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# Influence of Ethical Leadership on Sustainability of Local Non-Governmental Organizations in Rwanda: A Case of PROFEMMES Twese Hamwe

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## Abstract

This study explored how ethical leadership can influence the sustainability of LNGOs in Rwanda specifically looking at three dimensions including leader integrity, employee engagement, and compliance with management rules and regulations. To address the research objectives, the researcher used a descriptive research design with a mixed method of quantitative and qualitative data. The target population was 119 leaders in 52 LNGOs members of PRO-FEMMES /Twese Hamwe. Hence, purposively the 2 respondents were selected from each of the organizations under PRO-FEMMES / Twese Hamwe to make 104 respondents among leadership positions. The study used a survey questionnaire to collect data. The questionnaire was administered to 100 respondents selected while 4 respondents were given interviews based on the criteria that they are board members of the big umbrella Pro-femmes which implies they are capable to give more detailed data in a form of qualitative data. The results show an overall mean of 4.233 showing that respondents strongly agreed that leaders' integrity influences sustainability of LNGOs in Rwanda. supported by correction analysis results showing a positive and significant relationship between leaders' integrity and institutional sustainability ( $r=0.933$  and  $\text{sig}=0.00$ ), leaders' integrity and financial sustainability ( $r=0.959$  and  $\text{sig}=0.00$ ), leaders' integrity and programmatic sustainability ( $r=0.973$  and  $\text{sig}=0.00$ ). Hence, this shows that there is a positive and significant relationship between leaders' integrity and sustainability of LNGOs in Rwanda. The overall mean of 4.276 implies that respondents strongly agreed that employee engagement influences sustainability of LNGOs in Rwanda. These results are supported by correlation analysis results which show a positive and significant relationship between employee engagement and institutional sustainability ( $r=0.967$  and  $\text{sig}=0.00$ ), employee engagement and financial sustainability ( $r=0.993$  and  $\text{sig}=0.00$ ), employee engagement and programmatic sustainability ( $r=0.993$  and  $\text{sig}=0.00$ ). Hence, this shows that there is a positive and significant relationship between employee engagement and sustainability of LNGOs in Rwanda. The overall mean of 4.238 shows that respondents strongly agreed that compliance with donor required rules and

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regulations have influence on LNGOs sustainability in Rwanda. These results are supported by correlation results which show a positive and significant relationship between compliance and institutional sustainability ( $r=0.954$  and  $\text{sig}=0.00$ ), compliance and financial sustainability ( $r=0.993$  and  $\text{sig}=0.00$ ), compliance and programmatic sustainability ( $r=0.993$  and  $\text{sig}=0.00$ ). Hence, this shows that there is a positive and significant relationship between compliance and sustainability of LNGOs in Rwanda.

**Keywords:** *Ethical Leadership, Sustainability of LNGOs, PRO-FEMMES / Twese Hamwe, Rwanda*

## 1. Introduction

Despite the important role LNGOs play in the development of many countries in general and of Rwanda in particular, they are facing a crucial issue of concern about their sustainability. A study conducted by the Uganda Prime Minister's Office (2003) on the NGOs sector demonstrated that only between 15-30% of the NGOs that register annually go operational (Kyalimpa, Fulufhelo & Rankhumise, 2017). Okorley and Nkrumah (2012) in their study found that 26% of the NGOs in Ghana were not sustainable.

Different studies that were undertaken to discuss about challenges associated to sustainability of LNGOs (Okorley & Nkrumah, 2012; Njoroge, 2013; Shukree *et al.*, 2020; USAID's CSO Sustainability Index, Annual publications) mentioned specifically the management capacity, lack of transparency and accountability, political interference, dependence on external funding, funding from donors that are project based rather than being oriented to organizational strategic plan and core program, lack of empowering the LNGOs with means to fund the core expenses and allow the provision of reserves through unrestricted funding that would allow NGO to be able to implement the activities in their strategic plans in relation to their mission.

Although there are no studies yet focusing on factors that influence the sustainability of LNGOs in Rwanda, studies in other countries (Kyalimpa & Asiimwe, 2017; Saungweme, 2014; Okorley & Nkrumah, 2012; D'arcy, 2019, Kabdiyeva, 2013 discussed on factors influencing the sustainability, and the most significantly pointed out are related to leadership and fund availability. However, in this context, leadership was considered by researchers like Bairamian, Okorley and Nkrumah as factors of sustainability in its dimension as a competence developed to achieve a mission effectively. In this context, skilled leaders are competent people who know the means and methods for carrying out their responsibilities (Northouse, 2012)". Yet, this is not enough given that, despite the training conducted to LNGOs' leaders by interested stakeholders, the issue of sustainability persists.

Based on the gaps identified in relation to leadership as factor influencing the sustainability of LNGOs, a particular emphasis would be to consider on addition aspects including ethics. Therefore, the motivation of this study is to explore how ethical leadership can have an influence on the sustainability for LNGOs in general, with specific focus on LNGOs in Rwanda.

### 1.1 Objectives of the study

The main objective of this study was to determine the influence of ethical leadership on the sustainability of the Local Non-Governmental Organizations in Rwanda. The specific objectives were to;

(i) Determine how leaders' integrity impacts the sustainability of Local Non-Governmental Organizations in Rwanda.

- (ii) Explore how employees' engagement influences the sustainability of Local Non-Governmental Organizations in Rwanda.
- (iii) Examine the influence of the compliance with donor required rules and regulations on the sustainability Local Non-Governmental Organizations in Rwanda.

### **1.1.3 Research Hypotheses**

H01: The moral dimension of ethical leadership has no significant effect on sustainability of Local Non-Governmental Organizations in Rwanda.

H02: Employees' engagement has no statistically significant influence on sustainability of Local Non-Governmental Organizations in Rwanda.

H03: The practice of compliance with donors' regulations has no significant influence on the sustainability of the Local Non-Governmental Organizations in Rwanda.

## **2.1 Empirical Review**

### **2.1.1 Leader's integrity and sustainability**

Integrity is among the most requirements for any assignment. It implies that people do what is right and appropriate (Heba, 2021). According to Yukl (2013), Krisharyuli, Himam, and Ramdani (2020), ethical leadership always involves the personal integrity which refers for the leaders to be consistent in words, having the moral principles and behave consistently in accordance with the moral values (Schlenker, 2008; Krisharyuli et al 2020). The research conducted by Krisharyuli, Himam, and Ramdani, (2020) explained that integrity is a moral factor combining the behavioral indicators such as honesty, fairness, discipline, and compliance.

Organizations that promote integrity make a better working environment for employees and people in such organizations are committed to moral values, ensure great quality of services which are valued by the stakeholder. In contrast, the lack of integrity creates an organizational dysfunction that led to non-achievement of objectives and employee non commitment to the goal (Tulberg, 2012; Hegarty & Moccia, 2018). Baapogmah, Mayer and Chien (2015) conclude that promoting individual and organizational integrity creates value that rewards the organization with sustained donors and community support. The integrity of employees impacts the reputation of the organization whereas the integrity dimension of ethical leadership improves trust from stakeholders including donors.

### **2.1.2 Employee engagement and sustainability**

From different literatures, a common definition of an engaged employee came out that is one who works with passion and committed to the organization. An engaged employee carries out the work with high performance, always eager to achieve the organization's goals and even exceed the expectations and could innovate all with the purpose to carry the organization forward.

With regards to employee engagement and from the ethical leadership point of view; Rebull, (2019), Radu, (2021) observed that to develop employee engagement, employees need to be motivated by the leader and by applying a style of leadership based on transparency, team building, trust, and performance recognition. However, in the opinion of Kruse (2012), employee engagement does not always mean employee happiness or satisfaction. People might be happy at work but show low performance. Kruse (2012) asserts that engagement is an emotional commitment of an employee toward the organization and its goals. Engaged employees care about work and organization not just for a salary or promotion and are sincerely

committed for the achievement of the goals of the organization. And there comes the ethical aspect.

### **2.1.3 Compliance to management regulations for sustainability**

In a study conducted by Baapogmah *et al.* (2015), it was noted that NPOs staff and leaders have an obligation to adhere to the rules and regulations applicable in an organization and that the non-compliance has consequences to individuals and to the organization in general. Different studies demonstrated that compliance holds NGOs not only to high standards but also to keeping the good relations with the organization's donors and other stakeholders. NGOs are required to comply with local laws, their own constitution, policies and procedures, the terms, and conditions of the agreements with donors.

Compliance has also been discussed through studies on ethical point of view. Bruce (2019) established the relation between compliance and ethic arguing that even though rules matter, ethics matter more. Organization may have written policies, processes, and tools, all on which employees are trained were not adhered to, employees did not comply which finally harmed the organization's reputation.

In conclusion, if one behaves according to ethics standards which are the organizational ethical culture, truth, respect, and integrity, compliance naturally follows. It is in this context that for some literatures, ethical culture is much more important than having a code of conduct (Institute of Directors South Africa, 2016; Treviño et al., 2006; De Klerk, 2021). For other literatures, compliance and ethics are expected to complement each other (Geddes, 2017; Karpetis, 2018; De Klerk, 2021). Finally, De Klerk (2021) concludes by arguing that joining compliance and ethics implies a relation between control to discourage violation of legal obligations and moral self-regulation.

Studies concluded that compliance is a key requirement for success and sustainability of organizations; reliability and trust can exist in an organization if employees are committed to compliance. An ethical leadership is necessary to stimulate that commitment.

## **2.2 Research Gap**

Previous studies, as well as different publications, have been considering sustainability as a result from some specific internal and external factors. Most of them pointing out the management capacity as the main determinant for NGO sustainability. Kojo (2017) referring to the research done by WACSI on CSOs sustainability, identified four dimensions including the uninterrupted availability of financial means; the existence of organizations; the technical and administrative capacity to function; and the impact of the interventions. Kojo (2017) referring also to the assessment conducted by CIVICUS, conditions for NGO sustainability while the annual CSOs sustainability index published annually by USAID determines the sustainability of NGOs based on an assessment of seven indicators which are the organizational capacity. The above statements among many others are an attempt to ascertain the genuine factors influencing the sustainability of NGOs.

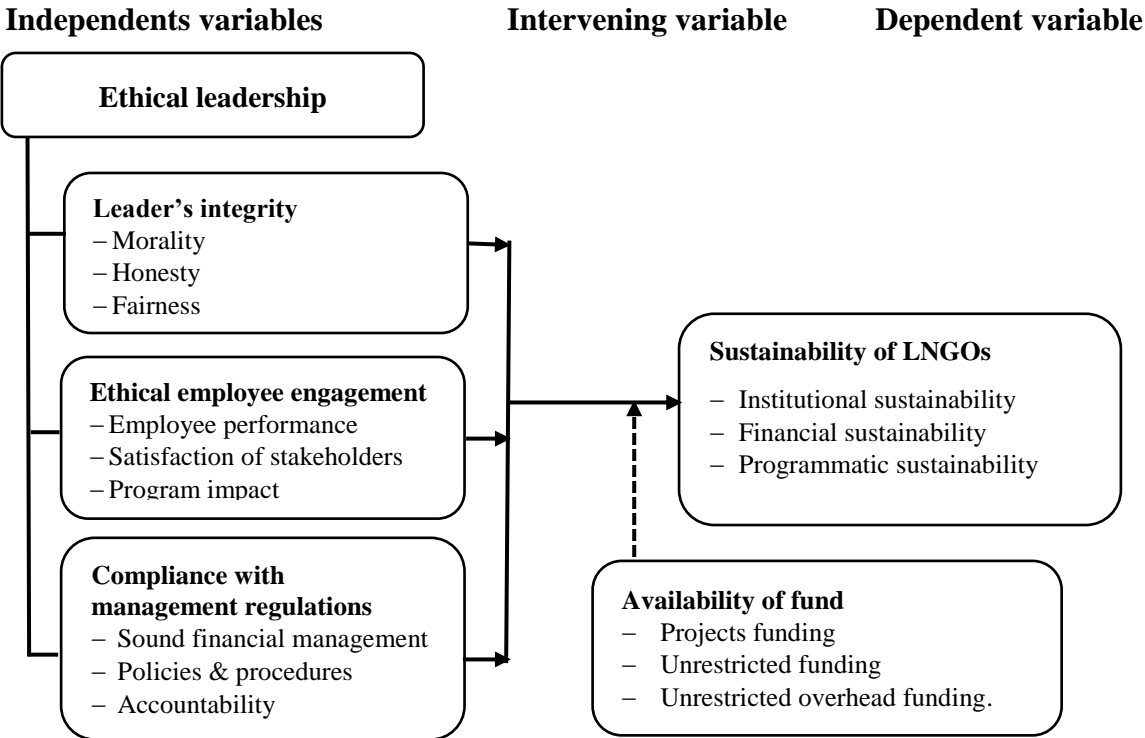
These being not excluded, the review identified gaps, a factor that have not so far been investigated. The statement seems to ignore the necessity of the factor related to ethics as well as the funding policies. The most important factors to consider according to this study should be ethical leadership that encouraged the staff engagement to bust the organization's performance, integrity for more accountability, and compliance to build trust from government, donors, stakeholders, staff, beneficiaries, financial resources to be able to fulfill the mission and scaling up the interventions, acquiring and maintain the resources necessary for the implementation.

On another hand, it is indispensable to note that the financial resources provided by donors cannot really ensure the sustainability of the NGOs as long as they are project based. It is imperative to debate on donor funding related policies and practices that are often designed for as short-term support on one hand and on the other hand fund the program activities and direct operating cost or a very minimal and restricted core funding. As long as, donors cannot agree to fund most of indirect costs, with a flexible restriction to cost funding or create reserves, NGOs would not be able to survive after the close out of funded projects. However, the process has started as confirmed by MacIntosh, Morris, and Dylan (2016) who confirmed that nonprofit leaders are working hard to convince and encourage donors to consider the funding of the overhead by providing full and unrestricted fund of the general operating support costs or indirect expenses.

Research should also look at influencing the government to put in place policies to provide subsidies and encourage local philanthropic practices. The research should also look at the relevance for LNGOs to invest in income-generating activities that would support to ensure the sustainability of NGOs.

**2.3 Conceptual Framework**

An explanation of the concept was given by Liehr & Smith (1999), Kamil (2018) who argue that a conceptual framework is an explanation provided by a researcher about how the research problem would be investigated. A conceptual framework displays an integrated way of looking at a problem under study and describes the relevant variables as well as how they relate to each other and informs the readers on what to expect from the research. Hennink, Inge and Bailley (2020) explain that a conceptual framework is therefore developed based on existing literature and theory. In the context of this study, the conceptual framework is presented as follows.



**Figure 1: Ethical leadership model**

### 3. Materials and Methods

The research design chosen for this study is descriptive research, which aims to present an accurate profile of the situations being investigated. It is also classified as quantitative research since it involves the collection and analysis of numerical data to describe and test causal relationships between variables. The study is categorized as applied research, as the findings will be used for formulating policies, improving organizational governance, administration, and enhancing understanding of the discussed situations.

The target population for this study consists of 119 leaders from PRO-FEMMES/Twese Hamwe, an umbrella organization comprising 52 local non-governmental organizations (LNGOs) in Rwanda. The choice of this population was driven by the fact that its member organizations have been implementing women empowerment projects, which have been predominantly funded in recent years. The respondents selected from the target population were senior staff, including Program Managers, Finance Managers, and Directors from LNGOs that have been in operation for five or more years.

A nonprobability sampling method was used to select a sample of 104 respondents from the 52 LNGOs. The sampling technique employed was purposive sampling, which involved the researcher deliberately selecting participants based on their qualities and expertise related to the research objectives. The sample size was considered sufficient for the study, as previous research studies have shown that 10-20 well-informed individuals can provide valuable insights into the research problem.

The data collection method used in this study was a questionnaire, which was administered to the selected respondents. The questionnaire included both structured (closed-ended) and unstructured (open-ended) questions to address the specific objectives, research questions, and hypotheses of the study. To ensure the validity and reliability of the data collection instrument, content validity and construct validity approaches were employed. Content validity was achieved by ensuring that the questionnaire items covered the full range of issues being measured and were clear and easy to understand. Construct validity was ensured by aligning the questionnaire with the study objectives.

Data analysis involved the use of descriptive statistics, correlation analysis, and multiple regression analysis to examine the relationship between variables and estimate the influence of independent variables on the dependent variable of LNGO sustainability. Ethical considerations were considered throughout the research process. Participants were provided with information about the research and gave their voluntary consent to participate. Confidentiality was maintained, and participants' privacy was respected. The researcher also followed ethical principles by avoiding behaviors that could cause harm, maintaining confidentiality, and avoiding plagiarism.

### 4. Presentation of findings

#### 4.1 Leaders' integrity and sustainability of LNGOs in Rwanda.

The results of this objective have concentrated on descriptive and correlation analysis results of leaders' integrity and sustainability of LNGOs in Rwanda and the assessment of sustainability of LNGOs in Rwanda as dependent variable.

**Table 1: Leader’s integrity and sustainability of LNGOs in Rwanda**

Statements	Mean	SD
A leader with morality, honest and fair influences the behavior of employees	4.220	0.986
A leader with morality, honest and fair influences the trust of stakeholders	4.244	0.944
A leader with morality, honest and fair influences the donors to provide fund	4.220	0.986
A leader with morality, honest and fair influences the continuity of the impact of the program	4.220	0.975
A leader with integrity and who promotes it, influences the sustainability of the organization	4.255	0.922
The ethical leadership inspires the good relations with stakeholders	4.255	0.922
A skilled leader is the most appropriate than a leader with integrity to sustain an NGO	4.220	0.986
The ethical leadership is the most key factor to sustain an NGO	4.220	0.975
A performance-oriented leader is the most appropriate than a leader with integrity to sustain an NGO	4.232	0.978
Availability of funds matters more than ethical practices to ensure the sustainability of NGOs	4.244	0.932
Overall mean	4.233	

**Source: Field Data, 2023**

The results in Table 1 show mean of 4.220 and SD of 0.986 implying that respondents strongly agreed that a leader with morality, honest and fair influences the behavior of employees. The mean of 4.244 and SD of 0.944 showing that respondents strongly agreed that a leader with morality, honest and fair influences the trust of stakeholders. The mean of 4.220 and SD of 0.986 shows that respondents strongly agreed that a leader with morality, honest and fair influences the donors to provide fund.

The mean of 4.220 and SD of 0.975 implying that respondents strongly agreed that a leader with morality, honest and fair influences the continuity of the impact of the program. The mean of 4.255 and SD of 0.922 implying that respondents strongly agreed that a leader with integrity and who promotes it, influences the sustainability of the organization. The mean of 4.255 and SD of 0.922 showing that respondents strongly agreed that the ethical leadership inspires the good relations with stakeholders. The mean of 4.220 and SD of 0.986 implying that respondents strongly agreed that a skilled leader is the most appropriate than a leader with integrity to sustain an NGO.

The mean of 4.220 and SD of 0.975 implying that respondents strongly agreed that the ethical leadership is the most key factor to sustain an NGO. The mean of 4.232 and SD of 0.978 showing that respondents strongly agreed that a performance-oriented leader is the most appropriate than a leader with integrity to sustain an NGO. The mean of 4.244 and SD of 0.932 implying that respondents strongly agreed that availability of funds matters more than ethical practices to ensure the sustainability of NGOs. The overall mean of 4.233 showing that respondents strongly agreed that leaders’ integrity influences sustainability of LNGOs in Rwanda.

The above descriptive results of the study are supported by the qualitative results, for instance on the question asked to the researcher regarding the importance of a leader’s integrity in sustaining a local NGO. The interviewee number one responded that leader’s integrity is the



most critical determinant of NGO’s sustainability, when a leader exhibits morality, honest and fairness works in setting the tone for ethical behavior within the organization. Hence, this ethical behavior becomes the organizational which creates trust in the organization to enhance its sustainability.

**Table 2: Assessment of sustainability of LNGOs in Rwanda**

Statements	Mean	SD
Institutional sustainability	4.209	0.934
Financial sustainability	4.255	0.922
Programmatic sustainability	4.255	0.922
Overall mean	4.239	

**Source: Field Data, 2023**

The results in Table 2 show that a mean of 4.209 and SD of 0.934 showing that the respondents strongly agreed that there is an institutional sustainability in LNGOs. The mean of 4.255 and SD of 0.922 implies that the respondents strongly agreed that there is a financial sustainability in LNGOs. The mean of 4.255 and SD of 0.922 implying that the respondents strongly agreed that there is a programmatic sustainability in LNGOs. The overall mean of 4.239 shows that respondents strongly agreed that there is a sustainability in LNGOs in Rwanda.

The descriptive results above are supported by qualitative results which show that when donors see that an organization has a culture of trust and ethical behavior, they are more likely to continue supporting the organization. Trust is the foundation of any relation and donors are not exception. If they trust an NGO, they can provide an ongoing support to enhance project sustainability.

**Table 3: Correlation analysis between employee engagement and LNGOs sustainability**

		Institutional sustainability	Financial sustainability	Programmatic sustainability
Leader's integrity	Pearson Correlation	.933**	.959**	.973**
	Sig. (2-tailed)	.000	.000	.000
	N	86	86	86

**Source: Field Data, 2023**

The results in Table 4.3 show a positive and significant relationship between leaders’ integrity and institutional sustainability ( $r=0.933$  and  $sig=0.00$ ), leaders’ integrity and financial sustainability ( $r=0.959$  and  $sig=0.00$ ), leaders’ integrity and programmatic sustainability ( $r=0.973$  and  $sig=0.00$ ). Hence, this shows that there is a positive and significant relationship between leaders’ integrity and sustainability of LNGOs in Rwanda.

In an interviewee conducted to one of the managers of the project, he stated in his own words that: *“I would like to emphasize that a leader’s integrity is not only an important for sustaining an NGO but also for setting a positive example for employees and promoting ethical behavior throughout the organization. Hence, it is the collective efforts of everyone in the organization that leads to its sustainability”*. These results support the correlation analysis results of the study saying that there is a positive relationship between leaser’s integrity and sustainability of

LNGOs in Rwanda.

#### 4.2 Employees’ engagement and sustainability of LNGOs in Rwanda.

The descriptive and correlation results of this research objective regarding the employee’s engagement and sustainability of LNGOs are presented in Table 4.4 and Table 4.5 here below.

**Table 4: Employees’ engagement and sustainability of LNGOs in Rwanda**

Statements	Mean	SD
A leader with integrity and who promotes it, influences the motivation of employees	4.220	0.975
A motivated employee assures a high performance	4.197	1.038
The high performance of an NGO inspires satisfaction in stakeholders.	4.581	0.743
The high performance of an NGO leads to its sustainability.	4.244	0.944
Ethical leadership has an influence on the success of an NGO	4.244	0.932
The long-term effect of the program of an NGO is an opportunity for funding and sustainability of NGOs	4.232	0.978
The satisfaction of NGOs’ stakeholders encourages donors to fund for sustainability	4.220	0.975
Total mean	4.276	

**Source: Field Data, 2023**

The results in Table 4 show a mean of 4.220 and SD of 0.975 implying that respondents strongly agreed that a leader with integrity and who promotes it, influences the motivation of employees. The mean of 4.197 and SD of 1.038 showing that respondents strongly agreed that a motivated employee assures a high performance. The mean of 4.581 and SD of 0.743 showing that respondents strongly agreed that the high performance of an NGO inspires satisfaction in stakeholders.

The mean of 4.244 and SD of 0.944 showing that respondents strongly agreed that the high performance of an NGO leads to its sustainability. The mean of 4.244 and SD of 0.932 shows that respondents strongly agreed that ethical leadership has an influence on the success of an NGO. The mean of 4.232 and SD of 0.978 implying that respondents strongly agreed that the long-term effect of the program of an NGO is an opportunity for funding and sustainability of NGOs. The mean of 4.220 and SD of 0.975 shows that the satisfaction of NGOs’ stakeholders encourages donors to fund for sustainability. The overall mean of 4.276 implies that respondents strongly agreed that employee engagement influences sustainability of LNGOs in Rwanda.

**Table 5: Correlation analysis between employee engagement and LNGOs sustainability**

		Institutional sustainability	Financial sustainability	Programmatic sustainability
Employee engagement	Pearson Correlation	.967**	.993**	.993**
	Sig. (2-tailed)	.000	.000	.000
	N	86	86	86

The results in Table 5 show a positive and significant relationship between employee engagement and institutional sustainability ( $r=0.967$  and  $sig=0.00$ ), employee engagement and financial sustainability ( $r=0.993$  and  $sig=0.00$ ), employee engagement and programmatic sustainability ( $r=0.993$  and  $sig=0.00$ ). Hence, this shows that there is a positive and significant relationship between employee engagement and sustainability of LNGOs in Rwanda

#### **4.3 Compliance with donor required rules and regulations and sustainability LNGOs in Rwanda.**

The results of this objective have concentrated on descriptive and correlation analysis results of compliance with donor required rules and regulations and sustainability of LNGOs in Rwanda.

**Table 6: Compliance with donor required rules and regulations and LNGOs sustainability.**

<b>Statements</b>	<b>Mean</b>	<b>SD</b>
The ethical culture of the NGO influences the sound financial management	4.232	0.953
The transparent financial management of an NGO influences its sustainability.	4.232	0.978
Employees who use ethics to guide their behavior adhere to the NGO's policies and rules	4.244	0.932
Compliance does not depend on the morality of an employee	4.244	0.944
Ethical leadership prevents fraud and any other abuse in an NGO	4.255	0.922
Ethical leadership has an influence on the accurate presentation and reporting the activities	4.232	0.978
Reporting fairly and accurately on performance results can influence the sustainability of an NGO.	4.232	0.953
Total mean	4.238	

**Source: Field Data, 2023**

The results in Table 6 show a mean of 4.232 and SD of 0.953 implying that respondents strongly agreed that the ethical culture of the NGO influences the sound financial management. The mean of 4.232 and SD of 0.978 shows that respondents strongly agreed that the transparent financial management of an NGO influences its sustainability. The mean of 4.244 and SD of 0.932 implying that respondents strongly agreed that employees who use ethics to guide their behavior adhere to the NGO's policies and rules. The mean of 4.244 and SD of 0.944 showing that respondents strongly agreed that compliance does not depend on the morality of an employee.

The mean of 4.255 and SD of 0.922 showing that respondents strongly agreed that ethical leadership prevents fraud and any other abuse in an NGO. The mean of 4.232 and SD of 0.978 implying that respondents strongly agreed that ethical leadership has an influence on the accurate presentation and reporting the activities. The mean of 4.232 and SD of 0.953 showing that respondents strongly agreed that reporting fairly and accurately on performance results can influence the sustainability of an NGO. The overall mean of 4.238 shows that respondents strongly agreed that compliance with donor required rules and regulations have influence on LNGOs sustainability in Rwanda.

**Table 7: Correlation analysis between compliance and LNGOs sustainability**

		Institutional sustainability	Financial sustainability	Programmatic sustainability
Compliance	Pearson Correlation	.954**	.993**	.993**
	Sig. (2-tailed)	.000	.000	.000
	N	86	86	86

**Source: Field Data, 2023**

The results in Table 7 show a positive and significant relationship between compliance and institutional sustainability ( $r=0.954$  and  $\text{sig}=0.00$ ), compliance and financial sustainability ( $r=0.993$  and  $\text{sig}=0.00$ ), compliance and programmatic sustainability ( $r=0.993$  and  $\text{sig}=0.00$ ). Hence, this shows that there is a positive and significant relationship between compliance and sustainability of LNGOs in Rwanda.

**Table 8: Model summary of ethical leadership and institutional sustainability**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.967 <sup>a</sup>	.935	.933	.24251

a. Predictors: (Constant), Compliance, Leader's integrity, Employee engagement

**Source: Field Data, 2023**

The results in Table 8 show regression coefficient of 0.967, regression square of 0.935, the adjusted regression square of 0.933 and standard error of the estimate of 0.242. Hence, this implies that one unit increase of ethical leadership in terms of compliance, leader's integrity and employee engagement affect 93.5% of increase in institutional sustainability in LNGOs in Rwanda.

**Table 4. 9: Analysis of Variance (ANOVA) of ethical leadership and institutional sustainability**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	69.410	3	23.137	393.392	.000 <sup>b</sup>
Residual	4.823	82	.059		
Total	74.233	85			

a. Dependent Variable: Institutional sustainability

b. Predictors: (Constant), Compliance, Leader's integrity, Employee engagement

**Source: Field Data, 2023**

The results in Table 9 show that regression sum of squares is 69.410 while its residual is 4.823 making a total of 74.233 with regression difference of 3, residual df of 82 with a total of 85. The regression mean square is 23.137 and its residual is 0.059 with f value of 393.392 with significance which is  $0.00 < 0.05$ . this implies that there is a positive and significant relationship between ethical leadership and institutional sustainability since the level of significance is lesser than 0.05 standard level of significance.

**Table 10: Regression coefficients of ethical leadership and institutional sustainability**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.098	.126		.773	.442
Leader's integrity	.726	.115	.723	4.228	.020
Employee engagement	.985	.182	.983	5.403	.000
Compliance	.910	.186	.909	3.051	.031

a. Dependent Variable: Institutional sustainability

**Source: Field Data, 2023**

The results in Table 10 show that the regression equation of  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$  becomes  $Y = 0.098 + 0.726$  (leaders' integrity)  $+ 0.985$ (employee engagement)  $+ 0.910$  (compliance). This implies that there is a positive and significant relationship between leaders' integrity, employee engagement and compliance as measures of ethical leadership with institutional sustainability because all calculate significance values are positive and (0.020, 0.00, 0.031 level of significances) lesser than 0.05. Hence, ethical leadership has a positive and significant influence on institutional sustainability of LNGOs in Rwanda.

**Table 11: Model summary of ethical leadership and financial sustainability**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.997 <sup>a</sup>	.994	.994	.07354

a. Predictors: (Constant), Compliance, Leader's integrity, Employee engagement

**Source: Field Data, 2023**

a. Predictors: (Constant), Compliance, Leader's integrity, Employee engagement

**Source: Field Data, 2023**

The results in Table 11 show regression coefficient of 0.997, regression square of 0.994, the adjusted regression square of 0.994 and standard error of the estimate of 0.735. Hence, this implies that one unit increase of ethical leadership in terms of compliance, leader's integrity and employee engagement affect 93.5% of increase in financial sustainability in LNGOs in Rwanda.

**Table 12: Analysis of variance (ANOVA) of ethical leadership and financial sustainability**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	71.929	3	23.976	4433.316	.000 <sup>b</sup>
Residual	.443	82	.005		
Total	72.372	85			

a. Dependent Variable: Financial sustainability

b. Predictors: (Constant), Compliance, Leader's integrity, Employee engagement

The results in Table 12 shows that regression sum of squares is 71.929 while its residual is 0.443 making a total of 72.372 with regression difference of 3, residual df of 82 with a total of 85. The regression mean square is 23.976 and its residual is 0.005 with f value of 4433.316 with significance which is  $0.00 < 0.05$ . this implies that there is a positive and significant relationship between ethical leadership and financial sustainability since the level of significance is lesser than 0.05 standard level of significance.

**Table 13: Regression coefficients of ethical leadership and financial sustainability**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.007	.038		.189	.851
Leader's integrity	-.113	.035	-.114	-3.233	.002
Employee engagement	.554	.055	.560	10.027	.000
Compliance	.556	.057	.550	9.840	.000

a. Dependent Variable: Financial sustainability

**Source: Field Data, 2023**

The results in Table 13 show that the regression equation of  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$  becomes  $Y = 0.098 + 0.726$  (leaders' integrity) +  $0.985$ (employee engagement) +  $0.910$  (compliance). This implies that there is a positive and significant relationship between leaders' integrity, employee engagement and compliance as measures of ethical leadership with institutional sustainability because all calculate significance values are positive and ( $0.020$ ,  $0.00$ ,  $0.031$  level of significances) lesser than  $0.05$ . Hence, ethical leadership has a positive and significant influence on institutional sustainability of LNGOs in Rwanda.

**Table 13: Model summary of ethical leadership and programmatic sustainability**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.997 <sup>a</sup>	.994	.994	.07354

a. Predictors: (Constant), Compliance, Leader's integrity, Employee engagement

**Source: Field Data, 2023**

The results in Table 13 show regression coefficient of  $0.997$ , regression square of  $0.994$ , the adjusted regression square of  $0.994$  and standard error of the estimate of  $0.735$ . Hence, this implies that one unit increase of ethical leadership in terms of compliance, leader's integrity and employee engagement affect  $93.5\%$  of increase in programmatic sustainability in LNGOs in Rwanda.

**Table 14: Analysis of variance (ANOVA) of ethical leadership and programmatic sustainability**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	71.929	3	23.976	4433.316	.000 <sup>b</sup>
Residual	.443	82	.005		
Total	72.372	85			

a. Dependent Variable: Programmatic sustainability

b. Predictors: (Constant), Compliance, Leader's integrity, Employee engagement

**Source: Field Data, 2023**

The results in Table 14 show that regression sum of squares is 71.929 while its residual is 0.443 making a total of 72.372 with regression difference of 3, residual df of 82 with a total of 85. The regression mean square is 23.976 and its residual is 0.005 with f value of 4433.316 with significance which is  $0.00 < 0.05$ . this implies that there is a positive and significant relationship between ethical leadership and programmatic sustainability since the level of significance is lesser than 0.05 standard level of significance.

**Table 15: Analysis of variance (ANOVA) of ethical leadership and programmatic sustainability**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.007	.038		.189	.851
Leader's integrity	.113	.035	.114	3.233	.002
Employee engagement	.446	.055	.450	8.057	.000
Compliance	.444	.057	.439	7.850	.000

a. Dependent Variable: Programmatic sustainability

**Source: Field Data, 2023**

The results in Table 15 show that the regression equation of  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$  becomes programmatic sustainability =  $0.007 + 0.113$  (leaders' integrity) +  $0.446$ (employee engagement) +  $0.444$  (compliance). This implies that there is a positive and significant relationship between leaders' integrity, employee engagement and compliance as measures of ethical leadership with institutional sustainability because all calculate significance values are positive and (0.002, 0.00, 0.00 level of significances) lesser than 0.05. Hence, ethical leadership has a positive and significant influence on institutional sustainability of LNGOs in Rwanda.

#### 4.4 Discussion

The first objective was to examine the influence of leaders' integrity on sustainability of LNGOs in Rwanda. The results showed a strong positive relationship between leaders' integrity and institutional, financial, and programmatic sustainability. These results are supported by Pillay (2014), Salvatore (2018), and Lemoine et al., (2019) who stated that integrity is a multi-faceted concept that includes honesty, moral commitment, transparency, consistency, and fairness. It is viewed as acting in accordance with moral values and established rules, as well as professional responsibility. Integrity is also considered a key requirement for ethical leadership, where leaders should behave with morality, honesty, and fairness. Morality is distinct from ethics, referring to the set of standards that enable people to live cooperatively, while ethics determine how people should behave and distinguish right from wrong.

The second objective was to investigate the influence of employee engagement on sustainability of LNGOs in Rwanda. The results indicated that employee engagement has a positive and significant relationship with institutional, financial, and programmatic sustainability. The results are supported by Rebull (2019) and Radu (2021) suggest that ethical leadership is essential for developing employee engagement through transparency, team building, trust, and recognition of performance. However, Kruse (2012) notes that employee engagement goes beyond happiness or satisfaction and refers to an emotional commitment of employees toward the organization and its goals, where engaged employees are committed to achieving organizational goals and not just motivated by salary or promotion.

The third objective was to assess the influence of compliance with donor required rules and regulations on the sustainability of LNGOs in Rwanda. The results showed a positive and significant relationship between compliance and institutional, financial, and programmatic sustainability. The regression analysis also revealed that all three measures of ethical leadership (leaders' integrity, employee engagement, and compliance with donor rules) have a positive and significant influence on programmatic sustainability, which is a measure of institutional sustainability. These results are supported by the findings of Megan and Guttentag (2018) who asserted that compliance to policies and procedures, sound financial management and transparent reporting lead to maintaining strong relationships with donors and increase the chance to acquire continuous funding.

#### 5.1 Conclusion

In conclusion, the study had three objectives related to the sustainability of LNGOs in Rwanda, and each objective was supported by both descriptive and correlation analysis. The first objective was to examine the influence of leaders' integrity on sustainability of LNGOs in Rwanda. The results showed a strong positive relationship between leaders' integrity and institutional, financial, and programmatic sustainability. The overall mean of the respondents' agreement was high, indicating that ethical leadership is crucial for the sustainability of LNGOs in Rwanda.

The second objective was to investigate the influence of employee engagement on sustainability of LNGOs in Rwanda. The results indicated that employee engagement has a positive and significant relationship with institutional, financial, and programmatic sustainability. The respondents strongly agreed that a motivated employee can ensure high performance, and their engagement can encourage donors to fund the organization's sustainability.

The third objective was to assess the influence of compliance with donor required rules and regulations on the sustainability of LNGOs in Rwanda. The results showed a positive and significant relationship between compliance and institutional, financial, and programmatic



sustainability. The regression analysis also revealed that all three measures of ethical leadership (leaders' integrity, employee engagement, and compliance with donor rules) have a positive and significant influence on programmatic sustainability, which is a measure of institutional sustainability.

## 5.2 Recommendations

Based on the results of the study, the following recommendations can be made:

LNGO leaders in Rwanda should prioritize maintaining high levels of integrity and promoting ethical behavior within their organizations. This includes setting a good example for employees and complying with donor required rules and regulations.

LNGOs in Rwanda should focus on promoting employee engagement to increase their performance and ultimately their sustainability. This includes encouraging employees to be motivated and satisfied with their work and fostering a positive work environment.

LNGOs in Rwanda should ensure that they comply with donor required rules and regulations to maintain their financial sustainability. This includes being transparent in their financial management and reporting fairly and accurately on performance results.

To improve programmatic sustainability, LNGOs in Rwanda should prioritize ethical leadership practices such as maintaining high levels of integrity, promoting employee engagement, and complying with donor requirements.

LNGOs in Rwanda should continuously assess their sustainability and make necessary changes to ensure their long-term viability. This includes regularly reviewing their performance and implementing new strategies to improve their sustainability.

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