Investigating factors hindering access to funding opportunities of newly established non-profit organisations in the Nkangala District of Mpumalanga

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ABSTRACT

Non-profit organisations work to address social problems and meet the needs of the public. Unlike private businesses, non-profit organisations depend largely on donations and other sources of funding, as opposed to profit-generation. However, they face a huge challenge in attracting funding to sustain their activities. Newly formed non-profit organisations are most affected by funding issues and resultantly fail in their first few years. This study investigated factors which impede access to funding opportunities by newly formed non-profit organisations. The study adopted a qualitative approach and followed an exploratory research design. Data was collected using interviews and was analysed thematically with the aid of Atlas Ti version 8.1. Results revealed twelve broad themes under which the funding challenges faced by non-profit organisations could be classified. The results suggested that internal and external factors hinder access to funding by newly formed non-profit organisations. Internal barriers are the most common and are closely related to external factors. The results of the study showed that it is ideal to address the internal barriers before attempting to solve the external challenges.

Keywords: Funding opportunities, Non-Profit Organisations, funding challenges, small organisations

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ABBREVIATIONS

ANC	African National Congress
CBOs	Community-Based Organisations
DSD	Department of Social Development
GEAR	Growth, Employment, and Redistribution strategy
IDASA	Institute for Democratic Alternatives for South Africa
NDA	National Development Agency
RDP	Reconstruction and Development Programme
SANPOCO	South African NPO Coalition
TAC	
TNDT	Transitional National Development Trust
USA	United States of America
SAIRR	South African Institute of Race Relations
USAID	US Agency for International Development

CHAPTER 1 BACKGROUND TO THE STUDY

1.1 Introduction

Non-governmental or not-for-profit organisations (NPOs) play a crucial role in community empowerment and development (Singh & Verma, 2014:349). They complement government efforts in addressing socio-economic challenges in communities. Mzini (2011:276) states that NPOs are an extended arm between governments and communities in areas where government services are inadequate. NPOs also give the poor a voice by working directly with communities in furtherance of community development (Edwards & Hulme, 2014). Worldwide, NPOs work hand in hand with governments and international agencies towards the sustainable development of communities (Edwards & Hulme, 2014).

NPOs are mainly humanitarian organisations. They are not commercial institutions (Okorley & Nkrumah, 2012). They are created to pursue philanthropic and non-profit objectives. NPOs have no little, if any, connection to the control and functioning of governments (Shekhar Singh, 2014). They are private agencies. Some NPOs are indigenous groups organised at the regional or national level to support and promote community development. Examples of NPOs include charities, foundations, independent co-operatives, community associations, professional associations, consumer associations, and faith-based organisations (Boateng, Akamavi, & Ndoro, 2016).

Estimations indicate that internationally, there are 400 000 NPOs (Anheier *et al*., 2006). The United States of America (USA) has over 1 million NPOs which operate domestically and abroad. Russia has more than 40 000 NPOs, while China is estimated to have 280 000 NPOs. India has more than 500 000 NGOs. NPOs play a critical role in community development, particularly in rural areas where poverty levels are high (Benjamin, 2007). The NPOs also employ a significant number of people in the countries and communities they serve. In the USA, they employ about 10.2 million people, which equates to about 7% of the total workforce (Clinton, 2007).

NPOs are involved in many activities and programs which uplift the quality of life in the communities they serve. Some NPOs work on projects which directly improve the communities through economic and social development, while others focus on advocacy and networking (Okorley & Nkrumah, 2012). Their areas of interest include economics, education, the environment, food, health, human rights, human settlements, humanitarian affairs, populations, rights of children, rights of women, social issues, and technical cooperation (Mkutano & Sang, 2018). NPOs can be organised around specific issues, depending on their missions, visions, goals, and mandates (Stoddard, 2006; Hannum, *et al*., 2013:18). They may also contribute to maintaining and promoting peace and stability in communities (Mpaza & Mashau, 2019:175). NPOs bridge the gaps between governments and communities. They are essential in organising people to take collective action for economic and social development.

To fulfil their mandates, NPOs depend on funding. Access to funding is one of the major challenges facing newly established NPOs (Jalali, 2008; Fowler, 1991). New entrants in the NPO sector find it difficult to secure enough, appropriate, and continuous funding for their work (AbouAss, 2013). Generally, NPOs depend on government support and donor funding to address complex and delicate societal issues which comprise their mandates. Funding is pivotal to the function of the NPOs. Without strong financial backing, it is difficult for NPOs to execute their missions. NPOs in South Africa are also dependent on donor and government funding to do their activities (Christensen & Weinstein, 2013).

The South Africa government has an elaborate legislative framework and guidelines that NPOs should meet to access state funding. Also, private organisations offer funding opportunities to NPOs (McIntyre, 2010). The government and the private sector have set guidelines and requirements for NPOs to access funding. Despite these provisions, many registered NPOs struggle to access government and donor funds (Mueller-Hirth, 2012). Lack of access to funding significantly affects the activities of NPOs and renders most newly registered NPOs non-functional. Government departments generally allocate funds to support NPOs. However, each year sees the return of significant amounts to the national treasury due to non-uptake by NPOs (Uwimana, Jackson, Hausler & Zarowsky, 2012). For example, in the 2013/14 financial year, the Department of Science and Technology allocated about R533.5 million in support of NPOs, but NPOs claimed and used R84.7 million. The combined budget allocation for NPOs from national departments for the 2012/13 and 2013/14 financial years was R1.7 billion and R1.8 billion, respectively. The expenditure was R1.4 billion in 2013/14. In 2012/13, the expenditure was about R1 billion, indicating an underutilisation of funds (Department Science and Technology, South Africa, 2013). This shows that despite the availability of funds, a significant number of NPOs do not access the funds. The problem is more evident among the new entrants. Against this backdrop, this study investigates the factors which hinder the access to funding by newly established NPOs.

1.2 Problem Statement

Although there are various funding instruments at their disposal, newly formed NPOs find it difficult to access funds from the government and the private sector. The main challenge for NPOs in South Africa is the lack of financial security. Like in the rest of the country, a significant number of NPOs in the Nkangala District in Mpumalanga are not adequately funded. The Department of Social Development (2018) reported that 3 070 of the 5 976 registered NPOs in the Nkangala District were not funded. Among the unfunded NPOs, newly formed NPOs are likely to be affected most. The researcher, working with NPOs in the past few years, has observed that many new NPOs fail to meet the requirements to qualify for funding. Given this background, the study intends to identify the factors which impede access to funding opportunities by newly registered NPOs.

1.3 Research Objectives

This study investigates the factors which affect access to funding opportunities by newly established NPOs.

1.3.1 Specific Objectives

- To investigate common challenges faced by newly established NPOs in Nkangala District, Mpumalanga province.
- To identify barriers that hinder access to funding by newly established NPOs in Nkangala District, Mpumalanga province
- To recommend ways for improved access to funding by newly formed NPOs.

1.3.2 Research Questions

- What are the challenges facing by newly established NPOs?
- Which factors hinder newly established NPOs from accessing funding?
- What strategies could be used to enhance access to funding for newly established NPOs?

1.4 Significance of the study

This study contributes to ascertaining how newly formed NPOs can improve their access funding. NPOs are largely dependent on access to funds to carry out their philanthropic work. Therefore, this study contributes to devising strategies to improve the access of NPOs to funding. Capacitation and access to funds will significantly improve the impact and effectiveness of these organisations in their quests to improve the quality of life in communities.

The study also contributes to the body of knowledge and the literature on the operations and management of NPOs. Thus, the study adds to closing the knowledge gap by presenting new paradigms for improving the functioning of NPOs, which largely depend on access to adequate funding. This is achieved by first identifying the issues that limit access to funding by newly established NPOs.

Establishing the factors that hinder access to funding by newly formed NPOs is the first step in facilitating the implementation of effective, efficient and responsive adaption strategies. Governments and the private sector may use the findings of this study to develop, adjust and adapt their funding policies for NPOs. This will give both funders and NPOs a comprehensive understanding of the challenges and how to counter them. This will greatly assist the NPOs in contributing to national policy development.

1.5 Delimitations and Assumptions

1.5.1 Delimitations

The study was carried out in Mpumalanga province of South Africa. Specifically, in Nkangala District. Furthermore, newly registered NPOs registered in the last five years and active formed were targeted for this study. Furthermore, the study investigated factors that hinder NPOs from accessing funding. This study precisely dealt with identifying challenges in general and those related to accessing funding by newly established NPOs. It also, recommends strategies to funders and NPOs for improving access to funding.

Assumptions

The candidate assumes that all NPOs are dependent on government and donor funding to finance their activities. Notwithstanding, the candidate is aware that some NPOs are formed and funded directly by their mother organisations, individuals or members and that such organisations do not necessarily need to apply for funding from the government. Hence, such NPOs are not relevant to the quest for answers to the factors affecting access to funding by newly formed NPOs.

1.6 Definition of Key Terms

Non-Profit Organisation: An association of persons initiated for a public purpose and whose income and assets are not shared with the members (Naidoo, 2016:60).

Funding Opportunities: The circumstances that make it possible for an NPO to access money from an organisation or government to carry out its mandate.

Funding Criteria: The principles, standards, and requirements that NPOs should meet to access funds from the government or a private organisation.

1.7 Chapter Layout

The proposed study is composed of five chapters. Chapter 1 introduces the study and lays out the background, statement of the problem, research objectives, and the associated research questions. The justification and rationale of the study are also given in this chapter. Chapter 2 is a literature review of the operations and functionality of NPOs with a specific focus on financial resilience and access to funding. Chapter 3 outlines the research methodology used to achieve the objectives of the study as set in chapter 1. Chapter 4 presents the findings of the study, while chapter 5 outlines the conclusions and proffers recommendations.

1.8 Chapter Summary

This chapters discussed the background informing the study. Factors that hinder access to funding by NPOs in their first five years was the focus. Also, literature on challenges facing NPOs were briefly explored from literature. It was revealed that NPOs face many challenges. Access to funding emerged as among the major concerns leading to failure of NPOs in their early stages. As such, this study investigated and broadened understanding of the funding dynamics in the NPOs environment. The importance of this study is that it has the potential to offer tools for unlocking context specific strategies for easing access to funding by NPOs. The next chapters explores and reviews in detail literature that relates to the objective of this study.

CHAPTER 2 LITERATURE REVIEW

2.1 Introduction

This literature review chapter provides a framework that explores the construct of NPOs and the factors which affect their access to funding. The chapter delineates a conceptual basis for the study and is arranged into segments, namely; conceptualisation of NPOs, the NPO sector in South Africa, characteristics of NPOs and NPOs in the context of COVID-19.

2.2 Conceptualisation of NPOs

NPOs are organisations formed to advance social causes or to defend shared points of view. Unlike for-profit organisations, NPOs do not distribute their incomes to shareholders, officers and members but use excess income to pursue social causes (Bromideh, 2011). Hence, NPOs enjoy exemption from taxation. The main objective of NPOs is to advance and protect the socio-economic and political interests of their communities. Often, NPOs emerge when governments are unable or unwilling to solve social, political or economic problems (Warshawsky, 2016). Thus, the activities of NPOs involve partnership with governments, individuals and the private sector. Religion, peace, science, research, and educational circles are common areas where one finds NPOs (Brass, Longhofer, Robinson, & Schnable, 2018).

In the literature, over 40 terms are used to refer to NPOs. The terms suggest that NPOs are voluntary, non-governmental organisations that work for the well-being and development of society (Brown & Korten, 1989; Rahman, 2003: 44). The most popular among the terms are non-profit or non-governmental organisations. Often, these two terms are used interchangeably. NPOs emerged in European industrialised countries and the USA in the middle of the 19th Century (WaNPO, 2008). In 1945, the United Nations (UN) adopted the term non-profit organisations in its charter to differentiate the participation rights of specialised intergovernmental institutions from international private organisations (Hator, 2019). NPOs are independent of government control and do not seek to politically challenge governments as political parties but focus on non-profit making and serving their communities. The non-profitmaking qualifier is an important attribute of NPOs. According to Rahman (2003:55), NPOs reflect five basic features, namely; non-governmental, voluntary, non-commercial, responsible and non-political. The types and scope of NPOs vary considerably, making it difficult to classify NPOs according to their activities. For instance, locally-based NPOs are classified as grassroots organisations, while NPOs that operate at the national and international level are classified as support organisations and intermediary or intermediate level organisations (Rahman, 2003). However, advances in communication systems make it possible for NPOs which were formerly classified as grassroots organisations to operate and actively partake at the local, national global level. Willetts (2002) categorised NPOs as operational and advocacy. Nonetheless, their activities are similar.

In the developing world, including sub-Saharan Africa, NPOs play a key role in advancing community interests and catering to their needs. The NPOs are central to community development. Their work helps in the mitigation of socio-economic challenges, such as poverty and social injustice (Gorman, 2019; Bennett *et al.,* 2017). Thus, NPOs complement government efforts in providing essential services, which most governments in the developing world cannot provide. In general, NPOs are centres of social justice for marginalised members of society (Staudt & Coronado, 2016). For instance, in times of drought or famine, NPOs have played a central role in providing food to the most marginalised (Grada, 2015). NPOs are also active in the provision of services. They assist in evaluating and resolving community problems (O'Leary, 2017; Colvin & Swartz, 2015). In recent years, the number of NPOs has grown considerably in almost all regions in the world. They are increasingly influential in communities, particularly when it comes to grassroots activities such as policy development, planning and implementation. However, it is difficult to ascertain the exact number of NPOs in developing countries due to the lack of reliable official statistics. In today's highly competitive environment in which resources are increasingly limited in the public sector, effective leadership and creative management are essential in advancing the activities of NPOs activities and addressing the many challenges they face.

2.3 The NPO landscape in South Africa

The post-1994 era brought changes to NPOs due to new legislation and a change in the fiscal environment. The introduction of the Non-Profit Organisations Act (No 71 of 1997) and the establishment of the NPO Directorate (Habib, 2004) to replace The Fundraising Act (No 107 of 1978) reformed governance, operation and taxation of NPOs. One of the reforms was the exemption of NPOs from taxation to encourage a philanthropic culture in the development of the post-apartheid state. Therefore, it is not surprising that in 2019, philanthropic foundations donated 54% of their R1 billion donations to NPOs. The change in the fiscal environment was brought about by new legislation. Due to the government's inability to maintain the social contract with social movements, it was paramount to realign state-society relations considering the new democratic precepts. Effectively, civil society, including NPOs, was incorporated to partner with the government in service delivery and consolidation of state power (Habib, 2004).

2.3.1 NPOs in Apartheid South Africa

During the apartheid era, NPOs were more accommodative of the white community and the maintenance of the exclusionary racial order of the time. By contrast, a handful of NPOs were critical of the apartheid system. As a result, they were subjected to perpetual harassment and ostracised (Bernstein, 1994). The liberalisation of the South African polity and economy in the early 1980s transformed the political environment. The liberalised but limiting political environment and the influx of funds from Scandinavia, Europe and the USA encouraged the proliferation of anti-apartheid NPOs in the 1980s. One of the key successes was that funds were channelled directly to the NPOs and not through the government. Resultantly, the NPO sector grew significantly such that by 1990, there were about 5 000 NPOs pursuing developmental work in the country (Bernstein, 1994).

It was in this context that most NPOs aligned to the anti-apartheid cause emerged to assist the struggle (Heywood, 2010). The NPOs were a self-mobilised network that undertook several roles. There were two types of NPOs. The first category was composed of NPOs which conceived themselves as liberal-oriented and which were situated between the ideological extremes of Afrikaner and African nationalism, such as the Urban Foundation, Black Sash, the South African Institute of Relations (SAIRR), and the Institute for Democratic Alternatives for South Africa (IDASA) (Jaster & Jaster, 1993; Lazerson, 1994). The second category was made up of NPOs which openly associated themselves with the African National Congress (ANC) and the national liberation project, such as the National Inculcation Crisis Committee, Licit Resources Centre, Transvaal Rural Action Committee, and Trade Amalgamation Research Project. Both types of these NPOs challenged and undermined the apartheid government. Taylor *et al* (1999) argue that NPOs were at the core of an emerging non-racial democratic society independent and set against the apartheid state. Collectively, the NPOs provided a non-racial approach to social justice by offering an alternative welfare system in support of the poor.

2.3.2 Funding environment

In the 1980s, the relationship between the anti-apartheid NPO network and the South African government was antagonistic. The adversarial nature of the relationship was manifest at two levels, and it affected the ability of NPOs to raise funds. First, the administrative and legislative environment, including tax laws, were hostile to corporate sponsorship of the NPO sector (Lee & Buntman, 1989). This prevented the development of a philanthropic corporate investment tradition in South Africa, thereby undermining the potential for a vibrant and well-resourced NPO sector. The Fund-Raising Act of 1978 made it illegal to solicit or receive donations from the public unless this has been sanctioned by the Director of Fundraising. Donations received from outside South Africa were masked as if they were from the public within South Africa (Budlender, 1993:86). Resultantly, anti-apartheid NPOs, most of whom received the bulk of their funding from external sources, developed administrative measures to camouflage their sources of funding.

Second, the political and security environment was suspicious of the operations of NPOs. While the National Party's liberalisation program facilitated the emergence of anti-apartheid NPOs, the NPOs operated in a restrictive environment. In general, all anti-apartheid NPOs experienced some degree of confrontation with the state in the 1980s (Lee & Buntman, 1989). Most leaders of NPOs and activists were banned, apprehended, detained without trial, threatened with death, and faced assassination attempts. Some had their homes and cars petrol-bombed by agents of the state (Budlender, 1993). Harassment through tactics such as tapping of telephones, interception of posts, disruption of meetings, and infiltration of structures were some of the common ways in which the apartheid police interfered with the activities of NPOs. The apartheid state also deployed its machinery towards discrediting anti-apartheid NPOs and used censorship laws to limit and manage the public exposure of anti-apartheid NPOs. In summation, the political and security environment was repressive and restrictive (Taylor *et al.,* 1998).

Prior to 1994, the government implemented neo-liberal policies which exacerbated the social and economic condition of most poor South Africans. During the neo-liberalist period, civil society responded by reconstituting itself in two main ways (Habib, 2004). First, it grew informal community-based organisations, networks and associations. Second, it bred social movements which emerged to challenge the state. TAC, the Soweto Electricity Crisis Committee and the Concerned Citizens Group are some of the examples of social movements. The African National Congress took over in 1994 and adopted a position to enhance the delivery of services to all people (Naidoo, 2010). There was a belief that the ANC would complete the national democratic revolution and lead Africa into a renaissance (Heywood, 2010). Hence, the new government deliberately allowed the NPOs to weaken. The NPOs lost their voice and contribution to democracy. However, a few years into the democracy, the need to support and strengthen the work of NPOs increasingly became inevitable.

Heywood (2010) argues that under President Mbeki, ANC Members of Parliament (MPs) became increasingly detached from accountability other than their party. The ANC became suspicious of civil society, although, to some extent, it appreciated civil society as a key ingredient for broadening and deepening political, social and economic democratisation. The government treated NPOs with suspicion and viewed them as puppets of their foreign donors. This view reflected in President Mbeki's address to a forum of journalists in 1997. In his remarks, the President warned that it was wrong to view the main virtue of democratic organs of civil society as an organised counterweight to the democratic state. He showed a deep-seated mistrust by stating the following:

> We should appreciate the fact that if organs of civil society can be utilised to oppose apartheid and colonial rule, then by the same token, wittingly or unwittingly, be manipulated or positioned in such a way that the ultimate effect of their operation serves to frustrate the people's march toward the total emancipation of our society (Heywood, 2010:27).

The President appeared to suggest that civil society was only useful in so far as it limited itself to what benefited the state. Evidently, the autonomy of civil society was not encouraged. President Nelson Mandela also held similar sentiments about the NPOs:

> Many of our non-government organisations are not in fact NPOs, both because they have no popular base and the actuality that they rely on domestic and foreign governments, rather than the people, for their material sustenance. We must consider the reliability of such NPOs to achieve people-driven social transformation (Van der Westhuizen (2013:16).

2.4 The NPOs in the post-apartheid epoch

2.4.1 NPOs and New Legislation

The end of apartheid and the rule of the National Party made a good partnership between the state and NPOs possible in South Africa post-1994. The conflictual relationship between anti-apartheid NPOs and the state was transformed during the transition to democracy in the early 1990s. The new government, led by the ANC, ushered in a shift from the politics of resistance to the politics of re-construction (Marais, 1998). NPOs were regarded as partners in the Reconstruction and Development Programme (RDP) to redress a society in which it was estimated that some 17 million to 19 million black people lived under the poverty datum line (Marks, 1998). The NPOs functioned in the democratic dispensation in three ways:

a) Many NPOs were absorbed into, or fused with, the institutions of the state and played significant roles in influential policy positions and key personnel;
b) NPOs that were more visible and activate during the apartheid era avoided assimilation into state structures. Such NPOs built networks and repositioned themselves into complementary roles to the state by undertaking partnerships with government departments in developing policies and providing welfare and developmental programmes; and
c) NPOs that were liberal in orientation re-cast themselves by taking positions as ‘watchdogs’ of the state. They advocated certain policy positions and asserted their independence from the state in their reinforcement of civil society.

NPOs played a critical role during the dark days of apartheid. To date, many people who received training within the NPO sector play key roles in the democratic government. To some, the acronym NPO is taken to stand for Now Regime Official because some NPOs are accused of being regime change agents (Currin, 1993). Notwithstanding, the post-apartheid reconstruction project requires active participation of civil society. The work of NPOs is people-driven, hence their suitability to work with the government. NPOs are central in amplifying community voices and implementation of government programme and projects. They are also suitable for addressing and eliminating inclinations towards a top-down approach, with all its intrinsic disadvantages (Currin, 1993). In short, NPOs are important for people-centred development, socio-economic upliftment, and social justice.

Through partnerships with international organisations such as the United States Agency for International Development (USAID), the role of NPOs as watchdogs has been fortified, increasing their influence in monitoring democratic practices and governance programs (Clayton, 1996). To facilitate and consolidate the relations between the new state and NPOs relations, the ANC-led government introduced a new legal environment and established new political institutions. In July and August 1995, the government released two versions of a Draft Non-Profit Bill that was intended to coordinate and manage relations between the state and NPOs in the post-apartheid era. Both versions of the bill provoked an outcry from NPOs because they intended to give the government authority to subpoena employees and intervene in the management of NPOs in cases where evidence suggested misconduct or mismanagement (Kane-Berman, 1996).

In response to these criticisms, Parliament revised the bill and a new NPO Bill was submitted to the President in August 1997 and enacted in December 1997. One of the significant features of the new Act was that it repealed the 1978 Fundraising Act, which had limited the ability of NPOs to raise funds. The Act provided for a system of voluntary registration and provided benefits and allowances for NPOs and Community-Based Organisations (CBOs). It also established a Directorate for NPOs, which was to be responsible for the coordination, development and implementation of policies in the non-profit sector. The Act required NPOs to keep proper books of accounts and to submit audited statements to the government. The statute made significant strides towards creating a favourable legal environment for NPOs in South Africa.

The government also reorganised the political environment for NPOs. The Act sought to improve the access of NPOs to the fourth chamber of the National Economic Labour and Development Council, which is South Africa’s premier corporatist-style consensus-building agency (Habib, 1997). The condition for the representation of NPOs in policy processes was that such representation could occur through a single representative body. Given that this would provide access to the official policy-making process, NPOs quickly established the South African NPO Coalition (SANPOCO) in August 1995 (Naidoo, 1997).

Currently, the SANPOCO is the representative umbrella body for over 6,000 affiliated NPOs. SANPOCO's stated primary role is advancing the interests of the poor and marginalised. It also concerns itself with creating an enabling environment for the NPO sector and providing an arena for mutual monitoring (NPO Matters, 1997).

2.4.2 The new path for NPOs

The Advisory Committee (1997) supported the establishment of an independent statutory body which later became the National Development Agency (NDA), with a publicly nominated board. The NDA is the primary state institution responsible for mobilising resources from the government and international and domestic sources to support NPOs and CBOs. It is also in charge of assisting the government with policy formulation and implementation. It monitors and evaluates all registered organisations in civil society. In sum, South Africa's democratic transition transformed the political and legal environment for all NPOs. Whereas relations between the state and NPOs were adversarial, they are now much more collaborative. The post-apartheid government promulgated new laws and established institutions to consolidate its partnership with NPOs. This has not been an easy process. It has generated problems with serious long-term implications for the accountability of NPOs to the poor and disadvantaged in South Africa.

The relations between the state and NPOs have not always been perfect. The ANC-led government stands accused of not doing enough to promote and safeguard the NPO sector. The lack of consistent policy on relations between the state and NPO is a major set-back (Kraak, 1996). The Advisory Committee (1997) noted that the lack of a clear policy and connecting points has resulted in the failure of many NPOs to access state support, set up partnerships, and obtain funding (CASE, 1996). Some NPOs have felt marginalised. As such, the failure of the TRC is thought to be a result of its inability to build a vigorous working relationship with civil society (Hamber *et al.*, 1997).

The tendering procedures present difficulties for NPOs as it ensnares them in bureaucracy. This slows the pace of confronting the challenges facing South Africa. As a result, these difficulties have undermined the RDP leading to the closure of the RDP office in March 1996. In June 1996, the government, under the influence of the World Bank and the International Monetary Fund, endorsed neoliberal economic policies, shifting from the RDP to the Growth, Employment, and Redistribution Strategy (GEAR). GEAR prioritised the private sector as the creator of jobs, thereby putting economic recovery and investment ahead of state-led redistribution. This further undermined the role of NPOs.

A shortfall in organisational capacity has seen a high staff turnover in many NPOs. Most adept staff have moved to the government and other areas of the private sector. SANPOCO reported that NPOs lost more than 60% of their senior staff to the private sector since 1990 (Mail & Guardian, August 22-28, 1997). In cases in which donors have maintained funding, such funding has become more project-specific with clear deliverables and timeframes such as the ones imposed by the USAID and the Ford Substratum. In the 1990s, these challenges built resilience and promoted more streamlined managerial structures and a degree of professionalism in NPOs. Resultantly, NPOs liberalised. They became financially accountable and inclined to commercialisation. Typical examples include IDASA and SAIRR. The experiences forced NPOs to move away from donor funding to self-sufficiency.

NPOs developed a fundraising strategy of selling their buildings and offices to the government and the corporate sector. To an extent, this strategy blurred the distinction between profit and non-profit agencies (Price, 1995). The commercialisation of NPOs raises questions of accountability and calls into question the position of NPOs as institutions that cater to the poor and marginalised. The funding crisis faced by NPOs and their turn to commercialisation raise a moral crisis of legitimacy and efficacy. For this reason, it is difficult to genuinely argue against the increasing commercial orientation of NPOs and their dependence on overseas donors and the state.

2.5 Challenges Faced by NPOs

NPOs face several challenges, which include legislation, tax reforms, staffing and volunteering challenges, and technological concerns (Takahashi *et al*., 2015). They also experience difficulties with membership and recruitment, organisational growth, revenues and funding (Dewi *et al.,* 2019). In a more dynamic and ever-changing world, technology is integral to business operations, including the works of NPOs. Most developing NPOs heavily rely on manual and paper-based processes. In addition, many NPOs use outdated technology and software which needs urgent replacement. This results in ineffective relationships and work processes that hinder the efficiency and transparency of the organisations (Gideon & Porter 2016).

NPOs list government regulations and tax reforms as some of their challenges. In the United States, 18.8% of NPOs considered government regulation as their main challenge (Geuna & Rossi, 2011). The NPOs struggle to adapt to changing government regulations and reforms. Staffing is also a common challenge among NPOs (Bromideh, 2011). Rising wages and high administrative costs make it difficult for NPOs to attract employees and volunteers, making it challenging for NPOs to recruit and retain members. One of the main contributing factors to this is the inability of NPOs to prove their worth to their members and the communities. When some NPOs succeed in attracting people to work for them, they often find that such people do not always have the best talents in their field. Highly skilled people who could transform organisations come at a high cost. However, it is difficult for NPOs to justify large salary costs and other non-profit benefits, leading talent individuals to look elsewhere (Abbu, 2014). Unlike in the past, during which NPOs were only required to demonstrate that their programs were being used, NPOs must demonstrate that their objectives are achieved. In the past, participation in events was important and donors could offer support based on this evidence. In recent decades, donors have been applying stringent funding requirements. Therefore, NPOs must demonstrate the relevance and impact of their activities.

Some NPOs fear working themselves out of the job. This is the fear of growth. Successful NPOs could potentially work themselves out the mandate. Once an NPO meets its objectives, its relevance may decrease, reducing the demand for its services. This forces some NPOs to either scale down or expand their services in size, scope and geography. However, growth is perilous, as funding is not guaranteed, making it tougher to contract members. Therefore, the activities and impact of these organisations are greatly limited (Ceptureanu & Sassu, 2017).

Ineffective management and interference are cited as major concerns in NPOs. In most developing countries, governments try to control the activities of NPOs, leading to the formation of quasi-governmental NPOs that serve the interests of the regimes (Hasmath, 2019). The management problems in NPOs arise from decision-making processes. Tensions and quarrels are often reported between staff and senior managers due to staff expectations for equal partnership in decision-making, an area dominated by senior managers and directors. Squabbles negatively affect governance and internal relationships between board members and staff (Mukasa, 2002). Weak staff development programs contribute to the challenges. Some NPOs do not have such programs, further exacerbating the challenges.

Overall, NPOs are seeing an increase in the need for their services. COVID-19 pandemic is one of the factors driving this need. Poverty puts many people in economic hardships which are amplified by climate change and environmental degradation. These problems require the services of NPOs, as the government is unable to deal with all these issues. A study by Hopkins (2013) found that NPOs make a significant contribution to each country's employment and gross domestic product. On average, NPOs contribute about 4.5% of the gross domestic product. In the same study, Hopkins found that NPOs represented on average 7.4% of total job creation among the participating countries. However, most newly established NPOs find it difficult to procure funds. This significantly limits their performance. Access to finance is the main cause of poor performance among NPOs, as discussed below.

2.5.1 Access to Funding Challenges

The resolution of the funding crisis faced by NPOs after 1994 is the greatest achievement achieved by the unionisation of NPOs. To resolve the funding crisis which arose as a result of the decision of foreign donors to channel funds directly to the RDP, the union established the Transitional National Development Trust (TNDT) as a quick-step funder responsible for developing and funding NPOs and CBOs in the short term. Established in March 1996 after a delay of two years, the TNDT raised R120 million (around US$20 million) from donors. The sum comprised of R70 million from the European Union and R50 million from the South African government. An Advisory Committee was established by Deputy President Thabo Mbeki in April 1996 to determine appropriate relationships and structures to govern the interaction between the state and civil society.

International organisations such as the UN and the World Bank increased the funding of NPOs since the end of the Cold War in 1989 (Banks & Hulme, 2012). Funding increased from 0.7% in 1975 to 5% in 1995 (Hershey, 2013). Currently, NPOs are increasingly becoming the preferred option for channelling aid and social welfare to vulnerable communities. Increasing poverty levels and social challenges are directly proportional to the need for funding from NPOs. Lewis (2009) reported that factors which contribute to the lack of funding for NPOs include poor fundraising, limited financial and managerial expertise, limited institutional capacity, low levels of self-sufficiency, isolation or lack of communication and inter-organisational coordination, and the lack of understanding of the broader social or economic context.

Many NPOs struggle to achieve their goals. They rely on obtaining funding from many sources. Some charities are struggling to get money because they depend heavily on funds from sources that may not be there someday (Khieng and Dahles, 2015). To access funding from governments, NPOs must meet certain requirements for non-profit status. In the USA, income generation (16.7%), donor funding (11.3%) and fundraising (7.5%) are among the main concerns of NPO during fundraising. Studies show that wealthy members of society do not donate to charities, although more and more young people seem to be donating. There are many good reasons to donate to NPOs. Notwithstanding, many NPOs struggle to reach their goals (Moreno *et al*., 2018). Without funding, NPOs cannot provide the services for which they were established. Many NPOs ask individuals for direct donations. Some seek grants from foundations, government agencies or companies to support specific programs and projects. Fundraising by NPOs involves all acts of solicitation of donations from individuals, grants and philanthropies.

NPOs do not have stable revenues. Their dependence on donors and governments for funding is at the heart of their problems. If an NPO cannot obtain funds or access funds for its activities, its mandate ends. Hence, most NPOs are constantly on the lookout for financial resources to cover their overheads and to pay assistant staff. In addition, most NPOs receive financial assistance from the government (Geuna & Rossi, 2011). When there is a reduction in budgetary funding, many NPOs are blocked. When the government cuts budgets, most NPOs get less than what they usually receive. In some instances, they are removed altogether from state funding. The unpredictability of the availability of funding hampers the ability of NPOs to make precise budgets for their activities. It also affects their long-term planning.

Against a background of increasing poverty across the world and considering the awareness of its existence by the international community, there appears to be an active drive to reduce economic inequality. Many donors believe in spending more money on poverty reduction. As such, most NPOs who work to mitigate and solve social problems find it difficult to solicit funds from potential donors. NPOs have also indicated that their financial vulnerability arises due to their overdependence on donors (Bromideh, 2011). Most NPOs do not have the capital to generate their funds. Their dependence on donor funding causes them financial instability. Reith (2010) notes that donors generally impose funding conditions based on their areas of interest. If there is a slight difference in the agendas of the donors and that of the NPOs, the latter find themselves obliged to commit to the sponsors’ development agenda (Mckay, Mbanda & Lawton, 2015). Many NPOs have been forced to change course to meet the needs and requirements of their donors, regardless of the value of the change. They do this in the hope of achieving and maintaining healthy financial positions.

In recent years, NPOs have been increasingly adopting and revising their financial resource models to guard against donor dependence (Mckay, Mbanda & Lawton, 2015). Diversifying income has proven to be the only viable solution to financial vulnerability and dependence on donors. As such, some NPOs are creating and increasing alternative sources of revenue. A 2002 report on the state of funding for NPOs based in the USA showed a very diverse funding model. About 54% of the funding for some NPOs came from their commercial activities, while 36% came from the government and 10% came from public donations.

Income diversification influences income stability in NPOs and protects the NPOs from private interests (Mayer, Wang, Egginton & Flint, 2014). In the developing world, this is not always the case. Most NPOs in developing countries, including South Africa, cannot generate funds on their own. This keeps them dependent on donors and the government for funding. Such NPOs are exposed to financial problems (Mayer, Wang, Egginton & Flint, 2014). They manage the situation by reducing operations and staff costs in difficult times when funding is unavailable. For example, during the 2008 economic recession, the operations and efficiency of NPOs in South Africa were negatively impacted (Kajiita & Kang'ethe, 2017). To survive, most of the NPOs restructured and rationed services to beneficiaries. They also reduced staff incentives.

2.5.2 Funding and societal implications

Donor and government funding for NPOs inadvertently creates perceptions in local communities that the NPOs are no more than mere extensions of government or businesses funding them (Banks & Hulme, 2012). This is because of the strings attached to funding by the donors. Public and private funders often do not resist temptations to impose conditions on the funding they provide to NPOs. Over time, the activities of some NPOs become tailored to the authoritative demands of their donors. The NPOs may even become financially dependent on donors to the extent of losing their autonomy. Resultantly, they fail to prioritise the needs of the communities they serve (Reith, 2010). Reith (2010) and McKay, Mbanda and Lawton (2015) argue that in some cases, donors impose funding conditions that force NPOs to submit to the donors' agenda, regardless of what is needed or wanted at the local level. Dependence on donors compromises the legitimacy of NPOs and exposes them to manipulation (Suleiman, 2013; AbouAssi, 2013; De AndrésAlonso, Garcia-Rodriguez & Romero-Merino, 2015; Stecker, 2014). For example, donors often revise their funding objectives independently of the NPOs they are working with, resulting in a mismatch between the objectives of the donors and the NPOs. In the result, the donors may terminate the funding relationships, often with catastrophic financial consequences for the NPOs (AbouAssi, 2013). When the prevailing economic environment negatively affects donors, donors tighten their purses and withdraw from funding agreements entered into with NPOs (Unerman & O'Dwyer, 2010; Mayer *et al*., 2014; Stecker, 2014; De Andrés-Alonso *et al.,* 2015; Aschari-Lincoln & Jager, 2016). Thus, Carroll and Stater (2009), Bowman (2011), AbouAssi (2013, 2015) and Chikoto and Neely (2014) assert that high dependence on donor funding can systemically make NPOs vulnerable to the whims of the donors. This is worsened by the fact that many NPOs struggle to achieve financial sustainability and to accumulate capital (AbouAssi,, 2013; Hershey 2013).

2.6 Financial sustainability of NPOs

Sustainability refers to the ability of directors to maintain an organisation for the long term. However, the definition of financial sustainability varies considerably between businesses and NPOs. NPOs use their excess incomes to achieve their goals. They do not distribute such incomes as profit organisations do in the form of dividends. Financial sustainability largely depends on the structure of the organisation, the source of its income and the overall purpose of the organisation. The financial capacity of profit organisations and NPOs depends on the resources that give the organisations the capacity to take opportunities and respond to unexpected threats while maintaining their general operations (Bowman, 2011).

Financial sustainability reflects the degree of flexibility of management to reallocate assets in response to opportunities and threats. It refers to the ability to maintain financial capacity over time (Bowman, 2011). It is often difficult for many organisations to establish financial capacity and ensure financial viability, both which are at the heart of the organisational function (Bowman, 2011). However, maintaining financial stability over the long term is important for NPOs that serve communities which have consistent needs for services. The objective of financial sustainability in NPOs is to maintain services while developing resilience to navigate occasional short-term economic shocks. For example, NPOs suffer from short-term loss of funds due to monthly variations in donations (Bowman, 2011).

To understand the differences in financial sustainability between NPOs and businesses, it is important to identify and understand the long-term goals of businesses. The ultimate strategic objective of companies is to gain market share, while the financial results of NPOs are only a means of fulfilling their missions (Hackler & Saxton, 2007). Thus, the ability of NPOs to execute their missions of providing consistent and quality programs and services are inextricably linked to their financial sustainability. NPOs get the most out of their charitable and tax-free revenues. Their effectiveness and efficiency of operations in achieving their social mission are the strategic goals which create public value (Moore, 2000; Hackler and Saxton, 2007). However, unlike businesses, NPOs must balance their need for long-term profitability with the need to promote and prioritise their social missions. This enables them to support their programs and services. NPOs achieve financial sustainability when they prioritise organisational plans that identify opportunities to manage short-term financial flows while progressing towards long-term social goals.

NPOs are distinguished from traditional economic models which are based on making profit for owners and shareholders (Bell, Masoka & Zimmerman, 2010). NPOs must determine whether their programs and activities produce the desired results and whether the results are adequate in relation to the costs of the effort. For NPOs, profitability reflects the maintenance of working capital support or the continuation of programs and services.

On the other hand, mission impact involves focusing on programs that align more strongly with the main mission, and which demonstrate the excellence of execution, reach broadly and which profoundly impact on a smaller number of people who hold important positions.

A gap in the community illustrates the strong development of the community and increases the impact of other programs in the community. In NPOs, it is assumed that all programs contribute to the mission. However, some programs have a greater impact than others (Bell, Masoka & Zimmerman, 2010). NPOs must evaluate their activities and operations according to the dimensions of profitability and the impact of their missions. The interplay between these two dimensions enables NPOs to develop strategic plans for managing short-term financial challenges while maintaining long-term mission objectives.

2.7 Funding Strategies for NPOs

NPOs use various techniques to raise funds from the public (Sargeant and Hudson, 2008; Dupuy, Ron & Prakash, 2015). The process of attracting resources is a complex problem when the conflicting interests of different donors are considered. This happens in NPOs which have different powerful donors (Macedo & Pinho, 2004; AbouAss, 2013). Many Western NPOs engage fundraising professionals and volunteers who are fully committed to fundraising activities. Volunteering is about giving skills, energy and time to a recipient. Individuals who voluntarily wish, without hope of financial gain, to work to raise funds for the benefit of the beneficiary or society are used to raise funds for some NPOs (NPOndi, 2008). Volunteer programs help NPOs to increase the sizes of their staff without increasing their payrolls (Reith, 2010). Recruiting and training people while providing ongoing support, feedback and recognition are all part of effective volunteer management (Batti, 2014).

NPOs also use paid staff for fundraising. However, retaining paid fundraising staff is a major challenge for many NPOs. The presence of paid staff for fundraising is generally linked to the sizes of the NPOs. Larger NPOs are likely to be positively associated with larger fundraising personnel. Few NPOs can afford such services (Batti, 2014). Some well-established NPOs can raise funds through fundraising software; publications; locations; and materials which are useful for fundraising activities; fundraising equipment such as collection boxes, badges and counters (Neil, 2008). However, most NPOs do not have access to such resources. NPOs are now trying to implement their fundraising plans to support financial sustainability. They are also becoming more innovative in the choice of their fundraising solutions and techniques. They create circles and promote investor relations to meet their financial challenges.

2.8 Funding of NPOs in South Africa

In South Africa, NPOs receive funding from international and national partners. In the late 1980s, South Africa received many international donors, which led to an expansion of NPO services in the Republic. The trajectory continued into the 1990s. The increase was mainly influenced by support for South Africa to end apartheid (Habib, 2005; Leonard, 2014). During this period, the South African government was unwilling and unable to serve disadvantaged communities. NPOs were the solution (Akintola, Gwelo, Labonte & Appadu, 2016). After the demise of the apartheid government in 1994, NPOs arose as strategic partners to redress the socio-economic legacies of apartheid in previously excluded communities (Van Pletzen, Zulliger, Moshabela & Schneider, 2014). They were also considered as the main actors in the promotion of peace and democracy in the post-apartheid state.

The post-apartheid government recognised the important role of NPOs. It created a Transitional National Development Fund to regulate the financing mechanisms of NPOs and their activities. It established that the funding of NPOs should be directed to the Rural Development Program and possibly distributed to solve different social problems and causes (Van Pletzen *et al*., 2014). Law No. 71 of 1997 incorporated these provisions. The law required that all NPOs be registered in a national database and compelled to submit annual financial reports for accountability purposes (Van Pletzen, Zulliger, Moshabela & Schneider, 2013). Currently, international and local partners can directly fund NPOs, marking the end of the government-to-government funding model that had ruined many NPOs.

After apartheid, most NPOs focused on fighting poverty, HIV/AIDS and unemployment (Julie 2010). Presently, the NPOs in South Africa have widened their fields of action to include the promotion of democracy. They are also questioning the government's political program in the interest of the public. Persistent inequalities and the marginalisation of the poor have led to the proliferation of NPOs on social justice. The increasing availability of funding has also seen increasing urgency from NPOs, leading to demands for funds to finance these NPOs (Bromideh, 2011). In recent years, NPOs have become concerned with their legitimacy. Donors and communities are increasingly concerned about the effectiveness of NPOs. Like in other countries, NPOs in South Africa are highly dependent on donor funding for their financial needs (Akintola *et al*., 2016, Leonard, 2014).

Donor funding has been on decline since the 2008/09 economic recession. Despite this, new NPOs have been established. The growing number of NPOs is mainly fuelled by rising levels of poverty, unemployment and corruption in the public sector. Given the increasing difficulty of raising and accessing funds, NPOs have become less effective in addressing the persistent socio-economic problems in South Africa. Changing regulations also impact on the way NPOs generate revenue and conduct their activities. NPOs are constantly concerned about increasing competition for donor and government funding, which creates perpetual risks and opportunities.

2.9 NPOs in the Context of COVID-19

The COVID-19 pandemic added financial restrictions on NPOs, which were already struggling before its outbreak. In the pre-COVID time, the 2008 financial crunch and the shrinking of the South African economy were responsible for major financial restrictions on NPOs. Due to the 2008 financial recession, donor funding declined. Governments prioritised funding and pushed NPOs to the back of the funding queue. State funding for NPOs did not improve after the financial recession (Akintola *et al.,* 2016; Leonard 2014;

Van Pletzen *et al.*, 2014). Many NPOs in South Africa are struggling to get grants from the state-controlled national lottery. As a result, over 30 000 NPOs had deregistered by 2018 after failing to survive due to financial constraints (SANPONet, 2018). The NPOs that did not deregister restructured their operations and reduced the number of employees. They also scaled down on the services offering (Akintola *et al.,* 2016). According to Hayman (2016), NPOs spend around 74% of their funds on salaries. Hence, reducing the number of employees to a bare minimum is a survival strategy for NPOs. Hayman (2016) noted that the NPOs which reduced their staff successfully navigated their way through the financial recession and had survived partly because they had also established income-generating programs. The COVID-19 pandemic came at a time when NPOs had not fully recovered from the 2008 financial crunch. Most NPOs are surviving without external financial help.

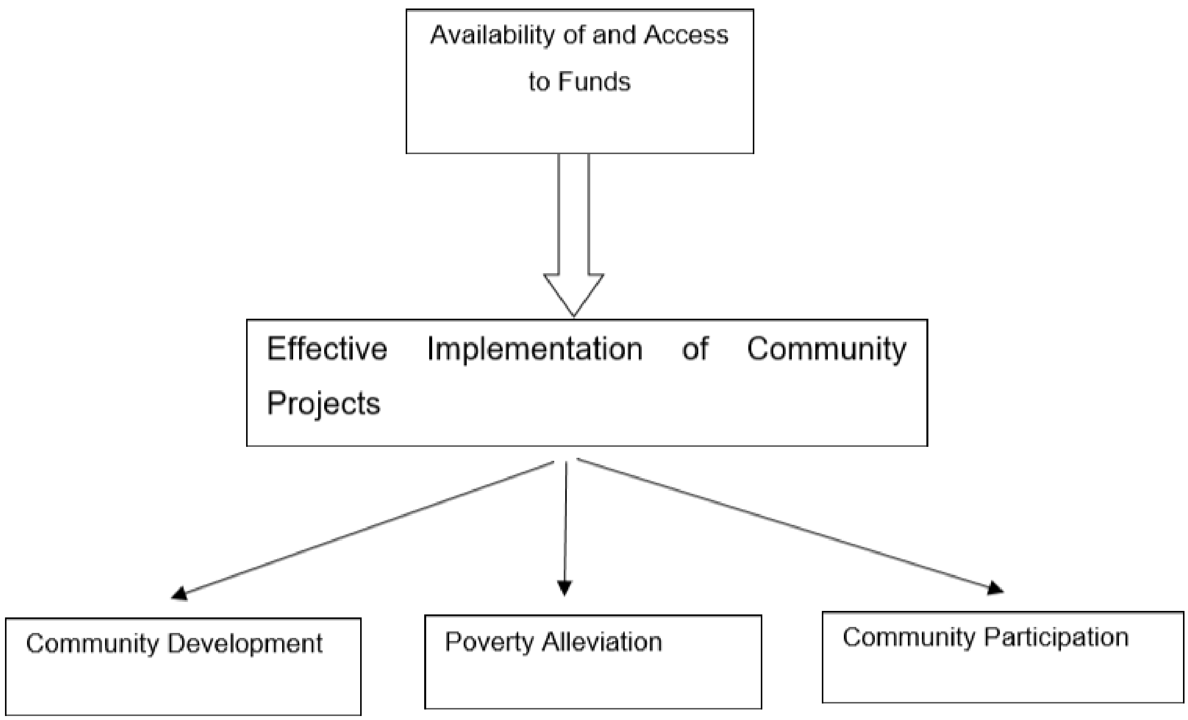
Very little has been written on the impact of the COVID-19 on NPOs. The focus of most scholars is on the impact of the pandemic on businesses. In a study conducted by Armand Bam (2020) on how NPOs are responding to the COVID-19 pandemic, 20% of the 284 respondents indicated that due to COVID-19, they have either limited hours or laid off staff. This had limited the services that they offer. Bam adds that the COVID-19 pandemic has been exacerbated by economic downgrading and the poor performance of the South African economy. Paradoxically, it is during the pandemic that the services of NPOs are most needed. Instead of downsizing and retrenching staff, NPOs should ideally be increasing their staff and services to cater to the increasing demand for their services. NPOs rely mainly on donations and personal fundraising to provide services. However, donations and fundraising campaigns are at their lowest due to lockdown restrictions and the shrinking economy. This means that NPOs need to explore creative ways to mitigate the impact of the COVID-19 pandemic.

Martin Schneider (2020) agrees with observations made by Bam (2020) and argues that the national lockdown imposed as a result of COVID-19 left an estimated 230 000 NPOs facing closure due to limited funding. Funding has dried up as the normal sources of funding for NPOs are no longer coming. Government support is currently lacking. The government did not include NPOs in the COVID-19 financial relief packages that it offered to businesses. Unlike businesses, NPOs do not receive support for salaries from the government. President Cyril Ramaphosa stated in one of his addresses (Ramaphosa, 2020) stated that NPOs have a critical role to play during this pandemic and that there is a need to prioritise their funding. However, the reality is that the government omitted NPOs in all its financial packages (Schneider, 2020).

One of the sources of funding for NPOs is philanthropic foundations, whose biggest share of annual R1-billion donations goes to NPOs (Schneider, 2020). Due to the economic slump brought about by COVID-19 and the lockdowns, philanthropic foundations are facing economic challenges. They lost between 30% and 40% of their economic value (Rennie, 2020). This impacted NPOs through reduced funding, leading to complete withdrawal of funding commitments. Trialogue Investments (2020) estimated that South African companies spent around R10.2 billion on corporate social investment initiatives in 2019 and that NPOs received approximately 54% of the funds. Company closures due to COVID-19 and the investment downgrading of the country to junk status have seen a cut back on corporate social investment, severely affecting NPOs. The literature leads one to the inescapable conclusion that NPOs, which did not fully recover from the 2008 recession, further face funding challenges due to COVID-19. The reduction in funding threatens their survival and the services they offer at a moment when they are most needed.

2.10 Conceptual framework

Arguably, an organisation’s capacity is its performance potential. The performance and success of an organisation's mission require qualified professionals and adequate resources to achieve the objectives and meet the expectations of its stakeholders (Nunnenkamp & Öhler, 2012). Financially health organisations could easily achieve their objectives by procuring materials and equipment required for day-to-day operations. They can hire qualified staff and have enough funds to cover their daily activities. Theoretically, the availability of funding for NPOs translates into effective implementation of community projects which tackle socio-economic challenges (Banks & Hulme, 2012). As a result, this would significantly contribute to addressing the persistent socio-economic challenges faced by communities. It is essential to study the factors that impede access to funding opportunities among NPOs as a first step towards improving their potential performance. It is reported that most NPOs, especially new entrants, lack knowledge on how to raise funds to maintain and expand their services (Neil, 2008). Therefore, this study is needed to identify the factors which hinder NPOs from accessing funds to finance their projects which greatly contribute to service delivery to many communities.



Source: Author

***Figure 2.1**: Conceptual Framework for the study*

2.11 Chapter summary

This literature review shows that NPOs are critical stakeholders in augmenting government efforts and fostering service delivery to disadvantaged and poor communities. NPOs play an important role in the democratisation of the state and are instrumental in forging an equal society. In the past, the relations between the state and NPOs relations were sour. The relations eased after the attainment of democracy in 1994. Due to an improved and progressive legislative environment, NPOs flourished over the years. However, newly established NPOs face failure due to inability to manage and raise funds. The next chapter outlines the methods used in gathering information to respond to the research problem.

CHAPTER 3 RESEARCH METHODOLOGY

This chapter outlines the research methods used to determine the factors hindering NPOs from accessing funding opportunities. Firstly, the chapter describes the study area and discusses why it is necessary to conduct the research. Secondly, the chapter discusses the research design, describes the population, and outlines the sampling procedures. Data collection, data analysis, and ethical considerations are also examined. At the end of the chapter, a summary is given.

3.1 Research methods

Quantitative and quantitative research methods are the two main methods in science research. The third method combines the two approaches. It is called the mixed method research design.

Qualitative research method uses insiders' views of things based on participants' narratives (Richards & Morse, 2012). Qualitative approach is used to discover and understand functioning of an individuals or groups in a social setting (Collis & Hussey, 2013). In addition, Creswell (2014) highlight that this quality studies use a sizable small number of respondents to analyse a situation. On the other hand, quantitative research method is associated with true and rigorous experiments that originate from post-positivist worldview (Creswell, 2014). The method follows a logical positivism and it can be used to measure items tangible and intangible (Merriam, 2009). Lampard and Pole (2015) further adds that quantitative approach to research has non-experimental quantitative research methods such as causal-comparative research. Over and above this, quantitative research uses data collection tools suitable for use of large sample size in comparison to qualitative method/approach (DePoy & Gitlin, 2015). Such studies, use large sample sizes to reflect the views of wider population than in qualitative approach.

3.2 Research Design

The study uses an exploratory research design method, which entails qualitative research (Creswell, 2013). An explorative research design allows respondents to share and express their feelings, opinions and experiences about the subject (Punch, 2013). This design firstly, focuses on the phenomena that occur in natural settings and secondly, it focuses on studying a phenomenon in all its totality and complexity (Du Plooy, 2009). It provides insights through discovering and exploring the depth and richness of the studied research problem (Denzin & Lincoln, 2003). The design is appropriate for this study because it gives participants opportunities to share their experiences and views about the general challenges facing NPOs (Brannen, 2017). In addition, the respondents have the platform to thoroughly explain factors that hinder NPOs from access to funding opportunities. Based on the feedback from respondents, recommendations for mitigating strategies will be proffered to alleviate the problem (Thomas, Silverman, & Nelson, 2015).

Research design refers to a plan a study or research project followed to draw meaningful conclusions about the problem. In other words, a design indicates who or what is involved, and where and when the study takes place (Du Plooy, 2009). Denzin and Lincoln (2011) argues that research design are types of inquiry found within the research methods (qualitative, quantitative and mixed method) that give a specified direction of the research study. Study design addresses central questions in relation to sociolinguistic data collection, research methods, processes and ethics (Polit & Hungler, 1999).). Creswell (2014) also add that designs are strategies of enquiry. Thus, research designs are ways used in a study in their quest to find answers, approve and or disapprove a claim or hypothesis. Bryman (2015) states that research design can either be longitudinal, case study, survey, exploratory, descriptive, cross-sectional and experimental design. The choice depends on inter alia, the studied phenomenon, questions asked and the objectives of the study. All designs, fall in either quantitative, qualitative and mixed research methods.

3.3 Population/Sampling

This section discusses the population of the study and the sampling techniques used.

3.3.1 Study Population

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 the representatives (managers and directors) of newly formed NPOs in the Nkangala District, Mpumalanga Province. In addition, representatives from other NPOs, different government departments - such as the Department of Social Development - and the municipality were part of the study population. Out of the 5 976 registered NPOs in the district, 695 are new entrants and have less than five years on the field.

3.3.2 Sampling

Sampling refers to picking a portion of respondents from the total population (Bryman, 2015). This study is predominantly qualitative. Therefore, qualitative sampling techniques were used to identify the respondents. A purposive sampling method was used in the present study. Purposive sampling enabled the researcher to identify NPOs that satisfy the criteria of the study, as presented below. Only respondents who met the criteria were selected (Creswell, 2016). A total sample size of twenty-two (22) participants was determined by data saturation, which occurs when new participants no longer give new insights about the problem under investigation. The following selection criteria were used for the identification of NPOs during the data collection phase:

- Location at Nkangala District, Mpumalanga Province, South Africa;
- Five years or less since establishment;
- Active or having been active before.

3.4 Data Collection

A combination of data collection tools and techniques was used for each specific objective of the study. This was done to ensure triangulation, cross validation, increase reliability and to compensate for the limitations of other techniques (Creswell, 2016). For objective

1, 2 and 3, the data was collected using one-on-one interviews and expert interviews. The interviews contained semi-structured and unstructured questions, allowing participants to freely express their experiences on the challenges they encounter in accessing funding for their NPOs (De Vos, 2013). Open-ended questions were used to allow the respondents to explain in detail the challenges they faced and how they thought the challenges could be addressed in the hope of improving funding access for newly established NPOs. In this setup, the interviewer had an opportunity to ask for clarity and dig deeper to understand the root causes of the problems (Punch, 2013). Expert interviews were conducted with representatives from the relevant government departments, such as the DSD - which is tasked with handling issues affecting NPOs.

3.5 Data Analysis

Data analysis is a way of familiarising oneself with, interpreting and deducting a meaning from data collected. Data analysis means doing, data reduction, presentation and interpretation (De Vos *et al*., 2011). Qualitative data was analysed thematically with matrix scoring and ranking (Braun & Clarke, 2006). The thematic analysis involved familiarising with the data, transcription of verbal data, generating initial codes, reviewing themes, defining and naming themes and producing the report (Bryman, 2015). To perform thematic analysis, Atlas Ti version 8.1 was used. Matrix scoring and ranking were used to identify the most problematic factors in accessing funds. This analysis method helped to understand the major challenges faced by newly formed NPOs in accessing funding for their activities.

In order to perform matrix ranking, data was captured into Microsoft Excel after cleaning and pruning in preparation of analysis. Factors hindering access to funding were listed in rows with their corresponding number of quotations. The scores given by the respondents for each of the factors was recorded in columns and tallied. The total sum of the scores for each factor was used to rank them according to occurrence. Factors with the highest scores in term of quotations indicated that the issued was common.

3.6 Assessing and Demonstrating the Quality and Rigour of the Research Design

The exploratory research design was used in this study. This design is explorative and allows respondents to express their views and experiences openly and deeply about the challenges they face in generating and attracting funding for their NPOs (De Vos, 2013). This method was considered appropriate due to little empirical evidence on the factors hindering access to funding for newly-formed NPOs in the Nkangala District Hence, an explorative design has the potential to unveil hidden and not commonly known challenges encountered by new NPOs in sourcing funding (Bryman, 2015).

3.7 Reliability and validity of data

Lincoln and Guba (1985) state that in qualitative studies, data must be credible, confirmable, consistent and transferable. To ensure the validity and reliability of the study findings, data collected from multiple sources (department of Social Development; municipal officials; and NPOs managers and directors). This triangulated data. Thus, collection of data from various sources ensured cross validation and trustworthiness of the data of results. Moreover, the use of interviews with open ended questions, permitted respondent to provide rich information about the subject on one hand. On the other, it allowed the research to confirm and verity information from the respondents. Thus, credibility, consistency, dependability and applicability was achieved.

3.8 Research Ethics

The proposal for this study was presented to the University Research Committee for quality checks, verification of compliance with research ethics and codes, and for approval. After approval, an application was made to the ethics committee, which arranged for the DSD to grant permission to conduct the research. The application included a request to access the database for newly formed NPOs in the Nkangala District. Newly formed NPOs were identified, after which a formal request for informed consent was sent to them. Only the consenting NPOs participated in the study. The researcher protected the identity of the respondents and kept the collected information confidential. Prior to the commencement of data collection, participants were informed of their rights with regards to participation in the study. They were informed that their participation was voluntary and that they were at liberty not to participate without stating any reason whatsoever.

3.9 Chapter Summary

To unpack access to funding challenges, an explorative research method was demonstrated to be the most appropriate for the current study. As less is known about matter at hand, the choice of the research method for this study, was suitable for the respondents to share widely their experiences. Furthermore, the description of population categorises was given. The chapter further shows that the study is delimited to Nkangala district as well as with NPOs that registered in the last five years. Data collection and analysis techniques used in the stud are interviews and thematic content respectively, Lastly, the reliability, validity and ethical consideration issues followed in the study were outlined.

CHAPTER 4 PRESENTATION OF STUDY FINDINGS

4.1 Introduction

This study establishes the challenges faced by NPOs in accessing funding. It identifies the factors that cause challenges. This chapter presents the findings of the study and discusses the results of the empirical and literature evidence which has been used. The specific issues discussed in this chapter include the demographic variables of the respondents; common challenges faced by NPOs; factors hindering access to funding for NPOs; and fundraising strategies used by NPOs.

4.2 Results of the Study

4.2.1 Demographic information of the respondents

Twenty-two (22) interviews were conducted to unpack the challenges affecting NPOs from accessing funding within the first five-year period after registration. There were 11 (50%) respondents for each category (NPOs and key informants). Overall, most of the respondents were males, including key informants. Out of the 11 respondents from NPOs, 72.7%) were males, who also happened to own or chair the NPOs.

Table 4.1: Demographic information of the respondents

	Frequency	%
Gender		
Male	15	68.2
Female	7	31.8
Respondent type		
NPOs	11	50
Key informants	11	50

4.2.2 Services and programmes offered by NPOs

Eleven organisations participated in the study. They offer a wide range of services which span from social welfare to religion and empowerment. They offer their services in youth development centres, faith-based organisations, early child development centres, old age homes and general welfare organisations. The respondents from these NPOs provided their narratives based on lived experiences on the challenges facing NPOs and factors that hinder their access to funding.

4.2.3 Common challenges affecting NPOs

Figure 4.1 shows the common challenges experienced by NPOs in the Nkangala District. The challenges facing NPOs were categorised into 12 broad themes, including lack of financial management; burnout and loss of interest in the organisation by members; staff turnover; and poor management skills. One of the founders of an NPOs that focuses on youth development programmes such as mentorships said that *“our members leave the organisation for greener pastures elsewhere*” (Interview 4). In interview 3, another respondent from a youth development centre added that due to failed attempts to secure funding and commence projects, most members give up and leave the organisations. It also emerged that some of the founding members join NPOs as a source of employment to derive a salary or stipend. Such members tend to leave the NPOs in their formative periods (Interview 6)

Results further show that staff turnover and loss of interest in organisations (Figure 4.1) result from task burnout. Task burnout occurs when one sees no progress in the task ahead. The individual despairs and abandons the task. The exodus of members from NPOs poses more challenges for newly established NPOs due to the need to recruit and train replacements. In support of this, an assistant manager in the DSD at Nkangala District and who is responsible for monitoring, support and capacity building for NPOs added that “*newly appointed staff usual leave these organisations for greener pastures elsewhere and you find that we need to frequently capacitate new members*” (Interview 5).

Figure 4.1: *Common challenges facing NPOs in the Nkangala District, Mpumalanga Province, South Africa*

Limited resources and inadequate infrastructure (Figure 4.1) also contribute to the challenges facing NPOs in the Nkangala District. Results from the study indicated that newly established NPOs do not have the basic resources required to run a successful organisation, such as office space and computer equipment. This makes it difficult for new NPOs to manage, monitor and even gain support from the community, the government and donors. Overdependence and inability to source help are major causes for this. In interview 6, a community development supervisor at the DSD said that "*we only have these organisations complaining while not taking initiative, they expect*

Government to help"; …despite the information we share, these NPOs do not take initiative but wait for the government to help".

As shown in Figure 4.1, it was revealed that infighting among members in new NPOs is also common. One of the causes of squabbles is the lack of trust among members on matters pertaining to the management and usage of funds. The founder-owner syndrome emerged as another challenge which contributed to squabbles and major disagreements in new NPOs. The syndrome also explains why other members of newly established NPOs leave the organisations. An assistant manager at the DSD explained that "*directors and founders personalise the organisation*" leading to disagreements and loss of interest by other members.

NPOs also reported that there was a lack of interest in their services from both the community and funders (Interviews 3; 4; 17; 19). The analysis showed that many organisations register for similar services, and in some cases, they were not aware of similar NPOs operating in the area. Lack of interest could be explained by a lack of research in the initial stages of NPO establishment. "*You find that NPOs, do not brief or discuss with the community to get a buy in on services they want to offer in the community*" said an assistant manager at DSD (Interview 7). Another key respondent added that "*some NPOs are formed because founders know that there are funds for a particular service and such NPOs do not last. They vanish because they are formed for the wrong reason*". Results showed that most of the challenges were related and influenced each other. Hence, it is crucial to establish the causational network to devise intervention strategies. The next section outlines the factors and challenges faced by NPOs in their quests to access funding.

4.2.4 Factors hindering access to funding

Factors hindering access to funding by NPOs were categorised into internal and external factors. Internal factors refer to key barriers to sourcing funding that are in control of and are a result of the organisation itself. On the other hand, external factors are controlled and influenced by the external environment. A total of 48 quotations that described barriers to access funding were revealed in 12 sub-themes (Table 4.2).

Table 4.2: Factors hindering access to funding for NPOs in the Nkangala District, South Africa

Major themes	Subtheme	Number of quotations	Total	Explanatory Quotation
Internal Factors	a) Low level of education and lack of fundraising skills	5	29	*"not compliant to own constitution and NPO act; lack of education and illiteracy; inflexibility by a founder and over control"* **Interview 9: DSD**
	b) Brain drain	4		*"Our members leave the organisations when we do not get funding. The youth with the skills we need look for greener pastures elsewhere*" **Interview 19: NPO representative**
	c) Non-compliance and lack of adequate documentation	15		*"lack of compliance and untraceably"* **Interview 9: DSD**
	d) Dependence syndrome	3		""*Despite the information we share, these NPOs do not take initiative but wait for the government to help them comply and apply for funding*" **Interview 6: DSD**

	e) Duplication of Services and Programmes	1		“The company we approached stated that they are already assisting an organisation with our mandate. I think there are many organisations now looking to funding” Interview 21: NPO representative
	f) Poor working relation between NPOs	1		“limited collaboration and knowledge sharing among NPOs” **Interview 3: NPO representative**
External Factors	a) Limited access to information on funding opportunities	2	19	*“Opportunities pass us by due to lack of information. We some sometimes see these late and it takes time to look for assistance in writing the proposal*” **Interview 18: NPO representative**
	b) Lack of referral to previous accomplishments	2		
	c) Lack of trust and interest by donors	6		“companies *do not trust what we do due to lack of documentation. Also, black business in the neighbourhood do not fund NPOs”* **Interview 14: DSD**

d) Donor-NPO programmes/focus Mismatch	4		“*fund-rigidity by potential sponsor. DSD wants you to follow their programmes.* **Interview 10: NPO representative**
e) Corruption and favouritism	4		“*some NPOs are established because there is availability of funds. "some NPOs with no experience within a month of registration get funding, this limits funding opportunities for the deserving organisations*"; **Interview 5: NPOs representative**
f) Change of management in the donor community	1		We visited a mine [Name given] and we were promised to come to get the money. When we went after months, the person we talk to had moved and the deal failed. **Interview 12: NPO representative**
Total	48	48	

4.2.4.1 Internal factors

Internal factors had the greatest number of quotations (29). Among them, failure to comply and lack of adequate documentation like business plans were the most common factors (15) followed by low levels of education and lack of fundraising skills. “Failure to update new directors’ information; submit tax returns, and failure to keep record” as required by the NPO Act describe how NPOs failed to comply with the statutory requirement for eligibility for funding by the state. It emerged during the study that NPOs did not only fail to comply with the Act but also “*do not even comply with their own constitutions*” (Interview 11). "*Organisations simple change board members in the meetings and not update the changes within the NPO registration certificate according to NPO act*" (Interview 7). To the contrary, an assistant manager pointed out that sometimes the shortcomings of the NPOs are a result of the failure of officials from DSD to fully comprehend the NPO Act and what is required to comply with the statute. As a result, front-line workers fail to explain the compliance requirements to new NPOs.

Other internal factors with the highest quotations were low levels of education and lack of fundraising skills. These factors greatly influenced the ability of NPOs to comply with funding requirements. A brain drain of members who leave new NPOs due to internal fights, mismanagement of funds, power games, and burnout contributed to the loss of skilled personnel who could help generate and source funds.

The study also revealed that duplication of services and programmes by various NPOs within the same area was the reason why organisations could not access funds. It became evident that donors have specific areas of focus and interest. Hence, they are unwilling to duplicate their efforts by funding several NPOs to do the same work. A community development supervisor at the DSD said most NPOs do not research and that their programmes reflect a profound lack of public participation, hence the duplication of services. The donor-dependence syndrome is linked to the lack of research and duplication of NPOs, leaving newly-established NPOs with one potential funder – the government. “*Despite the information we share, these NPOs do not take initiative but wait* *for the government to help them comply and apply for funding*" (Interview 6). This points to the fact that newly established NPOs fail to take the initiative to solicit funding elsewhere. Some NPOs were established with the sole belief that they would be helped and funded by the government. Poor working relations sabotaged and limited the opportunity for NPOs to partner and share knowledge on sourcing and raising funding. These internal factors are also related to external factors, as explained in the next section.

4.2.4.2 External factors

Lack of trust and interest in new NPOs by the potential donors, combined with a mismatch between the focus of the NPOs and the interests of the donors were the most quoted external factors that make it difficult for NPOs to access funding (Table 4.2). The study revealed that donors lack interest to fund new NPOs due to lack of referral work or prior experience by the new entrants. Corruption and favouritism were perceived by the respondents as some of the factors associated with NPOs and donors. Respondents from NPOs were of the view that NPOs were funded because they had "*connections*" with the donor community - in particular, government departments. These sentiments were echoed by a respondent from the DSD, who said that "*some NPOs are established because there is availability of funds. Some with no experience or track record, within a month of registration they get funding. This limits funding opportunities for the deserving organisations*". At the organisational level, corruption occurred through mismanagement of funds embezzlement of funds. A respondent from one NPO stated that "*we [members] used to contribute 100 a month. After some months, the person who kept the money, ate or used the money. He gave excuses all the time when asked. We got tired of begging and we wrote it off and stopped collecting from members*" (Interview 1).

4.2.5 Fundraising strategies used by NPOs

Figure 4.2 in page 44 shows the Atlas Ti network diagram, which depicts fundraising strategies utilised by NPOs. The diagram shows categories of funding sources and methods commonly used to source funding. The private sector, local and national governments, fees for services and fundraising activities were sources of funding for the participating newly established NPOs. Applications, door to door visits and material donations were mechanisms used to source funding from donors like the government and the private sector. Organisations and state organs that were mostly contacted by NPOs were the national and district level government departments. Also, the NPOs solicited funds from the retail sector, the transport industry and the mining sector. Moreover, fees for services and fundraising activities were used as funding instruments.

4.3 Discussion of Results

Results revealed common challenges experienced by newly established NPOs. The challenges include financial constraints, poor management, infighting, and red tape. Tierney, & Boodoosingh (2020) note that despite increases in funding for NPOs to help fight the spread of the COVID-19 pandemic, the available funds are not enough. This is also reflected in the literature by Bromiden (2011); Hopkins (2014) and Choi (2011). According to Natti (2014) and Despard (2016), financial constraints are caused by management challenges and inadequate networking skills. This was observed in the study. The results and literature evidence indicate that financial constraints are common challenges for NPOs.

The study also establishes that inadequate infrastructure is a common challenge for new NPOs (Ferguson, 2009; Despard, 2016). These results are supported by recent literature which shows that most new NPOs fail to win the trust of donors (Bromideh, 2011; Batti, 2014); keep good relations between board members and staff (Bromideh, 2011); lack resources (Hopkins, 2014; Despard, 2016). The present study also revealed that there are human resources related challenges, such as lack of management skills, low level of education and lack of financial management skills. Parry (2008) and Robineau (2015) found similar results. Human resource challenges could also explain the low levels of self-sustainability and limited institutional capacity first noted by Dan (2020).

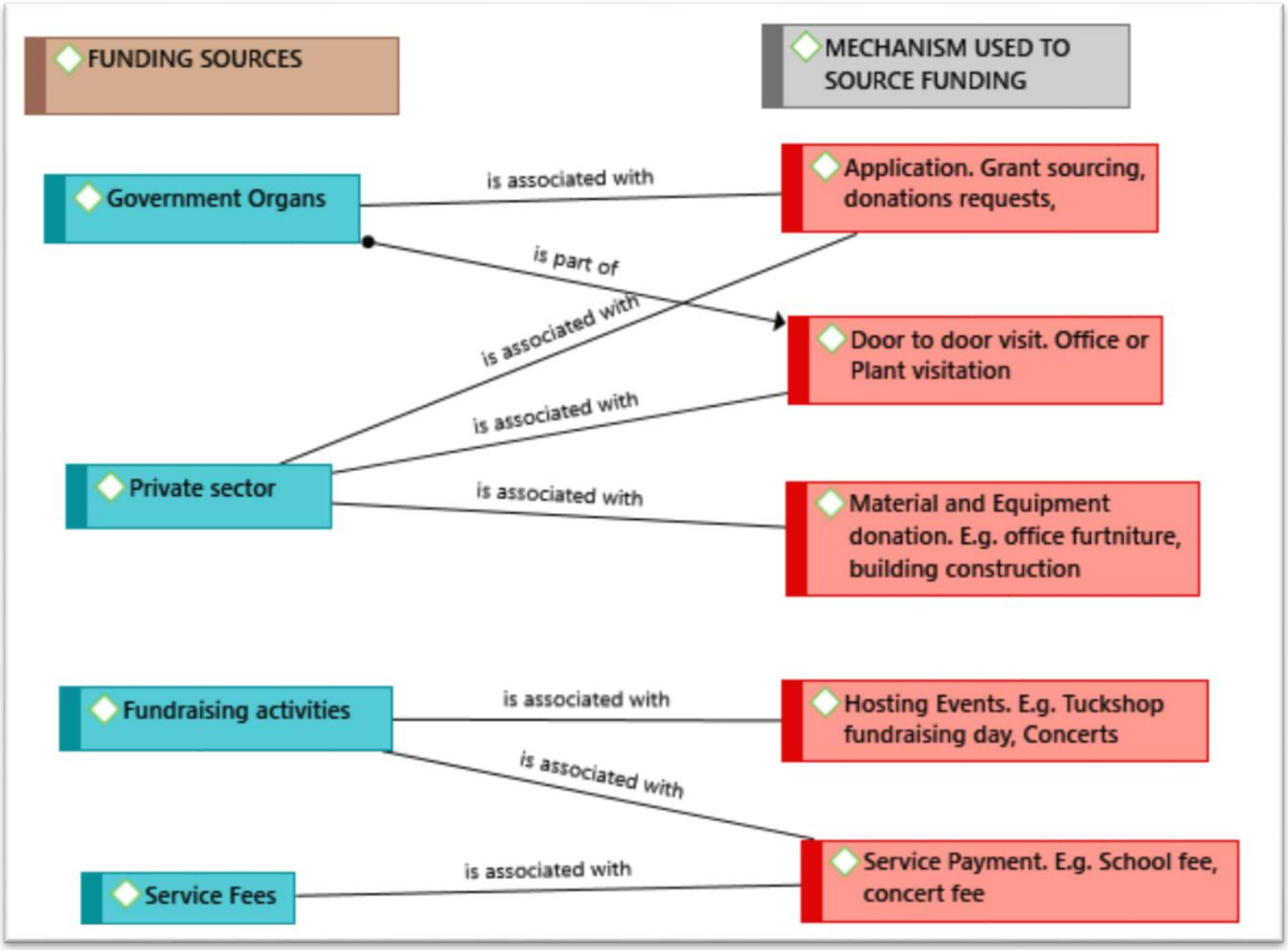


Figure 4.2: *Fundraising strategies and mechanisms for NPOs in the Nkangala District, Mpumalanga Province, South Africa*

Non-compliance emerged as the most common factor that hinders newly formed NPOs from access to funding. Some NPOs do not have business plans, proper records and experience membership issues. Bromideh (2011) reiterates that some NPOs do not even have well-defined objectives, goals, visions, and mission statements. Eisenberg (2009) also noted this. According to the NPO Act, only compliant NPOs can be assisted with state funding. Although some NPOs attempted to bypass compliance screening by the DSD, most NPOs could not be funded by companies, as the companies access the DSD database and could verify compliant and non-compliant NPOs. This could explain why it is difficult for NPOs to be assisted by the private sector despite their numerous attempts.

Batti (2014) and Islam (2014) noted similar results on the issue of a strong donor-dependence syndrome among NPOs. NPOs expected handouts from donors to carry out their mandates. Results indicated that most NPOs expected and relied on the government for funding. Hopkins *et al* (2014) warn that over-dependence on external funders such as the government subjects NPOs to inadequate financial support, political manipulation, and bureaucracy. Moreover, NPOs that rely entirely on donations for funding suffer when the government cuts its budgets in times of financial difficulty. In such times, the suffering of NPOs is pronounced when they fail to meet or overcome donor expectations (Wells, 2012; Hopkins *et al*., 2014; Sanders, Phillips & Vanreusel, 2014).

Poor relations and lack of relevance to community needs also affect funding access for NPOs. To remain relevant, NPOs serve and appeal to donors. They must constantly consult the communities to realign themselves. Continuous public consultation and research on the needs of the communities are also important for gaining and maintaining public trust. In this way, NPOs would be supported. Lack of public participation is a known challenge for NPOs in literature, as earlier noted by Ferguson (2009) and later by Islam (2014). This indicates that a "strategic misfit" (Conaty, 2012) and irrelevance also contribute to donor's loss of interest on the organisational programmes. This limits funding (Lindsay, 2014).

Failure by NPOs to engage in public consultation leads to duplication of services and programmes in the same area. Due to limited funds from donors, only older NPOs end up getting funding. For instance, the DSD targets a limited number of NPOs per region based on their unique and scoped focus. Replica NPOs running similar programmes are deliberately excluded from funding. Batti (2014) and Sanders (2014) note that there is an increasing competition among NPOs offering similar services. For this reason, donor fatigue and loss of interest are likely to occur.

CHAPTER 5 CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter concludes the study and presents the recommendations. The main objective of this study was to isolate factors that make it difficult for NPOs to source and access funds in their first years. The specific objectives of the study were to investigate the challenges faced by NPOs in the Nkangala District; identify factors that hinder access to funding for the NPOs and to make recommendations on possible intervention strategies to improve access to funding.

5.2 Findings and conclusions

The findings and conclusions of the study are presented below per objective.

Objective 1: To investigate the common challenges facing NPOs in the Nkangala District, Mpumalanga province

The study revealed 12 sub-themes that describe the common funding challenges for NPOs. These are financial constraints; inadequate resources; the donor dependence syndrome; lack of public consultation; and inadequate infrastructure, among others. Also, factors such as non-compliance; brain drain; poor fundraising skills; mistrust of new NPOs by funders; and service duplication also make it difficult for NPOs to access funding. The results also show that these factors are linked to internal and external problems within the NPOs. Given these results, it is required that each of the challenges be targeted for successful improvement in access to funding by newly established NPOs.

Objective 2: To identify barriers that hinder access to funding by NPOs in Nkangala District, Mpumalanga province

The study also investigated barriers to access to funding faced by newly established NPOs in the Nkangala District, Mpumalanga Province, in South Africa. It is established that there are internal and external factors which limit the ability of the NPOs to source and access funding. Non-compliance, the donor dependence syndrome, and lack of skills are some of the descriptors for internal factors. Some external factors include corruption and a mismatch between the expectations of potential donors/funders and NPOs. Among these, non-compliance and lack of proper documentation, low levels of education, corruption and service duplication were revealed as the most pronounced and specific factors hindering NPOs from accessing funding. The common barriers for newly established NPOs include replication of services and the emergence of NPOs doing similar services; poor working relations between NPOs and changes in the management of donors were regarded as the least common barrier in accessing funding by new NPOs. The study revealed that barriers to access to funding by NPOs, are varied, diverse and could tackled through multi-stakeholder collaboration.

5.3 Recommendations

The identification of internal barriers as the most common challenges affecting NPOs demands a deeper understanding of the internal dynamics and organisational context of their origins. It was evident in this study that non-compliance and lack of proper documentation manifest in the lack of understanding the vision of NPO by owners and members. These must be addressed first, to enhance the ability of the NPOs to successfully source and access funding.

To enhance the access of NPOs to funding, there is a need to improve their compliance with laws, norms and standards; business planning; management; and fundraising skills. Moreover, this was worsened by the lack of knowledge in, inability to comprehend the English language and experience in management. It is therefore recommended that, the local language understood by members be used in training programmes meant to capacitated NPOs in this regard.

It was also found that the internal and external factors affecting the capacity of NPOs to source and access funding are related. As such, these challenges can best be addressed by developing appropriate interventions that require collaboration. It is therefore recommended that to NPOs, NPO support organisations, as well as other stakeholders come together to build resilience and ability to develop strategies to turn impediments into opportunities.

The result also revealed that most of the failures by NPOs can be attributed to the lack of public participation. Therefore, it is recommended that NPOs, NPOs support organisations, and the DSD work together in developing a mechanism that will help new NPOs to identify their niches in line with societal needs and national priorities. This could be done during the registration stage through a probationary period during which the DSD and NPO support organisation to mentor new NPOs in their niches. Given these results, education, communication and support is recommended as a strategy for improving the ability of NPOs to access funding. s

5.4 Limitations of the study

The results of the study are limited to the type of NPOs that participated in this study which include religious, ECDs, and youth centres in the context of Nkangala district and South Africa in general. However, the findings have a wider regional and international contribution not only to the body of knowledge but to practice as there are commonalities and difference among NPOs in different settings and regions.

5.5 Areas for further study

The findings of this study shades more insights on pattern of challenges facing new established NPOs. Moreover, it provides the basis for understating what factors make it difficult to access funds by new established NPOs in their first five years. However, the study does not indicate the distribution of the problem across the district. Similarly, it is important that a study with a wider coverage be carried out to quantitatively rank and conclusively confirm factors that cause the most problems in funding access in the district. Hence, a quantitative study that reflect the broader and covers a wider population in the district and elsewhere based on themes identified is recommended.

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APPENDIX A

- **Data collection instrument(-s) -**

<u>INTERVIEW GUIDE</u>

FACULTY OF ECONOMIC AND MANAGEMENT SCIENCES

School of Business and Governance

Hello, my name is **Peter Maluleka.** I am a Masters student at the Northwest University and I am conducting a study on **"Investigating Factors Hindering Access to Funding Opportunities of Newly Established Non-Profit Organizations in Nkangala District of Mpumalanga**". The study is for academic purposes only and your information will be kept strictly confidential. Your assistance in participation in this discussion will be highly appreciated.

Name of the Organization ...…………………………………………………………

Year Registered and Number of Years in Existence ……………………………

Number of Employees …………………………………………………………………

Number of Organization Members ………………

Number of Active Members …………...

Number of Projects/Programmes Started ……………………………………………...

Number of Running/Active Projects/Programmes

………………………………….

Name of Current and Former Funders if Applicable …………………………...

Target Group: Managers, directors and key informants.

1. Indicate the type of business or focus for your organisation

2. What are the success stories or achievements that you can tell us about for your organisation?
3. What challenges and obstacles do you encounter in day to day running of the organisation?
4. a). What are the sources of funding or finance that are utilised by your organisation?

   b). Describe how the situation has been like in accessing and attracting funding for your organisation?

   c). What are the specific challenges that you have encountered as an organisation in accessing funding?

   d). What do you think causes the identified challenges in c), above?

   e). How do these challenges or obstacles impact the operations of the organisation?
5. What do you think could be done to enable equitable and easy access to financial support and funding opportunities for your organisation and those in similar situations?

APPENDIX B

INFORMED CONSENT TO PARTICIPATE IN A SURVEY

Research conducted by: Mr Peter Maluleka

Student No.: 31477895

Cell. No.: 076 8257106

To whom it may be concerned

My name is **Mr Peter Maluleka** and I am an MBA student from North West University School of Business and Governance at Potchefstroom Campus. The purpose of the study is to research on **“Investigating factors hindering access to funding opportunities of newly established None-profit organisations in Nkangala District of Mpumalang Province”.**

Thank you for your willingness to participate in the study. Your time and involvement are profoundly appreciated. It will take you 30 to 45 minutes to complete the interviews. Please note the following:

- Anonymity will be observed as your name will not appear on the questionnaire. The answers you give will be treated as strictly **confidential** as you cannot be identified in person based on the answers you give.
- Your participation in this study is entirely voluntary and participants can withdraw from the project at any time without any prejudice, now or in future.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.

- Data will be stored safely and remain in the possession of the North-West University.
- Please contact my study leader, Prof RA Lottriet, at Ronnie.lotriet@nwu.ac.za if you have any questions, comments or complaint regarding the study.
- The supervisor of the thesis is Dr AA le Roux. He can be reached at 0747684569 (Email address:bertuslr@gmail.com) for further questions or concerns about the research project.
- Your input is of great value to this research and I appreciate your help in providing this information. Please indicate that:

You have read and understand the information provided above. (Yes or No)
You give your consent to participate in the study on a voluntary basis. (Yes or No

Signed at………………………on the ……………of…………Signature………………

APPENDIX C - Ethical clearance Certificate –

NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT

Private Bag X6001, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Web: http://www.nwu.ac.za

Economic and Management Sciences Research
Ethics Committee (EMS-REC)

31 August 2020

Dr AA le Roux
Per e-mail
Dear Dr le Roux

EMS-REC FEEDBACK: 28082020
Student: Maluleka, RP (31477895)(NWU-00746-20-A4)
Applicant: Dr AA le Roux - MBA

Your ethics application on, *Investigating factors hindering access to funding opportunities of newly established non-profit organisations in Nkangala District Mpumalanga Province,* which served on the EMS-REC meeting of 28 August 2020, refers.

Outcome:

Approved as a minimal risk study. A number **NWU-00746-20-A4** is given for one year of ethics clearance.

Due to the Covid-19 lock down ethics clearance for applications that involve data collection or any form of contact with participants are subject to the restrictions imposed by the South African government.

Kind regards,

Mark Rathbone
Digitally signed by Mark Rathbone
DN: cn=Mark Rathbone, o=North-West University, ou=Business management, email=mark.rathbone@nwu.ac.za, c=ZA
Date: 2020.09.02 10:37:12 +02'00'

Prof Mark Rathbone
Chairperson: Economic and Management Sciences Research Ethics Committee (EMS-REC)