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FINANCIAL CONTROL AND THE FINANCIAL SUSTAINABILITY OF CATHOLIC CHURCH OWNED INSTITUTIONS IN KENYA

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Abstract

The financial sustainability of any institution requires proper management practices for achieving stability and growth. The long-term existence of Catholic Church Owned Institutions (CCOIs) faces obstacles because of insufficient financial planning practices. The research examined financial planning practices which influence the enduring existence of Kenyan church-owned institutions. The study incorporated concepts from sustainability model and Religious Economy Theory. The research adopted a descriptive design structure within the context of positivist philosophy. The research population consisted of the 8,465 CCOIs who work in Kenyan health and educational institutions. A sample of 249 CCOIs works as the analytical unit based on Cochran's determination method for calculating sample size. The observation unit was composed of directors/CEOs and finance managers who work at CCOIs. Research data was obtained through closed-ended questionnaires administered for the study. The study analyzed data through descriptive statistics and inferential statistics together with SEM. Financial planning showed an excellent positive correlation to sustainability based on its regression coefficient value of 0.256 ($p < 0.05$) while demonstrating an association of $r = 0.740$ ($p < 0.05$). Based on these results, the study recommends that Catholic Church Owned Institutions develop comprehensive, systematic and standardized financial planning protocols to enhance their long-term financial sustainability.

Key Words: *Financial Planning, Financial Sustainability, Catholic Church Owned Institutions*

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Introduction

An organization's successful future performance depends on its sustainable operations. The business can produce lucrative returns and maintain operational continuity and execute sustainable development through its commitment to organizational vision and mission. Sustainability and its connection to sustainable growth emerged during 1987 when the United Nations World Commission on Environment and Development (UNWCED) introduced it. According to the UNWCED of 1987 the organization advocated for development methods that fulfill present-day requirements yet guarantee future generations' capacity to fulfill their own requisites. The International Federation of Accountants (IFAC) recognized sustainability as a financial economic principle by defining its purpose to assure companies fulfill their monetary obligations while maintaining regular service provision without unintended debt accumulation. Financial sustainability requires principles enabled by financial accountability and transparency so organizations can sustain their enduring business viability via strategic financial planning (Kend & Nguyen, 2022; Schultz et al., 2021). Catholic Church Owned Institutions (CCOIs) now play a major role as development agents across the globe after moving past their old religious functions to adopt financial sustainability practices widely. Alrashidi et al. (2022) emphasize that non-profit institutions like faith-based organizations require sustainable financial management through proper financial planning because they need stable institutional structures.

Catholic Church Owned Institutions (CCOIs) have made a substantial contribution to Kenya's social and economic landscape by playing a critical role in community development, healthcare, and education. These organizations are important contributors to the delivery of public services, providing roughly 70% of healthcare services and 50% of education services (World Bank, 2021). About 250,000 people are employed by faith-based organizations, according to the Kenya National Bureau of Statistics (2021), emphasizing their significant role in economic activity and employment. Because many CCOIs have historically relied on external donor support, which has been declining due to shifting funding priorities, financial sustainability has remained a challenge despite their crucial role (United Nations Development Programme [UNDP], 2020). CCOIs have placed a greater emphasis on accountability frameworks, diversified revenue generation, and strategic financial planning in order to preserve financial stability. However, their long-term viability has been impacted by financial mismanagement, poor financial training, and governance issues (Kend & Nguyen, 2022). For instance, about 30% of Kenya's medical facilities are run by the Catholic Church, highlighting the necessity of prudent financial planning techniques to maintain service provision (Kenya Conference of Catholic Bishops, 2021). Furthermore, CCOIs oversee almost a quarter of all community-based initiatives in Kenya, highlighting how crucial sound financial planning is to long-term operations (National Council for Population and Development, 2021). Improving internal revenue-generation mechanisms, strengthening governance frameworks, and increasing financial transparency are essential to these institutions' long-term viability.

Financial Sustainability of Catholic Church Owned Institutions

The primary status of financial sustainability emerged because it directly

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impacts long-term viability together with financial stability therefore making it essential to organizational resilience. The research by Peprah et al. (2019) shows that faith-based organizations (FBOs) are able to meet both their current and future financial obligations by adopting sustainable financial practices that limit reliance on unpredictable external funding. Similarly, the study by Fountain and Petersen (2018) underscores the significance of financial self-reliance in ensuring the long-term sustainability of these organizations. Effective sustainability strategies implemented in education and healthcare together with social welfare create long-term goal alignment of institutional resources to boost organizational resilience and sustain service delivery (Ajiambo & DeGeorge, 2021). Financial stability can be maintained through a well-maintained organization while operational efficiency and governance systems simultaneously improve. Suriyankietkaew (2016) explains that sustainability incorporates stakeholder interests through ethical practices along with transparency to create donor and employee as well as investor trust. Organizations that embrace sustainable models demonstrate better operation credibility through their approaches which attracts enduring support and develops solid reputations (Azarenkova et al., 2018). The avoidance of opportunistic financial allocation mistakes which threaten institution longevity depends on sustainability for minimizing risks particularly in financial planning (Arthur & Appiah-Kubi, 2020).

Institutions that overlook financial sustainability principles will generally experience inefficient governance together with weak internal controls and financial mismanagement and this leads to operational decline or even collapse (Awiti et al., 2021). Established financial planning systems with self-sufficiency enhancement capabilities help institutions defend effective governance structures and overcome the hurdles described by Okoye et al. (2017a). Catholic Church Owned Institutions need a strategic balance which ensures their financial independence but upholds their mission goals for sustainability according to Amponsah (2019). The authors employ sustainability indicators including equity balances and revenue concentration and administrative costs and operating surplus to measure institutional resilience and financial stability (Jordão & de Almeida, 2017). Businesses that use these indicators to match their operations with market expectations will eventually achieve long-term competitive advantage.

Statement of the Problem

For any institution to be stable and grow, sustainability is essential. This is also true for CCOIs, which find it difficult to survive in the cutthroat business world with fewer donors (Kabongo, 2021). However, poor financial planning poses a threat to CCOIs' long-term viability. Around 50% of health and education services in sub-Saharan Africa are provided by faith-based organizations, according to the World Bank (2021), although many of them struggle to remain financially viable. According to research, almost 40% of Kenyan CCOIs are operating at a deficit, and their long-term survival is at risk due to ineffective resource management and dwindling donor support (Kenya Conference of Catholic Bishops, 2021). The sustainability of many CCOIs has been adversely affected by inadequate budgeting, cash flow management, and financial reporting brought on by the lack of clear financial planning policies and procedures (World Bank, 2021). Just 30% of Kenyan faith-based organizations have formal financial planning policies and procedures in place, according to a survey conducted by the Kenya National Bureau of Statistics in 2021. According to studies, 60% of Kenyan CCOIs function without thorough budgeting procedures, and 45% lack adequate financial monitoring systems (Kenya Institute for Public Policy Research and Analysis, 2022). Furthermore, according to data from the Catholic Secretariat (2023), operating costs typically surpass revenue by 25%, posing serious financial sustainability challenges for 42% of educational institutions and 35% of Catholic healthcare institutions.

There aren't many studies that directly look at how financial planning affect CCOI financial sustainability. Therefore, by investigating financial planning and the sustainability of CCOIs operating in Kenya, this study sought to close the gap between the religious sector and earlier research. In order to guarantee that CCOIs continue to be financially viable, the study also acknowledges the crucial role that church governance plays in putting financial planning procedures into place. For example, it was alleged that the Catholic Church in Kenya permitted politicians to donate "public funds" and encouraged corruption (Ajiambo, 2019). The dispute between religious partners over hospital ownership based on their fundraising showed fundamental deficiencies in financial fundraising practices (Kakah, 2018). Nairobi's Mater Misericordiae Hospital revealed substandard financial planning through a 26 million shillings accountants' embezzlement scandal (Kubwa, 2019).

Research Hypothesis

H_{O1}: Financial planning does not significantly influence the financial sustainability of Catholic Church owned institutions in Kenya.

Theoretical Review

Religious Economy Theory

Religious Economy Theory developed by Finke and Stark (1988) explains the business model of religious organizations through their competitive struggle to acquire resources as well as members and acceptance. Religious organizations need strategic operational management with proper financial planning for success which disproves secularization predictions that modernization leads to religious decline. Legitimate religious organizations treat themselves like business entities which require financial management for sustaining the work they do and delivering their mission to the community. Religious organizations require financial planning processes to distribute funds properly while meeting organization goals while sustaining their financial stability through various revenue sources that include grants and donations. Academic researchers widely apply the Religious Economy Theory for their studies on worship financial organization. Religious institutions can succeed through proper financial management systems that ensure both financial stability and social and spiritual duties can be maintained according to Iannaccone (1995). Financial planning represents a key component for achieving sustainability according to Du Toit (2019) because such methods enable institutions to maintain a balance between operational costs and donations received through giving and service offerings. The research by Kabongo (2021) revealed how African religious groups with financial forecasting systems combined with formal budgets succeeded in handling financial emergencies.

Bruce (2011) and several other scholars criticize the Religious Economy Theory for treating religious groups like businesses because this view reduces their primary goals to economic needs. The authors Fountain and Petersen (2018) emphasize how putting excessive market focus in religious organizations creates a danger that monetary values might replace religious and community obligations. The researchers build their analysis regarding financial

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planning's impact on church-owned business sustainability using principles from the Religious Economy Theory. Financial planning involves dual responsibility by ensuring proper financial management while utilizing resources to execute essential institutional activities including family services and medical care and classroom education. This research theory directly supports the study's second specific goal that examines financial planning effects on church-owned organization sustainability. The study applies the Economy Theory to highlight three key financial planning elements including revenue diversity and long-term budgets with financial risk management. The implementation of structured financial planning approaches by organizations leads to operational efficiency while reducing monetary risks to ensure stability in all economic conditions.

Financial Sustainability Model

Chang and Tuckman developed the Sustainability Model in 1991 as a tool to measure financial organization health using metrics which impact financial sustainability. The model targets the financial weaknesses of institutions through examination of the operational criteria which include equity balances and revenue concentration and administrative costs and operating margins. A representation of Figure 1 demonstrates the mechanism through which the four operational measures establish the financial health model framework.

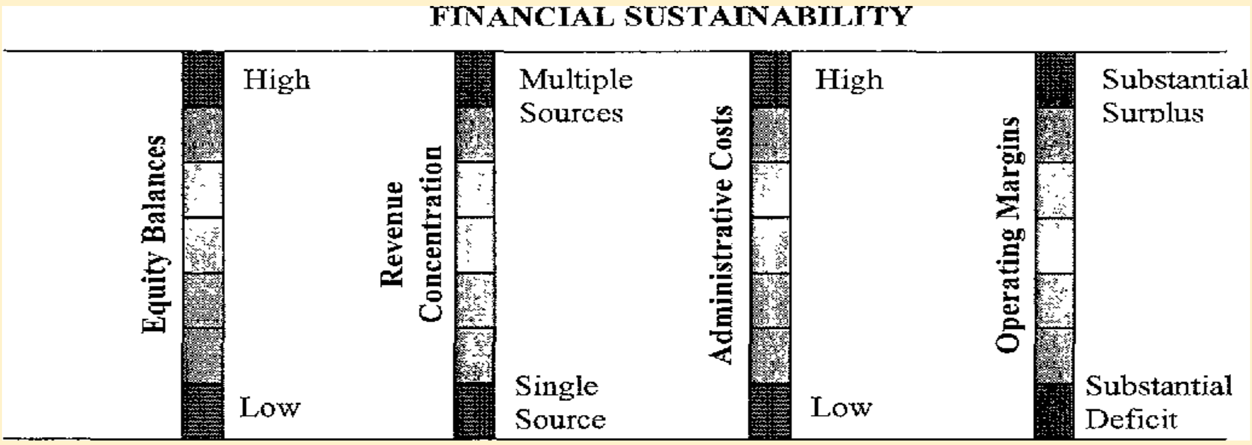

Figure 1: Financial Sustainability Model
Source: Tuckman & Chang (1991)

These measurement indicators present an organized system to evaluate resilience together with financial stability. Organizations which have church ownership as well as businesses that receive funds through grants donations and service fees must achieve financial sustainability to maintain their operational longevity. Through this model organizations obtain better methods to manage resources while minimizing financial risks so they can operate with consistency in uncertain financial conditions. Numerous academics developed the sustainability model created by Tuckman and Chang specifically to evaluate the financial stability of nonprofit organizations. Organizations maintain operational integrity in unpredictable financial situations when they pursue various revenue sources and employ strong financial planning systems according to Hager (2021). Financial sustainability remains solid during financial uncertainty when institutions keep enough equity levels and execute efficient cost-control techniques. Amponsah (2019) demonstrated

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how operational stability can be achieved through linking the sustainability model to church-owned organizations by establishing sound fundraising approaches combined with effective financial planning and governance systems.

Synthetic logic contends the model exceeds financial indicators while overlooking environmental factors that affect institutional sustainability (Arthur & Appiah-Kubi, 2020). Academics challenge financial indicator-focused analyses because they prefer to keep away from fundamental leadership and governance matters which control sustainability during extended time periods (Laverty, 2021). This evaluation about financial planning techniques affecting institutional sustainability utilizes the Sustainability Model as its basis. This model matches the distinct assessment approach of the research because it utilizes operating surpluses together with revenue diversity and equity balances and administrative expense measurement. Through this model the research provides structured techniques to evaluate financial stability and determine core risks for sustainability that may affect it. Organizations which maintain adequate financial reserves combined with strategic revenue stream diversification and effective management of administrative costs and positive operating margins become stronger against financial challenges for delivering social welfare and healthcare and education services continuously.

Empirical Review

Financial Planning and Financial Sustainability of Catholic church owned Institutions in Kenya

Bosharo and Abuga (2021) conducted research on how internal control systems within counties affect Tana River County Kenya's financial accountability by analyzing financial planning structures and sustainability patterns. The research design involved descriptive methods to collect quantitative data which came from both auditors and county financial officers. Strong financial planning system design enabled counties to achieve better sustainability results and maintain higher financial accountability levels. Security analysis of forecasting integration with budgeting alongside spending controls produced better resource management and lessened financial mis dealings. Organizations that receive donations along with public funding should understand that effective financial planning acts as their key factor for sustaining institution operations.

Gitumbi et al. (2021) analyzed financial planning for faith-based business sustainability and entrepreneurial practices in Nyeri Catholic Archdiocese through a survey of 50 financial administrators. The application of structured financial planning tools especially risk assessment alongside budgetary controls led to improved chances of enterprise longevity. Faith-based enterprises possessing real estate holdings and microfinance operations as additional revenue streams showed superior financial stability based on study findings. Religious organizations achieve sustainable success through diminished financial risks which are possible with proper financial planning and entrepreneurial approaches.

Brigham and Houston (2021) conducted research about financial management principles versus nonprofit sustainability with special consideration for organizations based on faith in the United States. The analysts used donor contribution records along with church financial statements to perform their longitudinal financial performance research. Through structured financial planning techniques such as cash management and multi-year budgeting nonprofit organizations achieved increased financial stability. Organizations with contingency planning systems managed to thrive better during times of recession. Long-term viability depends on financial

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planning because religious institutions experience irregular donation patterns according to the study's final outcome.

Wanjohi (2021) analyzed the effects of financial planning upon long-term organizational survival through measuring the sustainability impact of financial accountability for non-governmental organizations operating within Nairobi County Kenya. The author used data from 65 financial accountants and managers based at these organizations employing a descriptive survey research design. Organizations with better financial sustainability achieved it through exact financial planning strategies including budget forecasting and expenditure tracking and maintaining internal audit systems. Companies which made financial policies focused on transparency and accountability obtained stable fundraising from donors as they maintained better relationships with donors. Financial planning alongside accountability measures enhance the sustainability of NGOs by reducing financial flaws and making resources work efficiently according to the conclusion.

Mikeladze (2021) studied financial management's role for sustained operation of nonprofit organizations focused on Eastern Europe. Research design utilized both interviews with financial analysts and questionnaire responses from nonprofit managers to explore the matter. Attenable outputs demonstrated cost-control approaches along with diversified investment portfolios as formal planning methods which strengthen nonprofit financial stability. Organizations with complete contingency programs maintained stronger positions during times of economic challenges combined with funding instability according to the study results. The main conclusion established that financial planning stands as an essential element for nonprofit groups which solves their financial challenges to maintain operational quality.

Lokira and Wamugo (2022) studied how financial planning functions affect the sustainability and financial responsibility of microfinance institutions that operate in West Pokot County Kenya. The research design adopted was descriptive for obtaining insights from 80 members of microfinance institution staff including financial officers and accountants. Financial sustainability reached higher levels among organizations which dedicated regular time to perform revenue forecasting and carry out expenditure analysis tasks. Companies in good financial standing were discovered to follow structured financial reporting and performance evaluation guidelines by the study. Financial planning creates financial risk reduction and sustains institutions in the long term particularly for microfinance institutions which use external funding alongside their loan disbursement procedures according to final findings.

Keay (2017) conducted his research on stewardship theory frameworks within Australian faith-based institutions to study their financial planning and accountability approaches in nonprofit organizations. The researcher studied multiple religious institutions by implementing case study methodology to validate their financial records as well as organizational frameworks. Faith-based organizations operated on higher financial sustainability when they adopted stewardship-based principles to plan their financial operations. Religious organizations needed essential financial planning techniques including long-term budgeting together with risk control and strategic financial decision-making for survival according to the study. Stewardship-based financial planning enhances both accountability levels as well as transparency standards because these elements drive nonprofit organizational financial sustainability.

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Conceptual Framework

Financial Planning

- Budgeting
- Capital structure decisions
- Investment structure decisions

Independent Variable

→

Financial Sustainability

- Equity balances
- Administrative costs
- Operating surplus

Dependent Variable

Figure 2: Conceptual Framework

Financial Planning and Financial Sustainability of Catholic Church Owned Institutions

Mawudor (2021) and Wanjohi (2021) conducted studies to evaluate financial factors which support the long-term existence of these institutions by focusing on sustainability measurement in COIs. The analysis of sustainability used equity balances alongside revenue concentration and administrative expenses alongside operating surpluses as evaluation criteria. Mawudor (2021) demonstrates that excellent donor relationship management ensures funding consistency which leads to the survival of Catholic societies of apostolic life in Kenya. According to Wanjohi (2021) institutional sustainability depends directly on well-designed financial planning that includes strategic budgeting with cost management systems. Mikeladze (2021) supports that institutional sustainability of church-owned entities benefits substantially when organizations adopt structured financial planning approaches such as financial forecasting and capital structure management.

Research Methodology

Research Philosophy

This study adopts the positivist philosophy because it relies on deductive reasoning to test hypotheses through objective observation (Saunders et al., 2019). Research by positivists depends on extensive empirical evidence to determine universal laws which rule social phenomena (Creswell & Creswell, 2021). The study uses surveys as quantitative methods in its positivist approach to systematically collect and analyze data because it allows for objective examination of relationships between sustainability and financial planning strategies and church governance. The researcher established solid conclusions through statistical proof by implementing methodical research analysis approaches to data collection.

Research Design

The researchers used a descriptive research design to depict natural occurrences without modifying variables or implementing treatments according to Nassaji (2015). This research design matches the study because of its backing of the positivist philosophical framework. The approach of describing phenomena uses empirical data to observe the features which make up its description. A descriptive method enables researchers to measure and analyze quantitative data about financial planning practices, church governance and sustainability in the context of church-owned institutions in Kenya which produces an extensive representation of the research variables. According to Creswell & Creswell (2017), the researcher obtains a representative sample through descriptive design because this method allows data collection from various participants. Through its ability to detect patterns in dataset the descriptive approach helps increase our understanding of institutions owned by the Church by making

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connections visible between different variables.

Target Population

The nationwide operation of Catholic institutions consists of 8,000 educational facilities as well as 465 medical care establishments. These establishments operate under the supervision of the four archdioceses covering Nairobi and Mombasa alongside Nyeri and Kisumu. The researchers strategically selected 180 schools and 69 clinics which now represent the diverse range of Church facilities throughout different archdiocesan territories. The study institutions were chosen specifically to include representatives from across all Catholic educational and medical facilities in Kenya. The directors/CEOs and finance managers of the CCOIs served as the unit of observation, while the CCOIs themselves served as the unit of analysis. In order to obtain thorough insights from both strategic and financial perspectives within the CCOIs, along with a more comprehensive understanding of the organizations' operations and financial planning practices, it is justified to use both directors/CEOs and finance managers in this study.

Sampling and Sample Size

A Cochran sample determination formula that accounts for the finite population size was used in this investigation to derive a sample size of 217. A 20% attrition rate was added to account for possible non-responses, missing data, or participant dropouts, bringing the final sample size to 260 (217 + 43.4, rounded up). This modification guarantees that, even in the event that some data is lost, the study will retain its statistical power and intended precision.

Data Collection Methods

To gather quantitative data, the study employed a closed-ended questionnaire.

Data Analysis

The researcher used AMOS software for inferential statistical analysis and structural equation modeling (SEM) to accomplish the study's goals. The study goals concerning the influence of financial planning on sustainability guided the specification of the structural model after the measurement model was validated. The researcher chose SEM because financial planning processes are dynamic and ever-evolving. An appropriate analysis of the correlation between the chosen variables was given by SEM. To determine the overall goodness-of-fit of the structural model, the model fit indices such as the chi-square statistic, comparative fit index (CFI), root mean square error of approximation (RMSEA), and standardized root mean square residual (SRMR) were assessed (Kline, 2015). The path coefficients were analyzed to ascertain the strength and significance of the model fit if it was deemed acceptable:

H_{01}: The sustainability of Kenyan church-owned institutions is not positively impacted by financial planning.

Equation of Regression FP→FS: $fs = \beta0 + \beta1fp$

It's………………………………...Equation 1 where the dependent variable is FS = Financial Sustainability. FP stands for financial planning and is an independent variable. $\beta0$ = Intercept $\beta1$= Coefficients ε is the error term.

Results

Descriptive Statistics

Financial Planning and Financial Sustainability of Catholic Church Owned Institutions

Table 1 summarizes the descriptive statistics for financial planning in Catholic Church Owned Institutions (CCOIs), emphasizing different facets of cash flow monitoring, budget management, and financial planning procedures.

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Table 1: Financial Planning and Financial Sustainability of Catholic Church Owned Institutions in Kenya

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
The organization develops comprehensive budgets for income and expenses.	1.3%	3.5%	10.1%	52.6%	32.5%	4.12	0.82
The organization regularly reviews and adjusts budgets for accountability.	2.2%	5.7%	15.4%	48.2%	28.5%	3.95	0.93
The organization has critical cash flow monitoring for operational management.	3.1%	7.9%	18.9%	45.6%	24.5%	3.81	1.00
The organization tracks income and cash flows.	0.9%	2.6%	8.8%	54.8%	32.9%	4.16	0.76
The organization prepares accurate financial statements for transparency.	1.8%	4.4%	12.3%	50.9%	30.6%	4.04	0.87
The organization engages in long-term financial planning for sustainability.	3.5%	8.8%	21.1%	43.4%	23.2%	3.74	1.02
The organization identifies and implements risk management strategies.	4.4%	9.6%	23.7%	41.2%	21.1%	3.65	1.05
The organization sought professional financial guidance for compliance.	2.6%	6.1%	16.7%	47.4%	27.2%	3.91	0.95
Average						**3.92**	**0.93**

According to the data, 52.6% of respondents agreed and 32.5% strongly agreed that their organization creates thorough budgets for income and expenses. The average score for this statement was 4.12, with a standard deviation of 0.82. Furthermore, with a mean score of 3.95 and a standard deviation of 0.93, 48.2% of respondents agreed and 28.5% strongly agreed that the organization routinely reviews and modifies budgets for accountability. With a mean score of 3.81, 45.6% of respondents agreed and 24.5%

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strongly agreed with the statement that the company has critical cash flow monitoring for operational management. The standard deviation was 1.00. With 54.8% of respondents agreeing and 32.9% strongly agreeing, the tracking of income and cash flows received strong support, resulting in an average score of 4.16 with a 0.76 standard deviation.

With a mean score of 4.04 and a standard deviation of 0.87, 50.9% of respondents agreed and 30.6% strongly agreed with the statement that accurate financial statements should be prepared for transparency. The mean score for long-term financial planning for financial sustainability was 3.74, with 43.4% of respondents agreeing and 23.2% strongly agreeing. The standard deviation was 1.02. With 41.2% of respondents agreeing and 21.1% strongly agreeing that risk management strategies should be implemented, the mean score was 3.65 with a standard deviation of 1.05. Lastly, a mean score of 3.91 and a standard deviation of 0.95 were obtained, with 47.4% agreeing and 27.2% strongly agreeing that the organization sought professional financial guidance for compliance. With a standard deviation of 0.93, the average mean score for all statements is 3.92. This implies that the institutions' financial planning procedures were generally well-regarded, especially when it came to creating budgets, monitoring income, and creating financial statements.

Financial Sustainability of Catholic Church Owned Institutions

Table 2 presents the descriptive statistics for Catholic Church Owned Institutions' financial sustainability, with an emphasis on operating margins, revenue sources, administrative expenses, and financial balance.

Table 2: Descriptive Outputs for Financial Sustainability of Catholic Church Owned Institutions

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	S.D
The institution maintains a balance between surpluses and deficits.	4.8%	11.4%	18.9%	43.0%	21.9%	3.66	1.08
The institution has diverse revenue sources.	3.5%	9.6%	16.7%	45.6%	24.6%	3.78	1.03
The institution has an equal distribution of income from various revenue sources.	5.7%	13.2%	21.1%	39.5%	20.5%	3.56	1.12
The institution has relatively low administrative costs.	6.1%	14.0%	19.7%	38.6%	21.6%	3.55	1.15
The institution has a large operating margin.	7.5%	15.8%	23.2%	34.6%	18.9%	3.42	1.18
The institution has a low operating margin.	18.9%	34.6%	23.2%	15.8%	7.5%	2.58	1.18
The institution has a negative operating margin.	35.1%	40.8%	13.2%	7.5%	3.4%	2.03	1.05

The institution has relatively high administrative costs.	21.6%	38.6%	19.7%	14.0%	6.1%	2.45	1.15
Average						3.13	1.12

With 43.0% of respondents agreeing and 21.9% strongly agreeing with the statement that the institution maintains a balance between surpluses and deficits, the mean score was 3.66 with a standard deviation of 1.08. With a mean score of 3.78 and a standard deviation of 1.03 for the diversity of revenue sources, 45.6% of respondents agreed and 24.6% strongly agreed. With 39.5% agreeing and 20.5% strongly agreeing, the distribution of income from different revenue sources was perceived as being somewhat less favorable, resulting in a mean score of 3.56 and a standard deviation of 1.12. With 38.6% of respondents agreeing and 21.6% strongly agreeing with the statement that the institution has relatively low administrative costs, the mean score was 3.55 with a standard deviation of 1.15.

With 34.6% agreeing and 18.9% strongly agreeing, the perception of a large operating margin was less widely agreed upon, yielding a mean score of 3.42 and a standard deviation of 1.18. With a mean score of 2.58—34.6% disagreeing, 18.9% strongly disagreeing, and a standard deviation of 1.18, the statement that the institution has a low operating margin, on the other hand, received a lower rating. With 40.8% disagreeing and 35.1% strongly disagreeing, the idea that the institution has a negative operating margin was mainly rejected, resulting in a mean score of 2.03 and a standard deviation of 1.05. With 38.6% disagreeing and 21.6% strongly disagreeing, the statement about relatively high administrative costs also received lower scores, resulting in a mean score of 2.45 with a 1.15 standard deviation. With a standard deviation of 1.12, the average mean score for all statements is 3.13. This indicated that these institutions had a moderate view of sustainability, with specific difficulties identified in areas like operating margins and administrative expenses.

Correlation Analysis

Table 3 shows the results of the correlation analysis, which looked at the connections between financial sustainability and financial planning.

Table 3: Correlation Results

		Financial Sustainability	Financial Planning
Financial Sustainability	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Financial Planning	Pearson Correlation	.740**	1.000
	Sig. (2-tailed)	0.000	

There is a strong and favorable correlation between sustainability and financial planning. With a p-value of 0.000 and a Pearson correlation coefficient of 0.740, a strong relationship was indicated. This implied a strong correlation between improved CCOI financial sustainability and efficient financial planning.

Regression Analysis

The regression analysis results are summarized in Table 4, which also demonstrates the strength and significance

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of the relationships between financial planning (FC), and the financial sustainability of CCOIs (FS).

Table 4: Regression Weights

			Estimate	S.E.	C.R.	P	Label	R2
FS	<---	FP	.256	.054	4.782	***		
Overall R squared = 0.6281								

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The final regression equations are as follows:
CCOIs' financial Sustainability and Financial Planning FS=β0+0.256FP

With an estimated coefficient of 0.256, financial planning (FP) likewise demonstrates a favorable and noteworthy impact on financial sustainability. With a p-value of less than 0.001, the critical ratio is 4.782 and the standard error is 0.054, further demonstrating the significance of this relationship.

Discussion of Results

The analysis of financial planning effects on Catholic church owned institution (CCOI) financial sustainability served as the second objective of this study. An improvement in CCOI financial sustainability requires institutions to plan their finances carefully. Results from the evaluation showed that CCOIs execute proper financial planning approaches at the average level of 3.92. Institutions demonstrated varied success rates according to standard deviation measurements that reached to 0.93. A correlation analysis demonstrated high positive linkages between CCOI financial sustainability and planning effectiveness through its Coefficient value of 0.740.

The regression analysis demonstrated that financial planning has statistical significance by producing a 0.256 regression coefficient and a p-value below ($p < 0.05$). Research data shows a statistically meaningful 25.6% growth in sustainability performance for each unit increase in excellent financial planning methods. Financial forecasting and cash flow management and budgeting represent essential procedures in CCOI survival because they provide organization with essential methods for sustainable growth. Organizations achieving first priority in these practices succeed at financial management and financial distress resolution and gain sustained expansion.

The study findings support existing research about organizational sustainability together with financial planning. Financial planning stands as the bedrock for financial sustainability within different kinds of organizations and CCOIs as per Section 2.3.3. Kinyua (2018) argues that organizations benefit from higher stability when they establish financial forecasting and budgeting procedures in their planning protocol. The research results validated sound financial planning as an effective method to improve CCOI financial sustainability.

Mutuku (2016) explains that faith-based organizations require proper financial planning methods to strategically use their resources while maintaining future operational capabilities. Financial planning proves to be more than asset management since researchers found evidence that it establishes organizations to handle financial challenges in forthcoming times. Financial sustainability becomes more attainable for strong planning framework organizations because they demonstrate better ability to anticipate and handle financial problems according to Khamis (2017). Financial planning stands vital for ensuring the financial sustainability of CCOIs because it helps ensure they can achieve their long-term objectives without financial instability.

Religious Economy Theory echoes findings about sustainability and financial planning since it describes that religious organizations fight like businesses to secure socioeconomic resources alongside members and legitimacy. CCOIs need financial planning because it helps them establish market position while achieving effective resource allocation and sustain growth. Financial planning directly enhances sustainability levels based on regression results ($\beta = 0.256$, $p < 0.05$). The utilization of cost management techniques together with investment strategies and structured budgeting by CCOIs promotes their financial success. Financial planning serves to enhance stability by using automated accounting systems and capital structure choices as Pau et al. (2021) specified. The theory of Religious Economy demands CCOIs to create strategic management of their financial planning systems so they can survive growing financial constraints. Financial instability becomes a real threat for institutions which fail to adapt their finances to changing environments since they lose balance between spending and fundraising

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capabilities and lack sustainable operations. Expert financial management methods need implementation due to their critical importance.

Conclusion

Research indicates that proper financial planning acts as a key factor in making Catholic Church Owned Institutions in Kenya sustainable for the long term. Companies using structured financial planning methodology exhibit higher stability as well as financial sustainability because of significant statistical correlations and regression results. Organizations achieve better resource management alongside reduced financial risks by maintaining detailed budgets enhanced by regular reviews and planned financial predictions. Research studies indicate support for the Religious Economy Theory because financial planning practices create operational longevity for religious institutions. The study by Pau et al. (2021) identifies that faith-based organizations with formal financial planning structures enhance their operational efficiency as well as financial stability which results in objective-based evidence. Religious institutions achieve financial stability in the long run thanks to financial planning systems that include cash flow management and risk assessment methods (Mawudor, 2021). The implementation of financial planning strategies within CCOIs makes these organizations better protected against economic disruptions and reduces their risk of financial breakdowns.

Long-term investment plans along with defined financial goals increase the likelihood that Churches of Innovation will maintain operations in the long run. Organizations achieve maximum financial accountability together with efficient resource allocation through strong financial decision-making when financial planning stands as their top management priority. The research demonstrates that CCOIs achieve enhanced financial sustainability by implementing modern financial tracking methods that rely on digital accounting software together with financial dashboards. Finance planning functions as an essential strategic tool that supports sustainable practices according to the results of this investigation. Financial planning for CCOIs involves three vital components which include developing complete financial strategies and teaming up with expert professionals and establishing systematic examination to stay current with economic evolution. Financial planning serves two essential purposes for CCOIs because it fulfills compliance regulations simultaneously ensures the organizations' financial stability and continued mission execution.

Managerial and Policy Recommendations

Focused implementation of budget planning and cash structure management and extended financial prediction systems enables CCOIs to develop their financial management systems. The leadership group must verify that financial organization supports both sustainability targets and institutional objectives. Financial performance evaluation requires regular financial reviews with auditing procedures to make essential strategy changes. Government organizations together with financial regulators should work to promote adoption of standardized financial planning frameworks by CCOIs. The submission of financial reports by religious organizations on scheduled time intervals should become mandatory according to new policies for enhancing financial transparency. The development of financial planning guidelines specific to CCOI needs must proceed to guarantee institutional compliance with good financial management standards.

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