reporting instrument recognition and measurement. NGOs should also lean towards financial reporting instruments recognition and measurement to increase their performance. It is practically right as per the accounting guidelines that every firm should do financial reporting instruments recognition and measurement.

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