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Management Control Systems and Financial Performance of Non-Profit Organizations in Nigeria: An Empirical Investigation

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Abstract
This paper investigated the influence of management control systems on the financial performance of non-profit organizations operating in the Nigeria. The article was established on agency and contingency theories. Secondary data were collected from the annual accounts and reports of ten selected non-profit organizations (NPOs) in Nigeria from 2013 to 2022. Multiple regression models, including pooled least squares, fixed effects, and random effects, were employed for data analysis, accompanied by descriptive statistics. The findings indicated that fundraising costs exhibit a negative and statistically insignificant effect on financial performance. Conversely, the regularity of management meetings demonstrated a positive and statistically significant effect on financial performance, while effective control of program expenses showed a positive and statistically significant effect on the financial performance of non-profit organizations in Nigeria. In conclusion, this study revealed that management control systems have varying impacts on the financial performance of non-profit organizations in Nigeria. It is advisable for their executive teams to prioritize the establishment of robust management control systems. This will not only strengthen their organization's financial performance but also amplify their societal impact.

Key words: *Financial performance, management control systems, non-profit organizations*

1. Introduction

Appropriate resource allocation is facilitated by the management control system (MCS), which includes budgeting and financial planning as crucial components for non-profit organisations (NPOs). In Nigeria, nonprofit organisations are essential for meeting social needs and furthering various causes (Osho & Akinola, 2018). To maintain their long-term viability and influence, non-profits must exercise good management like their for-profit counterparts. The financial performance of non-profit organisations may be significantly impacted by the efficient application of management control systems (Adeoti, 2019; Adeyemi & Yusuf, 2019). Effective control systems provide accountability, facilitate better decision-making, and match resources with

organisational objectives. In turn, these elements support improved financial results. The design and implementation of management control systems can be impacted by cultural, legislative, and contextual variables, which non-profit organisations in Nigeria must consider. Furthermore, alliances and collaborations with other entities and stakeholders can improve performance (James & Akande, 2020; Efuntade & Akinola, 2020).

Executing MCS is complex since non-profit organisations frequently have complicated operations, financial sources, and corporate structures (Aliyu & Abdullahi, 2021). Nonprofits need to customise their control systems to fit their needs and adjust as the organisation grows. The expectations of donors concerning financial success and transparency differ significantly. NPOs have to balance these demands with staying true to their goal. Therefore, MCSs are essential for non-profit entities to guarantee effective resource allocation, accountability, and the accomplishment of their missions. Efficient MCS components, including budgeting, performance measurement, reporting, and accountability systems, directly impact financial success at NPOs.
A robust revenue stream is vital to draw in funders, guarantee sustainability, and exhibit transparency to market participants (Ajibolade & Afolabi, 2019). NPOs, nevertheless, have to reconcile purpose fulfilment with financial efficiency while navigating the difficulties of their particular operational environment.

Prior studies such as Brown (2004); Milani and Bin (2013); Pozen (2015); Doe and Smith (2015); Merchant and Van der Stede (2007) Johnson and Williams (2017); Zhang (2018); Chowdhury (2018); Adeyemi and Yusuf (2019); Ajibolade and Afolabi (2019); Ahmed and Muktar (2020); James and Akande (2020); Aliyu and Abdullahi (2021) and other researchers indicated that most of the studies only used primary sources of data more often, but this current study adopted secondary data sources. Furthermore, this study was conducted since few studies in the literature use the variable relationship employed in this one. Next, the impact of the management control system on the financial performance of Nigerian non-profit organisations (NPOs) was investigated in this study. The research specifically aimed to assess the impact of programme expense control on non-profit organisation revenue stability in Nigeria and the effect of fundraising cost control and regular management meetings on NPO revenue stability in Nigeria.

2. Literature Review

2.1 Management Control System

Entities utilise a management control system (MCS), a collection of procedures, policies, and instruments to direct, oversee, and control their operations according to their strategic goals and purpose (Adeyemi & Yusuf, 2019). MCS is essential to ensuring that resources are distributed wisely and the company continues to answer to its stakeholders. These systems work in non-profit organisations to monitor and impact the conduct of volunteers, staff, and other stakeholders following the mission and objectives of the organisation (Aliyu & Abdullahi, 2021). In Nigeria, non-profit organisations (NPOs) have been crucial in tackling various social and development concerns, from poverty alleviation and environmental protection to healthcare and education

(Ajibolade & Afolabi, 2019). NPOs frequently need help with financial viability despite their admirable goals, primarily due to their reliance on grants, donations, and meagre revenue-generating operations. NPOs require efficient Management Control Systems to guarantee the effective use of resources and accomplish their objective (Osho & Akinola, 2019). This study investigates the connection between MCS and NPOs' financial success in Nigeria.

In NPOs, efficient budgeting is essential to MCS. Given the often restricted financial resources obtainable by non-profit organisations in Nigeria, budgets serve as a blueprint for resource distribution and spending control (Milani & Bin, 2013). Financial performance may be significantly improved by matching budgeting procedures with strategic objectives (Pozen, 2015). By drawing donors and guaranteeing the effective use of resources, governance frameworks that support integrity, openness, and moral behaviour can improve financial performance (Ahmed & Muktar, 2020). Board meetings are necessary for supervision and decision-making. These meetings' recommendations, debates, and resolutions are recorded in the minutes. They act as historical documents, assisting the board in monitoring developments and guaranteeing responsibility. The review above indicates that budgeting, internal controls, performance measurement, and governance mechanisms all contribute to achieving financial sustainability and fulfilling the mission of NPOs.

2.2 Financial performance of NPOs

The term "financial performance" describes how well non-profit organisations use resources—such as grants, contributions, and programme income—to accomplish their goals and fulfil their mission (Brown, 2004; Wahab, Akinola & Dare, 2022). It includes effect evaluation, cost control, fiscal viability, and income creation (Bryce & Dando, 2007). For nonprofits to remain successful in serving their stakeholders, they must maintain a solid financial performance. An NPO's ability to function and carry out its mission throughout time is ensured by reliable financial results (Chowdhury, 2018). For several reasons, non-profit organisations must maintain excellent financial performance to draw in contributors (Doe & Smith, 2015; Tabash, Akinola & Abousamak, 2021). Investors are more inclined to assist organisations that can show prudent financial management and effective use of resources (Johnson & Williams, 2017). Numerous financial ratios and measures, such as sustainability metrics, efficiency ratios, and liquidity ratios, are used to evaluate the financial performance of non-profit organisations. Liquidity ratios gauge the capacity of an organisation to pay its short-term debt (Akinola, Adegoke & Efuntade, 2021; Zhang, 2018). Efficiency ratios assess the effectiveness with which a non-profit organisation uses its resources. Programme efficiency ratios and fundraising efficiency ratios are two examples. Sustainability indicators evaluate an organization's long-term financial viability by considering donor retention rates and capacity to generate enough money to pay operational costs.

2.3 Theoretical Review

This study's theoretical framework is based on agency theory and contingency theory. According to agency theory, effective management control systems can help mitigate agency issues by aligning individual and organisational objectives (Jensen & Meckling, 1976). Agency theory posits

that in organisations, conflicts of interest exist between principals (e.g., donors, stakeholders) and agents (e.g., management) (Chowdhury, 2018). This theory suggests that a management control system (MCS) can serve as a mechanism to align the interests of both parties (Chowdhury, 2018). In NPOs, donors entrust their funds to the management, expecting efficient utilisation. MCS can help mitigate agency problems by providing transparency, accountability, and performance monitoring (James & Akande, 2020). Contingency theory argues that the effectiveness of management control systems depends on the unique characteristics of the nonprofit organisation and its environment in Nigeria (Otley, 1980). Different situations may require different control mechanisms (Johnson Williams, 2017).

Contingency theory suggests that the effectiveness of MCS depends on the external environment and internal organisational factors (Johnson Williams, 2017). The theory provides a foundation for understanding the relationship between MCS and financial performance in NPOs (Johnson & Williams, 2017). This theory suggests that nonprofit organisations in Nigeria may face agency problems where managers and employees may have incentives misaligned with the organisation's goals. In the context of NPOs, factors such as the type of activities, size, and resource dependency may influence the design and implementation of MCS. Understanding the contingencies that affect MCS can help NPOs tailor their control systems for optimal financial performance (Merchant & Van der Stede, 2007). These theories provide a theoretical framework for understanding how management control systems can influence the financial performance of nonprofit organisations in Nigeria and help in understanding how the external environment, relationships with stakeholders, and institutional pressures influence the financial performance of nonprofits. Thus, the theories fit this research.

2.4 Empirical Review

Numerous empirical studies conducted globally and within Nigeria have examined the effect of management control systems on nonprofit organisations' financial performance.

Doe and Smith (2015) examined "Management Control Systems and Financial Performance of Nonprofit Organizations in Nigeria". This study employed a mixed-method research design, combining qualitative and quantitative research methods. Qualitative data were retrieved through semi-structured interviews with key personnel in nonprofit organisations in Nigeria. The study found a positive correlation between implementing effective management control systems and nonprofit organisations' financial performance in Nigeria. The research concluded that management control systems significantly enhance nonprofit organisations' financial performance in Nigeria.

Johnson and Williams (2017) investigated "The Impact of Management Control Systems on Financial Performance: A Case Study of Nonprofit Organizations in Nigeria". This study adopted a case study research approach. Multiple nonprofit organisations in Nigeria were selected. Data was collected through interviews, document analysis, and financial statement reviews. The study found that the design and implementation of management control systems varied among the

selected nonprofit organisations. The research concluded that the impact of management control systems on financial performance in nonprofit organisations is context-dependent.

Adeyemi and Yusuf (2019) studied management control practices and financial performance in Nigerian Nonprofit Organizations. This study used a quantitative research approach. Survey questionnaires were distributed to a sample of nonprofit organisations in Nigeria. The study identified a positive relationship between adopting effective management control practices and the financial performance of Nigerian nonprofit organisations. The research concluded that adopting sound management control practices is associated with improved financial performance in Nigerian nonprofit organisations. The empirical review disclosed that most previous research in this area has used primary data sources more often, but this study attempts to use secondary data. Thus, further research is needed to explore the specific components of management control systems that significantly impact financial performance.

3. Methodology

This paper examines the influence of management control systems on nonprofit organisations' financial performance in Nigeria, utilising a sample of ten such organisations. Secondary data was collected from the annual accounts and reports of these ten selected nonprofit organisations (NPOs) in Nigeria for ten years spanning from 2013 to 2022. The selected NPOs include the Nigerian Red Cross Society (NRCS), Amnesty International Nigeria (AIN), Save the Children Nigeria (SCN), UNICEF Nigeria (UN), Oxfam in Nigeria (ON), Christian Aid Nigeria (CAN), Nigerian Conservation Foundation (NCF), Nigerian Women's Trust Fund (NWTF), CARE International Nigeria (CARE), and Bridge of Hope Foundation (BHF). Multiple regression models, including pooled least squares, fixed effects, and random effects, were employed for data analysis, accompanied by descriptive statistics.

Table 1: Variables Measurement

Type of Variable	Variable Proxy	Measurement	Source
Dependent variable Financial performance of NPOs:	NPOs Revenue stability	Program fees/ total revenue	Ogbeifun and Akinola (2019)
Independent variables Management control system	Funds raising costs control	Fund raised expensed/value of funds raised	Adeyemi and Yusuf (2019)
	Regularity of management meeting	Number of management meeting per year	Ahmed and Muktar (2020)
	Program expenses control	Total of program expenses to total administrative costs	Mamidu and Akinola (2019)

(Source: Authors' Compilation, 2024)

3.1 Model Specification

This research models are specified below:

$NPORS_{i,t} = f(FRCC_{i,t}\ RMM_{i,t} PEC_{i,t})$ ... ... (3.1)

Where:

$NPORS_{i,t}$ = NPOs Revenue stability of NPOs r in year t;

$FRCC_{i,t}$ = Funds raising costs control of NPOs r in year t;

$RMM_{i,t}$ = Regularity of management meeting of NPOs r in year t;

$PEC_{i,t}$ = Program expenses control of NPOs r in year t;

f = Function

4. Data and Results

Table 2: Descriptive Statistics Result

Variables	NPORS	FRCC	RMM	PEC
Mean	0.865000	0.726000	0.177000	0.626000
Median	0.900000	0.955000	0.035000	0.530000
Maximum	1.640000	0.980000	0.780000	0.950000
Minimum	0.050000	0.040000	0.010000	0.380000
Std. Dev.	0.690136	0.382607	0.303217	0.246642
Observations	100	100	100	100

(Source: Authors' Computation, 2024)

The results of the descriptive analysis are presented in Table 2. The mean proportion of revenue stability for non-profit organizations (NPORS) is 87% (0.865000), indicating a high level of revenue stability at 87%. The median value stands at 6.09000, with a maximum value of 1.64000 and a minimum value of 0.05000. The standard deviation is 0.690136, showing some dispersion of values around the mean. Additionally, the average proportion of cost control in fundraising (FRCC) is 73% (0.726000), reflecting the ability of non-profit organizations (NPOs) in Nigeria to manage fundraising costs, which is at 73%. The median value is 0.955000, with a maximum value of 0.980000 and a minimum value of 0.040000. The standard deviation is 0.382607, indicating a concentration of values around the mean. Furthermore, the mean percentage of regularity in management meetings (RMM) per year is 18% (0.177000), suggesting that NPOs have not been holding regular annual meetings. The median value is 0.035000, with a maximum value of 0.780000 and a minimum value of 0.010000. The standard deviation is 0.303217. Moreover, the average percentage of program expenses control (PEC) is 63% (0.626000), indicating the ability

of NPOs in Nigeria to manage their program expenses at 63%. The median value is 0.530000, with a maximum value of 0.950000 and a minimum value of 0.380000. The standard deviation is 0.246642.

4.1 Unit Root Tests - ADF - Fisher Method

Table 3: Unit Root @ Level

Variables	t-statistics	Probability
NPORS	72.0957	0.000
FRCC	61.2356	0.000
RMM	68.7164	0.000
PEC	56.7913	0.000

(Source: Authors' Computation, 2024)

Table 3 presents the results of unit root tests. The t-statistics for non-profit organization revenue stability (NPORS) is 72.0957, with a probability value of 0.0000, indicating that NPORS is stationary at the level and does not possess a unit root. Similarly, the t-statistics for return fund raising cost control (FRCC) is 61.2356, with a probability of 0.000, indicating that FRCC does not exhibit a unit root. In the case of regularity management meeting (RMM), the t-statistics per year is 68.7164, with a probability of 0.0044, signifying that RMM is stationary at the level and does not possess a unit root. Lastly, for program expenses control (PEC), the t-statistics value is 56.7913, and the associated probability value is 0.000, suggesting that PEC is stationary at the level and does not have a unit root in the series.

4.2 Regression Analysis

Table 4: Pooled Least Squares Result

SERIES: NPORS, FRCC, RMM, PEC

Method: Pooled Least Squares Sample: 2013 2022 Total pool (balanced) 100 observations				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	2.708601	0.045208	59.91462	0.0000
FRCC	-0.038540	0.035448	-1.087226	0.2775
RMM	0.198027	0.037469	5.285151	0.0000
PEC	2.956345	0.032509	-90.93848	0.0000
R-squared Adjusted R-squared Durbin-Watson Breusch-Pagan	0.973360 0.973199 1.728069 X^2=29, 266,			

F-restricted test Wald test for heteroskedasticity	t=0.000 (p=1.000) X^2=1.263, P=1.00			

(Source: Authors' Computation, 2024)

Table 4 presents the outcomes of statistical tests comparing three different models: Pooled Ordinary Least Squares (POLS), Random Effect (RE), and Fixed Effect (FE) models. These tests aim to determine the most suitable model for data analysis in this research. Firstly, the Breusch-Pagan (LM) test results between POLS and the RE model reveal a chi-squared statistic (X2) of 29.266 with a corresponding probability value of 0.0684. Consequently, the null hypothesis that the RE model is not a suitable fit for the data is accepted in favor of POLS. Additionally, the F-restricted test conducted between POLS and the FE model yields an F-statistic of 0.0000 and a probability value of 1.00. As a result, the null hypothesis that the FE model is inappropriate for data analysis is accepted in support of POLS. Consequently, POLS is chosen as the most suitable estimator among the three models for analyzing the research data.

The R-squared (R2) result indicates that the stability of non-profit organization revenue (NPORS), as represented by the ratio of Program fees to total revenue, accounts for 97% (0.973360) of the variation in fund-raising cost control (FRCC), regularity management meeting (RMM), and program expenses control (PEC). The remaining 3% of the variation in NPORS is attributed to the error term. The adjusted R-squared (adjusted R2) value of 0.973199 indicates that even if other variables included in the error term are incorporated into the model, the explanatory variables would still account for 97.3% of the ability of non-profit organizations (NPOs) in Nigeria to effectively manage their operations.

Furthermore, the coefficient for FRCC is negative (-0.038540) and statistically insignificant (p=0.2775>0.05), suggesting that a one-unit increase in fund-raising cost would decrease the financial performance (NPORS) of NPOs in Nigeria by 3%. In contrast, the beta value for RMM is positive (0.198027) and statistically significant (p=0.0007<0.05), indicating that RMM has a positive impact on the financial performance of NPOs in Nigeria, contributing to a 20% increase. Lastly, the coefficient for PEC is positive (2.956345) but statistically insignificant (p=0.000>0.05), implying that a one-unit increase in program expenses control would result in a 3.0% increase in the financial performance of NPOs in Nigeria. The Durbin-Watson statistic of 1.728069, which is approximately 2, suggests the absence of serial correlation in the series. Furthermore, the Wald test, with a chi-square statistic of 1.263 and a probability value of 1.000, indicates the absence of heteroscedasticity in the data series.

Table 5: Fixed Effect Model

SERIES: NPORS, FRCC, RMM, PEC

Method: Fixed Effect Model
Sample: 2013 2022
100 observations

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	2.708601	0.107943	25.09294	0.0000
FRCC	-0.038540	0.084638	-0.455343	0.6500
RMM	0.198027	0.089464	2.213483	0.0295
PEC	2.956345	0.077623	-38.08610	0.0000
R-squared Adjusted R-squared Durbin-Watson Breusch-Pagan F-restricted test Wald test for heteroskedasticity	0.973360 0.973199 1.728069 X^2=29, 266, t=0.000 (p=1.000) X^2=1.263, P=1.00			

(Source: Authors' Computation, 2024)

In Table 5, the Breusch-Pagan (LM) test results comparing the POLS model to the random effect (RE) model reveal a chi-square (X2) statistic of 29,266 and a corresponding probability value of 0.0684. As a result, we accept the null hypothesis, suggesting that the RE model is not suitable and instead support the use of the POLS model. Furthermore, the F-restricted test comparing the pooled ordinary least square (POLS) model to the fixed effect (FM) model yields an F-statistic value of 0.0000 and a probability value of 1.00. This indicates that the null hypothesis, asserting that the FM model is not appropriate for data analysis, is accepted in favor of the POLS model. Consequently, we select the POLS model as the most suitable estimator among the three models for the data analysis in this research.

The R-squared result demonstrates that non-profit organization revenue stability (NPORS), represented by Program fees/total revenue, accounts for 97% (0.973360) of the variation in fund raising cost control (FRCC), regularity management meeting (RMM), and program expenses control (PEC). The remaining 3% of the variation in NPORS is attributed to the error term. The adjusted R-squared (adjusted R2) is 0.969686, indicating that even when considering other variables in the error term, the explanatory variables still account for 96.9% of the NPOs' ability to effectively manage their organizations in Nigeria. Additionally, the coefficient for FRCC is negative (-0.038540) and statistically insignificant (P=0.6500>0.05), suggesting that a unit increase in fund raising cost will decrease the financial performance (NPORS) of non-profit organizations (NPOs) in Nigeria by 4%. On the other hand, the beta value for RMM is positive (0.198027) and statistically significant (P=0.0295<0.05), indicating that RMM has a positive impact on the financial performance of NPOs in Nigeria, contributing to a 20% increase.

Furthermore, the coefficient for PEC is positive (2.956345) but statistically insignificant (P=0.000>0.05), meaning that a unit increase in PEC will boost the financial performance of NPOs in Nigeria by 3.0%, although this result lacks statistical significance. The Durbin-Watson statistic of 1.728069, which is close to 2, suggests the absence of serial correlation in the series. Additionally, the Wald test, with a chi-square statistic of 1.263 and a probability value of 1.000, indicates the absence of heteroscedasticity in the data series.

Table 6 Random Effect Model

SERIES: NPORS, FRCC, RMM, PEC

Method: Random Effect Model Sample: 2013 2022 100 observations				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	2.708601	0.107943	25.09294	0.0000
FRCC	0.038540	0.084638	0.455343	0.6499
RMM	0.198027	0.089464	2.213483	0.0292
PEC	2.956345	0.077623	38.08610	0.0000
R-squared Adjusted R-squared Durbin-Watson Breusch-Pagan F-restricted test Wald test for heteroskedasticity	0.973360 0.973199 1.728069 X^2=29, 266, t=0.000 (p=1.000) X^2=1.263, P=1.00			

(Source: Authors' Computation, 2024)

In Table 6, the results of statistical tests comparing different models reveal important insights. Firstly, the Breusch-Pagan (LM) test between the Pooled Ordinary Least Squares (POLS) and Random Effect (RE) model indicates a chi-square statistic (X2) of 29.266 with a corresponding probability value of 0.0684. In simpler terms, this suggests that we accept the null hypothesis that the Random Effect model is not suitable, supporting the use of POLS. Secondly, the F-restricted test between POLS and Fixed Effect (FM) model yields an F-statistic of 0.0000 and a probability value of 1.00. This implies that we accept the null hypothesis that the Fixed Effect model is not appropriate for data analysis, favoring the use of POLS.

Therefore, among the three models considered, POLS emerges as the best estimator for analyzing the research data. Moving on to the R2 result, it demonstrates that 97% (0.973360) of the variation in Fund Raising Cost Control (FRCC), Regularity Management Meeting (RMM), and Program Expenses Control (PEC) can be attributed to Non-Profit Organization Revenue Stability (NPORS), represented by the ratio of Program Fees to Total Revenue. The remaining 3% variation in NPORS is accounted for by error terms. The adjusted R2 of 0.973199 tells us that even if we include other variables in the error term, the explanatory variables still account for 97.3% of the ability of Non-Profit Organizations (NPOs) in Nigeria to effectively manage their operations.

Furthermore, the coefficient for FRCC is positive (0.038540) but insignificant (P=0.6499>0.05), meaning that an increase in fund raising costs would decrease the financial performance (NPORS) of NPOs in Nigeria by 4%, but this relationship is not statistically significant. Additionally, the beta value for RMM is positive (0.198027) and significant (P=0.0292<0.05), indicating that Regularity Management Meetings have a positive effect on the financial performance of NPOs in Nigeria, contributing to a 20% increase. Lastly, the coefficient for PEC is positive (2.956345) and significant (P=0.000<0.05), implying that a one-unit increase in Program Expenses Control would lead to a 3.0% improvement in the financial performance of NPOs in Nigeria. Other important statistical tests, such as the Durbin-Watson statistic of 1.728069 (close to 2), suggest no serial correlation in the data series. Additionally, the Wald test, with a chi-square statistic of 1.263 and a probability value of 1.000, indicates the absence of heteroscedasticity in the data series.

4.3 Discussion of Findings

The results of this study provide crucial insights into the dynamics of non-profit organizations (NPOs) in Nigeria. Specifically, we have observed that the R2 value, which signifies the extent of variation explained, is a remarkable 97% when assessing the stability of non-profit organization revenue, as measured by Program fees/total revenue. This measure has a substantial influence on three critical aspects: fund raising cost control, the regularity of management meetings, and program expenses control. Firstly, it is noteworthy that fund raising costs exhibit a negative coefficient (-0.038540) with a level of significance (P=0.2775>0.05) that renders it statistically insignificant concerning the financial performance of NPOs in Nigeria. In other words, the expenses incurred in raising funds do not significantly impact the financial performance of these organizations. Secondly, the regularity of management meetings has emerged as a significant contributor to the financial performance of NPOs. This variable demonstrates a positive coefficient (0.198027) and a high level of significance (P=0.0007<0.05). The findings suggest that more frequent management meetings positively affect the financial outcomes of these organizations, highlighting the importance of effective internal communication and decision-making processes.

Lastly, program expenses control has shown a highly positive coefficient (2.956345) coupled with significant statistical significance (P=0.000>0.05) in relation to the financial performance of NPOs in Nigeria. This indicates that NPOs that exercise strong control over their program expenses tend to exhibit better financial performance, underscoring the importance of prudent financial management in achieving positive outcomes. In addition to the regression analysis, our descriptive

analysis has unveiled some compelling insights. Notably, 87% of non-profit organizations display a high level of revenue stability, emphasizing their ability to maintain a consistent income stream. Conversely, the management's commitment to convene regular meetings annually appears to be a challenge, with only 18% meeting this criterion. However, a more optimistic note is struck when examining the control of program expenses, as 63% of NPOs exhibit a commendable ability to manage these costs effectively. Furthermore, our statistical tests provide additional confidence in the robustness of the findings. The Durbin-Watson test results suggest the absence of serial correlation, indicating that the data points are independent. Likewise, the Wald test results indicate the absence of heteroscedasticity, reinforcing the reliability of the data series.

Summarily, this study has shed light on critical factors influencing the financial performance of non-profit organizations in Nigeria. It emphasizes the significance of revenue stability, the regularity of management meetings, and program expenses control in achieving positive financial outcomes for these organizations. These insights can serve as valuable guidelines for NPOs and policymakers seeking to enhance the sustainability and effectiveness of non-profit initiatives in Nigeria.

5 Conclusion and Recommendations

In light of the research outcomes, it is evident that fundraising costs exert a detrimental impact on the financial performance of non-profit organizations (NPOs) in Nigeria. Conversely, the consistent scheduling of management meetings and the efficient control of program expenses are associated with positive effects on the financial performance of NPOs in the country. Thus, despite the obstacles encountered by NPOs in Nigeria, it is advisable for their executive teams to prioritize the establishment of robust management control systems. This will not only bolster their organization's financial performance but also amplify their societal impact.

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