FUNDING MODALITIES FOR NON-PROFIT ORGANISATIONS IN MPUMALANGA PROVINCE

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ABSTRACT

There is a significant increase in the number of non-profit organisations registered in South Africa each year. By the end of September 2022, 266,531 NPOs were registered. This number increased from 248,902 in 2021 to 228,822 in 2020. Studies have shown that NPOs contribute enormously to solving social problems where the state cannot provide society with the most needed support. To this end, funding is crucially important for NPOs to function effectively in their service delivery drive. This study examined the relationship between the challenges and funding arrangements for NPOs in South Africa, focusing on NPOs in Mpumalanga Province.

The number of donors is decreasing while charitable organisations that need support to sustain their organisations and programs are increasing. Using qualitative methods of data collection and analysis, the study identified financing options for NPOs in the Province and explored different routes and methods of raising funds for financing the activities of the NPOs. With data from in-depth interviews, the study noted the disparities in funding and the implications for the activities of the NPOs. The study recommends the primacy of awareness programs and capacity-building forums for NPOs in Mpumalanga Province, where NPOs discuss challenges and share ideas about what works and how to improve when it comes to raising funds.

DECLARATION

I attest that this thesis, **Funding Modalities for Non-Profit Organisations in Mpumalanga Province,** is entirely my original work. I certify that neither the full thesis nor any portion of it has ever been submitted for a degree at this university or any other university. Where this work contained data, photos, or graphs belonging to other people, the source of the material obtained was acknowledged.

Student: NCP Zondi

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Supervisor: Dr O.M. Fagbadebo

Signature: __

Dedication

I dedicate this work to my employer, the National Lotteries Commission. They created and opened an opportunity for me to study this journey by approving my application to study. If it were not for the awarding me with a study bursary, from obtaining the Diploma to BTech and finally getting to this point, I would not have been motivated to start if you had not presented an opportunity for me. In a world full of uncertainties, you have provided hope and will for me to do and be better, and for that, I am eternally grateful.

A special dedication to my late grandparents for the principles that have carried me through this journey, hard work and perseverance. My mom, Buyisiwe Zondi, and my daughter, Amahle Zondi, who never got tired of stepping in and offering support, from making sure I got time off to attend to my studies, and making sure my little one was cared for when I needed to focus. I will never forget how you contributed to my journey, the love and the sacrifices. You carried me through my studies, and I will forever be grateful.

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Finally, I would like to express my heartfelt gratitude to everyone who contributed towards the completion of this study, especially the individuals from the organisations sampled for interviews. To those I did not mention by name but have played a meaningful role in this study, your efforts and contributions are greatly appreciated.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

There is a significant increase in the number of non-profit organizations registered in South Africa each year. By the end of September 2022, 266,531 NPOs were registered. This number increased from 248,902 in 2021 to 228,822 in 2020. Studies have shown that NPOs contribute enormously to solving social problems where the state cannot provide society with the most needed support. To this end, funding is crucially important for NPOs to function effectively in their service delivery drive. This study examined the relationship between the challenges and funding arrangements for NPOs in South Africa, focusing on NPOs in Mpumalanga Province. The chapter discusses the study's history , topic, importance, prob;lem statement, aims, goals, rationale, scope, and the theoretical frameworks. It also provides a summary of the research methodology. The second chapter focuses on nonprofit organizations, including their legal frameworks, funding options, and fundraising challenges. The literature review highlights funding patterns, opportunities, and methods in the nonprofit sector, along with existing research on the topoc.

The number of donors is decreasing while charitable organizations that need support to sustain their organizations and programs are increasing. Using qualitative methods of data collection and analysis, the study identified financing options for NPOs in the Province and explored different routes and methods of raising funds for financing the activities of the NPOs. With data from in-depth interviews, the study noted the disparities in funding and the implications on the activities of the NPOs. The study recommends the primacy of awareness programs and capacity-building forums for NPOs in Mpumalanga Province, where NPOs discuss challenges and share ideas about what works and how to improve when it comes to raising funds

1.2 Background of the study

There are a number of studies that reveal the role and purpose of NPO. For instance, Education Training Unit (2019) explained that non-profit organizations do not exist to make money or profit but can help communities develop projects that generate income. It has also shown how much support is required from sponsors and funders. It further noted that most NGOs depend on grants and fundraising because they serve poor communities that cannot cover all the costs of their services. Services are provided to those who need them, not to those who can afford them. According to Charity SA (2019), non-profit organizations include all non-profit organizations that are not public bodies. Such organizations include NGOs, FBOs, CBOs, non-profit organizations registered under the Property Control Act of the Master of the High Court 57 (1988), non-profit organizations under the Companies Act 2008, and any other organization engaged in this not making a profit.

Statistics South Africa has recognized the vital contribution of NPOs in South Africa, which is improving economic statistics and aiding in decision-making for policymakers, businesses, and civic leaders (Statistics SA 2012:1). The study focuses on non-profit organizations that are registered with the Department of Social Development and non-profit, as well as non-governmental organizations. This is because according to Berg (2013:592), NPOs are providers of employment opportunities where they are established. This is the same character that NPOs share with NGOs, a character of creating employment. This was qualified by a media article written by Hazel Kosie, published in March 2022, which states that NGOs create employment by forming partnerships with both public and private sectors (Kosie 2022). Nonprofit/ non-governmental organizations engage in a varied range of activities and take different approaches in diverse parts of the world. They provide social services to the community free of charge and are established for the public. One of the important roles that NPOs play in South Africa is tosupport the government in fulfilling its statutory obligations. The National Development Plan (NDP) also noted that all the provinces in South Africa rely heavily on NPOs to deliverservices (Patel, L:2012).

Against the foregoing backround, this study uses the case of Mpumalanga Provice in exploring the isssues of funding of NPOs in South Africa. The perception that funding is an obvious resource that is provided by the government must be explored and other funding models may be discovered for struggling NPOs.

Table 1.2.1: The registered NPO in South Africa as of the 3rd of October 2022

Province	Registered
Eastern Cape	25 808
Free State	13 529
Gauteng	84 133
KwaZulu Natal	47 241
Limpopo	26 434
Mpumalanga	19 591
Northwest	15 354
Northern Cape	6 010
Western Cape	28 038
Grand Total	266 138

The registered NPOs in each Financial Year 2017-2022

Province	2017/18	2018/19	2019/20	2020/21	2021/22
Eastern Cape	17 294	19 359	21 339	22 913	24 632
Free State	9 464	10 426	1 1 494	12 136	12 998

Gauteng	60 508	66 575	72 772	776 638	81 278
KwaZulu Natal	35 089	37 959	41 103	42 937	45 500
Limpopo	19 407	21 223	22 901	24 195	25 461
Mpumalanga	14 339	15 711	17 129	17 688	18 910
Northwest	11 255	12 024	13 134	13 975	14 749
Northern Cape	4 036	4 612	5 206	5 493	5 824
Western Cape	19 481	21 388	23 459	24 902	26 860
Total	**190 873**	**209 277**	**228 537**	**240 877**	**256 212**

From Tables 2.2 and 2.2, there are 256 212 registered NPOs in South Africa in 2021/22, up from 240 877 in 2020/21, and 228 537 in 2019/20. This is an indication that NPOs have increased in five consecutive years. According to the Department of Social Development (DSD, 2020), there were 248,902 registered NPOs in South Africa at the end of September 2021, up from 228, 822 in May 2020, and 220 543 in October 2019. Over half (58%) of these were non-compliant with the NPO Act in 2020. The report stated that these non-compliant NPOs had not submitted narrative reports and annual financial statements within nine months of their financial year-end. However, the DSD conceded that many of the non-compliant NPOs were dormant. It continues to reflect that as of July

2022, 261 842 were registered with the Department of Social Development, 457 were de-registered and 7357 total applications were in progress.

According to Kelly (2003), NPOs are relied upon for services within communities. When they provide services, they ensure that what is being provided will meet the needs of the people.

1.3 Problem Statement

Non-governmental organizations and philanthropic initiatives exist to address difficult social and environmental issues. These include extreme poverty, hunger, unemployment, education, inequality, inadequate health care, and injustice beyond the reach of the private and public sectors. According to Radebe and Nkonyeni (2020), there are about 200,000 NGOs in South Africa and a record 140,000 NGOs were registered in 2015. The second report by Kagiso Trust (2020) reports an increase of over 200 percent in the number of non-governmental organizations in the last ten years. That raises concerns about how NGOs can cope as they compete for limited funding.

NPOs aim to provide programs that seek to address issues of poverty and bridge the gap where the government cannot provide its services in the form of funding. According to Omura and Foster (2014), an influx in funding requests indicates a growing demand by NPOs to provide services to impoverished communities. The lack of funding thus affects the poverty margins in Mpumalanga province. The organizations in Mpumalanga can aid joblessness, hunger, and basic services in places where the government cannot reach. Without funding, NPOs fail to achieve their objectives.

The communities in Mpumalanga province depend largely on the NPOs because they embark on intervention programs that seek to alleviate poverty. The inability of the NPOs to discharge their responsibilities due to lack of funding results in increased levels of poverty in the province as people lose jobs and basic services get cut like the provision of food, shelter, healthcare, and mental health to mention a few. In a study that investigates funding models that influence the sustainability of NPOs in Cape Town, five organizations that were sampled revealed that only one of the five organizations was active in fundraising initiative and is aware of funding options (Anyikaminye and Spencer 2021:84). This can be an interpretation that indeed NPOs are not aware of funding modalities, and thus in this study, the researcher would want to unpack and understand how the funders can keep up with the demands on the increasing number of organizations seeking financial assistance.

To support programs that reduce poverty through nonprofit work, it is imperative to find ways to improve the economy. Furthermore, NPOs in Mpumalanga require resources and

tools to guarantee support. Many non-profit organizations in Mpumalanga are underfunded, and a considerable number of them in Nkangala District lack sufficient funding. More study in this field is required to determine what alternatives and opportunities exist (Maluleka, 2021). When there is funding, the organizations can inject skills through developmental programs. More opportunities are created for employment which creates breadwinners in families that can take care of families and provide healthcare and basic education for the little ones through early childhood development in the communities (Patel 2012:19).

A lack of funding for NPOs may result in impoverished communities with a high unemployment rate and possible retrenchments. Families experience hunger, poor or no healthcare, a high rate of illiterate youth, and increased levels of crime due to not being able to afford the basics. Poverty is not restricted to one dimension like income, but it manifests itself in all domains of life, such as housing, education, and health (Deleeck et. al 1992:3). The study is focused on how NPOs can access more funding and how to aid poverty and other social ills through NPOs intervention by exploring available funding modalities in Mpumalanga province.

1.4 Aims and Objectives

1.4.1 Aims of the study

The study aims to examine factors influencing the influx of funding requests by non-profit organizations in Mpumalanga province.

1.4.2 Objectives of the study

- To explore funding trends, processes, and requirements for the NPOs in Mpumalanga province in the past five years.
- To establish if funding granted to NPOs in the province is being utilized for the purpose it is intended for.
- To examine funding options available for registered NPOs in Mpumalanga province.
- To identify challenges faced by the NPOs in Mpumalanga province.

1.5 Research questions

- What are the funding trends, processes, and requirements for the NPOs in Mpumalanga province in the past five years?
- Do NPOs in the province utilize funding granted for its intended purpose?
- What are the funding options available for registered NPOs in Mpumalanga province?
- What are the funding challenges experienced by the nonprofit organizations in Mpumalanga when it comes to accessing funding?

1.6 Rationale

There have been proven increase in the number of non-profit organizations that are formed and registered every year (Nwauche, & Flanigan 2022; Makofane & Selepe 2022). According to Nwauche and Flanigan (2022), there is competition for donor resources. For each organization, raising funds depends on how well it can compete with other organizations to raise funds, and how good it is at exploring other

ways to source resources. There is a lot of uncertainty over donor funding which makes it difficult for NPOs/ NGOs to plan their project activities consistently. This makes it difficult to design and expand project activities to improve the quality of services since they are forced to live a project-to-project existence. This compromises programs and may result in termination. The study hopes to uncover other funding sources and modalities that can play a role in aiding nonprofit organizations.

The study compared and examined the difficulties that NPOs in Mpumalanga faced. This research is extremely important since NPOs are a major factor in a nation's social development. The difficulties and success rate of NPOs have not received enough attention, according to studies by Gronberg and Paarlberg (2001), and Anderson (2018). It can be challenging to reconcile and apply research findings to certain aspects of the nonprofit sector. Research on NPOs, social development, and the well-being of South African society is lacking, which calls for attention (McIntyre, 2021).

1.7 Scope of the study

The scope of this study is limited to nonprofit organizations registered with the Department of Social Development in Mpumulanga Province. The organizations were receiving funding from one or more funders and are still in operation.

1.8 Limitations

Research limitations are the weaknesses of the study based on factors that are often outside the control of a researcher (Derek Jansen 2022). The study was limited by inadequate data base of the funding profiles of the NPOs due to la lack of adequate record keeping. This made it difficult to ascertain the details of the expenditures of the allocated funds.

1.9 Delimitations

According to Uttkarsha Bhosale (2023), delimitations define the parameters of the investigations. It is the choices made by the researcher which should be mentioned. It also allows researchers to define the research project boundaries, enabling them to focus on specific aspects of the project. The study focuses only on registered organizations, specifically NPOs, and excludes other types of not-for-profit organizations.

1.10 Outline of the dissertation

The outcomes of the study are presented in five chapters. The overview of each chapter is outlined below:

Chapter 1: Introduction

The introduction and the background are included in this chapter. The problem statement, aims, objectives, rationale for the study, scope of the study, limitations, delimitations, theoretical backgrounds, and a brief research design are part of the first chapter.

Chapter 2: Literature Review

This chapter reviews the existing literature related to the theoretical background of the study. An emphasis on financial practices and current funding modalities will be explored. The research will define and interpret the nonprofit organizations, funding frameworks, societal roles, the top fifteen nonprofit funding lists, sustainability, and challenges of NPOs. In addition, funding as it is currently will form part of the study.

Chapter 3: Research Methodology

This chapter describes the study design, research method, target population, sampling method, research measurements, questionnaire structure, data collection, data analysis,

validity, reliability, and trustworthiness. Ethical considerations and study design will also be part of this chapter.

Chapter 4: Research Findings, Data Presentation, Analysis and Discussion

Findings and outcomes employing numerous statistical techniques will be dispensed, discussed, and translated.

Chapter 5: Conclusion and Recommendations

This last chapter of conclusions and recommendations derived from the study. If there is a need for further probing, this chapter will explore an appropriate recommendation.

1.11 Conclusion

This chapter has introduced the background to the study. The research problem was discussed including aims and objectives. The rationale that influenced the study was also provided. The study framework was also introduced. The funding modalities, challenges, sustainability issues, and interests will be discussed in the next chapters, with a review of existing literature and theories.

The study uncovered the challenges faced by the NPOs in Mpumalanga Province concerning accessing funding. It established that the NPOs do not experience the same dynamics and rely on relationships and the type of work by each organization to access capital. The study also confirmed that indeed there is an impact on the kind of work offered by several organisations, even in terms of job creation. The information received varies depending on the source and there is a sense of entitlement by organizations, which do not make enough effort to source tools and ensure sustainability.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The previous chapter introduced and gave the background of the study. It explained the value of the detail. This chapter reviews extant literature on nonprofit organizations and the funding modalities, including the challenges that NPOs face, and the significant roles they play in society. The review also includes financial sustainability, the legal frameworks guiding the NPOs, and how they can access funding will be outlined.

2.2 Defining the Nonprofit Organizations

Civil society and voluntary organizations have emerged because society protects a person's socio-economic and political interests. According to Brown and Katen (1989), various types of organizations that work for the welfare and development of society fall under an umbrella called voluntary organizations. The nature of non-profit organizations is reflected in the five basic characteristics: non-governmental, voluntary, non-commercial, accountable, and apolitical (Rahman. 2003). According to Lawani (1999), the participation of NPOs is not only involved in development programs but also in the process of “warm relations” of public policy and the enforcement of social legislation.

NPOs are viewed as a force for good by virtually every nation. They are components of social movements within a civil society. According to Ali Akbar, a country with low material wealth belongs to the category of developing countries. As these countries emerge in economic policy aspects, for example, the number and range of activities in the NPOs also increase. The NPOs in developing countries play a role in developing societies. Jackson (2003) states that although the goals and missions of all NPOs are almost the same, their management systems and ways of working are different.

Makofane and Selepe (2022) contend that NPO has been a veritable mechanism to assist

citizens where the government has failed to meet up with its service delivery and governance mandates. Nevertheless, Bissett, Steenkamp and Aslett (2023) are of the views that it is is an avenue for perpetrating economic crimes. Given public mounting pressures, NPOs are vulnerable to risk of becoming victims of economic crimes. It should be noted, however, that society and the action of the government determine the direction of NPOs, especially in vulnerable communities. The success of the NPO, therefore, depends on the principles values of individual organisations.

A set of values forms the rationale and basis for the existence of non-profit organizations. Values are critical because they provide the necessary impetus, identity, direction, and unity among employees required to function effectively, determining which tasks must dominate, which skills are needed, the balance between trust and control, and what decisions can be made by whom and at what point in time, the limits of planning, how responsibility and authority are distributed and who is responsible for change processes (Alan Fowler. 1990).

Nonprofit organizations have useful contributions in resolving several social ills such as poverty, hunger, birth control, and establishing war refugee solutions (Kaltenbrunner and Renzel, 2019). Some examples of NPO types may include education, membership/ professional organizations, legal services, healthcare, research, urban planning, community development, civil rights, social advocacy, human rights, environmental conservation, and the arts (Yeshiva University, 2013).

The NPO sector is diverse and has a major economic presence in many countries (Kreander., McPhail, and Beattie, 2009; Teegen., Doh, and Vachani, 2004; United Nations, 2013). The sector has rapidly grown due to governmental trends previously the preserve of the public sector (Lehman, 2007). The rapid growth and reliance on voluntary contributions from individuals, members, national governments, and international funding agencies necessitate accountability to secure funding to deliver important services. NPOs are viewed as leaders in addressing challenging environmental and social issues plaguing society, especially in countries where state-led development is weak (Ilhan, 2013; Reith, 2010).

2.3 Guiding Frameworks for Nonprofit Organizations

Government Gazette (1997) states that NPOs must register themselves as NPOs with the Department of Social Department to be recognized as NPOs in good standing. The Government promulgated legislation to channel and control the flow of funds and formalized with the promulgation of the NPO Act no. 71 of 1997 (Husy and Taback, 2005., Van Pletzen et. Al, 2014). The Act was later amended in 2008. It imposed much more State control over NPOs, such as mandating the establishment of organizations for the public benefit, income, and property not distributed to its members or office bearers except as reasonable compensation for service rendered. Additionally, regulations in the South African Tax Act No. 58 of 1962, Section 30 (which pertains to public benefit organizations such as NPOs), give NPOs the right to generate a taxable income but state that profits must be reinvested to further their mission (Department of Social Development, 2009). The same act also requires approved public benefit organizations to have at least three individuals who are not connected persons (as defined) to each other to accept fiduciary responsibility for the company. The act provides an environment where NPOs can flourish, establishes an administrative and regulatory framework in which an NPO can conduct its affairs, and repeals certain portions of the Fundraising Act of 1978. Chapter 2 of the act refers to creating an enabling environment and Chapter 3 discusses the registration of NPOs.

In 2008, there was an amendment under the Non-Profit Act of 2008. Non-Profit Companies (NPC) are organizations formed primarily for public benefit or social purposes rather than for making profits. NPCs are distinct legal entities that have separate legal

personalities from their members. They operate under the Companies Act of 2008 and are subject to specific regulations for nonprofit entities. They play a crucial role in addressing social issues and contributing to the betterment of societies. NPCs have similar roles as NPOs because they operate for public benefit purposes (Heidi Barter, 2003). The difference between NPOs and NPCs is the way they are registered or how they come into existence, but their objectives are quite similar, if not identical. One main difference is that NPCs can register as NPOs, but an NPO cannot incorporate a company. The best practice will be to include an NPC and register it as an NPO to give it a charitable character. The best possible creditability will result in more donations and ultimately further charitable objectives with as little mischief as possible (De Rebus, 2019).

There are codes of good practice that govern the formation of NPOs. The independent code of governance for NPOs/ NPCs in South Africa was introduced in July 2012. It consists of a set of principles, values, and responsibilities. These are intended to guide and inform how civil society organizations are managed. It also serves as a standard measure to assess performance and guide members of the governing boards, and others who carry responsibility for governance. The principles, values, and objectives are embodied in a board charter to which each serving member is subscribed. The independent code envisages that there should be a written voluntary commitment and undertaking of compliance signed on behalf of the board, the members, and the employees concerned. Such a joint commitment should be reviewed and renewed at regular intervals.

The SANDRAT Institutes Board of Directors has subscribed to a code of governance for NPOs. The following are principles, values, and responsibilities intended to guide and inform the way SANDRAT Institute is managed and conducts its affairs:

(i) Ensuring adherence to 8 basic values

- Fidelity to purpose
- Altruism and benevolence
- Integrity

- Optimizing resources
- Conflicts of interest and self-dealing
- Equality and non-discrimination
- Democracy and empowerment
- Independence and impartiality

(ii) Ensuring good leadership in 6 areas

- Vision, purpose, and values
- Accountability and transparency
- Fundraising, sustainability, and risk management
- Collaboration and synergy
- The board and other governance structures
- Procedural governance

(iii) Ensuring good implementation in 5 legal and fiscal areas

- Establishment and incorporation
- Administrative and procedural requirements
- NPO Act consequences and benefits of registration
- PBO status
- Fiscal benefits and conditions

2.4 Societal Roles of NPOs

NPOs are mission-oriented entities that create added value (Abu-Saifan. 2012, Lettieri et. al. 2004). Beer et. al (2012) categorize these roles into three functions:

• Advocacy: drawing attention to acute social problems to seek resources and offer effective solutions.

- Service delivery: provision of services to the population that is either not adequately covered by government providers or completely overlooked by the state.
- Regulation: lobbying and semi-regulatory government and business activities in their area of interest.

Mahasha (2017) posits that the larger volumes of child-headed households without any adult person to care for, support, and guide have become normal This finding then confirms that the need for NPO organizations is crucial in communities where these child-headed families reside. NPOs, FBOs, and CBOs are mandated by the National Guidelines for Statutory Services to Child-Headed Households (2010) to facilitate the early identification of child-headed households. In addition, they promote child participation initiatives and implement prevention programs and community education campaigns. Furthermore, they must render psychosocial support services, spiritual guidance, enrichment, and material assistance (Mahasha 2017:27-27). According to Edwards (2013:1), NPOs provide public goods and services not given by the state.

NPOs provide services as a more accessible and equitable agency with less stringent eligibility criteria and a better approach to inclusion than the government. According to Dicklitch,2001, NPOs are important tools for empowerment, democratization, and economic development. They try to solve the problems of people in society. Latha and Prahaka (2011) find that the impact of NPOs is more important in developing nations than in developed countries. It is challenging for donors, governments, politicians, and the population to support the problems and contribute to solving them.

According to the research by Gawie Le Roux, Institution of Law on limited resources and dependency on donor funding, many NPOs in South Africa operate with restricted financial resources, depending on grants and donations for the upkeep of their operations. Kabonga (2015) states that communities and villages are constantly pleading for social assistance due to the extreme pervasiveness of the reliance on donor aid. This illustrates how community leaders in Zimbabwe’s Chegutu district have grown so reliant on donor

assistance that they believe donors must step in to solve every issue plaguing the area. During Zimbabwe's downturn from 2007 to 2009, non-governmental organizations (NGOs) assumed government responsibilities for social services like health, nutrition, and education through donor funding. Unaware of NGOs' roles, the communities frequently believe that donor aid is the only solution to every issue. Mazibuko (2013) states that NPOs depend mostly on donor support funding for their responsibilities and tasks. The donations may be from local and foreign governments, individuals, or businesses. Based on the resource dependence theory (RDT), organizations cannot generate all the needed resources so they must depend on external relationships (Arshad, Bakar, Sakri, and Omae 2013:210).

There are critics of NPOs, but it has been ascertained that NPOs contribute significantly to socio-economic development, and this cannot be disregarded as they assist in addressing the lack of employment experienced in many nations including South Africa. They promote acceptable behaviour in societies by offering relevant programs and help inform the development of policies towards social development (Choto, Iwu, and Tangeh 2020:595). The NPO activities play a huge role in intensifying wellness, providing public services, and licensing communities through training and capacity building (Mahmud and Parkhurst 2007:8). Funding is vital to the operation of not-for-profit organizations. The NPOs in South Africa find it difficult to execute their missions without strong financial backing, they depend on donors and government to do their activities (Christensen & Weinstein 2013). NPOs play a vital role in the development and empowerment of the communities (Singh & Verma 2014:349). They are an extended arm of intervention between the government and communities in places where government services are insufficient, they complement efforts by the government in addressing socio-economic challenges (Mzini 2011:276).

The focus of most NPOs is on the rights of women and children, people's health, and nutrition. This was demonstrated in a study by Nikkah et al. proven. (2010) to understand the role of NPOs in women's engagement in capacity-building programs in Iran. During years of famine and drought, NPOs have committed themselves to providing food for the

marginalized. NPOs provide essential services and have become a source and centre of social justice for marginalized societies in developing or less developed countries (Fowler, 1990).

2.5 Funding non-profit organizations

The study of non-profit organizations and socio-economic development in South Africa concluded that the services offered by the NPOs free of charge promote socio-economic development. They find ways of gathering funds and donations to support the needs of the society. They however are challenged with limited resources but must continuously find ways to ensure they deliver services as promised to the society. It is, therefore, important for the state, community, and the private sector to support NPOs (Choto, Iwu, and Tangeh 2020:595). This will ensure the continuation of social service delivery and help address some economic challenges. According to the National Treasury Provincial Budgets and Expenditure Review 2010/11-2016/17 (2015:99), NPOs are the main distribution arm of public welfare services that the social development sector depends on for service delivery. The services they provide are better than those of the public sector. There is demand for public services which expands the need for diversity in services provided by NPOs (Ciucescu and Alecsandri 2009:15).

Belm, DeVries, and Lin 2010; Zainon, Atan, Wah, and Nam 2011 (cited from Choto, Iwu, and Tangeh 2020:591) state that there has been an increase in the number of NPOs over the years globally and this has resulted in an increased demand for donor funding. There is however no proportionate increase in resources available to NPOs (Mishra, Biswas, and Roy 2005). The ability to secure resources depends on how well the NPO can compete with other organizations and explore options to source resources (Batti, 2014:57). According to Modi (2011), market orientation is crucial for attracting resources in NPOs.

2.6 NPO, NGO, and Poverty Alleviation Programs in Mpumalanga Province

According to Mubecua (2018), in a study that was aimed at exploring the roles of NGOs in addressing poverty within Nkomazi Local Municipality in Mpumalanga province, stated that there are thirty-three NGOs within Nkomazi Local Municipality (Nkomazi Local Municipality 2007) dealing with issues of health, education, safety, and poverty. These organizations have operated in the Municipality for ten years and beyond (Nkomazi Local Municipality 2012), yet poverty is still at its highest. Even compared to the other 18 Municipalities in the province, Nkomazi has higher poverty levels. In an investigation of factors hindering access to funding opportunities in the Nkangala District of Mpumalanga, Maluleka (2021) defines one of the roles of NPOs as addressing social problems and meeting the needs of the public. In addition, NPOs depend largely on donations and other funding while they face challenges in attracting funding to sustain their activities (Maluleka 2021: ii). The similarity between the two district Municipalities is the lack of funding. The challenges in Nkomazi Local Municipality are related to poor funding (Mebucua 2018:2). The study finds that the Municipality had funding problems. Most NGOs had funding, but it was not enough (Mebucua 2018:69). This insufficiency/ lack of funds discouraged workers from continuing to work for the NGOs.

As mandated by the National Guidelines for Statutory Services (2010), the NPOs in Mpumalanga play a role in child-headed families. They facilitate early identification, render psychosocial support services, spiritual guidance & enrichment as well as material assistance, organize & promote child participation initiatives, and implement prevention programs & community education campaigns (Mahasha 2017:27). A psycho socio-economic problem in Emalahleni, Mpumalanga province, was identified by Mahasha (2017), with child-headed households. He recommended that continuous professional development operations or programs for practicing social service practitioners that will cover the child-headed household phenomenon should be increased (Mahasha 2017:74). He also recommended that further studies be done on dominant challenges hindering

child protection organizations and the Department of Social Development from sufficiently meeting the needs of child-headed households (Mahasha 2017:75).

Mozos, Duarte, and Ruis (2016: 2662) revealed that some NPOs may not have the necessary organizational structure or skills to obtain several types of revenues. This was supported in the study about the role of NGOs in addressing poverty by stating that one of the contributing factors to lack of funding is poor educational levels (Mabecua 2018:69). The study noticed that the organizations that lacked funds were the ones led by managers and staff that did not have good education. It is a known fact that poverty is a big issue in the country. More than 20% (10.2 million) of the population in South Africa live in extreme poverty while 28 million people are poor (Van der Westhuizen & Swart (2015), Cilliers & Aucoin (2016). One of the results of poverty is the unequal allocation of resources (Schoeman 2011). NPOs play a significant role in reducing poverty by reaching the poorer population that remains unserved and attempting to widen access to public resources (Kyalimpa 2013:2).

The study will seek to investigate if the incline of funding requests in Mpumalanga is linked to any findings by previous studies. It is a known fact that without funding not-for-profit organizations will not be able to carry out their obligations (Batti 2014:57). At times donors run out of funds and are unable to provide resources creating uncertainty for NGO funding to plan and implement their project activities consistently (Batti 2014:57).

2.7 Top 15 NPO funding organizations in South Africa

2.7.1 Oppenheimer Generations Foundation

- They support early-stage prospects that foster inclusive and sustainable growth. They channel their funding towards overlooked regions with significant potential to

create positive effects for communities and the environment, aiming to achieve pivotal breakthroughs.

- They seek long-term partnerships with the organizations they work with. They easily come through for organizations that are consistent with their goals.

2.7.2 Ikhala Trust

- They aid small community-based groups that can effectively pinpoint the skills, capabilities, and resources members can bring to the project. They are interested in an approach to recognize and leverage the talents of marginalized individuals within communities.
- To qualify for a chance, you should have a good outline of methods for activating, harnessing, improving, and broadening local capacities to ensure the accomplishment of your goal.
- Your NPO should be running within an annual budget of R250,000 annually, but will not receive more than R30,000 from them for the yearly budget.
- Partnering with other organizations with similar objectives would be an added advantage.

2.7.3. The PEPFAR Community Grants Program

- They offer direct financial support to community-based organizations operating in places with the most significant HIV prevalence.
- They open annually for invites; organizations are chosen for funding via a rigorous multi-phase selection process.
- They offer grants up to R150,000.
- To qualify your organization must provide community-based care and support for those living with HIV, offer HIV testing and counselling, and be interested in activities that help prevent the spread of HIV.

2.7.4. The Ambassador's Special Self-Help (SSH) Program

- Provided by the U.S. Mission to South Africa.
- U.S. ambassadors support local appeals for small-scale community-focused development endeavors.
- It is aimed at strengthening communities through small grants that yield favorable effects at a local level.
- Priority is accorded to groups displaying a sustainable and feasible path for expanding their initiatives.
- Submitted proposals must be aligned with the U.S. Mission goals, the projects must be sustainable, or receive assistance from the community to maintain the organization's work.
- They require financial evidence for financial responsibility as their backing from a single grant and should be manageable for the community to uphold.

2.7.5. National Lotteries Commission

- They support organizations known for the public good. They don't discriminate between sizes, they support big and small organizations by providing small, medium, and large grants.
- They provide support from local community groups to national entities.

2.7.6. PetroSA Funding

- They fund qualified organizations via its community affairs programs.
- The sponsored NPO must be aligned with their policies.
- They are focused on areas such as education, health, community development, environment, and sustainable development in disadvantaged communities.
- The assisted organization must promote community empowerment and socio-economic development.

2.7.7. DGMT

- The NPO must be aligned with its commitment to developing South Africa's potential.
- The NPO must be working on something in its books to help people escape the snare of inequality.

2.7.8. Old Mutual Foundation

- They are dedicated to bringing positive and enduring change throughout South Africa.
- They enhance individuals and communities by fostering skills, education, socio-economic transformation, and employment opportunities.
- They empower the youth through education and offer skills training and employment opportunities.

2.7.9. African Women's Development Fund (AWDF)

- They offer grants to women's organizations and initiatives across Africa that work towards gender equality, women's rights, and social justice.

2.7.10. Ford Foundation: Building Institutions & Networks (BUILD) Grant

- This grant supports organizations in strengthening their institutional capacity and promoting collaboration and networking among civil society groups.

2.7.11. The U.S. African Development Foundation (USADF)

- They provide grants to community-based organizations and cooperatives working to create sustainable economic development in Africa.

2.7.12. The Global Fund for Women

- They support women-led organizations on women's rights, gender inequality, and empowerment.

2.7.13. The African Peacebuilding Network (APN)

- They offer research and project grants to support research, training, and collaboration amongst African researchers and practitioners in peacebuilding.

2.7.14. Google Impact Challenge Africa

- It is for NPOs with innovative projects that use technology to address social and economic challenges in Africa.

2.7.15. Mastercard Foundation for Rural Prosperity

- They support financial service providers and nonprofit organizations working to improve access to financial services and opportunities for people in rural areas in Africa.

One will notice the similarities in all these funders. They are mostly for socio-economic development or transformation. Others are targeting to capacitate women in rural areas.

2.8 Accessing Funding

Donor numbers are decreasing while organizations with worthwhile causes that need support to sustain their institutions and programs are increasing (coalition on Civil Society Resources). This study explored the funding modalities available for NPOs in Mpumalanga province. This will add to the body of research that has been previously conducted on challenges and sustainability issues faced by charitable organizations. This

will assist and give insight into the connection between challenges and funding modalities for NPOs in South Africa.

2.9 Financial Feasibility of NPOs

The ability of the NPOs to undergo financial and growth services to their inheritors in the long term is referred to as financial feasibility. Harley (2014) defines a feasible NPO as one that can attain its mandate over time and satisfy the necessities of its beneficiaries and funders. It is however a challenge for the NPOs to remain sustainable. According to Ruhara & Moronge (2016), NPOs face sustainability challenges. These can be attributed to difficulties in the design, monitoring, and implementation of project financing strategies. This will hurt overall sustainability. Sustainability challenges in the NPO sector are a result of dependency on external funding and unpredictability (Bukhala & Ganesh, 2016).

2.10 Challenges by Nonprofit Organizations

Ayinkaminye and Spencer (2021) listed the following challenges: -

- Lack of dedicated staff responsible for fundraising
- Forms for funding requests over reporting
- Restricted funding
- High competition amongst NPOs
- Fewer funders for South African NPOs

The next challenges were found to be common in Cape Town organizations.

Lack of dedicated person responsible for funding

According to the NGO Advisor SA, Burrows (2020), 220,000 NPOs are registered in South Africa many of which are long-standing organizations that have been around for over 100

years and have moved and adapted with the times. There is however a lack of funding to support these established organizations. They have proven repeatedly that they are resilient and have shown phenomenal results but are no longer funded or are sparsely funded. Funders are sponsoring upcoming organizations and being involved in raising funds for charity can have numerous benefits for individuals (Andrew Hulbert, 2023). The advantages of such engagement are discussed below.

Sense of Fulfilment

Contributing to a worthy cause and having a positive impact can bring a deep sense of fulfillment and satisfaction. It gives individuals a purpose beyond their personal and professional lives.

Personal Growth

Fundraising for charity provided opportunities for personal growth and development. It can enhance skills such as communication, leadership, and networking, which are valuable in various aspects of life.

Increased Empathy and Compassion

Engaging with charitable causes cultivates empathy and compassion. It allows individuals to connect with the challenges and needs of others, fostering a greater understanding of different perspectives and circumstances.

Expanded Network and Connections

Getting involved in fundraising introduces individuals to a wider network of like- minded individuals, including fellow fundraisers, donors, and volunteers. This expands social and professional connections, opening new opportunities and collaborations.

Enhanced Emotional Well-being

Acts of kindness and giving have been shown to improve emotional well-being. Being part of a charitable effort can increase overall happiness and contentment.

Skill Development

Fundraising activities provide opportunities for individuals to develop and enhance various skills. These may include public speaking, event planning, marketing, budgeting, and project management, which can be valuable in personal and professional contexts.

Increased Self-Confidence

Successfully raising funds for a charity can boost self-confidence and self- esteem. Accomplishing fundraising goals, overcoming challenges, and witnessing the positive impact can instill a sense of pride and belief in one's abilities.

Broadened Perspective

Engaging in charitable work exposes individuals to different social issues and challenges by communities. This broadens their perspective and deepens their understanding of the world, promoting empathy and a more inclusive mindset.

Opportunities for Leadership

Fundraising initiatives often require leadership and coordination. Taking an active role in organizing and leading fundraising efforts provides individuals with valuable leadership experience, helping them develop essential skills and qualities.

Personal Legacy and Impact

Engaging in charitable fundraising allows individuals to create a lasting personal legacy. It enables them to leave an impact on causes and communities that matter to them, leaving a meaningful mark on the world.

Reporting which hinders compliance for NPOs

The types and formats of reporting templates funders have require time and attention. Donors have preferences that they continually change and become increasingly selective. One notes that different donors apply different conditions for their beneficiaries, for example, they specify projects that can be operated within their budget, working in partnerships or collaboration with other organizations, geographic areas it should cover, and who the target beneficiaries should be. Similarly, they also have their reporting requirements which may differ from funder to funder.

Funding which is not flexible

Funders restrict and dedicate funding to specific projects resulting in limited resources which then affects the sustainability of organizations and their organizations. According to Mavuto (2013), NPOs are given restrictions and are not allowed to engage with other donors during their funding periods, preventing them from diversifying their donor sources. Donors use basket funding or shift funding from NPOs/ NGOs to government institutions. Organizations end up competing for the same funds with government institutions that have resources that can mobilize for resources.

NPOs face the challenges of multiple conflicting responsibilities, the proliferation of inadequate supply-oriented services, self-preservation, maintaining supply,

unresponsiveness to changing needs, transferring customer reality into the donor's world, and an NPO growth that takes place from the supply is dominated by need. Ali Akbar (2011) asserts that the widespread challenges of NPOs have witnessed extraordinary growth in all areas of human activities worldwide, particularly in developing countries. He further notes that they are an integral part of civil society and are responsible for managing complex and diverse activities. You face internal and external management problems. Human resources, financial, and organizational systems are the most challenging internal problems. The interaction of NPO registration with other NPOs, the private sector, and the government, internationalization, and financial crisis are the external challenges that NPOs face. NPOs and voluntary organizations are under increasing pressure to distribute and manage their limited resources. NPO managers and leaders face complex management problems, both at the personal and organizational levels. NPO activities depend heavily on the cultures and environments in which they work. Some NPOs face increasing competition from the private sector and some individuals of the state (Lewis. 2009).

The size and severity of the challenges vary across developing countries. In several countries, governments want to control the activities of NPOs. Tensions often arise between employees and superiors during decision-making processes because employees expect that they have equal rights in the decision-making process. Another common problem is the governance of organizations and the internal relationships between board members and employees (Mukasa. 2002). NPOs are weak in the career development of their employees. They deal with personnel problems and cover the areas of recruitment, posting, dismissals, and personnel development (Vilain. 2002). According to Mukasa, not all people who work for NPOs are volunteers and their employees typically receive lower salaries than those in the commercial or private sectors. They have poor organizational and technical skills and poor training quality. NPO employees are the biggest concern for NPOs.

Concerns raised were challenges in fundraising, limited financial and managerial expertise, limited institutional capacity, low organizational communication and

coordination, lack of understanding of the broader social and economic context, and difficulties in managing NPOs with operations in multiple countries. In addition, structured growth, accountability, evaluation, financial viability, scale problem, volunteer relationships, mission, effectiveness, sustainability, and key future needs were covered as topics (Lewis. 2009, Rahman. 2003, Mukasa. 2002).

2.11 Conclusion

This chapter covered the important aspects of non-profit nature, culture, and funding. The challenges and frameworks on how they should operate and why they exist were given. The discussion on general challenges experienced by different organizations in their different nature was articulated. A discovery of the 15 top NPO funding organizations in South Africa was discovered. This discovery could be of assistance to organizations that might have been not aware of other options. The chapter discussed all important aspects of the non-profit sector and funding. It also discussed findings from different studies.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The preceeding chaoter presented a review of extant literature on NPO ans activities. This chaoter provides the methods adopted in the collection and analysis of data. According to Schwardt (2007), research methodology is a theory of how an inquiry should proceed. It includes an analysis of assumptions, principles, and procedures in a particular approach to study. Methodologies explicate and define problems worth investigating, what constitutes a researchable problem, testable hypotheses, & procedures, and how to select and develop appropriate data (Teddlie & Tashakkon, 2007). Research methodology is a set of systematic techniques by the researcher to determine how to conduct the study (Igwenagu, 2016). The geographical area where the study was conducted, the study design, the population, and the sample are described. The instrument used to collect the data, including methods implemented to maintain the validity and reliability of the instrument, are described.

3.2 Research Methodology

There are three major methods of data collection. These are the qualitative, quantitative and a mixture of both, known as mixed-method. The study adopts a qualitative approach to meet its objectives and answer the research questions. The target population comprises management and leaders of nonprofit organizations with a minimum of three years. According to Denzin and Lincon (2008:4-5), qualitative research is a situated activity that locates the observer to the world. It consists of materials that interpret practices and make it easy to see and transform. These practices change the world in a presentation that may include field notes, interviews, conversations, photographs, recordings, and memos. Purposeful sampling methods will be employed in this study to allow a direct selection of participants. A total of twelve organizations consented to take part in this

investigation by voluntary participation.

A structured research questionnaire consisting of twenty-three questions would be used as a guide for data collection from the participating nonprofit organizations. Telephonic/ virtual and physical/face-to-face interviews will be conducted. A semi-structured and in-depth interview method will be followed where recordings will be done with the consent of the participants. Transcripts and notebooks will be used to collect and record data. The semi-structured interview tone will allow flexibility to make changes as organizations differ in circumstances.

3.3 Research Design and Approach

Leedy (1997) defines a research design as a plan for a study, providing the overall framework for collecting data. MacMillan and Schumacher (2001) define it as a plan for selecting subjects, research sites, and data collection procedures to answer the research questions. The result of a sound research design is to provide results that are judged to be incredible. According to Durrheim (2004), research design is a strategic framework for action that serves as a bridge between research questions and the execution or implementation of the research strategy.

A qualitative approach was followed. Denzin and Lincon (2003) define qualitative research as a situated activity that locates the observer to the world. It consists of materials that interpret practices that make it easy to transform. It interprets practices that change the world in a series of presentations that include field notes, interviews, conversations, photographs, recordings, and memos. A descriptive interview research design was used in this study because it aims to describe a population, situation, or phenomenon accurately and systematically. Descriptive research is an appropriate choice when the research aim is to identify characteristics, frequencies, trends, and categories. The researcher cannot control or manipulate any of the variables (McCombes, 2023)

The study makes sense of the discovered phenomena in terms of meanings and understanding by the stakeholders and employs a qualitative research method. This

method sees things based on the narrative of a participant (Richard & Morse, 2012). According to Creswell (2014), in this method quality studies analyze a situation by using a sizeable, small number of respondents. Interview schedules were developed to collect data through notes and recordings with permission from the participants. A narrative and in-depth approach was followed to collect specific data.

3.4 Research Setting

The study was conducted in nonprofit organizations situated in Mpumalanga province. Samples were made under Emalahleni Local Municipality, Mbombela Local Municipality, Msukaligwa Local Municipality, Pixley Ka Seme Local Municipality, and Thembisile Hani Local Municipality. Managers from 12 organizations within the 5 local Municipalities formed part of the setting.

3.5 The Study Population and Sample

➢ Target Population

The target population is the entire aggregation of respondents meeting the designated criteria (Burns & Grove 1997). The study is targeting non-profit organizations in Mpumalanga that are registered as NPOs. Purposeful sampling will be employed. This method will allow a direct selection of participants. The study is targeting non-profit organizations in Mpumalanga that are registered as NPOs. The population includes individuals who are over the age of 18, can understand English, and hold leadership roles in their organizations. The organizations that will be selected must have been in existence for not less than five years. Ground Up by Marcia Damons (17 Feb 2022) argues that only half of more than 250,000 registered NPOs comply with legal requirements. This suggests that there is an estimated number of 250,000 NPOs registered in South Africa

in 2022. However, only 18, 910 NPOs were registered in Mpumalanga for the financial year 2021/22 (NPO Registration and Compliance System: DSD 2022) and the number keeps increasing because as of 3 October 2022, the number had gone up to 19 591 NPOs registered. Population refers to the total number of subjects from which the data is collected (Thomas, Silverman, & Nelson 2015). In this study, the population includes all managers and people in leadership from the registered non-profit organizations in Mpumalanga. There are 18,910 registered NPOs for the financial year 2021/22 in Mpumalanga. This information was sourced from the DSD database of registered NPOs in Mpumalanga.

- **Sampling**

A sample is a subset of the population whose characteristics will be generalized to the entire population (Bless, and Kagee, 2006). Sampling refers to a selected part of the population (Bryman 2015). The sampling strategy is a plan for certainty that the sample used in the study represents the population used to draw the sample. Landreneau (2023) asserts different types of sampling including convenience, accidental, snowball, quota, purposive, simple random, and cluster sampling.

A purposeful sampling technique was employed in the study. Purposive sampling provides a more targeted and specific sample, which helps to answer research questions related to that population or phenomenon. This method will allow a direct selection of participants. Purposive sampling allows the researcher to identify NPOs that satisfy the study. The following criteria will be used for identification of NPOs for data collection:

- They are registered and located in Mpumalanga Province.
- Existence of not less than five years.
- Have received funding at least once or more in the last five years.
- Must be active and in good standing with the Department of Social Development.

3.6 Data Collection

A qualitative data collection approach was followed through data collection tools and techniques. This was done to ensure triangulation, cross-validation, and increased reliability, and to make amends with any restrictions from other approaches (Creswell 2016). Since the study is a qualitative approach, in-depth interviews will be conducted. Non-directive interviews in a one-on-one sequence would be followed. This will allow participants to freely express their experiences and challenges of accessing funding. An audio recording and note-taking were used to record data. This is because this method is used in understanding people and situations.

Non-directive interview questions are not arranged before and have no order. This type of interview is used to dive into deeper discussions, adapt to changing topics, and improvise relevant interview questions. The participant gets an opportunity to talk freely. Free, open discussions and respect for sensitive issues within the topics are important. Structured and unstructured questions were used in the interviews, allowing open-ended questions. Open-ended questions allow respondents to explain their funding experiences and what they think could be changed or improved. The interviewer asked for clarity and dug deeper to have a better meaning and understanding (Punch 2013).

According to Denzin & Lincon (2005), the significance of context in analyzing data is emphasized through qualitative research. The researcher could not physically conduct the interviews with some of the sampled organizations/ participants due to demarcation issues and the time it takes from one location to another. Regarding logistics, the participants, however, had input on deciding where and how their interviews could be held. Some participants took part in online interviews using the Microsoft Teams application system, and others were visited at their places of work, with their permission. Other participants chose to meet at a restaurant of their choice. The time for interviews was convenient for the participants.

The interviews were conducted in English, where there was a need, and clarification was provided using Zulu for participants seeking more clarities. English was chosen as the medium language for most participants. It also allowed for consistency throughout the

process. Participants were treated with respect, the researcher made sure they were comfortable during and after the interviews. Monton & Marais (1991) express the importance of respect during research interviews. The background of the researcher's employment with NPOs made it easy to relate to the participants' responses. Caution was taken against imposing views on the participant.

Once the participant agreed to be interviewed, an appointment was scheduled with each participant at a time of convenience to the participant as well as the interviewer. An explanation was given on the background of the research as well as ethical considerations relating to participation. The researcher was transparent with the participants and allowed openness in sharing experiences and honest responses. Being transparent also influenced an atmosphere that felt easy and trusting. More in-depth responses were provided.

3.7 Interview schedule

This is a list containing structured questions that have been prepared to serve as a guide for interviewers, researchers, and investigators in collecting information or data on a specific issue. The schedule is used by the interviewer who will fill in the questions with the answers received during the actual interview. One of the advantages of using an interview schedule is that it increases the likelihood of collecting accurate information or data. It can boost the reliability and credibility of the data gathered. The disadvantage is that it may be time-consuming, especially if it is an extensive or in-depth interview. There is also a high risk that the interview and its results may suffer from interviewer bias as the choice of questions is from them.

An interview is a one-on-one conversation between an interviewer and an interviewee. Questions are asked and responses are provided. Similarly, in research where an interview is used as a data collection tool, the researcher asks questions, and the participants give answers. According to Stuckey, L (2013) there are three types of interviews in qualitative research. These types of interviews include structured semi-

structured, and narrative interviews. The three types of interviews are briefly described below.

There are two types of interview schedules, in-depth interview schedule and structured interview schedule. In-depth interview schedule is used in open-ended interviews aiming for in-depth information. The questions are open-ended, with prompts given to the interviewer to ask for clarification or further information if necessary. The questions can be used as a reference point for more questions. The questions are neutral and avoid leading questions that can dictate the response to the interviewee. Structured interview schedule- each participant is asked the same questions in order. This is a systematic approach to interviewing where you ask all candidates predetermined questions in the same order.

Structured interviews

In structured interviews, a certain set of questions are included and followed. These questions are in a predetermined order with a limited number of categories for answering. The answers are fixed according to a specially prepared code model and according to the research question.

Semi-structured interviews

The answers provided by the participant in the set outlined questions determine how the interview is directed. They are often led by observation, and informal and unstructured

interviewing to allow an interest and understanding by the researcher. It includes open-ended questions and provides an opportunity for identifying new ways of seeing and understanding the topic. Questions may not be asked in the same way or order; the primary aim is to hear from respondents about what they think and hear their own words.

Narrative interviews

Anderson et al. (2016) state that narrative interview techniques do not set out with a fixed agenda but can help the researcher understand people's experiences and behaviours. The people being interviewed are at the heart of the research study.

3.8 Data Analysis

Data analysis affirms that the raw data collected is arranged accordingly, in order, and makes sense (Bhattacherjee 2012). It is a way of familiarizing oneself with interpreting and deducting meaning from data collected (De Vos et al. 2011). The study will analyze patterns in funding for each sampled organization and group organizations by similarities. Each respondent will be given a code description ranging from Manager 1, Manager 2, Manager 3, Manager 4, Manager 5, Manager 6, Manager 7 and Manager 8 since there were eight participants.

Qualitative data analysis dives into the stories hidden in non-numerical data such as interviews, open-ended survey answers, or notes from observations. It uncovers the whys and hows with a deeper understanding of people's experiences and emotions. It helps understand specific details. Once the data has been captured, methods are used to analyze it. Specific research objectives and the kind of data gathered determine the choice. These methods include the following techniques (Thorne, 2000):

- Content analysis - this technique is used to identify patterns that emerge from text, by grouping content into words, concepts, and themes. It is useful to quantify the relationship between all the group content.
- Narrative analysis - is useful for getting a deep understanding of perspective on a specific issue. It enables the summarizing of outcomes of focused case studies.
- Discourse analysis – it is used to thoroughly understand the political of the political, cultural, and power dynamics in specific situations. It is the way people express themselves in different social situations.
- Thematic analysis – is used to deduce the meaning behind people's words. This is accomplished by discovering repeating themes in a text. It helps identify, categorize, analyze, and interpret patterns in qualitative study data.
- Grounded theory – it is a useful approach when little is known about a subject. It starts by formulating a theory around a single data case. It is also not speculative but based on actual data.

The study will use thematic analysis to analyze the qualitative data. This analysis will identify patterns in the data and give information about issues. Common themes, topics, ideas, and patterns that come up repeatedly will be identified assisting with the analysis.

Benefits of thematic analysis

It is one of the most accessible analysis methods which does not require training. Teams can easily draw important information from raw data. It is also an effective way to process large amounts of data into digestible summaries.

Challenges of thematic analysis

In a complex narrative, thematic analysis can't capture the truth of a text. It does not consider the context of the data under analysis. It is subjective and might drive results that do not align with reality.

3.9 Reliability and validity of data

Tanveer (2008:35-45) states that validity in qualitative research means the extent to which data is plausible, credible, and trustworthy. This means it can be defended when challenged. To ensure reliability in qualitative study, an examination of trustworthiness is crucial (Seale 1999) while validity refers to a degree of consistency between the explanation of the phenomenon and the realities of the world (McMillan & Schumacher 2006). To ensure the reliability and validity of this study, data will be collected from multiple sources, different NPO managers, and committee members. Triangulation will be employed by comparing the data from the interviews. For effective grounding, coherence amongst data sets should be identified.

Reliability is the degree to which results are repeatable and consistent (Bezzina and Saunders, 2014). According to Blumberg, Cooper, and Schindler (2014), reliability in research focuses on estimating the levels to which evaluation is planned and ensuring there is no unbalanced inaccuracy. If a study can be repeated and the same results are found, then the study is considered reliable (Carroll and Goodfriend, 2023).

Validity means that the individual scores of an instrument are meaningful and allow the researcher to draw good conclusions from the sample population being studied (Crewell, 2005). Reliability and validity are concepts used to evaluate the quality of research. They indicate how well a method, technique, or test measures something (Middleton, 2019). High reliability is an indicator that a measurement is valid. If an approach is not reliable, it is probably not valid.

Quinlan (2011) explains validity as the analysis of the degree to which a study is solid, honest, logical, meaningful, practical, sound, and beneficial. A study should contribute to the knowledge to ensure that it is valid. To ensure validity, response validation was conducted during the interviews. Data was also saturated to promote validation.

3.10 Research Ethical Considerations

Research ethics ensure that participants are safe and unharmed, agree to participate in research, and are given the right to privacy (Gray, 2014). Participants received information about the study and gave written consent to participate in the study. For the study to be ethically acceptable, the researcher maintained the anonymity and confidentiality of the participants (Adams and Lawrence, 2014).

Participants are informed of their rights, and no one is forced to participate. Research ethics is the common denominator for researchers' relationships with respondents and colleagues (Resnik, 1998). Research on private information is sensitive and the fact is that ethical issues do not end with research processes (Bickman and Rog 2009). Therefore, the researcher ensures that all ethical aspects are touched during the study, including these various considerations.

Informed consent was given to participants, indicating their willingness to participate. Ensuring that participants give informed consent. According to Cohen (2016), research participants must participate voluntarily, without coercion. This is intended to ensure that all respondents have informed consent to participate by explaining what the study involves and all relevant information about its completion. After that, the request for written consent is secured by a letter of agreement. The researcher ensured that no harm comes to participants. Saunders et al (2016) mention that researchers must ascertain that respondents are secure from physical, spiritual, or emotional harm from participating in a specific study. To secure respondents from all forms of harm, assurance that respondents won't be exposed or subjected to anything that would compromise their self-esteem or cause unusual stress or embarrassment. The researcher maintained confidentiality and anonymity. Cohen, Manion, and Morrison (2019) emphasized the importance of ensuring that all information by the respondents should be protected and be impossible to ascribe anything, to specific individuals. Anonymity will be ensured by ensuring that the identity of respondents is private and does not appear anywhere in the study. The data collected will be secured using passwords to prevent unauthorized access to information and ensure confidentiality is adhered to. Permission was obtained before the conduct of the

study. For studies done within a company, institution, or organization, it is critical to ensure that the organization grants permission before data can be collected (Saunders et al.,2016).

3.11 Conclusion

This chapter outlined the research methodology, the design of the study, and sampling techniques. It further, elaborated on data collection methods, data analysis, validity, and reliability. Furthermore, it outlined the methods employed for the research. The next chapter details the findings of the study.

Chapter 4

Presentation of the study findings

4.1 INTRODUCTION

The first three chapter are theoretical and methodlogical in their oriention. Chapter one laid down the background by highlighting research problem and aim of this study. In Chapter Two, relevant literature was reviewed. This was followed by an outline of methods and methodoly for garnering data in Chapter Three. This chapter establishes the funding models currently experienced by non-profit organizations in Mpumalanga province. It confirms the available funding streams, known and used by these NPO organizations; the funding processes; the funding requirements; the use of funding, and the challenges experienced by the NPOs. This chapter presents the findings of the study and discusses the empirical literature evidence which has been used. The issues addressed in this chapter include background information on the organizations sampled, their funding trends, funding processes, funding application requirements, funding options, and funding challenges experienced.

4.2 RESULTS OF THE STUDY

4.2.1 Background

A total of eight respondents were interviewed. The interviews were conducted to unpack and address the funding issues experienced by the NPOs. The sample was made of twelve organizations but only eight organizations responded. The population was composed of leaders, managers, and chairpersons. Most respondents were female except for the arts and culture sector organization, represented by a male leader. Mbombela Local Municipality; Msukaligwa Local Municipality; Nkomazi Local Municipality; Govan Mbeki Local Municipality and Emakhazeni Local Municipality were covered in the geographical location. The organizations had been in existence for between 6 and 26 years. This is an indication of how long the organizations have been operating. The respondents were given codes for identification.

4.2.2 Funding Trends

To establish the trends in funding, the respondents were asked to divulge funding information including the sources, financial capacity, financial changes, and the impact of those changes. The managers of the NPOs interviewed, coded as Manager Two, Manager Six, and Manager Eight, indicated receiving their funds from the government.

Managers three, Five, and Seven indicated getting their funds from the government and private sectors. Manager Four indicated their funds were from both the Government and International donors, while Manager One got from all three sources, Government, Private, and International donors.

Regarding financial capacity, Manager One, Manager Two, Manager Three, Manager Four, Manager Five, Manager Seven, and Manager Eight represented a capacity of above R500 000.00. Manager Six had a capacity of between R50 000.00 and R150 000.00. Financial changes for about two to three years, Manager Six who had been in existence for eleven years had received funding only once, which made it possible to obtain a financial record and status that is positive and note the changes. Perhaps the change is that they got funding for the first time in eleven years. Manager One indicated that their financial resources increased while the value of funding dropped. The funds received from implementing agencies increased to ensure all programs were effectively implemented.

Manager two expressed financial loss resulting in some staff members getting retrenched and the organization almost closing its doors. The amount of funds received was cut in half. The donations from individual donors and businesses stopped coming in and a huge loss in resources and uncertainties in its operation was created.

Manager Three indicated the increase in funding received by the NPO because the organization was able to attract additional funders. This marked a celebrated growth in finances available for the NPO to carry out its activities. They also had a history of funders that had stopped funding them but returned to funding again. This for them created security and stability. Manager Five secured two new funders, a development that increased its financial capacity. Manager Four indicated a loss of funding resulting in a change in its monetary status. This change affected the organization for the worse.

This is an indication of instability in funding thereby hindering adequate projections for future activities. The flunctuation in securing adequate funding could be attributed to the level of uncertainty of the success of the NPOs. However, the fact that funders who left had to come back to continuing funding was an indication of the effectiveness of the NPO in fulfilling its mandates.

4.2.3 Funding Options
4.2.4

When the respondents were asked how they were funded and which options were utilized to source the funding, it did appear that they used an application-based funding model. Some respondents indicated that they write letters to request funding from potential donors. Voluntary support, service in kind, and fundraising techniques were also mentioned as options for funding. Some respondents mentioned that they collected fees from their beneficiaries which helps them sustain their organizations. When the respondents were asked how funding assists their organizations, and the areas that needed funding, they needed funding directed to operations. Operations cover expenses like rent, salaries, transport, and project implementation. It became obvious that indeed their existence needs funding, and they try to source funding from different corporate investment projects in addition to fundraising and application-based models.

4.2.5 Funding Requirements

The respondents found similarities in the required information when funding applications are put forward. The information is usually readily available as it is the same information that is required when registration as a non-profit is being processed. This revelation is confirmation that they hardly get rejected for funding because of compliance issues. The availability of the information makes it practical for them to submit funding requests, though that does not guarantee them funding. It was found that they sometimes don't get the requested funding due to depleted funding. Two out of eight respondents had been previously denied funding due to non-compliance, as other funders just requested more details than others. The mistake of assuming that funders would request the same information as those who would have previously funded them, they neglect reading funding documents to verify changes and amendments to requirements.

4.2.6 Funding Challenges

The following illustration is an indication of mentioned challenges respondents encounter in their organizations.

The biggest challenge that was common amongst all respondents was the issue of human and financial resources. “Work requires people to execute plans and ideas”, stated Manager Two. Almost all respondents stated that it is difficult to get staff who can commit to NPO salaries. While some respondents stated that, others revealed getting the right mindset for the demands that come with working at an NPO. “While we are aware of so many funding streams, we rely heavily on the funding and support in kind from the Department of Social Development”, this was raised by Manager Eight expressing how difficult it is to access funding. Sometimes they get services as support instead of funding. Even though this is not sustainable, it helps them ease the pressure from the leaders of the organizations. This support helps keep the organization’s doors open. There is however a gap that remains unclosed as real money is needed to pay rent for used premises, rates, and taxes. The operational needs of the organizations need money.

Manager Two expressed how lucky the organization was to have people working for the organization, people who understood the nature of the NPO environment, but without salaries, it becomes extremely difficult as lack of funds sometimes hinders them from coming to work. Most workers in the NPO space do not even own vehicles, they always need money for transportation. Currently, the organization can no longer afford to keep their skilled staff, they have no choice but to find other jobs. The same respondent expressed distress about how the lack of funding to pay salaries is a huge problem. The organizations end up being under-resourced or without relevant resources to continue with their operations. Not being able to raise money on their own is a threat to the continuation of the organizations. Money runs out and they rely a lot on other stakeholders resourcing them. Manager Four raised a similar issue but went on to say their facilities end up not offering services correctly because they lose experienced and skilled people. “Sustaining the right skill sets is frustrating and sort of hinders the growth and success of our organization somehow”, this was stated by Manager Two who expressed that they

are unable to retain staff, even after developing them, as there is no funding for salaries, “We develop people only to lose them”, she expressed.

Manager Four from an organization that works with the vulnerable and abused group of beneficiaries expressed how difficult it gets to receive a call from someone who is not located closer to their places of residence but must get to that person to offer the service because the situation may be dire and needs immediate intervention. The Manager reasoned that having partnerships has helped a lot because there are times when the South African Police Services are required to aid by responding quickly to a situation, even the ambulance services respond quicker than normal if requests are coming from the organizations as compared to them coming from the victims or commuters.

Manager Three and Manager Four raised the issue of being under-resourced. “Money runs out, we rely a lot on external people resourcing the organization”. Manager three expressed the frustration that comes when funding runs out and not being able to raise funding on their own to continue operating.

It became concerning that Manager Two was aware of only one funding stream. “We have always known of only the National Lotteries Commission as the only funder, the challenge with them is they are very selective as they don’t always to the same people. Accessing funding gets more and more difficult, funders think they have just always funded hospices more than others”, one respondent stated. They stated that lack of awareness creates a perception that they are all about death, thus distancing themselves from the services of hospices. They mentioned how difficult it is to get staff who can be committed to NPO/NGO salary, and it is difficult to get the right mindset for the demand that comes with working at a nonprofit. They are unable to reach other areas due to limited resources, petrol costs and shortage of other basic resources. The rising cost of fuel affects them, especially when they need to procure goods and services. When procuring organizational operational assets like equipment, with every request, quotations are required. The time it takes from the application to the time for funding to be granted, prices change and create affordability issues making it hard, sometimes impossible to get the same quality to render quality services effectively. Sometimes by the time the funds are received, it is

not even enough to buy the intended items resulting in deviations. This is due to the period it takes to get feedback from the funders and donors. Another stumbling block is the inability to increase salaries in line with the demands coming from the unstable economy.

Manager Two said, “Having been in a nonprofit space and worked in the city for 20 years, we have found that the environment is more competitive, more demanding, and operation is based on relations”. Manager one stated while trying to explain how being a nonprofit in Mpumalanga Province is different. He said working in a big city looks hopeful because everything is just there, and opportunities and resources are there, but because of the demand and competition, the resources are not sufficient, there is more competition for the same resources, and thus more need for funding. There are more people in need and fewer resources to share amongst. Not having relations with the right or the influential creates barriers for nonprofit organizations. He compared the city experience to the rural experience, where currently the organization is based. “People work harder in the rural areas; they don’t get much in payments, but they work so hard to ensure that there are fewer barriers and it’s easier to reach people” (Manager Two). The respondent from the same organization indicated they were aware of multiple funding streams and found it easier to access funding because of their identity in the nonprofit space. People know who they are, and their identification is clear. “A solid reputation has assisted us to have access to funding, sometimes we just get funding and support without asking” (Manager Three).

While the challenges were the same across all respondents. Manager Four stated that they get less funding than what is usually requested. The Manager averred that the government did not offer some services correctly due to a lack of professional staff. They tend to ill-treat their patients and beneficiaries. “Staff members in the public sector lant Ubuntu, like in hospitals patients are neglected and ill-treated which makes our NPOs a preferred place of service” (Manager Four).

Manager Eight said, “Funding from the Department of Social Development is too limited; they don’t cater for stipends and salaries. They focus only on food”. According to Manager

Eight said that NPOs need funding towards salaries because they always receive funding and donations for food. They find it difficult to access funding. There is a high number of activities as compared to available funding and resources, thus unable to deliver on its objectives. When an NPO is known by the community, people assume there is money and always expect the organization to bring something though all they can offer is service.

4.2.7 Discussion of Results

The results revealed common challenges experienced by the selected organizations. The issue of resources was found to be common in almost all organizations. The organizations experience inadequate service delivery due to insufficient funds and relevant tools. The subsidy received from the Department of Development is uncertain. This exposed the NPOs to financial vulvearbility. Bissett, Steenkamp, and Aslett (2023) have noted that inadequate funding usually expose NPO to economic vulnerability that could push them to be victims of economic crimes. This correspoind to the findings of Ayinkamiye and Spencer (2021) that inadequate funding often leads to ineffective activities of NPOs, a development that had led to the closure of some organisations. The organizations cannot meet other objectives because they must always think about the future with their limited resources. When funding was not available, some organizations had to close their doors, others retrench their staff.

Funders have funding periods and cooling periods where the already funded organizations are not eligible to request any funding during that period until a certain period has lapsed. This affects service delivery and impact on the operations of the organization. The experience is difficult when programs are not stationed in one place. There is implementation that gets affected and an inability to reach all beneficiaries due to inadequate staff members. Due to a lack of funding, organizations are not able to meet their staffing requirements (Sibisi & Makka 2021).

The results and evidence from the literature indicate that financial constraints arecommon challenges for NPOs (Maluleka, 2021). The importance for the organizations tobuild and maintain relationships with potential donors was seen to be an important tool for attracting

funding. Funders stick to organizations that they trust and have good relations with, poor relations affect access to funding. Additionally, involvement with the community and their needs assists in attracting sponsorship because word of mouth canopen opportunities. Ferguson (2009) notes that lack of public participation is a known challenge for NPOs.

It seems pertinent that organizations need to make more effort to learn about ways to fundraise. Most organizations rely on the same funding streams which creates difficulties and issues of sustainability when those streams run dry. They become defendant and relax, such that when the funds stop, their operation is threatened. The informal funding structures are more challenging as they don't have formal processes and requirements, creating inconsistencies in how they allocate funding which may be viewed as favoritism. Most organizations depend on the Department of Social Development to come through. NPOs in South Africa are also dependent on donor and government funding to do their activities (Christensen & Weinstein, 2013). Mueller-Hirth (2012) states that despite the provisions of the government, registered NPOs struggle to access government and donor funds.

4.3 Conclusion

The topic of the study is Funding Modalities for Nonprofit Organizations in Mpumalanga Province. This covers all aspects of funding models, but this study specifically asked questions that included available funding options, requirements for funding, and the challenges faced by organizations hindering access to funding. The findings of the study showed the importance for organizations to put more effort into sourcing funding. The chapter reflected on the challenges that are similar to nonprofit organizations andrevealed that the need for funding cuts across different sectors in the nonprofit community.Even previous studies have shown that the same challenges experienced now, have beena continuous experience for most organizations, especially when accessing funding. The study concluded that there is a need to empower organizations with information from the inception stage to avoid further frustration and failure by the organization in executing their services and ensuring objectives are met.

Chapter 5

RECOMMENDATIONS AND CONCLUSIONS

5.1 INTRODUCTION

This chapter provides a summary of the findings of the study. The main aim of the study was to explore the fnding modalities for NPOs in Mpumlanga Provice. The study begun by providing the necessary backgorunds and objectives in Chapoter One. Capter contains the review of extant literature while Chapter Three details the methods of data collection and analysis. Chapter four presents the results and discussion of findings. This chapter presents the conclusion and recommendations of the study. The main objective of this study was to establish how the non-profit organizations in Mpumalanga Province get their funding to survive and which funding models are known to them, used, and available to these non-profit organizations. The specific objectives of this paper were to explore the funding trends, processes, and requirements for application requests for non-profit organizations in Mpumalanga Province; establish if funding granted is used for the intended purpose; examine funding options and identify challenges experienced by the NPOs in Mpumalanga Province, finally to make recommendations in line with the current and existing trends.

5.2 OVERVIEW OF THE STUDY

The study took a narrative, descriptive, and contextual qualitative study. The researcher adopted a phenomenological approach to achieve the objectives of the study. Unstructured, open, qualitative interviews were conducted with eight participants from

different types of registered non-profit organizations, from different Municipalities in Mpumalanga Province, who were purposively selected as participants. The interviews were conducted in English, with some parts explained in isiZulu, where participants showed hesitation in understanding the interview questions, then transcribed and analyzed.

The researcher did a descriptive analysis to complete an analysis. According to Loeb et. Al (2017), descriptive analysis characterizes the world or phenomenon by identifying patterns in the data to answer questions about who, what, where, when, and to what extent. The themes and categories that emerged from the data were enlarged with literature, including literature from the internet and conversations with members of organizations of the same nature as those selected for the study. The trustworthiness of the data was assured and ethical considerations were respected (Lincoln & Guba 1985:36).

The findings and recommendations described below are centred on the experiences of eight participants, the research question, the objectives, and the themes emerging from the data analysis.

To answer the topic of interests, a theme of questions was categorized and by answering those questions, the study achieved the following objectives:

1. Establish if the NPOs in Mpumalanga met the compliance requirements of the potential funders.
2. Establish the funding models available for the NPOs in Mpumalanga.
3. Establish the challenges faced by the NPOs in Mpumalanga.

5.3 SUMMARY OF THE DATA

Five themes emerged from the data. The findings were discussed according to the five themes that emerged from the data:

THEME 1: Emotional and psychological trauma

THEME 2: Lack of resources

THEME 3: Uncertainty

THEME 4: Disappointments

THEME 5: Lack of support

5.4 THE THEMES AND THEIR IMPLICATIONS

THEME 1: Manager experienced emotional and psychological trauma One from an NPO working with the vulnerable. Seeing their beneficiaries helpless in their vulnerable state and not being able to provide services to them to savior their conditions. They lost people and got frustrated due to the prevailing situation. Several issues frustrated them, for example, an elderly beneficiary who was bedridden and unable to help herself. She needed disposable nappies all the time, and someone to feed her. Being unable to provide diapers and meals, due to lack of funds to sustain her last days became very traumatic and left a very disturbing picture in the minds of the helpers from the NPO providing service.

Participants experienced stress which was attributed to several factors. Some of these are discussed in the literature. Between October 2020 and March 2021, in a survey conducted by The South African Depression and Anxiety Group (SADAG) in partnership with Tshikululu Social Investments, to assess the impact of the Covid-19 pandemic on NPOs and staff psychological well-being, it was found that two-thirds of NPO professionals showed moderate to severe psychological morbidity, with two thirds also facing an elevated risk of developing a psychiatric disorder, with over one third found to be showing a high likelihood of having a severe psychiatric disorder. Dr Andrew Wooyoung from the Developmental Pathways for Health Research Unit at the Faculty of

Health Sciences at the University of Witwatersrand stated that NPO workers faced considerable stress at work and home consequently, and exhibited a range of symptoms of psychological distress, including insomnia, helplessness, excessing worrying, a disconnect from their work and family, cynicism, and burnout Participants felt burdened by the need to help those that couldn't help themselves. They worry about when and where they receive their next funding or whether they will be able to pay salaries to their staff members, pay rent for their operating premises, be able to provide services to the needy and even just keep their doors open.

THEME 2: Manager Seven and Manager Four raised several issues about resources hampered effective service delivery. The shortage of qualified and skilled workers and the lack of correct tools and quality equipment resulted in high stress and burnout. The availability of funds will facilitate the purchasing of equipment and the recruitment of skilled workers.

THEME 3: There was a big issue with uncertainty. Manager Two, Manager Three, and Manager Seven expressed uncertainty about the future of their existence and their staff members. The leaders were not certain if they would be able to meet monthly expenses as they depended a lot on funding and donations. Sometimes budgets were made in the hope that their requests for funding and donations would be successful. Nothing is ever guaranteed with the nature of the work and environment in the NPO space.

Participants felt burdened by the need to help those who could not help themselves. They worry about when and where they receive their next funding or whether they will be able to pay salaries to their staff members, pay rent for their operating premises, be able to provide services to the needy and even just keep their doors open.

THEME 4: Participants experienced a lot of disappointments. Manager Two, Manager Three, Manager Four Manager Six expressed that sometimes when submitting applications and requests for support, it is not always approved by the funders. Sometimes their requests are rejected due to unavailability of funds, sometimes they don't get everything they ask for, get partial approvals, and sometimes additional information

is requested causing delays in their programs. There are months when their employees would go on without salaries.

THEME 5: The participants felt that they did not receive enough support from the Government. They require funding for the total operations of their organization, yet the Government Departments are selective with what they fund. This leaves them stranded with insufficient tools and resources and must find a way to survive. They find this extremely difficult for the sustainability of their organization because they entirely depend on funding to remain functional.

5.5 FINDINGS AND CONCLUSIONS

Below is the presentation of the findings and conclusions of the study addressing each objective:

5.5.1 Objective 1: Explore the funding trends, processes, and requirements of the NPOs in Mpumalanga

The study revealed that the NPOs source their funding through application-based processes, fundraising, and approaching donors through CSI projects or individual donors. It was established that it usually takes longer to receive funds or responses from submitted requests which results in possible closures of their organizations. The requirements for funding for different funders are usually the same, but international donors often ask for more information. Some funders employ cooling periods for their funding. Based on these results, the researcher concludes that there is a necessity for awareness programs or capacity-building gatherings on resource mobilization. Additionally, the funders should look at their requirements for funding and consider the type of organization requesting funding when crafting requirements. The study also revealed that most organizations have experienced financial capacity of above five hundred thousand rands (R500, 000.00), and their access to funding increased the

number of people receiving services, while for others it remained the same with no changes.

5.5.2 Objective 2: Establish if funding is used for the intended purpose

The study investigated if funding received by the organizations is used for the objectives of the organization. This was done by asking the participants to specify which areas of their operations needed funding, and how that assists the organization in its effectiveness. A respondent from an art organization stated they need funding for artistic production and creative work. They stated that funding assists the organization in continuing with its programs. A respondent from a hospice stated that operations need more funding and access to funding assists them with the payment of salaries as they employ professionals who can deal with palliative care. They also use funding towards training to ensure they are kept updated with the compliance standards and standards of service.

Another respondent from an organization dealing with the vulnerable said that they direct their resources towards hiring staff and paying for facilities and transport needs. They need funding to implement programs and ensure continuous operations.

An organization that handles prevention and social protection mentioned that funding assists the organization in offering beneficiary support with intention and impact and implementing projects. They need funding to pay salaries and source the tools of trade.

A respondent from a women's organization said funding helps them host events. Another dealing with childcare said they need resources for operations. An elderly organization also needs funding for operations and buying of equipment. These results are a reflection that indeed they use funding towards activities that progress the objectives of an organization.

5.5.3 Objectives 3: Examine funding options

This objective sought to find ways and methods in which the organizations source funding.

The study established that some organizations fund themselves by taking fees for services offered. Other organizations request donations. They obtain or learn about these methods from the internet. Some organizations have a single source of funding while others have multiple sources. Some organizations use a fundraising method while others use their assets to raise funds. Other options include funding from businesses through CSI projects. Networking using social media was also mentioned as an option. These findings are an indication that most organizations can be self-sustaining. While funding is of extreme importance, organizations need to learn from each other ways to raise or source funding to keep their doors open.

5.5.4 Objective 4: Identify challenges faced by the NPOs in Mpumalanga Province

The study revealed similar subjects when it comes to the challenges faced by the NPOs concerning funding. These subjects included being under-resourced financially and physically. The NPOs lack the necessary tools to continue being effective with their operations, as well as not being able to employ qualified staff that have the skills and knowledge to do the job. They are losing critical personnel with critical skills because they cannot afford to pay them market-related salaries. They end up with few staff members who are not fully qualified and are overworked.

Another subject was that of no support from relevant stakeholders. The NPOs feel they are neglected by the Government Departments. The people in the rural areas who are far from basic public services form organizations because there is a need in the communities. They lack information on how to make it work, where and how to access funding, methods that can be used, and the information required to be compliant. They learn as they go, making mistakes along the way that cost those opportunities to get

funding. Sometimes they don't even know they have to formalize the formation of their NPOs. They were concerned about how year-in in year-out funds are sent back to the National Treasury while so many organizations are struggling.

The organizations feel they are not being attended to. They are also treated the same across, but their difference and unique features are not considered. Their functions differ, and so do their needs and resources. A participant expressed that upon allocation of funds, some funders do not consider all the differences and fund with an understanding. They have too many activities compared to the available resources. These results necessitate an analysis by funding organizations, businesses, and individuals. The analysis should look at funding areas, their relevance, and their impact. At the end of it all, NPOs need to be able to continue with their functions, and all this depends on the funding available.

5.6 RECOMMENDATIONS

As a means of addressing the lack of resources financially, the writer recommends that NPOs must form forums where in meetings, needs can be discussed, and ideas of good practice shared. The Department of Social Development keeps a database of all registered NPOs. There is a need to push for collaboration among like-minded NPOs to form groups where they can share lessons and experiences. NPOs need to create platforms where they can be collectively heard by funders and potential funders.

To retain necessary skills, it is recommended that the Departments keep a database of registered and qualified personnel where NPOs can request allocation, without worrying about paying salaries as the Department would cover costs. It would be treated as deployments. With the current state where NPOs are using personnel that mostly lack skills but have passion and need for employment, MOUs between the Government and educational institutions must happen. This will be used to upskill and train staff already working at the organizations. A set of compliance and qualifying requirements will be formulated, and organizations can then liaise with the selected institutions to ensure that

they are aligned with the skills training needs of the organizations. This will save NPOs money directed to training, thus focusing on the actual operations and activities of the organization does not suffer.

To expose NPOs to more information about other funding options and models available, first, it is recommended that society is made aware of the NPOs in their communities and the services offered. There is a need for research on how much communities know about non-profit work and if they know where they can get certain NPO services. This will create awareness even for the businesses about CSI projects in each community. Courses on how NPOs can approach funders need to be offered by the Government to all NPOs on the database.

It was also found that most NPOs don't survive their existence because some people utilize the organization's existence as a tool to make money and enrich themselves fraudulently. Funds are requested for certain activities by the organization, but once funds are received, the funds never get to be used according to those activities and objectives as written on paper when requesting assistance. This influences the trust element when it comes to potential funders. It is thus recommended that before an organization is granted certification as a non-profit, physical inspections must be conducted and that all set compliance requirements are met.

The results also established that NPOs need to do more research themselves and subscribe to available platforms where information about NPO funding, and any other NPO news are published. These platforms empower the running of the organizations as well. Some of these platforms require membership, for example, ASIAN NGO. Leaders of NPOs with an educational background tend to do better. The age factor also plays a huge role in the success of an organization. NPOs need more active people who will not give up knocking after getting just one rejection. The results reflect the leaders of some organizations that are old and have not aligned themselves with the changing times. With technology improving and changing every day, the organization's operating styles and

leadership must align themselves accordingly. The literature of the study revealed that there are funding options that are available but not explored because they are not known about, and no research is done to find out. Organizational leaders tend to stick to what they know and are told about, they don't take the initiative to learn more. NPOs need to associate themselves with other NPOs doing similar work as them. Instead of competing, they need to start working together.

5.7 LIMITATIONS OF THE STUDY

The results of the study are limited to the type of NPOs that participated in the study. Respondents were represented by one organization from the arts and culture sector and seven organizations from the charities space. In the seven charity organizations, there was no youth-representing organization, they were all for vulnerable and distressed communities. Also, the study took into consideration that there are different types of registrations covering non-profit work, yet limited to registered NPOs, excluding the NPCs which also carry the same mandate function of operating for non-profit purposes.

5.8 AREAS FOR FURTHER STUDY

The study found similarities in the challenges experienced by the NPOs. The work done by these NPOs plays a huge role in the social upliftment of the disadvantaged communities in Mpumalanga Province, and there is certainly a need to improve. The study does not indicate the relevance of how things are currently being done versus the changing times and technologies. We are living in the artificial intelligence (AI) era where services are offered differently. A great need to ensure alignment is necessary. This then sparks an interest in whether the limitations in funding are not because of a lack of current resources and tools. Perhaps a study to establish how much NPOs know about AI and how it affects the way NPOs operate. How the introduction of AI can assist in advancing organizations' operations. The writer has reason to believe that funders and potential

funders are moving with the times and aligning themselves with the current technologies and to have access to these funders, an NPO would need to move parallel with them.

5.9 CONCLUSION

This study found that NPOs are facing major problems. It turns out that very few NPOs know about the funding options available other than knowing what they have been holding on to for years. Most NPOs use a single-source funding model, which is not sustainable. The NPOs need financial resources to ensure the continuation of their business activities. There is a great need for the government in Mpumalanga to intervene and provide support services such as fundraising training and effective fundraising methods to attract more funding streams. In addition, education should flow into the communities of Mpumalanga where they are informed about the work and life of NPOs and made aware of NPOs in various communities in the province. This should also help attract potential funders and offer services to NPOs to advance the NPOs' work and provide much-needed resources.

The study confirmed that the challenges faced by NPOs in the literature are not unique to Mpumalanga Province. The similarities in the challenges faced by nonprofit organizations have been demonstrated by various studies around the world. This could open the opportunity for further study, perhaps to find ways and practices that help address the challenges faced by NPOs around the world. It may seem far-fetched, but itis believed that there is a solution to every challenge. We hope that this research will contribute to understanding the challenges of NPOs in Mpumalanga Province and their financial difficulties. The results and recommendations can serve as a basis for future research projects and as an offer for continuous improvements in effective service delivery by NPOs. It is also hoped that the participants' experiences can be used by funders and potential funders when drafting requirements and creating guidelines for funding purposes, making the process of working for an NPO less traumatic, more impactful, and positive.

With the improving artificial intelligence (AI) technologies, in the era of 4 IR, there is a need for the NPOs not to be left behind. This could be an opportunity for further research, not only in funding but also to see how AI changes impact access to funding, given that most organizations are based in rural communities where the technology has not yet arrived or is taking a long time to arrive. The empirical results of this study showed that NPOs face difficulties in accessing financing as most NPOs use single-source financing. Organizations need to integrate and introduce platforms to connect with their colleagues and stakeholders in the NPO sector as well as potential funders. They need to be innovative in building by subscribing to channels and platforms that provide NPOs with the necessary information for funding.

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