Influence of Income Generating Activities on Financial Sustainability of Churches. Case of Compassion International Church Partners in Kenya

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Abstract
*The rising rate of collapsing initially donor funded income generating projects has escalated interest on sustainability. This study sought to establish influence of IGAs on financial sustainability of Compassion International Church Partners. The targeted population was 118 churches in four stratified program regions across Kenya. Proportionate stratification formula (nh = (Nh / N) * n) was engaged to select 91 churches from the four regions that had partnered with Compassion International –Kenya for at least 10 years. Data was collected online using a semi-structured questionnaire. Results revealed that churches are effective in communicating the IGAs (65%) and the plans for the economic activities they are involved in for sustainability. However, the ability to integrate income generating and fundraising processes into the existing financial and administrative structures was below average (40%). Correlation analysis revealed that contrary to people's expectation, there was a significant negative correlation between financial sustainability and income generation activities ($r=. -234$, $p<.05$). Multiple linear regression analysis indicated that IGAs had insignificant predictive abilities for financial sustainability at 95% confidence, $p>.05$ ($\beta=- 0.024$, $t=-.0289$, $p>.001$) of the church partners. Results indicate high dependency on Compassion International funding which does not assure sustainability. The findings shall inform practice, rules, grant guidelines, local resource mobilization and government policy formulation.*

Keywords: Financial sustainability, Income Generating Activities, Churches, Donor funding, Resource Mobilization

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INTRODUCTION

Dozens of multinational corporations, government and donor agencies in the world have embraced sustainability aspect of success. Global developments and funding organizations are laying emphasis on sustainability and aggressively advocating for embedment of financial sustainability into business processes, funded programs, and performance indicators. The global trend of high rate of collapsing initially donor funded programs and income generating activities (IGAs) has intensified interest on the issue of sustainability. In the face of economic crisis across many countries, the focus on integrating sustainability into planning and economic development strategies is gaining acceptance among those who provide grants and philanthropic support (Mutakyatiwa, 2013). The principles of financial viability and organizational stability constitute sustainability requirement for many organizations that provide support (Widok, 2009). In the recently past many development support agencies have strengthened their initiatives by harnessing the capability and capacity of non-profit organizations (NPOs) to serve as the champions and administrators of their sustainability plans.

Compassion International is committed to not only obtain, but also engage sustainability report on success for churches in regard to financial stability and sustainability particularly from the churches it has supported for more than 10 years. These churches must therefore exhibit sustainable outcomes which they can build on exit or phase out process; a clearly specified criteria of graduation of the communities taking up more roles and the exit of donor support in the areas of influence; have measurable benchmarks for assessing their progress towards formulated partner maturity exit process milestone; have a well framed timeline that should be guided by the project life and as well recognize flexibility is required; visible partnership responsibility and clear relationship on post project activities; and an articulated framework for mechanism for periodic assessment of project towards donor exit.

Financial sustainability is measured on the clarity and predictability of the implementers in terms of total funding needs. The aspiration of any donor like Compassion International would be to see progress impact made in how its local church partners structure the resource mobilization strategies efforts and more particularly on partnerships. Financial sustainability is therefore linked to the churches' ability to cover the costs of operations that is directly linked to their uptake of financial literacy, budgeting procedures, efficient resource mobilization strategy and innovative income generating activities.

Sustainability of the non-profit making organizations is a going global concern. The future of most initially funded programs has become gleam and the need to engage better strategies aimed at promoting sustainability has become the need of the hour. One such strategy is the initiation of church entrepreneurial income generating activities aimed at establishing their ability to financially sustain their long term ministries operations should the partnership be terminated. In a recent 2013 report released by Compassion International Kenya Chapter 2013, over 60 per cent of the income generating activities (IGAs) or projects by church partners have either collapsed or are operating at excess capacity due to inadequate funding. Whereas there could be other factors which affect the mobilized financial resources in churches, lack of sustainability mechanisms or their inadequacy seems to be a major factor affecting the mobilized resources.

Churches are not only centers for propagating spirituality but also are fast becoming community development vehicles across the world (Jenkins, 2008). The donors and development agencies focus is to work with churches to develop the communities they work in and also help alleviate poverty for their members and community at large respond .The establishment of church non-profit components is meant to accomplish altruistic rather than financial goals, and their sustainability initiatives are usually developed on an exigency basis (Widok, 2009). In event of exit of the donor or grant support to churches, the public in their role as beneficiaries, volunteers, who have made significant contribution to the development and resources will be entitled to continuity. It is in this light that financial sustainability is anchored in the organizational long term strategic plan.

Income generating Activities: The critical component of IGAs is to grow current business lines and new enterprise units that can generate enough cash flow to fulfil the sustainability requirement. Churches have been grappling with their own financial sustainability. Churches that implement a number of activities to generate revenue needed to sustain its running costs, while enabling the communities to access some essential goods and services. The activities are wide range and in a rural set up might include the livestock breeding farm, a *duka* (shop), a *dawa* shop (livestock medication stores or veterinary assistance shops), a canteen, a lorry for transport services and a motor vehicle maintenance shop, and a conference center. To operationalize this

Study, the researcher set out to investigate influence of IGAs of Compassion International (Kenya) church partners on their financial sustainability. This was determined by regressing church own generated income and donor income on their financial sustainability whose indicators were annual revenue and annual costs/expense. The researcher used a Likert scale used in measuring the independent variables that were then changed to mean values indicating cumulative indicators to enable linear regression analysis. To determine the level of financial sustainability of the church the researcher had to observe the magnitude of the score for income donation by Compassion international in comparison with own income generation.

Limited research has been carried out on contribution of IGAs on financial sustainability of donor funded church programs and its corresponding effect on mobilized resources in churches. This paper therefore sought to establish Influence of Income Generating Activities on Financial Sustainability of Churches. Income supplementing activities undertaken and operated, usually with a survival objective (Kiriungi, 2012). Most of the churches supported by Compassion international in Kenya are involved in: running schools to support children from vulnerable families; farming and agribusiness, social event facilities (multi-purpose halls) for hire; medical and health facilities; transport, tertiary level education among others. Over 60% of the income generating activities (IGAs) or projects by Compassion International Church partners have either collapsed or are operating at excess capacity due to inadequate financial resources and funding (Compassion International, 2014). The report further indicated that service delivery and outreach are fast diminishing for the partner churches. A lot of questions on financial performance of these churches and sustainability are being raised.

Financial Sustainability: This study explored factors that determine financial sustainability with special reference to churches who have partnered with Compassion International Kenya and operate non-profit ventures. Operationally, financial sustainability of a church is its capacity to obtain revenues in response to a demand, in order to sustain productive processes at a steady or growing rate to produce results and to obtain a surplus (Bowman, 2011). In this study the dependent variable was financial sustainability whose results was be evaluated by comparing the results to the general financial measures. Judgment of financial sustainability is important for churches as they engage in non-profit and social enterprise activities**.** Financial sustainability is tied and fused to exit strategy for Compassion International support. Leon (2001) indicated that there are four operational criteria which should be considered in relation to the financial vulnerability of non-profit organizations which could apply in the church scenario. They include inadequate equity balances, revenue concentration, low administrative costs and low or negative operating margins. Each component operates along a continuum that reflects the movement from financial vulnerability to financial sustainability. For purposes of this study indicators of financial sustainability were revenue, costs/annual church expenses, equity reserves and surplus/deficits. These indicators as discussed below project financial wellness both at the moment and over time.

Revenue as a measure presents two components of diversity and distribution. The diversification component increases financial sustainability as the probability of having all sources affected by economic is reduced. The implication is that church organizations with fewer revenue funds are more financially vulnerable. Equality in income distribution promotes sustainability in comparison to one from a single source. The larger the revenue base the more likely it will have contributions which promote sustainability.

Costs/ Annual Church expense: include expenditures for resources that do not produce immediate results, such as training, planning, consultation and fund-raising functions. There are various viewpoints in regard to differing interests and claims on budget allocations of direct (program) and indirect (administrative) costs with the need for administrative support being viewed differently by a donor (who wants to see their contribution going towards direct service provision); a member of the governing board (who sees the need to be responsive to donor and the member and believes that too much money may be "wasted" on administrative salaries and other costs), and a member of staff (who wants an increase in salary to keep up with inflation). If a church has relatively high administrative costs, then it is more likely to be able to reduce expenditures without seriously affecting service delivery. However, a church with low administrative costs would be expected to have few opportunities to reduce expenditure before it impacts on its provision of services. Consequently, a church with lower administrative costs has less room for cost reduction before service provision is affected, and is more likely to be financially vulnerable to declines in revenue, than one with higher administrative costs. The financial sustainability operationalizes administrative costs by considering a relative measure, administrative costs as a percentage of total costs.

LITERATURE REVIEW

Resource Mobilization Theory (RMT)

Churches, though classified as non-profit making organizations, are economic institutions since they use society's scarce resources (land, labor and capital) to produce valuable goods and services. They have operating costs and as such use contributions and voluntary services to provide both spiritual and community service to society. They, like any other business need a reliable flow of revenue to finance their mission and be financially sustainable. Resource Mobilization Theory (RMT) champions the reliance of social movements on resources of time, money, skills among others and the ability to use them (Beuchler, 1993). The Resource-Mobilization Theory offers critical and fundamental insights into why firms or organizations with valuable, rare, inimitable, and well organized resources realize superior performance. RMT lays emphasis on both resources and capabilities of a firm or organization. Resources are a firm's accumulated assets, including anything the organization can use to create, produce, and/or offer. On the other hand, capabilities have to do with knowledge and skills that an organization can apply to put other resources into good use for purposes of making income and satisfying needs. The focus of RMT is to examine the structural factors like available resources within the group and the placement of the group within socio-political networks, to analyze the character and success of social movements. Accordingly, the RMT believes in rational behavior in the participation of the people in the social movements is based on an individual's conclusions about the costs and benefits of participation, rather than one born of a psychological predisposition to marginality and discontent.

According to Jenkins (1983) as cited by Uneze (2014), the RMT concentration is on how the social movements mobilize their resources from within and without the organizations to accomplish their goals (Uneze, 2014). Success of social movements is determined by how effective they mobilize their resources as argued by the proponents of the theory. The capability of social movements to mobilize material and non-material resources has been emphasized. The theory holds that social movements' organizations with weak resource base, powerless or resource-poor beneficiaries require outside support and funding. There linkages between the resources mobilization theory and the formations of social movements, the process of social mobilization, and the politics of social movements.

This theory reflects well for the targeted churches' ability to mobilize their resources and the strategies they harbor in resource mobilization for sustainability. Even though theorists of RM look for evidence of material resources used including the use of money, organizations, manpower, technology, means of communication, mass media; and non-material resource use, including legitimacy, loyalty, social relationships, networks, personal connections, public attention, authority, moral commitment, and solidarity. The RMT puts a case for the targeted churches in the study by posing an argument that a group's level of affluence influences whether or not the church as a social movement will thrive. This theory lays emphasis on charismatic leadership for motivating members to mobilize resources.

Financial Sustainability Theory: Bowman (2011) defined financial sustainability as the ability to maintain sound financial health and capacity over time. Whether the organizations are for-profit or non-profit status (NPOs), establishment of financial capacity and financial sustainability is a focal organizational function (Bowman, 2011). Consistency in maintaining financial agility in the long run is important for non-profits like churches because of the demands from the beneficiaries who continually need the services. The goal for financial sustainability for church non-profits is maintain or expanding their services within the organizations but as well developing resilience to occasional economic shocks that are always recurrently for instance short-term loss of program funds and monthly variability in donations, tithes and offerings among other resources mobilized. In advancing financial sustainability theory for religious organizations, Jenkins (2008) argues that organizations that are sustainable in the long term but unsustainable in the short term will chronically suffer shortage of cash for operating their activities. On the contrary, sustainability in the short term, and not long term, allows organizations to have better liquidity and adequate cash but effect of inflation erodes the value of the assets over time. This has the resultant effect of having compromised and diminished quality and quantity of services unless the capital campaigns intermittently (Jenkins, 2008).

Weerawardena *et al*. (2010) in their study of the approaches to sustainability for non-profits appreciated the presence of competitive environment and thereby reported that NPOs have developed resilience of adopting a holistic organizational sustainability focus in both strategic and operational management levels. Their study makes a strong case for social entrepreneurships as a strong contributor to sustainability of non-profits (Weerawardena, McDonald, & Mort, 2010).

EMPIRICAL REVIEW

IGAs and Financial Sustainability: The critical component of IGAs is to grow current organizations business lines and new enterprise units that can generate enough cash flow to fulfil the sustainability requirement. Churches have been grappling with their own financial sustainability. Churches that implement a number of activities to generate revenue needed to sustain its running costs, while enabling the communities to access some essential goods and services. The activities are wide range and in a rural set up might include the livestock breeding farm, a *duka* (shop), a *dawa* shop (livestock medication stores or veterinary assistance shops), a canteen, a lorry for transport services and a motor vehicle maintenance shop, and a conference center. According to Kituku (2010) such activities have an intention of instilling entrepreneurial spirit within the church and creation of sources of gainful employment especially for the youth and women. Gaining of skills is also a benefit, the communities from the enterprises that engage in. Kituku's (2010) study on 96 compassion assisted projects based in Nairobi with independent variables of project conceptualization, financial systems and funding while the dependent variable was the sustainability of Compassion international income generating activity projects. The findings of Kituku's study were that the compassion assisted project did not value the project conceptualization financial systems and funding aspects in their IGA projects hence making them unsustainable. The study therefore recommended that the compassion international assisted projects be facilitated to consider project conceptualization, financial systems and funding aspects to ensure their income generating activity sustainability (Kituku, 2010).

De Klerk (2012) advanced that to finance income-generation activities there is a spectrum of approaches. First, the welfare approach which lays emphasis on directly addressing poverty among the very poor. The focus of this approve is deepen and targets as many as possible of the very poor. The other approach is to have the institutional approach that focuses on creation of sustainable financial institutions for the clients. The loans on credit schemes have interests charged to sustain payment of staff salaries, cover inflations. The orientation of this approach is anchored on financial self-sufficiency for non-profit financial institutions and targeting to reach a number of clients (De Klerk, 2012). In between the two extremes there is the trial to achieve various goals. For instance, psychological recovery; increased self-reliance; self-sufficiency and economic development.

Some churches have a congregation that is vulnerable and their social and economic conditions being so adverse that it is not believed that they are able to overcome poverty. These categories in church include the elderly, the handicapped, single-head households, or families living far from markets (Kiriungi, 2012). For many, increasing their level of self-reliance is all that can be expected. They lack assets, manpower, strength, skills, or market opportunities to develop economic activities. They may also lack the financial withholding power needed to be able to save. Income generation activities aiming at increased self-reliance for these most vulnerable groups can be justified (although if they depend on continuous reinvestments from outside, this assistance is social and not economic). But remember that for some of the most vulnerable groups all they can do is manage poverty. Other social assistance programs may be a better solution (Viravaidya & Hayssen, 2001).

Some churches have income generating activity grant which is presented in form of materials and equipment that are given to small community members of the congregation to start up small businesses or projects that encourage them to embark on economically viable projects that could be sustained in the long run (Kituku, 2010). Samples of supported projects would be Brick making, Skin and leather tannery, tailoring, salon and beauty shops, milling, catering, garden upholstery, carpentry, welding, poultry and knitting. There is however a conditionality that accompany this. If a project fails to perform per required goal, then the church ministry concerned can relocate the equipment’s bought with IGA funds to other project but a considerable duration of time is usually given like say 3 years. The other conditionality is the supported projects are expected to report periodically on their progress report (Kituku, 2010).

Kiriungi (2012) established a relationship between factors of leadership, finance and social demographic factors and sustainability of income generating activities. Kirungi (2012) found that there is a strong possibility of ensuring financial sustainability but for most churches a lot of work is demanded. The possible funding sources for church entities identified were many tiny donations from community supporters; fewer but larger donations or legacies; one or more National or International funders; income from savings; and income-generating projects (Kiriungi, 2012).

Conceptual Framework

One of the key variables for financial sustainability is income diversification based on resource mobilization methods culminating into viable income generating activities.

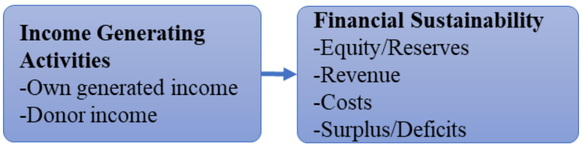

Figure 1: Conceptual Framework

In this study the dependent variable was financial sustainability whose results was be evaluated by comparing the results to the general financial measures. The Income Generation Activities, the independent variable, will be measured in respect of the activities that the churches engage in This study has evaluated the independent variables to establish how it influences the financial sustainability of churches.

RESEARCH METHODOLOGY

The study aimed at investigating influence of IGAs (church own generated income and donor income) on financial sustainability of the churches. The target population is a total of 118 church partners who have partnered with Compassion International for at least 10 years. These churches are in four regions including: Coast and lower Eastern region (COSER), Central Rift & Upper Eastern (CRUE) region, Nairobi Kiambu, Kajiado, Machakos regions (NAKKMA) and Western & South rift (WENSOR) region as shown in Table 1.

Table 1: Regional Distribution of Churches

REGION	Total Church Partners
COSER	16
CRUE	31
NAKKMA	32
WENSOR	39
Total Church Partners	118

Source: Compassion International Database

The study's sampling frame was drawn from Compassion International Kenya church partners as at 30th June 2015 numbering 91 and who have been partners for at least 10 years. The sample size was calculated using the Yamane (1967) formula to arrive at a sample of 91 Church Partners (Table 2). This is the representative sample size of the entire population believed to have the salient characteristics of all Compassion International church partners in Kenya.

The study engaged a census where all the four regions were picked for study and then proportionate stratification formula (nx = (Nx/N)*n) was employed to select the 91 churches from the four regions that had been in partnership with Compassion International –Kenya for at least 10 years.

Table 2: Sampling

Partnership regions	Target pop.	Sample pop.
Coast and lower Eastern region	16	12
Central Rift Upper Eastern region	31	24
Nairobi and Central region	32	25
Western & South Rift region	39	30
Sample population	**118**	**91**

A semi-structured questionnaire was administered online using Survey Monkey to all the respondents of the selected study sample. The closed-ended questions were used to limit responses to given variables of interest to the research while the open-ended questions allowed respondents to express views and offer independent opinion pragmatically. Secondary data to augment the study was collected from existing and verifiable sources: mainly financial records and data over a period of time on the targeted church and based on its association with compassion international. Data was analyzed using both descriptive and inferential statistics to enable the researcher describe and examine the relationship between the variables. Descriptive statisctics involved frequencies and percentages whereas inferential statitics involved the use of correlation and regression analysis which was achieved through the use of Statistical Package for Social Sciences (SPSS-V 20).

RESULTS AND DISCUSSION

Results indicated that approximately 68% of the church members were enthusiastic to embrace and be involved in income generation related activities to enhance their financial sustainability. However, 2% of the respondents showed no interest in supporting or contributing to income generation activities. Results revealed that 65% agreed and 9% strongly agreed that the churches are effective in communicating the IGAs and the planning for the economic activities they are involved in for sustainability. However, 1% of the respondents do not effectively communicate their IGA plans. Results indicate that churches had the ability (64%) to build self-financing plan. However, a small percentage (2%) felt that churches were not able to build a self-financing plan. The ability to integrate income generating and fundraising processes into the existing financial and administrative plans was rated as good at 40%. Better ratings were of excellent and very good that cumulatively accounted for 26%. A percentage of 5 of the churches were found to have a very high level of funding for their programs. 20% reported high level funding while 57% were moderately funded. Most of the churches exhibited some level of financial sufficiency through the funding yet not sustainable. The level diversity of church financial sustainability programs was moderately rated. Only 35% of the churches have diversified their activities towards promoting financial sustainability.

The study further probed on the accuracy and timely preparation of financial reports. Findings showed that the level of concurrence of churches that file accurate and timely prepared reports was 34% for strongly agreed and 54% for agreed. This indicates that churches are sensitive to accurate report keeping. Findings show that the churches that keep their financial records well and easily available were the majority (88%). This implies that that the churches demonstrated high level of financial accountability. Most churches have adopted good practice of monitoring and reviewing their financial reports supported by 32% of the study participants strongly agreeing and 58 agreeing.

Results further indicated that 70% of churches are involved in income generation activities meaning that a good number of them have initiated the IGAs. Results of further probing on the kind of IGA activities / projects the churches were engaged in to champion sustainability (Table 3), revealed that most of the them are edupreneurs, and have schools that are supporting children from vulnerable families (40%); and farming and agribusiness activities came in second with 29%. There are some churches that have multi-purpose halls or the church halls to be hired for social events. About 3% of the churches own medical and health facilities. There are churches that have invested in tertiary level education as sustainability initiatives.

Table 3: Church Sustainability Activities/ Projects

Income Generating activity	Freq	%
School	36	40%
Farming	26	29%
Multi-Purpose Hall	9	10%
Vocational – Polytechnic	4	4%
Colleges	4	4%
University	2	2%
Hospital/Medical facility	3	3%
Transport	2	2%
Mobile Cash Transfer-MPESA	1	1%
Retail/Wholesale shop	1	1%
Other	28	31%

Investigation on Church Financial Utility indicated that 63% of the churches use the financial resources mobilized for church daily operations. 21% of respondents were in agreement that money mobilized is used to finance church ministries (children ministry, ladies' ministry, and youth ministry). Only 7% of the respondents felt that money collected was used for initiation and management of income generation. Savings and investments in money market investments were only supported by 4% of the respondents.

Results indicated that the earnings of the churches have steadily averaged between less Ksh.1 million and 2 million from 2011 through to 2015. The year 2015 registered higher earnings of above Ksh.2 million were cumulatively 9%. Results also reveal that expenditure patterns of the churches were contained to less than Ksh 2 million for majority of the churches annually. There are however nearly 10 percent of the churches that are spending beyond the average Ksh. 2 million in the last 2 years. The expenditure of the churches is contained within the level or effort of revenue collection. Findings indicate that most churches have contained their liability levels to less than Ksh 1 million.

The clarity of budget process in church was rated relatively higher. On average 92% of the participants rated transparency and involvement in budgeting to be above average. Distinctively, those who felt the process was excellent were 21%. The study therefore deduces that most churches practice open budgeting where members of their churches participate accordingly.

The research equally sought to establish diversification of the income generation and sourcing. The diversification of the income generation and sourcing was average. There are 55% by proportion of participants who believe income sourcing in churches is still less diversified. This implies that the churches are innovative in seeking alternative funding beyond the collection of offering and tithes which is an indicator of vulnerability. It further sought to assess the clarity of the execution of churches administrative and financial management functions. The rating for execution of the churches administration and financial functions was rated above average. Those who felt the churches had done exemplarily well were 19% while those whose who believed the execution of administration and finance functions were good and average were respectively 43% and 34% respectively. The ability of the church to generate own income was assessed. The participants rated the ability of the churches to generate own income as average. The ratings of good and excellent were cumulatively 27% by proportion. The churches are still not very strong in generating own income which could be a pointer to financial vulnerability as most of the development activities must rely in external help and its ability to raise local resources that meet their operational needs.

Correlation Analysis: The correlation analysis results (Table 4) show a significant negative correlation between financial sustainability and income generation activities outcome (r=. -234, p<.05).

Table 4: Pearson's correlation matrix showing the association between financial sustainability and driving factors

	Financial sustainability	Income generating activities outcome
Financial sustainability	1	
Income generating activities outcomes	-.234*	1

Significant levels: *p<.05; **p<.01; N=91

This indicates that though many churches have adopted income generation activities as a way of ensuring financial sustainability they are still over dependent on external support that renders income from the IGAs almost insignificant.

Regression Analysis: The Likert scale items were converted from qualitative responses to quantitative data. The open-ended responses were converted into quantitative data through proportioning by way of presenting the information in percentages. The type of analysis for determining the extent of influence of IGA on financial sustainability was correlation and linear regression. The multicollinearity between own income and donor income on financial sustainability was tested through a linear regression analysis by regressing each independent variable (own generated income and donor income) on financial sustainability. The indicators of these variables were used as criteria for measuring the variable. The Likert scale used in measuring the independent variables was changed to mean values to give cumulative indicators to enable the analysis through a linear regression. With that of the dependent variables, a number of indicators were included in the analysis tool which includes the amount of donor funds and church own income generated over a period of five years.

Measurement of Churches Financial Sustainability: This was based on the ability of the churches to raise funds to fund their projects and also donor funding by Compassion International. In this regard, the study collected data on the annual income received and raised over a five-year period from 2011 to 2015. Results indicated that 70% of the churches are engaged in at least one own income generating activity. Results of multiple regression analysis in an ANOVA framework presented in Table 5 reveal that the independent variables explain 51% of the variations in the dependent variable (financial sustainability). Income generating activities outcomes had insignificant predictive abilities for financial sustainability at 95% confidence, p>.05 (Table 5).

The results are rather unexpected (Table 5) indicating that income generating activities (β= -o. o24, t=-0.289, p value of 0.774 that is p>.001 outcomes had insignificant predictive abilities for financial sustainability at 95% confidence, p>.05. The study further noted the rigidity of some of the churches to retain status quo in conducting church business had hampered the IGA implementation and hence the unexpected results. Such churches are such are struggling with financial sustainability. Contrary to the expectations of many in spite of the results indicating that over 70 percent of churches have initiated at least one income generation activity, the Income Generating Activities have no positive influence on Financial Sustainability of Churches sponsored by Compassion International. This means churches are over dependent on the donor income from compassion international such that they may not have put serious mechanisms in place to ensure profitable income generating activities.

Table 5: Regression analysis showing the relationship between financial sustainability and the influencing factors

	Unstandardized Coefficients		Standardized Coefficients	T	p-value	Collinearity Statistics (VIF)
	B	Std. Error	B			
Income generating activities outcome	-0.024	0.082	-0.024	-0.289	0.774	1.158

R= 0.711 R^2=0.506, Adjusted R^2=0.484, Durbin-Watson statistic=2.048, $F_{(4, 86)}$ =22.064, p<.001

CONCLUSION AND RECOMMENDATIONS

The study sought to determine influence of Income generating activity on financial sustainability of churches. The sustainability aspect was entrenched from inception by some emergent 'enterprising' and charismatic evangelical churches. There has been a paradigm shift by some churches to conceive sustainability as the ability to attract and raise resources that can sustain their pertinent components. They revealed that most of them are edupreneurs, and have schools that are supporting children from vulnerable families (40%); and farming and agribusiness activities are supporting 29%. There are some churches that have multi-purpose halls or the church halls to be hired for social events. About 3% of the churches own medical and health facilities. There are churches that have invested in tertiary level education as sustainability initiatives. There are 55% by proportion of participants who believe income sourcing in churches is still less diversified. This implies that the churches are innovative in seeking alternative funding beyond the collection of offering and tithes which is an indicator of vulnerability. The participants rated the ability of the churches to generate own income as average. The ratings of good and excellent were cumulatively 27% by proportion.

The ability of the church to generate own income was assessed vis-a-vis income from Compassion international and how each of these constructs influences financial sustainability. The churches are still not very strong in generating own income which could be a pointer to financial vulnerability as most of the development activities must rely in external help and its ability to raise local resources that meet their operational needs. Results indicate that churches depend largely on donor funds which could affect their financial sustainability in the future. It is clear that church partners of Compassion international in Kenya are donor dependent. Churches should re-evaluate their financial base and make future projections that will clearly serve as pointers for them to re-strategize and implement IGAs that are viable and profitable if well managed. They should have a mind shift from being financially dependent to being financially self- sustainable. It is worth recognizing that for churches to generate real lasting economic social change, they must come up with well thought innovative IGAs and put effective management strategies in place to ensure the IGAs are competitive hence attain the much needed financially sustainable.

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