

Institutionalizing Integrity: The Correlation Between Financial Management Frameworks and Funder Trust in Tanzania

Ismail Hussein Amzat¹

ABSTRACT

Effective financial management helps build trust within an organization through transparency, responsibility, and accountability. Trust, in turn, fosters better relations among employees, managers, and other stakeholders across the entity. This paper examines the relationships between financial management, funder trust, and funder relationships across several civil society organizations (CSOs) operating in Tanzania. It also evaluates the most critical variables among financial management, funder trust, and funder relationships using descriptive statistics, specifically mean scores and standard deviations. The empirical dataset collected by the NAMA Foundation in 2023 for its New CSO Baseline Assessment Report was utilized for this inquiry. Pearson correlation analysis was employed to determine key statistical relationships, while descriptive analysis was conducted to assess mean values. The findings revealed a positive correlation between Funder Trust and Funder Relationships; however, no statistically significant relationship was observed between Financial Management and Funder Trust, or between Financial Management and Funder Relationships. Finally, practical implications and recommendations are provided to further enhance the organizational performance of Civil Society Organizations (CSOs) in Tanzania.

Key Words

Financial Management, Funder Trust, Funder Relationships, Civil Society Organisations (CSOs), Education in Tanzania

¹ Department of Social Foundation & Educational Leadership, Kulliyah of Education, International Islamic University Malaysia.
Email: ihussein@iiu.edu.my

Introduction

Managing integrity matters in any institution and can be seen as a safeguard for its proper functionality. Institutional integrity protects an institution or organization against corruption in private or public procurement (Gurzawska, 2015) and in the establishment of ethical arrangements across society (Huberts, 2018). An institution lacks integrity when it undermines the core goals that justify its existence (Marks, 2019). OECD countries have promoted integrity as a mechanism for corruption reduction in public sectors; this is due to the conceptualization that where integrity practices are in place, corruption, partiality, and absolute discretion are absent (Kirby, 2018). However, preventing corruption poses a significant challenge for public and private institutions around the world, and preventing it requires an extensive degree of scrutiny at both national and international levels (Tsukhishvili, 2026).

According to Tsukhishvili (2026), corruption damages the public sector because public budgets and funds end up in individuals' pockets and are used for private gain. To curb this practice, anti-corruption and integrity policies should be implemented with close monitoring by the government and stakeholders such as the media, civil society organizations, and active citizens. Since the 1990s, the United Republic of Tanzania has carried out public sector reforms—including the Public Service Reform Programme, Local Government Reform Programme, and Civil Service Reform Programme—aiming to improve the efficacy, efficiency, quality, timeliness, and integrity of public services. The refusal of public servants to accept bribes or abuse their positions for personal benefit remains a primary hallmark of integrity.

This is corroborated by Ackim Rugeiyamu Msendo's (2024) study on integrity in Tanzania's public sector, which revealed that maintaining integrity in Tanzania's Local Government Authorities (LGAs) remains challenging.

Inadequate institutionalization processes, institutional unpreparedness, poor integrity policy execution, and neglect of the moral development of newly recruited public personnel all compromise integrity in Tanzanian local government districts. Consequently, the authors concluded that institutional pathologies and the moral character of public personnel are the primary drivers of integrity erosion in Tanzanian local government districts. As a result, public funds have been wasted and poor service delivery has persisted (The United Republic of Tanzania, 2022).

In addition, fraud, bribery, favoritism, and conflicts of interest have traditionally posed major integrity issues for the Tanzania Revenue Authority (TRA), undermining both public trust and efficient tax collection (Makubi & Issa, 2018). Consequently, starting in 2015, the fifth-phase Tanzanian government enacted a number of administrative and legal changes aimed at fostering integrity within the TRA. Strong leadership commitment, automation of corporate procedures to reduce corruption opportunities, enforcement of ethical and anti-corruption laws, and disciplinary measures against dishonest personnel were all integral parts of these comprehensive reforms.

The effects of these interventions were immense. Taxpayers and employees at the TRA experienced fewer instances of corruption, alongside higher levels of staff integrity and improved service delivery. For instance, the Corruption Perception Index score for the TRA dropped from 16.5% in 2014 to 8.2% in 2017 (Transparency International, 2018). Survey respondents pointed out that there was increased transparency, accountability, and professionalism on the part of TRA employees, as well as greater respect and fairness when dealing with taxpayers. The automation of services, such as online tax payment platforms, was an essential driver in reducing corrupt practices (Makubi & Issa, 2018).

In the Muheza District Council of Tanzania,

instances of maladministration, conflicts of interest, and low employee motivation contributed to unethical practices within the district sector. This highlights the ineffectiveness of certain methods initiated by central and local authorities to instill quality service delivery across public sectors (Njama, 2026). From a conventional perspective, sound financial management and funder trust lead to effective organizational cooperation (World Bank Group, 2021), while strategic financial planning fosters client trust and institutional commitment (McCoy et al., 2022). Grounded in these principles and connections, this study aims to investigate the correlation between financial management frameworks and funder trust in Tanzania. Furthermore, it aims to identify the variables with the highest mean scores to establish priority areas for organizational improvement. In light of this, this study proposes to address the following research questions:

Q1: Is there any significance relationship between Financial Management frameworks and Funder Trust in Tanzania?

Q2: What are the empirical mean scores and standard deviations of Financial Management, Funder Trust, and Funder Relationship within Civil Society organizations in Tanzanian for further improvement?

Theoretical Framework & Framework

In this study, several institutional integrity theories were used as underpinning theories to understand the phenomenon of institutional integrity in private organization and mainly, in public sector as well as the implications of the absence of integrity in organization.

Comprehensive Integrity Framework

Using the model of Breakey et al. (2015), it is evident that

despite Tanzania demonstrating strong consistency-integrity—characterized by robust formal legal frameworks, such as the Prevention and Combating of Corruption Act (United Republic of Tanzania [URT], 2007), alongside a modern digital public procurement system—the country exhibits remarkably poor coherence-integrity. National oversight audits, including 2026 assessments by the Controller and Auditor General and the Prevention and Combating of Corruption Bureau, indicate that significant public funds continue to be lost to fraudulent contracting, unauthorized expenditures, and inadequate risk management within public institutions.

This breakdown is deeply interconnected with the fragile state of Tanzania's context-integrity, wherein the external political and economic environment heavily dictates how laws are operationalized (Breakey et al., 2015). Anti-corruption measures have historically fluctuated based on presidential priorities and political inclinations rather than institutionalized practices, while a pervasive informal sector operating alongside extensive state bureaucracy creates ongoing social incentives for bribery to circumvent administrative delays (Stiftung, 2026). Furthermore, constrained political environments and restricted civic space limit the capacity of independent watchdogs, such as the press and civil society organizations; deprived of external pressure and political backing, national anti-corruption agencies are unable to maintain absolute transparency (Stiftung, 2026; Transparency International, 2018).

Public Value Theory

Public Value Theory, developed by Mark H. Moore, argues that public institutions should create societal value through beneficial outcomes that are both legitimate and trusted by citizens. It asserts that effectiveness must be measured by public welfare enhancement, democratic accountability, and public confidence in governance, with institutional integrity

playing a vital role in value creation. Transparent and ethical institutions build trust and legitimacy, thereby reducing corruption and ensuring responsible resource utilization. In anti-corruption reform, this theory highlights that strengthening the independence and accountability of anti-corruption agencies boosts public trust, governance quality, and institutional effectiveness (Moore, 1995).

Corporate Agency Theory

Kirby's (2022) view on institutional integrity is particularly critical, emphasizing the need to evaluate public institutions not merely by their formal structures, but by their actual fulfillment of public purpose and civic responsibilities. He argues that public organizations should be understood as active entities endowed with moral duties, rather than passive administrative systems. This approach suggests that assessing institutional integrity should prioritize practical accountability and transparency over the mere existence of anti-corruption legislation. For instance, the operational effectiveness of anti-corruption oversight bodies relies directly on their capacity to execute their mandate without political interference. Thus, Kirby's framework offers a robust mechanism for evaluating institutional integrity in Tanzania by examining whether public entities uphold their collective duties and maintain public trust, underscoring that institutional corruption occurs when organizations fail to fulfill their intended responsibilities despite having formal structures in place.

In sum, these theoretical frameworks share fundamental commonalities. Each theory emphasizes the paramount importance of institutional integrity to safeguard public institutions against corruption and secure public trust. Collectively, they highlight the necessity for governments to uphold transparency, accountability, and moral responsibility, particularly within the Tanzanian context. Regarding financial governance, Agency Theory posits that

managers may prioritize personal interests over organizational objectives, thereby necessitating stringent governance controls, external oversight, and structural accountability to ensure sound financial management.

LITERATURE REVIEW

Institutional Integrity

Integrity is perceived from a moral standpoint and is defined as the steadfast inclination of a public organization to effectively achieve its mission, which is dependent upon legitimacy and aligned with its explicit and implicit commitments (Kirby, 2022). Furthermore, Kirby contends that institutional integrity is an essential political principle, as it offers the most robust moral foundation for a citizen's inherent need to uphold a public institution. In responding to the political realism critique—which asserts that an unwavering moral stance renders governing agents unstable and susceptible to Machiavellian rivals—Kirby underscores significant disanalogies between individual political players and public institutions. Institutions are established through power rather than conflict, align personal aspirations with internal structural achievements, and inherently cultivate substantial reservoirs of public support and systemic authority by upholding a reputation for procedural equity and consistency. Consequently, in the long term, an ethical inclination serves as a far more durable survival strategy for public institutions than political realism (Kirby, 2022).

Moreover, integrity functions along a continuum comprising three distinct dimensions: individual integrity (the alignment of a person's words and actions), institutional integrity (the social, moral, and legal codes governing behavior), and the integrity of institutions (the proper functioning, coherence, and legitimacy of an organization). Consequently, to address misconduct across these areas,

organizations frequently implement a compliance strategy—a legalistic approach along the integrity continuum that presumes individuals act out of self-interest and employs external controls, stringent regulations, auditing, and sanctions to deter unethical behavior (Gurzawska, 2015). Gurzawska further notes that management-driven approaches emphasize self-governance, ethical leadership, moral judgment, and internal values to facilitate responsible behavior, which are integral to comprehensive integrity frameworks.

The Comprehensive Integrity Framework, created by Breakey et al. (2015), integrates moral philosophy and public administration to assess the interplay between personal and institutional integrity. Grounded in Charles Sampford's assertion that ethics necessitates the articulation of and adherence to values, the framework delineates integrity into three practical dimensions based on a fundamental benchmark: an individual's professed principles or an institution's Public Institutional Justification (PIJ). These dimensions encompass consistency-integrity (the alignment of observable behavior with declared values), coherence-integrity (internal structural alignment, including individual moral character and organizational transparency mechanisms), and context-integrity (environmental factors, such as laws and social norms, that facilitate or hinder ethical behavior).

The framework's findings indicate that individual evaluations emphasize internal character and intent, whereas institutional evaluations prioritize stringent behavioral conformance due to the substantial collective power of organizations, which poses considerable societal hazards if misused. Poorly designed organizational contexts systematically induce moral fragmentation in individuals, resulting in four specific failures of personal integrity: compartmentalization (uncritically adhering to rigid role-based scripts), rationalization (employing flawed reasoning

to justify ethical conflicts), single-minded workaholism (allowing an institutional role to overshadow personal identity), and moral distress (experiencing acute awareness of systemic ethical disparities while feeling powerless to effect change). Ultimately, robust institutional integrity alleviates these constraints by fostering open discourse, whereas commendable institutional objectives may nevertheless entice members into obsessive workaholism (Breakey, Cadman, & Sampford, 2015).

Finally, Briskin and Gunsalus (2025) assert that research integrity is jeopardized by three fundamental systemic obstacles within academic institutions. First, deficient reward systems emphasize the quantity of research output (such as grant acquisition and publication metrics) rather than the rigorous methodology employed, frequently safeguarding detrimental, high-funding "star" scholars. Second, conventional Responsible Conduct of Research (RCR) training remains inadequate, relying heavily on generic, multiple-choice online programs that prioritize basic compliance over the interpersonal skills essential for addressing daily ethical challenges. Lastly, a diffusion of responsibility and deficiencies in gatekeeping facilitate the proliferation of toxic norms, particularly when institutional reporting mechanisms prove ineffective because the grievance handler is themselves the origin of the conflict.

Institutional Integrity: Battling Corruption and Moral Installation

Maolani (2024) asserts that corruption, characterized as the exploitation of entrusted authority for personal benefit, is the principal catalyst for the deterioration of effective governance. Rooted in international frameworks such as the United Nations Convention against Corruption (UNCAC), the literature underscores a stark disparity among nations: developing countries often encounter significant enforcement deficiencies due to inadequate institutional

capacity and insufficient political support, whereas developed nations with strong, rigorously enforced legal systems consistently achieve elevated transparency ratings. Addressing these systemic difficulties necessitates a comprehensive strategy that incorporates explicit legal frameworks, autonomous oversight, active civil society involvement, and technical advancements such as e-governance.

To effectively safeguard and strengthen integrity mechanisms, institutions require five essential pillars: 1) robust legal frameworks that provide effective offense identification and stringent penalties through specialized provisions such as whistleblower protections; 2) autonomous enforcement agencies that function without political interference to impartially prosecute influential individuals; 3) technological integration, including e-governance and blockchain, to reduce human discretion and opportunities for bribery; 4) civil society and media watchdogs that expose opacity and foster public accountability; and, crucially, 5) steadfast political will from senior leadership to adequately resource oversight bodies and enforce a zero-tolerance policy toward corruption (Maolani, 2024).

Current academic literature asserts that the efficacy of specialized anti-corruption organizations is contingent upon their operational independence from political interference and their incorporation into comprehensive accountability frameworks. Global practices indicate that certain nations have successfully implemented measures to combat corruption, exemplified by Singapore's Corrupt Practices Investigation Bureau (CPIB) and Hong Kong's Independent Commission Against Corruption (ICAC). These cases illustrate that robust political support, autonomous resource allocation, meritocratic leadership, and unwavering high-profile enforcement are essential for fostering public trust. Malaysia has similarly engaged in reform efforts due to

ongoing corruption that has significantly compromised the nation's economic development, revenue generation, and institutional legitimacy—a systemic weakness highlighted by the 1MDB sovereign wealth fund scandal involving the embezzlement of USD 4.5 billion.

This crisis prompted significant institutional transformation with the initiation of the National Anti-Corruption Strategy (NACS 2024–2028), although the implementation of this strategy remains constrained by concerns regarding the operational autonomy, capability, and public trust in the Malaysian Anti-Corruption Commission (MACC). To address these challenges, international frameworks such as the OECD Recommendation on Public Integrity assert that Malaysia must strengthen its anti-corruption ecosystem by institutionalizing comprehensive public integrity standards, enacting robust whistleblower protections, and enhancing asset recovery mechanisms, including civil forfeiture legislation (Department of the Prime Minister, 2024).

Financial Management

Financial planning is a crucial element of organizational effectiveness, encompassing administrative decisions concerning accounting, financial reporting, and capital management. Core components of financial planning include integrating organizational goals with program activities, allocating resources efficiently, using financial forecasts to guide decision-making, and utilizing budgeting as a tool for planning and controlling resources. Furthermore, to mitigate dependence risks and ensure long-term financial sustainability, effective financial planning requires diversifying income across various funding sources, such as grants, individual contributions, and earned-income social activities (Ozirigbo & Somatch, 2025).

According to Sharma (2023), financial planning is essential for establishing, operating, and sustaining a profitable enterprise. By translating organizational

objectives into realistic financial projections and investment strategies, it serves as the forward-looking financial blueprint of a business plan. Beyond facilitating risk management, robust financial planning aids in securing external capital from investors and financial institutions, guides the allocation of resources toward operational demands and emergency reserves, and equips organizations to adapt successfully to evolving market and environmental conditions over time.

Contextually, Public Financial Management (PFM) reforms in Tanzania have significantly impacted the education sector regarding budget credibility, resource allocation, and institutional accountability. Although initial positive progress occurred, persistent challenges remain concerning discrepancies between approved budgets and actual expenditures, the misappropriation of public funds, and non-compliance with financial regulations (Quak, 2020). The budgeting framework remains largely incremental rather than strategic, failing to address sector needs regarding efficient resource allocation and equitable distribution at the district level (Languille, 2019; Lee, 2015). In addition, delays and under-disbursements of funds—particularly development budgets—continue to undermine service delivery in the education sector, where recurrent expenditures (primarily staff salaries) dominate available resources.

Despite the recent implementation of direct capitation grant payments to schools—which has improved financial transparency and accountability in Tanzania—its overall impact on learning outcomes remains limited without complementary interventions, such as performance-based incentives for teachers (Lee, 2015). An accountability gap persists between school administrators, who are responsible for educational outcomes, and local government authorities, who oversee financial management, even though recent structural reforms have reduced this division (Piatti-

Fünfkirchen & Schneider, 2018). Overall, while Public Financial Management reforms have introduced noteworthy improvements, enduring institutional and capacity constraints—combined with a lack of targeted focus on equity and management quality—continue to limit the full benefits of these reforms in Tanzania (Quak, 2020).

METHODOLOGY

Research Design

For this research, the design used was a quantitative design involving the secondary analysis of data in assessing the operational capabilities, financial management systems, and funder dynamics in selected NGOs in Tanzania. Through the use of pre-existing internal evaluation measures, the research design enabled a data-based assessment of performance.

Study Population and Sample Size

The sample included N = 12 Civil Society Organizations (CSOs) within the United Republic of Tanzania. Organisations that have conducted an extensive baseline assessment have been selected through the use of a purposive sample approach. The sample is geographically diverse and includes CSOs that conduct their activities in Dar es Salaam, Dodoma, and Urban West/Unguja.

1. Maisha Bora Foundation (Zanzibar)
2. UKUEM (Urban West, Zanzibar)
3. Tanzania Education Development Trust (TEDT)
4. TAMSAYA (Dar es Salaam)
5. TAMPRO (Kinondoni, Dar es Salaam)
6. Pamoja Foundation (Kinondoni, Dar es Salaam)
7. Milele Zanzibar Foundation (Unguja / West Urban)
8. Kalamu Education Foundation
9. Birri & Helping Hand (Dodoma)

10. An Nahl Trust (Kinondoni, Dar es Salaam)
11. Alhidayah Foundation (Urban West, Zanzibar)
12. Alhikmah Foundation (Temeke, Dar es Salaam)

Data Source and Collection Procedures

The data used herein was obtained through secondary sources provided by the NAMA Foundation. This dataset is particularly sourced from the New CSO Baseline Assessment Report and the NAMA Foundation Internal Assessment and Review (2023). The data is obtained from a formal organisational audit and performance appraisal conducted by NAMA Foundation assessors to ensure a uniform assessment of institutional health for each CSO.

Assessment Framework and Instrumentation

- This evaluation was conducted using the NAMA Theory of Change Performance Framework. This framework is used to measure organizational efficiency and sustainability in a number of key areas. The baseline assessment was done through the use of mean scores for performance in the following nine criteria:

1. **Organizational Strategy & Capacity:**

- Good Organizational Capacity
- Clear Strategic & Operational Plans

2. **Financial Management & Sustainability:**

- Financial Management System is available (*isolated as the Financial Management variable*)
- Financial Risk Management Exists
- Clear Financial Sustainability Strategy
- CSOs Produce Projects/Programs that Generate Income

3. Funder Relations & Compliance:

- Donor Relations are Positive (*isolated as the Funder Relationships and Funder Trust variables*).
- CSOs Meet Funders’ Requirements
- CSOs Receive the Targeted Funds

Data Analysis Strategy and Statistical Tools

Data from the reports was analyzed through use of statistics software (SPSS). In order to analyze the relationship between organizational compliance and the perception of the donors. The descriptive analysis method was used to determine the baseline performance and variability of the 12 CSOs. The mean scores (μ) and standard deviation (σ) were calculated to determine the performance levels at the baseline and the degree of volatility of Financial Management, Funder Trust and Funder Relationship respectively. Pearson Correlation Analysis, the inferential statistical method was used to determine the nature, strength and statistical significance of the linear relationships between Financial Management, Funder Trust and Funder Relationships.

FINDINGS

Relationship

Q1: Is there any significance relationship between Financial Management frameworks and Funder Trust in Tanzania?

Table 2. Correlations between Financial Management, Funder Relationships and Funder Trust in Tanzania.

	Financial Manageme nt	Funder Relationships	Funder Trust
Pearson Correlation	1	.261	.406
Sig. (2-tailed)		.413	.191
N	12	12	12
Pearson Correlation	.261	1	.721**
Sig. (2-tailed)	.413		.008
N	12	12	12
Pearson Correlation	.406	.721**	1
Sig. (2-tailed)	.191	.008	
N	12	12	12

Table 2 presents the correlations between financial management, funder relationships and funder trust using Pearson Correlation. From the table, there is a strong, positive and statistically significant relationship between Funder Relationships and Funder Trust across the 12 Civil Society organizations ($r = 0.721$, $\text{sig} < 0.008$). The strong relationships indicate that, organizations with stronger funder relationships experience substantially higher levels of funder trust. No statistically significant relationship between Financial Management, Funder Relationships and Funder Trust.

Based on the findings, human connection is the primary catalyst for trust, whereas financial position has no consistent influence. Proactively cultivating relationships is the sole validated method for establishing trustworthiness. Conversely, possessing robust resources does not inherently enhance your relationships or ensure the trust of funders. To achieve enduring confidence among the participated organizations in Tanzania, it is essential to prioritise the cultivation of robust interpersonal ties over mere financial

stability.

Area of Priority

Q2: What are the empirical mean scores and standard deviations of Financial Management, Funder Trust, and Funder Relationship within Civil Society organizations in Tanzanian for further improvement?

Table 3. Descriptive Statistics

	Mean	Std. Deviation	N
Financial Management	2.8583	.30883	12
Funder Trust	1.9333	.54160	12
Funder Relationships	1.8333	.42498	12

Table 3 presents the areas of priority through descriptive statistics. The table shows that, Financial Management received the highest mean score across the 12 Civil Society Organizations ($M = 2.85$, $SD = 0.33$), suggesting that respondents thought the organization's financial management procedures were generally consistent and favourable. The mean score for Funder Trust was 1.93 ($SD = 0.54$), indicating a weak trust among funders. Funder Relationships, on the other hand, received the lowest mean score ($M = 1.83$, $SD = 0.42$), suggesting that respondents gave relationship-building activities a somewhat lower rating than trust and financial management. Overall, the results point to financial management as the organization's best-performing component, but donor connections would need more work and development to increase stakeholder support and involvement.

This can be concluded that, the twelve organizations that participated in this study are thought to handle their

funds fairly effectively, which could improve their operations. However, the higher variability and somewhat lower score for funder relationships indicate that respondents' experiences with relationship-building vary. Improving engagement and communication with funders may be a useful tactic for raising overall funder trust and support, as prior correlation results indicated a strong and substantial association between funder relationships and trust.

Discussion

The current study has analyzed the operations and relations of 12 prominent civil society organizations, financial management, community trusts toward funder, and their relationships in Zanzibar, Dar es Salaam, and Dodoma, Tanzania. With the combination of descriptive data and correlational analysis, an operational story can be formed about the perception of organizational worth by the funding organizations. According to descriptive statistics, Financial Management is the topic with the highest mean value and smallest variance. The consistent nature of the results implies that good financial management has been institutionalized in all 12 surveyed organizations including TAMPRO, An Nahl Trust, and Milele Zanzibar Foundation. The high level of financial management compliance of all organizations implies that there was no statistically significant correlation between Financial Management and Funder Trust.

However, within the NGO environment in Tanzania, good financial accounting is a must-have minimum prerequisite before getting into the fundraising game, and not something that would be a competitive advantage that would foster greater institutional trust. This is evident from the findings of Goddard et al. (2016) from their research on

NGOs in Tanzania, where they found out that accountability and accounting procedures are strongly embedded in the institutions. On the other hand, even though having good financial management practices is an important prerequisite for optimizing the allocation of donor funds (Mankambila & Marwa, 2024), it works as a "hygiene factor." Funders assume that a certain level of accounting ability is expected; hence, perfect spreadsheets will not translate to greater trust.

Relationship Management as a Funder Trust Catalyst

On the other hand, there was a greater degree of variability for Funder Relationships and Funder Trust in the dataset, suggesting that the 12 organizations have very different degrees of relational success. More importantly, the Pearson correlation indicated a significant and high level of positive correlation between Funder Relationships and Funder Trust. This suggests that within philanthropic networks, the construction of trust cannot simply be done by transactional compliance, but also by relational engagement. Traditional upward accountability mechanisms, including strict submission of financial reports at the end of each project period, tend to be ineffective in building trust, and may even produce transactional anxiety (Ebrahim, 2004). In contrast, donor trust is a multi-disciplinary construct that is significantly facilitated by relational communication effectiveness and alignment of values.

The main method used by these Tanzanian foundations to convert their initial organisational presence into long-lasting, high-trust funder partnerships is intentional relationship stewardship, which is defined by open communication, regular interaction, and local impact narrative. According to Sharma (2023), financial management provides the structural framework for effective fund utilisation and financial planning to uphold accurate fiscal control. Because it immediately creates organisational

value, reduces capital risks, and maximises credit management, corporate finance management is essential. Fundamentally, financial management is the process of creating a thorough company plan and making sure that every department within the organization consistently stays on course.

The study emphasizes that effective financial management is crucial for enhancing organizational productivity, managing financial risks, and supporting long-term sustainability. It highlights that strategic financial planning, including the allocation of capital toward sustainability initiatives, can strengthen competitive advantage, improve corporate sustainability reporting, and generate long-term value despite higher short-term costs. The findings further suggest that integrating risk management and environmental sustainability into financial decision-making helps organizations safeguard revenues and achieve sustainable growth (Hasan, 2022).

Across all civil society organisations tested, there is a substantial, positive, and statistically significant correlation between funder connections and funder trust, which highlights the critical role that deliberate effort in building relationship channels plays in fostering donor confidence. This correlation emphasises that trust is not a static, pre-existing condition but rather a dynamic asset earned through consistent, intentional communication in Tanzania, where local civil society organisations (CSOs) must constantly navigate a complex foreign aid ecosystem and fluctuating regulatory requirements. This result is in line with earlier empirical research by Khodor et al. (2024), who found that proactive relationship-building and flexible, long-term coordination between non-profits and international funders directly catalyse the institutional trust required to give local organisations more operational flexibility during

systemic shifts.

In the same way, the results reflect the conclusions made by Mpofu & Govender (2022), who stated that the development of an effective and productive partnership model is closely connected with the use of open communication strategies in order to overcome the existing power imbalance within an upward accountability system used throughout sub-Saharan Africa. Additionally, as Ebrahim (2004) noted, the shift from a purely punitive model of financial reporting at the end of the project towards more proactive joint planning based on relationship helps develop confidence instead of bureaucracy. Thus, when it comes to CSOs in Tanzania, these results show that the development of relationship with funders becomes a necessity for sustainability under the present global funding priorities.

Implication

From the findings of this study, we can infer that financial management alone is not enough to build funder trust and develop funder relationships in the Tanzanian NGO and development sectors. The positive perceptions of financial management practices by respondents notwithstanding, the important relationship between funder trust and funder relationship indicates that funder trust is mostly developed through effective and reliable communication, accountability, and engaging funders. Thus, for sustainable funding in the future, Tanzanian NGOs should incorporate funder trust-building and relationship management approaches alongside financial management practices.

Conclusion

This study examines the relationship between Financial Management, Funder Trust and Finder relationships in Tanzania. It also explores the variable that has the highest for further CSO improvement and

performance in Tanzania. Based on the findings, the Financial Management did not exhibit a meaningful association with Funder Trust, despite having the highest consistency across the sample. This implies that donors see financial management as a standard expectation rather than a difference. Funder Trust and Funder Relationships, on the other hand, showed a strong, positive association and greater variability. This suggests that Trust is actively driven by Relationship Management; organisations who spend in differentiating their relationship strategy see a significant and proportionate return in the Trust they receive from funders.

Although the highest consistency was demonstrated by the Financial Management measure, it still failed to demonstrate any significant relationship with the Funder Trust measure. Thus, it can be assumed that Financial Management is considered as one of the basic requirements for an organization by the funders as opposed to being used as a competitive advantage of the organization among its rivals. In addition, Funder Relationships and Funder Trust measures exhibited higher variance and demonstrated a high degree of positive correlation. However, explaining 2 different outcomes, both of them illustrate that any financial management improvement after some point of expenditure becomes a waste of money for increasing Trust. This shows that in order to increase Trust in your organization, you need to focus on "relational interactions" rather than on "administrative tasks," because only the latter represents the necessary volatility to change Trust.

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