WHY SOME DONOR-FUNDED SCHOLARSHIP PROGRAMS BECOME SUSTAINABLE WHILE OTHERS COLLAPSE

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Abstract

The long-term sustainability of donor-funded scholarship programs remains inconsistent, with some programs continuing beyond donor exit while others collapse despite similar levels of funding and external conditions. This paper argues that such explanations are insufficient, as sustainability is not solely determined by financial continuity but is shaped by organizational processes that develop during program implementation. The proposed framework conceptualizes sustainability as an organizational outcome influenced by three interrelated mechanisms: resource dependence, institutionalization, and organizational learning. The framework proposes that sustainability emerges when organizations effectively manage resource dependence, institutionalize key practices, and develop learning-based capabilities that support adaptation and internal ownership. On the contrary, programs can more likely collapse when dependence persists, institutionalization remains limited, and learning processes fail to generate internal capacity. By integrating these theoretical perspectives, the paper contributes to the literature and offers a more comprehensive explanation for variation in the long-term trajectories of donor-funded scholarship programs.

Key words: donor-funded scholarship programs, sustainability, Resource Dependence Theory, institutionalization, organizational learning

JEL Codes: F68, E60

Introduction

Donor-funded scholarship programs have become a central mechanism through which governments and international development agencies seek to expand access to higher education, promote social mobility, and advance development objectives in low- and middle-income countries. In fragile contexts characterized by economic instability, weak public financing, and political volatility, external funding often represents the primary means through which universities sustain large-scale scholarship opportunities. Lebanon illustrates this dynamic clearly. Prolonged economic collapse, political paralysis, and regional instability have severely

constrained household capacity to finance higher education, increasing reliance on externally funded scholarships to preserve access for disadvantaged students. In this context, donor-funded scholarships extend beyond financial support and function as organizational interventions embedded within universities.

Beyond their distributive function, scholarship programs introduce administrative processes, governance arrangements, accountability mechanisms, and performance expectations into host institutions, reshaping how universities allocate resources, interact with external stakeholders, and define internal priorities, influencing organizational structures and behavior (Pfeffer & Salancik, 2003; Scott, 2014). Donor reliance creates dependence patterns while exposing organizations to institutional pressures shaping how practices are adopted and legitimized (Hillman et al., 2009; Meyer & Rowan, 1977). Outcomes depend not only on resources but on how practices are enacted, adapted, and embedded within institutional contexts (Zakumumpa et al., 2018).

Despite their widespread use, donor-funded scholarship programs have received limited theoretical attention within organizational scholarship. Prior studies focus on access outcomes, student performance, or short-term effectiveness, with less attention to the organizational conditions that shape whether programs persist after donor exit. This gap is particularly consequential where universities must absorb externally funded initiatives into constrained systems, as continuity depends on whether externally introduced practices become internalized and routinized, and on the organization's ability to retain knowledge generated during implementation (Argote, 2013; Tolbert & Zucker, 1999).

To explore this gap, the paper develops an integrated conceptual framework explaining sustainability as an organizational process shaped during program implementation rather than after donor exit.

1 Problem Statement

Existing organizational theory offers a limited explanation for why donor-funded scholarship programs with comparable external conditions follow different post-donor trajectories. This divergence suggests sustainability outcomes are not random, yet current approaches do not adequately explain the organizational processes producing these differences. Conventional frameworks frame post-donor continuation largely as a financial challenge, emphasizing replacement funding, cost-sharing, or income diversification. While these factors shape options after donor exit, they do not explain why programs with similar financial profiles experience

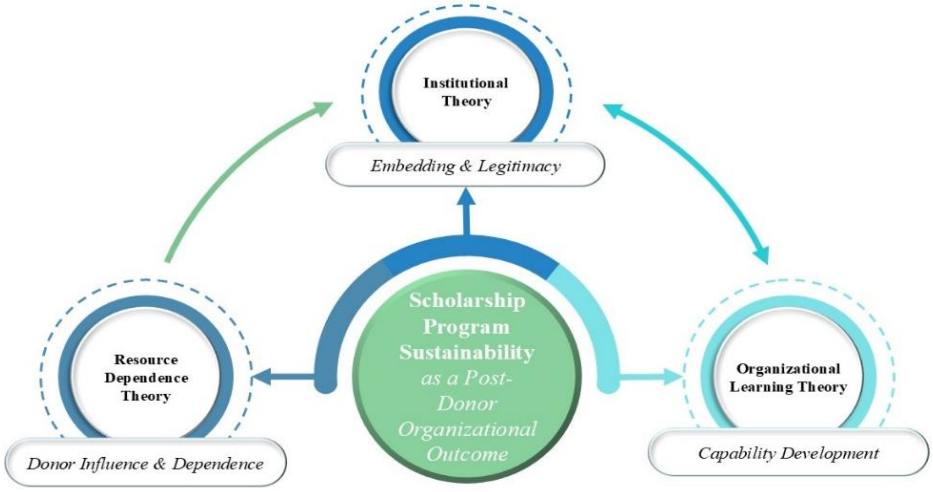
different outcomes. Sustainability is therefore treated as a resource problem rather than an organizational outcome requiring theoretical explanation.

Sustainability is often viewed as an outcome at the end of a funding cycle rather than a process shaped during implementation. Monitoring often prioritizes short-term outputs over organizational capacity, institutional ownership, or learning, overlooking whether programs change internal practices for continuation (Bamberger et al., 2020). This limits attention to whether donor-funded scholarship programs alter internal structures, routines, or decision-making processes, enabling continuation beyond donor withdrawal. Although research identifies weak institutional integration, limited local ownership, and fragile organizational learning as contributors to post-donor failure (Ebrahim, 2005), these insights remain fragmented. When implemented as stand-alone projects, programs remain isolated from core structures, leaving them vulnerable to collapse despite prior operational success once donor exit reveals weak internal legitimacy and limited routinization (Maylor et al., 2006).

2 Analytical Approach

To address this theoretical gap, the paper moves beyond financial and project-based views of sustainability toward a theory-driven understanding of sustainability as an organizational process embedded in university structures, power relations, and learning dynamics. Resource Dependence Theory (RDT) examines the power dynamics created by donor funding, Institutional Theory assesses how donor-funded practices are embedded within or decoupled from university structures, and Organizational Learning perspectives explain how capacity development, adaptation, and internal ownership emerge over time. Figure 1 synthesizes how the core organizational drivers shape post-donor sustainability outcomes.

Fig. 1: Conceptual Framework of Scholarship Program Sustainability



Source: Own elaboration

3 Theoretical Framework Development

The sustainability of donor-funded scholarship programs can be understood through a multi-lens theoretical framework explaining how external funding interacts with university dynamics. This framework draws on three interrelated bodies of organizational theory: Resource Dependence Theory (RDT), Institutional Theory, and Organizational Learning Theory, with program evaluation treated as a learning mechanism rather than a standalone activity. By examining each lens, this section lays the foundation for explaining how donor-funded programs evolve within universities. Together, these elements form a cohesive model of sustainability as an organizational achievement rather than a function of funding duration.

3.1 Resource Dependence and Donor-Funded Scholarship Programs

Resource Dependence Theory (RDT) explains how organizations respond to external sources of critical resources and resulting power imbalances (Hillman et al., 2009). Donor-funded scholarship programs often begin under strong dependence, particularly in resource-scarce contexts where external funding enables program feasibility. Donors exert influence over program objectives, design, and success metrics. When universities rely heavily on donor funding, they adapt operations to align with donor requirements, constraining autonomy and long-term priorities (Ebrahim, 2005; Pfeffer & Salancik, 2003). The threat of resource withdrawal incentivizes prioritizing donor directives. In contexts like Lebanon's higher education sector, where donor contributions form a significant share of program budgets, dependency and influence are especially high (Ebrahim, 2019).

The implications of resource dependence for sustainability are twofold. First, high dependence can lead to mission drift and short-term compliance behaviors, as organizations prioritize donor mandates over internal capacity building or locally relevant goals (Ebrahim, 2005). In scholarship programs, this may involve emphasizing donor-defined performance metrics without developing post-grant strategies. Such compliance can produce success during funding while leaving limited internal momentum for continuation. Second, vulnerability is highest when resource power is unidirectional, as donor exit often leads to termination due to weak integration and ownership (Ghani & Lockhart, 2008).

However, RDT also identifies pathways to mitigate dependence. Organizations can diversify funding sources, including university co-funding or additional sponsorships. Universities may negotiate flexibility through shared governance or co-design arrangements. Central to these strategies is internal ownership, whereby leadership and stakeholders come to

materially and psychologically own the program. RDT predicts that co-funding, co-design, and alignment reduce dependence and vulnerability. Unless dependency is actively managed through internal commitment and resource contributions, donor-funded scholarship programs remain exposed to termination following donor exit, highlighting the need for institutionalization beyond initial funding.

3.2 Institutionalization of Donor-Funded Practices

While RDT highlights vulnerabilities of external dependence, Institutional Theory shifts attention to what happens inside organizations over time: do donor-introduced practices become integral to the university's way of working or remain peripheral? Institutionalization refers to processes through which activities, structures, or routines attain taken-for-granted status and become embedded in formal and informal rules (Tolbert & Zucker, 1996; Scott, 2014). Applied to scholarship programs, the question is whether practices are embedded in the university's institutional fabric. When internalized through policies, culture, and resources, programs can persist beyond donor funding. If they remain loosely coupled to core activities, they are likely to deteriorate once external support is removed.

From an institutional perspective, sustainability depends on converting donor-funded initiatives into legitimate organizational programs. Alignment with the university's mission and values increases absorption into institutional identity. Formal embedding supports sustainability by incorporating the program into structures, budgets, or strategic plans. Universities may establish units, integrate budgets into financial planning, or recognize activities in strategic documents, reducing perceptions of expendability. An additional mechanism is normative and cognitive legitimacy among faculty, staff, and students, whereby the program is viewed not as a donor project but as an institutionally legitimate offering. Over time, stakeholder consensus that the program should continue reflects successful institutionalization.

Institutionalization is not automatic. Donor presence can hinder it when universities perceive programs as donor responsibilities. Organizations may implement initiatives as decoupled projects, satisfying external accountability while keeping them distant from core operations (Meyer & Rowan, 1977). This creates an appearance of effective implementation without internal adoption. Conditions shaping institutionalization include time, leadership commitment, and institutional compatibility. Time allows routines to develop, leadership signals ownership, and compatibility matters when practices diverge from existing structures or cultures.

When institutionalization occurs, scholarship programs transition from externally initiated projects to endogenous components. Universities continue programs through internal budgets or secured funding, and program goals become part of long-term agendas. Studies show that programs persisting beyond donor exit often succeed because they were absorbed into structures and norms (Zakumumpa et al., 2018). Institutionalization also increases resilience to leadership changes and funding shocks. In sum, Institutional Theory highlights that sustainability depends on the persistence of practices. Without embedding, programs fade; when institutionalized, they are likely to endure. However, institutionalization alone is insufficient, leading to the role of organizational learning and capacity development.

3.3 Organizational Learning, Evaluation, and Internal Ownership

Organizational Learning Theory provides a dynamic lens explaining how organizations evolve through experience. For donor-funded scholarship programs, the key question is whether universities learn from implementation in ways that enhance sustainability. Organizational learning refers to processes through which organizations create, retain, and transfer knowledge, modifying behavior to improve performance (Argote, 2013). In scholarship programs, learning occurs when universities reflect on outcomes, operations, and challenges and adapt accordingly. Through feedback and experimentation, universities develop capabilities and routines that outlast the grant, such as improved outreach or financial management practices. Once institutionalized, these capabilities become part of the organization's repertoire. Adaptability is therefore central to sustainability.

Evaluation processes play a key role as learning mechanisms. Rather than a stand-alone methodology, evaluation is embedded within organizational learning. In many donor-funded programs, evaluation serves external accountability, whereas this framework emphasizes participatory and utilization-focused approaches that prioritize learning over reporting. Evaluation generates feedback loops informing managerial and operational decisions. For example, evidence of academic challenges among scholarship recipients may prompt remedial support or revised criteria, reflecting double-loop learning. By transforming data into actionable knowledge, universities strengthen internal capacity and evidence-informed decision-making (Fetterman & Wandersman, 2005). These effects depend on donor flexibility and evaluation capacity.

As learning and adaptation occur, internal ownership develops through active involvement of university members in problem-solving and decision-making. Faculty engagement in evaluation, mentoring adjustments, or curriculum integration fosters

responsibility for outcomes. Organizational learning theory suggests psychological ownership arises when individuals have information, influence, and personal investment. As ownership grows, it reinforces both learning and institutionalization, creating a virtuous cycle where adaptation increases program value and commitment.

In summary, Organizational Learning Theory adds a forward-looking dimension to the framework. Sustainability is viewed as an evolving capability requiring universities to operate programs independently, refine them, and adapt to change. Evaluation, when used as a learning tool, accelerates this process by providing structured feedback and encouraging reflection. Through learning and evaluation, universities build internal capacity that sustains and improves programs beyond donor intentions. These theoretical insights set the stage for integrating the lenses into a process-oriented framework explaining post-donor outcomes.

4 Integrated Framework

Figure 2 brings together the above-mentioned theoretical lenses into a single analytical framework, highlighting their core mechanisms as distinct yet complementary components of the program sustainability.

An initial condition of external resource dependence sets the stage, while institutionalization and organizational learning shape program trajectories. Donor-funded programs originate with significant external resources, creating dependency dynamics in which donor influence is strong and outcomes uncertain. Sustainability, therefore, requires altering the organization's relationship to the program.

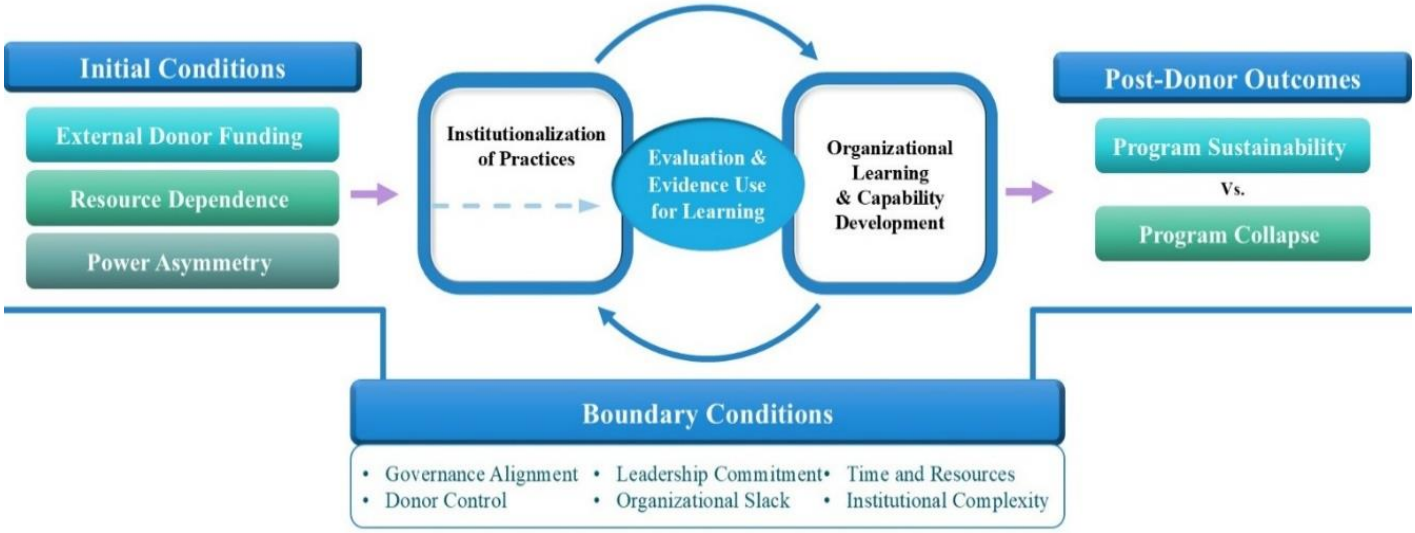
The framework centres on two mediating processes shaping the transition to independence: institutionalization of program practices and development of organizational learning capabilities. These processes are distinct yet mutually reinforcing. Institutionalization embeds program values and routines into university structures and culture, while organizational learning enables adaptation and continuation. Programs lacking either dimension face stagnation or termination. Their interaction creates a feedback loop, as learning and demonstrated success build internal confidence and legitimacy that accelerate institutionalization, while institutionalization signals commitment and allocates resources that strengthen learning. Existing evidence (Mugenyi, 2019) shows that programs sustained beyond donor exit combined high institutional embeddedness with continued adaptation.

Evaluation serves as a reinforcing mechanism within and between these processes. When evaluation is internalized as a learning tool rather than external accountability, it informs decision-making, strengthens organizational learning, and builds institutional commitment.

Evaluation is most effective when transformed from donor-centric reporting into an ongoing practice supporting learning and planning.

At donor exit, outcomes reflect how these processes have unfolded along a continuum from sustainability to collapse. Strong institutionalization and learning, reinforced by effective evaluation, increase the likelihood of continuation, while weak processes lead to termination. The framework operates within broader boundary conditions influencing outcomes, particularly leadership commitment, alignment with institutional strategy, and organizational stability. Sustainability is therefore best understood as an organizational process: programs endure when universities manage initial donor dependence by embedding practices into institutional structures and building the capacity to operate and improve them independently.

Fig. 2: Integrated Conceptual Framework of Scholarship Program Sustainability



Source: Own elaboration

Conclusion

This paper develops a theoretical framework to explain why some donor-funded scholarship programs endure after external funding ends, while others do not. Moving beyond views confusing sustainability with funding continuity, it argues that sustainability is an outcome of organizational transformation. Programs persist not because funding continuity, but because host organizations change in ways that enable continuation. The integrated framework offers a nuanced understanding and emphasizes internal stakeholder agency and capacity. In practice, it provides a conceptual explanation showing that donors and recipients must work together to build ownership and capability for long-term success. This insight extends the current research by reflecting broader development principles that external support yields impact only when it enables enduring organizational arrangements. Sustainability should be understood as a

continuum where initiative shifts from donor to institution. Donor exit is not the end of the story, but the beginning of a new chapter written by the organization itself.

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